
Modernisation, diversification and succession gather pace...

Record plc Annual Report 2023

Our purpose

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

Our vision

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

Our mission

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

Our value proposition

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

Annual Report 2023

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Financial highlights

Our year in numbers

Assets Under Management Equivalents¹ ("AUME")

\$87.7bn

+5.5%

2022: \$83.1bn

Ordinary dividend per share

4.50p

+25%

2022: 3.60p

Earnings per share

5.95p

+31.6%

2022: 4.52p

Profit before tax

£14.6m

+33.9%

2022: £10.9m

Revenue

£44.7m

+27.4%

2022: £35.1m

Total dividend per share

5.18p

(including special of 0.68p)

+14.6%

2022: 4.52p (including special: 0.92p)

1. For the majority of its Currency Management and Derivative Overlay products, Record manages only the impact of foreign exchange and not the underlying assets, therefore its "assets under management" are notional rather than real. Conversely, for its Asset Management products, Record's role as Investment Manager includes managing the underlying assets in the more conventional sense of managing AUM. Consequently, when combined, 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 24.

About us

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

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

Our approach

Listen

A client-focused approach

Deliver

Unique, innovative and sustainable solutions

Understand

Using strengths and experience developed over 40 years in business

Our values

People first

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

Collaboration

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

Kindness

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

Integrity

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

Curiosity

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

About us

Where we operate

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

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

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

Rest of the world

\$3.6bn
4%

United Kingdom

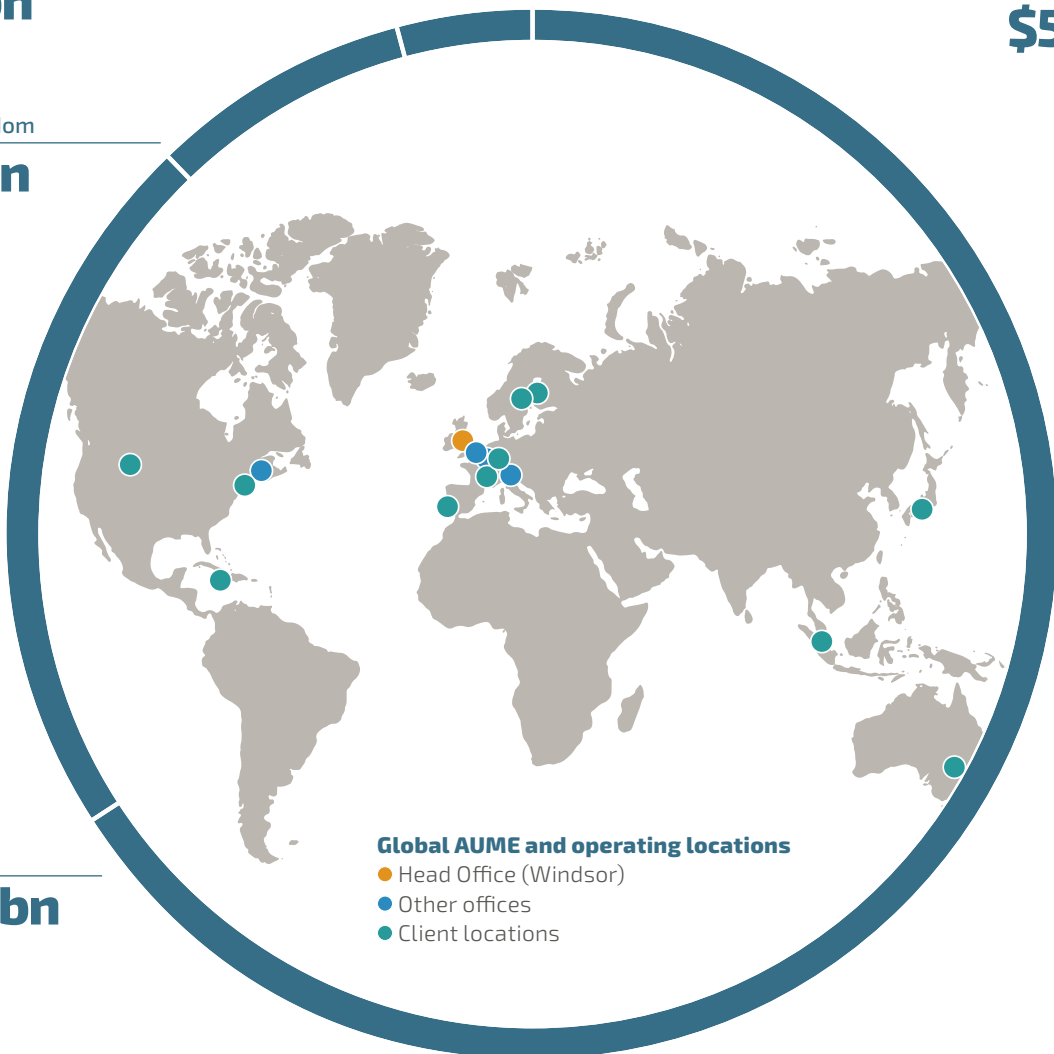
\$7.4bn
9%

North America

\$18.8bn
21%

Continental Europe

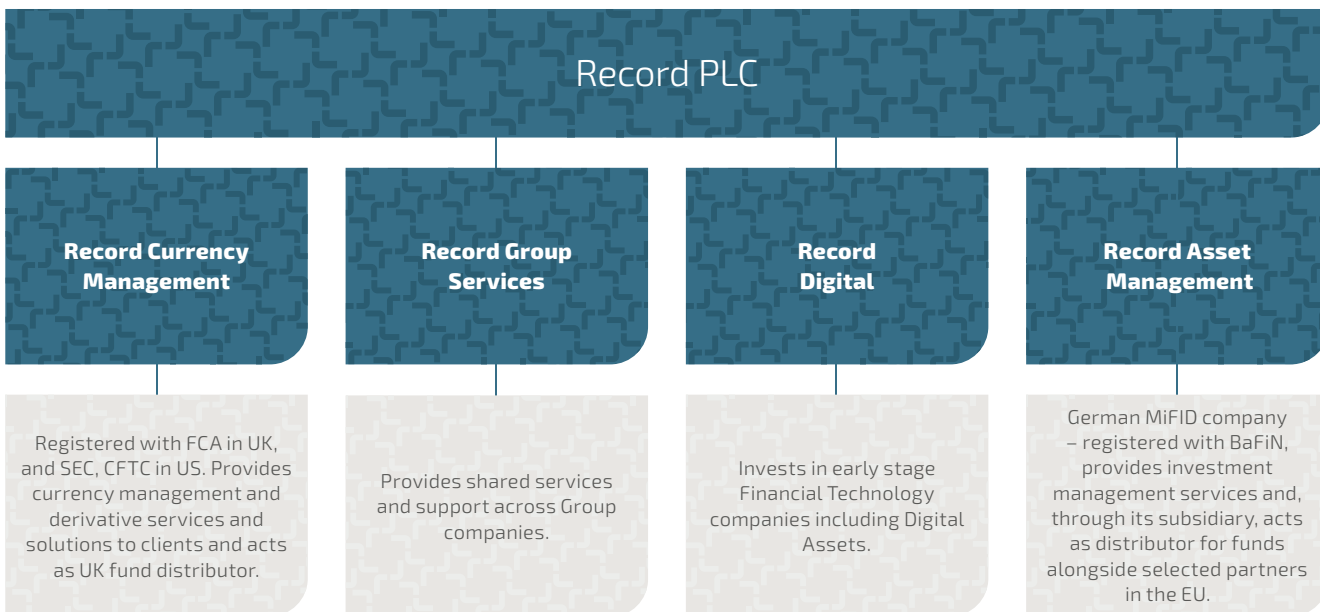
\$57.9bn
66%



About us continued

Group structure – Record Financial Group

The Group's main trading subsidiaries are shown below with a brief explanation of the products and services offered by each



For details of full subsidiary undertakings please see pages 124 to 125



Our investment case

Growth

Strategy focused on accelerated growth through investment in diversification and modernisation now delivering increases in revenue and profits

Three year annual compound growth:

Revenue:

+20.4% p.a.

Profit before tax:

+23.6% p.a.

Dividend policy

Strong history of paying dividends with policy targeting ordinary dividend pay-out ratio between 70% - 90% of annual earnings, plus special dividends.

Three year annual compound growth:

Ordinary dividends:

+25.1% p.a.

Earnings per share:

+22.2% p.a.

Balance Sheet and cash generation

Robust and liquid Balance Sheet provides solid platform for continued value creation alongside cash generative business model and no external debt

As at 31 March 2023:

Net assets:

£28.3m

Assets managed as cash (no external debt):

£14.5m

See financial statements from page 106 for further information

Client relationships and AUME

Trusted and longstanding institutional client relationships built over 40 years in managing currency and derivatives provides a solid foundation and strong asset base upon which to grow

Three year annual compound growth:

AUME:

+14.4% p.a.

See page 42 for further AUME information

Partnerships

Partnerships with established and expert partners in alternative asset classes provide additional skillsets and strong pipeline of innovative products offering unique investment opportunities

See page 12 for further information on our partnerships

Geographical reach

Regulated asset management business and growing team established in the EU improves geographical reach and provides passporting opportunities for our partners

Offices in UK, USA, Switzerland, Germany and Netherlands

See page 3 for more information on the locations of our client base

Chairman's statement



This past year ending 31 March 2023 ("FY-23") has been another year of change and growth at Record. The business which I founded 40 years ago is beginning to look fundamentally different from its founding conception.

Neil Record
Chairman

Total dividends per share

5.18p +15%

FY-22: 4.52p

Earnings per share

5.95p +32%

FY-22: 4.52p

For most of the past four decades, that conception – of our specialising solely in the management of currencies and currency risk – held sway.

In the last three years, the firm has chosen, and is now executing, an enhanced business strategy rooted in our core strengths and values. We are using technology to strengthen and modernise our systems across the whole business, providing efficiency of delivery and an enhanced user experience for clients of our core traditional currency management services, whilst enabling new opportunities for offering a more scalable and diversified suite of asset management products and services to both existing and potential clients.

In FY-23, we received regulatory approval from the German financial regulator, BaFin, for our subsidiary Record Asset Management GmbH ("RAM") as an asset manager, and are now starting to manage funds. We are developing an infrastructure fund business which will be managed by RAM, and which we hope will grow to provide a material diversification strand. We are engaged in agreeing partnerships with a range of high-quality asset and fund managers, for whom we will offer distribution services in Europe and the UK.

Despite our historic experience of low growth in the currency management sector, FY-23 has, somewhat surprisingly, proved to be showing interesting signs of a new type of growth. We have for many years now been providing passive currency hedging services to institutional investors, mainly pension funds. While these mandates can sometimes be large (>\$10 billion), we have experienced steady fee compression over the past decade, only now levelling out at very low levels. But a different client type – international asset managers – have begun to recognise that large-scale passive currency hedging is a specialist activity, where scale and technology infrastructure means that outsourcing to a firm like Record is a cost-effective choice.

While we had previously seen a small cadre of our existing asset manager clients continually increase their mandate size as they added funds and expanded their businesses, we are now seeing incoming enquiries from new, large international managers. Asset manager Passive Hedging mandates are often technically challenging, but also offer much better fee rates than institutional clients' mandates. We have not seen significant fee compression in this sector, and so these mandates offer an attractive risk-adjusted return, and a new source of potential growth. Some of these asset managers operate in the private debt sector; this sector is experiencing strong growth in the wake of the 2008/09 global financial crisis, supplanting banks as a significant source of loan capital. Passive Hedging mandates for this sub-sector therefore represent a substitution for one aspect of the old bank treasury function; and one we are well-positioned to take advantage of.

Chairman's statement

Financial overview

For the second successive year, the Group has delivered an exceptional set of results, reflected by material growth in both revenue and earnings. As stated above, the opportunities for further growth are significant and diversified across both new and traditional products and services, supported by a strong leadership team and a robust succession plan.

I am confident that our strategy of modernisation and diversification is the right direction for the Group, firmly supported by the Group's highly cash-generative business model accompanied by its robust and liquid balance sheet, with total equity of £28.3 million.

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

Capital and dividend

The change in the firm's strategy, decided and executed in FY-21, is continuing to flow through to the financial performance of the business.

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

The Board is recommending a final ordinary dividend of 2.45 pence per share (FY-22: 1.80 pence) with the full-year ordinary dividend at 4.50 pence per share (FY-22: 3.60 pence), representing a 25% increase in the ordinary dividend and an ordinary payout ratio of 76% of earnings. The interim dividend of 2.05 pence was paid on 30 December 2022, and the final ordinary dividend of 2.45 pence will be paid on 9 August 2023 to shareholders on the register at 14 July 2023, subject to shareholder approval.

Having carefully reviewed the current level of Group capital against its ongoing requirements for regulatory and investment purposes and to support its continued growth, the Board is announcing a special dividend of 0.68 pence per share to be paid simultaneously with the final ordinary dividend. Total proposed dividends per share for the year are 5.18 pence per share (FY-22: 4.52 pence) compared to earnings per share of 5.95 pence (FY-22: 4.52 pence).

The Board

On 1 March 2023 I announced that I would be retiring from the Chairmanship and the Board after 40 years at the helm. We announced at the same time the appointment of David Morrison as independent Non-executive Director, and Chair-elect.

David is very well known to Record. In 1985, his then employer, Abingworth, at the time a venture Investment Trust, acquired 24.5% of Record from a start-up angel investor. Abingworth also became a client at the same time. David sat on the firm's Board until 1992, when Abingworth sold its stake. Then again, in 2009, David re-joined the newly IPO'd firm as an independent Non-executive Director ("NED"), sitting until 2018, when he reached his term limit. In his third term as a NED, and, from July 2023, Record's Chairman, he will preside over a much-changed firm, with multiple developing strands and a new background of growth. I am confident his deep understanding of Record, and his own long experience in asset management, will serve our shareholders well.

I am leaving Record's Board with mixed emotions. Record has been my life for 40 years. I founded the firm when I had just turned 30, and I will leave it when I will have just turned 70. It has been the most rewarding career imaginable, meeting fascinating individuals from all walks of life, building teams of colleagues over multiple years, and most importantly building a business which I believe is capable of becoming multigenerational. I have the highest confidence in the current management under our CEO Leslie Hill and her senior team, and I plan to remain a significant shareholder for many years to come.

Outlook

In contrast with the optimistic tone with which I feel I can talk about Record, I see many serious and deep challenges ahead for the global economy in general, and for the developed West in particular.

Across the board, Western governments have arguably over-extended themselves both in the scope and scale of public expenditure, and in their method of financing this expenditure – namely through debt. Much of this debt is, in practice, monetary financing via "Quantitative Easing". Central banks, and their sponsoring governments, may find this financing becoming increasingly onerous as short rates rise. The same issue has already hit some regional banks in the US, and may hit more. This monetary dislocation is running concurrently with very low or zero productivity growth in much of the global economy. It remains to be seen whether Western democracies can find policies to re-establish low-inflation growth.

Record is not immune from these challenges, but structurally we are positioned to be nimble and adaptable to client demand as it develops and changes. While cost pressures (particularly labour costs) will undoubtedly impact the business, the current pace of growth and change should allow the revenue to grow sufficiently to more than compensate for the cost-base growth.

I leave the business in good health; vibrant, enthusiastic and looking for new opportunities. I couldn't have wished for more.

Neil Record
Chairman

29 June 2023

Chief Executive Officer's statement



I have now been CEO for three years and am happy to report encouraging progress in each of the three pillars of the revitalising strategy I set out for the business when I took on the role.

Leslie Hill
Chief Executive Officer

Most of you will I hope remember the three-year target I set out last year which aims for revenue of £60 million by this time in 2025, while improving margins and increasing profits. We are on target to achieve this, with revenues of £44.7 million and pre-tax profits of 14.6 million reported for the financial year (FY-23). Let me explain in more detail what we have been doing and what plans we have for this coming year (FY-24).

Our three pillars are diversification, modernisation and succession planning.

Diversification

There are some key strands to this – diversifying our product offering, our client base and our activities. To achieve this we have now created a number of subsidiaries whose leaders report to me as CEO of the parent company, Record plc, but who have their own budgets and aspirations for the future. More details are set out below in our Succession section, but the subsidiaries are Record Currency Management Limited, Record Asset Management GmbH ("RAM"), Record Currency Management (US) Inc., Record Group Services Limited and Record Digital Asset Ventures Ltd ("Record Digital"). This structure is not there simply to complicate things, but to give regulatory support and oversight and create efficiency, while allowing for agency and autonomy for each of the subsidiary CEOs.

Modernisation

After a few years of using a "renovating the house while we are living in it" analogy it now feels the right time to retire that rather tired phrase, as the house is now open for new guests and looking very much more attractive and modern than it did previously. We see IT under the leadership of our CTO as central to our shared services concept and indeed to our whole business, and will continue to develop and invest in this area. It has been a complex journey but I am happy, indeed amazed, to say we managed to stay on budget and on target for deliverables, which is a real tribute to the whole team. This is a significant achievement which has been marked by the recent launch of our new Record platform ("R-Platform") which went live post year-end and the rollout of our new Reporting suite, as well as significant enhancements to the scope of our trading activities. With this we can unlock scale, efficiency and ensure happy clients going forward. I am thrilled with it.

Revenue

£44.7m +27%

FY-22: £35.1m

Profit before tax

£14.6m +34%

FY-22: £10.9m

Chief Executive Officer's statement

Succession

New subsidiary CEOs – as my focus shifts to working closely with our new Chairman in further building and leading the Record Financial Group from the top, our new subsidiary CEOs, Dr Jan Witte and Rebecca Venis, are already heading up Record Currency Management and Record Digital respectively and our investors will see more of them this year. I'm also excited by the future plans we have for new leadership of our Emerging Market Sustainable Finance family, upon which we hope to give further information in FY-24. These changes are a testament, not only to the talents of these individuals, but also to my commitment with the Board to promoting, training and offering opportunities for leadership and share ownership to more and more of our colleagues as we build this 40-year-old stable and experienced currency manager into a real multi-asset manager for the 21st century.

Financial performance

We continue our focus on growing the business through diversification and modernisation, and it's testament to the hard work of the management team and all of our colleagues that we are reporting impressive growth again this year in both revenue and profit, of 27% and 34% respectively.

The balance between maintaining good cost control and ensuring that the business has the appropriate level of resource to support its growth trajectory has proved even more challenging through this year due to the high inflationary environment and cost pressure seen across the whole of our business. Inevitably we have seen a consequent rise in our cost base for FY-23, which will be carried forward into the current financial year (FY-24), where we can expect to see the full-year impact. Whilst this may have inhibited growth in our operating margin somewhat this year, we remain confident that the current strong pipeline of opportunities in both our currency and higher revenue-margin and more scalable asset management products into FY-24 will serve to counter this impact over the next couple of years.

Outlook

The next phase of our development of Record is to reap some of the rewards of our modernisation and diversification. The soil has been fertilised over the last few years, and the new plants well heeled in. For quite some time they have been putting down roots and like any young tree more has been going on under the surface than on the top. As was clear at our Capital Markets day recently, the next phase should see some new revenue from our diversifying strands at RAM and Record Digital as well as continued work to scale our currency business. This continues our theme of diversification and modernisation, while our recent promotions carries on our theme of succession planning for the long-term future. We will continue to keep a close watch on costs but drive forward with our three-year plan.

Leslie Hill Chief Executive Officer

29 June 2023



Business model

Our purpose

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

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

Our resources

Client relationships

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

Expertise and partnerships

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

Technology and innovation

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

Financial strength

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

Values and culture

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

Our strategy

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

Modernisation

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

Diversification

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

Succession

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

See more on pages 18 to 21

Business model

Our financial model

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

Cash generation

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

Net cash inflow (before tax) from operating activities:

£14.7 +16%

FY-22: £12.7m

Returns to shareholders – total dividends per share:

5.18p +15%

FY-22: 4.52p

Benefits to our stakeholders

Clients

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

People

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

Society

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

Environment

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

Shareholders

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

See more on
pages 37 to 39

Products and distribution

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

Strategic approach

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

- a broad range of flagship products (which are "best-in-class" amongst their respective competitors);
- strategic partnerships with our clients, offering the highest levels of client service, and close strong relationships with other service providers including third-party fund managers;
- flexible infrastructure to deliver solutions to clients in the most efficient manner possible; and
- a regional focus by product.

Flagship products

Record has been a specialist currency manager for 40 years and continues to put tailored currency solutions at the core of our offering. These are now complemented by best-in-class asset management offerings, with the range of yield products expected to grow over time.

The Record EM Sustainable Finance Fund ("EMSF"), which we successfully launched in June 2021 in collaboration with UBS Wealth Management, continues to substantially outperform its peers. Our ability to actively manage the portfolio in a variety of ways has allowed for outperformance both through the EM sell-off following the invasion of Ukraine and during the "risk-on" environment of the recovery in asset prices in early 2023. The EMSF's robust portfolio construction makes it an attractive alternative to conventional EM Debt for investors across the spectrum.

Dynamic Hedging has been at the heart of Record since inception and it continues to go from strength to strength, adding two new North American clients over the year. While the management of the product has evolved over half a decade from a pure systematic strategy to a one-stop FX risk advisory service with systematic asymmetry at its core, its appeal remains enduring as currency volatility has returned to markets.

An increased focus on currency risk from investors in private market assets has been a key part of the drivers behind the surge in interest in currency risk management from alternative asset managers. Record's highly tailored and differentiated offering in the space combines best-in-class infrastructure, relationships and operational risk management with an unparalleled depth of expertise in the design and ongoing management of hedging programmes where there is limited liquidity.

A new addition to the line-up in asset management, GP Stakes, recently launched in April 2023, is unquestionably a market-leading strategy that is generating significant interest from existing clients as well as prospects, particularly in the family office arena. At its core is a strategy that allows investors to participate in the decade-long trend of growth in private markets by participating in the high profit margins generated by alternative asset managers through management fees, carried interest and enterprise growth. This is complemented by innovative product design which mitigates the J-curve and allows for high levels of vintage diversification, while structuring for liquidity and rapid deployment of capital, sticking points in traditional closed-end drawdown vehicles.

Partnership

We have made good progress in developing solutions in partnership with our clients and selected third-party managers in order to deliver highly tailored outcomes that solve a specific investment objective. As before, our role can encompass any number of initiator and structurer, distributor, portfolio manager, and currency hedger. These opportunities arise from the trusted partner status our clients bestow upon us in recognition of the exceptional client service they receive and our sales and investment teams' flexibility and attention to detail.

The upcoming launch, anticipated in the second quarter of FY-24, of a Protected Equities product for a multi-family office client provides a good example of this approach. The strategy combines a multi-factor active global equity approach with a tail risk hedging solution to protect against significant drawdowns. The product was launched under Record's newly established Luxembourg Fund Umbrella. The investment thesis is brought jointly by the client and Record and relies on Record's portfolio management expertise for delivery. This will be complemented by joint distribution with the family office. Expert sub-investment advice is additionally provided by two carefully selected third-party managers, both from the US, who will deliver to a tightly specified mandate in order to meet the client's goals.

Products and distribution

Another example of this partnership approach has been in digital lending where, in partnership with Fasanara Capital, the leading specialist in the field, we have been able to win three mandates, each with their own unique investment objectives. These have been delivered in either commingled funds or funds-of-one where Record has played the role of distributor as well as adviser for the clients. In one case, this mandate has been delivered in collaboration with a leading UK Investment Consultant.

A contrasting example of partnership is a regional partnership with Khalij Group, a Middle East-focused, UK Sharia finance specialist. In collaboration, we are working together to deliver our flagship products in Sharia compliant forms, unlocking an underserved investor base as far as alternative assets are concerned.

Delivery infrastructure

In line with the corporate focus on modernisation, a key part of the sales strategy has been ensuring that Record has cutting-edge infrastructure with which to deliver mandates. Some of this critical work goes on behind the scenes to ensure best-in-class operational risk management and reporting to our clients, but certain projects are more visible.

Key amongst these is the addition this year of our own Luxembourg SICAV-RAIF Fund Umbrella, overseen by top tier service providers. This allows us the flexibility to deliver investment solutions in the most effective way for clients, whether that is as a commingled fund or a fund-of-one, an SPV or a note. It also empowers us to bring together the best of our in-house management capabilities with the expertise of selected third parties to deliver products in a seamless client experience. Finally, our clients benefit from world-class service providers and cost-efficient implementation due to keenly negotiated rates and effective workstreams.

Another step forward has been the addition of an outbound sales team, casting the net more widely given the broader appeal of Record's new flagship products and aiming to build the brand better amongst the smaller end of the institutional investor community including private banks, wealth managers and family offices.

Regional product focus

Recognising the breadth of Record's offering across both currency and asset management and beyond, means that focus and discipline, as well as flexibility, is critical for our sales team in order to bring success. Additionally, understanding the different investment challenges facing our clients in different regions is key to a tailored sales strategy that focuses on products most likely to appeal in that market.

In North America, the focus over the coming year is on active currency products, Dynamic Hedging and Currency for Return. The former has seen inflows over the past year of \$4.2 billion and is appealing in the current uncertain investment climate. On the other hand, the uncertainty as well as secular trends such as deglobalisation have driven increased currency volatility and therefore opportunity to add uncorrelated return. This is driving interest in the asset class higher than we have seen for almost a decade, both amongst those currently allocated and those interested to explore the space for the first time.

In the UK and Europe, hedging for asset managers is one key topic that the team will be focused on. With the number of local currencies as well as the higher currency literacy amongst investors, European asset managers are often interested in understanding how a specialist service can allow them to add value, decrease risk and free them to focus their time better. The other area of focus in Europe is the asset management products including GP Stakes and Digital Lending. The former is relatively new in Europe and attracting widespread attention while the latter is more established, breaking out of the niche and into the mainstream.

Finally, EMSF will be a key sales target in all jurisdictions, building on the formidable track record and investors' growing confidence in Emerging Markets further into 2023. The approach will vary significantly by region in accordance with cultural norms and investor preferences as we look to establish the reputation of the product as a market leader.

Products

Record provides bespoke solutions and delivers best-in-class services in order to meet our clients' needs. Many of these solutions revolve around a number of core products and services, delivered both in-house and with select partners in order to deliver the best results for our clients.

Currency Management

With currency management experience going back four decades to the founding of the firm, currency management products and solutions still comprise the largest portion of Group AUME and a key part of our offering going forward.

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. The core Passive Hedging product delivers execution and operational expertise to a greater extent than investment judgement. Clients benefit from best execution, custom benchmarks, optimised exposure capture, management of cash flows and a complete reporting suite, including regulatory reporting.

Enhanced Passive Hedging

The Enhanced Passive Hedging product builds on the core product and 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.

Hedging for Asset Managers

A robust and growing area of business at Record, our Hedging for Asset Managers product is an extension of our core Passive Hedging with specific focus on programme design for liquidity management and performance reporting. The former delivers value to clients, typically investment funds, which have limited liquidity on account of the underlying private investments, enabling them to deliver risk management solutions to their end investors without compromising on returns.

Dynamic Hedging

Record's Dynamic Hedging product is an alternative to Passive Hedging and has cash flow minimisation as well as generating value as dual objectives in addition to volatility reduction. 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.

Currency for Return

The Currency for Return suite includes strategies such as Carry, Emerging Markets (both Long/Short and Long-only), Momentum, Value, Developed Market Classification, and Short Volatility, either on a standalone basis or in combination with one another as Currency Multi-Strategy to meet clients' objectives. Clients receive a diversified return stream which performs well under a variety of market conditions and reduces the correlation of their currency programme to other asset classes.

Record EM Sustainable Finance Fund ("EMSFS")

The EMSFS product can serve as an EM debt replacement or an enhanced fixed income product for investors looking for yield, reimagining the exposure to credit, duration and currency risk normally seen within the asset class. EMSFS invests in emerging and frontier market currencies, and multi-lateral development bank bonds, engaging with the intermediary counterparties on ESG.

The EMSFS product is categorised as Article 8 under the European Sustainable Financial Disclosure Regulation for its promotion of social characteristics. Developing economies often rely on loans denominated in foreign currencies to progress; however, currency volatility can act as a major barrier to the development of domestic capital markets and the creation of economic wealth. The costs of insuring the currency risk can be high and subject to large fluctuations, leaving local businesses and communities unprotected and vulnerable. The number of affected emerging market countries is vast, creating a large and diversified target universe for the fund.

Products

The Group's current suite of core products and services includes: Currency Management, Asset Management and Other related Products and Services.

Asset Management

Record's expansion into broader asset management space over the past couple of years represents the latest evolution in our client focus, offering solutions and products to help our clients address the investment challenges they face outside the pure FX arena. Here, Record's approach follows two pathways, one purely focused on distribution, the other incorporating investment management as well.

Asset management did not generate any material revenue reportable for FY-23. Material new revenue streams derived from Record's diversification into asset management products and services will be reported separately from the current financial year (FY-24) onwards. The products and services available going forward have been disclosed below.

Investment Management

General Partner ("GP") Stakes

The GP Stakes product invests in minority equity stakes in alternative asset managers, across private asset classes including private equity, private credit, infrastructure and real estate. By investing in the GPs directly as opposed to their funds, our clients participate in their management fee income, their carried interest, balance sheet investments in the form of yield, as well as any growth in the enterprise value of those managers. Due to the diversified nature of the product, investors benefit from the broader growth trend of private markets within the investment universe.

Protected Equities

The Protected Equity product uses a well-tested multi-factor approach to select a broadly diversified portfolio of international public equities, expected to deliver out performance in a variety of market conditions. Additionally, the strategy incorporates tail-risk hedging positions designed to deliver strong outperformance in extreme market drawdowns, contributing to enhanced long-term returns.

Distribution Digital Lending

The Digital Lending product exploits the disintermediation of the banking sector by technology to deliver stable yields from the real economy. The product invests in a diversified portfolio of short-dated loans to corporates and consumers originated through over 100 specialist fintech platforms. The portfolio is exceedingly granular with hundreds of thousands of line items. Credit due diligence is performed by AI technology overseen by an experienced investment team.

Trade/Receivables Finance

The Receivables Finance product funds the Asian supply chains of blue chip Western corporations, offering investors attractive yields for low credit risk. The invoices are purchased from the manufacturers once goods are delivered and payment comes directly from the investment grade obligor. The short duration of invoices allows investors liquidity on an up to weekly basis.

Products continued

Other Products and Services includes more bespoke mandates tailored to individual client requirements, plus specialist derivative overlays and other ancillary services.

Other Products and Services

Multi-product

Multi-product mandates are bespoke and combine two or more elements which cannot readily be separated for reporting purposes. Typically, these have been Currency Management mandates with both risk-reducing and return-seeking objectives.

Derivative overlays

Record's derivative overlays typically take one of two forms: return-seeking or risk management and replication. Both build on Record's long-standing expertise in the derivative space and well-established trading infrastructure. Return-seeking derivative overlays are truly discretionary and have focused on extracting value from alternative risk premia and mispricings in the interest rates and inflation markets in order to generate uncorrelated returns. Risk management and replication derivative overlays are typically tailored to each client, addressing a specific challenge that the client faces, and most typically use equity, credit and interest rates derivatives.

Cash and other

Record also provides services including cash and liquidity management, and collateral management either on a standalone basis or in support of other mandates.

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

The Group has set up Record Digital to identify future opportunities for growth and diversification in the digital asset sector.

