Intelligent currency management

Record plc
Annual Report 2020

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

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Highlights

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

$58.6bn

2019: $57.3bn

+2.3%

Earnings per share

3.26p

2019: 3.27p

-0.3%

Revenue

£25.6m

2019: £25.0m

+2.4%

Ordinary dividend per share

2.30p

2019: 2.30p

0.0%

Profit before tax

£7.7m

2019: £8.0m

-3.2%

Special dividend per share

0.41p

2019: 0.69p

-40.6%

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 132.

About us

A client-focused approach.
A culture of integrity.
Strengths developed through 37 years of experience.

Who we are

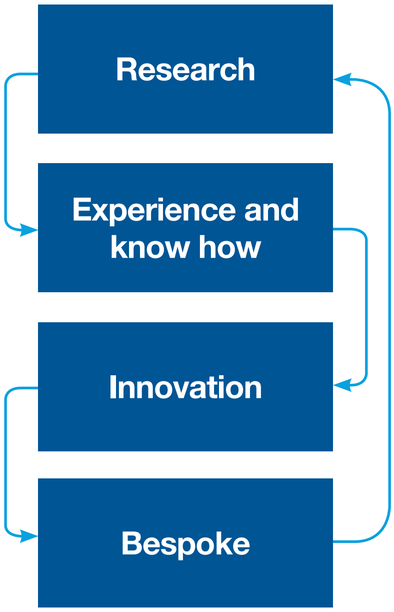
We are an independent, specialist currency manager and have been since our formation in 1983. We have over 37 years of experience in currency markets which has allowed us to develop a deep and fundamental understanding of the risk and reward opportunities within those markets. Record plc has a premium listing on the Main Market of the London Stock Exchange, and is majority-owned by its Directors and employees.

What we do

We listen to our clients and use our years of experience and thought leadership in currency markets to develop solutions tailored to their individual currency-related needs, 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.

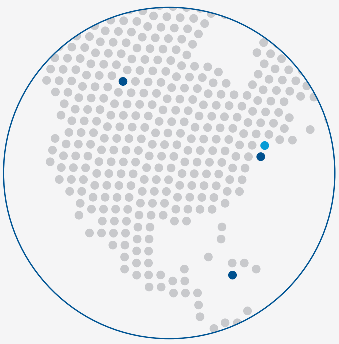


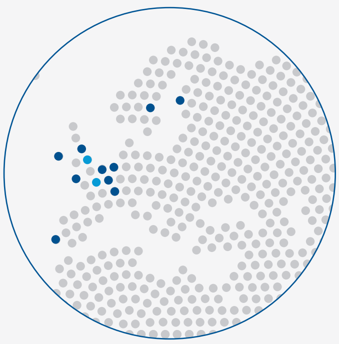
Where we operate

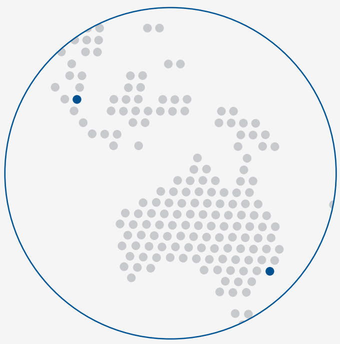
Head office Windsor

Sales office New York

Sales office Switzerland


North America


Europe


Rest of the World

How we create value

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.

Technology and innovation

Over the last 37 years Record has developed a leading position in its sector. Our knowledge of the currency market is sustained by our research, and results in innovative products and continued process enhancement whilst incorporating advances in technology.

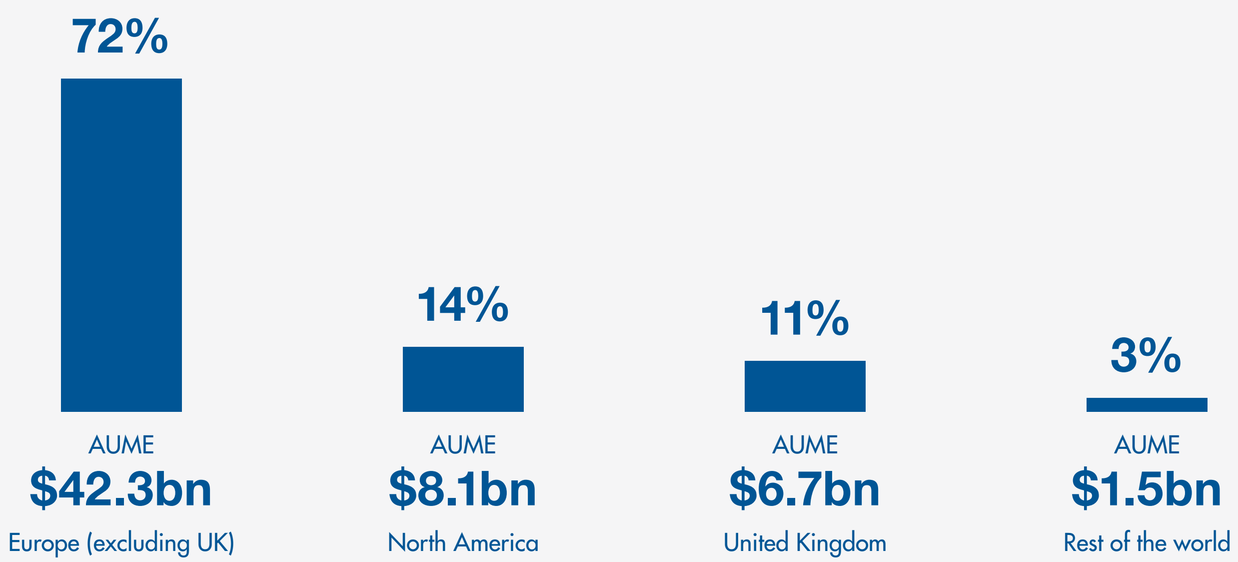
Talent development

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.

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 and in Zürich.

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



Chairman's statement

Writing this statement in the middle of the Coronavirus lockdown is a timely reminder both of the value of our asset-based revenue model, and of the importance of adaptability.

Neil Record
Chairman

2020 will be remembered as the Coronavirus year. It is also the year in which Record plc made some important decisions for its future.

In February 2020, we announced that James Wood-Collins was stepping down as CEO, and that he would be replaced by our Client Team Director, Leslie Hill.

Before I describe the thinking behind this change, I want to pay tribute to the efforts that James devoted to Record in his nine years in this role. Under James's leadership, we re-established our equilibrium following the Global Financial Crisis, and diversified our range of currency market products and services.

Early in the year, the Board took the view that two imperatives were emerging at Record: that it was becoming increasingly vital to orientate the firm for growth, and it was also becoming increasingly vital to establish succession in the most senior executive posts at Record.

The Board took the view that Leslie Hill, 64, our veteran Client Team Director, with 27 years already completed at Record, had the skills and vision to deliver both growth and succession. This change was facilitated by the arrival of a new Client Team Director, Sally Francis-Cole, who comes with 20 years' experience in FX sales.

Leslie sets out her plans in more detail in her statement.

Financial overview

Strong net inflows of $4.6 billion for the year (2019: outflows of $4.5 billion) helped drive the 2.3% increase in our final AUME of $58.6 billion, despite the negative impact on markets from covid-19 and the consequent decrease of $4.5 billion in our AUME in the final quarter.

Revenues increased by 2.4% to £25.6 million (2019: £25.0 million), operating profit fell slightly to £7.6 million (2019: £7.9 million) and earnings per share remained broadly flat at 3.26 pence (2019: 3.27 pence).

Further information on AUME flows and financial results can be found in the Operating review and Financial review sections on pages 30 and 34 respectively.

Group strategy

I indicated above that the Board is prioritising growth and succession in its strategy. This will mean building on our existing strong base of current business, including a review of the products and services that Record offers to its clients, and an assessment of the way in which we deliver those products and services.

Record is no longer a young company. At 37 years old, we have built up a modus operandi which is reliable and effective. However, technological changes, FX market changes and the changing nature of our client base means that the time has come to re-think how we deliver our services in an increasingly technologically dominated market.

Under Leslie's new leadership, we will embrace change to deliver our goals.

Further detail on our strategy and goals and our progress made against initiatives can be found under "Strategic priorities and goals" on pages 22 to 25.

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 (2019: 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 (2019: 2.30 pence). The interim dividend of 1.15 pence per share was paid on 27 December 2019, and the final ordinary dividend of 1.15 pence per share will be paid on 11 August 2020 to shareholders on the register at 3 July 2020, subject to shareholders' approval.

The Board has considered at length the current market conditions, including uncertainties surrounding global trade, Brexit and the high likelihood of a global recession arising from the Coronavirus. Such a high level of uncertainty brings with it the need 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 assessed its capital requirement both in terms of the current market conditions and also its anticipated costs and regulatory capital required for the current financial year, which has resulted in an increase to capital required in line with its policy. The net increase in capital required is equivalent to 0.55 pence per share and consequently the Board is announcing a special dividend of 0.41 pence per share to be paid simultaneously with the final ordinary dividend. Total dividends for the year are 2.71 pence per share (2019: 2.99 pence) compared to earnings per share of 3.26 pence per share (2019: 3.27 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

The only change to the composition of the Board was the departure of James Wood-Collins in February 2020. The Board has acted decisively in making the personnel changes I have outlined, but more importantly, has helped executives focus on the importance of change and renewal in every aspect of the firm.

Outlook

Many chairmen’s statements written in the first half of 2020 will look ahead with a much larger degree of uncertainty than is usually the case – and this one is no different. At the time of writing, the UK is beginning to gradually ease restrictions, our offices remain closed, and all our activity is taking place by remote working using technology.

I cannot predict the path of the global economy, of the global regulatory environment or of global political developments with any clarity. However, it is at least clear to me that the services we offer – the management of risks and opportunities associated with foreign currency markets – will continue to find demand from clients. If our new strategy is successful, then we should see that demand rising, whatever the global backdrop.

On behalf of the Board, I would like to thank everyone at Record for their hard work and extraordinary adaptability in the face of the unprecedented demands of the Coronavirus lockdown. Many of my colleagues were working very long days in surroundings unfamiliar to business activities, and their commitment and flexibility has meant that our clients have continued to receive the services that they pay us for.

Neil Record
Chairman

18 June 2020

Chief Executive Officer's statement

Our strategy is focused on accelerating growth, planning for generational change and in delivering added-value for all of our stakeholders.

Leslie Hill
Chief Executive Officer

I am delighted to welcome you to this year's Annual Report, my inaugural report after my appointment as Record's CEO in February 2020, and just prior to the end of the financial year. For those of you who are new to Record, I joined the business in 1992, and was appointed as a Director and Head of Client Team in 1999, having previously gained experience as a Director and Head of Corporate Foreign Exchange sales worldwide for Merrill Lynch.

I am fortunate in being able to take over from James Wood-Collins, who has shown full commitment over the last nine years in building Record into the strong and more diversified business that it is today, and for which I and the rest of the Board are grateful.

Looking ahead, I see some exciting opportunities for the Group to accelerate growth and to realise its full potential, and I fully intend to capitalise on as many of these opportunities as possible.

Company strategy

Record is a listed specialist currency management business which has built a unique position with over 37 years in the FX market. Over this period, we have built a robust and diversified business with an excellent team of committed and talented professionals.

Our strategy has always been to deliver high quality products and services to our clients, using our thought leadership married with our capabilities in research and innovation. This approach has served us well over 37 years and has enabled us to build long-standing and trusted relationships with our clients, and a strong and sustainable business.

Using this foundation, my role is now to develop the business by injecting new energy and vigour to deliver on the growth opportunities that we currently anticipate through diversification and modernisation. By taking the right steps to leverage our position as a trusted and professional provider of Currency Risk Management and Risk for Return products, in combination with the introduction of new talent and leadership, for example in the shape of our new Head of Global Sales, Sally Francis-Cole and others, I believe we have the resources to sharpen our client focus and put the business on an accelerated growth trajectory over the medium term. Looking forwards we will look to further expand and strengthen our sales team to be able to capitalise on the new product offerings we are developing.

Our plan is also to deepen and broaden our interaction with existing and potential clients, both in our traditional product range and in the new diversifying products and services we are evolving. This will enable us to strengthen our business, and use our financial stability and liquid asset rich balance sheet to launch new initiatives and innovate – always keeping a very firm eye on what our clients tell us they want and will pay us to provide.

This requires a change of emphasis both in how we utilise our current resources most effectively, and also where we need to focus additional effort and resources going forward in order to achieve our goals. Our strategy will seek to consolidate our presence in our key international markets, as well as extend our reach across and into different geographical markets, using diversified and innovative products and services, and using and expanding our existing relationships both with investment consultants and 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

Assets Under Management Equivalents ("AUME")

$58.6bn

2019: $57.3bn

+2.3%

Quality client experience

A feature of many of our service offerings in recent years has been fee compression. We have countered this by working hard to add value in many ways to client hedging portfolios, for example Cash Collateralisation services, enhancements to Passive Hedging to reduce hedging cost, and hedging of difficult and complex portfolios, like Illiquid Assets and Emerging Market Equities and Bonds. During the recent covid-19 crisis we found that clients really appreciated our stability, reliability and our deep infrastructure. By helping them with complex derivatives as well as the more standard hedging we have been able to show that although clients may underestimate the value of a full service offering when times are good, it comes into its own at difficult times.

We do not necessarily expect this phenomenon to persist forever, but I know our staff really enjoy being able to "show what they can do" – like all good craftsmen and artists! This is a deep and abiding source of satisfaction in all our offices, and makes us a true specialist, who can nevertheless rise to a fresh challenge.

Our long-standing client relationships allow us to know each other well. As a result clients allow us, from time to time, to try things that are new to them, and sometimes to us, allowing us to diversify. This mutual trust is a source of our strength and also our future growth. Seeding new products and ideas is always a challenge and so we look for trusted and trusting seed capital to get ideas off the ground, and I believe this will be a great launch pad for our future growth, to strengthen our business and expand the base from which we operate.

Technology and innovation

Technology is changing both the way we do business and the markets in which we do business. Observing and 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. We will adopt relevant and innovative technology where we can be satisfied it offers cost-effective opportunities to maximise the possibilities for new products and services as well as enhancing our current capabilities and efficiencies.

In terms of product innovation, our new products and services initiatives have included the hiring of an experienced Macro and Currency Manager, John Floyd. His Dynamic Macro Currency strategy has now been funded within the Record – Currency Multi-Strategy Fund. We intend to build a suite of Return-Seeking products of which we can be proud.

In addition we have been asked by clients to develop our EM currency offering using so-called Frontier Currencies, and this is another step in the evolution of our EM currency product, and was seeded this year.

We have developed an ESG/impact bond offering that has also been attracting some attention, and while it is still early stages and we have yet to see real fruits from this innovation, we have good reason to think that this is a robust trend which will last a long time – long enough for us to be able to add this product range to our offering.

The effects of the covid-19 lockdown are also allowing us to consider how we can harness technology to evolve the way we work, the locations we operate from and the way we interact with each other and with our clients: we are being asked to engage in virtual due diligence meetings for example and we are planning our first virtual Final for a mandate in Europe. We hope this will be a feature of our business going forward, allowing us to be cost efficient and have greater global reach.

Talent development

This year we have started to work ever harder to develop our young talented professionals, by rewarding them with training, support, added responsibility and remuneration to take them to the higher ranks within our organisation. We offer a collegiate working environment but work within clear and firmly held beliefs and structures. Everyone knows what they are supposed to do, and are given help to achieve their goals and be the best that they can be.

New hires in our Zürich, New York and London offices are an important part of our talent recruitment and development. In addition, existing staff have a chance to elect to work overseas, and access our network for high quality training and work experience, on occasion, outside our own office environment.

It is essential we build a really strong plan for generational change, and we will not hold back here. It is often hard to achieve, but we believe that by taking the lead from our Chairman, who has been courageous over the years in allowing new talent to flourish, we can achieve the same again.

More detailed information on Talent development is provided in the Strategic report on pages 22 to 25.

Market overview

Following a relatively calm first half, the impact of covid-19 on currency markets was reflected in heightened volatility, reduced liquidity and sharp increases in bid/offer spreads in the final quarter of our financial year. In such times, our established long-term trading relationships come to the fore, allowing us to cement our relationships with clients by ensuring we respond to their requests and continue to deliver the highest levels of client service and best execution available. As we enter a period of heightened economic uncertainty and probable recession following covid-19, the importance of having a trusted partner with the expertise and experience to help clients navigate through such uncertain markets cannot be underestimated, and this provides us with an excellent opportunity for growth.

More detailed information on foreign exchange markets over the period is provided in the Markets section on pages 18 to 21.

Investment performance

As mentioned above, during the year we introduced a new return-seeking currency strategy to our portfolio: the Dynamic Macro Currency strategy managed by John Floyd, which is complementary to Record's more systematic return-seeking currency strategies and which offers some welcome diversification to our return-seeking product suite.

The Dynamic Macro strategy tends to perform well in more volatile markets as evidenced by the overall positive performance for the year. Conversely, and notwithstanding three quarters of positive performance to the end of the calendar year, the Multi-Strategy product delivered overall negative performance for the year linked to the impact of covid-19 on markets in the final quarter.

Further detail on our product range is provided on pages 14 to 17, and product performance data is provided on pages 30 and 31.

Asset flows and financial performance

AUME closed the year at $58.6 billion, increasing by 2.3% in US dollar terms, and increasing by 7.5% to £47.3 billion in sterling terms. Net inflows for the first six months of $2.0 billion were further bolstered by an additional $2.6 billion in the second half, in aggregate representing 8% of the opening AUME position. This was driven predominantly by inflows of $4.1 billion into Passive Hedging, although both Dynamic Hedging and Currency for Return saw inflows of $0.2 billion and $0.3 billion during the year respectively.

Detailed analysis of AUME is provided on pages 31 to 33.

The management fees of £25.6 million increased 2.4% (2019: £25.0 million). We have invested in our people and technology and will continue to do so cost effectively as we aim for growth, which we believe will strengthen the business over the longer term. Consequently, the Group's operating margin reduced marginally from 32% to 30%, and profit before tax decreased by 3.2% to £7.7 million (2019: £8.0 million). Basic earnings per share was broadly flat at 3.26 pence (2019: 3.27 pence).

The Financial review on pages 34 to 37 gives additional commentary.

Outlook

Rigour and discipline is always hard to marry with creativity and flexibility and it is this art that we seek to achieve, staying relevant, and surprising our clients and prospects with the range and quality of our thinking, and with the ability to deliver what we promise.

Our flexibility and capability to react to volatile and occasionally extreme market conditions has been proved over the last few months, both in terms of continuing to service our clients to the high levels they expect and deserve, but also in maintaining the business continuity under the most severe circumstances, whilst always ensuring the wellbeing and motivation of our staff. In the current market conditions we need to be careful not to overpromise but always to try and over achieve.

We are a strong and resilient business, with a long-standing client base and a cash generative business model. Our team is talented and experienced, we are committed to our business, to each other and of course, always, to our clients. This I believe will allow us to take our business to the next level and we will give it everything we have to achieve that goal.

Leslie Hill
Chief Executive Officer

18 June 2020

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 currency issues and develop effective solutions for their currency requirements.

Our experience

We are a specialist currency manager with over 37 years' experience – we have a fundamental understanding of how currency markets operate, which we have used to develop a leading position in managing currency for institutional clients.

Our people

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

Our recruitment process is carefully structured to ensure that talented people with the right skills and experience are recruited into the Group. See "Talent development" on page 25 for further information.

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.

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 24 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.

Our core stakeholder groups:

- Clients
- Shareholders
- People
- Society
- External suppliers
- Regulators

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 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 mandates.

Our distribution process

- 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.

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.

Net operating cash inflow of

£6.5m

Further details of cash generation on page 128.

What we deliver

Our products

Bespoke solutions – we operate Hedging mandates and unfunded Currency for Return mandates as bespoke, segregated mandates, using robust operational systems built to manage exposures efficiently and to minimise operational risk. Our Currency for Return strategies can also be delivered through a pooled fund structure.

Find out more about our products on pages 14 to 17.

Premium client service

Superior service is core to our client proposition and we achieve this on various levels by assigning a dedicated and experienced team 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.

Rewarding careers

At Record we have created an environment which encourages bright, dynamic and committed individuals to flourish. We provide excellent career prospects and the opportunity to work closely with senior and experienced people and for talented individuals to have responsibility at early stages of their career.

Thought leadership

Over the last 37 years Record has developed a leading position in its sector. Our knowledge of the currency market is sustained by our research and results in innovative products and continued process enhancement.

Shareholder value

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

Business model: our stakeholders

Our stakeholders	How we engage
Clients	
Clients are the central focus of Record's business. The Group's resilience and ongoing success is built upon the ability to understand clients' evolving needs and respond to them accordingly.	The Group's 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 lasting 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.
Shareholders	
Record relies on the support and engagement of its shareholders to deliver its strategic objectives and grow the business.	The Group Chief Executive 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 and the Interim Report and Annual Report and Accounts are sent to all shareholders. The Group's website also contains information on the business of the Company, corporate governance, all regulatory announcements, key dates in the financial calendar and other important shareholder information.
People	
Record's people are central to the ongoing success of the business and the Group aims to attract, retain, develop and motivate the right people for current and future business needs.	We engage with our employees through a variety of channels including a company intranet, management briefings, e-mail updates and presentations by the Group Chief Executive to discuss progress made by the business, together with future objectives and challenges. The Group seeks to encourage employees in developing 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.
Society	
Record recognises the responsibility it has to the local community, wider society and the environment.	We are proud to support the communities in which Record operates and have a long history of contributing through monetary donations, gift giving and employee time. Further details can be found on pages 46 to 49. We are keen to promote responsible investing and have incorporated environmental, social and governance ("ESG") issues into some of our currency management products. Record has been a signatory to the Principles for Responsible Investment since June 2018.
External suppliers and service providers	
Record relies on the use of external suppliers and service providers to supplement the Group's own infrastructure, benefiting from the expertise these suppliers provide.	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.
Regulators	
As a global business, Record seeks to have transparent and open relationships with its regulators around the world. Regulators provide key oversight of how the business is run, thereby offering comfort to our clients.	Record has an experienced Head of Compliance and Risk to manage the compliance function and oversee regulatory matters. Record engages directly and through its 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 and Risk 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.

Section 172 Companies Act 2006

We set out in the above table 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.

Their material issues	2020 highlights
Our clients' material interests relate to the performance of Record's products after fees, a robust risk framework, transparency, value for money and maintaining the high levels of service they receive and bespoke products fulfilling their needs.	The change of Chief Executive Officer and refreshed business strategy has further enhanced Record's client-led focus.
Our shareholders want Record to ensure it is a long-term sustainable business which delivers attractive returns through share price growth and regular dividends.	The change of PR firm has enhanced media and market communications and enabled Record to expand the reach of its news and business both to existing and new potential shareholders. The Chair of the Nomination Committee contacted certain institutional shareholders to discuss changes to the UK Corporate Governance Code requirements related to the tenure of the Chairman.
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, further development and to share in the business success.	Tim Edwards was appointed the designated Non-executive Director responsible for workforce engagement and reporting to the Board on employee viewpoints. The amendment of the Group Profit Share Scheme to be more objectives driven has enabled Record to better reward the contributions of individuals directly and this has been welcomed by employees.
Record aims to manage the business in a manner which minimises its impact on the environment and helps to benefit society.	Employees helped to raise £15,242 for local and national charities during the year. Record has now been certified carbon neutral for over eleven years. In December 2019, Record launched an Impact Bond strategy, investing in international and regional multi-lateral organisations which are signatories of the UN Sustainable Development Goals. Further details can be found on page 46.
Our suppliers wish to develop mutually beneficial working relationships over the long term.	An update of trading application software was undertaken during the year which involved working closely with the supplier to ensure a successful upgrade which met Record's trading and record keeping requirements within the timescale and cost budget set at the start of the project.
Regulators want to ensure that Record's business is run responsibly with the best interests of its clients at the centre of everything it does. They seek to protect the integrity of the financial systems they supervise and promote fair competition for the benefit of clients.	Record has complied with the latest version of the UK Corporate Governance Code as deemed appropriate given the size and nature of the business. Compliance with the new SMCR regime was achieved by the 9 December regulatory deadline.

This in turn ensures we deliver offerings 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, as seen in our Corporate social responsibility report on pages 46 to 49.

Business model: our products

The Group's suite of core products is split into two main categories: Currency Risk Management and Return-Seeking products. We also offer bespoke solutions tailored to individual client requirements.

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.

