

RECORD GROUP SERVICES LIMITED

Report & Accounts

Year ended 31 March 2020

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COMPANY INFORMATION

Directors

The Directors who served the Company during the year were as follows:

- Neil Record
- James Wood-Collins (resigned 13 February 2020)
- Leslie Hill (appointed 13 February 2020)
- Steve Cullen

Registered office

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP
United Kingdom

Company registered in England & Wales No: 1927639

Independent Auditor

The current auditors PricewaterhouseCoopers UK LLP will cease to hold office at the end of their current term. The Directors wish to appoint BDO LLP as auditors for 31 March 2021 year end and onwards.

Auditors address

3 Forbury Place
23 Forbury Road
Reading
Berkshire
RG1 3JH

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Strategic report

Business review and future developments

The principal activity of the Company is to provide management services to other undertakings within the Record plc Group (the "Group").

The future prospects of the Company are dependent upon the performance of the Group as a whole. The financial position of the Company at the year end was satisfactory and the amount of assets under management equivalents managed by the Group was \$58.6 billion (2019: \$57.3 billion) at the year end.

Results and dividends

The statement of comprehensive income for the year ended 31 March 2020 shows a profit for the year of £2,082,126 (2019: £1,951,907). Dividends of £184.50 per share totalling £1,845,000 were paid to the parent company in the year ended 31 March 2020, this dividend was paid in November 2019 (2019: £210 per share totalling £2,100,000). The Directors do not recommend the payment of a final dividend (2019: nil) from reserves.

Principal risks and uncertainties

The Board has a policy of continuous identification and review of key business risks and uncertainties. It oversees the development of processes to ensure that those risks are managed appropriately and operational management are delegated with the task of implementing these processes and reporting to the Board on the outcome.

The key risk identified by the Board is as follows:

The Company's performance is directly linked to the performance of the Record Group. The Company's revenue is comprised of management fees from other Group companies. A decline in performance of the Group would therefore result in decreased revenue and profitability for the Company.

Risks are reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. Key risks for the Group are discussed in the Risk Management section of the Record plc Annual Report.

Key performance indicators

The Directors of the Group manage the Group's operations on a global basis. The development, performance and position of the Group, which includes the Company, is discussed in the Business review within the Record plc Annual Report which does not form part of this report.

Measuring our performance against our strategy

The Board use both financial and non-financial key performance indicators ("KPIs") to monitor and measure the performance of the Company. The Group's Annual Financial Statements includes all the Group's key performance indicators.

Financial KPIs

The Company does not have any Financial KPI's.

Non-financial KPIs

Average number of employees

The average number of employees through the year includes non-executive directors.

FY-20 82

FY-19 85

FY-18 81

FY-17 73

FY-16 69

Why this is important

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

Staff retention

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

(%)

FY-20 81

FY-19 84

FY-18 93

FY-17 83

FY-16 88

Why this is important

One of the Company's strategies is talent development, which includes the development and retention of our talented employees. Whilst every business expects a degree of employee turnover, the monitoring of employee retention acts as a general indicator for factors affecting our employees' well-being, development, and issues such as longer-term succession.

Impact of covid-19

The impact of covid-19 on the Group's business model has been limited. The Company being part of Group is included in the overall Group assessment of covid-19. No separate covid-19 impact assessments have been carried out for the Company, hence it is appropriate to reference the Group to describe the impact of covid-19.

The Group's costs have not materially increased as a result of the virus and the Group's balance sheet remains well capitalised and robust. In terms of revenue, whilst the Group hasn't seen and doesn't anticipate any direct material outflows as a result of covid-19, the link of some of the Group's clients' mandates with other markets, such as equity and fixed income, means the Group's AUME is also linked to a lesser extent to movements in such markets. This was illustrated by the fall of the Group's fourth quarter AUME by -\$4.5bn (-7%) linked to market movements. Conversely, the Group would expect to see any rebound in such markets reflected by an increase in its AUME.