Record Digital Asset Ventures (“Record Digital”)

Record is focused on growing a diversified and sustainable business for the long term. The world of digital assets and the new and enabling technologies will continue to have a major impact on all financial service sectors, potentially transforming existing sectors and creating new ones in the future. The sector is still young but continues to grow, and we believe that the speed of change and the rate of technological innovation cannot and should not be ignored by any business serious in its aim in future to provide modern and innovative products in the financial services sector.

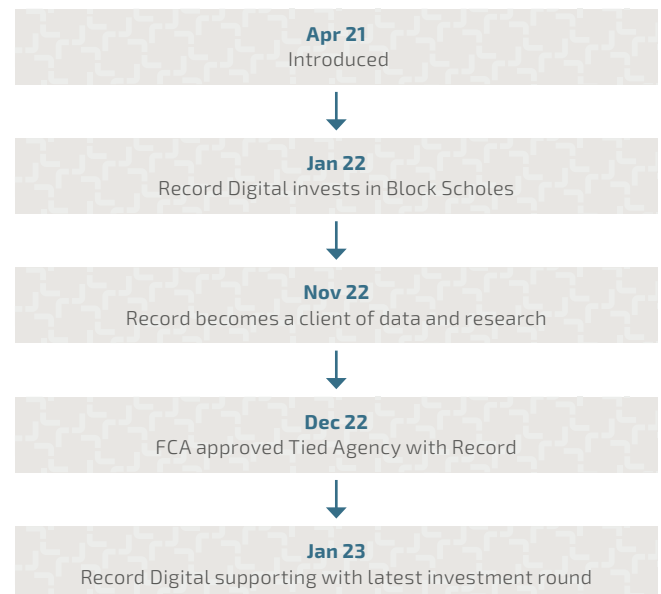
Record Digital was set up as a separate group entity within the Record Financial Group to track, learn and identify opportunities for future diversification and growth in this sector to help to ensure the sustainability of the business going forward. The strategy in this respect was to set aside capital to invest (initially £2 million), used to establish a network of talent, subject-matter-experts and partners to work with. In doing so, we are able to co-invest alongside our partners and to take advantage of their size, scale and due-diligence operations.

Whilst the project is still early-stage, at the end of FY-23 approximately 75% of the capital has been committed into a mix of small direct investments, and investment funds investing in start-up and early stage technology and digital asset companies. More importantly at this stage, the strategy has allowed us to build a growing network of expert partners with a deep understanding of the sector. This offers great potential for us to work in partnership and take advantage of existing synergies, leveraging their knowledge, expertise and connections alongside our own knowledge, regulatory and operational expertise in the development of future products and services.

Our focus continues on building our knowledge and understanding in this sector, and in developing our partnerships; one example of which is provided below:

BlockScholes

Block Scholes aims to be the ‘Bloomberg of Digital Assets’, delivering institutional-grade analytics, data and a research platform to clients including regulated digital asset banks.



Strategy

Our strategy is focused on accelerated growth achieved through our three strategic priorities: Modernisation, Diversification and Succession.

Modernisation

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

Diversification

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

Succession

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

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

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

Modernisation

We invest in technology to enhance client experience, support scalable, secure and efficient solutions, and to differentiate our business.



Client experience

Record platform ("R-platform")

R-platform is a client and business-facing portal, initially focused on the automation of FX trade order execution, and ultimately aimed at the provision of an automated passive hedging service and an enhanced client reporting experience.

Investment in technology and solutions to enhance scalability and security

Innovation and investment in technology is fundamental to the continued growth and success of the business. Technology is an enabler of new ideas, provides scalability of products and services, and security of data and systems. Record acknowledges the transformative power of technology as a driver of business growth, and embraces technological change. Recent examples of technology solutions used to enhance the business are given below.



Microsoft Azure

- Scalable & secure data storage
- Cloud computing platform, enabling scalable build, deployment and management of services and applications
- Access to latest services and technologies



Microsoft Power BI

- Connect and transform data sources with custom visualisations
- Enable self-service, and Client's access to own data, enhanced service offering
- Scalable, cost effective solutions



Xceptor

- Data transformation and automation platform
- Integration with application and services to create end-to-end automated workflows
- Enable scale and drive ROI

Diversification

Product diversification is one of the three strategic priorities for the Group.

Key to the Group's aim of growing its asset management products and services is the building of partnerships with product experts and other specialist providers in the financial services sector, to collaborate on new products and services to suit current and future clients' needs.

The development of the GP Stakes and Protected Equities products are two recent examples of where Record's collaboration with third-party specialist providers has resulted in new products, and the business is focused on growing these funds and building new products for launch in the current financial year (FY-24).

Our Partners



Siegfried Capital Partners

- **AUM:** USD 2.4 billion
- **Specialisation:** trade finance strategies



CAZ Investments

- **AUM:** USD 4 billion
- **Specialisation:** private equity and private credit



Fasanara Capital

- **AUM:** USD 3.7 billion
- **Specialisation:** multi-asset niche products including alternative credit digital lending and digital assets



Avantis Investors

- **AUM:** USD 13 billion
- **Specialisation:** systematic equity investing



AGL Credit Management L.P

- **AUM:** USD 12 billion
- **Specialisation:** bank loan-based investment offerings



Universa Investments L.P

- **AUM:** USD 18 billion
- **Specialisation:** options strategies and risk mitigation



Succession

Succession planning and continuity remain a key focus for the Group.

Succession planning a key strategic priority for the business. Record has built strong, long-term and trusted relationships with clients over its forty-year history, with a reputation for professionalism, innovation and for caring about its clients and employees. This culture has been at the core of our success and longevity, which is why the correct succession plan is fundamental to the future and to our next forty years in business.

David Morrison

Chair-elect – Record plc

Forty years after founding the business in 1983, current Chair, Neil Record, announced his retirement in March 2023, and will step down from the Board at the AGM in July. Neil's successor, and current Chair-elect and Non-executive Director, is David Morrison. David has previously served on the Record Board, including as Senior Independent Director, and therefore brings extensive knowledge of the business alongside his expertise in leadership and in delivering strategic growth throughout his career both in venture capital and at Board level in several private and public companies.

Jan Witte

Group Global Head of Sales and subsidiary CEO of Record Currency Management Limited

Jan joined Record in 2012, and quickly moved through the ranks to become Head of Quantitative Research and Head of Sales for Europe, followed by promotion in 2021 to become Group Global Head of Sales. With his extensive knowledge and expertise built over 11 years at Record, Jan was promoted to the role of CEO of Record Currency Management Limited, with effect from 1 May 2023. Jan takes this responsibility from Leslie Hill, allowing Leslie's full focus to be concentrated on delivering the Group strategy at Record plc Board level.

Rebecca Venis

Group CTO and subsidiary CEO of Record Digital

Becky joined Record in 2016, and as CTO is responsible for the running and modernisation of Record's technology systems and controls. Becky has a natural curiosity and enthusiasm with respect to the opportunities offered through growth in the digital assets sector and the associated technological innovation. Consequently, Becky was the perfect choice to take responsibility for running Record Digital as appointed CEO.

Key performance indicators

Measuring our performance against our strategy.

Financial KPIs

Revenue (£m)

For the financial years up to and including FY-23, revenue has been earned predominantly from the provision of currency management services in the form of management fees and performance fees. From FY-24 onwards, revenue will include the new revenue streams arising as part of the diversification into asset management products and services.

2023	44.7
2022	35.1
2021	25.4
2020	25.6
2019	25.0

Why this is important

Revenue is a key indicator of client experience, growth and a key driver of profitability. Growth in AUME, especially into Record's higher revenue-margin products, resulted in a 12% increase in management fees. Revenue also includes performance fees, which increased by £5.3 million to £5.8 million (2022: £0.5 million).

Link to strategy



Operating profit margin (%)

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

2023	32
2022	31
2021	24
2020	30
2019	32

Why this is important

Operating profit margin is an indicator of the efficiency of the business in turning revenue into profit. Inflows into higher revenue-margin products in addition to efficiencies seen from the adoption of technology in operational areas both contributed to the increase in operating margin to 32% for the year.

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

Link to strategy



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

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

2023	5.95
2022	4.52
2021	2.75
2020	3.26
2019	3.27

Why this is important

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

Link to strategy



Key performance indicators

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

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

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

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

Ordinary		Special	
2023	4.50	2023	0.68
2022	3.60	2022	0.92
2021	2.30	2021	0.45
2020	2.30	2020	0.41
2019	2.30	2019	0.69

Why this is important

Progressive and sustainable dividends illustrate the cash-generative nature of Record's business, and its strength in converting profits into cash and providing a suitable return to shareholders. The ordinary dividend per share has increased by 25%, reflecting the Board's confidence in the ability of the business to deliver its strategy and to achieve sustainable growth. The special dividend per share of 0.68 pence, results in a 15% increase in total dividends to 5.18 pence per share (2022: 4.52 pence per share).

Link to strategy

-  Diversification
-  Modernisation
-  Succession

Key performance indicators continued

Measuring our performance against our strategy.

Non-financial KPIs

AUME (\$ billion)

As a currency and derivatives manager, Record manages only the impact of foreign exchange and not the underlying assets, 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.

2023	87.7
2022	83.1
2021	80.1
2020	58.6
2019	57.3

Why this is important

AUME is an alternative performance measure and further detail on how it is defined is provided on page 42.

AUME is a key driver of future revenue and an indicator of business growth. AUME increased by 5.5% for the year, including net inflows of \$9.1 billion diversified across product lines.

Client longevity (%)

Client longevity measures how long Record has been providing either currency and derivative, or asset management, services to each client with a mandate active as at 31 March 2023.

>10 years:	20%
6-10 years:	11%
3-6 years:	22%
1-3 years:	23%
0-1 year:	24%

Why this is important

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

Average number of employees

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

2023	88
2022	82
2021	83
2020	82
2019	85

Why this is important

Average employee numbers is an indicator of business growth and also of how effectively the Group is using technology to make processes more efficient. Implementing the new strategy has necessitated new skill sets in the business, which has brought additional knowledge and experience into the Group required to drive innovation and the diversification into new products and technology.

Link to strategy

Diversification

Modernisation

Succession

Link to strategy

Diversification

Link to strategy

Diversification

Modernisation

Succession

Key performance indicators continued

Staff retention (%)

Staff retention is calculated as 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.

2023	90
2022	74
2021	90
2020	81
2019	84

Why this is important

Planning for generational change is key to the Group's strategy. A decrease in staff retention in the prior year reflects the focus on rebalancing the skill sets required by the business to drive the innovation and growth required to deliver the strategy. FY-23 has seen a return to retention more aligned with historical trends, reflecting the successful restructure as part of the Group's succession plans. The Group remains cognisant of ensuring the retention and development of key talent as well as the factors affecting all of our employees' wellbeing.

Link to strategy

 Diversification

 Modernisation

 Succession

Employees with equity interest (%)

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

2023	63
2022	61
2021	68
2020	69
2019	70

Why this is important

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

Link to strategy

 Succession

Sustainability

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

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

Sustainability pillars:

Responsible investment

See more
on pages 28 to 29

Our people

See more
on pages 30 to 32

Climate action

See more
on pages 33 to 36



Sustainability

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

Governance

Responsibility for sustained and meaningful progress within the area of sustainability lies with our Sustainability Office. The Office is constructed of the Record plc Board, the Senior Sustainability Office ("SSO") and the Sustainability Committee.

The Record plc Board delegates accountability for the Group sustainability strategy to the SSO, which is comprised of key senior leaders who take responsibility for setting the sustainability strategy and proactively integrating sustainable practice across the business. The SSO meets every two months to review and make decisions on key ESG issues and receives regular updates and points for discussion from the Sustainability Manager and the Sustainability Committee. The SSO is in direct communication with the Record plc Board, ensuring it has complete oversight into key decisions and is aware of progress towards sustainability goals and targets. This year we provided a two-part training programme for our Board members to better equip them to oversee the adoption of our sustainability strategy.

The Sustainability Committee is a broader committee that seeks to gather ideas and recommendations from across seniority and teams within the business, as well as taking responsibility for implementing sustainability initiatives. The committee is comprised of officer roles which represent key areas of sustainability. The officers work closely with the Sustainability Manager to make progress on defined ESG objectives and to provide updates on progress in committee meetings.

The Sustainability Manager is responsible for driving progress against the sustainability strategy, taking recommendations and proposals to the SSO and implementing actions as approved. The Sustainability Manager acts as conduit between the Sustainability Committee and the SSO, co-ordinating sustainability efforts and aligning goals across the Group.

Sustainability organisational chart



Responsible investment

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

Philosophy

Record has identified responsible investment as an essential prerequisite to successful, resilient and prudent investment management. Our Responsible Investment policy communicates our approach and is embedded into our portfolio management and monitoring processes (see our Responsible Investment policy for more detail). As part of our drive to incorporate ESG factors into active currency products, Record has worked in collaboration with Oxford-based researchers to extend the boundaries of ESG beyond its existing base in equities and bonds, to encompass the currency markets. This manifested in the creation of one of the first ESG Emerging Market Currency for Return strategies in 2018, and has continued to evolve since into a focus on sustainable investment with impact.

Record is proud to have been a signatory since 2018 to the United Nations Principles for Responsible Investment ("UN PRI"), the world's leading proponent of responsible investment, having been one of the first specialist currency asset managers to sign up. We have committed to their six principles for responsible investment, aimed at integrating ESG into investment decisions and reporting on progress.



Collaboration

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

Record Emerging Market Sustainable Finance Fund ("EMSF")

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

Currency

The EMSF strategy aims to stabilise currencies, which in turn can facilitate development and harness the growth potential in developing countries, in accordance with the academically supported theory that EM currency stability is a key prerequisite for equitable and sustainable economic and social development. More directly, it seeks out bespoke peer-to-peer ("P2P") trade opportunities to absorb FX risk from development institutions or other like-minded impact market participants.

Sustainability continued



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

Fixed income

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

The fixed income strategy is a long-term buy-and-hold investment that targets a universe of multilateral development banks and other development finance institutions, through themed and sustainable development bond instruments, where the profile of underlying projects aligns with the strategy’s sustainable development mandate. These entities play a leadership role in supporting long-term inclusive and sustainable development in low and middle-income economies by working alongside the public and the private sectors of their borrowing member countries to support investments in key development sectors such as health, agriculture, energy, finance, water, and other urban infrastructure and services.

ESG Counterparty Engagement Strategy (“ESG-CES”)

The investment approach is complemented by a holistic ESG Counterparty Engagement Strategy which overlays our investments and seeks to encourage counterparties to engage in better ESG practices through direct economic incentives. The strategy standardises and combines ESG data from leading rating agencies and from each counterparty’s direct public reporting to create a proprietary ESG score which is used to pre-screen transactions and constrain business exposure to counterparties where necessary.

Engagement is central to this strategy; the team is able to form a constructive feedback loop, highlighting areas across the ESG verticals where either individual counterparties, the industry as a whole, or both, ought to improve practices. Record works collaboratively with counterparties on behalf of our clients and as signatories of global sustainability trade codes and standards, helping to steer best practices and make tangible changes. Engagement with our counterparties covers a plethora of ESG topics, including climate change, socio-economic development, controversies and breaches of international norms to name a few. This year we had engagement meetings with 83% of counterparty banks that we traded with.

Sustainability continued

Our people

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

Workplace

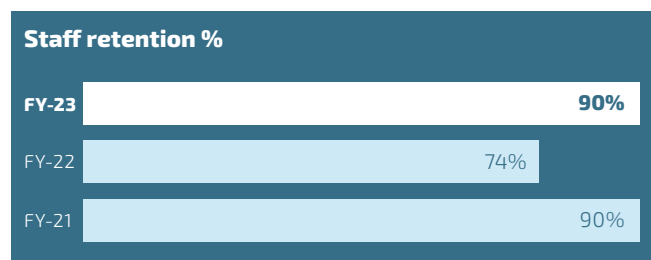
Record's working environment is designed to encourage bright, dynamic and committed individuals to thrive. We believe that investing in our staff and developing their potential is key to the success of the business and our policies and practices reflect this. We actively listen to our employees to help us understand their opinions, ideas and suggestions through ongoing employee engagement surveys.

The Group's offices both in London and Windsor have been designed to allow all departments to work together in an open plan environment. The open plan office allows ease of communication between departments, as well as enabling staff to work closely with senior management. We have continued to support a hybrid working pattern, giving a balance between flexibility and providing an environment which fosters teamwork and innovation.

The office environment and culture promote staff development and training and the Group offers both external and internal training opportunities. In October 2021 we partnered with Advancing Women Executives ("AWE") to offer an accelerator programme for mid-level women to provide the relevant training and networking opportunities which are critical for career advancement. We have continued to offer this training for all newly promoted women Associate Directors this year. We partnered with Alpha Development, a talent development company we have worked with previously, to run a sales training programme for our junior sales team to support their progression. An internal management training programme was also implemented and included six important modules: Profiles and Personalities, Personal Development Plans, Team Building, Remuneration and Recognition, Inclusion and Diversity, and Team Wellbeing. All employees are encouraged to have a Personal Development Plan ("PDP") in place, and all new joiners receive inductions on the benefits of PDPs for both personal and career development. The Group provides financial and study support to employees who wish to pursue relevant professional qualifications, which many of our employees include in their PDPs.

In addition, the Group continues to provide a number of other benefits to employees, including pension, private medical cover, life insurance, permanent health insurance, maternity and shared parental benefits, and subsidised gym membership. Our ultra-low emission vehicle ("ULEV") car benefit scheme has allowed us to continue our commitment to sustainability through employee benefits. All employees participate in the Group Bonus 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 with mental health issues. This year the Group hired an events manager to organise team-building and other social events, enhancing interaction between different departments within the business and contributing to social inclusion.

The Group has an established internship programme for students and during the year welcomed interns from the London School of Economics and Political Science, University College of London, Balliol College – University of Oxford, University of Warwick, Exeter University, University of Cambridge, and the University of Bath.



Last year's reduction in staff retention reflects the change in our business strategy, in particular our succession planning, which saw higher levels of recruitment adding additional skill sets and some changes at senior levels within the business filled through internal promotions wherever possible. As expected, our staff retention has now normalised back to prior levels.

Sustainability continued



Human rights

The Group's policies and procedures are in line with internationally recognised human rights standards, such as the guidelines issued by the UN Global Compact, to which we are a signatory, as well as the International Labour Organisation's standards and the Universal Declaration of Human Rights. The Group therefore complies with human rights standards across each of the countries we operate in and works to ensure that there are no instances of modern slavery, human trafficking, child labour or any other form of human rights abuse within our organisation. The Group also supports the right to a minimum living wage and commits to exceed the government minimum/living wage and has had no instances of non-compliance to labour standards.

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

Inclusion and diversity

The Group's aims include ensuring that all staff are provided with equal opportunities and that the workplace is free of discrimination. It also aims to ensure that all recruitment processes are fair and are carried out objectively, systematically and in line with the requirements of employment law. The Group ensures that all staff are aware that it is not acceptable to discriminate, harass or victimise anyone, and also that any such unlawful behaviour is not tolerated under any circumstance.

The Group believes that valuing what is unique about individuals and drawing on their different perspectives and experience will add value to the way the Group does business. By accessing, recruiting and developing talent from a diverse pool of candidates, the Group can gain an insight into different markets and better support client needs through producing innovative and sustainable investment products. The Group aims to create a productive environment, representative of different cultures and groups, where everyone has an equal chance to succeed.

The Group has made significant progress towards its Inclusion and Diversity Action Plan, a summary of which can be viewed in this year's Sustainability report on pages 32 to 34. Our employee-led Inclusion and Diversity Network continues to lead initiatives in line with our action plan and aims to raise awareness of the challenges faced by underrepresented groups and celebrate differences. This year the Network organised several inclusive events, celebrating Pride Month, Black History Month, International Women's Day, Ramadan and more. The Group also became a member of the Diversity Project, a cross-company organisation aiming to support inclusion and diversity in the UK investment and savings industry.

Read more in our Sustainability report at [recordfg.com](https://www.recordfg.com)

Sustainability continued

Our people continued

Inclusion and diversity continued

The gender diversity within the Group is shown below:

Gender balance	Female		Male	
	number	%	number	%
As at 31 March 2023				
Board Directors	2	29%	5	71%
Senior management	7	26%	20	74%
Other staff	26	41%	37	59%
All employees	35	36%	62	64%

See our separate Sustainability report, on page 36, for our Gender Pay Gap and further diversity data and more information on our diversity initiatives.

Community

Record recognises its obligations and responsibility to contribute to the wider community outside of the firm. Over the course of the year, the Group made charitable donations totalling £18.4k. Our charitable giving is focused on employee choice, with the Group matching employee donations and sponsorship. The Group continues to encourage employees to participate in fundraising activities for charitable causes and this year employees participated in a variety of events, including charity lunches and fundraising competitions. Examples of supported charities and causes included World Wide Fund for Nature, Islamic Relief, UA Victory, and the Disaster Emergency Committee. A scheme allowing UK employees to give to charity through the payroll is also offered.

Charitable donations (£'000)

FY-23	18.4
FY-22	18.2
FY-21	19.2

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



Climate action

We have been certified as CarbonNeutral® in accordance with the CarbonNeutral® Protocol, the leading framework for carbon neutrality, since 2007.

Net zero

The Group has always considered the impacts our operations have on our community and the environment. Each year, we collect the relevant data and work with a carbon accounting company to measure, verify and assess our carbon footprint. We have been certified as CarbonNeutral® in accordance with the CarbonNeutral® Protocol, the leading framework for carbon neutrality, since 2007. This means that we have been purchasing carbon offsets for over 15 years which deliver immediate emissions reductions through sustainable development and renewable energy projects around the world. The projects are independently verified by standards such as the Gold Standard to ensure environmental integrity in our work to take climate action.

However, we know that there is a need for further climate action. Whilst our offsetting practices have had a positive impact in neutralising the carbon we have emitted over the years, we recognise that being carbon neutral is not enough.

It is now vital that we take additional steps to become net zero, reducing the greenhouse gas emissions we produce throughout our operations and value chain. The Group is therefore committed to the following targets:

- reach net zero greenhouse gas emissions in our operations and value chain by 2050; and
- reduce Scope 3 emissions intensity by 55% by 2030 against a 2019 baseline.

TCFD

The Group publicly supports the Task Force on Climate-related Financial Disclosures ("TCFD"). The following table provides a summary of our response to the TCFD recommendations.

We provide supplemental detail in our Climate report in order to provide a more comprehensive assessment of how the Group incorporates climate-related risks and opportunities into our governance, strategy, risk management, and metrics and targets.

Governance

Recommendations	Current status	Key areas of progress	Page
Describe Board-level oversight of climate-related risks and opportunities.	Compliant	<ul style="list-style-type: none"> • Enhanced the Group's governance framework to embed oversight of climate risk at Record plc Board and accountability at Senior Sustainability Office 	See more on pages 6 to 8
Describe management's role in assessing and managing climate-related risks and opportunities.	Compliant	<ul style="list-style-type: none"> • Upskilling Record plc Board through sustainability and ESG training which included a focus on climate risk • Senior Sustainability Office changed to a Group level committee 	



Read more in our Climate report
recordfg.com

Sustainability continued

Climate action continued

TCFD continued

Strategy

Recommendations	Current status	Key areas of progress	Page
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Compliant	<ul style="list-style-type: none"> Completed the annual strategic assessment of climate-related risks and opportunities to help inform strategy Completed a sustainability materiality assessment which included a section on environmental issues to help inform strategy Completed a qualitative climate-scenario analysis for the first time 	See more on pages 10 to 21
Describe the impact of these climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Compliant		
Describe the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario.	Compliant		
Additional recommendations included in the supplemental guidance for asset managers.	Partially compliant		

Risk management

Recommendations	Current status	Key areas of progress	Page
Describe the organisation's processes for identifying and assessing climate-related risks.	Compliant	<ul style="list-style-type: none"> Approved climate-related risk appetite within our Group-wide risk management framework Improved climate-related risk disclosures and better defined our risk management process 	See more on pages 25 to 26
Describe the organisation's processes for managing climate-related risks strategy and financial planning.	Compliant		
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Compliant		
Additional recommendations included in the supplemental guidance for asset managers.	Partially compliant		



Metrics and targets

Recommendations	Current status	Key areas of progress	Page
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Partially compliant	<ul style="list-style-type: none"> Measured carbon footprint of the EMSF strategy Improved disclosure on climate metrics Achieved all but one of our climate-related targets set out in last year's report 	See more on pages 28 to 31
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.	Compliant		
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Compliant		
Additional recommendations included in the supplemental guidance for asset managers.	Partially compliant		

Sustainability continued

Climate action continued

Streamlined Energy and Carbon Reporting

Methodology

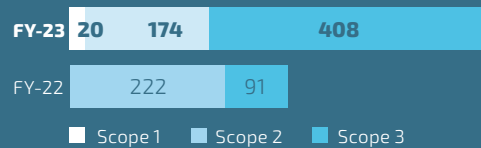
The method used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with the latest emission factors from recognised public sources including, but not limited to, BEIS, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change. The reported GHG emissions are for our UK operations only. Please refer to page 28 in our climate report for Group level emissions..

Energy efficiency actions taken

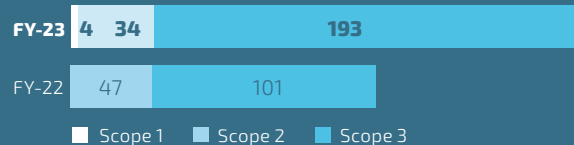
This year saw an increase in our total UK GHG emissions compared to the previous reporting year. This was foreseen, as the Company continues to move back to 'normal' working practices post-pandemic. The increase in Scope 3 emissions was predominantly driven by two factors. Firstly, we increased core working days in the office from two to three days to encourage collaboration and face-time between teams, which significantly impacted our commuting emissions. Secondly, we have been growing our teams and partnerships outside of the UK, which has seen the need for increased business travel abroad as we build these relationships. Despite this, we have managed to keep our Scope 3 emissions below what they were pre-pandemic. We have maintained 100% renewable energy consumption across our UK offices which has kept our market-based Scope 2 emissions at 0 tCO₂e. Further, our decision to down-size the office space we rent in Windsor has led to reduced location-based Scope 2 emissions compared to last year. This reduction was maintained despite the fact we increased the office space we rent in London.

Whilst we expected our GHG emissions to increase this year, we are aiming for significant emissions reductions by 2030 and net-zero 2050. In achieving this, we will be aided by both our emissions reduction principles (outlined on page 12 of our climate report) as well as government intervention and technology innovation.

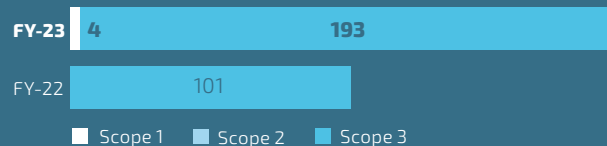
Energy consumption (kWh 000)^{1,3,4}



Location-based methodology (tonnes of CO₂e)^{1,3,4}



Market-based methodology (tonnes of CO₂e)^{1,3,4}



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

Reporting category	Energy consumption UK & offshore	Location-based methodology UK & offshore	Market-based methodology UK & offshore
Scope 1	—	—	—
Scope 2	-22	-28	0
Scope 3	347%	91%	91%
Total	92%	55%	94%
Scope 1, 2 & 3 CO ₂ e intensity ratio: tonnes CO ₂ e/FTE		41%	76%

1. Scope 1 covers combustion of gas and combustion of fuel for transport purposes. Scope 2 covers purchased electricity, Scope 3 covers premises waste, transmission and distribution losses; business travel; outbound deliveries; commuting; other upstream emissions; and homeworking. The total CO₂e intensity ratio is calculated as the total CO₂e tonnes divided by total firm FTE.

2. Please note annual % change was calculated using only comparable activities from the previous reporting year. There were no Scope 1 energy and GHG emissions in the previous reporting year, so annual % change has not been included this year.

3. Please note that rounding differences may exist.

4. Scope 2 and scope 3 energy and GHG emissions for FY-22 were incorrect in last year's Annual Report and have been updated to reflect the correct data and percentage changes in this report.

UK emissions data relates to the year ended 31 March 2023.

Section 172 Companies Act 2006 – Our stakeholders

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

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

Section 172 Companies Act 2006

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

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

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

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

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

Interests of clients – decisions

- Closure of the Muni Fund for the reallocation of resources
- Development and ultimate launch of R-Platform for improved client user experience and efficiency

Interests of employees – decisions

- Cost of living payment provided to all employees to help with the consequences of high inflation
- Moving to a larger office space in London

Interests of shareholders – decisions

- Capital Markets event held to improve investor understanding of the Group's investment case and focus on growth
- The appointment of David Morrison as new independent Non-executive Director and Chair-elect
- Deployment of capital through establishment of the new Investment of Record plc Capital Committee

The duties of the Directors – section 172

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

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

Section 172 Companies Act 2006 – Our stakeholders continued

Clients

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

How we engage

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

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

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

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

During the year, we engaged with several clients to collect feedback for our Sustainability Materiality Assessment.

Shareholders

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

How we engage

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

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

People

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

How we engage

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

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

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

Their material issues

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

2023 highlights and future changes

In line with the evolving Sustainable Financial Disclosure Regulation under which our Emerging Market Sustainable Finance Fund is categorised as Article 8 for its promotion of social characteristics, we filed our Annex 2 disclosures committing to a minimum level of sustainable investments in the Fund and to the measures used to determine the sustainability of those investments.

The year also saw increased interest from our clients in our ESG Counterparty Engagement Strategy with some clients poised to adopt this over the coming year.

Their material issues

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

2023 highlights and future changes

The Company held a Capital Markets Teach-In as an opportunity for analysts and investors to gain greater insight into Record's evolving market positioning and growth drivers. The event introduced the investment case and prospects of Record Asset Management GmbH and Record Digital, Record's two newest subsidiaries.

Their material issues

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

2023 highlights and future changes

Employee engagement pulse survey questions have been sent out weekly since January, gathering employee feedback on various topics including wellbeing, workload, inclusion and diversity, technology and communication to name a few. Actions will be taken to address resulting themes from the survey.

Line manager support is key to helping individuals progress. The Company ran a manager training programme which included six important modules: Profiles and Personalities, Personal Development Plans, Team Building, Remuneration and Recognition, Inclusion and Diversity, and Team Wellbeing.

Record has continued to offer a hybrid working pattern in order to achieve an appropriate work-life balance for the longer-term benefit of both our employees and the business. This year we increased core working days in the office from 2 to 3 to promote collaboration and team building.

In order to provide a productive work environment for our growing London-based headcount we have moved to a larger office space in London, allowing employees to have more space, more meeting rooms and an efficient working environment.

Section 172 Companies Act 2006 – Our stakeholders continued

Environment and community

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

How we engage

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

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

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

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

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

Their material issues

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

2023 highlights and future changes

Employees helped to raise £18.4k for local and national charities during the year. Record also held a corporate volunteering day at a homeless shelter in London where employees cooked and served breakfast for those in need.

This year's Climate report includes improved disclosure against the TCFD's recommendations and outlines Record's commitment and action towards the Group's net zero and emissions reduction targets.