CPH
Core Passive Hedging
Since 1999

EPH
Enhanced Passive Hedging
Since 2014

DH
Dynamic Hedging
Since 1983

SH
Signal Hedging
Since 2016

AF
Audit and Fiduciary Execution
Since 2003

EM
Emerging Market Momentum Hedging
Since 2014
EM

MP **Multi-product**

Return-Seeking

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

Alternative risk premia investing		Alpha investing
CMS **Currency Multi-Strategy** Since 2012	**ESG** **ESG in Currency** Since 2018	**DMC** **Dynamic Macro Currency** Since 2019 (live since 2004)
Carry Since 2003		
Emerging Market ("EM") Currency Since 2009		
Currency Momentum Since 2012		
Currency Value Since 2012		
Range Trading Since 2018		
MP **Multi-product**		

Business model: our products continued

Currency Risk Management

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.

CPH

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

EPH

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.

DH

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.

SH

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".

AF

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.

EM

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 macro-economic 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

CMS

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.

Currency Momentum

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

Currency Value

Research suggests that purchasing power parity ("PPP") valuation models have been 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. Additionally, recent regulatory changes in the FX markets have decreased the extent to which traditional market makers can cushion supply and demand shocks by holding inventory, which may exacerbate this tendency. This elevated volatility must compensate capital with a sufficient return.

ESG

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.

DMC

Dynamic Macro Currency

The Dynamic Macro Currency strategy utilises a modern, multi-disciplined investment approach to developed and emerging market currencies. A four-pillared proprietary process integrates macroeconomics, market neurology, and quantitative price metrics with disciplined risk management. The team's analyses target the generation of a variant perception of future market price direction. The portfolio is innovatively structured and managed to implement investment views and provide an upside asymmetric return profile. Historically, the long-term track record has been negatively correlated with traditional asset classes such as the S&P500, but has also provided positive risk-adjusted returns during "risk on" environments.

John Floyd is the Portfolio Manager of the Dynamic Macro Currency strategy. Prior to joining Record in 2019, Mr. Floyd ran a successful Global Macro Hedge Fund for over twelve years and has previously worked for a number of leading institutions including Merrill Lynch, UBS, Swiss Bank Currency Fund and Deutsche Bank.

MP

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 30 to 33).

Markets: our market environment and industry trends

Our market

The currency market represents the biggest and most liquid 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 Record believes can best be exploited by a combination of systematic and discretionary processes.

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

Global and macro trends

Brexit

The UK formally left the European Union ("EU") on 31 January 2020 and entered the transition period, during which it continues to follow EU rules whilst the negotiations continue on the future relationship.
Whilst the UK Government has previously committed to the conclusion of the transition period by the end of 2020, this was prior to the emergence of covid-19 and a full understanding of its effects on the global economy and the distraction from, and consequent delay to, Brexit negotiations.
At the time of writing, it remains uncertain on how the negotiations on the future relationship will conclude.

What this means for our business

Record has performed a client-by-client assessment of the regulatory basis on which we currently provide services to EU27 clients. As a result, and in addition to industry-wide measures such as the Memoranda of Understanding agreed between the Financial Conduct Authority and EU regulators previously announced, at the time of writing we are confident we will be able to continue to provide services to all current EU27 clients post-Brexit, even in the event of a "hard Brexit" with no extension to the transition period or no other equivalence arrangements.

Subject to negotiations, it remains possible that we would be constrained in marketing our products and services to new clients in certain EU27 countries, although even this constraint is moderated by enabling legislation in many such countries, allowing authorised UK firms to continue to market to professional clients. The situation will be subject to further assessment in the light of any regulatory changes, but the establishment of an authorised subsidiary within the EU27 countries to eliminate any such remaining constraints remains a possibility subject to an assessment of the costs and benefits of doing so.

Despite this uncertainty, and as explained above, we expect to be able to continue to serve all our current EU27 clients, irrespective of whether and how the UK leaves the European Union.

Industry trends

Margin compression and value for money

The average margin on our hedging products and across the industry generally has been under pressure over time from clients seeking to reduce fees in a low yield environment, for example by the use of competitive fee pressure or through increased tailoring of their product for no increase in fees.

What this means for our business

Record does business in a market subject to constant fee pressure and competition, and has done so successfully for many years. We have built our business based on the highest levels of client service, innovative products, robust infrastructure and professional expertise. During periods of relative calm in FX markets, it may be natural for clients to underestimate the potential dangers of volatility, or the value delivered through such high service levels and expertise. However, changing cycles add to uncertainty in markets and bring heightened volatility and reduced liquidity.

Consequently, opportunities continue for Record to illustrate the value to clients of its expertise and experience collected over 37 years, and to provide innovative products to react to clients' needs. Such opportunities are only further heightened by more extreme market conditions such as the current covid-19 pandemic.

Price transparency

Recent years have seen a move towards heightened transparency over costs and fees across our industry, driven by regulatory pressure aimed at fair competition and consistent methods of reporting, and the need to build investor confidence and trust in the sector generally.

What this means for our business

Record acts in a fiduciary capacity for its clients with the continuing obligation to provide best execution and to ensure full transparency and disclosure of all fees for the investment management services provided to its clients. We welcome and fully support all initiatives aimed at achieving full transparency of fees and charges within our industry. In this respect we have previously worked closely with the FCA's Institutional Disclosure Working Group ("IDWG"), and more latterly on the Cost Transparency Initiative ("CTI") in conjunction with the Investment Association, Pensions and Lifetime Savings Association ("PLSA") and the Local Government Pension scheme ("LGPS") Advisory Board, using our knowledge and experience within the FX markets to help create a new framework for the reporting of charges and costs to pension scheme clients. Record is a signatory to the LGPS Investment Code of Transparency. We believe that fulfilling the long-term aim of achieving full cost transparency across the investment management industry can only be in the best interests of all clients, whilst ensuring a level playing field and providing opportunities for firms such as ours already providing full transparency over costs and fees to its clients.

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.

The changing pattern of FX liquidity provision

Historically the role of liquidity providers and market makers in the FX markets has been filled by investment banks. However, this role is now increasingly being filled by players other than banks due to the increased regulatory burden and capital constraints imposed on banks following the financial crisis.

What this means for our business

Market stress or increased volatility can cause large differentials in the pricing of derivatives due to the lack of market makers including those banks previously willing to take risk onto their balance sheet. In extreme circumstances, the risk of reduced liquidity increases exponentially such that those market participants not expert in navigating the financial markets or without relationships built over many years with liquidity providers will either be forced to pay significantly increased spreads, or may not be able to trade at all depending on their method of accessing the market. Such circumstances provide opportunities for our business to offer unconflicted and independent expertise in navigating such markets, ensuring as far as possible best execution and access to liquidity that would otherwise not be accessible.

Markets: market review

FX volatility was broadly contained in the first half of the year, although it changed abruptly in the first quarter of 2020 as the severity of the covid-19 pandemic became apparent.

Review of the year ended 31 March 2020

The first half of the financial year saw a re-escalation of trade tensions between the US and China following what proved to be a short-lived truce. The visible effects on global trade and activity compelled major central banks to embark on easing cycles and by December several had cut rates – including the Federal Reserve three times. FX volatility was broadly contained and the relative strength of the US economy meant that the US dollar was supported versus most other developed market currencies.

The global economic outlook shifted abruptly in the first quarter of 2020. As the severity of the covid-19 pandemic became apparent, governments rushed to shutter economies and all non-essential activity in order to prevent the spread of the virus. The unprecedented sudden stop in activity led to a scramble for credit by businesses globally in order to stay afloat and cover lost revenues. The surge in credit demand and highly uncertain outlook saw credit spreads widen sharply and equity markets quickly fall into bear market territory. With the prospect of an economic and liquidity shock transforming into a financial and solvency shock, policymakers acted with a greater sense of urgency than even in the global financial crisis. In order to prevent an economic depression, developed market central banks conducted emergency rate cuts, and most either restarted quantitative easing programmes or began new ones.

The Federal Reserve unveiled a raft of measures designed to ease credit conditions in the US economy and extended its infamous FX swap lines to foreign central banks to ensure adequate US dollar supply abroad. The fiscal response came later but also in force, with governments unveiling packages for the provision of business loans and guarantees, and income replacement for displaced workers. By the end of March, the lines between fiscal and monetary policy had blurred, but the herculean effort on the part of policymakers appeared to have prevented an immediate financial collapse.

The acute demand for US dollars drove the world's reserve currency notably higher against most developed market currencies, while the Japanese yen and Swiss franc were supported by strong external asset positions and the convergence of short-term developed market yields towards the zero lower bound. As might be expected, emerging market currencies were negatively affected by the shock, with those countries starting from low bases of growth, lacking fiscal room, and with reliance on external funding falling the most. Asian emerging market currencies fared better as more effective containment measures and the ability to enact comprehensive fiscal packages provided relative economic shelter.

Coronavirus ("covid-19")

The covid-19 pandemic has transformed economies and financial markets. Many sectors incompatible with "social distancing" have experienced substantial revenue and jobs losses. Reinforced by the fall in commodity prices, this vulnerability extends in some cases to entire national economies and currencies. Governments everywhere navigate the trade-offs between virus containment and economic losses. Fiscal and monetary policies have been wielded worldwide to cover these losses. However, the capacity for policy response varies greatly among countries, as does the method and effect of implementation.

In the same way that many individuals are isolating at home to protect themselves or others from effects of the virus, we see isolationist tendencies in the response of national governments, sometimes even at the local level. In this sense, we expect covid-19 to catalyse trends which had begun before it arrived: reduced trade, strained geopolitics, and hard borders. And yet, this is locked in a paradox with the dense dollarisation of global financial markets over the past decade. Indeed, one of the very first revelations coming from this crisis was just how dependent international (and local) finance was on US dollar liquidity. Just as governments closed borders, they also clamoured for the currency they shared with their neighbours.

We observed this demand for dollar liquidity across both spot and swap rates, which have emerged as a barometer of liquidity stress. The Federal Reserve and the IMF stepped in to fill the gap as nations, banks and corporations aimed to cover funding needs. And so as events unfold, we expect the interplay of the virus's real economic impact, risk sentiment, the demand for dollar liquidity, and the supply to represent a dominant dynamic in international markets including FX.

Despite the gradual easing of restrictions, risks of an acute crisis have not passed, as losses continue to reverberate throughout economies and financial markets. Longer-term risks have also appeared, and it remains to be seen what the impact on growth, productivity, price level and asset values is of extended policy measures, high debt levels, coordinated fiscal and monetary policy, and transformed social structure.

Beyond the economics of FX value, recent events have also had substantive effects on the structure of the FX market itself. Many of the structural changes observed over the past ten years – more electronic trading and significant non-bank liquidity, blurring the line between participants and market makers – reversed in the blink of an eye. Even as banks' risk capital faced new constraints (corporates drawing on credit lines; rising credit risk in their portfolios), they re-emerged as sole market makers. Electronic trading is debilitated by volatile markets, with platform bid/ask spreads having reached an order of magnitude greater than voice quotes. Established trading relationships are proving more valuable than at any other time since 2009 or the Swiss franc peg break in 2015.

Please refer to the Risk management section on page 40 to see how the Group has managed the impact of the covid-19 pandemic.

Strategic priorities and goals

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

We are a specialist currency manager

Strategy and goals

Our strategic priorities and goals are presented below under the three strategic areas, or cornerstones, which form the foundation to our strategy. Further detail on the associated risks is provided on pages 38 to 45.

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 26 to 29.

1 Quality client experience

page 23

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 issues and tailoring our products to meet their individual requirements.

Measured by – Revenue, operating profit margin, EPS, DPS, AUME, client numbers and client longevity

Risks:

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

2 Technology and innovation

page 24

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, average number of employees

Risks:

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

3 Talent development

page 25

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 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
- Improve local presence in all key markets
- Continue to provide the highest possible levels of service to clients at all times
- Develop new products aligned with investor demand for ESG-related strategies and the use of Frontier currencies in EM products
- Focus on opportunities for existing clients to benefit from product enhancements and complementary services alongside current product range

Progress

- New Global Head of Sales appointed in February 2020
- Headcount increased in our Zürich office during the year to support the focus on sales and client service in Switzerland
- Continuity of client service maintained despite unprecedented disruption due to covid-19
- Stronger relationships forged with clients through heightened communication and response during elevated volatility in FX markets
- ESG/Impact offering in early stages of development
- Frontier currencies seeded in EM currency product during the year

Priorities

- Consider developing partnerships with trusted third parties to enhance distribution capabilities and service offering
- Focus on enhancing investment consultant relationships
- Invest in technology to enhance the service offering to clients and the overall client experience
- Continue research into diversification and enhancement of products and services
- Further develop offerings for both ESG/impact and frontier currencies in EM currency products in response to client demand

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 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.

2 Technology and innovation

We aim to differentiate Record from our competitors by reinforcing our thought leadership through innovation and by investing in technology. We also constantly review our operational model to identify opportunities for process improvement and risk reduction.

Initiatives

- Diversification of products and services through research and innovation
- Research opportunities for development of new products specifically to incorporate ESG/Impact factors in currency-related investment strategies
- Identify opportunities for incorporating new technology focused on enhancing clients' experience, improving efficiency of processes and to strengthen security and business resilience
- Improve flexibility of operational systems to strengthen disaster recovery capability

Progress

- Dynamic Macro Currency strategy now live within Record – Currency Multi-Strategy Fund
- ESG/Impact offering in early stages of development
- Investment into ESG/Impact bonds to increase operational and reporting capabilities and experience linked to Impact offering
- Developed the innovative use of Frontier currencies in EM currency product during the year
- New HR system introduced during the year to improve employee communication and engagement, and supporting SMCR procedures
- Invested in systems focused on increased security and resilience
- Disaster recovery capability enhanced through introduction of flexible working systems allowing full working from home capability in response to the covid-19 pandemic

Priorities

- Focus on opportunities for client collaboration and client-led product development
- Review opportunities for introducing third party systems to improve operational efficiency and capability
- Continued investment in research to enhance existing products and services
- Disciplined approach to new product development opportunities, which must be client-led and commercially viable

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. To this end, our teams are deliberately organised by function, rather than product. As such, all teams are involved (to a greater or lesser extent) in the day-to-day management or support of each client mandate. We maintain a purpose-built and fully integrated end-to-end operational process to allow for scalable and customisable implementation of our products. Teams take a collaborative approach to ensuring that each product enhancement and every process improvement is implemented seamlessly with a client-centric focus.

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

- Focus on generational change to plan for future stability of business and client relationships
- Providing a collaborative office environment which enables early-career employees to benefit from working alongside senior colleagues
- Investing in the physical and mental wellbeing of our colleagues as well as continued professional development
- Promoting innovation through alignment with variable remuneration

Progress

- New Global Head of Sales appointed in February 2020 and new hires in US and Swiss offices
- Investment in technology to enhance communication channels between Group entities and retain close working links with colleagues whilst working from home
- Introduction of workforce development and training on areas such as confidence and resilience, gender equality and unconscious bias
- Group Profit Share Scheme now more fully aligned with individual contribution and operating performance

Priorities

- To ensure the wellbeing of all of our staff working from home during the covid-19 lockdown period
- To liaise with staff and to carefully plan for the transition back to our offices as covid-19 restrictions ease
- To consider the shape of future work patterns to align the interests of our employees with those of our business
- Renewed vigour in continuing to plan for generational change
- To continue to invest in the development, retention, wellbeing and diversity of our talented employees
- Introduction of commission-related scheme to reward the introduction of sustainable new business
- Alignment of pension contributions across staff grades by April 2022

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 Share Scheme, the Group Profit Share Scheme and the Record plc 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 2020, the proportion of employee shareholders stood at 69% (2019: 70%).

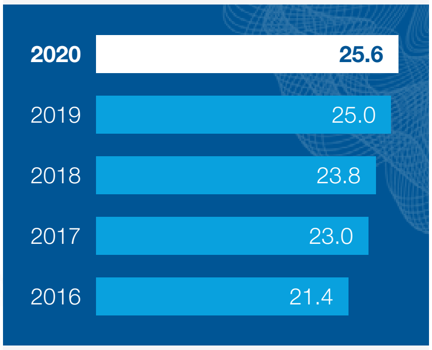
Key performance indicators

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.



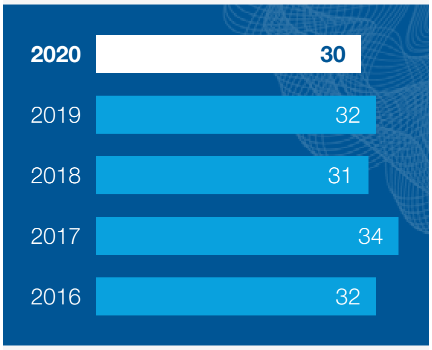
Why this is important

Revenue is a key indicator of client experience, growth and a key driver of profitability. AUME growth, fee levels sustained through product enhancement, and investment performance in excess of benchmarks all contributed to revenue growth during the year.

Link to strategy: 1 2

Operating profit margin (%)

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



Why this is important

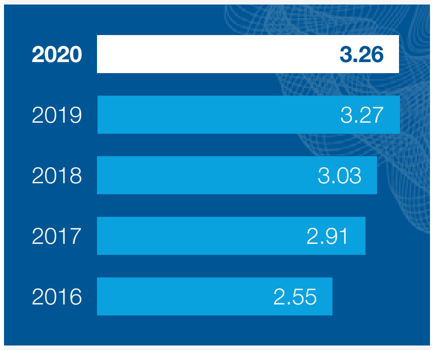
Operating profit margin is an indicator of the efficiency of the business in turning revenue into profit. Margin compression has been a factor across the sector over a number of years, which continues to impact the business as discussed further under Industry trends on page 18. Further information can be found under the Financial review section on page 36.

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 2 3

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.



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.

Link to strategy: 1 2 3

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.

Key

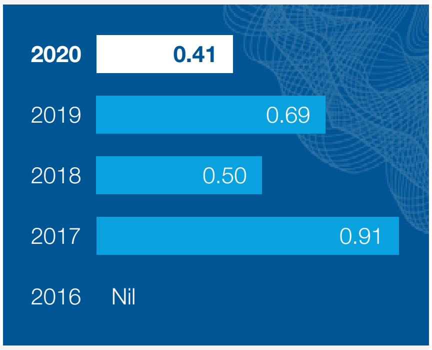
1 Quality client experience
2 Technology and innovation
3 Talent development

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



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 decreased by 0.28 pence, resulting in a 41% decrease in total dividends to 2.71 pence per share (2019: 2.99 pence per share).

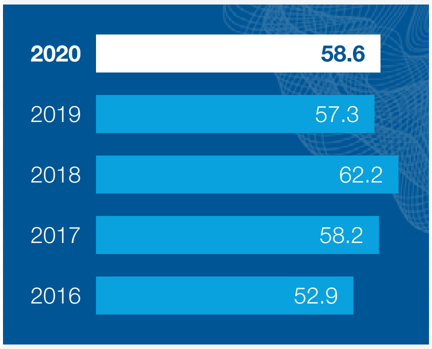
Link to strategy: 1 2 3

Key performance indicators continued

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 132.



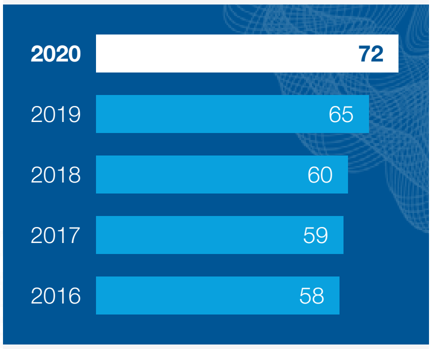
Why this is important

AUME is a key driver of future revenue and an indicator of business growth. AUME increased by 2.3% for the year, including net inflows of $4.6 billion, notwithstanding the negative impact of covid-19 on the final quarter of the year.

Link to strategy: 1 2 3

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 an indicator of business growth.



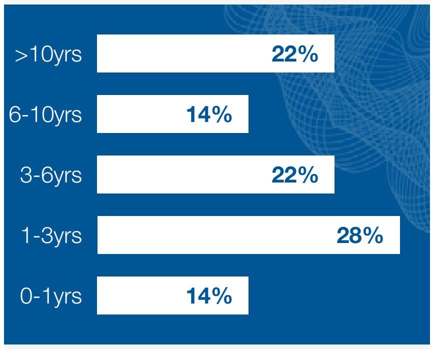
Why this is important

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

Client longevity (%)

Client longevity measures how long Record has been providing currency management services to each client with a mandate active at 31 March 2020.



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.

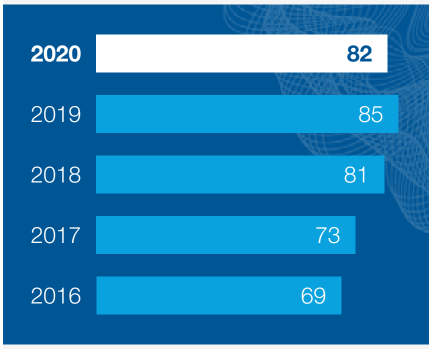
Link to strategy: 1

Key

1 Quality client experience
2 Technology and innovation
3 Talent development

Average number of employees

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



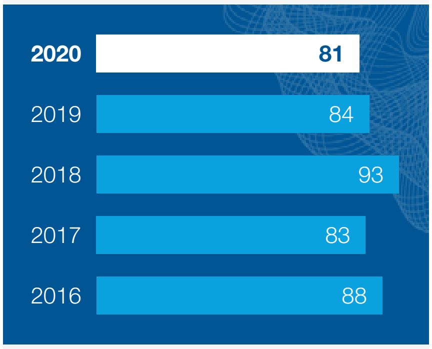
Why this is important

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 3

Staff retention (%)

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



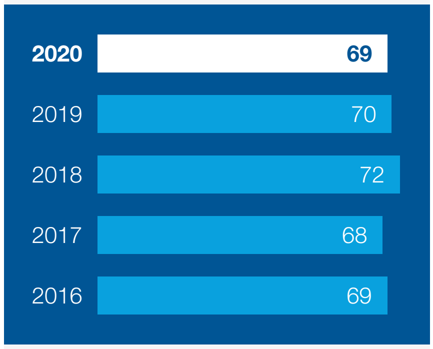
Why this is important

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

Employees with equity interest (%)

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



Why this is important

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

Link to strategy: 3

Operating review

AUME increased by 2.3% in US dollar terms, assisted by aggregate net inflows of $4.6 billion across the year.

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 has developed an enhanced Passive Hedging service, which aims to reduce the cost of hedging by introducing new 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. Exceptional levels of volatility in the FX derivatives market during the latter part of the year has negatively affected some clients. However, for others this volatility has increased the scope of opportunities available.

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

	Return for year to 31 March 2020	Return since inception[1]
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	**(0.05%)**	0.09% p.a.

Dynamic Hedging

The performance of our Dynamic Hedging product depends on how the foreign currencies change in value relative to the base currency of a client. During the year, US investors saw losses from currency on international assets when valuing positions in US dollars, as the US dollar appreciated against the majority of G10 currencies. Record's Dynamic Hedging product adjusted hedge ratios in line with US dollar fluctuations, and on aggregate helped protect clients against currency losses.

	Return for year to 31 March 2020	Return since inception[2]
Value added by Dynamic Hedging programme	**0.80%**	0.54% p.a.

Currency for Return

Record's Currency for Return suite of products includes both systematic and discretionary investment styles. The systematic offering combines five strategies under the Currency Multi-Strategy product, whilst the Dynamic Macro Currency product uses a more discretionary approach.

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 negative overall performance over the year. The first three quarters saw cumulative outperformance but gains were more than offset by losses in the final quarter as a result of the covid-19 pandemic.

Dynamic Macro Currency

The Dynamic Macro Currency strategy utilises a modern, multi-disciplined investment approach to developed and emerging market currencies. A four-pillared proprietary process integrates macroeconomics, market neurology, and quantitative price metrics with disciplined risk management, with analysis targeting the generation of a variant perception of future market price direction. The portfolio is innovatively structured and managed to implement investment views and provide an upside asymmetric return profile. Historically, the long-term track record has been negatively correlated with traditional asset classes such as the S&P500, but has also provided positive risk-adjusted returns during "risk on" environments.

Over the year, the portfolio benefited from our independent research ethos and risk management discipline, including early recognition of the potential severity and global feedback mechanisms of covid-19. The strategy was able to develop early, proprietary models to monitor the impact of the virus. Successful management of the portfolio across various currencies, instruments, and time horizons resulted in a +0.82 excess return-to-risk ratio for the year ending 31 March 2020.