The Group has responded well to the changes enforced by the covid-19 pandemic, with continuity in operational and client servicing matters, and maintaining a full team working remotely from home without the need for additional funding or Government assistance. The Group believe that it is capable of continuing to operate under current circumstances for the foreseeable future, notwithstanding any potential extension to the lockdown imposed by Government.

Engagement with stakeholders - Section 172 disclosure

We set out in the table below, our key stakeholder groups, their material issues and how we engage with them. Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships.

By understanding our stakeholders, we can factor into Boardroom discussions the potential impact of our decisions on each stakeholder group and consider their needs and concerns, in accordance with s172 of the Companies Act 2006). This in turn ensures we deliver offerings our clients want and need, continue to work effectively with our colleagues and suppliers, comply with regulatory requirements, make a positive contribution to local communities and achieve long-term sustainable returns for our investors.

| Our stakeholders | Their material issues | How we engage | 2020 Highlights |
|--|---|--|--|
| <p>People</p> <p>Record's people are central to the ongoing success of the business and the Group aims to attract, retain, develop and motivate the right people for current and future business needs.</p> | <p>Our people's material interests relate to the working and cultural environment provided by Record. They want to be fairly rewarded for their contribution and have opportunities for learning, growth, further development and to share in the business success.</p> | <p>We engage with our employees through a variety of channels including a company intranet, management briefings, e-mail updates and presentations by the Group Chief Executive to discuss progress made by the business, together with future objectives and challenges.</p> <p>The Company seeks to encourage employees in developing their careers, offering assistance in such forms as study support and the possibility of secondments to overseas offices.</p> <p>The Company's remuneration framework includes schemes aimed at aligning employees' interests with those of shareholders by offering them the opportunity to share in our success through share ownership.</p> | <p>Tim Edwards was appointed the designated Non-executive Director responsible for workforce engagement and reporting to the Board on employee viewpoints.</p> <p>The amendment of the Group Profit Share Scheme to be more objectives driven has enabled Record to better reward the contributions of individuals directly and this has been welcomed by employees.</p> |

RECORD GROUP SERVICES LIMITED

Report & Accounts
Year ended 31 March 2020

| Our stakeholders | Their material issues | How we engage | 2020 Highlights |
|---|--|--|--|
| Society: Record recognises the responsibility it has to the local community, wider society and the environment. | Record aims to manage the business in a manner which minimises its impact on the environment and helps to benefit society. | <p>We are proud to support the communities in which Record operates and have a long history of contributing through monetary donations, gift giving and employee time.</p> <p>We are keen to promote responsible investing and have incorporated environmental, social and governance ("ESG") issues into some of our currency management products.</p> <p>Record has been a signatory to the Principles for Responsible Investment since June 2018.</p> | <p>Employees helped to raise £15,242 for local and national charities during the year.</p> <p>Record has now been certified carbon neutral for over eleven years.</p> <p>In December 2019, Record launched an Impact Bond strategy, investing in international and regional multi-lateral organisations which are signatories of the UN Sustainable Development Goals.</p> |

RECORD GROUP SERVICES LIMITED

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Year ended 31 March 2020

| Our stakeholders | Their material issues | How we engage | 2020 Highlights |
|---|---|---|---|
| External suppliers and service providers: | | | |
| Record relies on the use of external suppliers and service providers to supplement the Group's own infrastructure, benefiting from the expertise these suppliers provide. | Our suppliers wish to develop mutually beneficial working relationships over the long term. | <p>We maintain a close working relationship with all our suppliers and service providers with regular review of contracts and arrangements in place performed as part of the budgeting process.</p> <p>All material supplier contracts are subject to due diligence checks and contracts are thoroughly reviewed by Record's in-house legal team before signing. Signed service level agreements are in place for all critical suppliers.</p> <p>Record has a supplier payment policy which ensures that all invoices are approved and duly paid within agreed terms.</p> | An update of trading application software was undertaken during the year which involved working closely with the supplier to ensure a successful upgrade which met Record's trading and record keeping requirements within the timescale and cost budget set at the start of the project. |



Steve Cullen
Chief Financial Officer

3 July 2020

Directors' report

As permitted by section 414C (11) of the Companies Act 2006, certain information is excluded from the Director's Report because it has instead been shown in the Strategic Report. This information is:

- Results and Dividends;
- Business review and future developments;
- Principal risks and uncertainties; and
- Engagement with stakeholders

The Directors present their report and the audited accounts of Record Group Services Limited (the "Company") for the year ended 31 March 2020.