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

External suppliers

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

How we engage

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

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

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

Their material issues

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

2023 highlights and future changes

Introduced a Supplier Code of Conduct to align suppliers and service providers with Record's own standards on human rights, diversity and inclusion, environmental policy and ethical practice.

In line with the UK Modern Slavery Act 2015 which Record is now within scope of for the first time this year, we will be updating our current modern slavery policy to reflect policies and practices across the Group as opposed to entity level.

Regulators

Across the Group there are multiple regulators that dictate requirements on the relevant Group entity and, as a global business, we seek to have transparent and open relationships with our regulators around the world. Regulators provide oversight to ensure the subsidiary businesses are operated within regulatory parameters, thereby giving valuable assurance to clients and other stakeholders.

How we engage

The Group uses a combination of the following:

- an experienced Head of Compliance;
- local legal advisers to call upon for new activities;
- engages directly and through membership of various industry bodies with regulators and policymakers across the Group as appropriate to ensure that our regulated businesses understand and contribute to their respective evolving regulatory requirements; and
- the Record plc Board has set up reporting criteria from each subsidiary based on its requirements and this would include risk, compliance, operational and IT.

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

Their material issues

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

2023 highlights and future changes

The Group established a German subsidiary and this was approved by BaFin as a MiFID firm and is now trading for clients.

A Group subsidiary was appointed as a Tied Agent of AHP in Germany.

A Group subsidiary launched its first Luxembourg funds during the period.

A Group subsidiary appointed a Tied Agent (Block Scholes) during the period.

Operating review

AUME closed the year at its highest ever level of \$87.7 billion, including net inflows of \$9.1 billion for 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's enhanced Passive Hedging service aims to reduce the cost of hedging by introducing flexibility into the implementation of currency hedges without changing the hedge ratio. The episodic nature of many opportunities exploited by the strategy means it requires a higher level of discretionary oversight than has historically been associated with Passive Hedging. Global markets have seen steepening interest rate curves from the end of 2021, which stems from central banks being forced to engage in more hawkish monetary policy in an attempt to keep inflationary pressures under control. This has had the effect of introducing a high degree of volatility into short-term interest rate markets, from which FX forward pricing is determined. The heightened volatility has increased the opportunity set for our clients' portfolios, and as such, we had positioned client portfolios appropriately to add value from this volatility, achieving positive performance. Additionally, the team's management of the portfolio around key market events such as the collapse of Silicon Valley Bank, and the UK government's "mini-budget", have minimised downside risks versus the fixed-tenor benchmark.

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

	Return for year to 31 March 2023	Return since inception ¹
Value added by enhanced Passive Hedging programme relative to a fixed-tenor benchmark	0.18%	0.10% p.a.

Dynamic Hedging

The performance of our Dynamic Hedging product is a function of foreign currency fluctuations relative to the base currency of specific clients. For US-based investors, Dynamic Hedging produced gains in the first half of the period, as the dollar appreciated against all exposure currencies and hedge ratios rose, helping to protect against underlying currency losses. The second half of the period saw some retracement in the US dollar, which coupled with risk management interventions, resulted in a reduction in hedge ratios limiting the product's impact in clients' portfolios. Overall, Dynamic Hedging performance was positive for the year, partially offsetting currency losses on the underlying international exposures of our US clients.

For non-US accounts, i.e. those where US exposures were hedged to other base currencies, the performance of Dynamic Hedging was opposing over the period given broad US dollar strength and reflected the mandates' specific objectives and/or benchmarks.

	Return for year to 31 March 2023	Return since inception ²
Value added by Dynamic Hedging programme for a representative US-based account	3.46%	0.67% p.a.

1. Since inception in October 2014.

2. Since inception in April 2009.

Operating review

Currency for Return

Sustainable investing

Record EM Sustainable Finance ("EMSF") Fund

The Record EMSF Fund USD class A returned 4.65% from inception (28 June 2021) to 31 March 2023, outperforming the relevant emerging market local debt benchmark by 17.35% (see table below).

The currency portfolio delivered positive returns in the period following improved risk sentiment over the last two quarters as oversold and high-yielding currencies in emerging markets recovered from depreciated levels. Sentiment was supported by the reopening of the Chinese economy, milder weather conditions in Europe and elevated carry in developing economies as central banks continued to deliver rate hikes to curb domestic inflationary pressures. The positive performance of the currency overlay also benefited from gains in the diversified hard currency funding basket. The topping out of rates in developed markets provided further support to local assets in emerging markets and at the same time contributed to improving returns in bond markets. The performance of the US dollar bond underlay in the strategy benefited from its highly rated credit quality as well as duration exposure following lower long-dated yields in the US over Q1 2023 as the FED neared the end of the tightening cycle and recent turmoil in the banking sector sparked global recessionary fears.

The table below shows the performance of the EMSF Fund USD class A and the relevant benchmark, being the JP Morgan GBI-EM Global Diversified. The performance is since inception of the EMSF Fund on 28 June 2021 to 31 March 2023.

	Return for year to 31 March 2023	Return since inception
EMSF Fund USD Share Class A	5.64%	4.65%
JP Morgan GBI-EM Global Diversified	(0.72%)	(12.70%)

Currency Multi-Strategy

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

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

Record's Multi-Strategy mandates delivered positive overall performance over the year which was driven by the outperformance in Value, Momentum, Range Trading and EM strategies. Value benefited from a significant reduction in euro area risk premia. Momentum performed positively on the back of the US dollar cycle and desynchronised rate expectations. Range Trading accrued gains mostly in commodity currency pairs due to the absence of major trends in these pairs. Positive news surrounding China's reopening, a compression in Russia-Ukraine geopolitical risk premia, and topping out of US rate expectations, which enticed flows back into Emerging Market currencies, led to outperformance in the Emerging Markets strand. For Carry, underperformance was mainly driven by short positions in low-yielding Developed Market currencies, which appreciated due to the perceived narrowing of interest rate differentials. During the reporting period, DMC was introduced to some mandates, and underperformed during the period due to a long position in the US dollar.

	Return for 12 months to 31 March 2023 %	Return since inception % p.a.	Volatility since inception % p.a.
Record Multi-Strategy composite ¹	0.78%	0.82%	3.16%

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

Operating review continued

Product investment performance continued

Currency for Return continued

Scaling

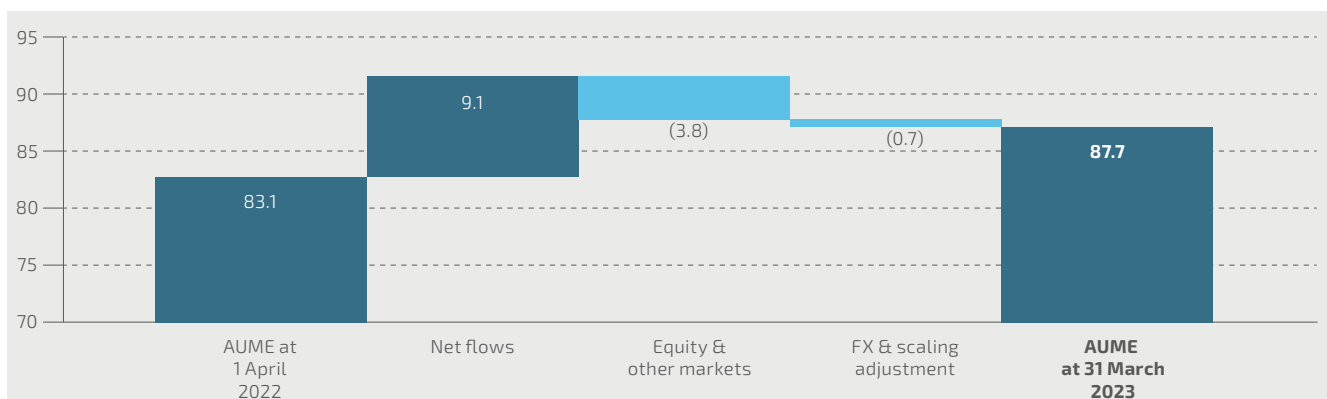
The Multi-Strategy product allows clients to select the level of exposure they desire in their currency programmes by selecting the required level of scaling and/or the volatility target.

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

AUME development

AUME expressed in US dollar terms finished the year at \$87.7 billion, an increase of 6% (2022: \$83.1 billion). When expressed in sterling, AUME increased by 13% to £71.0 billion (2022: £63.1 billion).

AUME development bridge – year to 31 March 2023 (\$bn)



AUME movements

Passive Hedging AUME increased by 2% to \$63.8 billion (2022: \$62.8 billion) driven by net inflows of \$4.9 billion for the year from new and existing clients. The impact from both market movements and exchange rates was negative, at \$3.3 billion and \$0.6 billion respectively.

Dynamic Hedging AUME increased by 39%, ending the year at \$14.7 billion (2022: \$10.6 billion). The majority of the \$4.1 billion increase is attributable to net inflows (\$4.2 billion), offset slightly by negative market movements of \$0.1 billion.

Currency for Return AUME decreased to \$3.9 billion (2022: \$5.0 billion) by the end of the year, represented by net outflows of \$0.6 billion and negative market movements and exchange rates of \$0.4 billion and \$0.1 billion respectively.

Multi-product AUME increased to \$5.2 billion (2022: \$4.5 billion). Net inflows of \$0.6 billion accounted for the majority of the movement in addition to positive market movements (\$0.1 billion).

Market performance

Record's AUME is affected by movements in market levels because substantially all the Passive and Dynamic Hedging, and some of the Multi-product mandates, are linked to equity, fixed income and other market levels. Market movements decreased AUME by \$3.8 billion in the year ended 31 March 2023 (2022: increase of \$0.3 billion).

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

Operating review continued

AUME composition by underlying asset class as at 31 March 2023

	Equity %	Fixed income %	Other %
Passive Hedging	23%	31%	46%
Dynamic Hedging	84%	0%	16%
Multi-product	0%	0%	100%

Forex

Approximately 76% 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 decreased AUME by \$0.7 billion over the year. This movement does not have an equivalent impact on the sterling value of fee income.

At 31 March 2023, the split of AUME by base currency was 10% in sterling, 47% in Swiss francs, 24% in US dollars, 14% in euros and 5% in other currencies.

AUME composition by base currency

Base currency	31 March 2023	31 March 2022
Sterling	GBP 7.4bn	GBP 7.6bn
US dollar	USD 20.8bn	USD 17.6bn
Swiss franc	CHF 38.3bn	CHF 33.1bn
Euro	EUR 11.7bn	EUR 11.4bn
Australian dollar	AUD 3.0bn	AUD 2.9bn
Canadian dollar	CAD 3.3bn	CAD 6.1bn
Japanese yen	JPY 27.2bn	JPY 0.0bn

Product mix

AUME composition by product

	31 March 2023		31 March 2022	
	US \$bn	%	US \$bn	%
Passive Hedging	63.8	73%	62.8	76%
Dynamic Hedging	14.7	17%	10.6	13%
Currency for Return	3.9	4%	5.0	6%
Multi-product	5.2	6%	4.5	5%
Cash	0.1	—%	0.2	—%
Total	87.7	100%	83.1	100%

Notwithstanding hedging AUME continuing to represent approximately 90% of the total AUME, the product mix within this figure has shifted towards the higher revenue-margin Dynamic Hedging product due primarily to net inflows of \$4.2 billion during the year. This has diversified the Group's hedging revenue streams and further diluted the historical concentration on the lower revenue-margin Passive Hedging product.

Financial review



Our second successive year of material revenue growth since our change in strategy has been driven by increases in both management and performance fees, resulting in a 34% increase to operating profit.

Steve Cullen
Chief Financial Officer

Overview

The implementation of the Group's change in strategy continues, focused on the diversification of its products and services and the modernisation of its systems and processes. The pipeline of new product launches and new revenue streams in asset management remains strong, and we expect to see the culmination of our work over the last three years to start making a material difference to revenues in FY-24, the current financial year. Our existing strong core of hedging products remains fundamental to our growth plans, underscored by net inflows of \$9.1 billion for the year in addition to the \$2.4 billion in FY-22. As expected, and somewhat inevitably, our cost base has risen over the year, linked both to our continued investment in the modernisation of our business, and to the exceptional levels of inflationary pressure seen at both a personnel and non-personnel level.

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

Revenues grew 27% to £44.7 million (2022: £35.1 million) supported by a 12% increase in management fees and an increase in performance fees of £5.3 million (2022: £0.5 million). Operating profit for the year increased by 34% to £14.5 million (2022: £10.8 million) and the operating profit margin increased to 32% (2022: 31%) with a 34% increase in profit before tax to £14.6 million (2022: £10.9 million).

Revenue

£44.7m +27%

FY-22: £35.1m

Management fees

£38.3m +12%

FY-22: £34.1m

Financial review

Profit and loss (£m)

	2023	2022
Revenue	44.7	35.1
Cost of sales	—	(0.2)
Gross profit	44.7	34.9
Personnel (excluding bonus)	(12.8)	(10.8)
Non-personnel costs	(9.5)	(7.2)
Other income or expense	(0.3)	(0.4)
Total expenditure (excluding bonus)	(22.6)	(18.4)
Group Bonus Scheme	(7.6)	(5.7)
Operating profit	14.5	10.8
Operating profit margin	32%	31%
Net interest received	0.1	0.1
Profit before tax	14.6	10.9
Tax	(3.3)	(2.3)
Profit after tax	11.3	8.6

Revenue – Currency Management

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

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

Revenue – Asset Management

Asset management did not generate any material revenue reportable for FY-23. Material new revenue streams derived from Record's diversification into asset management products and services will be reported separately from the current financial year (FY-24) onwards.

Revenue – FY-23

Management fees earned during the year increased by 12% to £38.3 million (2022: £34.1 million) driven by net inflows of \$9.1 billion into Record's core currency hedging products, and the full-year revenue impact on Currency for Return from the Record EM Sustainable Finance Fund, launched in June 2021. Performance fees increased by £5.3 million to £5.8 million for the year (2022: £0.5 million), linked to positive performance from certain Enhanced Passive Hedging mandates.

Financial review continued

Revenue analysis (£m)

	Year ended 31 March 2023	Year ended 31 March 2022
Management fees		
Passive Hedging	12.9	11.8
Dynamic Hedging	12.0	10.0
Currency for Return	6.8	5.5
Multi-product	6.6	6.8
Total management fees	38.3	34.1
Performance fees	5.8	0.5
Other income	0.6	0.5
Total revenue	44.7	35.1

Management fees

Passive Hedging management fees increased by 9% to £12.9 million (2022: £11.8 million) predominantly driven by the net inflows of \$4.9 billion in the year. Whilst Passive Hedging commands a significantly lower average fee rate than Record's other products, it continues to provide a robust and valuable revenue stream from a long-standing, institutional client base, which itself provides potential synergies to the Group in the form of future partnerships and product innovation. More recently, the extension of our core Passive Hedging product for Asset Managers, which provides programmes designed to fit specific liquidity and reporting requirements, has seen growth which we expect to continue in the current financial year (FY-24).

Dynamic Hedging management fees increased by 20% to £12.0 million (2022: £10.0 million) as a result of the full-year impact of the \$0.8 billion of net inflows seen in the second half of FY-22, combined with the total net inflows of \$4.2 billion in FY-23 from new and existing clients.

Management fees from Currency for Return mandates increased 24% to £6.8 million (2022: £5.5 million). The increase has been driven predominantly by the full-year impact of revenue from the Record EM Sustainable Finance Fund, launched in June 2021. The net outflow of \$0.6 billion announced in the final quarter of the financial year will partially offset this increase in the current financial year (FY-24).

Multi-product management fees decreased marginally by 3% to £6.6 million (2022: £6.8 million). However, net inflows of \$0.6 billion in the second half of FY-23 are expected to increase revenues in the current financial year (FY-24).

Performance fees

Performance fees can be derived from a combination of hedging and return-seeking products. Our enhanced Passive Hedging products continued the rebound seen towards the end of FY-22 in making up lost ground versus previous high water marks. This was accelerated during the year by the opportunities arising to add value linked to increases in interest rate differentials, which helped to deliver an exceptional level of performance fees of £5.8 million (2022: £0.5 million). Such opportunities for added value on this product are, to a certain extent, market dependent and can therefore be episodic in nature. Consequently, the occurrence and scale of future performance fees is dependent on market developments through the current financial year (FY-24).

Other income

Other income totalled £0.6 million (2022: £0.5million) and consists predominantly 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.

Financial review continued

Expenditure

Cost of sales

Cost of sales previously comprised of referral fees and costs in relation to the Record Umbrella Fund, which was closed during the previous financial year (2022: £0.2 million).

Operating expenditure

The Group operating expenditure (excluding variable remuneration and other expenses) increased by 24% to £22.3 million for the year (2022: £18.0 million).

As expected, the Group has seen increases in personnel costs (excluding bonuses) for the year of approximately 19%. Average headcount increased by 7%, and the exceptional inflationary environment over the year continued to erode the purchasing power of our employees' pay, adding pressure for the business to provide support against the resultant increase to the general cost of living. Consequently, in order to avoid adding to recurring fixed costs in future, it was decided to award one-off cost-of-living allowances of £3,000 per employee (excluding Executive Directors and Board members), amounting to a total cost of approximately £0.3 million. The Group continues to monitor the situation closely and to provide support to ensure the continued wellbeing of employees, and in April 2023 it was decided to make a further cost-of-living payment to employees of £2,000 per employee during FY-24.

Against this backdrop, salaries and related on-costs (including pensions) increased by 14%, whilst other employment-related costs associated with the Group's share schemes, including the new LTIP scheme launched in the year, increased by just over 60%. Commission paid under the scheme aimed at generating new business rose by approximately 35%, linked to the increase in revenue.

Similarly, and also as expected, non-personnel costs include rises linked to inflation as well as those associated with continued investment by the Group into IT resources in the key strategic area of modernisation, and those costs linked with increases in both growth, and ultimately complexity, of the Group structure and of its products and services.

Consequently, non-personnel costs increased by 32% during the year to £9.5 million (2022: £7.2 million). Increases in professional fees of one third, including both legal and audit fees, reflect the set-up costs and growing footprint of the Group abroad, including expansion and regulatory approval in Germany. As the Group's growth plans and diversification progress, so does the requirement for additional market data consumed via platforms and other data sources, plus additional software and IT-consultant resource, leading to an increase in related costs of approximately 40% for the year.

The new office location in London was expanded halfway through the year to accommodate growth in employee numbers and to enable the Group to maintain its strong culture and focus on collaborative working, regarded as key for future growth and employee retention and wellbeing. Whilst the increase in cost was slightly offset by downsizing of the Windsor-based office, occupancy costs increased by approximately 20% in the year. Alongside the increase in new business, costs associated with travel and accommodation doubled, linked to the resumption of more client meetings in person as opposed to virtually.

The Group remains conscious of the need for good cost control balanced with ensuring the business is appropriately resourced to achieve its strategic goals of diversification, modernisation and succession. However, it is anticipated that the continuation of inflationary pressures in the current environment, as well as the full-year impact of associated rises seen in the year, will inevitably lead to an increase in its cost base in the current year (FY-24), albeit at more muted levels versus FY-23.

Other expenses were £0.3 million for the year (2022: £0.4 million) and represent net losses/gains made on derivative financial instruments employed by the Group's hedging activities and other FX adjustments or revaluations.

Group Bonus Scheme

The bonus pool has increased by 33% to £7.6 million (2022: £5.7 million), broadly in line with, and reflecting, the 34% increase in operating profit for the year, and has been calculated at 34.8% of pre-bonus operating profit.

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

Operating profit and margin

Group operating profit increased by 34% to £14.5 million (2022: £10.8 million) with the Group operating margin increasing marginally to 32% (2022: 31%). The Group continues its programme of investment to modernise systems and processes and has seen increases in costs as described further above. Alongside minor delays in the launch of new, higher revenue-margin products this has impacted the Group's operating margin for the year. The Group remains confident that new product launches in the current financial year (FY-24), alongside careful cost control, albeit still challenging in a high inflationary environment, will deliver increases in the operating margin over the medium term.

Financial review continued

Cash flow

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

The Group's year-end cash and cash equivalents stood at £9.9 million (2022: £3.3 million) and the total assets managed as cash were £14.5 million (2022: £17.3 million). The cash generated from operating activities before tax increased by 16% to £14.7 million (2022: £12.7 million). During the year, taxation of £2.4 million was paid (2022: £1.4 million) and £9.1 million was paid in dividends (2022: £6.5 million). The Group spent £3.6 million (2022: £4.5 million) on the purchase of its own shares for the EBT to set against the future vesting of share options, and spent £3.6 million on investments (2022: £1.8 million).

At the year end, the Group held money market instruments with maturities between three and twelve months worth £4.5 million (2022: £13.9 million). These instruments are managed as cash by the Group but are not classified as cash under IFRS rules (see note 18 of the financial statements for more details).

Dividends

An interim ordinary dividend of 2.05 pence per share (2022: 1.80 pence) was paid to shareholders on 30 December 2022, equivalent to £3.9 million.

As disclosed in the Chairman's statement on page 7, the Board is recommending a final ordinary dividend of 2.45 pence per share, equivalent to approximately £4.7 million, taking the overall ordinary dividend for the financial year to 4.50 pence per share. Simultaneously, the Board is also paying a special dividend of 0.68 pence equivalent to approximately £1.3 million, making the total dividend in respect of the year ended 31 March 2023 of £9.9 million equivalent to 87% of total earnings.

The total ordinary and special dividends paid per share in respect of the prior year ended 31 March 2022 were 3.60 pence and 0.92 pence respectively, equivalent to total dividends of £8.6 million and representing 100% of total earnings per share of 4.52 pence.

Financial stability and capital management

The Group's balance sheet is strong and liquid with total net assets of £28.3 million (2022: £25.9 million) at the end of the financial year, including current assets managed as cash totalling £14.5 million (2022: £17.3 million). The cash generated by the business has increased in line with the rise in profitability, with net cash inflows from operating activities after tax of £12.3 million for the year (2022: £11.4 million). For further information on cash flows, see the consolidated statement of cash flows on page 109 of the financial statements.

Under the Board's capital and dividend policies, the Group can pay up to a maximum of 100% of earnings for each financial year, thereby ensuring distributions do not erode the continued strength of its balance sheet.

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

Record Currency Management Limited ("RCML") is a UK MiFID investment firm authorised and regulated by the Financial Conduct Authority ("FCA") registered as an Investment Adviser with the SEC and as a Commodity Trading Adviser with the CFTC. Record Asset Management GmbH ("RAM") is authorised and regulated in Germany by BaFin. RCML, RAM and the Group submit regular capital adequacy returns to the respective regulators, and held significant surplus capital resources relative to the regulatory financial resource requirements 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.



Steve Cullen
Chief Financial Officer

29 June 2023

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

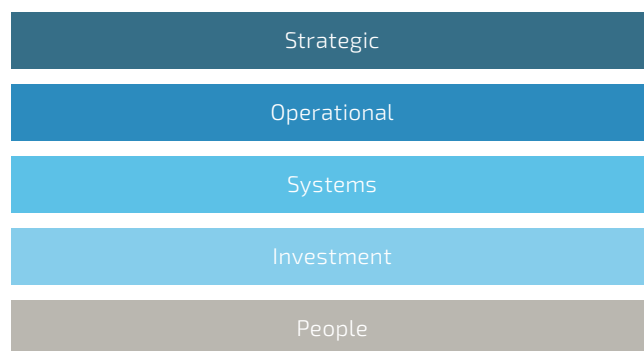
The Record plc Board ("the Board") has ultimate responsibility for risk and the oversight of the risk management process within the business. Recognising that risk is inherent in all of the Group's business dealings, and in the markets and instruments in which the Group operates, places a high priority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

Risk management framework

Risk appetite

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

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



Each of these are outlined on pages 51 to 53.

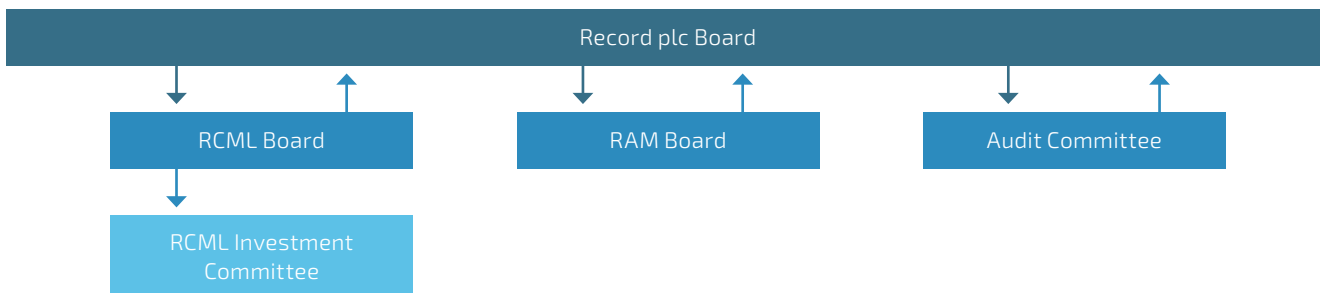
Oversight

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

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

The Boards of Record Currency Management Limited ("RCML") and Record Asset Management GmbH ("RAM"), being the regulated entities within the Group, are the delegated decision-making bodies for the day-to-day operations of the respective businesses and included the executive Board members of Record plc and other senior personnel within the business.

Risk management framework - overview



The RCML Board has delegated authority to the RCML Investment Committee to approve changes to any of the Group's investment processes and to establish and maintain policies for these processes. The RCML Investment Committee's members are listed on page 65 and the committee's formal approval is required prior to implementation of any new or amended investment process or product.

Risk management continued

Lines of defence

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

The overall risk management framework is underpinned by three lines of defence and is overseen by the Board.

Within this framework, the first line of defence provides management assurance and rests with line managers within their specific departments and with senior managers responsible for the implementation and maintenance of higher-level controls to aim to ensure adherence to quality standards and regulatory requirements.

Functions such as Front Office Risk Management, Compliance, Business Risk and Legal provide the second line of defence through the drafting, implementation and monitoring of policies and procedures to align with best practice, to ensure compliance and to provide assurance and oversight for the Board.

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

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

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



Ukraine

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

We have so far anticipated and successfully mitigated these risks, which can be summarised as follows:

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

Emerging risks

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

Top risks to the business




















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

Risk management continued

Strategic risks

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

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

Risk	Link to strategy	Trend	Description
Concentration	 Diversification		Our clearest concentration risk comes through our historical reliance on our core currency hedging product (both passive and dynamic). Despite its acceptance as part of risk appetite, this risk has reduced during the year and will continue to do so in FY-24 with the change in product mix through the successful development and marketing of new products and strategies.
Competitive threats	 Diversification  Modernisation		Asset management and currency are competitive industries, and our business is exposed to competitive threats arising from disruptive innovators and entrants, and consistent pressure on fees, especially Passive Hedging fees. Notwithstanding the high barriers to entry in our industry, our continued focus on the highest levels of client service alongside our ability to tailor our service offerings to fit specific client demands and our investment in technology and innovation have served us well over 40 years and will continue to do so.
Delivery of strategy	 Diversification  Modernisation  Succession		We continue to successfully execute the CEO's strategy – we are increasing revenue through both traditional and new products, and made strides in introducing technology to streamline a number of operational processes and have put into action a plan for generational change.
Regulatory trends	 Diversification		We are susceptible to adverse regulatory trends in our core markets. While we cannot control the likelihood, we have a strong track record of working closely with our clients and local advisers during periods of regulatory transition (e.g. EMIR, Brexit, IFPR, BaFin).
Product innovation	 Diversification  Modernisation		Separate to concentration and competitive threats, as with any business we are exposed to the risks that our products no longer fill a market need. We are client led, and our approach of "Listen, Understand, Deliver" and our strong client relationships and product diversification help to mitigate this risk.
Third-party products	 Diversification		We continue to develop relationships to combine our expertise with that of our preferred partners and third-party strategies. Along with the opportunity, we embrace some risk that such strategies could underperform and cause reputational damage. We mitigate this risk through a thorough and robust due diligence process and a strong onboarding process. Now that we are successfully distributing third-party strategies such as the Diversified GP Stakes strategy, we recognise this risk has increased, and as part of the due diligence process we have partnered with an external research agency to conduct exhaustive fraud and reputation checks on all managers we partner with in this way.
Exogenous	 Diversification  Modernisation		We are mindful of the risks to the business from an inflationary backdrop, for example through increased operating costs and interest rates, as well as the risk to asset prices that would directly impact revenues, although this has ultimately proved to be negligible through and following the impact of the pandemic.

Risk management continued

Operational risks

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

knowledge and familiarity required to run bespoke mandates remains in the business and these operational risks continue to run within an acceptable tolerance level aligned with the Board's risk appetite.



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

Risk	Link to strategy	Trend	Description
Trade configuration and execution	 Modernisation		Configuring a trade with the wrong currency or in the wrong direction would expose us to market risk, as we make good any trade errors that would result in a cost to the client. To mitigate this risk, trades are configured independently and then cross-checked while our Front Office Risk team conduct pre and post-trade checks. We continue to introduce technological solutions to increase efficiency and reduce risk as we continue to broaden our products and services.
RAM operational errors	 Modernisation	New risk	With the start of RAM operations, while operations are initially simple, we expect this risk to emerge as the business grows. Unlike with our currency business, where errors can be traded out of in the most liquid market, many RAM investments are in illiquid assets or funds, which could take an extended amount of time to trade out of.

System risks

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

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





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

Risk management continued

Investment risks

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

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

Risk	Link to strategy	Trend	Description
Product underperformance	 Diversification		We are increasingly exposed to emerging markets and their inherent risks, given the geopolitical environment as well as our activity in this space. We expect this risk to increase as we grow this part of the business.
Market liquidity	 Modernisation		Market liquidity is another risk of doing business and one that asset managers must embrace. That said, we mitigate this risk through extensive access to, and long-standing relationships with, liquidity sources, and have successfully navigated historic liquidity events such as covid-19, Brexit and the SNB decision to stop supporting the Euro-Swiss franc floor, which we see as a core competitive advantage. More recently, through adherence to our approved counterparty list, we maintained minimal exposure to Credit Suisse, while our Credit Committee continuously monitored developments as the situation unfolded.

People risks

People are our biggest asset and, as such, present various risks. We have worked hard to mitigate both key person and

succession risks over the previous twelve months; indeed, succession planning is a key focus of the Board.

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

We also monitor risks such as conduct and conflicts of interest, as well as staff engagement and wellbeing.

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 for the next three years to 31 March 2026.

The Directors review the financial forecasts and position of the Group on an ongoing basis. The capital and dividend policies reflect the stated objectives of maintaining a strong balance sheet whilst allowing the Group flexibility to adapt its products and services to market conditions, to take advantage of emerging business opportunities, and to make progressive and sustainable returns to shareholders. The Group's strategy and principal risks are assessed and reviewed regularly at Board and Executive level, and by operational subsidiaries within the Group. Further detail on the Group's strategy and principal risks is given in the Strategic report on pages 18 to 21 and 51 to 53 respectively.

In assessing the viability of the Group, the Directors have considered the principal risks affecting the Group, which underpin the basis for the stress testing of the business plan conducted under the Investment Firm Prudential Regime ("IFPR"). This uses severe but plausible stress scenarios assuming the crystallising of a number of these principal risks to assess the options for mitigating the impact on the Group, and for ensuring that the ongoing viability of the Group is sustained.