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

Fund name	Scaling	Return for 12 months to 31 March 2020 %	Return since inception % p.a.	Volatility since inception % p.a.
Currency Multi-Strategy Fund[1]	4.5-6	**(7.82%)**	(5.42%)	9.11%

Returns	Return for 12 months to 31 March 2020 %	Return since inception % p.a.	Volatility since inception % p.a.
Dynamic Macro Currency[2]	**4.20%**	4.25%	9.30%
Record Multi-Strategy composite[3]	**(3.84%)**	0.60%	3.14%

Scaling

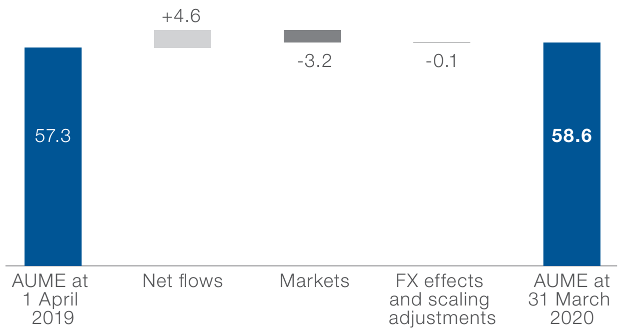
The Currency for Return product group allows clients to select the level of exposure they desire in their currency programmes. The segregated mandates allow clients to select the level of scaling and/or the volatility target. The pooled funds have historically offered clients a range of scaling and target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

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 segregated mandate size or the pooled fund's net assets. This is limited by the willingness of counterparty banks to take exposure to the segregated client or pooled fund. 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 segregated mandate size or the pooled fund's net assets.

AUME development

AUME expressed in US dollar terms finished the year at $58.6 billion, an increase of 2.3% (2019: $57.3 billion). When expressed in sterling, AUME increased by 7.5% to £47.3 billion (2019: £44.0 billion).

AUME development bridge – year to 31 March 2020 ($bn)



1. Record Currency Multi-Strategy Fund return data is since inception in February 2018, GBP base.
2. Dynamic Macro data is since inception in January 2004.
3. 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.

AUME development continued

AUME movements

Passive Hedging AUME increased by 4.3% to $50.3 billion at the end of the year (2019: $48.2 billion), including inflows of $2.0 billion from new clients, and net inflows of $2.1 billion from adjustments by existing clients. Market movements had an impact of reducing AUME by $2.2 billion, whilst movements in exchange rates had a much smaller positive impact, increasing AUME by $0.2 billion.

Dynamic Hedging AUME ended the year at $2.5 billion (2019: $3.1 billion), a decrease of 19% represented by the impact of market movements which reduced AUME by $0.8 billion, and was partially offset by net inflows from existing clients of $0.2 billion.

Notwithstanding net inflows of $0.3 billion during the year, Currency for Return AUME remained broadly unchanged at $2.6 billion at the end of the year (2019: $2.7 billion). Movements in exchange rates and scaling adjustments on mandates with fixed target volatilities both decreased AUME by $0.3 billion and $0.1 billion respectively.

Multi-product AUME started and ended the year at $3.0 billion. Tactical positions taken by clients during the year temporarily increased AUME in the third quarter, which subsequently reversed in the fourth quarter as a result of market movements.

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 decreased AUME by $3.2 billion in the year ended 31 March 2020 (2019: increased $2.3 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 2020

	Equity %	Fixed income %	Other %
Passive Hedging	28%	39%	33%
Dynamic Hedging	90%	0%	10%
Multi-product	0%	0%	100%

Forex

Approximately 89% of the Group's AUME is non-US dollar denominated. Therefore, foreign exchange movements may have an impact on AUME when expressing non-US dollar denominated AUME in US dollars. Foreign exchange movements increased AUME by $0.1 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2020, the split of AUME by base currency was 13% in sterling, 55% in Swiss francs, 11% in US dollars, 15% in euros and 6% in other currencies.

AUME composition by base currency

Base currency	31 March 2020	31 March 2019
Sterling	**GBP 6.3bn**	GBP 5.7bn
US dollar	**USD 6.2bn**	USD 6.3bn
Swiss franc	**CHF 31.0bn**	CHF 32.5bn
Euro	**EUR 8.1bn**	EUR 8.3bn
Australian dollar	**AUD 1.6bn**	AUD 1.0bn
Canadian dollar	**CAD 3.5bn**	CAD 0.6bn
Singapore dollar	**SGD 0.0bn**	SGD 0.1bn
Swedish krona	**SEK 3.9bn**	SEK 3.7bn

Product mix

AUME composition by product

	31 March 2020		31 March 2019	
	US $bn	%	US $bn	%
Passive Hedging	**50.3**	**86%**	48.2	84%
Dynamic Hedging	**2.5**	**4%**	3.1	5%
Currency for Return	**2.6**	**4%**	2.7	5%
Multi-product	**3.0**	**5%**	3.0	5%
Cash	**0.2**	**1%**	0.3	1%
Total	**58.6**	**100%**	57.3	100%

The mix of AUME remained broadly consistent with the prior year, with aggregate Hedging AUME representing 90% (2019: 89%).

Financial review

The Group has shown its resilience through a challenging year, and remains independent and profitable supported by its strong and liquid balance sheet.

Steve Cullen
Chief Financial Officer

Overview

Total revenue for the year increased by 2.4% to £25.6 million (2019: £25.0 million) and operating expenses, excluding variable remuneration, increased by 6.8% to £14.2 million. Variable remuneration rose to £3.5 million (2019: £3.4 million), with the operating profit margin decreasing to 30% (2019: 32%) and profit before tax fell by 3.2% to £7.7 million (2019: £8.0 million).

Profit and loss (£m)

	2020	2019
Revenue	**25.6**	25.0
Cost of sales	**(0.3)**	(0.4)
Gross profit	**25.3**	24.6
Personnel (excluding GPS)	**(8.6)**	(8.2)
Non-personnel cost	**(5.7)**	(5.1)
Other income or expense	**0.1**	–
Total expenditure (excluding GPS)	**(14.2)**	(13.3)
GPS	**(3.5)**	(3.4)
Operating profit	**7.6**	7.9
Operating profit margin	**30%**	32%
Net interest received	**0.1**	0.1
Profit before tax	**7.7**	8.0
Tax	**(1.3)**	(1.6)
Profit after tax	**6.4**	6.4

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.

As shown under AUME development on page 31, average levels of AUME, and hence management fees, increased across the year predominantly as a result of net inflows of $2.0 billion and $2.6 billion over the first and second halves respectively. These were partially offset by net decreases due to market movements for the year of $3.2 billion. The period up to the last quarter of the year showed an increase of $1.3bn, followed by a $4.5 billion decrease in the final quarter linked to the covid-19 outbreak.

Record's aggregate revenue for the year increased by 2.4% to £25.6 million, including performance fees of £1.8 million (2019: £2.3 million).

Management fees earned during the year increased by 3.7% to £23.1 million (2019: £22.3 million). The increase in management fees of £0.8 million more than offset the decrease in performance fees of £0.5 million for the year.

Revenue

£25.6m

2019: £25.0m

+2.4%

Revenue analysis (£m)

	Year ended 31 Mar 2020	Year ended 31 Mar 2019
Management fees		
Passive Hedging	**12.0**	11.6
Dynamic Hedging	**4.0**	4.6
Currency for Return	**2.0**	1.8
Multi-product	**5.1**	4.3
Total management fees	**23.1**	22.3
Performance fees	**1.8**	2.3
Other currency services income	**0.7**	0.4
Total revenue	**25.6**	25.0

Management fees

Passive Hedging management fees increased by £0.4 million to £12.0 million for the year, an increase of 3.6% (2019: £11.6 million) in line with the higher average Passive Hedging AUME over the year.

Dynamic Hedging management fees fell by 13.1% to £4.0 million (2019: £4.6 million), predominantly reflecting the reduction in AUME seen in the final quarter of last year, partially offset by net inflows this year of $0.2 billion.

Currency for Return management fees increased by 11.7% to £2.0 million, reflecting movements in AUME including net inflows of $0.3 billion. Multi-product management fees increased by 18.6% to £5.1 million, bolstered by the temporary tactical mandate activity seen in the second half of the year.

Average management fee rates remained broadly constant throughout the year ended 31 March 2020. However, the trend of increased margin pressure seen in recent years across our industry continues, with clients seeking reduced fees rates or increased tailoring for existing fees, especially across our Passive Hedging offering.

Performance fees

Performance fees are derived from a combination of hedging and return-seeking products. Aggregate performance fees of £1.8 million were earned during the year (2019: £2.3 million).

Other currency services income

Other currency services income totalled £0.7 million (2019: £0.4 million) and consists of fees from ancillary currency management services including collateral management, signal hedging and tactical execution services. Fees charged for these ancillary services are not linked to AUME.

Expenditure

Cost of sales

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

Operating expenditure

The Group operating expenditure (excluding variable remuneration) increased by 6.8% to £14.2 million for the year (2019: £13.3 million).

Growth in personnel costs of 4.9% to £8.6 million (2019: £8.2 million) reflects salary increases arising as a result of internal promotions during the year, plus the effect of recruiting at more senior levels towards the end of the financial year. The full-year effect of these movements will be reflected in an increase in personnel costs for the forthcoming year.

Non-personnel costs increased by 11.8% during the year to £5.7 million (2019: £5.1 million). The Group continued to invest in technology and to improve the resilience of its systems, reflected by an increase in IT-related costs of £0.3 million which are expected to increase in the forthcoming year. One-off project-related costs totalled £0.3 million, including technical consultancy and professional fees.

Other income was £0.1 million for the year (2019: £nil) and represents net gains made on derivative financial instruments employed by the Group's seed funds, hedging activities and other FX adjustments or revaluations.

Expenditure continued

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 year ended 31 March 2020 the Remuneration Committee introduced changes to the operation of the scheme with the aim of rewarding individual employee behaviour 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 2020, the GPS pool is 31.4% of pre-GPS underlying operating profit, which represents £3.5 million, an increase of 3.8% over the previous financial year (2019: £3.4 million).

Further information on variable remuneration, and specifically the changes to the operation of the Group Profit Share Scheme from 1 April 2019, can be found in the Remuneration report starting on page 70.

Operating profit and margin

Group operating profit decreased by 2.9% to £7.6 million (2019: £7.9 million) and the Group operating margin decreased to 30% (2019: 32%). Notwithstanding the increase in revenue for the year, the continued investment in personnel and other resources for the year have impacted the operating margin.

Cash flow

The Group consolidated statement of cash flows is shown on page 99 of the financial statements.

The Group's year-end cash and cash equivalents stood at £14.3 million (2019: £13.0 million). The cash generated from operating activities before tax is shown in note 25 to the financial statements and was £7.9 million (2019: £8.2 million). During the year, taxation of £1.4 million was paid (2019: £1.2 million) and £5.9 million was paid in dividends (2019: £5.5 million).

At the year end, the Group held money market instruments with maturities between three and twelve months, worth £8.0 million (2019: £10.7 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 (2019 interim: 1.15 pence) was paid to shareholders on 27 December 2019, equivalent to £2.3 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 0.41 pence equivalent to £0.8 million making the total dividend in respect of the year ending 31 March 2020 of £5.3 million equivalent to 83% of total earnings.

The total ordinary and special dividends paid in respect of the prior year ended 31 March 2019 were 2.3 pence per share and 0.69 pence per share respectively, equivalent to total dividends of £5.9 million and representing 91% of total earnings of 3.27 pence per share.

Financial stability and capital management

The Group's balance sheet is strong and liquid with total net assets of £28.2 million at the end of the year, including current assets managed as cash totalling £22.3 million. The business remains cash generative, with net cash inflows from operating activities after tax of £6.5 million for the year (see note 25 to the financial statements).

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

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 (excluding non-controlling interests), as follows:

Regulatory capital resources (£m)

	2020	2019
Core Tier 1 capital	**28.0**	27.3
Deductions: intangible assets	**(0.4)**	(0.3)
Regulatory capital resources	**27.6**	27.0

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, employees 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. 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.

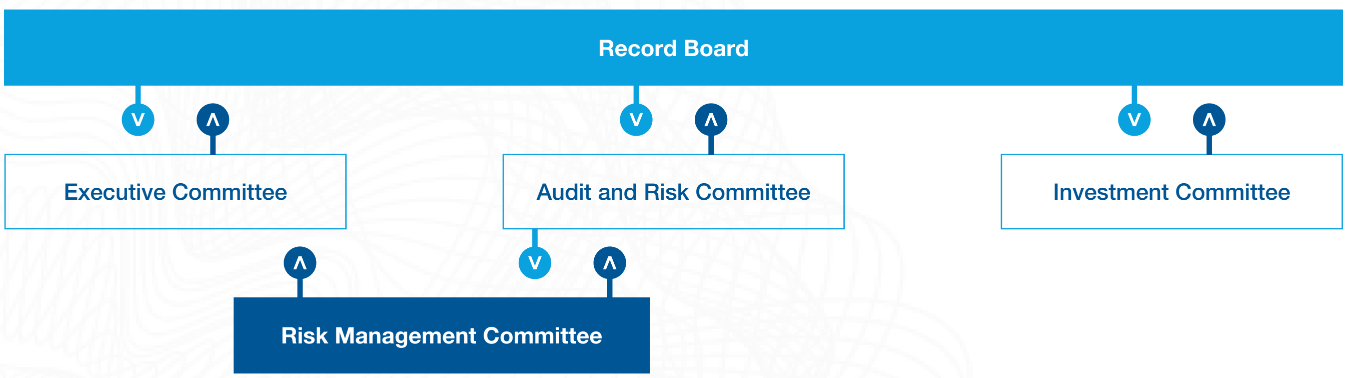
This policy ensures a significant capital buffer over regulatory requirements, and consequently capital adequacy risk is not considered a significant risk in terms of the principal risks detailed on pages 41 to 44.

The business is also exposed to more overarching risks, being 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 conduct risk is therefore evident and managed within each individual category of risk, and when combined equates to the overall conduct risk of the Group. Consequently, conduct risk is not considered as a separate risk category within the Principal risks section on pages 41 to 44.

Risk management framework – overview



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. 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 on pages 41 to 44.

The remaining principal risk categories are listed below and further detail is given on pages 41 to 44:

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.

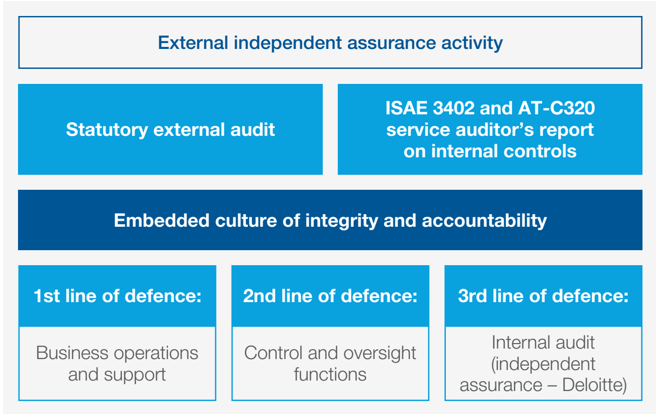
The Board has delegated authority to the Investment Committee to approve changes to any of the Group's investment processes and to establish and maintain policies for these processes. The Investment Committee's members are listed on page 61. Investment Committee approval is required prior to implementation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

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

Lines of defence

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

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



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

Lines of defence continued

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

External independent assurance for shareholders is gained through the statutory annual external audit process run by PricewaterhouseCoopers LLP ("PwC"), the Group'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.

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 in the competitive landscape. The Group Board, management and Risk Management Committee constantly monitor emerging risks, assessing the likelihood of impact on the principal risks faced by the business.

At the time of writing, the Coronavirus pandemic ("covid-19") has effectively temporarily shut down the world economy as global leaders fight to stop the spread of the virus through enforced lockdowns in their respective countries. Although some countries are beginning to ease restrictions as mortality rates decline, it remains to be seen whether a second wave of the virus ensues, and if not, how quickly the global economy returns to pre-covid-19 levels, if at all. The speed and scale of disruption caused by the pandemic is unprecedented, meaning the risk has fully transitioned from an emerging risk to a business continuity risk.

Information on the Group's response to the pandemic and the effect on its business and operations is given in more detail below.

Review of the impact of covid-19

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 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. A large proportion of our current client base by assets (90%) is represented by hedging products which seek to reduce the FX risk associated with our clients' overseas assets – extreme volatility in times of market stress only serves to further reinforce the benefit of such risk mitigation strategies.

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 do not anticipate this changing under the current circumstances.

Our people

Record has successfully transitioned to full remote working without detriment to our clients or employees. We continue to closely monitor the wellbeing and motivation of all of our staff and to listen and respond to their feedback and requirements. 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. Record has not seen any employee attrition as a result of the crisis, has not cut wages and does not anticipate utilising any of the Government's job retention or loan schemes for businesses.

Our technology and operations

Prior to the UK Government imposed lockdown, Record's operational teams, had already been split between the disaster recovery ("DR") site and the Windsor office, and this changed to full working from home for all employees, including all operational teams, subsequent to the lockdown measures being introduced. Throughout these phases full business continuity was maintained. Remote access systems have been strengthened and over the course of the lockdown additional IT equipment has been sourced for individuals to assist with facilitating 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 has been increased, for example more regular Audit and Risk Committee meetings to review risk and weekly Executive Committee catch-ups to discuss employee wellbeing, market behaviour and other management issues.

Our risk and management reporting framework continues to operate as usual, as do monitoring and oversight tasks operated by the compliance team.

Our business model

With the exception of those items discussed above, any further impact of covid-19 on our business model has been limited. Our costs have not materially increased as a result of the virus and our balance sheet remains well capitalised and robust. 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 to movements in such markets. This was illustrated by the fall of our fourth quarter AUME by -$4.5 billion (-7%) linked to market movements. Conversely, we would expect to see any rebound in such markets reflected by an increase in our AUME.

Our business has responded well to the changes enforced by the covid-19 pandemic, with continuity in operational and client servicing matters, and maintaining a full team without the need for additional funding or Government assistance. We believe that we are capable of continuing to operate under current circumstances for the foreseeable future.

Please see page 21 for analysis of the market impact of the covid-19 pandemic.

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
Failure to deliver strategy – risk of failure to achieve strategic objectives through internal or external factors. **Potential impact** – reduced short to medium-term profitability, and growth prospects and viability limited longer-term.	1 2 3	Medium	—	The Board sets strategy and is responsible for ensuring the Group has the right structure, leadership and culture to execute. Regular and ongoing review of strategic options, opportunities and threats. A change of leadership was announced on 13 February 2020 to deliver on growth opportunities anticipated by the business.

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
Concentration risk – the risk of concentration either by product, client type or geographical location leading to over-reliance on any one category of revenue. **Potential impact** – Record's products are all currency management based. A move away from currency by its core client base or a high-value client, or a change in Swiss regulation, could result in material outflows and loss of revenue.	1 2	Medium	—	Continued diversification of investment capabilities across risk-reducing and return-seeking products, plus the capability to offer bespoke products to meet client requirements. Commitment to client services excellence and transparent investment process is integral to retention. 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. Client numbers and AUME increased in FY-20. The addition of the Dynamic Macro Currency strategy adds further diversification to Record's product range. Investigation continues into possibilities arising from impact investing, frontier currencies and ESG-related opportunities in currency.

Key to strategy link

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

Business risk continued

Risk	Link to strategy	Rating	Change	Mitigating activities and update
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. **Potential impact** – reduced fee rates and/or increased costs lead to decreased margins and lower returns for shareholders.	1 2	Medium	—	Bespoke solutions and added-value to differentiate products within the market. Focus on offering premium service differentiates Record from competition and builds long-standing and "trusted adviser" relationships. Continued investment into resources and technology to ensure effective and cost-efficient processes. Pressure on Passive Hedging fee rates has continued during the year. However, market uncertainty and volatility in the final quarter and since year end has served to underline to clients the benefits of having specialist advisers with proven expertise in managing complex financial and operational risk.
People and employment risk – the inability to attract or retain key employees could impact the Group's ability to support business activities or achieve strategic objectives. **Potential impact** – not supporting business activities or achieving the strategic objectives of the Group would lead to a material negative impact on corporate performance.	1 2 3	Medium	—	Continued investment in resources to broaden capabilities in research, investment and client servicing. Promotion of collegiate and professional culture career opportunities study support and overseas secondments. Remuneration policy and share-based remuneration schemes promote key personnel retention. Minimal reliance on key investment personnel and products managed on a predominantly systematic process. The Group continues to focus on succession planning to mitigate the risk from over-reliance on key personnel, as evidenced by the recruitment of a new Global Head of Sales prior to the year end and a new senior manager level hire post year end in our Swiss office.
Regulatory change – the risk of failure by the Group to comply with the introduction of new regulation or changes to existing regulation. **Potential impact** – ability to do business may be affected, resulting in loss of revenue or regulatory censure.	1 2	Low	—	Experienced Board and senior management engage proactively with industry bodies and have a transparent and open relationship with regulators. Investment in expertise, systems and training to ensure robust compliance culture maintained across the business. Record successfully implemented the new Senior Managers and Certification Regime ("SMCR") during the year.

Key to strategy link

1 Quality client experience
2 Technology and innovation
3 Talent development

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
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. **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.	1 2	High	↑	Comprehensive disaster recovery ("DR") and business contingency plans are in place and tested on a regular basis. Information technology policies and technical standards are deployed across the Group, including induction and regular security awareness training. Record continues to monitor, review and challenge its cyber and data security processes and their development, including input from the internal auditor and third party advisers. Cyber-related metrics are monitored, reported and reviewed in monthly management information and Board information packs. Covid-19 has impacted the risks associated with our technology and information security systems. This reflects the well-publicised perceived increase in risk from potential external third party "bad actors" and also the required reallocation of IT resource from prescheduled projects to ensure continuity of service and operations with employees working from home.
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. **Potential impact** – such errors or non-compliance could potentially lead to negative financial and reputational consequences.	1 2	Low	–	Dedicated and experienced portfolio management team oversees the investment process. Dedicated and independent Front Office Risk Management team provides pre and post-trade compliance assurances. Compliance and Risk department oversees adherence to formal and established procedures via a structured monitoring programme, reporting directly to the Risk Management Committee. Automated post-trade compliance tests monitor whether programmes are running in line with expectations and allow timely resolution. Internal audit function reports independently to the Audit and Risk Committee, reviewing higher-risk operational areas. Annual ISAE 3402 and AT-C 320 service auditor's report on internal controls independently reviewed and tested by RSM. The Group has maintained the high standards around its operational control environment notwithstanding the effects of covid-19 and the consequent requirement for full remote working.

Key to strategy link

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

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
Product underperformance – the risk that long-term investment performance is not delivered. **Potential impact** – damages prospects for winning and retaining clients, minimises revenues through reduced management and performance fees and may cause reputational damage.	1 2 3	High	—	Experienced Investment Committee meets regularly, ensuring consistent core investment processes are applied. Dedicated currency management research and investment focus. 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. Remuneration policy links senior management's remuneration to long-term performance of the Group. As the Group widens its return-seeking product range, it becomes more susceptible to the risk of client investment disappointment. The effect on markets caused by covid-19 has led to underperformance of Record's Multi-Strategy product. However, the new Dynamic Macro Currency strategy performed well in the final quarter.
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. **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.	1 2	Medium	↑	The Group has a large panel of banking counterparties it uses to trade on behalf of clients in currency and related instruments. 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 covid-19. The Group has successfully navigated clients through a period of extreme market volatility arising from covid-19, managing to secure sufficient liquidity in particularly challenging markets.

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 2023.

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policy reflects the stated objectives of maintaining a strong balance sheet whilst allowing the Group the flexibility to adapt its products and services to market conditions, or to take advantage of emerging business opportunities. The Group's strategy and principal risks are assessed and reviewed regularly by the Board, as well as by the Executive Committee and operational sub-committees within the Group. Further detail on the Group's strategy and principal risks is given in the Strategic report on pages 22 to 25 and 41 to 44 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 40, the Group has responded well to the challenges raised by the impact of the covid-19 pandemic, maintaining both continuity in operational and client servicing matters and remaining independent without the need for additional funding or the use of related Government schemes.

However, the market downturn scenario has been the subject of further focus and revision as a result the impact on financial markets of covid-19, and the corresponding decrease of 7% in the Group's AUME for the quarter ending 31 March 2020. The updated scenario assumed an immediate 30% reduction in AUME due to market movements with stagnant 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.

Market disruption, changes to regulation and heightened economic uncertainty in light of covid-19 will continue to provide challenges to the Group and the environment in which it operates. 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. However, the Directors consider a three-year horizon over which to assess the viability of the Group to be appropriate under such circumstances, since any further planning horizon provides a greater level of uncertainty to financial projections.

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.

Corporate social responsibility

We believe that all stakeholders are beneficiaries of environmentally friendly business practice and socially responsible investment.

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 page 12. We believe that all stakeholders are beneficiaries of environmentally friendly business practice and socially responsible investment.

Our approach to corporate social responsibility has historically been built around three key areas i.e. Community, Workplace and Environment. More recently, we have introduced certain environmental, social and governance ("ESG") factors into some of our currency management products, putting Record among the first currency managers to develop a return-seeking strategy incorporating ESG factors into currency and to be accepted as a signatory to the Principles for Responsible Investment ("PRI") (as announced in June 2018). Record has complied with the PRI requirements of annual reporting, and attended the annual conference in London. We are public supporters of the Task Force on Climate-related Financial Disclosures ("TCFD"), and are looking into implementing its recommendations on disclosure of climate risk exposure, and promoting this transparency across the industry. We have therefore added "Responsible Investment" to our existing key areas of CSR focus.