The Company is domiciled in the United Kingdom. The Company is a private company limited by shares.

The Company is a wholly owned subsidiary of Record plc which is the parent and ultimate controlling party.

Directors

The Directors who served the Company during the year were as follows:

Neil Record
James Wood-Collins (resigned 13 February 2020)
Leslie Hill (appointed 13 February 2020)
Steve Cullen

Independent Auditor

Following an audit tender process carried out in 2020 and in accordance with Section 487 of the Companies Act 2006, the current auditors PricewaterhouseCoopers UK LLP will cease to hold office at the end of their current term. The Directors wish to appoint BDO LLP as auditors for 31 March 2021 year end and onwards.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report & Accounts in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

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

The directors 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 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.

Going concern

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

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

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

In accordance with provision 31 of the 2018 UK Corporate Governance Code., the Directors have assessed the prospects of the Company over a longer period than the 12 months following the date of this report as required by the Going Concern provision.

Directors' indemnities

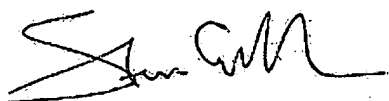
As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses, liabilities or expenses incurred by them in relation to the Company or any of its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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed by order of the Board:



Steve Cullen
Director

3 July 2020

Company incorporated and registered in England & Wales No: 1927639

Independent auditors' report to the members of Record Group Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Record Group Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Joanne Leeson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

3 July 2020

RECORD GROUP SERVICES LIMITED**Report & Accounts
Year ended 31 March 2020****Statement of comprehensive income****Year ended 31 March**

| | | 2020 | 2019 |
|---|-------------|---------------|--------------|
| | Note | £'000 | £'000 |
| Revenue | 3 | 18,729 | 18,731 |
| Cost of sales | | (417) | (540) |
| Gross profit | | 18,312 | 18,191 |
| Administrative expenses | | (15,395) | (15,523) |
| Other income or expense | | (510) | (225) |
| Operating profit | 4 | 2,407 | 2,443 |
| Finance income | | 3 | 1 |
| Profit before tax | | 2,410 | 2,444 |
| Taxation | 6 | (328) | (492) |
| Profit after tax and total comprehensive income for the period | | 2,082 | 1,952 |

The notes on pages 19 to 46 are an integral part of these financial statements.

RECORD GROUP SERVICES LIMITED

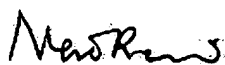
**Report & Accounts
Year ended 31 March 2020**

Statement of financial position

As at 31 March

| | Note | 2020 £'000 | 2019 £'000 |
|----------------------------------|------|----------------|----------------|
| Non-current assets | | | |
| Intangible assets | 8 | 398 | 288 |
| Property, plant and equipment | 9 | 751 | 761 |
| | | 1,149 | 1,049 |
| Current assets | | | |
| Trade and other receivables | 11 | 6,179 | 5,309 |
| Derivative financial assets | 12 | - | 106 |
| Cash and cash equivalents | 13 | 175 | 218 |
| | | 6,354 | 5,633 |
| Total assets | | 7,503 | 6,682 |
| Current liabilities | | | |
| Trade and other payables | 14 | (3,076) | (2,807) |
| Corporation tax liabilities | 14 | (66) | (115) |
| Derivative financial liabilities | 12 | (316) | - |
| Total current liabilities | | (3,458) | (2,922) |
| Deferred tax liabilities | 10 | (85) | (29) |
| Total net assets | | 3,960 | 3,731 |
| Equity | | | |
| Issued share capital | 15 | 10 | 10 |
| Retained earnings | | 3,950 | 3,721 |
| Total equity | | 3,960 | 3,731 |