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

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

The Strategic report is set out on pages 1 to 54 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 29 June 2023 and signed on its behalf by:

Leslie Hill
Chief executive Officer

Governance

Governance

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Meet the Chair-elect

Q&A

with David Morrison, Chair-elect



1. What made you want to join Record?

As Neil notes in his statement on page 7, I have some history with Record having initially been a client in the 1980s and subsequently sat on the Board, firstly, when the company was private and, secondly, subsequent to its listing. In that context, I have followed its fortunes for close to forty years. I was both delighted and surprised to be considered to succeed Neil as chairman of the company and my reasons for being enthusiastic to take the role stem in no small measure from the regard that I have for Neil personally, as well as for the business he, supported over the years by some outstanding colleagues, has created.

Some of the defining characteristics of the company since inception have been intellectual rigour, an overwhelming focus on the importance of client relationships, which is evident from the longevity of several of those clients, and a strong corporate culture and values which have been a guidewire since the early days and which remain as powerful now as they were in the past.

It is a testament to the strength of the business that many of the company's products, whilst evolving, have continued to generate revenues over a long period. However, one of the exciting aspects of re-engaging at this point are the new areas of business that have come to the fore since the appointment of Leslie Hill as CEO in 2020. Record continues to be one of the leading independent foreign exchange managers, but the potential of new products to broaden the business, to deliver growth and to add diverse and uncorrelated income streams gives me cause to be excited about the next few years. I believe that Record has both the benefit of forty years of experience on which to draw and the ambition and potential of an early-stage company.

2. Where do I see the Group in five years?

For the reasons outlined above, I see much about the group being similar in five years' time to what it is now. The quality of the people, the culture of the business, the attention to rigorous analysis and the respect for and desire to do the best possible for our clients must remain in place. I also believe that currency management will continue to be central. However, looking at the initiatives and ideas that are in train, ranging from infrastructure funds to cryptocurrencies, we have an opportunity to build a diversified, alternative asset manager with a range of income streams and able to offer clients investment products that are not-yet part of the mainstream.

As part of re-engaging with the business, I have spent time with several members of the team, some of whom I knew in the past, several of whom are recently arrived and their calibre, commitment and desire to see the company grow gives me great confidence, whilst recognising that not all of the "frontier" activities currently being explored will succeed. I believe strongly that the next few years will be a period of growth for the company, but, to achieve that growth, we must be prepared to risk failure at times.

3. What are your priorities for the Board?

To pick up on my comment above, to grow we must be willing to take risks. However, those risks must be taken in a well-controlled environment. It is the responsibility of the Board to ensure that the company maintains the highest governance and ethical standards, whilst also ensuring that there is no corporate straitjacket that crushes initiative and constrains development. In practice, that means that there must always be full transparency and clear accountability across all the company's activities and jurisdictions. Whilst I would not wish to put words into their mouths, I feel that my colleagues on the board and I are aligned with regard to our role and responsibilities and I much look forward to working with them in the next few years. Record has gained a reputation as a trusted, reliable and high-quality organisation; it is the responsibility of the Board to ensure that that mantle does not slip.

Chairman's introduction



As we celebrate Record's fortieth year I am proud of our history of strong corporate governance, which has always been at the centre of the business, underpinning its purpose, values and decision-making.

Neil Record
Chairman

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

I have been involved with Record since its inception in 1983, initially as the founder and CEO and later as the Non-executive Chairman. As I introduced in my statement, my plan is to retire following the 2023 AGM, and I am happy to announce that David Morrison will take over as the new Chair of the Board. David is highly qualified for the role, and shares my belief that Record will continue to succeed by having strong corporate governance arrangements. When I step down, I will leave behind a well-established and united Board that is successfully managing the implementation of our new strategy.

Our enhanced business strategy of diversification, modernisation and succession is rooted in our core strengths and values, and our corporate governance structure is very much part of this. The expansion of the Group into new products and regions has been successful, and we are committed to utilising our knowledge and expertise to create value for our shareholders.

I can confirm that the corporate governance arrangements formally established in all Group companies operate effectively and efficiently supported by the senior management and all Group employees. Although we believe that our governance approach is effective, the Board remains dedicated to enhancing governance structures that will enable the Group to flourish and navigate any future challenges.

Neil Record
Chairman

29 June 2023

Board of Directors



Neil Record
Chairman

Appointed:

Neil founded Record in 1983 and has been its principal shareholder and Chairman since then. Neil also served as Record's CEO until October 2010. He will retire at the 2023 AGM after a long and successful career.

Previous appointments:

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

Current external appointments:

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

Skills and experience:

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

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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 and a Trustee of FINHUMF Charity.

Skills and experience:

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

This extensive experience means that, as CEO, Leslie is ideally suited to leading Record and in driving the delivery of the Board's strategy.



Steve Cullen
Chief Financial Officer

Appointed:

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

Previous appointments:

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

Current external appointments:

Steve has no other appointments outside of the Record Group.

Skills and experience:

Steve joined Record in October 2003 and led Record's Finance team for over nine years, reporting directly to the Chief Financial Officer. He was part of the internal management team at Record involved in the preparation for admission to trading on the London Stock Exchange in December 2007.

With his ICAEW FCA qualification and over 30 years' experience, including almost 20 years within financial services, Steve brings considerable accounting, financial and risk management expertise to the Board.



David Morrison
Independent Non-executive Director and Chair-elect

Appointed:

David was appointed as Non-executive Director and Chair-elect of Record in March 2023.

Previous appointments:

Previously, David served on the boards of several private and public companies, including PayPoint plc and Venture Production plc. More recently, he was Chairman of Be Heard plc. He also served as a Non-executive Director of Record in the period from 2009 to 2018, including as Senior Independent Director from 2016 until 2018.

Current external appointments:

David is currently Chairman of CPP Group plc and eConsult Health Ltd and Trustee and Member of the Council of Management of the Ditchley Foundation.

Skills and experience:

Having spent his career in venture capital, David was founder (1998) and Chief Executive of Prospect Investment Management, providing venture capital investment services to various institutional and family office clients. With a deep understanding of the business from his previous non-executive experience and his extensive financial expertise, David is ideally positioned for the role.

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Board of Directors

**Tim Edwards**

Senior Independent Director

Appointed:

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

Previous appointments:

Previously, Tim was a member of the governing Board of Innovate UK, the UK's innovation agency, Chair 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 Schroders Capital Global Innovation Trust plc EndLyz UK Limited, Karus Therapeutics Limited and Storm Therapeutics Limited, and a Non-executive Director of AstronauTX Limited. Tim is also Chair of the Institute for Research in Schools Ltd.

Skills and experience:

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

A N R *

**Matt Hotson**

Independent Non-executive Director

Appointed:

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

Previous appointments:

Matt's experience spans core finance, strategy, investor relations and business leadership gained from Arrow Global Finance plc, RSA Insurance Group plc, Cable and Wireless plc and Legal and General Group plc.

Current external appointments:

Matt is Group CFO of Mishcon de Reya LLP.

Skills and experience:

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

A * N R

**Krystyna Nowak**

Independent Non-executive Director

Appointed:

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

Previous appointments:

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

Current external appointments:

Krystyna is Senior Managing Director of the Teneo People Advisory Board Practice and is Senior Independent Director of abrdn Asian Income Fund Ltd.

Skills and experience:

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

A N * R

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

Corporate governance report

Company purpose

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

Corporate culture

Since its inception in 1983, the Group has consistently placed the interests and needs of its clients at the forefront of everything that it does, and this culture is deeply embedded throughout the business. The Board has worked tirelessly to ensure that the significance of client focus, diligence, transparency, accountability and probity is communicated to all employees, contractors and consultants across the Group. The wellbeing of employees has also been a key area of focus, with ongoing efforts to support colleagues. This year, the Company expanded its office spaces to create a more collaborative and inclusive environment for employees and instigated core office working days. The Board of Directors understands the importance of maintaining a strong corporate culture within the business, and is committed to ensuring that this value is instilled at every level of the organisation.

Board and corporate governance changes

This year saw important changes to the composition of the Board. Neil Record, our long-serving Chairman and founder of the Company, decided to retire from the Board. We are delighted that David Morrison will succeed Neil; David being a former Non-executive Director who served on the Record Board from 2009 until 2018. His deep knowledge of the business and strong leadership skills make him the ideal candidate for the role of the Chair of the Board.

There have also been minor changes in the corporate governance structure with the establishment of the Investment of Record plc Capital Committee ("ICC"), which is responsible for assessing and approving proposed investments of plc capital, taking into account the objectives of product diversification and the development of investment talent.

The Board is committed to ensuring the long-term sustainability of the business, not only from an investment perspective but also from the perspective of the entire organisation. While a Senior Sustainability Office has already been formally approved as a committee of the regulated subsidiary Record Currency Management Limited ("RCML"), sustainability has been a recurring item on the agenda at Record plc Board meetings, with regular reports from the Sustainability Manager on the committee's activities. To reflect the need for strategic oversight of high-level sustainability activities that require management at the Group level, a proposal to make the Senior Sustainability Office a Group Executive Committee was approved at the April Board meeting. Additionally, the HR Committee will become a Group committee due to the Group's expansion and increasing number of employees worldwide.

Record Asset Management GmbH ("RAM"), a subsidiary of Record Group based in Germany, was awarded a BaFin licence in August 2022, leading to the implementation of a set of formal corporate governance arrangements, including the establishment of a Board of Directors. The Board held its inaugural meeting in March 2023, during which it approved all policies, procedures and functions necessary to ensure the business operates smoothly, effectively and efficiently while complying with all relevant laws and regulations.

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

Compliance with the 2018 UK Corporate Governance Code

Throughout the year, the Company has applied the main principles and provisions of the Code as deemed appropriate to the Group.

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 37 to 39.

Corporate governance overview

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

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

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

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

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

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

Provision 9 of the Code recommends that the chair should be independent on appointment. Neil Record was deemed to be a controlling shareholder until March 2023 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 and as Neil has announced his retirement from the Board at the upcoming AGM in 2023, there is no longer an issue.

Corporate governance report

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. This is no longer an issue with Neil's retirement and the imminent appointment of a new Chair. The Board will therefore be fully compliant with both Provisions 9 and 19.

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

Board structure

Board composition

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

In July 2023 Neil Record will retire from the Board and he will be succeeded by David Morrison who was appointed as a Non-executive Director and Chair-elect in March 2023.

Code provision

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

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

Board responsibilities

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

- determining the Group's long-term strategy and objectives;
- authorising significant capital expenditure;
- approving the Group's annual and interim reports and preliminary announcements;
- the setting of interim and special dividends and recommendation of final dividend payments;
- ensuring the effectiveness of internal controls and the risk management framework;
- the authorisation of Directors' conflicts or possible conflicts of interest;
- communication with shareholders and the stock market; and
- overseeing the Group Company policies, such as Code of Ethics, Anti-bribery and Corruption, Anti-Money Laundering, Conflicts of Interest, Supplier Code of Conduct, Inclusion and Diversity (both for the Board and Group-wide), Remuneration policy, Whistleblowing and others.

Chairman

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

Chief Executive Officer

The Chief Executive Officer is responsible for the executive management of the Group with focus on profitable business growth while acting in the interests of all stakeholders – clients, shareholders, employees and industry regulators – and upholding the core values of Record. Her statement on FY-23 and the outlook for the Group can be found on pages 8 and 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 FY-23 can be found on pages 44 to 48.

Senior Independent Director

The Senior Independent Director's role is to act as a sounding board for the Chairman, oversee the evaluation of the Chairman's performance (see page 64) and serve as an intermediary for the other Directors if necessary. He is also available as an additional point of contact for shareholders and other stakeholders should they wish to raise matters with him rather than the Chairman or the Chief Executive Officer.

Non-executive Directors

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

Corporate governance report continued

Board structure continued

Independence of the Non-executive Directors

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

Director appointments and time commitment

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

The Company's Articles of Association were revised in 2020 to align with the UK Corporate Governance Code July 2018, current legislation and market practice and were subsequently approved by shareholders at the 2020 AGM. Under the Articles, all Directors are subject to annual election or re-election by shareholders and all of the Directors will stand for election or re-election at the 2023 AGM, with the exception of Neil Record.

The Board has agreed that all Directors standing for election or re-election continue to make a valuable contribution to the Board's deliberations and recommends their election or re-election. As required by the UK Listing Rules, the appointment of independent directors must be approved by a simple majority of all shareholders and by a simple majority of the independent shareholders. Further details are set out in the 2023 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. David Morrison, upon joining the Board, disclosed his additional responsibilities and the Board was satisfied that he can effectively fulfil his duties as Chairman. Details of other roles held by the Non-executive Directors are set out in their biographies on pages 58 and 59. The Board is satisfied that all Directors continue to be effective and demonstrate commitment to their respective roles.

The Executive Directors work full time exclusively for the Record Group and have no other significant commitments outside the Company. Neil Record, the Non-executive Chairman, works part time.

Details of Executive Directors' service contracts, termination arrangements and Non-executive Directors' letters of appointment are included in the Remuneration report on page 81.

Board member diversity

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

The Board recognises that diversity in its broadest sense is crucial for driving effectiveness and includes different perspectives, experiences, backgrounds, psychological types and personal attributes. Gender diversity is considered a significant aspect of diversity, and the Board acknowledges that women with the right skills and experience can bring a unique perspective to the boardroom. The Group's Board Inclusion and Diversity Policy aims to ensure that women represent at least one-third of the Board. Although the representation of women fell to 28% with the appointment of David Morrison, this will be rectified when Neil Record retires from the Board at the 2023 AGM.

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 Director succession planning will take into account the benefits of diversity, including gender diversity, as set out in the Group's Board Inclusion and Diversity Policy. Diversity in the workplace is described on page 31.

Board activity

Board focus and decision-making

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

Material circulated in advance of the meetings has included:

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

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

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

Corporate governance report continued

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

Key matters considered by the Board in the year ended 31 March 2023	
June 2022	<ul style="list-style-type: none"> • Annual Report and Accounts, including going concern and viability statement • Dividend review and approval • Risk and compliance • Geopolitical situation • Climate and sustainability
July 2022	<ul style="list-style-type: none"> • Strategy • Culture • Focus on Record Digital Asset Ventures
September 2022	<ul style="list-style-type: none"> • Managing continuous change • Investment of Record's capital • Sustainability Board training
November 2022	<ul style="list-style-type: none"> • Interim Report and Accounts, including going concern review • Dividend review and approval • Recent investment performance • Talent and organisational development • Shareholder value • Company finances
February 2023	<ul style="list-style-type: none"> • Strategy • Risk and compliance, including Group Financial Crime review • Approval of new PDMRs and Insider lists • Third-party products framework • New subsidiary approval • Capital Markets event

The meeting scheduled for March 2023 was postponed until April 2023

Corporate governance report continued

Board activity

Meeting frequency and attendance

The Board met five times between 1 April 2022 and 31 March 2023 (the scheduled meeting in March 2023 was postponed to April 2023) to review financial performance and to follow the schedule of matters reserved for its decision and approval. Comprehensive Board papers, comprising an agenda and formal reports and briefing documents, are sent to Directors in advance of each meeting. Directors are regularly informed by senior executives and external advisers on the Group's affairs, including commercial, regulatory, legal, corporate governance and other relevant matters.

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

Any concerns raised by Directors which are not resolved are recorded in the Board minutes. No such matters were noted during the year ended 31 March 2023.

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: 5	
Neil Record	5/5
Leslie Hill	5/5
Steve Cullen	5/5
Tim Edwards	5/5
Matt Hotson	5/5
Krystyna Nowak	5/5
David Morrison	0

David Morrison did not attend any meetings due to his appointment in March 2023.

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

Board effectiveness

Board induction and training

New Directors appointed to the Board receive advice as to the legal obligations arising from the role of a director of a UK-listed company as part of a tailored induction programme. Following the appointment of David Morrison in March, a comprehensive and tailored induction programme was provided and is ongoing. This induction includes briefings with the Chairman, Executive Directors and senior management to help him familiarise himself with his duties and the Group's culture and values, strategy, business model, operations, risk and governance arrangements.

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

All Directors have access to independent professional advice, when required, at the Company's expense as well as to the advice and services of the Company Secretary.

Board performance evaluation

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

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

The last externally facilitated Board effectiveness workshop was conducted in March 2021 and further details were provided in the Nomination Committee report of the Annual Report and Accounts 2021. This year Record decided to undertake an internal Board and Committee evaluation by using a questionnaire tailored to the specifics of the Company and its business. The main topics explored in the Board evaluation were the following: Board Structure, Information, Objectives, Strategy and Remit, Board Committees, Board Dynamics.

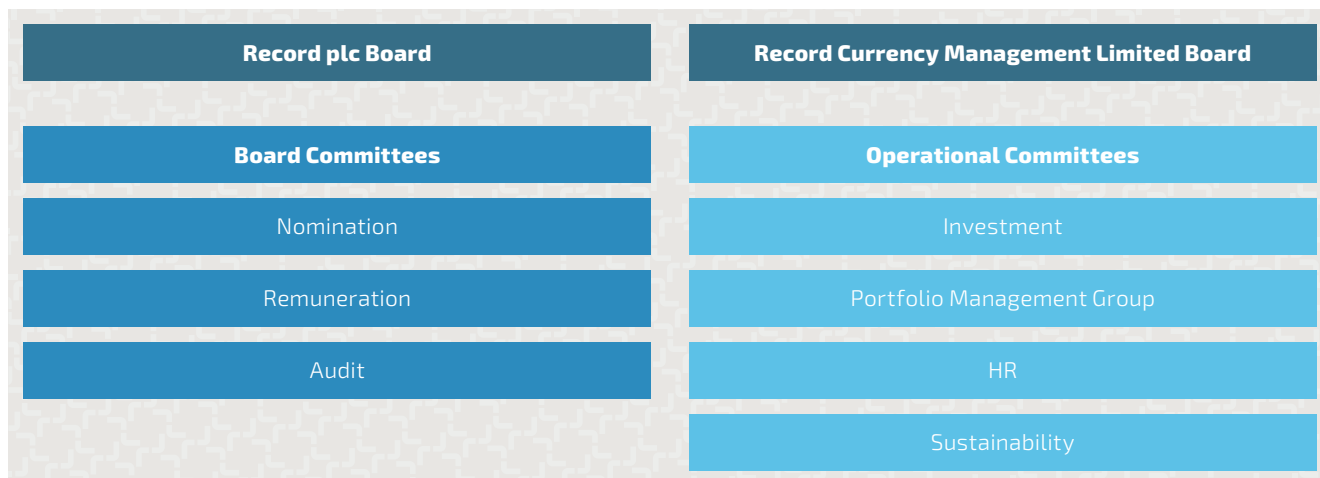
Individual appraisal of each Director's performance is undertaken by the Chief Executive Officer and the Chairman. The Senior Independent Director conducts an annual appraisal of the performance of the Chairman with input from the other Board members. The outcome of these appraisals in 2023 was positive and all roles were considered to be undertaken effectively.

Corporate governance report continued

Corporate governance framework

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

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



Record plc – Board Committees

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

- Nomination Committee – report set out on pages 67 to 69;
- Audit Committee – report set out on pages 70 to 75; and
- Remuneration Committee – report set out on pages 76 to 91.

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

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

Record Currency Management Limited – Operational Committees

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

Investment Committee

Role: The Board has delegated the responsibility for authorising changes to existing investment processes and for approving new investment strategies to the Investment Committee. The Committee delegated its responsibilities for oversight and management of all aspects of client counterparty credit risk and associated policies to the Credit Risk Committee and day-to-day investment decision-making to the Investment Management Groups.

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

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

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

Portfolio Management Group

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

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

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

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

Corporate governance report continued

Corporate governance framework continued Record Currency Management Limited – Operational Committees continued

HR Committee

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

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

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

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

Senior Sustainability Office (“SSO”)

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

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

Meetings: The Office meets bi-monthly and as necessary in response to individual or specific events requiring review.

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

Internal control and risk management

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

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

Further information on the Group's risk management framework is provided on pages 49 to 53 of the Strategic report.

The Record plc Board has undertaken a review of the effectiveness of internal controls for the year ended 31 March 2023 and is satisfied that the internal control environment is appropriate (see “Internal controls and risk management” on page 74).

Approved by the Board and signed on its behalf by:

Kevin Ayles
Company Secretary

29 June 2023

Nomination Committee report



During this year, the Nomination Committee's primary focus was to implement a succession plan for the Chair of the Board, in light of Neil Record's retirement decision at the 2023 AGM. I am confident that in David Morrison we have selected the best candidate for the role.

Krystyna Nowak
Chair of the Nomination Committee

Role of the Committee

The Nomination Committee is responsible for ensuring that the Board and senior management possess the appropriate skills and expertise necessary to facilitate the Company's growth, sustain competition in its markets, and manage risks effectively and efficiently.

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

Committee meeting attendance

Krystyna Nowak	7/7
Matt Hotson	7/7
Tim Edwards	7/7
Neil Record	7/7
David Morrison	0

David Morrison did not attend any Committee meetings due to his appointment being in March 2023.

Nomination Committee report continued

I am pleased to present the Nomination Committee report for the year ended 31 March 2023. This will be my second report as Chair of the Nomination Committee since I joined the Record plc Board in September 2021.

Key responsibilities

The key responsibilities of the Committee are to:

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

Membership of the Committee

I chair the Committee and am supported by the other independent Directors, Matt Hotson, Tim Edwards, newly appointed David Morrison and the Group Chairman, Neil Record, until his retirement at the AGM 2023.

Committee meetings

The Committee met on seven occasions during the year ended 31 March 2023 and invited the Chief Executive Officer and the Head of Human Resources and Company Secretary to join the meetings as the Committee considered appropriate. Committee member meeting attendance is detailed above.

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

Key areas of focus

Chair succession planning

With the forthcoming retirement of the Company's founder, Neil Record, as Chairman, the Committee has worked with the Board to select a successor and we are pleased that David Morrison has joined us as Chair-elect, to assume the role of independent non-executive Chairman from the AGM in July.

The Committee selected a pool of potential candidates as part of the recruitment process and each candidate was evaluated based on their skills and experience of leading a successful business and a diverse team.

David was the standout candidate, with extensive experience and a proven track record of leading companies through periods of growth and change. David previously served as an independent Non-executive Director at Record, which has given him a background understanding of the Company which is very additive.

Board composition and succession plans

The Committee is committed to ensuring that the Board has the necessary skills and expertise to facilitate the Group's growth plans, which involve diversifying products, investing in technology, and implementing robust succession plans. Leslie Hill, Group CEO, is focused on the delivery of the Group's three-year plan. The opportunity to lead the subsidiary company, Record Currency Management, has arisen, allowing Jan Witte to assume the role of CEO. This appointment will enable him to effectively manage and expand the subsidiary business.

Board diversity and newly introduced Listing Rules

The Group's Board Inclusion and Diversity Policy was last reviewed by the Committee in April 2022 and was updated to ensure that the Board was championing inclusion and diversity through a clear tone from the top and that it aligns with the many inclusion and diversity initiatives for the broader staff group. The policy outlines the Board's commitment to strive towards having a minimum of one-third of women on the Board, a goal that has been upheld for several years.

The new Listing Rule requirements detail three targets for the Board: that 40% of the individuals on the Board are women; that at least one senior Board position is held by a woman; and that at least one individual on the Board is from a minority ethnic background.

As of 31 March 2023, 29% of our Board are women, which will increase to 33% on Neil Record's retirement in July. This fulfils the targets established in the Group's Board Inclusion and Diversity Policy. We have a female CEO, Leslie Hill. None of our Board members are from a minority ethnic background.

The approaches to the data collection for the purpose of this disclosure were the following:

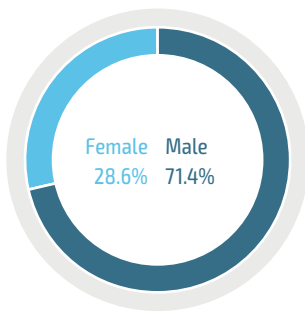
- Self-identification: the Board Directors were given the opportunity to self-identify their gender and ethnic diversity through a diversity questionnaire.
- HR records: the data on gender was collected through HR records.

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	71.4	3	4	66.7
Women	2	28.6	1	2	33.3
Ethnic group					
White British or other White (including minority-white groups)	7	100	4	6	100
Mixed/Multiple ethnic groups	—	—	—	—	—

Note – Executive management includes the Record Currency Management Limited Board members.

Nomination Committee report continued

Board gender



The Board believes that an inclusive culture and one that supports diversity is essential to the long-term success of the business. We are fully committed to a diverse Board which benefits from different skills, experience, background, gender and ethnicity. We believe that the current Board has the skills and diversity to discharge its duties and responsibilities effectively.

Being a company with a well-established corporate governance structure and small size, we do not believe that we will gain any benefit from appointing additional Directors. The Committee has committed to regularly reviewing the Board's composition and the Board will make efforts to achieve the necessary diversity objectives at the earliest possible opportunity.

The Committee is working on succession plans, covering different time frames, including contingency planning, medium-term planning for the orderly replacement of current Board members and senior executives, and long-term planning that aligns with the Company's strategy and objectives.

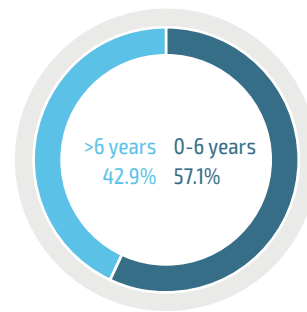
The Board is satisfied that the Group's Board Inclusion and Diversity Policy is applied to its Remuneration, Audit and Nomination Committees and it covers aspects such as ethnicity, sexual orientation, disability and socio-economic background (in addition to the aspects of age, gender or educational and professional backgrounds).

Tenure and effectiveness of the Chairman

According to the UK Corporate Governance Code, it is recommended that the Chair of a company's Board should step down from their position after serving for a maximum of nine years since their appointment. The Committee is aware that Neil Record has held this position since Record's IPO in 2007, but as Neil has announced his retirement from the Board at the upcoming AGM in 2023, there is no longer a non-compliance issue.

Board tenure

As at year end



Performance of the Directors and the Board

As per the UK Corporate Governance Code, it is required for the Board to conduct a yearly evaluation to assess their performance. Additionally, FTSE 350 companies are advised to undertake an external evaluation once every three years. Although Record is not a part of this index, an external evaluation workshop was conducted in 2021. In 2023, the Committee opted for a self-assessment questionnaire to evaluate the Board's performance. The questionnaire covered various topics such as Board structure, information, objectives, strategy, remit, Board Committees and Board dynamics. The Committee was content with the results of the evaluation and also identified certain areas for improvement.

Looking forward

The Committee's primary concern is to continue to plan for the future leadership of the Company and to ensure that there is strong talent for senior positions. Leslie Hill continues to lead the Group's strategy, and during this time, the Committee will concentrate on planning for a smooth and seamless handover of the CEO position at the appropriate time.

Approved by the Committee and signed on its behalf by:

Krystyna Nowak

Chair of the Nomination Committee

29 June 2023

Audit Committee report



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

Matt Hotson
Chair of the Audit Committee

Role of the Committee

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

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

Committee meeting attendance

Tim Edwards	6/6
Matt Hotson	6/6
Krystyna Nowak	5/6

Krystyna Nowak was unable to attend the November meeting due to a prior commitment.

Audit Committee report

I am pleased to present the Audit Committee report for the year ended 31 March 2023 ("FY-23"). This will be my second report since I joined Record in 2021 and I am happy to confirm that the Audit Committee proved to be efficient in delivering its main purpose to the Board – the oversight of the financial reporting process of the Group's financial performance – while remaining focused on continuing improvement of the internal control environment.

Committee duties

In early 2022, the responsibility for supervising both the main and developing risks was given to the Board of Record plc. This move was beneficial for the Audit Committee as it allowed the Committee members to concentrate on crucial matters related to financial reporting and internal control efficiency during a time when the Group was expanding into new business areas.

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

Internal controls and operational conflicts of interest:

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

Whistleblowing and fraud:

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

External audit:

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

Internal audit:

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

Financial reporting:

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

The full terms of reference of the Committee were last updated and approved by the Board in April 2023. They comply with the UK Corporate Governance Code (the "Code") and are available on the Group's website or from the Company Secretary at the registered office address.

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

Audit Committee report continued

Key areas of focus

Change of the internal audit provider

Since 2010, Deloitte has been our partner in supplying internal audit services. However, there was a growing sense at all levels of the organisation that a new perspective on the internal audit process was needed. The Head of Risk presented the Committee with various proposals for how to approach the third line of defence in managing risks, and after considering these proposals, the decision was made to appoint RSM UK Risk Assurance Services LLP ("RSM") as the new internal auditor. The Committee selected RSM because of their proven diligence and expertise in conducting internal controls testing for Record and the strength of their skills and expertise to conduct the proposed internal audit plan. The Committee is content that the internal audit function has sufficient independence to perform its duties effectively and efficiently.

Review of the regulatory landscape

Throughout the year, the Committee was updated on new developments in the regulatory landscape, including two significant changes in IFPR: regulatory risk capital and Internal Capital Adequacy and Risk Assessment ("ICARA"). The Committee reviewed and successfully complied with both regulatory requirements, with reports being produced and assessed by the Committee before being presented to the Board for approval.

Third-party assurance services

RSM was appointed in January 2020 to conduct the Reporting Accountant and Independent Service Auditor (ISAE 3402/ AT-C 320) reports on internal controls on an annual basis. Their report for 2023 is scheduled to be completed on 30 June 2023 and reviewed by the Committee at the earliest meeting scheduled for July 2023.

Option valuations

One key finding during the audit was a discrepancy arising in the option valuations for the new LTIP scheme linked to the use of slightly different methodologies between valuation models. Although the valuation difference was not material for FY-23, the Committee recognised the importance of further aligning the two methodologies to prevent the divergence in the accumulated valuation difference over time. The valuation methodology was changed to include additional measurement points and an amended holding period to reflect the recommendations made by the auditor and to align the input assumptions with the aim of minimising the potential for material findings in the future. Consequently, no adjustments to the financial statements were deemed necessary.

Software development cycle and capitalisation of the expenses

As part of our modernisation strategy, Record carried out several major projects, including the creation and implementation of the new Record Platform and other significant business infrastructure and development initiatives. To maintain appropriate control and financial reporting standards, both the internal and external audit functions focused on various aspects of the software development cycle and associated internal controls. The Committee oversaw and reviewed both audits to ensure that they complemented each other and added value to the projects. The internal audit report showed that Record had adequate controls, processes and resources in place to manage software development projects, but noted that the documentation of project roles and responsibilities could be improved. The external audit reviewed the capitalisation of expenses related to the Record Platform development and was satisfied with the results.

Membership of the Committee

The Committee is composed solely of independent Non-executive Directors. Matt Hotson was appointed as Chair of the Committee in July 2021 and he is supported by the other independent Directors: Krystyna Nowak and Tim Edwards.

Matt has been deemed by the Board as the most suitable independent Director to serve as the Chair of the Audit Committee, given his experience in financial services as a CFO of different listed companies. The other members of the Committee share this view. Tim Edwards is a Chartered Accountant (FCA) with a background in corporate finance and venture investing and Krystyna Nowak has a wealth of City experience in banking. The Board is content that, through their experience in other organisations, the Committee members have the relevant skills and financial expertise needed for the sector in which the Group operates. The biographical information of the Committee members is available on pages 58 and 59.