Record is a certified CarbonNeutral® company according to The CarbonNeutral Protocol.

Responsible investment

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.

Our ESG-tilt product applies insights on the relationship between productivity and exchange rates to a database of country-specific ESG data. The result is a range of currency-relevant ESG factors related to the United Nations Sustainable Development Goals. These factors (for example: education, child mortality, improved water sources and enforcement of legal contracts) are used to construct an ESG metric which tilts the Multi-Strategy currency portfolio in a pro-ESG manner. Record has seeded this strategy and hopes to offer it to clients in due course.

Our experience of existing investment strategies takes into account the links between currency returns and productivity gains, so we have focused on those ESG factors most clearly related to economic productivity. As ESG and productivity have a closer relationship in Emerging Markets than Developed Markets, our first ESG process has been designed to tilt the EM currency strand of the Multi-Strategy product.

In 2019 Record began research into its first "Impact" strategy, and used its own cash for investing into Impact Bonds, organised through international and regional multilateral organisations which are signatories of the UN Sustainable Development Goals ("SDGs"). The funds borrowed in global financial markets are allocated to projects to support and promote economic, social and environmental development in low and middle-income countries.

Record believes that this will be a good use of cash to aid development and achieve impact, as well as an opportunity to gain experience in dealing, holding and reporting on Impact Bonds in order to achieve a competitive and trusted understanding which will underscore future Impact Bond-related products.

Record acknowledges the diversity of approaches, determined by varying preferences and priorities as well as underlying constraints, taken by its clients to incorporate ESG into their investment. Therefore Record is actively exploring ways to collaborate with external parties including clients who might wish to apply the methodology to reflect their own specific ESG views, and with research institutes. 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 became a sponsor for the Centre for the Study of Financial Innovation and is a member of Swiss Sustainable Finance. Our research team have also collaborated with Princeton Professor Peter Singer AC on ethical investment.

FX GLOBAL CODE

Signatory of:

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.

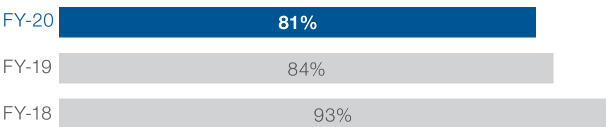
The Group's offices have been designed to allow all departments to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management. Detail on how the Group has successfully managed the transition to remote working during the covid-19 pandemic is provided on page 40.

The office environments and culture promote staff development and training. All staff are invited to participate in monthly company update meetings which are led by the Chief Executive Officer. The Group also provides study support to employees who wish to pursue relevant professional qualifications. The Board has established a staff-run welfare committee which organises team-building and other social events, enhancing interaction between different departments within the business. An ESG committee was created in 2020 to discuss firm-level ESG projects and improvements, as well as to engage with wider ESG issues, events and industry developments.

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. 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. Confidence and resilience training was also offered to employees during the year and was well attended.

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

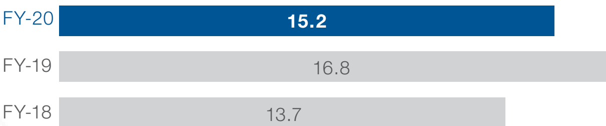
Staff retention (%)



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 £15,242. 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. Staff donated and sent pictures in for World Health Day, created a collage and raised £2,000 to support NHS Charities. Other charity events included a Great British Bake Off for Stand Up To Cancer, Jeans for Genes, a Children in Need breakfast and fundraising for a 3 Peaks Challenge in aid of Children4Children. A scheme allowing UK employees to give to charity through the payroll is also offered.

Charitable donations (£'000)



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

Human rights

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

Equal opportunities and diversity

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

The Group ensures that all staff are aware that it is not acceptable to discriminate, harass or victimise anyone, and also that 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.

Record celebrated the appointment of its first female CEO in February 2020, Leslie Hill. A working group has been created to begin the process of creating a Women's Network, in order to promote the talented individuals who identify as a woman, and support progress in both the firm and across the industry towards gender equality.

The gender diversity within the Group is shown below:

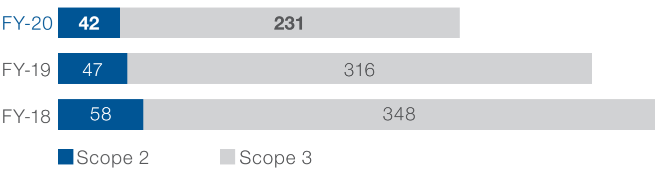
Gender balance As at 31 March 2020	Female		Male	
Board Directors	3	43%	4	57%
Senior management	6	26%	17	74%
Other staff	24	45%	29	55%
All employees	**33**	**40%**	**50**	**60%**

Environment

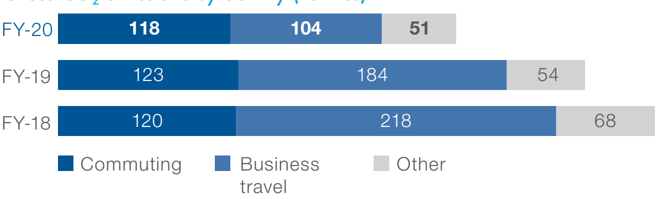
The Group seeks to minimise its carbon footprint through recognising the environmental impact of its activities, reducing that impact through responsible procurement of goods and services, and offsetting its remaining carbon emissions. The Group first assessed its carbon footprint in July 2006, and has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

The Group's annual emissions[1] (before offset) have been calculated using the WRI/WBCSD Greenhouse Gas Protocol. Scope 2 emissions principally relate to electricity and heat and Scope 3 emissions principally relate to travel. Scope 3 emissions accounted for 85% of emissions (2019: 87%).

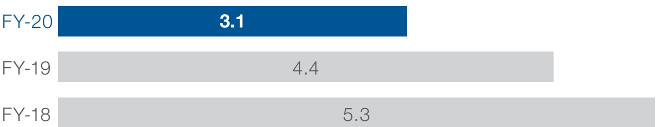
Gross CO_2 emissions (Tonnes)



Gross CO_2 emissions by activity (Tonnes)



Gross CO_2 emissions per head (Tonnes)



The Strategic report is set out on pages 1 to 49 of the Annual Report and outlines our strategic objectives, performance and financial position, as well as our outlook for the future.

The Strategic report was approved by the Board on 18 June 2020 and signed on its behalf by:

Leslie Hill
Chief Executive Officer

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

Governance

In this section

Chairman’s introduction

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

I am pleased to confirm that the Board and its Committees have continued to work closely with the Group’s highly experienced management team to maintain its strong governance framework which effectively supports Record’s operational teams in delivering a high-quality range of products and services.

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. The appointment of Leslie Hill as CEO has brought a refreshed perspective to business strategy and oversight which I am sure will also lead to enhancements of the Group’s corporate governance processes over the coming months and I look forward to seeing these developments.

The Group’s strong and robust corporate governance framework has allowed the Group to continue to effectively maintain its governance and oversight practices during the covid-19 pandemic and I wish to acknowledge and praise all the Committees and the management team for their focus and contributions during this crisis.

Neil Record
Chairman

18 June 2020

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 to 61.

Compliance with the UK Corporate Governance Code

This is the first year Record has been required to adopt and report on the 2018 UK Corporate Governance Code (“Code”). We fully support the introduction of the revised code and we have complied with the new provisions 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 12 and 13.

Board of Directors

The Board 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.

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, a company in which Record has a 40% investment.

Skills and experience: Having worked at Record for 28 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.

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 FCA qualification and over 30 years' experience, including over 16 years within financial services, Steve brings considerable accounting, financial and risk management expertise to the Board.

Bob Noyen
Chief Investment Officer

Appointed: Bob has been Chief Investment Officer since 2000.

Previous appointments: Bob previously worked as Assistant Treasurer for Minorco (part of Anglo American plc).

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

Skills and experience: Bob joined Record in 1999 with responsibility for Investment and Research. He chairs Record's Investment Committee and the Investment Management Group.

Bob has extensive knowledge of currency and other markets and he plays a key role in the development of Record's products, ensuring products evolve to meet the ever-changing needs of clients. Bob therefore brings a product focus to Board deliberations. He is also closely involved in some of Record's most significant client relationships.

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 is an independent non-executive director of Schroder UK Public Private Trust plc and ICG Enterprise 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.

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.

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.

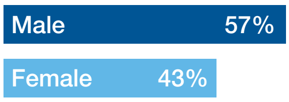
Current external appointments: Tim is a biotech entrepreneur, who is currently chair of Karus Therapeutics Limited and Storm Therapeutics Limited, and a director of AstronauTX Limited.

Skills and experience: Tim is a Chartered Accountant 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.

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

Gender diversity

As at year end and as at the date of report



Board tenure

As at year end

< 3 yrs 14%
3-6 yrs 29%
> 6 yrs 57%

James Wood-Collins served as Chief Executive Officer from October 2010 until he resigned from the position in February 2020. His biographical details were provided in previous Annual Reports.

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.

Section 1: 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 12 and 13

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 22 to 25

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 26 to 29
Risk management, pages 38 to 45
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 12 and 13

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 12 and 13
Corporate Social Responsibility statement, pages 46 to 49

Section 2: 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

Section 3: 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. The board and its committees should have a combination of skills, experience and knowledge. 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

Section 4: 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.

Audit and Risk Committee report, pages 64 to 69
Directors' report, pages 86 to 88
Financial review, pages 34 to 37
Risk management, pages 38 to 45

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

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 38 to 45

Section 5: 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 2020 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 2020 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 is now being addressed. Details of how pension contributions rates are being aligned across the business are provided in the Remuneration report on page 73.

Board structure

Board composition

The Board consists of seven members and is headed by Neil Record (Chairman), with the Executive Directors, Leslie Hill (Chief Executive Officer), Steve Cullen (Chief Financial Officer) and Bob Noyen (Chief Investment 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 2020 James Wood-Collins stepped down from the role of CEO and was replaced by Leslie Hill. 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. Prior to the restructure undertaken in February 2020 the Board composition had remained unchanged for a number of years with four Executive Directors and three independent Non-executive Directors and this was considered to be appropriate for the business at that time.

Following the re-structure in early 2020, the Board now consists of three Executive Directors and three independent Non-executive Directors meaning that Record now 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 FY20 and the outlook for the Group can be found on pages 6 to 9.

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 FY20 can be found on pages 34 to 37.

Chief Investment Officer

The Chief Investment Officer is responsible for all research and investment strategy activity and for the implementation of investment processes.

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, these remain unchanged from the previous year and are made available for inspection by the Company's shareholders at each AGM. The Company's Articles of Association may be amended by special resolution of the shareholders.

Under the Company's current Articles of Association, the minimum number of Directors is two and the maximum is twelve. Directors appointed by the Board must offer themselves for election at the next Annual General Meeting of the Company following their appointment but they are not taken into account in determining the Directors or the number of Directors who are to retire by rotation and stand for re-election at that meeting. The minimum number of Directors required to retire by rotation is one third.

Under the UK Corporate Governance Code July 2018, all directors should be subject to annual election by shareholders. The Board has reviewed the recommendation of the Code and the provisions in the Articles and has determined that annual re-election of all Directors is appropriate, and accordingly all seven Board Directors will stand for re-election at the 2020 AGM. The Board has also agreed that the Articles should be revised to align with the Code, current legislation and market practice and a special resolution regarding the amendment of the Articles will be put to shareholders at the 2020 AGM.

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 2020 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 seven and thus women make up 43% 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 page 48.

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 includes:

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

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

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.

Key matters considered by the Board in the year to 31 March 2020

June 2019
- Going concern and long-term viability review (Finance, Risk management))
- Annual Report and Accounts 2019 and dividend proposal (Finance)
- Corporate objectives review (Strategy)

July 2019
- IT strategy and budget (Strategy, Finance, Risk)
- Code of Ethics Part I (Conduct)
- Conflicts of interest policy (Conduct)
- Pillar 3 Disclosure (Risk management)

September 2019
- Review of the Directors' conflicts of interest register (Conduct)
- Group Profit Share Scheme Rules (Stakeholders)

November 2019
- Interim Review and dividend proposal (Finance)
- Board Diversity Policy (Governance)

February 2020
- Ratification of Impact Bonds proposal (Strategy)
- Risk appetite statement and ICAAP document (Risk management)
- Board structure and CEO change (Strategy, Governance)

March 2020
- Group strategy and focus (Strategy)
- Budget FY21 (Strategy, Finance)
- Development of a Macro Fund strategy (Strategy)

Meeting frequency and attendance

The Board met six times between 1 April 2019 and 31 March 2020 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 twice-yearly offsite strategy meetings and additional meetings as required to address specific issues. Any concerns raised by Directors which are not resolved are recorded in the Board minutes. No such matters were noted during the year ended 31 March 2020.

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	5/6	Tim Edwards was unable to attend the Board meeting held in March 2020 due to a prior commitment.
James Wood-Collins	4/5	James Wood-Collins resigned effective 13 February 2020; he did not attend the February Board meeting.
Steve Cullen	6/6	
Leslie Hill	6/6	
Bob Noyen	6/6	

Each Director unable to attend a meeting gave their apologies in advance.

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 to familiarise themselves with their duties and the Group's culture and values, strategy, business model, businesses, operations, risks and governance arrangements.

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

On an on-going 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. Given the recent changes to the Board structure, the Board agreed that an external evaluation of performance was not appropriate at the current time and delegated responsibility for the review to Jane Tufnell, Senior Independent Director and Chair of the Nomination Committee. Board members were asked to anonymously complete a survey focusing on Board structure, information and dynamics and Jane also held individual private meetings with all the Board members to canvas opinions. The survey responses and the comments made during the private sessions were recorded and collated into a report which documented the observations made and also assessed the activities and achievements of the Board and its Committees during the period under review. Members were also invited to separately approach the Chairman or Company Secretary with any individual concerns or comments they had. No concerns were raised directly to the Chairman or the Company Secretary.

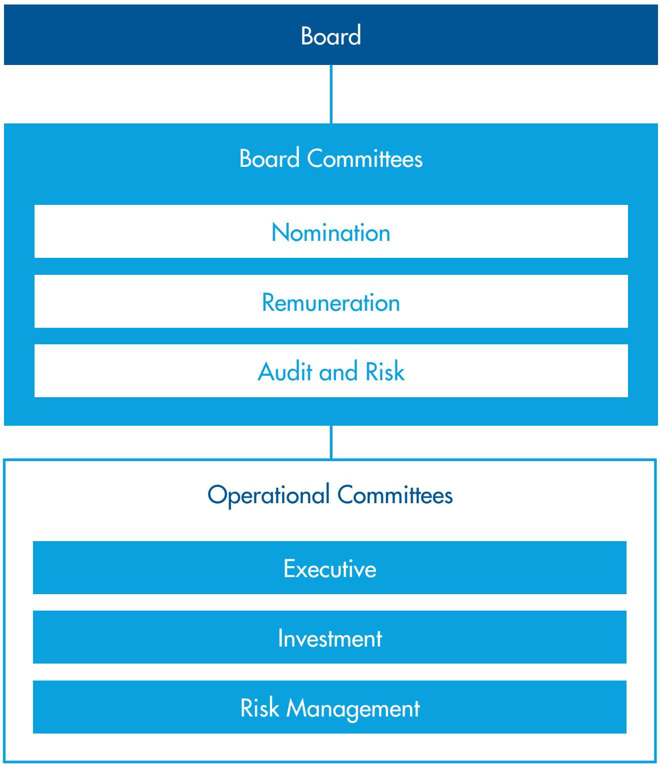
As in previous evaluations, the review of the comments made during the evaluation process identified no serious concerns over the functioning of the Board, its members or its Committees.

Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducts an annual appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2020 was positive and all roles were considered to be undertaken effectively.

Corporate governance framework

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

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



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 is the decision-making body for all day-to-day operations as delegated by the Board and Record plc's subsidiaries.

Members: The Committee comprises the Chief Executive Officer as Chair, the two other Executive Directors, the Chief Operating Officer, a Managing Director and the Head of Human Resources. Members of the Senior Management are invited to attend as deemed appropriate.

The Head of Global Sales was appointed to the Committee in April 2020.

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.

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 risks arising across the activities of Record Currency Management Limited, the regulated entity within the Group.

Members: The Chief Operating Officer, the Chief Financial Officer, the Chief Technology Officer, the Head of Operations, the Head of Portfolio Management, the Head of Portfolio Implementation, the Head of Trading, the Head of Compliance and Risk and the Head of Front Office Risk Management are all members of the Committee.

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 38 to 45 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 2020 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:

Joanne Manning
Company Secretary

18 June 2020

Nomination Committee report

This year the Nomination Committee has worked hard to evolve the Board and I'm extremely confident that our selection of Leslie Hill as Chief Executive Officer, will reap significant rewards for the Record Group.

Jane Tufnell
Chair of the Nomination Committee

Dear Shareholder

I am pleased to present the Nomination Committee report for the year ending 31 March 2020.

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.

Review of the period

The Committee met eight times during the year. The key matters considered during these meetings were as follows:

Board composition

Chief Executive Officer

The Committee has been aware for some time of the need for the business to be more responsive to the needs and demands of clients in an ever evolving environment. The Committee met in January and decided that the Chief Executive Officer role within Record required a deep understanding of the Group's ability to address these clients' demands and their currency exposures. The Committee concluded that Leslie Hill has the necessary insight and is ideally suited to lead the business in this client-led changing environment.

Further meetings occurred in February at which the Committee was assured that Leslie would accept this role and that James Wood-Collins had agreed to resign. The Committee therefore recommended to the Board on 13 February that Leslie Hill should replace James Wood-Collins as Chief Executive Officer.

The Board considered the Committee's recommendation at a later meeting on 13 February and agreed that James would stand down as CEO and all Record directorships with immediate effect and that Leslie Hill would be appointed as CEO of Record plc with immediate effect; CEO of Record Currency Management Limited subject to approval by the FCA, which was confirmed on 24 April 2020; Director of Record Group Services Limited with immediate effect and CEO of Record Currency Management (US) Inc.

The Committee looks forward to working with Leslie as CEO going forward.

Extension of the appointment term for Rosemary Hilary

In May 2019 the Committee reviewed the extension of the appointment term for Rosemary Hilary as a Non-executive Director following its expiry after the initial three year term, Rosemary having been appointed on 1 June 2016. Rosemary was not present for this review. It was agreed that it was in the interest of both Record plc and Record Currency Management Limited that Rosemary 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 2019. 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.

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. The Boards of the two companies are identical to facilitate full regulatory oversight and common corporate governance practices. References to the "Board" refer to the Boards of both Record plc and Record Currency Management Limited.

Committee meeting attendance

Jane Tufnell	8/8
Rosemary Hilary	8/8
Tim Edwards	8/8
Neil Record	7/8

Neil Record was unable to attend the Committee meeting held in April 2019 due to a prior commitment.

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.

During its review of this tenure, the Committee has been mindful of:

a) discussion of the issue by the Committee Chair with major shareholders; and

b) an appreciation of the performance and continuity of the Board Chair during a period of transition of Chief Executive Officer.

The Committee concluded that Neil's experience in the currency industry as well as his leadership and challenge to the Board during this time of transition of the executive team supported a 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 2020. The review concluded that Neil had made a very positive contribution in the period and in particular dealing with the departure of James as Chief Executive and the appointment of Leslie.

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 2019 the Committee considered the competency and performance review documents for 2019 completed in respect of the following Executive Directors and senior managers who held significant influence function roles at that time as defined by the FCA:

- James Wood-Collins, Chief Executive Officer
- Leslie Hill, Head of Client Team
- Bob Noyen, Chief Investment Officer
- Steve Cullen, Chief Financial Officer
- Joel Sleigh, Chief Operating Officer
- Dmitri Tikhonov, Managing Director
- Grady Laurie, Head of Compliance and Risk
- Kevin Ayles, Head of Human Resources

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.

In June 2020, the Committee reviewed the performance of the Board and Board Committees. It concluded that the timetable of meetings, the issues addressed and the time committed by Non-executive Directors was appropriate. It also concluded that the Board Committee Chairs continue to add value and therefore should remain in post and this was recommended to the Board, which gave its approval to continue the tenure of existing Chairs.

Approved by the Committee and signed on its behalf by:

Jane Tufnell
Chair of the Nomination Committee

18 June 2020

Audit and Risk Committee report

I am grateful to my fellow Committee members for their continued commitment, enabling us to challenge the operational and regulatory activities of the Group whilst also providing support and advice to management.

Rosemary Hilary
Chair of the Audit and Risk Committee

Dear Shareholder

I am pleased to present the Audit and Risk Committee report for the year ending 31 March 2020.

Committee duties

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

- 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;
- overseeing whistleblowing arrangements by which staff may raise concerns about possible improprieties in financial reporting or other matters;
- reviewing the Group's internal control and risk management procedures;
- reviewing the operational conflicts of interest framework and making recommendations to the Board and management as appropriate;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- making recommendations relating to the appointment, re-appointment and removal of the external auditor;
- overseeing the 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; and
- overseeing the provision of any non-audit services by the external auditor.

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

Membership of the Committee

The Committee has been chaired by Rosemary Hilary since September 2016. Rosemary is supported by the other independent Directors: 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 previous experience gained in other organisations, the Committee members collectively have competence relevant to the sector in which the Group operates. The biographical details of the Committee members are set out on pages 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. However, Record has confirmed with the FCA that it will have at least three independent Non-executive Directors serving on the Committee at all times and the Committee membership has always satisfied this undertaking.

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 Boards of the two companies are identical to facilitate full regulatory oversight and common corporate governance practices. References to the "Board" refer to the Boards of both Record plc and Record Currency Management Limited.

Committee meeting attendance

Rosemary Hilary	6/6
Jane Tufnell	6/6
Tim Edwards	6/6

Committee meetings

The Committee met six times during the year ending 31 March 2020, being four quarterly meetings plus two additional meetings ahead of results announcements. 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 of the external auditor and the internal auditor were present at all of the meetings. Minutes of the meetings were documented by the Company Secretary and retained on file.

In light of the covid-19 crisis, the Committee has met on a monthly basis since the financial year end, resulting in four meetings being held since 1 April 2020.

Committee member meeting attendance for the year ending 31 March 2020 is detailed above.

The Committee also separately met the Group's external auditor on four occasions and the internal auditor on three 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 Chief Operating 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 April 2020. 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.

Committee activities

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

- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports (May 2019, November 2019 and June 2020);
- reviewing the content of each of the Interim Management Statements for subsequent Board approval (April, July, October 2019 and January 2020);
- reviewing the adequacy and effectiveness of the Group's internal controls and risk management systems (May 2019 and June 2020);
- considering the Risk Appetite statement, ICAAP document and Pillar 3 disclosures prior to their recommendation for acceptance by the Board (April, July 2019 and January 2020);
- receiving and reviewing internal audit reports and discussing the findings and management's responses (April, May, July, October, November 2019 and January 2020);
- evaluating the performance and independence of the internal auditor during the engagement period (May 2019 and June 2020);
- reviewing the independence of the Group's external auditor and the nature of non-audit services supplied by the auditor (May 2019 and June 2020);
- reviewing the external auditor's audit strategy for the interim review and the final audit (October 2019);
- assessing the external auditor's concluding report for the interim review and the year end financial statements (May, November 2019 and June 2020);
- evaluating the performance of the external auditor over the period (May 2019 and June 2020);
- reviewing regular reports by the Head of Compliance and Risk detailing internal compliance and risk management activities and issues (April, May, July, October, November 2019 and January 2020);
- reviewing a "Risk Matrix" to ensure that key risks and risk movements are identified and addressed (April, May, July, October, November 2019 and January 2020);
- examining departmental KPI and KRI data to ensure operational risks are identified and appropriately addressed by management (April, May, July, October, November 2019 and January 2020);
- reviewing Risk Management Committee meeting minutes and summary activity reports by the Chief Operating Officer as Chair of the Risk Management Committee (April, May, July, October, November 2019 and January 2020); and
- approving the Group's whistleblowing policy, updated to clarify examples of malpractice and reporting procedures (October 2019).

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 the Head of Compliance and Risk. Topics included the Senior Managers and Certification Regime, Brexit, LIBOR transition, FCA policy and discussion statements, FRC guidance and regulatory changes in other jurisdictions relevant to Record.

Senior Managers and Certification Regime ("SMCR")

The Committee was mindful of the implementation of the SMCR regime for Record (there was a staged implementation with banks first in 2016, then other companies e.g. insurance underwriters next). Record was in the last phase of implementation, with effect from 9 December 2019 and so, in the 12 months before the implementation date, requested regular updates from the Head of Compliance and Risk on the status of the SMCR project at Record and the actions being taken by management. Input from the CEO and the Head of Human Resources was taken into account. The Committee also commissioned an internal audit high level "inflight" review to appraise the SMCR project plan on an ongoing basis and provide feedback on the assumptions and actions being taken. Throughout the period the project remained on track and compliance with the new regime was achieved by the 9 December deadline.