Approved by the Board on 3 July 2020 and signed on its behalf by:



Neil Record
Chairman



Steve Cullen
Chief Financial Officer

Company number: 1927639

The notes on pages 19 to 46 are an integral part of these financial statements

RECORD GROUP SERVICES LIMITED**Report & Accounts
Year ended 31 March 2020****Statement of changes in equity**

| | Called up share capital | Retained earnings | Total shareholder's equity |
|---|----------------------------|----------------------|----------------------------------|
| 2020 | £'000 | £'000 | £'000 |
| As at 1 April 2019 | 10 | 3,721 | 3,731 |
| Dividends paid | - | (1,845) | (1,845) |
| Movement in share-based payment reserve | - | 78 | 78 |
| Reserve movement on exercise of options | - | (86) | (86) |
| Total comprehensive income for the year | - | 2,082 | 2,082 |
| As at 31 March 2020 | 10 | 3,950 | 3,960 |

| | Called up share capital | Retained earnings | Total shareholder's equity |
|---|----------------------------|----------------------|----------------------------------|
| 2019 | £'000 | £'000 | £'000 |
| As at 1 April 2018 | 10 | 3,812 | 3,822 |
| Dividends paid | - | (2,100) | (2,100) |
| Movement in share-based payment reserve | - | 130 | 130 |
| Reserve movement on exercise of options | - | (73) | (73) |
| Total comprehensive income for the year | - | 1,952 | 1,952 |
| As at 31 March 2019 | 10 | 3,721 | 3,731 |

The notes on pages 19 to 46 are an integral part of these financial statements

RECORD GROUP SERVICES LIMITED

Report & Accounts
Year ended 31 March 2020

Statement of cash flows

Year ended 31 March

| | Note | 2020 £'000 | 2019 £'000 |
|---|------|----------------|---------------|
| Operating profit | | 2,407 | 2,443 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 9 | 253 | 222 |
| Amortisation of intangible assets | 8 | 131 | 74 |
| Share-based payments | | (9) | 57 |
| | | 2,782 | 2,796 |
| Changes in working capital | | | |
| Increase in receivables | | (870) | (482) |
| Increase in payables | | 269 | 94 |
| Decrease in other financial assets | | 422 | 92 |
| Cash inflow from operating activities | | 2,603 | 2,500 |
| Corporation taxes paid | | (321) | (247) |
| Net cash inflow from operating activities | | 2,282 | 2,253 |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 9 | (243) | (73) |
| Purchase of intangible assets | 8 | (241) | (134) |
| Interest received | | 4 | 1 |
| Cash outflow from investing activities | | (480) | (206) |
| Cash flow from financing activities | | | |
| Dividends paid to equity shareholders | 7 | (1,845) | (2,100) |
| Cash outflow from financing activities | | (1,845) | (2,100) |
| Net (decrease)/increase in cash and cash equivalents in the period | | (43) | (53) |
| Cash and cash equivalents at the beginning of the period | 13 | 218 | 271 |
| Cash and cash equivalents at the end of the period | 13 | 175 | 218 |
| Closing cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 175 | 218 |

The notes on pages 19 to 46 are an integral part of these financial statements

Notes to the financial statements

1 Accounting policies

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

(a) Accounting convention

Basis of preparation

The Company has prepared its financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union.

The Directors are satisfied that the Company has adequate resources with which to continue to operate for the foreseeable future. In arriving at this conclusion, the Directors have considered in detail the impact of the covid-19 pandemic on the Company, the market it operates in and its stakeholders. For this reason the financial statements have been prepared on a going concern basis. Please refer to the Directors' report on page 9 for more detail on going concern, and also see management's detailed review of the impact of covid-19 on page 5 in the Strategic report.

The preparation of financial statements in accordance with the recognition and measurement principles set out in IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The bases for management judgements, estimates and assumptions are discussed further in note 2.