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

Audit Committee report continued

Committee meetings

The Committee met six times during the year ended 31 March 2023. The meetings were attended by the Chief Executive Officer, the Head of Compliance, the Head of Business Risk and the Chief Financial Officer.

Representatives from BDO LLP attended four meetings as the incumbent external auditor. The Deloitte internal audit partner attended two meetings and the subsequently appointed RSM internal audit partner attended one meeting. Minutes of the meetings were documented by the Company Secretary and retained on file.

Committee member meeting attendance for the year ended 31 March 2023 is detailed on page 64.

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

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

Committee Chair meetings

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

Committee evaluation

An internal review of Committee effectiveness was overseen as part of the Board evaluation process in March 2023. The conclusion was that the Committee was effective in carrying out its duties.

Committee activities

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

- reviewing the form, content and integrity of financial information prior to release, including the Annual and Interim Reports;
- reviewing the content of each of the Interim Management Statements for subsequent Board approval;
- considering the Pillar 3 disclosures prior to their recommendation for acceptance by the Board;
- reviewing the ISAE 3402 internal controls year-end testing results;
- discussion of the regulatory risk capital and Internal Capital Adequacy and Risk Assessment ("ICARA") prior to their recommendation for acceptance by the Board;
- receiving and reviewing internal audit updates and reports;
- evaluating the performance and independence of the internal auditor during the engagement period;
- reviewing the independence of the Group's external auditor and the nature of non-audit services supplied by the auditor;
- reviewing the external auditor's audit strategy for the interim review and the final audit;
- assessing the external auditor's concluding report for the interim review and the year-end financial statements;
- evaluating the performance of the external auditor over the period; and
- reviewing and approving the Group whistleblowing policy, its appropriateness and whether the relevant procedures are efficient.

Financial reporting

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

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

Audit Committee report continued

Financial reporting continued

The Committee was satisfied that all judgements made by management which affect financial reporting have been made in accordance with the Group's accounting policies and made a recommendation to the Board that it was appropriate for the Group to adopt the going concern basis of accounting in preparing the half-year and annual financial statements for the year ended 31 March 2023.

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

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

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

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

Internal controls and risk management

The Committee provides an oversight and independent challenge to the internal controls of the Group.

In July 2022 the Committee undertook a detailed review of the Group's Controls Assurance report which had been prepared in accordance with ISAE 3402. The Committee members agreed they were satisfied with the internal controls testing conducted and observations and disclosures made in the document.

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

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 was provided by Deloitte LLP ("Deloitte") under an outsourcing contract which commenced in May 2010 and terminated in July 2022, being replaced by RSM. 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 October 2022. RSM reports directly to the Committee and the relationship is subject to periodic review.

Jed Turnbull was appointed as the RSM internal audit partner, succeeding Russell Davis from Deloitte.

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, RSM and management. Each review is scoped at the start of the audit to ensure an appropriate focus reflecting business activities, the market environment and regulatory matters. The plans are periodically reviewed to ensure they are adapted as necessary to capture changes in the Group's risk profile.

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

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

Audit Committee report continued

External audit

A tender process was last conducted in 2020, when BDO LLP ("BDO") was approved by shareholders at the AGM as the Company's external auditor. Orla Reilly, who had previously worked on the external audit, was appointed as statutory auditor in January 2022, succeeding Neil Fung-On. The Committee approved BDO's fees and the terms of the audit engagement letter for the year ended 31 March 2023 in January 2023.

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

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

External auditor independence

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

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

Non-audit services undertaken by the external auditor

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

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

Details of the total fees paid to BDO are set out in note 5 to the accounts. Non-audit fees, excluding audit-related assurance services required under law or regulation, were equivalent to 4.5% (2022: 7%) of audit fees and were therefore within the permitted cap of 70%.

Assessment of external auditor independence

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

The Committee is satisfied that the external auditor has maintained its independence and objectivity over the period of its engagement. The Company is committed to the regular rotation of the external auditor and external audit partners and the last tender process was conducted in 2020.

Approved by the Committee and signed on its behalf by:

Matt Hotson

Chair of the Audit Committee

29 June 2023

Remuneration report



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

Tim Edwards
Chair of the Remuneration Committee

Role of the Committee

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

Committee meeting attendance

Tim Edwards	6/6
Matt Hotson	6/6
Krystyna Nowak	6/6

Remuneration report

Chair of the Remuneration Committee's statement

Introduction

I am pleased to present our Remuneration report for the year ended 31 March 2023. We believe that our Remuneration Policy, as approved by shareholders at our 2022 AGM, remains appropriate and we are focusing on the implementation of our policy with no further changes. Our report is split into three sections:

- the Remuneration Policy tables;
- the annual report on remuneration for 2022-23; and
- the role and activity of the Remuneration Committee.

We have not reproduced the full Remuneration Policy in this report but have provided a summary in the tables produced on pages 79 to 81. A copy of our full Directors' Remuneration Policy, as approved by shareholders in July 2022, is available in the Remuneration section of the 2022 Annual Report and Accounts, which is available on our website www.recordfg.com.

Remuneration principles

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

Our key remuneration principles are:

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

Implementation of our Remuneration Policy

In last year's Remuneration Policy we outlined a number of priorities that the Remuneration Committee was focusing on and I would like to summarise progress in these areas:

- motivate and retain our CEO to deliver our three-year strategy:
The remuneration structure that we put in place for our CEO was designed to ensure that Leslie Hill is motivated and incentivised to drive our 2022-25 three-year strategy, while acknowledging that she is a significant shareholder and therefore fully aligned with shareholders over the long term. The business has outperformed the first year of our three-year strategy, delivering higher revenue and operating profit than was targeted. Leslie will therefore receive her salary and full bonus in recognition of both these excellent financial results as well as the progress made in each of our three strategic priorities of diversification, modernisation and succession.

- create a remuneration structure that aligns with and supports our succession plans:

The implementation of our LTIP scheme in line with our Remuneration Policy has created alignment, incentive and retention of key Executive Directors and members of senior management to support our succession plans. Participants in the LTIP scheme forfeited part of their bonus to participate in the scheme, and any vesting of awards will be in shares, subject to the satisfaction of three-year targets and continued employment.

- use robust performance metrics to ensure payment for success:

Our Executive Directors' Bonus Scheme has been implemented, based on paying for performance. The Remuneration Committee believes there is a balance between a formulaic and a discretionary approach, and has ensured that the measures and targets used to determine variable pay for Executive Directors are aligned with our three-year strategy, being based both on the delivery of annual profits and the progress in key strategic areas. In addition, our LTIP scheme includes both EPS and TSR performance conditions and our Staff Bonus Scheme recognises Company, department and individual levels of performance.

- align the interests of our Executive Directors with those of our shareholders:

The alignment of our three-year strategy to deliver long-term sustainable business growth with the design of our remuneration schemes means that remuneration outcomes will be delivered fully in shares through the LTIP and partly in shares in our bonus scheme. All awards in shares have further holding periods, aligning interests with shareholders.

Total remuneration spend

Over the medium term, the Board has set a target ratio of total remuneration costs to be up to 50% of revenue. This includes all remuneration costs for Directors and staff. For this financial year, total remuneration costs represented 46% of revenue and were managed well within the target ratio.

In total, the Executive Director Bonus Scheme and Staff Bonus Scheme are capped at 35% of operating profit pre-bonuses and this year variable remuneration totalled 34.7% of operating profit.

Group performance for 2022-23

The year to 31 March 2023 has seen revenues increase by 27.4% compared with last year, an increase in operating profit of 33.6% and our AUME reached \$87.7 billion. Our bonus pool was 34.8% of pre-bonus underlying operating profit, which represented £7.6 million, directly linking the Group's financial performance to the size of the variable remuneration pool. The payments made under the bonus scheme increased by 33.2% compared to the previous period.

Remuneration report continued

Chair of the Remuneration Committee's statement continued

Executive Director remuneration outcomes 2022-23

A cost-of-living allowance of £3,000 was paid to all staff during the year. This was not paid to Executive Directors or Board members. In addition, a discretionary salary review was undertaken to recognise promotions and increases to roles and responsibilities.

No changes were made to Leslie Hill's salary. Leslie's variable remuneration was determined by the criteria outlined in the Executive Directors' Bonus Scheme. Leslie's bonus was paid in full, with 75% of her bonus relating to the outperformance of annual profit targets and 25% of her bonus relating to strong strategic progress made in the areas of diversification, modernisation and succession. Further details are provided on page 85.

To reflect the increasing breadth of Steve Cullen's role with the expansion of the Record Group, his salary was increased to £160,000 from 1 April 2023. Steve's bonus was paid in full, with 75% of his bonus relating to the outperformance of annual profit targets and 25% of his bonus relating to strong strategic progress made in the areas of diversification, modernisation and succession. Further details are provided on page 85.

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

No option or LTIP awards were made to Leslie Hill during the year, in line with the CEO remuneration structure outlined in the Remuneration Policy. Steve Cullen received an LTIP award of 150% of his base salary, granted in line with the LTIP scheme rules.

Alignment with shareholders

As at 31 March 2023, 39% of the Group's shares were held by the Chairman and the Directors, and each of the current Executive Directors has a shareholding significantly greater than 150% of their base salary. In addition, 63% of the Group's employees are shareholders.

Engaging with employees

The Remuneration Committee takes an active involvement in remuneration for the whole Group. Record staff participate in all of the remuneration arrangements, including the Staff Bonus Scheme, LTIP, JSOP and share schemes. The Remuneration Committee reviews all bonus, LTIP and option awards. A significant proportion of our colleagues are shareholders, so are able to express their views in the same way as other shareholders.

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

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

Shareholder consultation

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

Tim Edwards Chair of the Remuneration Committee

29 June 2023

Remuneration report continued

Remuneration Policy

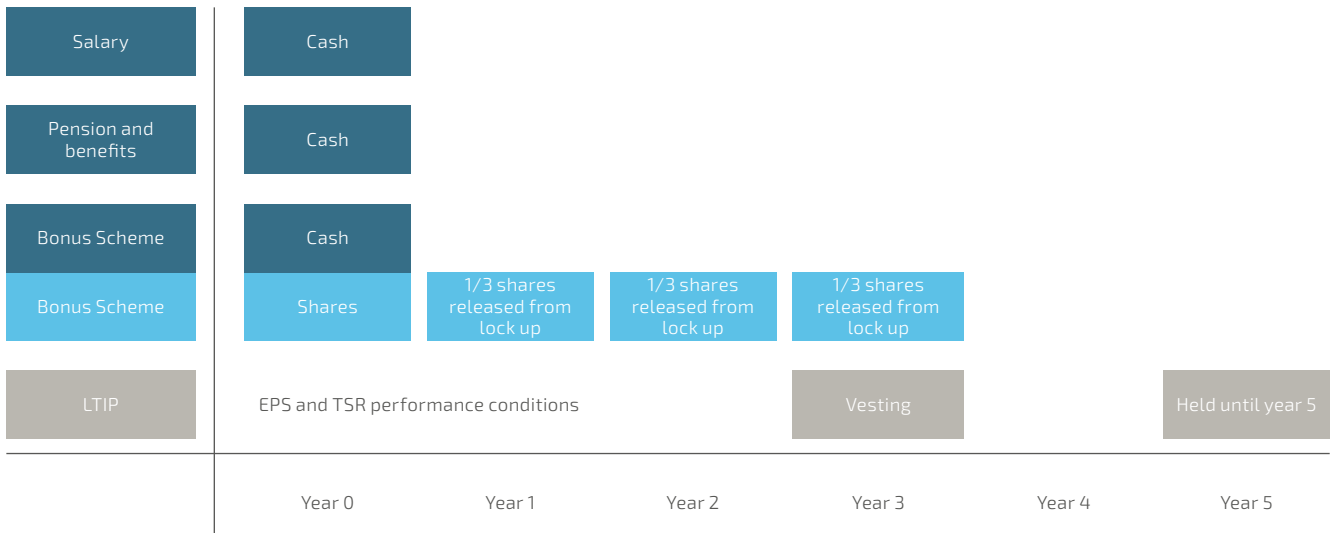
Remuneration Policy summary tables

This section of the Remuneration report starts with a table illustrating the remuneration structures that we have in place for Executive Directors and then provides an overview of the key remuneration elements in place for all staff, including Executive Directors, the Chairman and Non-executive Directors.

We have not made any changes to our Remuneration Policy for Directors and the tables summarise the policy approved by shareholders at the 2022 AGM.

Summary remuneration structure

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



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

Directors' Remuneration Policy table

The following table summarises the key features of each element of the Policy, their purpose and link to strategy.

Element, purpose and link to strategy	Operation	Performance metrics
<p>Base salary Fixed remuneration that reflects the role, responsibilities, experience and knowledge of the individual.</p>	<p>The Remuneration Committee reviews salaries for Executive Directors on an annual basis.</p> <p>Any review will take into account market rates, business performance and individual contribution.</p> <p>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.</p>	<p>Not applicable, though individual performance will be considered when reviewing base salary levels.</p>
<p>Benefits To provide a benefits package that provides for the wellbeing of our colleagues.</p>	<p>Benefits include, but are not limited to, private medical insurance, dental insurance, permanent health insurance, life assurance and annual holiday.</p> <p>Executive Directors receive benefits on the same basis as all other employees, at the prevailing rates.</p>	<p>Not applicable</p>
<p>Pension To provide an appropriate retirement income, to aid attraction and retention of high-calibre executives.</p>	<p>Executive Directors receive an employer pension contribution of 11% of salary which can be paid into the Group Personal Pension Scheme or delivered as a cash allowance.</p> <p>The pension contribution for Executive Directors is fully in line with pension contributions paid to all staff (which also comprise an employer pension contribution of 11% of salary).</p>	<p>Not applicable</p>

Remuneration report continued

Remuneration Policy continued

Directors' Remuneration Policy table continued

Element, purpose and link to strategy	Operation	Performance metrics
<p>Bonus Scheme</p> <p>To motivate Executive Directors to achieve sustainable financial performance and strategic objectives aligned with the Group strategy.</p>	<p>Bonus payments are based on performance measured over the financial year.</p> <p>Executive Directors are required to take one-third of their bonus payment in shares subject to lock-up conditions of one to three years and in addition are offered the opportunity for up to a further third of the bonus to be paid in shares. The remaining amount is paid in cash.</p> <p>Up to 35% of operating profits (pre-bonus) are allocated in total to the Executive Directors' Bonus Scheme and the Staff Bonus Scheme.</p> <p>Malus and clawback provisions apply to all awards. Further details are set out below.</p>	<p>Bonus will be based on the achievement of Group financial operating profit targets (75%) and delivery of strategic objectives (25%).</p> <p>Individual awards are based on role, responsibilities and delivery and determined by the Remuneration Committee.</p>
<p>Long-Term Incentive Plan ("LTIP")</p> <p>A performance share plan to incentivise delivery of long-term performance and strategy delivery, aligning interests with shareholders.</p>	<p>Awards under the LTIP may be granted as nil or nominal cost options, market value options or conditional share awards.</p> <p>The maximum opportunity for Executive Directors is an award of up to 150% of base salary.</p> <p>Any awards will be delivered in Company shares. Awards vest at the end of a three-year performance period, after which any shares must be held for a two-year post-vesting holding period.</p> <p>Malus and clawback provisions apply to all awards. Further details are set out below.</p> <p>The Committee has discretion in the treatment of leavers as set out below and in respect of the assessment of performance and vesting levels (including to amend performance conditions and measures).</p>	<p>Vesting is based two-thirds on EPS growth and one-third on relative TSR compared with the FTSE Small Cap index.</p> <p>The Remuneration Committee has discretion to set other performance conditions for the future operation of the LTIP.</p>
<p>Share Incentive Plan</p> <p>A share saving plan to encourage long-term equity ownership.</p>	<p>The Group has an approved Share Incentive Plan ("SIP"). All staff are able to buy shares from pre-tax salary up to an HMRC-approved limit (£1,800 for the financial year ended 31 March 2023), which is matched at a rate of 50%.</p>	<p>Not applicable</p>

Remuneration report continued

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

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

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

Service contracts and loss of office payment policy

All Executive Directors have service agreements with the Company. None of the service agreements are for a fixed term and all include provisions for termination on six months' notice by either party. Service agreements do not contain any contractual entitlement to receive bonuses, nor to participate in the LTIP, nor to receive any fixed provision for termination compensation.

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

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

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

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

Remuneration report continued

Remuneration Policy continued

Other matters

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

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

Malus and clawback

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

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

Source and funding of shares

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

Implementation of Remuneration Policy

The Group has implemented the Remuneration Policy, as approved by shareholders previously. The Remuneration Committee has approved variable remuneration payments for the CEO and CFO based on the Executive Directors' Bonus Scheme and the CFO is a participant in the LTIP scheme.

Approach to remuneration for new Executive Directors

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

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

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

Executive shareholding policy

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

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

Regulation

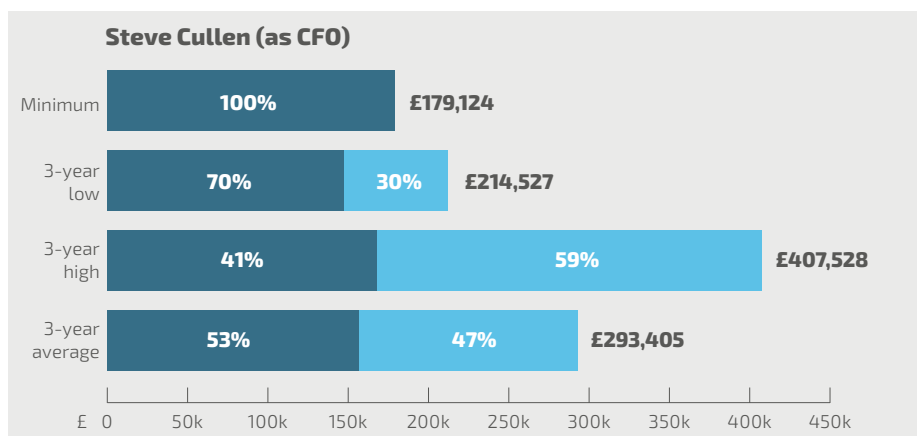
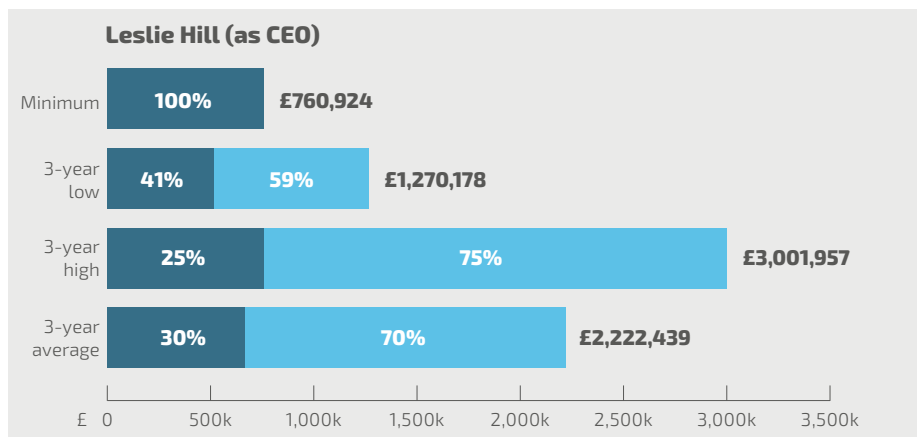
We continue to review our Remuneration Policy in line with regulatory changes and good practice and to ensure compliance with the principles of the Remuneration Code of the UK financial services regulator, as applicable to the Group. In particular, we have reviewed our Remuneration Policy in line with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

Remuneration report continued

Remuneration Policy – illustrations

The charts below show the lowest, highest and average remuneration for the CEO and CFO over the past three years. Fixed remuneration is comprised of salary, pension contributions, other benefits and any cash alternative. Variable remuneration comprises bonus, 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.

Remuneration report continued

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 information on pages 84 to 90 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 2023 is detailed below together with their remuneration for the previous year.

Executive Directors	Leslie Hill		Steve Cullen	
	2023 £	2022 £	2023 £	2022 £
Salaries and fees	682,500	650,000	150,147	136,496
Benefits ¹	3,349	2,974	1,524	1,397
Pensions ²	75,075	71,500	16,516	15,015
Total fixed pay	760,924	724,474	168,187	152,908
Short-term incentive (Bonus – cash)	1,469,174	1,113,806	148,325	70,167
Short-term incentive (Bonus – shares) ³	734,586	556,903	74,162	35,084
Share option gains	37,273	—	16,854	—
Total variable pay	2,241,033	1,670,709	239,341	105,251
Total	3,001,957	2,395,183	407,528	258,159

Non-executive Directors	Neil Record		David Morrison (appointed 1 March 2023)		Tim Edwards		Matt Hotson (appointed 30 July 2021)		Krystyna Nowak (appointed 16 September 2021)	
	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £	2023 £	2022 £
Salaries and fees	85,357	81,293	10,000	—	57,750	53,287	52,500	33,526	52,500	27,115
Benefits ¹	3,876	3,453	—	—	—	59	—	—	—	—
Pensions ²	9,389	8,942	—	—	—	—	—	—	—	—
Total	98,622	93,688	10,000	—	57,750	53,346	52,500	33,526	52,500	27,115

1. This value includes, 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. The shares vest immediately but are subject to lock-up restrictions and are calculated based on the overall profitability of the Group.

Payments for loss of office and payments made to former Directors

Bob Noyen left the Board of Directors on 4 February 2021 and left employment on 31 March 2021. To assist with the transition and maintenance of client relationships, Bob agreed to provide consultancy support to the Group. Payments in respect of this consultancy support totalled £46,738 in the year to 31 March 2023 (31 March 2022: £357,044).

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 ended 31 March 2023, the Group made contributions of 11% of each Director's salary, which could either be paid into the Group Personal Pension Scheme, taken as cash or a combination of the two.

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

The employer pension contributions for the financial years ended 31 March 2022 and 31 March 2023 are detailed in the tables on page 117.

Executive Directors' Bonus Scheme payments

The Executive Directors' Bonus Scheme is the annual short-term variable remuneration structure that the CEO and CFO participate in. The Executive Directors' bonus pool is determined as follows:

- Financial (75%). The Remuneration Committee will consider the firm's financial performance and, specifically, delivery of operating profit targets for the year under the Group's three-year plan.
- Non-financial (25%). The Remuneration Committee will assess strategic progress made during the year and will focus specifically on progress in product diversification, technology modernisation and succession planning.

The overall performance against these criteria for the year is summarised in tables for Leslie Hill and Steve Cullen below. The Remuneration Committee also receives reports from the Head of Compliance regarding any legal or compliance issues relevant to the award.

Remuneration report continued

Leslie Hill

Objectives

Financial

Operating profit

Deliver operating profit, pre-bonuses, of £21.5 million.

Non-financial

Product diversification

Diversify the Group's products from reliance on Passive and Dynamic Hedging to a broader set of non-correlated investment products.

Modernisation

Continue to improve our infrastructure and have the technology tools to support the growth in business, while producing more secure and efficient systems.

Succession

Put in place robust succession plans for plc Board level roles.

Steve Cullen

Objectives

Financial

Operating profit

Deliver operating profit, pre-bonuses, of £21.5 million

Non-financial

Product diversification

Diversify the Group's products from reliance on Passive and Dynamic Hedging to a broader set of non-correlated investment products

Modernisation

Modernise accounting systems to support business growth

Succession

Strengthen the finance team

Award:

The full Executive Directors' bonus pool was agreed by the Remuneration Committee for the delivery of both financial and non-financial metrics. The pool was distributed to Leslie Hill and Steve Cullen based on their contribution.

Outcomes

Operating profit, pre-bonuses, was £22.1 million.

As well as growing the currency hedging side of the business, this year has seen significant progress with Record Asset Management. We have gained our BaFin licence and have launched our Luxembourg fund structure, partnering with specialist asset managers to provide multi-asset funds for clients.

Progress is being made with Record Digital and partnerships are being built to deliver diversifying strategies to our clients. In addition, we have invested in some early-stage ventures.

Our Emerging Market Sustainable Finance Fund has ambitious growth plans and a dedicated team.

The Group infrastructure has been improved, with a move to hybrid cloud and on-premises infrastructure and improved security and control.

Microsoft Azure, Power BI and Xceptor have all been implemented to improve our processes and efficiency.

The R-Platform has been developed and launched shortly following the year end.

Our new Reporting suite has been designed and is being rolled out.

Neil Record is stepping down at the 2023 AGM and his successor, David Morrison, has been appointed. David has joined the Board as Chair-elect and will assume Chair responsibilities in August 2023.

Leslie Hill has been succeeded by Jan Witte as CEO of the UK regulated subsidiary, Record Currency Management Limited, effective from 1 May 2023.

New partnerships are being developed with potential future business leaders.

Outcomes

Operating profit, pre-bonuses, was £22.1 million

Growth of the currency business alongside significant progress with Record Asset Management, Record Digital Asset Ventures and the Emerging Markets Sustainable Finance Fund

Developed accounting systems for the wider group, designed processes for the re-charging of central costs

Grown a robust team culture, hired talent into team and increased responsibilities of team members

Remuneration report continued

Annual report on remuneration continued

Directors' share options and share awards (audited information)

During the financial year ended 31 March 2023 no option awards were made to the Executive Directors.

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

Name	Date of grant	Total options at 1 April 2022	Options granted in period	Options lapsed in period	Options exercised in period	Total options at 31 March 2023	Exercise price	Earliest exercise	Latest exercise
Leslie Hill	26/01/18	93,334	—	(93,334)	—	—	43.5p	26/01/2022	25/01/2023
	21/08/19	575,000	—	(95,833)	(95,834)	383,333	31.1p	21/08/2022	20/08/2025
Steve Cullen	26/01/18	41,668	—	(41,668)	—	—	43.5p	26/01/2022	25/01/2023
	21/08/19	260,000	—	(43,333)	(43,334)	173,333	31.1p	21/08/2022	20/08/2025

The outstanding share options above vest subject to performance conditions, which are detailed on page 133.

Leslie Hill had a gain on share options of £37,273 and Steve Cullen had a gain on share options of £16,854 in the year ended 31 March 2023.

Options granted to Executive Directors vest on an annual basis (in years three, four and five) and vesting is subject to Record's average annualised EPS growth over the relevant period since grant as follows:

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

A principal strategic objective of the business is to create shareholder value for our investors over the long term. The Board considers this to be delivered by consistent growth in earnings of the business, and the chosen performance conditions and the EPS outcome which determine the number of options that ultimately vest under the scheme rules reflect this.

Share option awards made to Leslie Hill and Steve Cullen on 26 January 2018 vest in three equal tranches and the third of these vesting dates was 26 January 2023. In accordance with the performance conditions, 100% of this tranche of options lapsed, which was 93,334 shares for Leslie Hill and 41,668 shares for Steve Cullen.

Share option awards made to Leslie Hill and Steve Cullen on 21 August 2019 vest in three equal tranches and the first of these vesting dates was 21 August 2022. In accordance with the performance conditions, 50% of this tranche of options vested, which was 95,834 shares for Leslie Hill and 43,334 shares for Steve Cullen, and the other 50% lapsed.

Directors' Long-Term Incentive Plan ("LTIP") awards

During the financial year ended 31 March 2023 an LTIP award was made to Steve Cullen in accordance with the scheme rules.

The table below sets out details of Executive Directors' outstanding LTIP awards, which may vest in full after three years subject to continued service and performance conditions. The table also sets out any LTIP awards that have lapsed or been exercised.

Name	Date of grant	Total LTIP awards at 1 April 2022	LTIP awards granted in period	LTIP awards lapsed in period	LTIP awards exercised in period	Total LTIP awards at 31 March 2023	Vesting date
Leslie Hill	—	—	—	—	—	—	—
Steve Cullen	08/09/22	—	325,000	—	—	325,000	31/03/25

The outstanding share options above vest subject to performance conditions, which are detailed on page 133.

LTIP awards granted to Executive Directors vest after three years and vesting is subject to Record's average annualised EPS growth and Total Shareholder Return ("TSR") over the relevant period since grant as follows:

Two-thirds of the vesting is subject to a three-year cumulative EPS threshold target of 15 pence, resulting in the EPS portion vesting at 25%, rising on a straight-line basis to 100% vesting for a three-year cumulative EPS of 18 pence at the end of the performance period.

Remuneration report continued

One-third of the vesting is subject to a relative TSR using a benchmark of the FTSE Small Cap index. The threshold target for the TSR portion is a TSR outcome in the 25th percentile of the index at which 25% of the TSR portion will vest, rising on a straight-line basis to 100% of the TSR portion at a TSR outcome in the 75th percentile of the index.

A principal strategic objective of the business is to create shareholder value for our investors over the long term. The Board considers this to be delivered by consistent growth in earnings of the business, and the chosen performance conditions and the EPS and TSR outcome which determine the number of LTIP awards that ultimately vest under the scheme rules reflect this.

Bonus shares in lock up (audited information)

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

	Interest in restricted shares at 1 April 2022	Restricted awards during year	Restrictions released during year	Interest in restricted shares at 31 March 2023
Leslie Hill	467,296	339,968	(215,980)	591,284
Steve Cullen	57,422	19,455	(31,981)	44,896

Directors' share interests (audited information)

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

2023	Shares held without restrictions	Bonus shares subject to restrictions	Total shares held ²	Share options & LTIP	Total share interests
Executive Directors					
Leslie Hill	15,792,271	591,284	16,383,555	383,333	16,766,888
Steve Cullen	1,434,948	44,896	1,479,844	498,333	1,978,177
Non-executive Directors and Chairman					
Neil Record	54,646,541	—	54,646,541	—	54,646,541
David Morrison (appointed 1 March 2023)	—	—	—	—	—
Tim Edwards	60,000	—	60,000	—	60,000
Matt Hotson	—	—	—	—	—
Krystyna Nowak	50,000	—	50,000	—	50,000
Total	71,983,760	636,180	72,619,940	881,666	73,501,606

2022	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	15,480,457	467,296	15,947,753	668,334	16,616,087
Steve Cullen	1,390,602	57,422	1,448,024	301,668	1,749,692
Non-executive Directors and Chairman					
Neil Record	56,396,541	—	56,396,541	—	56,396,541
Jane Tufnell (resigned 27 July 2021)	150,000	—	150,000	—	150,000
Rosemary Hilary (resigned 16 September 2021)	—	—	—	—	—
Tim Edwards	60,000	—	60,000	—	60,000
Matt Hotson (appointed 30 July 2021)	—	—	—	—	—
Krystyna Nowak (appointed 16 September 2021)	29,500	—	29,500	—	29,500
Total	73,507,100	524,718	74,031,818	970,002	75,001,820

1. Under the rules of the Bonus scheme (previously 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 30 June 2023.

Remuneration report continued

Annual report on remuneration continued

Salary review for the Board

No Company-wide salary increases were made. Some discretionary salary increases were made to staff and the CFO based on the widening remit and responsibilities of their role.