Brexit

The Committee closely monitored management's Brexit preparations and the contingency plan for a hard Brexit to ensure Record was prepared for all possible outcomes. Ahead of the Brexit date of 31 January 2020 the Committee was content that Record was suitably prepared and that, in the event of a hard Brexit, Record could continue to serve all of its existing EU27 clients under existing investment management agreements and data protection wording. The Committee will continue to review the position during the transition period and thereafter.

Cyber security

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. The need to remain vigilant is recognised and cyber security will continue to be a focus for the Committee going forward.

External audit tender

The Committee has been content with the level of external audit service provided by PwC, but due to a significant increase in fees over the two years to FY21 proposed by PwC in September 2019 (reflecting increased work and regulatory requirements), the Committee agreed a tender process for the FY21 statutory audit should be performed.

In line with FRC guidance the evaluation criteria were:

- Organisation and industry experience
- Resourcing and the engagement team
- Audit approach and delivery
- Identification of specific technical issues
- Quality assurance and independence
- Value for money

This evaluation concluded that BDO LLP ("BDO") offered an improved proposition in terms of value for money when considering Record's size, sector and relative lack of complexity without any expected detriment to service levels, experience or capability. A proposal recommending the appointment of BDO to replace PwC was put to the Board accordingly in February 2020. The Board reviewed the selection rationale and confirmed the recommendation to appoint BDO was appropriate and agreed that shareholder approval of their appointment should be sought at the AGM on 4 August 2020. It was agreed PwC's resignation should be effective as of the date of the AGM.

Third party assurance services

Due to changes to Ethical Standards relating to auditor independence and the provision of non-audit services by the auditor, the Committee decided to separate the provision of third party assurance services (i.e. Reporting Accountant and Independent Service Auditor (ISAE 3402/AT-C 320) reports on internal controls) from the provision of audit and related services. Following a search process the preferred supplier was RSM Risk Assurance Services LLP ("RSM"). Consequently, RSM was appointed to conduct the 2020 Reporting Accountant and Independent Service Auditor (ISAE 3402/AT-C 320) reports on internal controls, replacing PwC.

Record Currency Management (US) Inc. activities

During the year the implementation of the Dynamic Macro Currency strategy resulted in trading activity being conducted by the US subsidiary for the first time and increased the level of SEC and CFTC regulatory activities being undertaken. The Committee was keen to ensure that oversight of the US subsidiary and the controls in place reflected its increased activity and, accordingly, they sought and received assurances from management and the Head of Compliance and Risk. The Committee will continue to monitor the activity and assess whether the control environment, management oversight and compliance oversight remain aligned with the risk. An internal audit of US activity and its compliance with regulatory obligations has been scheduled as part of the 2020/21 internal audit plan.

Covid-19 response

The Committee has met on a monthly basis to receive business updates, monitor management's response to the covid-19 crisis and 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 can continue to operate under a strong control environment.

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 an assessment of the internal controls environment, going concern and the viability statement. The Committee is satisfied that all judgements made by management which affect financial reporting have been made in accordance with the Group's accounting policies.

The Committee further considered reports from the external auditor, in particular its 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 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, 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 "Risk Matrix" continues to be enhanced to assist risk monitoring and this is welcomed by the Committee.

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

Internal controls and risk management continued

In January 2020 the Committee undertook a detailed review of the Group's ICAAP document and paid particular attention to the stress test scenarios and agreed they were appropriate. The Committee also reviewed a revised risk appetite statement, updated to better align with the risk matrix, the underlying risk management framework and the risk management section of the Annual Report. The Committee welcomed and supported these changes.

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 38 to 40.

Internal audit

The internal audit function undertakes a programme of reviews as approved by the Committee, reporting the results together with its advice and recommendations to the Committee. The function is provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010. The objectives and responsibilities of internal audit are set out in a charter reviewed and approved on an annual basis. The charter was last reviewed and approved by the Committee in June 2020. Deloitte reports directly to the Committee and the relationship is subject to periodic review.

The Committee and the internal auditor have developed a planning process to ensure that the audit work performed focuses on significant risks. The plans include 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.

During the year to 31 March 2020, the following internal audit reports conducted by Deloitte were reviewed by the Committee:

- Regulatory reporting review
- Discretionary management review
- Inflight review of the SMCR implementation project (three reports)
- Inflight review of Record's IT strategy project (two reports)
- Marketing and distribution review

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

External audit

PricewaterhouseCoopers LLP ("PwC") was appointed in 2017 to conduct the external audit of the Record Group. The fees and the terms of the audit engagement letter are agreed by the Committee on an annual basis.

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 PwC's FY20 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 PwC throughout the audit process and concluded that PwC 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 is not compromised. The policy ensured adherence to the Financial Reporting Council's revised Ethical Standard issued in June 2016, which implemented EU audit regulations restricting the supply of non-audit services to Public Interest Entities ("PIEs") by statutory auditors. The policy restricted the nature and value of non-audit services that could be provided by the external auditor using a "black list" of prohibited services, setting a cap on the level of permitted non-audit services and establishing the requirement that permitted services above a pre-determined limit should be approved by the Committee before the assignment is undertaken.

In December 2019 the FRC published its revised Ethical Standard 2019, effective from 15 March 2020. The Committee has considered the FRC's revisions and approved changes to Record's policy regarding the provision of permitted non-audit services by the external auditor in order to ensure compliance with the revised Ethical Standard going forward.

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

Non-audit services undertaken by the external auditor

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

- 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 PwC 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 0% (2019: 47%) 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 PwC'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:

- cyber security;
- response to the covid-19 crisis;
- risk monitoring;
- strategic focus, different product offerings and the use of new financial instruments;
- the regulatory landscape in the UK and other jurisdictions relevant to Record; and
- Brexit.

Approved by the Committee and signed on its behalf by:

Rosemary Hilary
Chair of the Audit and Risk Committee

Remuneration report

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

Tim Edwards
Chair of the Remuneration Committee

Chair of the Remuneration Committee's statement

Introduction

I am pleased to present our Remuneration report and to introduce our new Remuneration Policy for Directors. Our policy is designed to promote the long-term, sustainable growth of the Group, and to be consistent with the prudent management of risk.

Set out on subsequent pages are:

- the Remuneration Policy;
- the Annual Remuneration Report for 2019-20; and
- the role and activity of the Remuneration Committee.

Remuneration principles

Our approach to remuneration is driven by long-term thinking. 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.

Directors' Remuneration Policy

As required after a three-year cycle, the Directors are presenting their Remuneration Policy to shareholders for approval at this year's AGM.

The policy will come into effect following shareholder approval on 4 August 2020 and has been modified as follows. Whilst being based on the Remuneration Policy already approved by shareholders in 2017, there are four new features, summarised below:

- Commission – a commission scheme for senior employees, but not Directors, in which they are rewarded for the introduction of sustainable new business.
- Pension – the alignment of pension contributions across all employees of the Group by April 2022, at a level of 11%.
- GPS – a tighter gearing of the Group Profit Share Scheme to the Company's operating performance.
- Share Option Scheme – a holding requirement such that for any options exercised between the third and fifth year, shares would be held until the end of the fifth year.

In addition, the allocation of the Share Scheme (2% per annum of the market capitalisation of Record plc being approximately 4 million shares) will be changed from a fixed 1% allocated to Executive Directors and a fixed 1% being allocated to staff to a more flexible arrangement under which the Remuneration Committee and management will decide the allocation of share option awards between Executive Directors and staff within the scheme parameters described in the Remuneration Policy.

The Directors believe that this modified Remuneration Policy is more closely aligned to the strategic objectives of the Board.

Background to modified policy, leadership and strategy

As announced on 13 February 2020, we appointed a new Chief Executive Officer, Leslie Hill, as part of a leadership change better suited to delivering the growth opportunities which the Company anticipates. Leslie has proposed a new strategy for Record's sustainable long-term growth as set out on pages 6 to 9.

The Board has agreed corporate objectives for growth against which Leslie and her team will be measured over the coming year. Leslie Hill's salary was increased to reflect her new responsibilities and her variable remuneration will be measured against these objectives.

Group performance for 2019-20

The year to 31 March 2020 has seen a 2.4% increase in revenue whereas operating profit decreased by 2.9% with a 6.8% increase in operating expenditure.

Our Group Profit Share Scheme pool was 31.4% of pre-GPS underlying operating profit, which represented £3.5 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 increased by 3.8% compared to the previous period.

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	8/8
Rosemary Hilary	8/8
Jane Tufnell	8/8

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. The Committee had set stretching targets for the year and some of these targets were not fully met. However, following the change of leadership, some profit share units were topped up to incentivise the remaining Executive Directors during this transition. 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.

Option awards were made to Directors during the year and details can be found on page 81 and all awards were made in accordance with the Scheme rules. Management used the full allocation for granting options to staff below Board Director level this year and made awards in accordance with the Share 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 2020, 44.5% 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, 69% of the Company's employees are shareholders.

With effect from 1 August 2020 and to encourage share ownership, any new Executive Director would 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 period of being appointed.

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

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.

The Committee seeks the views of the wider workforce through the use of employee surveys about their working experience at Record. Certain questions in the employee survey are specifically about remuneration, which allows the Committee to gain detailed feedback from staff on an anonymous basis.

I have also taken on the role of Employee Engagement Director, leading our workforce engagement initiatives, and through meetings and conversations with staff at various events I am able to seek employee views directly.

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.

Looking ahead to 2020-21

With a focus on maintaining profitability and managing costs, no Company-wide salary increases were made in April 2020 and, with the exception of Leslie Hill on her promotion to CEO, none of the Executive Directors received a salary increase.

Tim Edwards
Chair of the Remuneration Committee

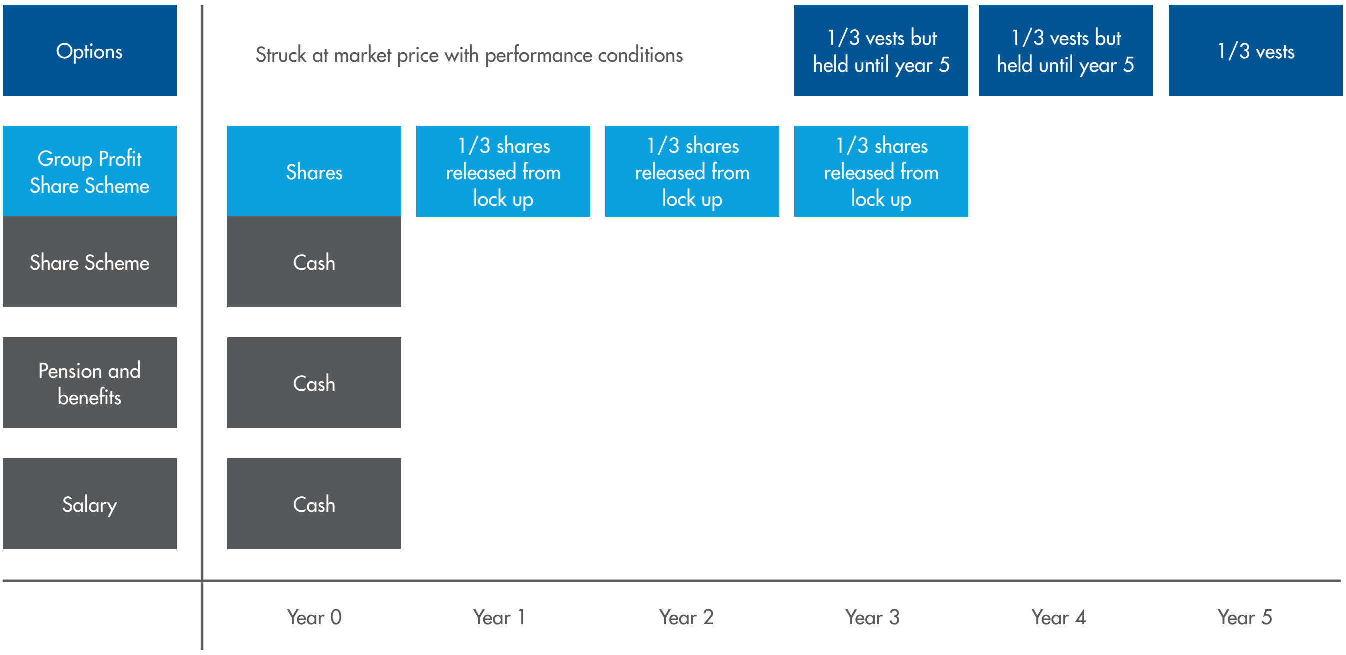
18 June 2020

Remuneration Policy

The Directors' Remuneration Policy, modified as described in the Remuneration Committee Chair's statement and set out in full below, is proposed by the Remuneration Committee and the Board. Shareholders will be asked to approve the new policy at the 2020 AGM on 4 August 2020. This policy will take effect for Directors from the date of its approval and is expected to be applied for the next three years.

Summary remuneration structure

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



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.

Group Profit Share

The Group Profit Share Scheme is our variable structure that all staff, including Directors, participate in. The purpose is to ensure that there is a transparent link between our business strategy and individual objectives, that the assessment of individual performance is clear, and that variable pay rewards high levels of performance.

Annual corporate objectives are agreed by the Board and the CEO's performance is measured against these objectives. Objectives are agreed for Executive Directors and all staff. GPS awards relate directly to each individual's performance against objectives.

The Group Profit Share pool is linked to profitability and can vary between 25% to 35% of operating profits. The actual size is currently determined by the accumulation of the individual's performance but the Committee intends to transition towards determining the size of the pool with a balanced scorecard approach.

Group Profit Share payments for Directors are determined by the Remuneration Committee, who also approved the pool size. The Scheme is discretionary and there is no contractual right to receive an award.

Profit Share payments are made in cash and in shares. To ensure that the interests of management and shareholders are aligned, Directors and senior managers are required to take a proportion (initially a third) in shares, subject to a three year "lock up" period. These shares are released from lock up in three equal tranches on the first, second and third anniversary of the payment date. Additionally, Directors and senior managers are offered the opportunity to elect for up to a further third of their Profit Share to be paid in shares, which has no lock up. The remaining third is paid in cash.

Share Scheme

It is of great importance for the long term success of the business that the Group retains and motivates its current and future key employees, and that they are incentivised over the longer term in a manner which aligns their interests with shareholders. The Share Scheme has been designed to award share options to Directors and staff of Record. The Remuneration Committee can grant HMRC approved options ("Approved Options") as well as unapproved options ("Unapproved Options").

In total the size of the Share Scheme will be limited to 2% per annum of the market capitalisation of Record plc (being approximately 4 million shares). The 2% can be awarded to Directors and staff, within the limits described below.

Each participant may be granted Approved Options over shares with a total market value of up to £30,000 on the date of grant. There is no such limit on the value of Unapproved Options, which may be granted with any exercise price (including nil), although the Committee's policy is for Unapproved Options awarded to Executive Directors to be granted with an exercise price equal to the market value of the shares on the date of grant.

The terms of options for Directors differ to those for all other staff. For Directors, the Remuneration Committee will limit the value of shares over which an option is granted to any Director in any year to a maximum of 200% of that Director's salary for that year.

All Director option awards will be subject to a performance condition based on Record's annual cumulative EPS growth. EPS is used as a performance measure in line with the industry standard and shareholder interests. One third of the award will vest on each of the third, fourth and fifth anniversaries of the date of grant, subject to an EPS hurdle linked to the annualised EPS growth for the respective three, four and five year periods from date of grant. Awards that vest on the third and fourth year are required to be held until the fifth year.

Vesting is on a stepped basis, with 25% of each tranche vesting if EPS growth over the relevant period is at least RPI plus 4% per annum, increasing through 50% and 75% to 100% vesting if EPS growth exceeds RPI plus 13% per annum over the same period. Options under both the Approved and Unapproved schemes will be granted with an exercise price equal to the market value of the shares on the date of grant and the exercise price per share of Approved Options must be no lower than the market value of a share on the dealing day.

For staff below Director level, Approved Options become exercisable on the fourth anniversary of grant subject to the employee remaining in employment with the Group and, should they have been set, any other performance conditions being met. One quarter of any Unapproved Option becomes exercisable each year for four years, subject to the employee remaining in employment and, should they have been set, any other performance conditions being met.

The Remuneration Committee retains the power to grant options under the Share Scheme, and granted options to Board Directors during the year, although it can and has delegated to management the task of identifying suitable recipients of options and the number of shares to be put under option for those below Board level.

Commission scheme

We will introduce a commission scheme with effect from June 2020 both to reward and incentivise our staff to grow the business. Directors will not be participants, but Code staff (namely Executive Committee members who are not Directors) and other staff will be able to participate. The terms of the scheme have been outlined in the Remuneration Policy, even though Directors will not participate. Any participant is required to meet their individual performance objectives to be eligible for a payment. Any payment will be made in shares to Code staff, to be held for a year, and in cash for other staff. There is a robust process in place to ensure there are no conflicts. All payments will be reviewed by the Remuneration Committee after input from the Head of Compliance and Risk.

Change to Directors' pensions

We are committed to aligning Director pension contributions with those of the majority of staff by 2022. Contributions to Directors will be decreased this year from 15.5% to 13.5% and further changes will be made so that by April 2022 we will have alignment across the Group at a single rate of 11%. 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 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, subject to approval at the forthcoming AGM. The approach for all staff is also included to provide context for the remuneration for the entire workforce. There is a separate table for the Chairman and Non-executive Directors.

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.
Commission The Commission scheme is to reward and incentivise contributions to new business from the next generation. Any payments are authorised by the CEO and Head of Global Sales and approved by the Remuneration Committee after input from the Head of Compliance and Risk. The scheme operates within a risk management framework to ensure products are appropriate for clients and any payment is made from profits.	All staff can participate. Staff will only receive a payment if they are meeting their individual performance objectives. Code staff receive any payment in shares, locked up for a period of one year, whereas other staff will receive any payment in cash.	Executive Directors are not eligible to participate in the commission scheme.
Benefits To provide a benefits package that provides for the wellbeing of our colleagues.	A range of benefits are offered including, but not limited to, private medical insurance, dental insurance, permanent health insurance, life assurance, personal accident insurance and annual holiday.	Executive Directors receive benefits on the same basis as all other employees, at the prevailing rates and nothing else.

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
Share Incentive Plan 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 2020), which is matched at a rate of 50%.	All staff members are eligible to participate in the SIP.	Executive Directors may participate in the SIP on the same basis as other employees.
Pension To provide an appropriate retirement income.	All staff are entitled to join the Group Personal Pension Scheme. This is a defined contribution plan to which the Group makes employer contributions and staff can choose to make additional personal contributions. Senior managers receive an employer contribution of 13.5% and staff receive between 7.75% and 9%.	Executive Directors receive an employer pension contribution of 13.5% of salary which can be paid into the Group Personal Pension Scheme or delivered as a cash allowance, aligned with that of the senior managers. The Company is committed to aligning employer pension contributions for all staff, including Executive Directors, by 2022.
Group Profit Share Scheme 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.	All staff participate in the Group Profit Share Scheme. Profit Share payments relate to the responsibilities of the role and the individual level of performance against objectives for the relevant period. Staff members can take their Profit Share in cash or elect for up to a third in shares. 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.	Executive Directors are eligible to participate in the Group Profit Share Scheme. The Remuneration Committee approves all payments to Executive Directors, which are based on individual performance against objectives for the relevant period. 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. 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. Malus and clawback provisions apply to all awards. Further details are set out below. The Committee has discretion in the treatment of leavers as set out below.
Share Scheme 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.	All staff members are eligible to participate in the Share Scheme. Any share option grants are awarded by management on a discretionary basis.	Executive Directors are eligible to participate in the Share Scheme. The Remuneration Committee limits the value of shares over which an option is granted to any Director in any year to a maximum of 200% of that Director's salary for that year. All share options awarded to Executive Directors are granted with an exercise price equal to the market value of the shares on the date of grant and are subject to a performance condition based on Record's cumulative annual EPS growth with vesting 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. Malus and clawback provisions apply to all awards. Further details are set out below. The Committee has discretion in the treatment of leavers as set out below.

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
Fees/salary Fixed remuneration that reflects the role, skills and experience	The Chairman's salary is determined by the Remuneration Committee. The Non-executive Directors' fees are approved by the Board. Increases are normally expected to be in line with the typical level of increase awarded across the Group.	Salaries and fees are reviewed annually. Any review will take into account market rates, business performance and individual contribution.
Benefits To enable the Chairman and Non-executive Directors to carry out their roles	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.	The Non-executive Directors receive expenses but do not receive any additional benefits.
Group Profit Share Scheme, Share Scheme, Commission and SIP	The Chairman and the Non-executive Directors do not participate in any of these schemes.	

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. 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, 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.

Source and funding of shares

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

Remuneration report continued

Remuneration Policy continued

Approach to remuneration for new Executive Directors

On the recruitment of a new Executive Director the level of fixed remuneration will be appropriate to the candidate's skills and experience and the responsibility that they will be undertaking. New Executive Directors would be eligible to join the 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.

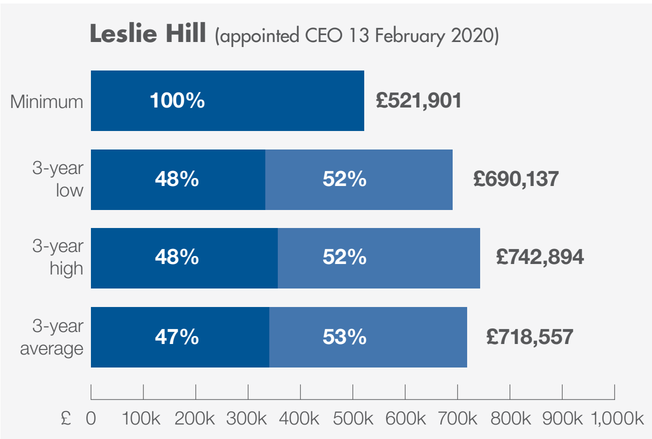
When recruiting a new Non-executive Director, fees will be in line with the prevailing fee schedule paid to other Board members and Non-executive Directors at that time.

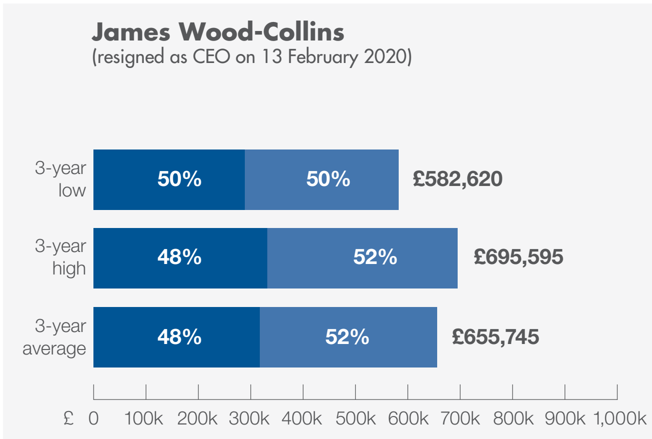
Regulation

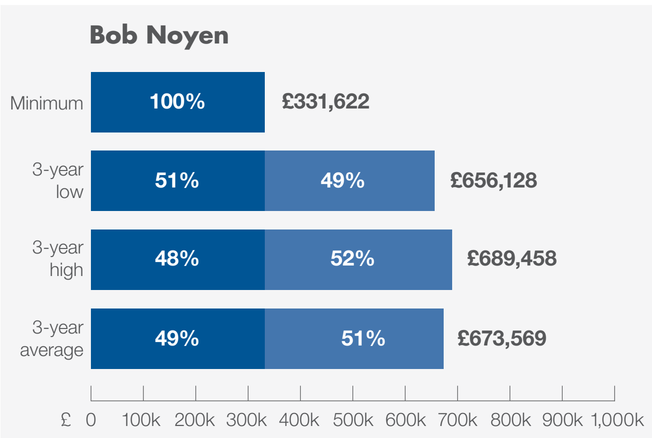
We continue to review our Remuneration Policy in line with regulatory changes and good practice and to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to the Group. There is some uncertainty ahead arising from new European legislation such as the Investment Firm Regulation and Directive and the impact of the UK exiting the European Union which may or may not apply to us. We may have to revisit our Remuneration Policy once the application of these rules has been clarified.

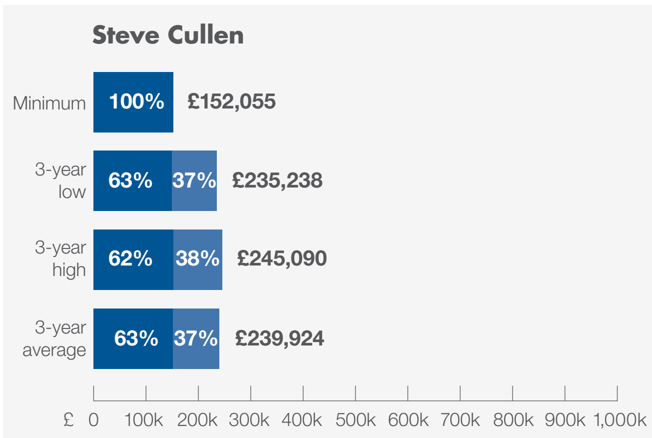
Remuneration Policy – illustrations

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 2020 AGM. The information on pages 77 to 85 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 2020 is detailed below together with their remuneration for the previous year.

	Leslie Hill (appointed CEO on 13 February 2020)		James Wood-Collins (resigned as CEO on 13 February 2020)		Bob Noyen		Steve Cullen	
Executive Directors	**2020 £**	2019 £	**2020 £**	2019 £	**2020 £**	2019 £	**2020 £**	2019 £
Salaries and fees	**306,529**	285,913	**249,096**	285,913	**285,913**	285,913	**129,997**	129,997
Benefits[1]	**2,150**	2,044	**809**	926	**1,393**	1,365	**1,908**	1,971
Pensions[2]	**47,512**	44,316	**38,610**	44,316	**44,316**	44,316	**20,150**	20,150
Total Fixed Pay	**356,191**	332,273	**288,515**	331,155	**331,622**	331,594	**152,055**	152,118
Short-term incentive (GPS cash)	**257,801**	238,576	**194,669**	238,576	**228,999**	238,576	**58,260**	61,981
Short-term incentive (GPS shares)[3]	**128,902**	119,288	**97,336**	119,288	**114,501**	119,288	**29,129**	30,991
Total Variable Pay[5]	**386,703**	357,864	**292,005**	357,864	**343,500**	357,864	**87,389**	92,972
Total	**742,894**	690,137	**580,520**	689,019	**675,122**	689,458	**239,444**	245,090

	Neil Record		Jane Tufnell		Rosemary Hilary		Tim Edwards	
Non-executive Directors	**2020 £**	2019 £	**2020 £**	2019 £	**2020 £**	2019 £	**2020 £**	2019 £
Salaries and fees	**79,310**	79,310	**63,500**	53,498	**49,862**	49,862	**43,497**	43,497
Benefits[1]	**2,490**	2,258	**—**	—	**182**	—	**—**	—
Pensions[2]	**12,293**	12,293	**—**	—	**—**	—	**—**	—
Total	**94,093**	93,861	**63,500**	53,498	**50,044**	49,862	**43,497**	43,497

1. This value includes matching shares on SIP scheme, medical benefits, payments made in lieu of medical benefits, overtime payments and reimbursement of taxable travel expenses.
2. This includes payments made in lieu of pension contributions.
3. Short term incentive payments are subject to individual performance conditions summarised in the objectives table below. The shares vest immediately but are subject to lock up restrictions and are calculated based on the overall profitability of the Group.
4. The Remuneration Committee exercised discretion and James Wood-Collins was determined to be a good leaver for the GPS. GPS relates to the period to 13 August 2020.
5. The table excludes any value derived from share options. The only Director who had a gain in the year was James Wood-Collins (£2,100).

Payments for loss of office and payments made to former Directors

James Wood-Collins left the Board of Directors on 13 February 2020 and was placed on garden leave for the duration of his six months' notice period until 13 August 2020. The payment to be made for loss of office of £97,000 will be paid in line with statutory compensation requirements and the current Remuneration Policy which contained no post-employment shareholding requirements. James was treated as a good leaver under the Group Profit Share Scheme and Share Scheme rules and Remuneration Policy. In addition, the Company paid £50,000 towards outplacement support.

Payments totalling £94,136 were made to James Wood-Collins after 13 February 2020, when he resigned from the Board of Directors. These payments comprised £36,816 salary, £119 medical benefits, £34,330 short-term incentive (GPS cash), £17,165 short-term incentive (GPS shares) and £5,706 pensions. No other payments were made to former Directors.

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 2020, the Group made contributions of 15.5% of each Director's salary which could either be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two.

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

The employer pension contributions for the financial years ending 31 March 2019 and 31 March 2020 are detailed in the tables above.

Annual report on remuneration continued

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 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.

James Wood-Collins

James Wood-Collins met the majority of his objectives for the year and his GPS award was 100%. He resigned from the Board on 13 February 2020 and was considered to be a good leaver.

Leslie Hill

Objectives	Outcomes
Strategic	
Revenue: At least double-digit annualised percentage revenue growth on a constant currency basis.	Revenues have fallen by 1% (based on data as at mid-March 2020 when objectives were assessed) and this was a 1% increase on an unadjusted basis.
Client retention in the face of sustained fee pressure: Retain 90%+ of attributable run rate revenue, with attribution to be determined on a client-by-client basis.	For the clients that Leslie was solely or jointly responsible for there was a retention rate of 94% of attributable run rate revenue.
Leveraging client relationships: £2 million annualised revenue, in partnership with colleagues.	Increase in annualised revenue from March 2019 to March 2020 of £1.2 million.
Operational	
Compliance: Ensure compliance with policies and procedures, to ensure Record meets its obligations to clients and to regulators.	This was achieved.
People	
Innovation and new initiatives: Encourage ideas from across the firm, ensure each is assessed, support implementation as appropriate – includes potential strategic partnerships as well as organic initiatives.	This was achieved with new initiatives being encouraged during the year, particularly in technology, with Leslie driving the importance of new ideas and products arising from tangible and commercial needs.
Recruitment: Recruit, develop and retain high performing colleagues as part of Record plc leadership and participation.	This was achieved, with the recruitment of a new Head of Sales and the development and retention of high performers in the team.
Award: Stretching targets were set for the year, and while not all targets were fully met, the Committee applied discretion to make an award of 105% of base units to Leslie Hill to ensure that she was incentivised during the period of leadership change and her promotion to CEO.	

Bob Noyen

Objectives	Outcomes
Strategic	
Investment products and services: Initiate investment research to retain clients, produce new products and services with improved success rates.	Enhanced Passive Hedging generated performance fees in the period. Investment decisions have added value, as measured by the Investment Committee.
Client retention in the face of sustained fee pressure: Retain 90%+ of attributable run rate revenue, with attribution to be determined on a client-by-client basis.	For the clients that Bob was solely or jointly responsible for there was a retention rate of 100% of attributable run rate revenue.
Leveraging client relationships: £2 million annualised revenue, in partnership with colleagues.	Increase in annualised revenue from March 2019 to March 2020 of £1.2 million.
Operational	
Compliance: Ensure compliance with policies and procedures, to ensure Record meets its obligations to clients and to regulators.	This has been met.
Resource allocation: Effectively help manage and coordinate research resources across fundamental, quantitative and applied research teams.	Increased visibility of research activity to senior management and rotating chairs of research priorities has helped improve management and coordination of research efforts.
People	
Support client and client services teams: Improve engagement on client presentations and adherence to deadlines, including in collaboration with client teams.	Bob is noted for his creativity, dedication and outstanding client commitment. There has been some improvement on working with other teams and adherence to deadlines.
Award: Objectives were mostly met for the period and the Committee made an award of 100% of base units, applying discretion to ensure that Bob was incentivised during the period of leadership change.	

Steve Cullen

Objectives	Outcomes
Strategic	
Commercial alignment of Finance team: Identify and implement opportunities for Finance team to become more commercial, including both greater client alignment, cost savings and productivity enhancements.	Some progress in this area with the implementation of an automated system for debit cards and expense management and increased automation of the processes for invoice production.
Operational	
Cost discipline and accountability: Ensure maintenance of cost discipline across the business through adherence to approved budget, and expenditure authorisation policy and procedures.	Cost discipline was maintained throughout the financial year.
Risk management: Ensure suitable systems and controls in place within Finance to minimise potential errors/breaches in Finance.	No material errors or breaches in the team.
Reporting: Ensure timely delivery of key reporting metrics, including the Annual Report, internal audit relationship, investor relations.	Refreshed approach to the Annual Report in 2019 with more management meetings earlier and improvements made to the style of the report. Closeout meeting identified improvements that will be worked on this year.
People	
External relationships: Continue to develop relationships with external auditors, internal auditors. company brokers and investor relations.	Relationships improved with internal and external auditors and periodic meetings being organised to discuss ongoing issues. Increased involvement with brokers and investor relations.
Information: Lead the standardisation and measurement of individual objectives and GPS determination. Ensure consistency of approach and fairness in the interpretation of employee survey results.	Objectives for team set and measured.
Award: Objectives were mostly met for the period and the Committee made an award of 97.5% of base units, applying discretion to ensure that Steve was incentivised during the period of leadership change.	

Annual report on remuneration continued

Directors' share options and share awards (audited information)

During the financial year ended 31 March 2020 option awards were made to all the Executive Directors in accordance with the scheme rules.

All of the Executive Directors have previously been awarded share options and the table below sets out details of Executive Directors' outstanding share option awards, which may vest 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 2019	Options granted in period	Options lapsed in period	Options exercised in period	**Total options at 31 March 2020**	Exercise price	Earliest exercise	Latest exercise
Leslie Hill	27/11/14	210,000	–	(210,000)	–	**–**	35.86p	n/a	n/a
(appointed CEO on 13 February 2020)	01/12/15	300,000	–	(150,000)	–	**150,000**	28.875p	01/12/20	30/11/21
	27/01/16	66,667	–	(33,333)	–	**33,334**	24.50p	27/01/20	26/01/22
	30/11/16	550,000	–	(183,333)	–	**366,667**	34.0718p	30/11/19	29/11/22
	26/01/18	280,000	–	–	–	**280,000**	43.50p	26/01/21	25/01/24
	21/08/19	–	575,000	–	–	**575,000**	31.10p	21/08/22	20/08/25
James Wood-Collins	18/11/13	116,667	–	–	(116,667)	**–**	30.00p	n/a	n/a
(resigned as CEO on 13 February 2020)	27/11/14	210,000	–	(210,000)	–	**–**	35.86p	n/a	n/a
	01/12/15	300,000	–	(150,000)	–	**150,000**	28.875p	01/12/20	30/11/21
	27/01/16	66,667	–	(33,333)	–	**33,334**	24.50p	27/01/20	26/01/22
	30/11/16	550,000	–	(183,333)	–	**366,667**	34.0718p	30/11/19	29/11/22
	26/01/18	1,300,000	–	–	–	**1,300,000**	43.50p	26/01/21	25/01/24
	21/08/19	–	575,000	–	–	**575,000**	31.10p	21/08/22	20/08/25
Bob Noyen	27/11/14	210,000	–	(210,000)	–	**–**	35.86p	n/a	n/a
	01/12/15	300,000	–	(150,000)	–	**150,000**	28.875p	01/12/20	30/11/21
	27/01/16	66,667	–	(33,333)	–	**33,334**	24.50p	27/01/20	26/01/22
	30/11/16	550,000	–	(183,333)	–	**366,667**	34.0718p	30/11/19	29/11/22
	26/01/18	280,000	–	–	–	**280,000**	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	27/11/14	90,000	–	(90,000)	–	**–**	35.86p	n/a	n/a
	01/12/15	300,000	–	(150,000)	–	**150,000**	28.875p	01/12/20	30/11/21
	27/01/16	66,667	–	(33,334)	–	**33,333**	24.50p	27/01/20	26/01/22
	30/11/16	550,000	–	(183,333)	–	**366,667**	34.0718p	30/11/19	29/11/22
	26/01/18	125,000	–	–	–	**125,000**	43.50p	26/01/21	25/01/24
	21/08/19	–	260,000	–	–	**260,000**	31.10p	21/08/22	20/08/25

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

James Wood-Collins had a gain on share options of £2,100 in the year ended 31 March 2020. No other Directors had gains on share options.

There were no gains on share options by Directors in the year ended 31 March 2019.

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

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

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

Share option awards made to James Wood-Collins on 18 November 2013 vest in three equal tranches and the third of these vesting dates was 18 November 2018. In accordance with the performance conditions detailed above, 25% of this tranche of options vested, which was 116,667 shares, and the other 75% lapsed.

Share option awards made to Leslie Hill, James Wood-Collins, Bob Noyen and Steve Cullen on 27 November 2014 vest in three equal tranches and the third of these vesting dates was 27 November 2019. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 210,000 shares for Leslie Hill, James Wood-Collins and Bob Noyen and 90,000 shares for Steve Cullen.

Share option awards made to Leslie Hill, James Wood-Collins, Bob Noyen and Steve Cullen on 1 December 2015 vest in three equal tranches and the second of these vesting dates was 1 December 2019. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 150,000 shares for Leslie Hill, James Wood-Collins, Bob Noyen and Steve Cullen.

Share option awards made to Leslie Hill, James Wood-Collins, Bob Noyen and Steve Cullen on 27 January 2016 vest in three equal tranches and the second of these vesting dates was 27 January 2020. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 33,333 shares for Leslie Hill, James Wood-Collins, Bob Noyen and 33,334 shares for Steve Cullen.

Share option awards made to Leslie Hill, James Wood-Collins, Bob Noyen and Steve Cullen on 30 November 2016 vest in three equal tranches and the first of these vesting dates was 30 November 2019. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 183,333 shares for Leslie Hill, James Wood-Collins, Bob Noyen and Steve Cullen.

The value of shares over which the award of options was made in the year to Leslie Hill, James Wood-Collins and Bob Noyen was £178,825 and to Steve Cullen was £80,860, all based on the exercise price of £0.311 per share, which equated to the market share price upon grant. None of the awards will vest if the lowest threshold level of performance is not exceeded.

Group Profit Shares in lock up (audited information)

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

	Interest in restricted share awards at 1 April 2019	Restricted awards during year	Restrictions released during year	**Interest in restricted shares at 31 March 2020**
Leslie Hill (appointed CEO on 13 February 2020)	802,837	163,131	(352,510)	**613,458**
James Wood-Collins (resigned as CEO on 13 February 2020)	318,832	156,613	(475,445)	**—**
Bob Noyen	318,832	156,613	(164,149)	**311,296**
Steve Cullen	264,286	39,972	(161,610)	**142,648**

Directors' share interests (audited information)

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

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**

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

Annual report on remuneration continued

Directors' share interests (audited information) continued

2019	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 (appointed CEO on 13 February 2020)	14,401,091	802,837	15,203,928	1,406,667	16,610,595
James Wood-Collins (resigned as CEO on13 February 2020)	2,180,131	318,832	2,498,963	2,543,334	5,042,297
Bob Noyen	8,888,185	318,832	9,207,017	1,406,667	10,613,684
Steve Cullen	1,075,048	264,286	1,339,334	1,131,667	2,471,001
Non-executive Directors and Chairman					
Neil Record	62,396,541	—	62,396,541	—	62,396,541
David Morrison (resigned 30 September 2018)	n/a	n/a	n/a	—	n/a
Jane Tufnell	150,000	—	150,000	—	150,000
Rosemary Hilary	—	—	—	—	—
Tim Edwards	60,000	—	60,000	—	60,000
Total	89,150,996	1,704,787	90,855,783	6,488,335	97,344,118

1. Under the rules of the Group Profit Share Scheme, shares awarded to Directors are subject to lock up restrictions for between one and three years from the award date.
2. Directors' share interests have remained unchanged to 18 June 2020.

Salary review for the Board

No Company-wide salary increases were awarded in April 2020. In line with this approach, no salary increases were awarded to any of the Executive Directors or Non-executive Directors.

The only salary change made during the year was to increase Leslie Hill's salary on 13 February 2020 to reflect the change in her role to Chief Executive Officer following James Wood-Collins' resignation.

The table below confirms the current salaries for Executive Directors:

	Salary from 1 April 2019 £	**Salary at 1 April 2020 (current salary) £**	Increase £
Executive Directors			
Leslie Hill (appointed CEO on 13 February 2020)	285,913	**450,000**	164,087
James Wood-Collins (resigned as CEO on 13 February 2020)	285,913	**—**	(285,913)
Bob Noyen	285,913	**285,913**	—
Steve Cullen	129,997	**129,997**	—
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	**43,497**	—

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									
	2011 £	2012 £	2013 £	2014 £	2015 £	2016 £	2017 £	2018 £	2019 £	**2020 £**
Leslie Hill[1]	—	—	—	—	—	—	—	—	—	**123,241**
James Wood-Collins[2]	511,035	604,349	561,573	678,604	641,623	642,865	678,054	655,723	689,019	**582,620**
Neil Record[3]	283,850	—	—	—	—	—	—	—	—	**—**

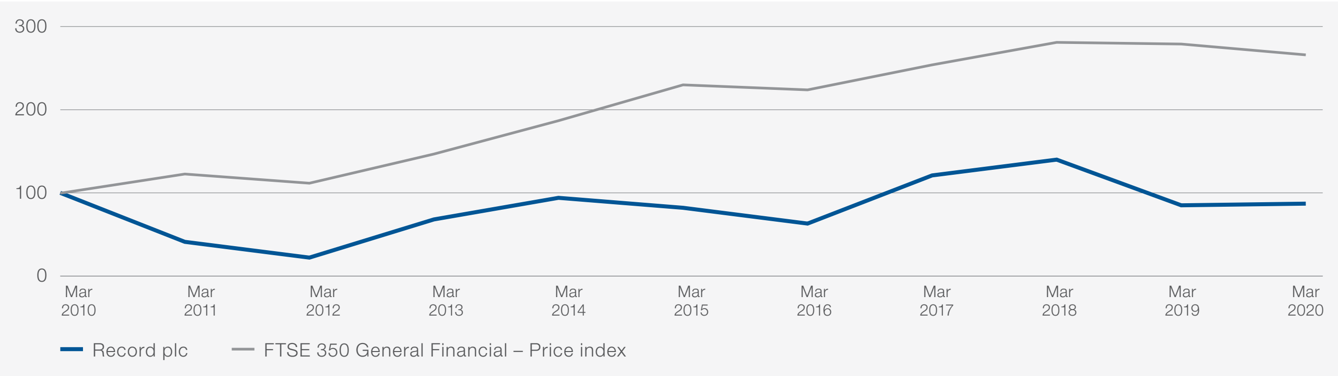
1. Appointed 13 February 2020.
2. Resigned 13 February 2020.
3. Relinquished role from 1 October 2010.

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

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive Officer between the year ended 31 March 2020 and the previous financial year compared to the average for all employees of the Group.

% change in:	Chief Executive	Average for all employees
Base salary	57.3%	6%
Benefits	No change	No change
Total annual profit share	(2)%	4%

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 2010 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.

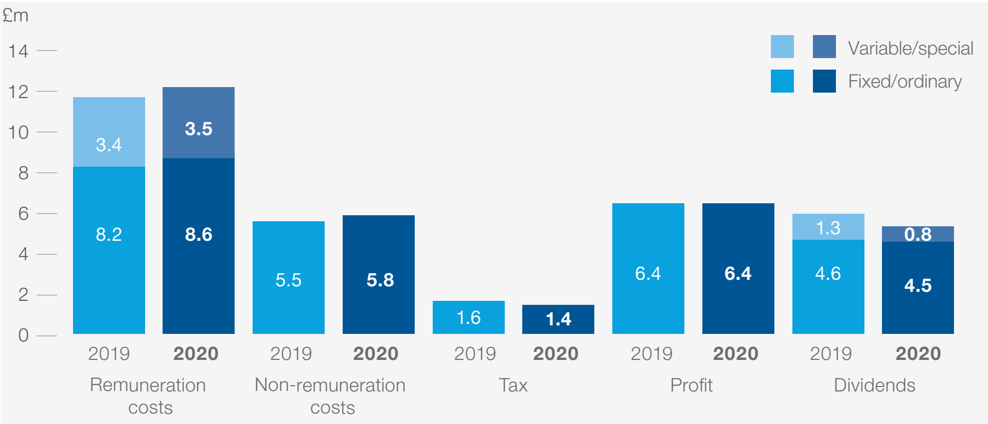
The market price of the Company's shares as at 31 March 2020 was 26.60p. The highest closing share price during the financial year was 41.20p. The lowest closing share price during the financial year was 26.30p.

Remuneration report continued

Annual report on remuneration continued

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.



Dividends are represented in the chart above as follows:

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

2019: interim dividend paid in December 2018 of 1.15 pence per share, final dividend proposed of 1.15 pence per share and special dividend of 0.69 pence per share.

Directors' service contracts

All Executive Directors have service agreements with effect from 15 November 2007, with the exception of Steve Cullen who has a service agreement dated 15 March 2013, reflecting his promotion to Chief Financial Officer. None of the service agreements are for a fixed term and all include provisions for termination on six months' notice by either party. Service agreements do not contain any contractual entitlement to receive bonuses, 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 at the AGM held on 25 July 2019 and the Directors' Remuneration Policy, at the AGM held on 27 July 2017.

	For		Against		Votes withheld	
Annual Report on Remuneration	**127,826,567**	**97.43%**	3,335,014	2.54%	42,000	0.03%
Directors' Remuneration Policy	**134,524,498**	**99.91%**	119,162	0.09%	3,000	0.00%

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 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 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 summaries the areas that the Remuneration Committee focused on at each of its meetings during the year. Eight Committee meeting were held and all members of the Committee attended each meeting.

Date	Key issues considered
April	Review the implementation of changes to the GPS Scheme Review Executive Director objectives and target performance measures Agree treatment of leavers from the GPS Scheme
May	Approve GPS payments to Executive Directors and review payments to all staff Approve share option vesting to staff Evaluation of Committee performance
July	Approve revised GPS Scheme rules Review IVIS report Approve share option awards to Executive Directors
September	Review of GPS proposals for Executive Directors in line with their individual performance assessments against objectives Review objectives for the next six month period Preparation of updated Remuneration Policy: discuss remuneration principles
October	Approve GPS unit allocations for Executive Directors and review awards for all staff Discuss remuneration principles
November	Approve GPS payments to Executive Directors and review payments to all staff Approve internal Remuneration Policy Preparation of updated Remuneration Policy: continued discussions concerning remuneration principles and in particular Executive Directors' remuneration levels, commission schemes and allowances
January	Discuss remuneration in the event of a change in management structure Approve remuneration for new Head of Sales
February	Approve terms of departure for the CEO Approve the Section 430 (2B) Companies Act Statement Approve remuneration for the new CEO

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 Nomination Committee as part of its Board and Board Committee review in June 2020, 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 and the Committee noted that it had extended its remit to review remuneration for all staff in addition to Executive Directors.

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

18 June 2020

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;
- 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-paragraph within LR 9.8.4 and related disclosure areas are as follows:

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

Share capital

The Company has a single class of share capital consisting of ordinary shares of 0.025p each. Each ordinary share is equally eligible to receive dividends and the repayment of capital and represents one vote at a shareholders' meeting. 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 21 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 2020, the issued share capital of the Company was 199,054,325 (2019: 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 2020:

	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	62,396,541	31.35%
Leslie Hill	15,367,059	7.72%
Schroders plc	15,258,132	7.67%
Bob Noyen	9,363,630	4.70%

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 12 June 2019 to 17 June 2020 the Company received two notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Schroders plc on 17 June 2019 reporting a shareholding reducing from 10.597% to 9.989% and Schroders plc on 7 May 2020 reporting a shareholding falling below 5%.

Controlling shareholder

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

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

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

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

Restrictions on transfers of shares

Under the terms of the Record plc Group Profit Share ("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 22 to the financial statements.

Dealings in the Company's ordinary shares by persons discharging managerial responsibilities, employees of the Company and, in each case, their connected persons, are subject to the Group's dealing code which complies with the EU Market Abuse Regulation which came into force on 3 July 2016.

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

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 2019 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 2020 AGM. If approved, this authority will expire on 4 November 2021 or, if earlier, at the conclusion of the AGM in 2021.

At the AGM in 2019, shareholders approved a resolution authorising the Company to make purchases of its own shares. A special resolution will be proposed at the 2020 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 4 November 2021, or, if earlier, at the conclusion of the AGM in 2021.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 96.

The Company paid an interim ordinary dividend of 1.15 pence per share on 27 December 2019 to shareholders on the register on 6 December 2019.

The Directors recommend a final ordinary dividend of 1.15 pence per ordinary share for the year ended 31 March 2020, 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 11 August 2020 to shareholders on the register at the close of business on 3 July 2020. The shares will be quoted ex-dividend from 2 July 2020.

The Board has declared a special dividend of 0.41 pence per share to be paid simultaneously with the final ordinary dividend on 11 August 2020. This equates to a total distribution of 2.71 pence per share, equivalent to 83% 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 and the Group Profit Share Scheme. The trust held 3,219,387 shares as at 31 March 2020 (2019: 2,986,036 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 23 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.

Going concern

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

The Directors have considered the potential impact of covid-19 upon the business including the effect of a significant decrease in AUME arising from an economic downturn linked to the virus. The assessment took account of the strong capital position, the robust and liquid balance sheet as at 31 March 2020 and the potential effect on the future profitability, cash flow and operations over a twelve month period arising from such economic downturn.