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

	Salary at 1 April 2022 £	Salary at 1 April 2023 (current salary) £	Increase £
Executive Directors			
Leslie Hill	682,500	682,500	0%
Steve Cullen	150,147	160,000	7%
Non-executive Directors and Chairman			
Neil Record	85,357	85,357	0%
David Morrison (appointed 1 March 2023)	—	120,000	—
Tim Edwards	57,750	57,750	0%
Matt Hotson	52,500	52,500	0%
Krystyna Nowak	52,500	52,500	0%

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									
	2014 £	2015 £	2016 £	2017 £	2018 £	2019 £	2020 £	2021 £	2022 £	2023 £
Leslie Hill ¹	—	—	—	—	—	—	123,241	1,270,178	2,395,183	3,001,957
James Wood-Collins ²	678,604	641,623	642,865	678,054	655,723	689,019	582,620	—	—	—

1. Appointed 13 February 2020.

2. Resigned 13 February 2020.

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

The following table shows the percentage change in the base salary, benefits and annual bonus of the Chief Executive Officer between the years ended 31 March 2023 and the previous financial years compared to the average for all employees of the Group.

	Year ending 31 March													
	2017		2018		2019		2020		2021		2022		2023	
	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees	Chief Executive	Average for all employees
Base salary	3%	3%	0%	3%	0%	3%	57%	6%	0%	9%	44%	18%	5%	13%
Benefits	—	—	—	—	—	—	—	—	(2%)	—	(3%)	1%	—	—
Total annual profit share/ Bonus	9%	17%	(8%)	10%	20%	10%	(2%)	4%	96%	1%	121%	117%	32%	44%

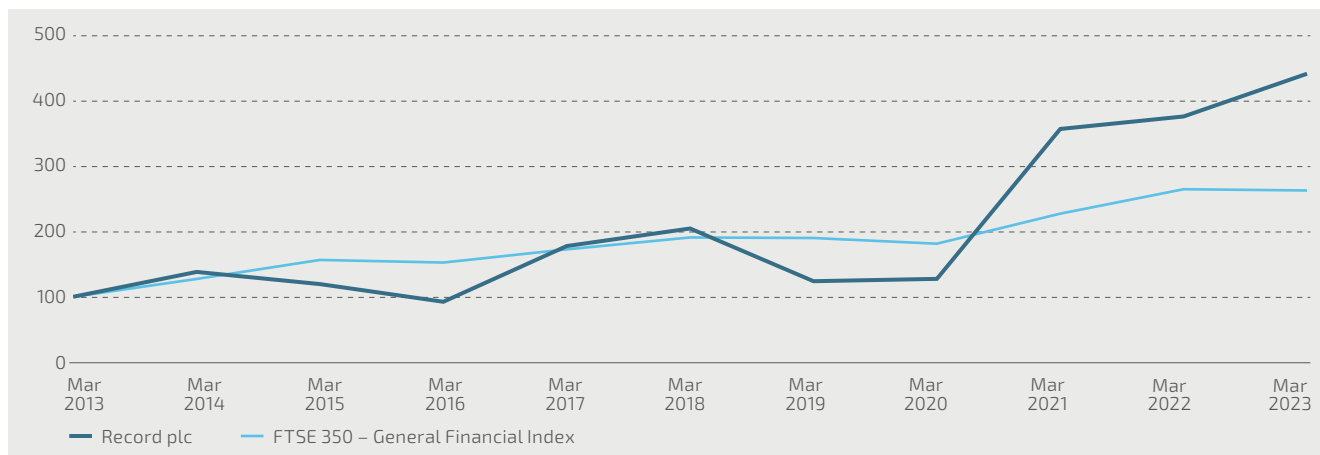
Percentage change in the remuneration of the Board Directors (audited information)

The following table shows the percentage change in the base salary, benefits and annual bonus of the Board Directors between the year ended 31 March 2023 and the previous financial years compared to the average for all employees of the Group, for all Board Directors.

% change in:	Year ending 31 March 2021			Year ending 31 March 2022			Year ending 31 March 2023		
	Base salary	Benefits	Total Bonus	Base salary	Benefits	Total Bonus	Base salary	Benefits	Total Bonus
Leslie Hill	0%	(2)%	96%	44%	(3)%	121%	5%	—	32%
Steve Cullen	0%	(2)%	(25)%	5%	(3)%	61%	10%	—	112%
Neil Record	—	—	—	3%	(3)%	—	5%	—	—
Tim Edwards	—	—	—	26%	—	—	5%	—	—
Matt Hotson	—	—	—	—	—	—	5%	—	—
Krystyna Nowak	—	—	—	—	—	—	5%	—	—
Employees of Record Group	9%	—	1%	18%	1%	117%	13%	—	39%

Remuneration report continued

Total Shareholder Return performance graph

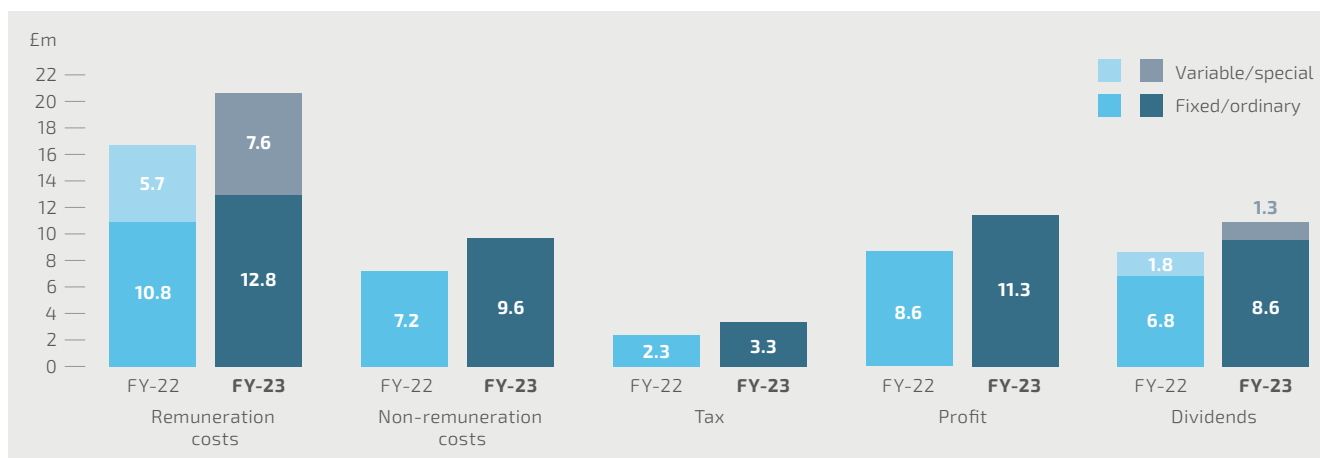


The above graph shows the Group's Total Shareholder Return compared with the FTSE 350 – General Financial Index, and shows the change in the theoretical value of £100 invested in Record plc on 31 March 2013 compared to £100 invested in the FTSE 350 – General Financial Index. The FTSE 350 – General Financial 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 2023 was 78.4 pence. The highest closing share price during the financial year was 98.0 pence. The lowest closing share price during the financial year was 61.0 pence.

Relative importance of the spend on pay

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



Dividends are represented in the chart above as follows:

2023: interim dividend paid in December 2022 of 2.05 pence per share, final dividend proposed of 2.45 pence per share and special dividend of 0.68 pence per share.

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

Remuneration report continued

Annual report on remuneration continued

Directors' service contracts

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

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

External directorships and fees

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

Other matters

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

Statement of voting at the Annual General Meeting

The following table sets out the voting outcomes in respect of the most recent AGM votes on the annual report on remuneration, and the Directors' Remuneration Policy, at the AGM held on 29 July 2022.

	For		Against		Votes withheld	
	number	%	number	%	number	%
Annual report on remuneration	101,461,225	85.45%	11,389,408	9.59%	5,885,158	4.96%
Directors' Remuneration Policy	108,405,754	91.30%	4,405,865	3.71%	5,924,172	4.99%

Governance: role of the Remuneration Committee

Membership of the Remuneration Committee

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

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

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

Responsibilities of the Committee

The responsibilities of the Committee include the following:

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

Remuneration report continued

Key areas of focus during the year

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

Date	Key issues considered
April 2022	<ul style="list-style-type: none"> Salary reviews for Executive Directors and the Chairman Bonus pool and units for the period October 2021 to March 2022 (previous scheme) Review Remuneration Policy to be proposed to shareholders at July 2022 AGM, including introduction of total remuneration ratio spend, Executive Directors' Bonus Scheme and LTIP IFPR update, with a discussion about Material Risk Takers ("MRTs"), control functions and malus and clawback changes to remuneration schemes
May 2022	<ul style="list-style-type: none"> Agreed approach to discuss proposed Remuneration Policy with certain major shareholders Further review of the new Remuneration Policy
June 2022	<ul style="list-style-type: none"> Approve Bonus payments for the period October 2021 to March 2022 (previous scheme) Approve commission payments to staff below Executive Director level Discussion with Head of Compliance about proposed Remuneration Policy Review LTIP scheme rules and performance conditions Approve letter to major shareholders regarding proposed Remuneration Policy
July 2022	<ul style="list-style-type: none"> Cost of living and salary review discussion for staff and Executive Directors Review shareholder advisory group reports
October 2022	<ul style="list-style-type: none"> Bonus pool and bonus units review Formal approval of Bonus Scheme, Share Option Scheme and LTIP Scheme rules, following shareholder approval of the new Remuneration Policy
November 2022	<ul style="list-style-type: none"> Bonus payment approval for MRTs and an upfront payment to Executive Directors for the FY-23 bonus Approve commission payments to staff below Executive Director Annual review of MIFIDPRU Remuneration Code policy

External advisers

The Group participated in a survey conducted by McLagan and paid for information regarding market rates of pay for staff during the year. McLagan did not provide any direct advice to the Remuneration Committee. The Committee also received advice from Macfarlanes during the year, and received specialist advice from Ellason LLP in connection with the introduction of the LTIP.

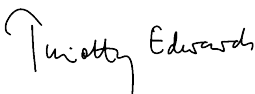
Committee evaluation

An internal review of Committee effectiveness was carried out as part of the Board evaluation process in April 2023 and was based on discussions with Committee members. The review considered the information that the Committee received, the frequency of meetings and the topics that were covered. The conclusion was that the Committee was effective in carrying out its duties.

Approval

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

Approved by the Committee and signed on its behalf by:



Tim Edwards

Chair of the Remuneration Committee

29 June 2023

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 54;
- Board of Directors on pages 58 and 59;
- Corporate governance report on pages 60 to 66;
- Nomination Committee report on pages 67 to 69;
- Audit Committee report on pages 70 to 75;
- Remuneration report on pages 76 to 91;
- Directors' statement of responsibilities on page 95; and
- S172 Companies Act 2006 on pages 37 to 39.

Disclosures required under Listing Rule 9.8.4

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

- LR 9.8.4 (12) Shareholder waivers of dividends;
- LR 9.8.4 (13) Shareholder waivers of future dividends; and
- LR 9.8.4 (14) and LR 9.8.4R (10) Agreements with controlling shareholders and details of any contract of significance.

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 2023:

Name	Number of ordinary 0.025p shares held	Percentage interest
Neil Record	54,646,541	27.45%
Leslie Hill	16,383,555	8.23%
Schroders plc	10,345,312	5.20%
Interactive Investor	9,928,282	4.99%
Premier Miton Investors	8,767,396	4.40%
Hargreaves Lansdown Asset Mgt	8,018,209	4.03%

Information provided to the Company pursuant to Rule 5 of the Disclosure and Transparency Rules ("DTR") is published via RNS, a regulatory information service, and also on the Company's website. During the period from April 2022 to April 2023 the Company received two notifications in accordance with DTR 5 disclosing changes to voting interests in its ordinary share capital as follows: Schroders plc acquired additional shares on 15 December 2022, reporting a shareholding increase from 4.51% to 5.07%, and Mr Neil Record disposed of shares on 15 March 2023 with their further transferral to The Record Charitable Trust, reporting a shareholding decreasing from 28.33% to 27.45%.

Relationship agreement

Under LR 9.2.2, listed companies must establish a legally binding relationship agreement to govern interactions between the Company and a controlling shareholder. Neil Record was deemed to be a controlling shareholder when the Company became listed in 2007, and a relationship agreement has remained in place since then. Following a series of share transfers to the Record Charitable Trust, Neil Record holds 27.5% of the voting rights, and consequently is no longer deemed to be a controlling shareholder under the Listing Rules. However, the terms of the current relationship agreement state that it shall remain in place as long as the shareholder holds a legal or beneficial interest (whether direct or indirect) in shares representing 25% or more of the entire issued share capital of the Company. Consequently, this relationship agreement remains effective and will continue to do so whilst Neil Record continues to hold at least 25% of the voting rights of the Company.

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 2023, the number of shares in issue of the Company was 199,054,325 (2022: 199,054,325).

The Record Employee Benefit Trust ("EBT") periodically purchases shares in the market to satisfy requirements for shares vesting under the Group's various share schemes. Further information is provided in note 21 to the accounts.

Directors' report

The Board is satisfied that the Company has complied with the independence provisions included in the relationship agreement during the year ended 31 March 2023, which stipulate that the shareholder agrees to, and shall procure that his Associates shall:

- Conduct all transactions and arrangements with any Group company on an arm's length basis and on normal commercial terms.
- Not take any action which would have the effect of preventing the Company from complying with its obligations under the Listing Rules.
- Not propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.
- Exercise the voting rights attaching to the shares in his or his Associates' control and any other powers of control in such a manner so as to procure (to the extent that they are able by the exercise of such voting rights) that each Group company is capable of carrying on its business independently of the shareholder and his Associates.
- Not exercise any of the voting rights attaching to the shares in his or his Associates' control or any other powers of control in such a manner so as to procure any amendment to the Company's Articles of Association which would be inconsistent with, undermine or breach any of the provisions of this agreement.

Restrictions on transfers of shares

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

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

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

The Directors manage the Company under the powers set out in the Company's Articles of Association. These powers include the Directors' ability to issue or buy back shares. An ordinary resolution was passed at the 2022 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 2023 AGM. If approved, this authority will expire on 27 October 2024 or, if earlier, at the conclusion of the AGM in 2024.

At the AGM in 2022, shareholders approved a resolution authorising the Company to make purchases of its own shares. No purchases of own shares were made during the reported period. A special resolution will be proposed at the 2023 AGM to renew the Company's limited authority to purchase its own ordinary shares. This authority will be limited to a maximum of 10% of the Company's issued share capital and will set out the minimum and maximum prices which the Company may pay for any such purchase. If approved, this authority will expire on 27 October 2024, or, if earlier, at the conclusion of the AGM in 2024.

Results and dividends

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

The Company paid an interim ordinary dividend of 2.05 pence per share on 30 December 2022 to shareholders on the register on 9 December 2022.

The Directors recommend a final ordinary dividend of 2.45 pence per ordinary share for the year ended 31 March 2023, making a total ordinary dividend of 4.50 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 9 August 2023 to shareholders on the register at the close of business on 14 July 2023. The shares will be quoted ex-dividend from 13 July 2023.

The Board has declared a special dividend of 0.68 pence per share to be paid simultaneously with the final ordinary dividend on 9 August 2023. This equates to a total distribution of 5.18 pence per share, equivalent to 87% of earnings.

Shareholder waiver of dividends

The Record Employee Benefit Trust has waived its rights to dividends paid on the ordinary shares held in respect of the Group Share Scheme, the Group Bonus Scheme and the Group Joint Share Ownership Plan. The trust held 8,735,002 shares as at 31 March 2023 (2022: 9,632,031 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.

Directors' report continued

Statement of disclosure of information to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's external auditors are unaware; and
- the Director has 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 Company's auditors are aware of that information.

Related party transactions

Details of related party transactions are set out in note 25 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 and liquid resources and performs regular financial forecasts and cash flow projections. The Group holds no debt.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing the Annual Report and Accounts.

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a longer period than the twelve months required by the going concern provision.

Political donations

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

Environment

The Group's environmental policies and the disclosures required by SI 2008/410 Sch7.15-20 and LR 9.8.6R on TCFD recommendations and disclosures are provided in the Sustainability report on pages 33 to 35.

Modern Slavery statement

The Group's Modern Slavery statement can be found in the Sustainability report on page 31.

Corporate responsibility

Details of the Company's employment practices, including diversity and employee engagement, can be found in the Sustainability report on page 31. We are committed to minimising the environmental impact of our operations and to delivering continuous improvement in our environmental performance. See page 36 for more details on our total CO₂ emissions data.

Directors

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

Directors' indemnities

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses, liabilities or expenses incurred by them in relation to the Company or any of its subsidiaries. The Group has appropriate Directors' and Officers' insurance in place.

Directors' conflicts of interest

The Company has procedures in place to identify, authorise and manage conflicts of interest, including of Directors of the Company, and they have operated effectively during the year. In circumstances where a potential conflict arises, the Board (excluding the Director concerned) will consider the situation and either authorise the arrangement in accordance with the Companies Act 2006 and the Company's Articles of Association, or take other appropriate action.

All potential conflicts authorised by the Board are recorded in a conflicts register which is maintained by the Company Secretary and reviewed by the Board on an annual basis. Directors have a continuing duty to update the Board with any changes to their conflicts of interest.

Change of control

Directors' and employees' employment contracts do not provide for compensation for loss of office or employment as a result of a change of control. However, the provisions of the Group's employee share schemes may cause awards granted to employees under such schemes to vest on a change of control.

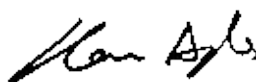
The Group is not party to any significant agreements that would take effect, alter or terminate on a change of control of the Company.

2023 Annual General Meeting

The 2023 Annual General Meeting of the Company will be held at 10.00am on 27 July 2023 at the following address: Liberty House, 222 Regent Street, London W1B 5TR. 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 2023 Annual General Meeting.

By order of the Board:



Kevin Ayles
Company Secretary

29 June 2023

Directors' responsibilities statement

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

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

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

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

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

Website publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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



Neil Record
Chairman



Steve Cullen
Chief Financial Officer

29 June 2023

Financial statements

Financial statements

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Independent auditor's report to the members of Record plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Record plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the consolidated and company statements of financial position, the consolidated statement of comprehensive income, the consolidated and company statements of cash flows, consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by the shareholders at the annual general meeting on 4 August 2020 to audit the financial statements for the year ended 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ended 31 March 2021 to 31 March 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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

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

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

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

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

Conclusions relating to going concern continued

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

Overview

Coverage	<p>95% (2022: 98%) of Group profit before tax</p> <p>100% (2022: 100%) of Group revenue</p> <p>99% (2022: 99%) of Group total assets</p>						
Key audit matters	<table border="1"> <thead> <tr> <th></th> <th>2023</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Revenue recognition</td> <td style="text-align: center;">✓</td> <td style="text-align: center;">✓</td> </tr> </tbody> </table>		2023	2022	Revenue recognition	✓	✓
	2023	2022					
Revenue recognition	✓	✓					
Materiality	<p>Group financial statements as a whole</p> <p>£730,000 (2022: £543,000) based on 5% (2022: 5%) of Profit before tax.</p>						

An overview of the scope of our audit

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

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

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

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Climate report on page 33 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as Statutory Other Information on page 33 with the financial statements and with our knowledge obtained from the audit. Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

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

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

Key audit matter

Revenue recognition

The Group's associated accounting policies are detailed in note 4 on page 115-116.

Management fees: £38.3m (2022: £34.1m)

Performance fees: £5.8m (2022: £0.5m)

The Group's revenue arises from the provision of currency management services. Revenue comprises of mainly management fees (86%) and performance fees (13%).

Revenue recognition in relation to management fees and performance fees is a significant audit risk as it is a key driver of return to investors and there is a risk that there could be manipulation or omission of amounts recorded in the system. There is also a risk that revenue is not recognised appropriately in accordance with the accounting framework adopted.

For management fees, which are calculated as weighted average exposures at the fee rates specified in the Management Agreements ("IMAs"), there are a number of manual procedures involved in determining the weighted average exposure including identification of applicable Assets Under Management Equivalents ("AUMEs").

There is a risk that the data used in the fee calculation is manipulated during the manual process, leading to material risk of misstatements in management fees.

For performance fees, there are a number of bespoke and complex agreements and due to the manual nature of the calculation and recognition process, there is an increased risk in error in relation to performance fees.

We therefore considered revenue recognition to be a key audit matter.

How the scope of our audit addressed the key audit matter

Our audit testing included the following:

- We reviewed the appropriateness of revenue recognition policy against the applicable accounting standards.
- For a sample of days, we tested the operating effectiveness of the controls over the receipt and input of customer data into the underlying system for AUME through inspection of daily checklists and emails confirming that the Front Office Risk Management ("FORM") and Portfolio implementation teams performed the daily monitoring checks over the rebalancing process and that exceptions have been resolved
- We tested design, implementation and operating effectiveness of the IT general controls ("ITGC") of the key IT applications used in the revenue reporting process, and furthermore, we tested the key automated controls within the IT applications for the full period. The key automated controls tested included the client static data changes validation control where the system's ability to automatically match AUME data captured and its ability to flag errors is tested and secondly test the system's automated client static data maker/checker functionality. Further to this, we tested the internal reporting systems ability to accurately compute weighted average days and weighted average AUME exposure levels (running totals) as such information is relied upon for the calculation of management fee revenue.
- For a sample of new clients onboarded during the year, we tested the existence, accuracy and completeness of new client static data captured in the internal reporting system and invoices raised to new client by agreeing inputs to supporting IMA agreements.

For management fees, on a sample basis we:

- Obtained management's fee calculation, discussed the methodology used in the calculation with management, and agreed the calculation methodology to the relevant IMAs.
- Agreed key inputs used in the management fee calculation such as hedge ratios and fee rates to the IMAs.
- We obtained an understanding of client's process related to identification of applicable AUMEs and tested a sample of the AUME identified to supporting documentation.
- Recalculated the management fees by applying the fee rates to the weighted average AUMEs, compared our results to management calculations, and where differences were identified we investigated these.
- Agreed a sample of management fees per invoices to the general ledger and fee calculation, and agreed cash receipts to bank statements.
- For a sample of clients, determined the invoicing basis of the client through inspection of the IMA and reviewed the completeness of the management fee revenue charged in the financial year and investigated any unexpected differences noted.
- Selected and reviewed a sample of post year-end sales invoices issued to check the management fee revenue is recognised in the correct period.

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

Key audit matter

How the scope of our audit addressed the key audit matter

For performance fees on a sample basis we:

- Agreed key inputs, including estimated valuations, relevant hurdles and performance obligations and other terms to supporting documentation such as contracts/IMAs and third party/ custodian supporting documentation.
- Assessed the completeness of the performance fee revenue by reviewing a sample of other client IMAs for the existence of any performance fee clauses.
- For each of the clients from which performance fees were earned, through inspection of the signed IMA's the audit team determined the client's performance period and with the performance periods in mind, verified the crystallisation of all performance fees recognised in the current financial year.
- With the assistance of our internal valuation experts, we independently recalculated the benchmark performance which was compared to management's calculations, and investigated differences, where identified.
- Recalculated the performance fees by recalculating the performance/value-added of each client's mandate to that of the benchmark portfolio and applying the fee rates as per the IMA to the computed value added, and compared our results to that of managements with any differences noted being investigated.
- Agreed a sample of performance fees per invoices to the general ledger and fee calculation, and agreed cash receipts to bank statements.

Key observations:

Based on our procedures performed, we did not identify any matters which would indicate that revenue arising in respect of management fees and performance fees has not been recognised appropriately.

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

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	730,000	543,000	127,000	98,000
Basis for determining materiality	5% of Profit before tax		1% of Total assets	
Rationale for the benchmark applied	As the entity is listed, profit before tax was considered to be the most appropriate benchmark for users of the financial statements as it is a primary measure of performance.		Total assets were considered to be the most appropriate benchmark as the entity is a holding company and it is the key financial measure for users of the financial statements.	
Performance materiality	475,000	352,950	82,600	42,250
Rationale for the percentage applied for performance materiality	On the basis of our risk assessments, together with our assessment of the Group's and Parent Company's overall control environment, our judgement was that a performance materiality of 65% of materiality was appropriate.			

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

Our application of materiality continued

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 3% and 73% (2022: 18% and 72%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £20,000 to £530,000 (2022: £98,000 to £394,000). In the audit of each component, we further applied performance materiality levels of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £14,600 (2022: £10,860) for the Group and £1,500 (2022: £1,500) for the parent company. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

<p>Going concern and longer-term viability</p>	<ul style="list-style-type: none"> The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 54 & 94; and The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 54 & 94.
<p>Other Code provisions</p>	<ul style="list-style-type: none"> Directors' statement on fair, balanced and understandable set out on page 95; Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 49 to 53; The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 49, 50 & 66; and The section describing the work of the audit committee set out on page 70 to 75.

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

Other Companies Act 2006 reporting

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

<p>Strategic report and Directors' report</p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<p>Directors' remuneration</p>	<ul style="list-style-type: none"> In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
<p>Corporate governance statement</p>	<ul style="list-style-type: none"> In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information. In our opinion, based on the work undertaken in the course of the audit information about the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules. We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Parent Company.
<p>Matters on which we are required to report by exception</p>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or certain disclosures of Directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Non-compliance with laws and regulation

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be in compliance with UK Adopted IFRS, UK tax legislation, and the Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

We gained an understanding of the legal and regulatory framework applicable to the Group and the Parent Company and the industry in which it operates and considered the risk of acts which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, UK tax legislation, UK Listing Rules, the principles of the UK Corporate Governance Code, UK adopted IFRS, and in addition other laws and regulations that may have a material effect on the financial statements including the permissions and supervisory requirements of the Financial Conduct Authority ('FCA').

Our procedures in respect of the above included:

- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- The review of legal expenditure accounts to review the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud or allegations of fraudulent financial reporting affecting the Group and Parent Company, and non-compliance with relevant laws and regulations;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

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

- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.
- inspecting correspondence with regulators for instances of non-compliance with relevant laws and regulations.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, revenue recognition and management bias in accounting estimates including the valuation of payments.

Our procedures in respect of the above included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; on a sample basis we determined journals with key risk characteristics such as postings made by non-finance staff, debit postings to revenue, identification of least used accounts or round sum values and material journals and we agreed these to supporting documents;
- assessing whether the judgements made in making accounting estimates could be indicative of a potential bias; evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; challenging management of key judgements and estimates related to the valuation of share-based payments, reviewing management's impairment assessment of the investments and the impact of the current challenging economic environment characterised by the cost of living crisis, high inflation and interest rates and Russia/Ukraine crisis over going concern;
- obtaining an understanding of the effectiveness of the control environment in monitoring compliance with laws and regulations;
- challenging management on judgemental areas, in particular the valuation of share-based payments; and
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations.

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

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

Use of our report

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

DocuSigned by:



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Orla Reilly (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

29 June 2023

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

Consolidated statement of comprehensive income

Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Revenue	4	44,689	35,152
Cost of sales		(37)	(219)
Gross profit		44,652	34,933
Administrative expenses	5	(29,888)	(23,726)
Other expense	5	(293)	(372)
Operating profit	5	14,471	10,835
Finance income		182	44
Finance expense		(55)	(23)
Profit before tax		14,598	10,856
Taxation	7	(3,259)	(2,225)
Profit after tax		11,339	8,631
Total comprehensive income for the year		11,339	8,631
Profit and total comprehensive income for the year attributable to			
Owners of the parent		11,339	8,631
Total comprehensive income for the year		11,339	8,631
Earnings per share for profit attributable to the equity holders of the parent during the year			
Basic earnings per share (pence per share)	8	5.95	4.52
Diluted earnings per share (pence per share)	8	5.81	4.37

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

Consolidated statement of financial position

As at 31 March 2023

	Note	2023 £'000	Restated ¹ 2022 £'000
Non-current assets			
Intangible assets	11	1,390	562
Right-of-use assets	12	1,011	1,421
Property, plant and equipment	13	377	401
Investments	14	4,901	3,447
Deferred tax assets	15	134	253
Total non-current assets		7,813	6,084
Current assets			
Trade and other receivables	16	14,373	9,883
Derivative financial assets	17	54	—
Money market instruments with maturities > 3 months	18	4,549	13,913
Cash and cash equivalents	18	9,948	3,345
Total current assets		28,924	27,141
Total assets		36,737	33,225
Current liabilities			
Trade and other payables	19	(6,011)	(4,721)
Corporation tax liabilities	19	(1,329)	(924)
Provisions		—	(75)
Lease liabilities	12	(285)	(366)
Derivative financial liabilities	17	(5)	(124)
Total current liabilities		(7,630)	(6,210)
Non-current liabilities			
Provisions	20	(122)	(125)
Lease liabilities	12	(694)	(960)
Total non-current liabilities		(816)	(1,085)
Total net assets		28,291	25,930
Equity			
Issued share capital	21	50	50
Share premium account		1,809	1,809
Capital redemption reserve		26	26
Retained earnings		26,406	24,045
Total equity		28,291	25,930

1. See note 30 for details of the reclassification resulting in the restatement of prior year.

Approved by the Board on 29 June 2023 and signed on its behalf by:



Neil Record
Chairman



Steve Cullen
Chief Financial Officer

Company registered number: 1927640

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

Consolidated statement of changes in equity

Year ended 31 March 2023

	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	Total equity £'000
As at 1 April 2022		50	1,809	26	24,045	25,930	25,930
Profit and total comprehensive income for the year		—	—	—	11,339	11,339	11,339
Dividends paid	9	—	—	—	(9,095)	(9,095)	(9,095)
Own shares acquired by EBT		—	—	—	(3,572)	(3,572)	(3,572)
Release of shares held by EBT		—	—	—	2,268	2,268	2,268
Tax on share-based payments		—	—	—	300	300	300
Share-based payment reserve movement		—	—	—	1,121	1,121	1,121
Transactions with shareholders		—	—	—	(8,978)	(8,978)	(8,978)
As at 31 March 2023		50	1,809	26	26,406	28,291	28,291

Year ended 31 March 2022

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Equity attributable to equity holders of the parent £'000	Total equity £'000
As at 1 April 2021		50	2,418	26	24,305	26,799	26,799
Restatement of release of shares held by EBT	30	—	(609)	—	609	—	—
Restated balance as at 1 April 2021		50	1,809	26	24,914	26,799	26,799
Profit and total comprehensive income for the year		—	—	—	8,631	8,631	8,631
Dividends paid	9	—	—	—	(6,512)	(6,512)	(6,512)
Own shares acquired by EBT		—	—	—	(5,807)	(5,807)	(5,807)
Restatement of release of shares held by EBT	30	—	—	—	1,838	1,838	1,838
Restatement of share-based payment reserve movement	30	—	—	—	981	981	981
Transactions with shareholders	30	—	—	—	(9,500)	(9,500)	(9,500)
Restated balance as at 31 March 2022		50	1,809	26	24,045	25,930	25,930

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

Consolidated statement of cash flows

Year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Profit after tax		11,339	8,631
Adjustments for:			
Depreciation of right-of-use assets	12	375	489
Depreciation of property, plant and equipment	13	285	357
Amortisation of intangible assets	11	135	192
Loss on asset disposals		11	—
Share-based payments		916	559
Decrease in other non-cash items ¹		1,780	877
Finance income		(181)	(44)
Finance expense		55	23
Tax expense	7	3,259	2,225
Changes in working capital			
(Increase) in receivables		(4,490)	(1,877)
Increase in payables		1,290	1,296
(Decrease) in provisions		(78)	—
Cash inflow from operating activities		14,696	12,728
Corporation tax paid		(2,433)	(1,373)
Net cash inflow from operating activities		12,263	11,355
Purchase of intangible assets	11	(964)	(334)
Purchase of property, plant and equipment	13	(272)	(75)
Purchase of investments		(3,570)	(1,773)
Payment to seed fund holders		—	(1,808)
Redemption of bonds		1,607	1,462
Redemption of investments		881	—
Purchase/(disposal) of money market instruments with maturity > 3 months		9,363	(983)
Interest received		181	44
Net cash inflow/(outflow) from investing activities		7,226	(3,467)
Cash flow from financing activities			
Lease principal payments	12	(315)	(540)
Lease interest payments	12	(55)	(17)
Purchase of own shares		(3,572)	(4,462)
Dividends paid to equity shareholders	9	(9,095)	(6,512)
Net cash outflow from financing activities		(13,037)	(11,531)
Net increase/(decrease) in cash and cash equivalents in the year		6,452	(3,643)
Exchange gains		151	141
Cash and cash equivalents at the beginning of the year		3,345	6,847
Cash and cash equivalents at the end of the year		9,948	3,345
Closing cash and cash equivalents consist of:			
Cash		6,405	3,345
Cash equivalents		3,543	—
Cash and cash equivalents	18	9,948	3,345

1. Other non-cash items include £2,473k release of shares held by Employee Benefit Trust and other share movements (2022: £624k), £175k unrealised gains in derivatives (2022: £340k loss), £147k foreign exchange gains (2022: £137k gain) and £371k unrealised gains in investments (2022: £50k loss).