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 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months following the date of this report as required by the Going Concern provision. Details of the assessment can be found in the Strategic report on page 45.

Political donations

It is the Group's policy not to make political donations and accordingly no such donations have been made during the period under review.

Environment

The Group's environmental policies and the disclosures required by SI 2008/410 Sch7.15-20 are provided in the Corporate social responsibility statement on page 49.

Corporate responsibility

Details of the Company's employment practices, including diversity and employee involvement, can be found in the Strategic report from page 46. We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. See page 49 for more details on our total CO_2 emissions data.

Directors

The Directors of the Company who held office at the year end and to date are listed on pages 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.

2020 Annual General Meeting

The 2020 Annual General Meeting of the Company will be held at 10am on 4 August 2020 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 2020 Annual General Meeting.

By order of the Board:

Joanne Manning
Company Secretary

18 June 2020

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

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

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

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 IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the 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

18 June 2020

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to the members of Record plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2020 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 31 March 2020; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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

Basis for opinion

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

Independence

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

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

Other than those disclosed in note 5 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 April 2019 to 31 March 2020.

Our audit approach

Overview

Materiality

- Overall group materiality: £386,845 (2019: £399,000), based on 5% of profit before tax.
- Overall company materiality: £69,800 (2019: £55,700), based on 1% of total assets.

Audit scope

- We audited the complete financial information for three legal entities, due to their size and/or risk characteristics.
- Taken together, the territories and operations in the scope of audit work accounted for 99% of the Group's revenue, 98% of the Group's profit before tax and 98% of the Group's total assets.

Key audit matters

- Risk of fraud or error in revenue recognition
- Impact of Covid-19

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to, the UK tax legislation and equivalent local laws and regulations applicable to significant components, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Listing Rules. 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 posting inappropriate journal entries to the statement of comprehensive income to increase revenue or reduce expenses, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Report on the audit of the financial statements continued

Our audit approach continued

Capability of the audit in detecting irregularities, including fraud continued

Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of the financial statement disclosures to underlying supporting documentation;
- Reading key correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Identifying and testing journal entries in particular, any journals with certain unusual account combinations;
- Review of minutes of meetings of the Board and the Audit and Risk Committee and other key committees of the Group;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to share-based payments; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Risk of fraud or error in revenue recognition Note 4 – Revenue Revenue, which comprises management fees, performance fees and other income, is the result of business activities as a currency manager. There are a number of inherent risks in calculating certain types of revenue, including the interpretation and manual input of key contractual terms and the identification and valuation of applicable Assets Under Management Equivalent (AUME), which could result in fraud or errors. For performance fees there is a further risk of error due to the complexity of the related calculation, in particular in the calculation of the performance of relevant assets compared to a relevant benchmark.	We understood the significant revenue streams and identified where there was a higher risk of fraud or error, due to manual processes or complexity in calculations. We tested the operating effectiveness of the key input control in place across the Group relevant to those revenue calculations, which comprises the receipt and input of customer data into the underlying system for AUME. On a sample basis, we agreed the basis of the manual calculation to the contractual terms and agreed key inputs into the manual calculations back to contracts and the Group's underlying system for AUME, and re-performed calculations. We agreed the sampled calculations to invoice and subsequent cash receipt, where received. Where cash has not been received we have performed alternative procedures over recoverability. For performance fees: • We agreed the basis of the performance fees calculation to the contractual terms and agreed the key inputs such as the performance of the underlying assets; • We reviewed the calculation of the benchmark's performance and independently repriced this during the performance period; • We re-performed the calculation of the contract's performance against its benchmarks and assessed whether the fee had crystallised in accordance with the contractual terms and hence had been recognised in the appropriate period; • For a sample of contracts that were eligible to earn performance fees, we checked that these were recognised in the correct period in accordance with the appropriate crystallisation date and contractual terms. Our testing did not identify any evidence of material misstatement.

Key audit matter	How our audit addressed the key audit matter
Impact of Covid-19 Refer to page 67 (Audit and Risk Committee Report), page 88 in the Directors' Report and Note 23 As disclosed in the Annual Report, up to the point of reporting there has been a global pandemic of a new strain of coronavirus (Covid-19) which has caused significant economic disruption. Management has prepared a detailed going concern assessment which includes the impact of Covid-19 and certain stress scenarios for potential outcomes. Management has concluded that the Group and Company are, and will continue to be, solvent, will meet capital requirements through this pandemic and continue to be going concerns.	We have reviewed and assessed the reasonableness of the going concern assessment prepared by management in the wake of the Covid-19 pandemic including evaluating management's stress scenario testing as well as challenging management's key assumptions. We attended the Audit and Risk Committee meetings during which Covid-19 was considered in advance of reporting; and We have reviewed the appropriateness of disclosure within the Annual Report with respect to Covid-19. Based on the work performed and the evidence obtained, we consider the disclosure of the potential impact of Covid-19 in the financial statements to be appropriate.

How we tailored the audit scope

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

The Group operates within the UK, Switzerland and North America for which the finance function is centralised in the UK, it also has an Irish fund range based in Ireland. The finance function is centralised in the UK.

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

Materiality

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

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

	Group financial statements	Company financial statements
Overall materiality	£386,845 (2019: £399,000).	£69,800 (2019: £55,700).
How we determined it	5% of profit before tax.	1% of total assets.
Rationale for benchmark applied	Profit before tax is a standard benchmark used in determining materiality.	Total assets is a standard benchmark when determining the materiality of a holding company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £69,800 and £348,160. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £19,342 (Group audit) (2019: £20,000) and £3,500 (Company audit) (2019: £3,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Report on the audit of the financial statements continued

Going concern

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

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

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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

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

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

- The directors' confirmation on page 45 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 45 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Other Code Provisions

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

- The statement given by the directors, on page 89, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 66 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 89, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the directors on 29 September 2017 to audit the financial statements for the year ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 March 2018 to 31 March 2020.

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

18 June 2020

Consolidated statement of comprehensive income

Year ended 31 March

	Note	2020 £'000	2019 £'000
Revenue	4	**25,563**	24,973
Cost of sales		**(255)**	(385)
Gross profit		**25,308**	24,588
Administrative expenses		**(17,741)**	(16,704)
Other income or expense		**82**	(8)
Operating profit	5	**7,649**	7,876
Finance income		**146**	135
Finance expense		**(58)**	(22)
Profit before tax		**7,737**	7,989
Taxation	7	**(1,365)**	(1,559)
Profit after tax		**6,372**	6,430
Total comprehensive income for the year		**6,372**	6,430
Profit and total comprehensive income for the year attributable to			
Owners of the parent		**6,420**	6,430
Non-controlling interests		**(48)**	—
Total comprehensive income for the year		**6,372**	6,430
Earnings per share for profit attributable to the equity holders of the Group during the year			
Basic earnings per share	8	**3.26p**	3.27p
Diluted earnings per share	8	**3.26p**	3.25p

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 31 March

	Note	2020 £'000	2019 £'000
Non-current assets			
Intangible assets	11	470	288
Right-of-use assets	12	1,175	–
Property, plant and equipment	13	751	761
Investments	14	2,472	1,112
Total non-current assets		4,868	2,161
Current assets			
Trade and other receivables	16	8,704	7,562
Derivative financial assets	17	193	164
Money market instruments with maturities > 3 months	18	7,958	10,735
Cash and cash equivalents	18	14,294	12,966
Total current assets		31,149	31,427
Total assets		36,017	33,588
Current liabilities			
Trade and other payables	19	(3,009)	(2,736)
Corporation tax liabilities	19	(601)	(692)
Lease liabilities	12	(544)	–
Financial liabilities	20	(2,191)	(2,621)
Derivative financial liabilities	17	(610)	(109)
Total current liabilities		(6,955)	(6,158)
Non-current liabilities			
Deferred tax liabilities	15	(86)	(29)
Provisions		(200)	–
Lease liabilities	12	(615)	–
Total non-current liabilities		(901)	(29)
Total net assets		28,161	27,401
Equity			
Issued share capital	21	50	50
Share premium account		2,259	2,243
Capital redemption reserve		26	26
Retained earnings		25,694	25,022
Equity attributable to owners of the parent		28,029	27,341
Non-controlling interests		132	60
Total equity		28,161	27,401

Approved by the Board on 18 June 2020 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

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	1	**—**	**—**	**—**	**(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**

Year ended 31 March 2019

	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 2018		**50**	**2,237**	**26**	**24,238**	**26,551**	**—**	**26,551**
Profit and total comprehensive income for the year		**—**	**—**	**—**	**6,430**	**6,430**	**—**	**6,430**
Dividends paid	9	—	—	—	(5,517)	(5,517)	—	(5,517)
Issue of shares in subsidiary		—	—	—	—	—	60	60
Own shares acquired by EBT		—	—	—	(893)	(893)	—	(893)
Release of shares held by EBT		—	6	—	677	683	—	683
Share-based payment reserve movement		—	—	—	87	87	—	87
Transactions with shareholders		**—**	**6**	**—**	**(5,646)**	**(5,640)**	**60**	**(5,580)**
As at 31 March 2019		**50**	**2,243**	**26**	**25,022**	**27,341**	**60**	**27,401**

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 March

	Note	2020 £'000	2019 £'000
Net cash inflow from operating activities	25	**6,543**	7,026
Cash flow from investing activities			
Purchase of intangible software		**(311)**	(134)
Purchase of property, plant and equipment		**(243)**	(72)
Purchase of securities		**(1,113)**	–
Sale/(purchase) of money market instruments with maturity > 3 months		**2,777**	(537)
Interest received		**160**	110
Net cash inflow/(outflow) from investing activities		**1,270**	(633)
Cash flow from financing activities			
Lease repayments		**(576)**	–
Subscription for shares in subsidiary		**120**	40
Purchase of own shares		**(487)**	(653)
Dividends paid to equity shareholders	9	**(5,888)**	(5,517)
Cash outflow from financing activities		**(6,831)**	(6,130)
Net increase in cash and cash equivalents in the year		**982**	263
Effect of exchange rate changes		**346**	205
Cash and cash equivalents at the beginning of the year		**12,966**	12,498
Cash and cash equivalents at the end of the year		**14,294**	12,966
Closing cash and cash equivalents consist of:			
Cash		**8,004**	2,150
Cash equivalents		**6,290**	10,816
Cash and cash equivalents	18	**14,294**	12,966

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

Company statement of financial position

As at 31 March

	Note	2020 £'000	2019 £'000
Non-current assets			
Right-of-use assets	12	**1,096**	—
Investments	14	**3,516**	5,567
Total non-current assets		**4,612**	5,567
Current assets			
Trade and other receivables		**142**	—
Cash and cash equivalents	18	**2,241**	3
Total current assets		**2,383**	3
Total assets		**6,995**	5,570
Current liabilities			
Trade and other payables	19	**(10)**	(55)
Corporation tax liabilities	19	**(2)**	(14)
Lease liabilities		**(495)**	—
Total current liabilities		**(507)**	(69)
Non-current liabilities			
Lease liabilities		**(584)**	—
Provisions		**(200)**	—
Total non-current liabilities		**(784)**	—
Total net assets		**5,704**	5,501
Equity			
Issued share capital	21	**50**	50
Share premium account		**1,809**	1,809
Capital redemption reserve		**26**	26
Retained earnings		**3,819**	3,616
Total equity		**5,704**	5,501

The Company's total comprehensive income for the year (which is principally derived from intra-group dividends) was £6,098,249 (2019: £6,681,076).

Approved by the Board on 18 June 2020 and signed on its behalf by:

Neil Record
Chairman

Steve Cullen
Chief Financial Officer

Company registered number: 1927640

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

Company statement of changes in equity

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**

Year ended 31 March 2019

	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 2018		**50**	**1,809**	**26**	**2,312**	**4,197**
Profit and total comprehensive income for the year		**—**	**—**	**—**	**6,681**	**6,681**
Dividends paid	9	—	—	—	(5,517)	(5,517)
Share option reserve movement		—	—	—	140	140
Transactions with shareholders		**—**	**—**	**—**	**(5,377)**	**(5,377)**
As at 31 March 2019		**50**	**1,809**	**26**	**3,616**	**5,501**

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 March

	Note	2020 £'000	2019 £'000
Net cash inflow/(outflow) from operating activities	25	**452**	(1,043)
Cash flow from investing activities			
Dividends received		**6,030**	6,600
Investment in subsidiaries		**(80)**	(40)
Redemption of seed funds		**2,247**	–
Interest received		**2**	1
Net cash inflow from investing activities		**8,199**	6,561
Cash flow from financing activities			
Lease repayments		**(517)**	–
Dividends paid to equity shareholders	9	**(5,888)**	(5,517)
Cash outflow from financing activities		**(6,405)**	(5,517)
Net increase in cash and cash equivalents in the year		**2,246**	1
FX revaluation		**(8)**	–
Cash and cash equivalents at the beginning of the year		**3**	2
Cash and cash equivalents at the end of the year		**2,241**	3
Closing cash and cash equivalents consist of:			
Cash		**2,241**	3
Cash equivalents		**–**	–
Cash and cash equivalents	18	**2,241**	3

The notes on pages 103 to 130 are an integral part of these consolidated financial statements.

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 and Company have prepared their financial statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") as adopted in the European Union as at 31 March 2020. 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 40.

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.

Impact of new accounting standards

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019:

- IFRS 16 "Leases"
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19
- Interpretation 23 Uncertainty over Income Tax Treatments.

The Group had to change its accounting policies as a result of adopting IFRS 16.

The impact of the adoption of the leasing standard, IFRS 16 – "Leases", and the new accounting policy are disclosed below with further detail provided in note 12. The other amendments to standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments and are not expected to significantly affect the current or future periods.

IFRS 16 – "Leases"

IFRS 16 – "Leases" is effective for annual periods beginning on or after 1 January 2019 and replaces IAS 17 – "Leases" and related interpretations. This introduces a comprehensive model for the identification of lease arrangements and accounting treatment for both lessors and lessees, which distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. IFRS 16 requires operating leases, where the Group is the lessee, to be included on the Group's statement of financial position, recognising a right-of-use ("ROU") asset and a related lease liability representing the present value obligation to make lease payments. The ROU asset is assessed for impairment annually (incorporating any onerous lease assessments) and depreciated on a straight-line basis, adjusted for any re-measurements of the lease liability. The lease liability will subsequently be adjusted for lease payments and interest, as well as the impact of any lease modifications. IFRS 16 also requires extensive disclosures detailing the impact of leases on the Group's financial position and results.

The Group has elected to recognise the cumulative effect of initially applying the standard to its leases retrospectively on the date of initial application (1 April 2019), and has not restated comparative information. The cumulative effect of initially applying this Standard results in an adjustment to the opening balance of retained earnings on the date of initial application.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 – "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's assumed incremental borrowing rate as of 1 April 2019. The assumed weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4%.

The Group had three lease agreements relating to its premises in Windsor, New York and Zürich respectively, which were previously recognised as operating leases.

For each lease, a right-of-use asset has been recognised at its carrying amount as if the standard had been applied since the commencement date of each lease.

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Full disclosure on leases is provided in note 12.

1. Accounting policies continued

a. Accounting convention continued

Impact of new accounting standards continued

IFRS 16 – "Leases" continued

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- right-of-use assets – increase by £1,560,371;
- lease liabilities – increase by £1,672,994;
- prepayments – reduce by £129,401; and
- accruals – reduce by £144,527.

The net impact on retained earnings on 1 April 2019 was a decrease of £97,497 after adjusting prepayments and accrual balances pertaining to the leases which were recognised under the previous accounting policy.

The decrease in retained earnings will be offset over time by a lower annual Group income statement charge, as the total charge over the life of each lease is the same as under the previous IAS 17 requirements.

Earnings per share increased by 0.01 pence per share for the year ended 31 March 2020 as a result of the adoption of IFRS 16.

There has been no other new or amended standard adopted in the financial year beginning 1 April 2019 which had a material impact on the Group or Company.

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 2020. 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.

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 2020 and the financial position of the seed funds as at 31 March 2020.

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 £6,098,249 attributable to the Company (2019: £6,681,076).

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

c. Foreign currencies

The financial statements are presented in sterling (£), which is the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using prevailing exchange rates which are updated on a monthly basis. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in 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 22) 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.

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 on page 10. 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 or performance fees and both are accounted for in accordance with IFRS 15 – "Revenue from contracts with customers".

Management fees are recorded on a monthly basis as the underlying currency management 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	2020 £'000	2019 £'000
Management fees		
Passive Hedging	**12,026**	11,610
Dynamic Hedging	**3,995**	4,598
Currency for Return	**1,982**	1,775
Multi-Product	**5,130**	4,325
Total management fee income	**23,133**	22,308
Performance fee income	**1,819**	2,333
Other currency services income	**611**	332
Total revenue from contracts with customers	**25,563**	24,973

b. Contract receivables

The payment terms for invoiced revenue vary but are typically 30 days from receipt of invoice. Accrued income is recognised to account for income earned but not yet invoiced. Accrued income is the only component of contract assets.

The Group has recognised the following receivables, assets and liabilities in relation to contracts with customers.

	2020 £'000	2019 £'000
Amount receivable from contracts with customers	**5,192**	4,654
Accrued income from contracts with customers	**2,264**	1,888
Total contract receivables and assets	**7,456**	6,542

The ageing of contract receivables is provided in note 23.

There are no contract liabilities arising in relation to contracts with customers.

c. Geographical analysis

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

Revenue by geographical region	2020 £'000	2019 £'000
Management and performance fee income		
UK	**2,328**	2,239
US	**6,209**	6,439
Switzerland	**11,377**	11,401
Other	**5,649**	4,894
Total revenue	**25,563**	24,973

d. Major clients

During the year ended 31 March 2020, three clients individually accounted for more than 10% of the Group's revenue. The three largest clients generated revenues of £3.9 million, £3.5 million and £3.1 million in the year (2019: three largest clients generated revenues of £4.4 million, £3.9 million and £3.6 million in the year).

5. Operating profit

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

	2020 £'000	2019 £'000
Staff costs	**12,087**	11,574
Depreciation of property, plant and equipment	**253**	221
Depreciation of leased property	**504**	–
Operating lease rentals: land and buildings	**–**	604
Amortisation of intangibles	**129**	74
Auditor fees		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	**64**	49
Fees payable to the Group's auditor for the audit of subsidiary undertakings	**53**	42
Fees payable to the Group's auditor for the audit of consolidated funds	**43**	40
Auditor fees total	**160**	131
Fees payable to the Group's auditor and its associates for other services:		
Audit-related assurance services required by law or regulation	**33**	27
Other non-audit services	**–**	61
Loss on forward FX contracts held to hedge cash flow	**509**	242
Loss on derivative financial instruments held by seed funds	**323**	–
Exchange (gains)/losses on revaluation of external holding in seed funds	**(115)**	(67)
Other exchange (gains)/losses	**(515)**	(178)

6. Staff costs

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

	2020	2019
Corporate	**8**	9
Client relationships	**16**	16
Investment research	**16**	15
Operations	**24**	26
Risk management	**5**	5
Support	**13**	14
Annual average	**82**	85

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

	2020 £'000	2019 £'000
Wages and salaries	**9,356**	8,900
Social security costs	**1,278**	1,239
Pension costs	**514**	468
Other employment benefit costs	**939**	967
Aggregate staff costs	**12,087**	11,574

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

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

	2020 £'000	2019 £'000
Profit before taxation	7,737	7,989
Taxation at the standard rate of tax in the UK of 19% (2019: 19%)	1,470	1,518
Tax effects of:		
Other disallowable expenses and non-taxable income	4	16
Capital allowances for the year higher than depreciation	(51)	(20)
Higher tax rates on subsidiary undertakings	17	10
Adjustments recognised in current year in relation to the current tax of prior years	–	2
Adjustments recognised in current year in relation to Research and Development claims in respect of prior years	(143)	(93)
Other temporary differences	68	126
Total tax expense	1,365	1,559
The tax expense comprises:		
Current tax expense	1,309	1,445
Deferred tax expense	56	114
Total tax expense	1,365	1,559

The standard rate of UK corporation tax for the year is 19% (2019: 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 2020 was 17.6% of profit before tax (2019: 19.5%).

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.

	2020	2019
Weighted average number of shares used in calculation of basic earnings per share	196,679,874	196,655,224
Effect of potential dilutive ordinary shares – share options	390,156	1,462,554
Weighted average number of shares used in calculation of diluted earnings per share	197,070,030	198,117,778

	pence	pence
Basic earnings per share	3.26	3.27
Diluted earnings per share	3.26	3.25

The potential dilutive shares relate to the share options granted in respect of the Group's Share Scheme (see note 22). There were share options in place at the beginning of the year over 12,291,703 shares. During the year 1,691,068 share options were exercised, and a further 2,640,120 share options lapsed or were forfeited. The Group granted 3,935,000 share options with a potentially dilutive effect during the year. Of the 11,895,515 share options in place at the end of the period, 5,913,648 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 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).

The dividends paid by the Group during the year ended 31 March 2019 totalled £5,516,896 (2.80 pence per share) which comprised a final dividend in respect of the year ended 31 March 2018 of £2,266,379 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2018 of £985,382 (0.50 pence per share) and an interim dividend for the year ended 31 March 2019 of £2,265,135 (1.15 pence per share).

For the year ended 31 March 2020, a final ordinary dividend of 1.15 pence per share has been proposed and a special dividend of 0.41 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. The carrying amounts can be analysed as follows:

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

11. Intangible assets continued

2019	Software £'000	Total £'000
Cost		
At 1 April 2018	**1,458**	**1,458**
Additions	134	134
Disposals	—	—
At 31 March 2019	**1,592**	**1,592**
Amortisation		
At 1 April 2018	**1,230**	**1,230**
Charge for the year	74	74
Disposals	—	—
At 31 March 2019	**1,304**	**1,304**
Net book amounts		
At 31 March 2019	**288**	**288**
At 1 April 2018	228	228

The annual contractual commitment for the maintenance and support of the above software is £187,454, (2019: £183,976). 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.

Until the financial year ended 31 March 2019, these leases met the criteria to be classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, following the adoption of IFRS 16 as described in note 1, 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. Lease liabilities include the net present value of the lease payments less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. As the Group has no borrowings it has estimated the incremental borrowing rate based on interest rate data available in the market, adjusted to reflect Record's creditworthiness, the leased asset in question and the terms and conditions of the lease. For those leases which existed prior to the IFRS 16 transition date on 1 April 2019, a discount rate of 4% was used in calculating the lease liability on transition.

The leases relevant to the twelve months ended 31 March 2020, 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

Year ended 31 March 2020	Group £'000	Company £'000
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	544	495
Non-current	615	584
	1,159	1,079

Lease payments

At 31 March 2020, the undiscounted operating lease payments on an annual basis are as follows:

Maturity of lease liability at 31 March 2020

	Group £'000	Company £'000
Within 1 year	568	508
1-2 years	568	508
2-3 years	100	94
After 3 years	–	–
Total lease liability before discounting	1,236	1,110

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.

Operating leases

Total operating lease commitment under IAS 17 as at 31 March 2020 was £nil. The prior year operating lease commitments under IAS 17 primarily include the agreements for lease contracts for the Morgan House premises in Windsor (expiring in 2022) with an annual commitment of £507,603, the New York office with an annual commitment of $125,840 (expired in May 2019) and the Zürich office with an annual commitment of CHF 49,680 (expiring in 2022).

Up until 31 March 2019, the Group considered the risks and rewards of ownership of the leased properties, and considered that they remained with the lessors. Consequently, all property leases were recognised as operating leases.

The Group had commitments under non-cancellable operating leases relating to land and buildings as set out below:

	31 March 2020 £'000	31 March 2019 £'000
Within 1 year	–	562
1-5 years	–	1,310
After 5 years	–	–
Total operating lease liability	–	1,872

The Group's closing operating lease commitments can be reconciled to the opening lease liability as detailed in the table below.

	£'000
Operating lease commitments as at 31 March 2019	1,872
Adjustment for discounting at the lessee's incremental borrowing rate at date of initial application	(199)
Finance lease liability as at 1 April 2019	**1,673**

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:

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

2019	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2018	**661**	**671**	**324**	**1,656**
Additions	31	40	1	72
Disposals	—	—	—	—
At 31 March 2019	**692**	**711**	**325**	**1,728**
Depreciation				
At 1 April 2018	**150**	**425**	**171**	**746**
Charge for the year	121	59	41	221
Disposals	—	—	—	—
At 31 March 2019	**271**	**484**	**212**	**967**
Net book amounts				
At 31 March 2019	**421**	**227**	**113**	**761**
At 1 April 2018	511	246	153	910

The Group's tangible non-current assets are located predominantly in the UK.

14. Investments

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Investment in subsidiaries at cost	**—**	—	**166**	86
Capitalised investment in respect of share based payments	**—**	—	**1,279**	1,195
Investment in funds	**—**	1,112	**2,071**	4,286
Investment in impact bonds	**2,472**	—	**—**	—
Total investments	**2,472**	1,112	**3,516**	5,567

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.