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

Company statement of financial position

As at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Right-of-use assets	12	871	1,232
Property, plant and equipment		99	—
Investments	14	9,062	5,029
Deferred tax		—	1
Total non-current assets		10,032	6,262
Current assets			
Corporation tax		16	3
Trade and other receivables	16	2,428	3,522
Cash and cash equivalents	18	213	43
Total current assets		2,657	3,568
Total assets		12,689	9,830
Current liabilities			
Trade and other payables	19	(4,955)	(4,161)
Lease liabilities	12	(251)	(326)
Provisions		—	(75)
Total current liabilities		(5,206)	(4,562)
Non-current liabilities			
Lease liabilities	12	(583)	(812)
Deferred tax liabilities		(11)	—
Provisions	20	(122)	(125)
Total non-current liabilities		(716)	(937)
Total net assets		6,767	4,331
Equity			
Issued share capital	21	50	50
Share premium account		1,809	1,809
Capital redemption reserve		26	26
Retained earnings		4,882	2,446
Total equity		6,767	4,331

The Company's total comprehensive income for the year (which is principally derived from intra-group dividends) was £10,614,915 (2022: £4,558,705).

Approved by the Board on 29 June 2023 and signed on its behalf by:



Neil Record
Chairman



Steve Cullen
Chief Financial Officer

Company registered number: 1927640

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

Company statement of changes in equity

Year ended 31 March 2023

	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 2022		50	1,809	26	2,446	4,331
Profit and total comprehensive income for the year		—	—	—	10,615	10,615
Dividends paid	9	—	—	—	(9,095)	(9,095)
Share option reserve movement		—	—	—	916	916
Transactions with shareholders		—	—	—	(8,179)	(8,179)
As at 31 March 2023		50	1,809	26	4,882	6,767

Year ended 31 March 2022

	Note	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total shareholders' equity £'000
As at 1 April 2021		50	1,809	26	3,843	5,728
Profit and total comprehensive income for the year		—	—	—	4,559	4,559
Dividends paid	9	—	—	—	(6,512)	(6,512)
Share option reserve movement		—	—	—	556	556
Transactions with shareholders		—	—	—	(5,956)	(5,956)
As at 31 March 2022		50	1,809	26	2,446	4,331

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

Company statement of cash flows

Year ended 31 March 2023

	Note	2023 £'000	Restated ¹ 2022 £'000
Profit after tax		10,615	4,559
Adjustments for:			
Depreciation of right-of-use assets	12	338	453
Depreciation of property, plant and equipment		17	—
Decrease/(Increase) in other non-cash items ²		(155)	45
Finance income		(1)	—
Finance expense		43	16
Tax expense/(income)		5	(19)
Dividends received from subsidiaries		(10,500)	(4,600)
Changes in working capital			
Decrease/(Increase) in receivables		1,094	(2,134)
Increase in payables		794	2,470
(Decrease) in provisions		(78)	—
Cash inflow from operating activities		2,172	790
Corporation taxes (paid)/received		(6)	37
Net cash inflow from operating activities		2,166	827
Cash flow from investing activities			
Dividends received		10,500	4,600
Purchase of property, plant and equipment		(116)	—
Investment in subsidiaries		—	(325)
Investment in equity reserve of subsidiary		(1,095)	—
Purchase of investments		(1,869)	—
Payments to seed fund holders		—	1,798
Interest received		1	—
Net cash inflow from investing activities		7,421	6,073
Net cash flow from financing activities			
Lease principal payments	12	(280)	(502)
Lease interest payments	12	(43)	(16)
Dividends paid to equity shareholders		(9,095)	(6,512)
Net cash outflow from financing activities		(9,418)	(7,030)
Net increase/(decrease) in cash and cash equivalents in the year		170	(130)
FX revaluation		—	—
Cash and cash equivalents at the beginning of the year		43	173
Cash and cash equivalents at the end of the year		213	43
Closing cash and cash equivalents consist of:			
Cash		213	43
Cash and cash equivalents	18	213	43

1. See note 31 for details of the presentational adjustment resulting in the restatement of prior year.

2. Other non-cash items include unrealised movements in investments and other foreign exchange movements.

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

Notes to the financial statements for the year ended 31 March 2023

These financial statements exclude disclosures that are both immaterial and judged to be unnecessary to understand our results and financial position.

1. Accounting policies

In order to provide more clarity to the notes to the financial statements, accounting policy descriptions appear at the beginning of the note to which they relate.

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

a. Accounting convention

Basis of preparation

The Group financial statements have been prepared in accordance with UK adopted international accounting standards and the Company and other Group entities' financial statements have also been prepared in accordance with UK adopted international accounting standards.

The financial statements have been prepared on a historical cost basis, modified to include fair valuation of derivative financial instruments. Investments are measured at fair value through profit or loss.

The Directors are satisfied that the Company and the Group have adequate resources with which to continue to operate for the foreseeable future. In arriving at this conclusion, the Directors have considered various assessments including both the impact of the war in Ukraine, and that of the current high inflationary environment on the Group, the market it operates in and its stakeholders. These assessments show that the Group should be able to operate at adequate levels of both liquidity and capital for at least 12 months from the date of signing this report.

Consequently, the Directors have reasonable expectation that the Group has adequate financial resources to continue operations for at least 12 months from the date of signing the report, and therefore have continued to adopt the going concern basis in preparing the financial statements.

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.

Changes to international accounting policies

There were no new interpretations or standards which became applicable during the year that were adopted by the Group.

Additionally, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective at the year-end date.

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 2023. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control is achieved where the Company is exposed to or has rights over variable returns from its involvement with the entity and it has the power to affect returns. The Group has applied UK adopted IFRSs for periods commencing on or after January 2022.

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.

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 Record plc, referred to as the "Company".

The Company is taking advantage of the exemption under the Companies Act 2006 s408(1) not to present its individual statement of comprehensive income and related notes that form part of the financial statements. The Company and its subsidiaries are collectively referred to as the Group; the Group's total comprehensive income for the year includes a profit of £10,614,915 attributable to the Company (2022: £4,558,705). The Company's principal activity is that of a holding company.

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

Notes to the financial statements for the year ended 31 March 2023 continued

1. Accounting policies continued

c. Foreign currencies

The financial statements are presented in sterling (£), which is the functional currency of the parent company. Foreign currency transactions are translated into the functional currency of the parent company using prevailing exchange rates which are updated on a monthly basis. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in the statement of comprehensive income under "other income or expense".

d. Administrative expenses

Administrative expense includes staff costs, marketing and IT costs, which are recognised on an accruals basis as services are provided to the Group.

e. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

f. Impairment of assets

The Group assesses whether there is any indication that any of its assets have been impaired at least annually. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

g. Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

h. Equity

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premium received on issue of share capital. From time to time, the Group has bought in ordinary shares for cancellation. The cost of the buy-ins was taken directly to retained earnings. The nominal value of the shares was taken to a capital redemption reserve. Retained earnings includes all current and prior period retained profits and share-based employee remuneration. All transactions with owners of the parent are recorded separately within equity.

2. Critical accounting estimates and judgements

In order to prepare the financial statements in accordance with IFRS, management make certain critical accounting estimates. Management are also required to exercise judgement in the process of applying the Group's accounting policies and in determining the reported amount of certain assets and liabilities.

The estimates and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. As a consequence, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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.

Notes to the financial statements for the year ended 31 March 2023 continued

Calculation of leased assets and liabilities requires the use of both estimation and judgement. The identification of an appropriate discount rate to use in the calculation of the lease liability involves both estimation and judgement. Where the lease's implicit rate is not readily determinable, an incremental borrowing rate must be calculated by the Group. The discount rate used has a direct effect on the size of the lease liability capitalised and although this has been included as an area where the use of estimation and judgement in note 12 is important, it is unlikely to materially impact the Group. Intangible assets are written down in accordance with the Group's amortisation policy on page 119. The assets are reviewed by management to ensure the amortisation period is appropriate. Investments are revalued monthly at market value as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation are, as disclosed in note 24. Any potential impairments would be written down as and when the Group is notified.

3. Segmental analysis

The Directors, who together are the entity's Chief Operating Decision Maker, consider that its services for FY-23 and prior years comprise one operating segment (being the provision of currency and derivatives management services) and that it operates in a market that is not bound by geographical constraints. The Group provides Directors with revenue information disaggregated by product, whilst operating costs, assets and liabilities are presented on an aggregated basis. This reflects the unified basis on which the products are marketed, delivered and supported. Further information on the Group's operations and principal activities is provided in the Business model section from page 10. Revenue analysed by product is provided in note 4.

Looking ahead to the current financial year (FY-24), the Group expects its diversification into asset management will result in an alternative revenue stream (i.e. Asset Management as opposed to Currency Management). This will represent a different operating segment and will be reported separately from FY-24.

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	2023 £'000	2022 £'000
Management fees		
Passive Hedging	12,912	11,768
Dynamic Hedging	12,013	10,020
Currency for Return	6,789	5,513
Multi-product	6,584	6,782
Total management fee income	38,298	34,083
Performance fee income	5,805	499
Other services income	586	570
Total revenue from contracts with customers	44,689	35,152

Management fees are recognised at a point in time and are invoiced typically on a quarterly basis, although Record may invoice fees monthly for some of its larger clients. Performance fees are recognised at a point in time and can be invoiced on a quarterly, six-monthly or annual basis, as agreed with our clients.

4. Revenue

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of currency management services. Our revenues typically arise from charging management fees, performance fees and other currency services income and are accounted for in accordance with IFRS 15 – "Revenue from Contracts with Customers".

Management fees and other currency services income are recorded on a monthly basis as the service occurs; there are no other performance obligations (excluding standard duty of care requirements). Management fees are calculated as an agreed percentage of the Assets Under Management Equivalents ("AUME") denominated in the client's chosen base currency. The percentage varies depending on the nature of services and the level of AUME. Management fees are typically invoiced to the customer quarterly with receivables recognised for unpaid invoices. Fees are recognised on a monthly based on the agreed fee rate and AUME over the period.

The Group is entitled to earn performance fees from some clients where the performance of the clients' mandates exceeds defined benchmarks over a set time period, and are recognised when the fee amount can be estimated reliably and it is highly probable that it will not be subject to significant reversal.

Performance fee revenues are not considered to be highly probable until the end of a contractual performance period and therefore are not recognised until they crystallise, at which time they are payable by the client and cannot be clawed back. There are no other performance obligations or services provided which suggest these have been earned either before or after crystallisation date.

Notes to the financial statements for the year ended 31 March 2023 continued

4. Revenue continued

Revenue recognition continued

b. Geographical analysis

The geographical analysis of revenue is based on the destination i.e. the location of the client to whom the services are provided. All revenue originated in the UK. Other relates to a number of regions that are individually immaterial.

Revenue by geographical region	2023 £'000	2022 £'000
Management and performance fee income		
UK	2,545	2,775
US	14,179	13,049
Switzerland	16,985	10,877
Europe (excluding UK and Switzerland)	9,339	6,926
Other	1,641	1,525
Total revenue	44,689	35,152

c. Major clients

During the year ended 31 March 2023, four clients individually accounted for more than 10% of the Group's revenue. The four largest clients generated revenues of £6.6 million, £6.3 million, £5.2 million and £4.9million in the year (2022: two clients generated revenues of more than 10% totalling £4.9 million and £4.8 million in the year).

5. Operating profit

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

	2023 £'000	2022 £'000
Staff costs	20,412	16,479
Other staff-related costs	1,545	1,352
IT and technology	3,582	2,380
Professional fees	1,775	1,139
Occupancy	1,111	668
Depreciation of property, plant and equipment	285	357
Depreciation of leased property	375	489
Amortisation of intangibles	135	192
Auditor fees:		
Fees payable to the Group's auditor for the audit of the Company's annual accounts	134	72
Fees payable to the Group's auditor for the audit of subsidiary undertakings	191	103
Auditor fees total	325	175
Fees payable to the Group's auditor and its associates for other services:		
Audit-related assurance services required by law or regulation	6	5
Other non-audit services	15	12
Loss on forward FX contracts held to hedge cash flow	800	467
Loss on derivative financial instruments held by seed funds	—	42
Other exchange losses/(gains)	(289)	(141)
Investment losses/(gains)	(218)	4

Notes to the financial statements for the year ended 31 March 2023 continued

6. Staff costs

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

	2023	2022
Corporate	6	6
Client relationships	13	14
Investment research	18	16
Operations	31	24
Risk management	5	5
Support	15	17
Annual average	88	82

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

	2023 £'000	2022 £'000
Wages and salaries	14,540	11,931
Social security costs	2,295	1,758
Pension costs	686	635
Other employment benefit costs	2,891	2,155
Aggregate staff costs	20,412	16,479

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

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.

	2023 £'000	2022 £'000
UK current year charge	2,961	2,006
Overseas taxes	64	56
Prior year adjustments	175	(88)
Current tax charge	3,200	1,974
Origination and reversal of temporary differences	76	(12)
Prior year adjustment	(17)	240
Impact of change in tax rate for deferred tax	–	23
Total deferred tax	59	251
Tax on profit on ordinary activities	3,259	2,225

Notes to the financial statements for the year ended 31 March 2023 continued

7. Taxation – Group continued

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

	2023 £'000	2022 £'000
Profit before taxation	14,598	10,856
Taxation at the standard rate of tax in the UK of 19% (2022: 19%)	2,774	2,062
Tax effects of:		
Other disallowable expenses and non-taxable income	164	(37)
Deferred tax asset not recognised on start-up entities	146	—
Higher tax rates on subsidiary undertakings	15	15
Prior year adjustment	160	162
Change in tax rates	—	23
Total tax expense	3,259	2,225
The tax expense comprises:		
Current tax expense	3,200	1,974
Deferred tax expense	59	251
Total tax expense	3,259	2,225

The standard rate of UK corporation tax for the year is 19% (2022: 19%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes. Other differences may also arise. The rate increased to 25% from 1 April 2023.

The tax charge for the year ended 31 March 2023 was 22% of profit before tax (2022: 20%). Other temporary differences for the year ended 31 March 2023 include the impact of deferred tax expense of £59k (2022: expense of £251k).

8. Earnings per share

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

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

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

	2023 £'000	2022 £'000
Weighted average number of shares used in calculation of basic earnings per share	190,483,365	191,068,307
Effect of potential dilutive ordinary shares – share options	4,830,186	6,230,794
Weighted average number of shares used in calculation of diluted earnings per share	195,313,551	197,299,101

	pence	pence
Basic earnings per share	5.95	4.52
Diluted earnings per share	5.81	4.37

The potential dilutive shares relate to the share options, JSOP and LTIP awards granted in respect of the Group's Share Scheme (see note 22). There were share options and JSOP awards in place at the beginning of the year over 13,513,045 shares. During the year 3,607,836 share options were exercised, 633,125 JSOP awards vested and a further 1,247,502 options lapsed or were forfeited. The Group granted 3,810,000 share options and LTIP awards over 2,890,000 shares with a potentially dilutive effect during the year. Of the 14,724,582 share options, JSOP and LTIP awards in place at the end of the period, 11,878,815 have a dilutive impact at the year end.

Notes to the financial statements for the year ended 31 March 2023 continued

9. Dividends

Ordinary, special and interim dividends are recognised in the financial statements when paid. Final ordinary dividends are required to be approved by shareholders.

The dividends paid by the Group during the year ended 31 March 2023 totalled £9,095,232 (4.77 pence per share), which comprised a final dividend in respect of the year ended 31 March 2022 of £3,420,850 (1.8 pence per share), a special dividend in respect of the year ended 31 March 2022 of £1,748,435 (0.92 pence per share) and an interim dividend for the year ended 31 March 2023 of £3,925,947 (2.05 pence per share).

The dividends paid by the Group during the year ended 31 March 2022 totalled £6,511,887 (3.40 pence per share), which comprised a final dividend in respect of the year ended 31 March 2021 of £2,220,404 (1.15 pence per share), a special dividend in respect of the year ended 31 March 2021 of £868,854 (0.45 pence per share) and an interim dividend for the year ended 31 March 2022 of £3,422,629 (1.80 pence per share).

For the year ended 31 March 2023, a final ordinary dividend of 2.45 pence per share has been proposed and a special dividend of 0.68 pence per share has been declared, totalling approximately £4.7 million and £1.3 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 measured from the date they are available for use. Useful lives are as follows:

- Software – 2 to 5 years.

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

The Group's intangible assets comprise both purchased software and the capitalised cost of software deployment. No internal costs of software development are capitalised. Internal software costs, which would represent attributable employee costs, would be capitalised if they meet the IAS 38 criteria. The carrying amounts can be analysed as follows:

2023	Software £'000	Total £'000
Cost		
At 1 April 2022	1,475	1,475
Additions	964	964
Disposals	(119)	(119)
At 31 March 2023	2,320	2,320
Amortisation		
At 1 April 2022	913	913
Charge for the year	135	135
Disposals	(118)	(118)
At 31 March 2023	930	930
Net book amounts		
At 31 March 2023	1,390	1,390
At 1 April 2022	562	562

Notes to the financial statements for the year ended 31 March 2023 continued

11. Intangible assets continued

2022	Software £'000	Total £'000
Cost		
At 1 April 2021	1,141	1,141
Additions	334	334
At 31 March 2022	1,475	1,475
Amortisation		
At 1 April 2021	721	721
Charge for the year	192	192
At 31 March 2022	913	913
Net book amounts		
At 31 March 2022	562	562
At 1 April 2021	420	420

The annual contractual commitment for the maintenance and support of the above software is £207,253 (2022: £396,710). 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 between three to six years but they may have extension and/or modification options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets cannot be used as security for borrowing purposes.

New and modified leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets include the net present value of the lease payments less any lease incentives receivable.

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

The leases relevant to the twelve months ended 31 March 2023, and the comparative period, are as described below:

On 7 September 2016, the Group signed a new lease on premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor, at an annual commitment of £507,603, expiring on 1 September 2022. On 11 February 2022, the Group signed a lease on premises at Second Floor, Morgan House, Madeira Walk, Windsor, at an annual commitment of £267,900, expiring on 1 September 2026. The 1 September 2022 lease modification has been capitalised and discounted at a rate of 3.95%.

On 1 June 2017, the Group signed a five-year lease on premises in Zürich, at an annual commitment of CHF 49,680. On 12 August 2021, the Group extended the lease to 1 June 2027, at an annual commitment of CHF 49,680.

Record assesses whether a contract is, or contains, a lease at the inception of the contract.

Right-of-use ("ROU") assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- an estimate of costs to be incurred to restore the assets to the condition required by the terms and conditions of the lease.

Notes to the financial statements for the year ended 31 March 2023 continued

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 2023	Group £'000	Company £'000
Net book value on transition at 1 April 2022	1,421	1,232
Valuation adjustment on lease modification	(35)	(23)
Depreciation	(375)	(338)
Net book value at 31 March 2023	1,011	871

Year ended 31 March 2022	Group £'000	Company £'000
Net book value at 1 April 2021	684	642
Addition	1,226	1,043
Depreciation	(489)	(453)
Net book value at 31 March 2022	1,421	1,232

Lease liabilities

Year ended 31 March 2023	Group £'000	Company £'000
Current	285	251
Non-current	694	583
Total lease liabilities	979	834

	Group £'000	Company £'000
At 1 April 2022	1,326	1,138
Additions	—	—
Interest expense	55	41
Lease - principal payments	(315)	(280)
Lease - interest payments	(55)	(43)
Valuation adjustment on lease modification	(35)	(22)
Foreign exchange movements	3	—
At 31 March 2023	979	834

Year ended 31 March 2022	Group £'000	Company £'000
Current	366	326
Non-current	960	812
Total lease liabilities	1,326	1,138

	Group £'000	Company £'000
At 1 April 2021	638	597
Additions	1,226	1,042
Interest expense	17	16
Lease payments	(540)	(501)
Lease interest payments	(17)	(16)
Foreign exchange movements	2	—
At 31 March 2022	1,326	1,138

Notes to the financial statements for the year ended 31 March 2023 continued

12. Leases continued

Lease payments

At 31 March 2023, the undiscounted operating lease payments on an annual basis are as follows:

Maturity of lease liability at 31 March 2023

	Group £'000	Company £'000
Within 1 year	320	280
1-2 years	320	280
2-3 years	320	280
After 3 years	85	47
Total lease liability before discounting	1,045	887

The remainder of the movement in the lease liability relates to non-cash movements. The lease term is determined as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group considers that exercise of the option is reasonably certain.

13. Property, plant and equipment – Group

All property, plant and equipment assets are stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight-line basis over the estimated useful life as follows:

- leasehold improvements – period from lease commencement to the earlier of the lease termination date and the next rent review date;
- computer equipment – 2 to 5 years; and
- 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:

2023	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2022	693	1,056	293	2,042
Additions	116	148	8	272
Disposals	(33)	(181)	(70)	(284)
At 31 March 2023	776	1,023	231	2,030
Depreciation				
At 1 April 2022	642	718	281	1,641
Charge for the year	68	204	13	285
Disposals	(33)	(170)	(70)	(273)
At 31 March 2023	677	752	224	1,653
Net book amounts				
At 31 March 2023	99	271	7	377
At 1 April 2022	51	338	12	401

Notes to the financial statements for the year ended 31 March 2023 continued

2022	Leasehold improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 April 2021	693	983	305	1,981
Additions	—	73	2	75
Disposals	—	—	(14)	(14)
At 31 March 2022	693	1,056	293	2,042
Depreciation				
At 1 April 2021	520	515	263	1,298
Charge for the year	122	203	32	357
Disposals	—	—	(14)	(14)
At 31 March 2022	642	718	281	1,641
Net book amounts				
At 31 March 2022	51	338	12	401
At 1 April 2021	173	468	42	683

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

14. Investments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Investment in subsidiaries at cost	—	—	2,069	2,069
Capitalised investment in respect of share-based payments	—	—	2,932	2,018
Investment in equity reserve of subsidiary	—	—	1,095	—
Investment in funds	2,530	1,070	1,965	942
Investment in impact bonds	770	2,177	—	—
Other investments	1,601	200	1,001	—
Total direct investments	4,901	3,447	9,062	5,029

Other investments includes £600k invested directly in the share capital of start-up companies in the digital asset sector (2022: £200k) through Record Digital. Also included is £1 million invested into a separate investment strategy to test the viability of a potential new product offering in a diverse set of alternative assets.

During the year, the Group signed commitments totalling \$823,507 (£804,384), which were fully called up in the year. At the beginning of the year, the Group had existing commitments of \$383,100 (£309,839) of which \$78,100 (£63,165) was called up in the year, leaving a balance of \$305,000 (£246,674) which may or may not be called up in future (see note 26: contingent liabilities for further information).

Notes to the financial statements for the year ended 31 March 2023 continued

14. Investments continued

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.

	2023 £'000	2022 £'000
Investment in subsidiaries (at cost)		
Record Currency Management Limited	10	10
Record Group Services Limited	10	10
Record Portfolio Management Limited	10	10
Record Currency Management (US) Inc.	—	—
Record Currency Management (Switzerland) GmbH	16	16
Record Digital Asset Ventures Limited	2,000	2,000
Record Asset Management GmbH	23	23
Record Fund Management Limited	—	—
N P Record Trustees Limited	—	—
Total investment in subsidiaries (at cost)	2,069	2,069
Capitalised investment in respect of share-based payments		
Record Group Services Limited	2,530	1,801
Record Currency Management (US) Inc.	89	89
Record Currency Management (Switzerland) GmbH	316	129
Total capitalised investment in respect of share-based payments	2,935	2,019
Total investment in subsidiaries	5,004	4,088

Particulars of subsidiary undertakings

Name	Nature of business
Record Currency Management Limited	Currency management services (FCA, SEC and CFTC registered)
Record Group Services Limited	Management services to other Group undertakings
Record Currency Management (US) Inc.	US advisory and service company (SEC and CFTC registered)
Record Currency Management (Switzerland) GmbH	Swiss advisory and service company
Record Digital Asset Ventures Limited	UK company investing in opportunities linked to innovation and research surrounding digital assets
Record Asset Management GmbH	German advisory and service company
RAM Strategies GmbH	German consultant and distribution agent
Record Portfolio Management Limited	Dormant
Record Fund Management Limited	Dormant
N P Record Trustees Limited	Dormant trust company

The Group's interest in the equity capital of subsidiary undertakings is 100% of the ordinary share capital in all cases. Record Currency Management (US) Inc. is incorporated in Delaware (registered office: Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808), Record Currency Management (Switzerland) GmbH is incorporated in Zürich (registered office: Münsterhof 14, 8001 Zürich) and Record Asset Management GmbH and RAM Strategies GmbH are incorporated in Germany (registered office: Königsallee 92a, 40212 Düsseldorf). All other subsidiaries are incorporated in the UK and have the registered office at Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP. All investments in subsidiaries are directly held with the exception of RAM Strategies which is held 100% indirectly through the Company's 100% holding in Record Asset Management GmbH.

Notes to the financial statements for the year ended 31 March 2023 continued

Capitalised investment in respect of share-based payments

The accounting treatment of capitalised investment in respect of share-based payments can be found in note 22.

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.

15. Deferred taxation – Group

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

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

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

	2023 £'000	2022 £'000
Opening balance deferred tax asset/(liability)	253	212
Current year movement	(72)	(251)
Prior year adjustment	14	
Deferred tax in Equity	(61)	292
Closing balance deferred tax asset/(liability)	134	253

The deferred tax asset consists of the tax effect of temporary differences in respect of:

	2023 £'000	2022 £'000
Deferred tax allowance on unvested share options and LTIP awards	366	393
Excess of taxation allowances over depreciation on fixed assets	(232)	(140)
Total	134	253

At the year end there were share options and LTIP awards not exercised with an intrinsic value for tax purposes of £1,937,599 (2022: £4,287,634). 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. The Group has losses in relation to overseas entities totalling £766k (2022: £438k) which are available to carry forward against future profits. No deferred tax asset has been recognised in respect of these in the current or prior year as there is uncertainty as to when these losses will be reversed. Deferred tax has been calculated based on the future tax rate of 25% for differences from 1 April 2023. It is subject to change if tax rates change in future years.

Notes to the financial statements for the year ended 31 March 2023 continued

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.

An analysis of receivables is provided below:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	10,185	8,231	1,538	3,441
Accrued income	1,743	25	—	—
Other receivables	685	497	26	38
Prepayments	1,760	1,130	864	43
Total	14,373	9,883	2,428	3,522

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 2023. The Group's trade receivables are generally short-term and do not contain significant financing components.

The Group applies the IFRS 9 simplified approach to measuring ECLs for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual historic credit loss experience over the preceding 25 years on the total balance of non-credit impaired trade receivables, adjusted to incorporate any relevant forward looking information. The Group has therefore concluded that the ECLs for trade receivables are reasonable. The Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2022: £nil).

Accrued income relates to accrued management and performance fees earned but not yet invoiced.

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.

	2023 £'000	2022 £'000
Derivative financial assets		
Forward foreign exchange contracts held to hedge non-sterling-based assets	31	—
Forward foreign exchange contracts held for trading	23	—
Total	54	—

	2023 £'000	2022 £'000
Derivative financial liabilities		
Forward foreign exchange contracts held to hedge non-sterling-based assets	(5)	(15)
Forward foreign exchange contracts held for trading	—	(109)
Total	(5)	(124)

Notes to the financial statements for the year ended 31 March 2023 continued

Derivative financial instruments held to hedge non-sterling-based assets

At 31 March 2023 there were outstanding contracts with a principal value of £8,647,055 (31 March 2022: £9,085,804) 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 2023. 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:

	2023 £'000	2022 £'000
Derivative financial instruments held to hedge non-sterling-based assets		
Net loss on forward foreign exchange contracts at fair value through profit or loss	800	467

Derivative financial instruments held for trading

The Record – Currency Multi-Strategy Fund may use a variety of instruments including forward foreign exchange contracts, options and futures in order to achieve a return.

All derivative financial instruments held by the Record – Currency Multi-Strategy Fund were classified as held for trading until termination in June 2021.

At 31 March 2023 there were outstanding contracts with a principal value of £nil (31 March 2022: £nil).

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

	2023 £'000	2022 £'000
Derivative financial instruments held to hedge non-sterling-based assets		
Net loss on forward foreign exchange contracts and foreign exchange options at fair value through profit or loss	—	42

18. Cash management

The Group's cash management strategy employs a variety of treasury management instruments including cash, money market deposits and treasury bills. Whilst the Group manages and considers all of these instruments as cash, which are subject to its own internal cash management process, not all of these instruments are classified as cash or cash equivalents under IFRS.

IFRS defines cash and cash equivalents as cash in hand, on demand and collateral deposits held with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Moreover, instruments can only generally be classified as cash and cash equivalents where they are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

In the Group's judgement, bank deposits and treasury bills with maturities in excess of three months do not meet the definition of short-term or highly liquid and are held for purposes other than meeting short-term commitments. In accordance with IFRS, these instruments are not categorised as cash or cash equivalents and are disclosed as money market instruments with maturities >3 months from origination.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Assets managed as cash				
Bank deposits with maturities > 3 months	4,549	13,913	—	—
Money market instruments with maturities > 3 months	4,549	13,913	—	—
Cash	6,405	3,345	213	43
Cash equivalents	3,543	—	—	—
Cash and cash equivalents	9,948	3,345	213	43
Total assets managed as cash	14,497	17,258	213	43

Notes to the financial statements for the year ended 31 March 2023 continued

18. Cash management continued

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash and cash equivalents				
Cash and cash equivalents – sterling	6,632	1,169	212	43
Cash and cash equivalents – USD	821	450	1	—
Cash and cash equivalents – CHF	748	318	—	—
Cash and cash equivalents – other currencies	1,747	1,408	—	—
Total cash and cash equivalents	9,948	3,345	213	43

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade and other payables				
Trade payables	221	478	—	—
Amounts owed to Group undertakings	—	—	4,953	4,155
Other payables	—	16	—	—
Other tax and social security	716	619	—	—
Accruals	5,074	3,608	2	6
Total	6,011	4,721	4,955	4,161

Accruals include £3,637,640 for the Group Bonus Scheme (31 March 2022: £2,506,656). The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current tax liabilities				
Corporation tax	1,329	924	—	—

20. Provisions

The Group has provisions reflecting its contractual obligations connected to reaching the end of its contractual lease terms.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Provisions	122	200	122	200

The provision relates to an obligation to pay for dilapidations in connection with the Group's office lease on the second floor of Morgan House, Windsor, further information for which is included in note 12.

Notes to the financial statements for the year ended 31 March 2023 continued

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.

	2023		2022	
	£'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 2021	6,296,657
Adjustment for net purchases by EBT	3,335,374
Record plc shares held by EBT as at 31 March 2022	9,632,031
Adjustment for net purchases by EBT	(897,029)
Record plc shares held by EBT as at 31 March 2023	8,735,002

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 2023 the Group has managed the following share-based compensation plans:

- the Record plc Bonus Scheme (previously the Group Profit Share Scheme): share awards issued under the Bonus Scheme are classified as share-based payments with cash alternatives under IFRS 2;
- the Record plc Share Scheme: share options issued under the Record plc Share Scheme are classified as equity-settled share-based payments under IFRS 2;
- the Record plc Share Incentive Plan: the Group operates the Record plc Share Incentive Plan ("SIP") to encourage more widespread ownership of Record plc shares by employees. The SIP is a tax-approved scheme offering attractive tax savings for employees retaining their shares in the scheme over the medium to long term;
- the Record plc Jointly Owned Share Plan: participants' interests awarded under the Jointly Owned Share Plan ("JSOP") are classified as equity-settled share-based payments under IFRS 2; and
- the Record Long-Term Incentive Plan: participants' interests awarded under the Long-Term Incentive Plan ("LTIP") are classified as equity-settled share-based payments under IFRS 2.

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

Notes to the financial statements for the year ended 31 March 2023 continued

22. Share-based payments continued

a. Bonus 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 amount 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 Bonus 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 Bonus pool between 25% and 35% of operating profits. Directors and senior employees receive one-third of their Bonus 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 £2,047,328 (2022: £1,463,802). 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 Bonus 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 Bonus Scheme rules contain clawback provisions allowing for the repayment of Bonus 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 3,810,000 shares were granted under the Share Scheme during the year (2022: 3,747,500), of which options over 814,000 shares were granted as Approved options and options over 2,996,000 shares were granted as Unapproved options (2022: 195,000 granted as Approved options and 3,552,500 granted as Unapproved options). All Approved and Unapproved options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

Notes to the financial statements for the year ended 31 March 2023 continued

The 588,000 Approved options issued to employees on 13 May 2022 all become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 2,052,000 Unapproved options issued to employees on 13 May 2022 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 26,000 Approved options issued to employees on 29 June 2022 all become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 199,000 Unapproved options issued to employees on 29 June 2022 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 50,000 Approved options issued to employees on 2 August 2022 all become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 70,000 Unapproved options issued to employees on 3 August 2022 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 150,000 Approved options issued to employees on 27 January 2023 all become exercisable on the fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The 675,000 Unapproved options issued to employees on 27 January 2023 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the options granted in the year ended 31 March 2023, 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	76.0p
Dividend yield	7.21%
Exercise price	76.0p
Expected volatility	48%
Option life	3 years
Risk-free interest rate (%)	2.7%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the Share Scheme was £569,136 for the year ended 31 March 2023 (2022: £530,779).

Notes to the financial statements for the year ended 31 March 2023 continued

22. Share-based payments continued

b. The Record plc Share Scheme continued

Outstanding share options

At 31 March 2023, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 10,560,207 (2022: 11,605,545). 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 2022	Granted	Exercised	Lapsed/forfeited	At 31 March 2023	Earliest vesting date	Latest vesting date ¹	Exercise price
26/01/18	155,000	—	(155,000)	—	—	26/01/22	26/01/22	£0.4350
26/01/18	5,125	—	(5,125)	—	—	26/01/20	26/01/22	£0.4350
26/01/18	17,334	—	—	(17,334)	—	26/01/21	26/01/23	£0.4350
26/01/18	644,336	—	—	(644,336)	—	26/01/21	26/01/23	£0.4350
29/03/19	460,000	—	(460,000)	—	—	29/03/23	29/03/23	£0.2830
29/03/19	185,000	—	(92,500)	—	92,500	29/03/20	29/03/23	£0.2830
21/08/19	1,985,000	—	(330,836)	(330,832)	1,323,332	21/08/22	21/08/24	£0.3110
18/03/20	1,237,500	—	(475,000)	—	762,500	18/03/21	18/03/24	£0.28902
21/09/20	2,818,750	—	(1,106,250)	—	1,712,500	21/09/21	21/09/24	£0.3730
25/01/21	225,000	—	(75,000)	—	150,000	25/01/22	25/01/25	£0.49425
09/03/21	125,000	—	(31,250)	—	93,750	09/03/22	09/03/25	£0.63986
13/08/21	195,000	—	—	(35,000)	160,000	13/08/25	13/08/25	£0.85713
13/08/21	2,600,000	—	(650,000)	—	1,950,000	13/08/22	13/08/25	£0.4000
13/08/21	952,500	—	(226,875)	(45,000)	680,625	13/08/22	13/08/25	£0.85713
13/05/22	—	588,000	—	—	588,000	13/05/26	13/05/26	£0.698708
13/05/22	—	2,052,000	—	(75,000)	1,977,000	13/05/23	13/05/26	£0.698708
29/06/22	—	26,000	—	—	26,000	29/06/26	29/06/26	£0.729609
29/06/22	—	199,000	—	—	199,000	29/06/23	29/06/26	£0.729609
02/08/22	—	50,000	—	(50,000)	—	02/08/26	02/08/26	£0.717197
03/08/22	—	70,000	—	(50,000)	20,000	03/08/23	03/08/26	£0.717197
27/01/23	—	150,000	—	—	150,000	27/01/27	27/01/27	£0.972835
27/01/23	—	675,000	—	—	675,000	27/01/24	27/01/27	£0.972835
Total options	11,605,545	3,810,000	(3,607,836)	(1,247,502)	10,560,207			

Weighted average exercise price of options

£0.41 £0.76 £0.39 £0.47 **£0.54**

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

During the year 3,607,836 options were exercised. The weighted average share price at date of exercise was £0.81. At 31 March 2023, a total of 473,750 options had vested and were exercisable (2022: 946,375). At 31 March 2023, the weighted average exercise price of the options vested and exercisable was £0.31 (2022: £0.35) and the weighted average contractual life was three years (2022: two years).

Notes to the financial statements for the year ended 31 March 2023 continued

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 and Unapproved options issued to all other staff are not subject to a Group performance measure.

Approved options issued to all other staff vest in full on the fourth anniversary 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.

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 Bonus Scheme or payment of sales proceeds back to the Group.

c. The Record plc Share Incentive Plan

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

As an incentive to employees, the Group matches every two shares bought by employees with a free matching share. During the year, the Group awarded 31,039 matching shares (2022: 23,309 matching shares) to employees. The expense charged in respect of the SIP was £24,950 in the year ended 31 March 2023 (2022: £18,310).

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

Notes to the financial statements for the year ended 31 March 2023 continued

22. Share-based payments continued

d. The Record plc Jointly Owned Share Plan ("JSOP")

Equity-settled share-based payments

At inception the employee is required to pay the Employee Benefit Trust ("EBT") for the market value of the participation interest, and the employing subsidiary has agreed to bear the expense of 50% of the amount due. The participation interest paid over at inception is non-refundable, regardless of whether the hurdle is reached. Therefore the amount paid by the employing subsidiary is expensed at inception.

The fair value of the amounts payable to employees under JSOP awards is recognised as an expense over the vesting period of the award, with a corresponding increase in equity. All such awards made by the Group involve the parent company granting rights to its equity instruments to employees of its subsidiary. Consequently the subsidiary measures the services received from its employees in accordance with the above classification under IFRS 2 and recognises a corresponding increase in equity as a contribution from the parent. The parent has the obligation to settle the transaction with the subsidiary's employees and therefore recognises an increase in its investment in the subsidiary and a corresponding increase in equity.

The JSOP scheme allows a set number of ordinary shares to be held jointly by the participant and the EBT. Under the terms of the JSOP agreement, the participant holds the beneficial interest in the future growth of the shares above the hurdle, whilst the trustee is entitled to the value up to the hurdle; the hurdle being the market price upon grant date. Upon vesting, the participant is entitled to receive the growth in value of the shares above the hurdle, which is settled in shares priced at market value on the vesting date.

The fair value of the JSOP award is measured at grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted including any performance conditions, and using quoted share prices.

No JSOP agreements were entered into during the year.

The Group share-based payment expense in respect of the JSOP scheme was £2,384 for the year ended 31 March 2023 (2022: £28,438).

At 31 March 2023, the total number of ordinary shares of 0.025p outstanding under the Record plc JSOP was 1,274,375. These shares are jointly owned and are ring-fenced within the EBT. The JSOP award vests immediately on the vesting date, and the participant is entitled to any value over the hurdle; the trustee is then entitled to the value up to the hurdle.

Date of grant	At 1 April 2022	Granted	Vested	Lapsed/forfeited	At 31 March 2023	Earliest vesting date	Latest vesting date	Hurdle
21/09/20	1,781,250	—	(593,750)	—	1,187,500	21/09/21	21/09/24	£0.37300
09/03/21	93,750	—	(31,250)	—	62,500	09/03/21	09/03/25	£0.63986
13/08/21	32,500	—	(8,125)	—	24,375	13/08/22	13/08/25	£0.85713
Total JSOP awards	1,907,500	—	(633,125)	—	1,274,375			
Weighted average exercise price of options	£0.39	—	£0.39	—	£0.40			

There are no Directors' interests in the JSOP scheme. No performance measures are attached to the JSOP.

During the year 633,125 shares over which a JSOP agreement had been granted vested. The weighted average share price at the vesting date was £0.75.

The JSOP scheme rules contain clawback provisions allowing re-transfer of the participant's interest and/or any vested shares for nil consideration under certain circumstances including a material breach of contract or an error in performance of duties.

Notes to the financial statements for the year ended 31 March 2023 continued

e. The Record plc Long-Term Incentive Plan ("LTIP")

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 LTIP awards 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 LTIP scheme started in April 2022, and allows nil-cost options to be granted to employees and Directors in the Record Group.

LTIP awards over an aggregate of 2,890,000 shares were granted under the LTIP scheme during the year (2022: nil). All will vest on 31 March 2025, subject to the employee being in employment with the Group at the relevant vesting date and to the extent performance conditions have been satisfied.

The fair value of the services provided by employees has been calculated indirectly by reference to the fair value of the equity instruments granted. Fair value amounts for the LTIP awards granted in the year ended 31 March 2023, 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	68.7p
Dividend yield	6.58%
Expected volatility	42.7%
LTIP award life	3 years
Risk-free interest rate (%)	3%

Expected volatility is based on historical volatility.

The Group share-based payment expense in respect of the LTIP scheme was £344,231 for the year ended 31 March 2023 (2022: £nil).

Outstanding LTIP awards

At 31 March 2023, the total number of LTIP awards outstanding under Record plc share compensation schemes was 2,890,000 (2022: nil). These LTIP awards are over issued shares, a proportion of which are hedged by shares held in an EBT. Details of outstanding LTIP awards to employees are set out below:

Date of grant	At 1 April 2022	Granted	Vested	Lapsed/forfeited	At 31 March 2023	Earliest vesting date	Latest vesting date
08/09/22	—	2,890,000	—	—	2,890,000	31/03/25	31/03/25
Total LTIP awards	—	2,890,000	—	—	2,890,000		

Notes to the financial statements for the year ended 31 March 2023 continued

22. Share-based payments continued

e. The Record plc Long-Term Incentive Plan ("LTIP") continued

Performance measures

Performance conditions attached to all LTIP awards granted to Board Directors are the same as to those granted for all other staff. LTIP awards granted to Executive Directors and all other staff vest after three years and vesting is subject to Record's average annualised EPS growth and Total Shareholder Return ("TSR") over the relevant period since grant as follows:

Two-thirds of the vesting for LTIP awards granted in September 2022 is subject to a three-year cumulative EPS threshold target of 15 pence, resulting in the EPS portion vesting at 25%, rising on a straight-line basis to 100% vesting for a three-year cumulative EPS of 18 pence at the end of the performance period.

One-third of the vesting for LTIP awards granted in September 2022 is subject to a relative TSR using a benchmark of the FTSE Small Cap index. The threshold target for the TSR portion is a TSR outcome in the 25th percentile of the index at which 25% of the TSR portion will vest, rising on a straight-line basis to 100% of the TSR portion at a TSR outcome in the 75th percentile of the index.

A principal strategic objective of the business is to create shareholder value for our investors over the long term. The Board considers this to be delivered by consistent growth in earnings of the business, and the chosen performance conditions and the EPS and TSR outcome which determine the number of LTIP awards that ultimately vest under the scheme rules reflect this.

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

	Ordinary shares held as at	
	31 March 2023	31 March 2022
Record plc Group Bonus Scheme (interest in restricted share awards)		
Leslie Hill	591,284	467,296
Steve Cullen	44,896	57,422
Record plc Share Scheme (interest in unvested share options)		
Leslie Hill	383,333	668,334
Steve Cullen	173,333	301,668
Record plc LTIP Scheme (interest in unvested LTIP awards)		
Steve Cullen	325,000	—

Clawback provisions

In addition to the performance measures above, LTIP awards 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 Bonus Scheme or payment of sales proceeds back to the Group.

Notes to the financial statements for the year ended 31 March 2023 continued

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, financial liabilities relating to investment in seed funds, lease liabilities and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and concentration risk, each of which is discussed in further detail below.

The Group monitors and mitigates financial risk on a consolidated basis. The Group has implemented a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate to a listed company. The management of risk is directed by the Board and controlled and reviewed by the Head of Business Risk.

The Company's material financial instruments are investments in the seed funds, cash and cash equivalents, and balances due to/from Group undertakings. Intercompany balances are classified as loans and receivables and are repayable on demand. No interest is charged on these balances. The Group has sufficient cash resources and hence management does not believe that the Company has a material exposure to credit risk. The Company's financial risk is managed as part of the Group financial risk management process and therefore separate disclosures for the Company have not been provided. Market risk is not considered to have a material impact on financial instruments, neither is it one of the Group's principal risks; however, the second order effects of market movements are discussed on page 53.

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 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:

	2023 £'000	2022 £'000
Financial assets at 31 March		
Trade receivables	10,185	8,231
Accrued income	1,743	25
Other receivables	685	497
Derivative financial assets	54	—
Money market instruments with maturities > 3 months	4,549	13,913
Cash and cash equivalents	9,948	3,345
Total financial assets	27,164	26,011

Notes to the financial statements for the year ended 31 March 2023 continued

23. Financial risk management continued

Credit risk continued

The debtors' age analysis is also evaluated on a regular basis for expected credit losses. It is management's opinion that there is no requirement to provide for any expected credit losses. The table below is an analysis of trade receivables and accrued income by due date:

	Carrying amount £'000	Neither impaired nor past due £'000	0-3 months past due £'000	More than 3 months past due £'000
At 31 March 2023				
Trade receivables	10,185	9,775	309	101
Accrued income	1,743	1,743	—	—
Total	11,928	11,518	309	101
		97%	2%	1%
At 31 March 2022				
Trade receivables	8,231	8,231	—	—
Accrued income	25	25	—	—
Total	8,256	8,256	—	—
		100%	0%	0%

The Group offers standard credit terms of 30 days from invoice date. It is the Group's policy to assess debtors for expected loss on an individual basis and to make a provision where it is considered necessary. In assessing recoverability, the Group takes into account any indicators of impairment up to the reporting date, adjusting to incorporate any relevant forward looking information. 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 113 debtors' balances (2022: 91). The largest individual debtor corresponds to 16% of the total balance (2022: 16%). Debtor days, based on the generally accepted calculation of debtor days, is 83 days (2022: 85 days). This reflects the quarterly billing cycle used by the Group for the vast majority of its fees. As at 31 March 2023, 3% of debt was overdue (2022: 0%). No debtors' balances have been renegotiated during the year or in the prior year.

Liquidity risk

The Group is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Group maintains sufficient cash and marketable securities to be able to meet all such obligations. Management review cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 9 days (2022: 28 days).

Notes to the financial statements for the year ended 31 March 2023 continued

Contractual maturity analysis for financial liabilities

	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
At 31 March 2023				
Trade payables	221	221	—	—
Accruals	5,074	486	2,001	2,587
Derivative financial liabilities	5	—	5	—
Total	5,300	707	2,006	2,587

	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
At 31 March 2022				
Trade payables	478	318	29	131
Accruals	3,608	302	1,503	1,803
Derivative financial liabilities	124	7	117	—
Total	4,210	627	1,649	1,934

Lease liabilities are not included within the table below, please see note 12 for further details.

Interest rate risk

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

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

Interest rate profiles

	Fixed rate £'000	No interest rate £'000	Total £'000
At 31 March 2023			
Financial assets			
Trade receivables	—	10,185	10,185
Accrued income	—	1,743	1,743
Other receivables	—	685	685
Derivative financial assets at fair value through profit or loss	—	54	54
Money market instruments with maturities > 3 months	4,549	—	4,549
Cash and cash equivalents	9,948	—	9,948
Total financial assets	14,497	12,667	27,164
Financial liabilities			
Trade payables	—	(221)	(221)
Accruals	—	(5,074)	(5,074)
Lease liability	—	(979)	(979)
Derivative financial liabilities at fair value through profit or loss	—	(5)	(5)
Total financial liabilities	—	(6,279)	(6,279)

Notes to the financial statements for the year ended 31 March 2023 continued

23. Financial risk management continued

Interest rate profiles continued

At 31 March 2022	Fixed rate £'000	No interest rate £'000	Total £'000
Financial assets			
Trade receivables	—	8,231	8,231
Accrued income	—	25	25
Other receivables	—	497	497
Money market instruments with maturities > 3 months	13,913	—	13,913
Cash and cash equivalents	3,345	—	3,345
Total financial assets	17,258	8,753	26,011
Financial liabilities			
Trade payables	—	(478)	(478)
Accruals	—	(3,608)	(3,608)
Lease liability	—	(1,326)	(1,326)
Derivative financial liabilities at fair value through profit or loss	—	(124)	(124)
Total financial liabilities	—	(5,536)	(5,536)

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 2023, the Group invoiced the following amounts in currencies other than sterling:

	2023		2022	
	Local currency value £'000	Value in reporting currency £'000	Local currency value £'000	Value in reporting currency £'000
US dollar (USD)	24,978	20,869	23,949	17,742
Swiss franc (CHF)	16,138	14,223	12,460	10,010
Euro (EUR)	4,293	3,748	4,135	3,498
Canadian dollar (CAD)	1,618	1,014	1,626	960
Australian dollar (AUD)	1,089	612	1,029	563
Japanese yen (JPY)	8,795	54	4,824	31
Swedish krona (SEK)	—	—	36	3
Singapore dollar (SGD)	—	—	4	2

The value of revenues for the year ended 31 March 2023 that were denominated in currencies other than sterling was £40.2 million (31 March 2022: £32.8 million).

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

Notes to the financial statements for the year ended 31 March 2023 continued

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Sterling weakening by 10% against the dollar	1,000	871	1,000	871
Sterling strengthening by 10% against the dollar	(1,000)	(871)	(1,000)	(871)
Sterling weakening by 10% against the Swiss franc	755	445	755	445
Sterling strengthening by 10% against the Swiss franc	(755)	(445)	(755)	(445)

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 = \$1.20 this would result in sterling weakening to £1 = \$1.09 and sterling strengthening to £1 = \$1.33.

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 1.13 this would result in sterling weakening to £1 = CHF 1.03 and sterling strengthening to £1 = CHF 1.26.

Sensitivity analyses have not been disclosed for other currencies as any reasonable range of change in exchange rate would not have a material impact on profit or equity.

Concentration risk

The Group is exposed to concentration risk in respect of product, client type and geographical location, which could lead to over-reliance on any one category of revenue. Note 4 provides detail on clients contributing greater than 10% of revenue. Mitigating activities are detailed in the Risk management section on page 51.

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	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loss of largest client	3,486	2,594	3,486	2,594

Notes to the financial statements for the year ended 31 March 2023 continued

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

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	2023 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	770	770	—	—
Investment in funds	2,530	1,077	—	1,453
Other investments	1,601	1,001	—	600
Forward foreign exchange contracts held to hedge non-sterling assets	54	—	54	—
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts held to hedge non-sterling assets	(5)	—	(5)	—
Total	4,950	2,848	49	2,053

	2022 £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets at fair value through profit or loss				
Impact bonds	2,177	2,177	—	—
Investment in funds	1,070	944	—	126
Other investments	200	—	—	200
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts used by seed funds	(15)	—	(15)	—
Other investments	(110)	—	(110)	—
Total	3,322	3,121	(125)	326

There have been no transfers between levels in the reporting period (2022: none).

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

Impact bonds, listed funds and other listed investments are classified as level 1. These investments are valued using market prices and coupon rates as applicable.

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.

Basis for classification of financial instruments classified as level 3 within the fair value hierarchy

Direct investments in private funds and share capital of start-up companies in the digital sector have been classified as level 3. There is no observable market for these investments, therefore fair value measurements have been derived from valuation techniques that include inputs that are not based on observable market data. The private funds are valued at net asset value in accordance with independent professional valuation reports or International Private Equity and Venture Capital Valuation Guidelines where relevant. The direct investments in capital of the start-up companies are valued at cost.

Notes to the financial statements for the year ended 31 March 2023 continued

Classes and fair value of financial instruments

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

Categories of financial instrument

	Note	Assets at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
At 31 March 2023					
Impact bonds	14	—	—	770	—
Investment in funds	14	—	—	2,530	—
Other investments	14	—	—	1,601	—
Trade and other receivables (excludes prepayments)	16	12,613	—	—	—
Money market instruments with maturities > 3 months	18	4,549	—	—	—
Cash and cash equivalents	18	10,757	—	—	—
Derivative financial assets at fair value through profit or loss	17	—	—	54	—
Trade payables	19	—	(221)	—	—
Accruals	19	—	(5,074)	—	—
Derivative financial liabilities at fair value through profit or loss	17	—	—	—	(5)
Total		27,919	(5,295)	4,955	(5)

	Note	Assets at amortised cost £'000	Financial liabilities measured at amortised cost £'000	Assets at fair value through profit or loss £'000	Liabilities at fair value through profit or loss £'000
At 31 March 2022					
Impact bonds	14	—	—	2,177	—
Investment in funds	14	—	—	1,070	—
Other investments	14	—	—	200	—
Trade and other receivables (excludes prepayments)	16	8,753	—	—	—
Money market instruments with maturities > 3 months	18	13,913	—	—	—
Cash and cash equivalents	18	3,345	—	—	—
Trade payables	19	—	(478)	—	—
Accruals	19	—	(3,608)	—	—
Derivative financial liabilities at fair value through profit or loss	17	—	—	—	(124)
Total		26,011	(4,086)	3,447	(124)

Notes to the financial statements for the year ended 31 March 2023 continued

25. 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.

	2023 £'000	2022 £'000
Amounts due to subsidiaries	(3,415)	(714)
Dividends received from subsidiaries	10,500	4,600

Amounts due to subsidiaries consist of funds lent by the subsidiaries to the Company to facilitate the Company's investing activities. Amounts due to subsidiaries are disclosed as a net amount, and consist of amounts owed to Group undertakings in note 19 and trade receivables in note 16. All amounts owed to and by related parties will be settled in cash. No guarantees have been given or received. No provisions for expected credit losses have been raised against amounts outstanding (2022: £nil). No expense has been recognised during the year in respect of expected credit losses due from related parties.

Group

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

Key management personnel compensation

	2023 £'000	2022 £'000
Short-term employee benefits	10,311	8,457
Post-employment benefits	327	330
Share-based payments	3,539	2,467
Total	14,177	11,254

Key management personnel dividends

The dividends paid to key management personnel in the year ended 31 March 2023 totalled £4,073,511 (2022: £3,056,662).

Directors' remuneration

	2023 £'000	2022 £'000
Emoluments (excluding pension contribution)	3,580	2,809
Pension contribution (including payments made in lieu of pension contributions)	101	96
Total	3,681	2,905

During the year, no Directors of the Company (2022: none) participated in the Group Personal Pension Plan, a defined contribution scheme. Further detail on Directors' remuneration is provided in the Remuneration report on page 79.

Notes to the financial statements for the year ended 31 March 2023 continued

26. Contingent liabilities and commitments

The Group has committed to subscriptions to equity capital of \$1,791,870, of which \$1,486,870 has been called.

On 20 January 2023, the Group committed to a licence to use an office in London. The commitment is to 28 February 2025 and the outstanding amount to be paid at 31 March 2023 was £1,628,225. £836,060 is payable within twelve months and £864,180 within the following twelve months.

A previous commitment on an office in London had been made on 1 October 2021, with the commitment being to 31 October 2023 and the original outstanding amount to be paid between 1 April 2023 and 31 October 2023 being £352,800. However, this commitment ended on 28 February 2023, when it was replaced and superseded by the commitment made on 20 January 2023.

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 under the relevant jurisdictions (FCA and BaFin).

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, while also continuing to ensure that the minimum required regulatory capital is maintained. 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 total capital is equal to the net assets of the Group, and is managed within the categories set out below:

	2023 £m	2022 £m
Required regulatory capital	7.1	5.4
Other operating capital	21.2	20.5
Total capital	28.3	25.9

Total capital covers the Group's regulatory capital requirements plus capital required for day-to-day operational purposes and other investment purposes. The Directors consider that the other operating capital significantly exceeds the actual day-to-day operational requirements.

28. Ultimate controlling party

As at 31 March 2023 the Company had no ultimate controlling party, nor at 31 March 2022.

29. Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

30. Restatement of the share premium account and retained earnings

Gains prior to 31 March 2022 on the release of shares from the Employee Benefit Trust have been reclassified from share premium to retained earnings as there was no issue of new shares. The prior cumulative movements to 31 March 2021 and for the year ended 31 March 2022 of £609,000 and £820,000 respectively, resulting in a total reclassification of £1,429,000 to the retained earnings balance as at 31 March 2022.

In addition to this, a reclassified of £1,240,000 between the release of shares held by EBT and share based payment reserve movement in the statement of changes in equity was made to correct the classification of consolidation adjustments necessary to remove internal gains and losses arising when shares are transferred within the Group, and recognise it separately from the IFRS 2 charges.

The restatement does not impact the current or previous years' profit or loss.

31. Restatement of profit after tax in the Company statement of cash flows

For the prior year ended 31 March 2022, the Company statement of cash flows previously showed the loss after tax of £41,000 excluding dividends received of £4,600,000. In order for the profit after tax figure to reconcile to the Company statement of changes in equity, this figure has now been updated in the FY-22 comparative figure to a profit after tax of £4,599,000 including dividends. A corresponding line to remove the dividends received from subsidiaries from cash flows from operating activities was also added, as this is recognised in investing activities inline with the company policy. Since this represents a presentational adjustment only, the restatement does not impact the totals reported for cash inflow from operating activities nor the net decrease in, or closing balance for, cash and cash equivalents for the year.

Five year summary

Year ended 31 March	Audited				
	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Management fees	22,308	23,133	24,878	34,083	38,298
Performance fees	2,333	1,819	81	499	5,805
Other revenue	332	611	453	570	586
Revenue	24,973	25,563	25,412	35,152	44,689
Cost of sales	(385)	(255)	(399)	(219)	(37)
Gross profit	24,588	25,308	25,013	34,933	44,652
Operating expenses	(16,704)	(17,741)	(18,934)	(23,726)	(29,888)
Other income/(expenditure)	(8)	82	41	(372)	(293)
Operating profit	7,876	7,649	6,120	10,835	14,471
Net interest	113	88	33	21	127
Profit before taxation	7,989	7,737	6,153	10,856	14,598
Taxation	(1,559)	(1,365)	(802)	(2,225)	(3,259)
Profit after taxation	6,430	6,372	5,351	8,631	11,339
Basic EPS (pence)	3.27	3.26	2.75	4.52	5.95
Ordinary dividend (pence)	2.30	2.30	2.30	3.60	4.50
Special dividend (pence)	0.69	0.41	0.45	0.92	0.68

Information for shareholders

Record plc

Record plc is a public limited company incorporated in the UK.

Registered in England and Wales

Company No. 1927640

Registered office

Morgan House

Madeira Walk

Windsor

Berkshire

SL4 1EP

United Kingdom

Tel: +44 (0)1753 852 222

Fax: +44 (0)1753 852 224

Principal UK trading subsidiaries

Record Currency Management Limited

Registered in England and Wales

Company No. 1710736

Record Group Services Limited

Registered in England and Wales

Company No. 1927639

Both principal UK trading subsidiaries are based in Windsor.

Further information on Record plc can be found on the Group's website: www.recordfg.com

Dates for 2023 dividend

Ex-dividend date	13 July 2023
Record date	14 July 2023
Annual General Meeting	29 July 2023
Final dividend payment date	9 August 2023

Registrar

Link Group

10th Floor

Central Square

29 Wellington Street

Leeds

LS1 4DL

Further information about the Registrar is available on their website www.linkgroup.eu

Definitions

"AIFMD"	Alternative Investment Fund Managers Directive
"Articles"	The Articles of Association of the Company
"AUME"	Assets Under Management Equivalents
"Board"	Company's Board of Directors
"bps"	Basis point = 100th of a per cent
"Companies Act"	Every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
"Company"	Record plc
"\$" or "dollars"	All references to dollars or \$ symbol are to the currency of the US unless stated otherwise
"EBT"	Employee Benefit Trust
"EM"	Emerging Markets
"EPS"	Earnings per share
"ESG"	Environmental, social and governance
"ETF"	Exchange traded fund
"EU"	European Union
"FRB"	Forward Rate Bias
"Group" or "Record"	The Company and/or any one of its subsidiary undertakings
"IAS"	International Accounting Standards
"IFRS" or "IFRSs"	International Financial Reporting Standards
"IPO"	Initial Public Offering
"KPI"	Key Performance Indicator
"KRI"	Key Risk Indicator
"LGPS"	Local Government Pension Schemes
"London Stock Exchange"	London Stock Exchange plc
"MiFID"	Markets in Financial Instruments Directive
"Official List"	The official list of the Financial Conduct Authority
"TIPS"	US government treasury inflation protected securities
"US"	United States of America

AUME definition

The basis for measuring AUME differs for each product and is detailed below:

- Dynamic Hedging mandates – total amount of clients' investment portfolios denominated in liquid foreign currencies, and hence capable (under the terms of the relevant mandate) of being hedged.
- Passive Hedging mandates – the aggregate nominal amount of passive hedges actually outstanding in respect of each client.
- Currency for Return mandates – the maximum aggregate nominal amount of outstanding forward contracts for each client.
- Multi-product mandates – the chargeable mandate size for each client.
- Cash – the total set aside by clients and managed and/or "equitised" using futures by Record.



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