	2020 £'000	2019 £'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**	40
Record Fund Management Limited	**—**	—
N P Record Trustees Limited	**—**	—
Total investment in subsidiaries (at cost)	**166**	86
Capitalised investment in respect of share-based payments		
Record Group Services Limited	**1,186**	1,108
Record Currency Management (US) Inc.	**89**	85
Record Currency Management (Switzerland) GmbH	**4**	2
Total capitalised investment in respect of share-based payments	**1,279**	1,195
Total investment in subsidiaries	**1,445**	1,281

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 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 except for Trade Record Ltd ("Trade Record") in which the Group's interest is 40% of the ordinary share capital. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808) and Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich). Trade Record is registered in England and Wales with its registered office at 1 Poultry, London EC2R 8JR. Record plc and all its other subsidiaries are registered in England and Wales, each with the registered office at Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP, UK.

14. Investments continued

Company continued

Investment in Trade Record Ltd ("Trade Record")

Record plc owns 40% of Trade Record alongside two of its Directors each owning a further 20%. Trade Record was incorporated in February 2019 and was considered an opportunity with the potential to create shareholder value and significant diversification from Record's established currency management business.

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. Two of the four funds, Record Currency – FTSE Index Fund and Record Currency – Emerging Market Currency Fund, were closed in March 2020. The Company's investment in seed funds is 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 Trade Record

Record plc in conjunction with two of its Directors, controls 80% of the ordinary share capital, giving the Company rights over variable returns and the power to affect returns. Therefore the Company has the ability to control Trade Record, which is consequently recognised as a subsidiary.

In accordance with IFRS 10, the financial results of Trade Record are consolidated on a line-by-line basis within the financial statements of the Group.

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 2020 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.

The Group was in control of the Record Currency – FTSE FRB10 Index Fund throughout the comparative year ended 31 March 2019 and until its closure in March 2020. This fund was consolidated in full, on a line-by-line basis in the Group's financial statements until its closure.

	Group		Company	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Investment in funds				
Record Currency – FTSE FRB10 Index Fund	**–**	–	**–**	1,162
Record Currency – Emerging Market Currency Fund	**–**	1,112	**–**	1,112
Record Currency – Strategy Development Fund	**–**	–	**1,181**	1,046
Record – Currency Multi-Strategy Fund	**–**	–	**890**	966
Total investment in funds	**–**	1,112	**2,071**	4,286

The Record Currency – Emerging Market Currency Fund was closed in March 2020. The Group did not control the Record Currency – Emerging Market Currency Fund at any point during the year ended 31 March 2020 or the comparative year, and therefore it did not consolidate this fund in the Group's financial statements.

Investment in impact bonds

In January 2020, the Group invested £2,287,241 in impact bonds; the fair value at the year end was £2,472,241 (prior year: £nil).

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 amount of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

A deferred tax liability is generally recognised for all taxable temporary differences.

Deferred tax assets or liabilities arising on goodwill are not recognised but are however recognised on separately identifiable intangible assets. Deferred tax arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting profit or loss nor the taxable profit or loss, is not recognised.

	2020 £'000	2019 £'000
Charge to income statement in year	(57)	(115)
(Liability)/asset brought forward	(29)	86
(Liability) carried forward	**(86)**	(29)

The deferred tax (liability)/asset consists of the tax effect of temporary differences in respect of:

	2020 £'000	2019 £'000
Deferred tax allowance on unvested share options	1	6
Excess of taxation allowances over depreciation on fixed assets	(87)	(35)
Total	**(86)**	(29)

At the year end there were share options not exercised with an intrinsic value for tax purposes of £7,357 (2019: £44,534). 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.

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 the Group's receivables is provided below:

	2020 £'000	2019 £'000
Trade receivables	5,192	4,654
Accrued income	2,264	1,888
Other receivables	308	108
Prepayments	940	912
Total	**8,704**	7,562

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 2020. 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 (2019: £nil).

17. Derivative financial assets and liabilities

Derivative financial instruments are initially recognised at cost on the date on which the contract is first entered into unless the fair value at acquisition is different to cost, in which case fair value is recognised. Subsequently they are measured at fair value with gains and losses recognised in profit or loss. Transaction costs are immediately recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions.

The Group holds derivative financial instruments for two purposes. The Group uses forward foreign exchange contracts to reduce the risk associated with assets denominated in foreign currencies, and additionally uses both foreign exchange options and forward foreign exchange contracts in order to achieve a return within the seed funds. The instruments are recognised at fair value. The fair value of the contracts is calculated using the market rates prevailing at the period end date. The net gain or loss on instruments is included within other income or expense.

Derivative financial assets	2020 £'000	2019 £'000
Forward foreign exchange contracts held to hedge non-sterling based assets	–	106
Forward foreign exchange contracts held for trading	178	58
Foreign exchange options held for trading	15	–
Total	**193**	164

Derivative financial liabilities	2020 £'000	2019 £'000
Forward foreign exchange contracts held to hedge non-sterling based assets	(316)	–
Forward foreign exchange contracts held for trading	(294)	(109)
Total	**(610)**	(109)

Derivative financial instruments held to hedge non-sterling based assets

At 31 March 2020 there were outstanding contracts with a principal value of £10,993,268 (31 March 2019: £5,940,246) 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 2020. The Group does not apply hedge accounting.

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

Derivative financial instruments held to hedge non-sterling based assets	2020 £'000	2019 £'000
Net loss on forward foreign exchange contracts at fair value through profit or loss	509	242

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. The Record Currency – FTSE FRB10 Index Fund used forward foreign exchange contracts in order to achieve a return until its closure in March 2020.

All derivative financial instruments held by the Record – Currency Multi-Strategy Fund, the Record Currency – Strategy Development Fund and the Record Currency – FTSE FRB10 Index Fund were classified as held for trading throughout the period or up until the date of closure, where relevant.

At 31 March 2020 there were outstanding contracts with a principal value of £23,425,316 (31 March 2019: £24,323,080).

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

Derivative financial instruments held for trading	2020 £'000	2019 £'000
Net loss on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	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 3 months do not meet the definition of short-term or highly liquid and are held for purposes other than meeting short-term commitments. In accordance with IFRS, these instruments are not categorised as cash or cash equivalents and are disclosed as money market instruments with maturities >3 months.

	Group		Company	
Assets managed as cash	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Bank deposits with maturities > 3 months	**7,958**	10,735	**–**	–
Treasury bills with maturities > 3 months	**–**	–	**–**	–
Money market instruments with maturities > 3 months	**7,958**	10,735	**–**	–
Cash	**8,004**	2,150	**2,241**	3
Bank deposits with maturities <= 3 months	**6,290**	10,816	**–**	–
Cash and cash equivalents	**14,294**	12,966	**2,241**	3
Total assets managed as cash	**22,252**	23,701	**2,241**	3

	Group		Company	
Cash and cash equivalents	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Cash and cash equivalents – sterling	**10,426**	10,624	**2,241**	3
Cash and cash equivalents – USD	**3,654**	2,180	**–**	–
Cash and cash equivalents – CHF	**161**	73	**–**	–
Cash and cash equivalents – other currencies	**53**	89	**–**	–
Total cash and cash equivalents	**14,294**	12,966	**2,241**	3

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 2020, the cash and cash equivalents held by the seed funds over which the Group had control totalled £2,731,819 (31 March 2019: £5,107,670) and the money market instruments with maturities > 3 months held by these funds were £1,599,741 (31 March 2019: £675,577). As at 31 March 2020, the cash and cash equivalents held by Trade Record over which the Group had control was £110,130 (31 March 2019: £80,000). At 31 March 2020, Trade Record did not hold any money market instruments with maturities > 3 months (2019: £nil).

Details of how the Group manages credit risk are provided in note 23.

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	
Trade and other payables	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Trade payables	**425**	294	**–**	–
Amounts owed to Group undertaking	**–**	–	**10**	55
Other payables	**11**	4	**–**	–
Other tax and social security	**443**	257	**–**	–
Accruals	**2,130**	2,181	**–**	–
Total	**3,009**	2,736	**10**	55

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

	Group		Company	
Current tax liabilities	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Corporation tax	**601**	692	**2**	14

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.

Record has seeded four funds which were active during the year ended 31 March 2020. Both the Record Currency – FTSE FRB10 Index Fund and the Record Currency – Emerging Market Currency Fund were closed in March 2020.

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

	2020 £'000	2019 £'000
Record Currency – FTSE FRB10 Index Fund	—	479
Record – Currency Multi-Strategy Fund	2,191	2,142
Record Currency – Strategy Development Fund	—	—
Total financial liabilities	**2,191**	2,621

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

21. 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.

	2020		2019	
	£'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 2018	**2,393,432**
Adjustment for net purchases by EBT	592,604
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**

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 22.

22. Share-based payments

During the year ended 31 March 2020 the Group has managed the following share-based compensation plans:

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

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

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

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

a. Group Profit Share Scheme

Share-based payments with cash alternatives

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Group. The Remuneration Committee has the discretion to vary the proportion allocated to the profit share pool between 25% and 35% of operating profits. 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 £838,483 (2019: £804,422). 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 3,935,000 shares were granted under the Share Scheme during the year (2019: 935,000), which were all granted as Unapproved options (2019: 370,000 granted as Unapproved options and 565,000 as Approved options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

The 1,985,000 Unapproved options issued to employees on 21 August 2019 each become exercisable in three equal tranches on the third, fourth and fifth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 1,950,000 Unapproved options issued to employees on 18 March 2020 each become exercisable 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.

22. Share-based payments continued

b. The Record plc Share Scheme continued

Equity-settled share-based payments continued

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 2020, 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	31.1p
Exercise price	31.1p
Expected volatility	34%
Option life	4 years
Risk-free interest rate (%)	0.65%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the Share Scheme was £83,799 for the year ended 31 March 2020 (2019: £140,236).

Outstanding share options

At 31 March 2020, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 11,895,515 (2019: 12,291,703). 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 2019	Granted	Exercised	Lapsed/ forfeited	At 31 March 2020	Earliest vesting date	Latest vesting date[1]	Exercise price
18/11/13	116,667	–	(116,667)	–	–	–	–	£0.3000
26/11/14	720,000	–	–	(720,000)	–	–	–	£0.3586
24/03/15	114,000	–	(114,000)	–	–	–	–	£0.3450
24/03/15	334,750	–	(334,750)	–	–	–	–	£0.3450
01/12/15	1,200,000	–	–	(600,000)	600,000	01/12/20	01/12/20	£0.2888
27/01/16	562,500	–	(456,250)	–	106,250	27/01/20	27/01/20	£0.2450
27/01/16	657,597	–	(321,901)	(91,632)	244,064	27/01/20	27/01/20	£0.2450
27/01/16	218,334	–	–	(109,167)	109,167	27/01/21	27/01/21	£0.2450
27/01/16	48,334	–	–	(24,167)	24,167	27/01/21	27/01/21	£0.2450
30/11/16	288,574	–	–	–	288,574	30/11/20	30/11/20	£0.34072
30/11/16	1,042,500	–	(347,500)	–	695,000	30/11/19	30/11/20	£0.34072
30/11/16	2,200,000	–	–	(733,332)	1,466,668	30/11/20	30/11/21	£0.34072
31/01/17	78,947	–	–	(78,947)	–	–	–	£0.3800
26/01/18	1,461,500	–	–	(151,500)	1,310,000	26/01/22	26/01/22	£0.4350
26/01/18	328,000	–	–	(91,375)	236,625	26/01/20	26/01/22	£0.4350
26/01/18	52,000	–	–	–	52,000	26/01/21	26/01/23	£0.4350
26/01/18	1,933,000	–	–	–	1,933,000	26/01/21	26/01/23	£0.4350
29/03/19	565,000	–	–	(40,000)	525,000	29/03/23	29/03/23	£0.2830
29/03/19	370,000	–	–	–	370,000	29/03/20	29/03/23	£0.2830
21/08/19	–	1,985,000	–	–	1,985,000	21/08/22	21/08/24	£0.3110
18/03/20	–	1,950,000	–	–	1,950,000	18/03/21	18/03/24	£0.28902
Total options	12,291,703	3,935,000	(1,691,068)	(2,640,120)	**11,895,515**			
Weighted average exercise price of options	£0.35	£0.30	£0.30	£0.33	**£0.34**			

1. Under the terms of the deeds of grants, options are exercisable for twelve months following the vesting date.

During the year 1,691,068 options were exercised. The weighted average share price at date of exercise was £0.35. At 31 March 2020 a total of 869,189 options had vested and were exercisable.

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

	Ordinary shares held as at	
	31 March 2020	31 March 2019
Record plc Group Profit Share Scheme (interest in restricted share awards)		
Leslie Hill (appointed CEO on 13 February 2020)	**613,458**	802,837
James Wood-Collins (stepped down as CEO on 13 February 2020)	**–**	318,832
Bob Noyen	**311,296**	318,832
Steve Cullen	**142,648**	264,286
Record plc Share Scheme (interest in unvested share options)		
Leslie Hill (appointed CEO on 13 February 2020)	**1,405,001**	1,406,667
James Wood-Collins (stepped down as CEO on 13 February 2020)	**2,425,001**	2,426,667
Bob Noyen	**1,405,001**	1,406,667
Steve Cullen	**935,000**	1,131,667

Performance measures

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

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

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

Approved options issued to all other staff prior to 1 April 2017 were subject to performance measures linked to the Group's Total Shareholder Return ("TSR") and vested on the fourth anniversary of the date of grant, subject to these measures. At vesting date, a percentage of the total options granted could vest based upon Record's TSR performance versus the median TSR performance as measured against the FTSE 350 General Financial – Price Index. Options awarded subject to TSR performance conditions were valued using a Black-Scholes model. The performance target table is given below:

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

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

Clawback provisions

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

22. Share-based payments continued

c. The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 54,935 free shares (2019: 66,672 free shares) to employees. The expense charged in respect of the SIP was £17,058 in the year ended 31 March 2020 (2019: £22,200).

There are no restrictions over shares issued under the Record Share Incentive Plan.

23. 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 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 40.

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:

Financial assets at 31 March	2020 £'000	2019 £'000
Trade receivables	5,192	4,654
Accrued income	2,264	1,888
Other receivables	308	108
Derivative financial assets	193	164
Money market instruments with maturities > 3 months	7,958	10,735
Cash and cash equivalents	14,294	12,966
Total financial assets	**30,209**	30,515

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

At 31 March 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%**

At 31 March 2019	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
Trade receivables	4,654	4,369	285	—
Accrued income	1,888	1,888	—	—
Total	**6,542**	**6,257**	**285**	**—**
		96%	**4%**	**0%**

The Group offers standard credit terms of 30 days from invoice date. It is the Group's policy to assess debtors for recoverability on an individual basis and to make a provision where it is considered necessary. In assessing recoverability, the Group takes into account any indicators of impairment up to the reporting date. The application of this policy generally results in debts that are past due not being provided for unless individual circumstances indicate that a debt is impaired.

Trade receivables are made up of 62 debtors' balances (2019: 57). The largest individual debtor corresponds to 15% of the total balance (2019: 19%). Debtor days, based on the generally accepted calculation of debtor days, is 74 days (2019: 68 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2020, 2% of debt was overdue (2019: 4%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 29 days (2019: 21 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 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**

At 31 March 2019	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	294	294	—	—
Accruals	2,181	40	1,041	1,100
Derivative financial liabilities	109	33	76	—
Total	**2,584**	**367**	**1,117**	**1,100**

23. Financial risk management continued

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest-bearing financial assets and liabilities held by the Group. Interest-bearing assets comprise money market instruments and cash and cash equivalents which are considered to be short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

A sensitivity analysis has not been disclosed for the impact of interest rate changes as any reasonable range of change in interest rate would not directly have a material impact on profit or equity.

Interest rate profiles

At 31 March 2020	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
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)
Derivative financial liabilities at fair value through profit or loss	–	–	(610)	(610)
Financial liabilities	–	–	(2,191)	(2,191)
Total financial liabilities	**–**	**–**	**(5,356)**	**(5,356)**

At 31 March 2019	Fixed rate £'000	Floating rate £'000	No interest rate £'000	Total £'000
Financial assets				
Trade receivables	–	–	4,654	4,654
Accrued income	–	–	1,888	1,888
Other receivables	–	–	108	108
Derivative financial assets at fair value through profit or loss	–	–	164	164
Money market instruments with maturities > 3 months	10,735	–	–	10,735
Cash and cash equivalents	10,816	2,150	–	12,966
Total financial assets	**21,551**	**2,150**	**6,814**	**30,515**
Financial liabilities				
Trade payables	–	–	(294)	(294)
Accruals	–	–	(2,181)	(2,181)
Derivative financial liabilities at fair value through profit or loss	–	–	(109)	(109)
Financial liabilities	–	–	(2,621)	(2,621)
Total financial liabilities	**–**	**–**	**(5,205)**	**(5,205)**

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group makes use of forward foreign exchange contracts to manage the risk relating to future transactions in accordance with the Group's risk management policy.

The Group is exposed to foreign currency risk on revenue invoices and cash holdings that are denominated in a currency other than sterling, and also on assets and liabilities held by the Record Currency – Strategy Development Fund. The principal currencies giving rise to this risk are the US dollar, the Swiss franc, the euro and the Canadian dollar.

During the year ended 31 March 2020, the Group invoiced the following amounts in currencies other than sterling:

	Local currency value '000	Value in reporting currency £'000
Swiss franc (CHF)	14,416	11,533
US dollar (USD)	9,217	7,274
Euro (EUR)	3,028	2,644
Australian dollar (AUD)	1,520	804
Canadian dollar (CAD)	742	436
Swedish krona (SEK)	1,476	101
Singapore dollar (SGD)	25	14
		22,806

The value of revenues for the year ended 31 March 2020 that were denominated in currencies other than sterling was £22.8 million (31 March 2019: £21.4 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	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Sterling weakening by 10% against the dollar	**334**	346	**334**	346
Sterling strengthening by 10% against the dollar	**(334)**	(346)	**(334)**	(346)
Sterling weakening by 10% against the Swiss franc	**622**	565	**622**	565
Sterling strengthening by 10% against the Swiss franc	**(622)**	(565)	**(622)**	(565)

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 = $1.27 this would result in sterling weakening to £1 = $1.15 and sterling strengthening to £1 = $1.41.

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 1.25 this would result in sterling weakening to £1 = CHF 1.14 and sterling strengthening to £1 = CHF 1.39.

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.

23. Financial risk management continued

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 38.

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	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Loss of largest client	**2,214**	2,490	**2,214**	2,490

As part of the Group's ICAAP process, several more severe scenarios are considered.

24. 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:

	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)**	**–**

	2019 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Investments in funds	1,112	1,112	–	–
Forward foreign exchange contracts used for hedging	106	–	106	–
Forward foreign exchange contracts used for seed funds	58	–	58	–
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used for hedging	(109)	–	(109)	–
Total	**1,167**	**1,112**	**55**	**–**

There have been no transfers between levels in the reporting period (2019: none).

Basis for classification of financial instruments classified as level 1 within the fair value hierarchy

Impact bonds are classified as level 1. These bonds are valued using the market price and coupon rate.

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

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

Classes and fair value of financial instruments

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

Categories of financial instrument

At 31 March 2020	Note	Assets at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
Impact bonds	14	–	–	2,472	–
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)**

At 31 March 2019	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
Trade and other receivables (excludes prepayments)	16	6,650	–	–	–
Money market instruments with maturities > 3 months	18	10,735	–	–	–
Cash and cash equivalents	18	12,966	–	–	–
Derivative financial assets at fair value through profit or loss	17	–	–	164	–
Trade payables	19	–	(294)	–	–
Accruals	19	–	(2,181)	–	–
Derivative financial liabilities at fair value through profit or loss	17	–	–	–	(109)
Total		**30,351**	**(2,475)**	**164**	**(109)**

25. Cash flow from operating activities

Group

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

	2020 £'000	2019 £'000
Operating profit	7,649	7,876
Adjustments for non-cash movements:		
Depreciation of right-of-use assets	504	–
Depreciation of property, plant and equipment	253	221
Amortisation of intangible assets	129	74
Net release of shares previously held by EBT	452	443
Share-based payments	286	87
Other non-cash movements	(710)	(172)
	8,563	8,529
Changes in working capital		
Increase in receivables	(1,281)	(772)
Increase in payables	618	106
(Increase)/decrease in other financial assets	(30)	102
Increase in other financial liabilities	72	234
Cash inflow from operating activities	7,942	8,199
Interest paid	–	(22)
Corporation taxes paid	(1,399)	(1,151)
Net cash inflow from operating activities	6,543	7,026

Company

	2020 £'000	2019 £'000
Operating profit	125	99
Adjustment for:		
Depreciation of right-of-use assets	453	–
Loss/(gain) on investments	25	(26)
Other	(162)	(73)
Changes in working capital		
Increase in receivables	(271)	–
Increase/(decrease) in payables	299	(1,038)
Cash inflow/(outflow) from operating activities	469	(1,038)
Corporation taxes paid	(17)	(5)
Net cash inflow/(outflow) from operating activities	452	(1,043)

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.

	2020 £'000	2019 £'000
Amounts due to subsidiaries	132	(55)
Net dividends received from subsidiaries	6,030	6,600

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 (2019: £nil). No expense has been recognised during the year in respect of bad or doubtful debts due from related parties.

Investment in Trade Record

In March 2019, Record plc subscribed £40,000 for 40% of the ordinary share capital of Trade Record. In May 2019, Record plc invested a further £80,000 in Trade Record in a subsequent fundraising round.

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

	2020 £'000	2019 £'000
Short-term employee benefits	5,627	5,411
Post-employment benefits	242	204
Share-based payments	909	889
Total	**6,778**	6,504

Key management personnel dividends

The dividends paid to key management personnel in the year ended 31 March 2020 totalled £3,113,776 (2019: £2,981,053).

Directors' remuneration

	2020 £'000	2019 £'000
Emoluments (excluding pension contribution)	2,328	2,421
Pension contribution (including payments made in lieu of pension contributions)	163	165
Total	**2,491**	2,586

During the year, one Director of the Company (2019: 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.

Transactions with Trade Record Ltd

In March 2019, Record plc Directors Leslie Hill and Bob Noyen each subscribed £20,000 for 20% of the ordinary share capital of Trade Record. In May 2019, Record plc Directors Leslie Hill and Bob Noyen each invested a further £40,000 in Trade Record in a subsequent fundraising round.

The Directors of Trade Record are Leslie Hill, Director of Record plc, and Rebecca Venis, an existing employee of one of Record's subsidiary companies and who also owns 20% of the ordinary share capital of Trade Record.

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 – FTSE FRB10 Index Fund, Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund are all related parties on this basis.

The only transaction between the Company and these funds during the year was a redemption of £1,071,306 of the Record Currency – FTSE FRB10 Index Fund on its closure.

During the year, Record plc Director Leslie Hill redeemed £100,000 from the Record – Currency Multi-Strategy Fund.

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:

	2020 £m	2019 £m
Regulatory capital	9.4	9.3
Other operating capital	16.5	13.7
Operating capital	**25.9**	23.0
Seed capital	2.1	4.3
Total capital	**28.0**	27.3

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 37.

28. Ultimate controlling party

As at 31 March 2020 the Company had no ultimate controlling party, nor at 31 March 2019.

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

	Restated		Audited		
Year ended 31 March	2016 £'000	2017 £'000	2018 £'000	2019 £'000	**2020 £'000**
Management fees	20,941	22,718	23,497	22,308	**23,133**
Performance fees	315	—	—	2,333	**1,819**
Other revenue	163	234	337	332	**611**
Revenue	21,419	22,952	23,834	24,973	**25,563**
Cost of sales	(221)	(298)	(311)	(385)	**(255)**
Gross profit	21,198	22,654	23,523	24,588	**25,308**
Operating expenses	(14,123)	(15,067)	(16,424)	(16,704)	**(17,741)**
Other income/(expenditure)	(154)	157	173	(8)	**82**
Operating profit	6,921	7,744	7,272	7,876	**7,649**
Net interest	143	112	56	113	**88**
Profit before taxation	7,064	7,856	7,328	7,989	**7,737**
Taxation	(1,523)	(1,540)	(1,182)	(1,559)	**(1,365)**
Profit after taxation	5,541	6,316	6,146	6,430	**6,372**
Basic EPS (pence)	2.55	2.91	3.03	3.27	**3.26**
Ordinary dividend (pence)	1.65	2.00	2.30	2.30	**2.30**
Special dividend (pence)	—	0.91	0.50	0.69	**0.41**

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 2020 dividend

Ex-dividend date	2 July 2020
Record date	3 July 2020
Annual General Meeting	4 August 2020
Final dividend payment date	11 August 2020

Registrar

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

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

Definitions

"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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