Impact of new accounting standards

IFRS 16 – Leases

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

The Company occupies a premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor. The lease for this premises is the responsibility of the parent, Record plc, and recharged to the Company.

Notes to the financial statements (continued)**1 Accounting policies (continued)**

On 1 June 2017, the Company signed a five year lease on premises in Zürich. The Group intended Record Currency Management (Switzerland GmbH) to hold the lease directly for its premises, however as Record Currency Management (Switzerland) GmbH is a start-up business the landlord required the Company to be the contracted party, but agreed Record Currency Management (Switzerland) GmbH would fulfil the contractual obligation. Therefore there is an agreement in place that Record Currency Management (Switzerland) GmbH will bear the costs of this lease directly. This lease is considered to be a low-value lease.

Therefore, no ROU assets have been recognised in respect of either of the above leases.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Company's financial statements.

(b) Foreign currencies

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

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of management services. Revenues arise from charging management fees to other Group companies and these are accounted for in accordance with IFRS 15 "Revenue from contracts with customers".

Management fees are recorded on a monthly basis as the underlying management service occurs, there are no other performance obligations.

Revenue represents the value of management services rendered to other Group undertakings.

(d) Dividend distribution

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

(e) Intangible assets

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

- Software: 2-5 years

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

Notes to the financial statements (continued)**1 Accounting policies (continued)****(f) Property, plant and equipment**

All property, plant and equipment assets are stated at cost less accumulated depreciation. Depreciation of property, plant and equipment is provided to write off the cost, less residual value, on a straight line basis over the estimated useful life.

- Leasehold improvements: period from acquisition to the earlier of the lease termination and the next rent review
- Computer equipment: 2-5 years
- Fixtures and fittings: 4-6 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.

(g) Retirement benefits

The Company operates defined contribution pension plans for the benefit of certain employees. The Company makes contributions to independently administered plans, such contributions being recognised as an expense when they fall due.

The Company 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.

(h) Share-based payments

The Company issues share awards to employees. Deferred share awards issued under the Group Profit Share Scheme are classified as share-based payments with cash alternatives under IFRS 2. These transactions are compound financial instruments, which include a debt element and a cash element. The fair value of the debt component of the amounts payable to the employee is calculated as the cash amount alternative offered to the employee at grant date and the fair value of the equity component of the amounts payable to the employee is calculated as the market value of the share award at grant date less the cash forfeited in order to receive the share award. The debt component is charged to profit or loss over the period in which the award is earned and re-measured 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.

All other awards have been classified as equity-settled under IFRS 2. The fair value of the amounts payable to employees under these awards is recognised as an expense over the vesting period of the award, with a corresponding increase in equity. All such awards made by the Company involve the Parent Company, Record plc, 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. The fair value amounts for the options issued since listing on the London Stock Exchange were determined using quoted share prices.

Notes to the financial statements (continued)

1 Accounting policies (continued)

(i) Deferred taxation

Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

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

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

(j) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised 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 de-recognised when it is extinguished, discharged, cancelled or expires.

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

Financial assets

All financial assets except those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied for each category of financial assets.

Loans and receivables

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

Notes to the financial statements (continued)**Derivative financial liabilities**

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

Derivatives are initially recognised at cost on the date on which the contract is entered into unless fair value at acquisition is different to cost, in which case fair value is recognised. Subsequently they are measured at fair value with gains and losses recognised in profit or loss. Transaction costs are immediately recognised in profit or loss.

(k) Trade and other receivables

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand 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.

(m) Trade and other payables

Trade and other payables are stated at their original invoice value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

(n) Taxation

Current tax is the tax currently payable based on taxable profit for the year. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

(o) 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 Company 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 as 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 Company 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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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.

(p) Impairment of assets

The Company assesses annually whether there is any indication that any of its assets have been impaired. If such an indication exists, the asset's recoverable amount is estimated and compared to its carrying value.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

(q) Equity

Share capital represents the nominal (par) value of shares that have been issued. Retained earnings includes all current and prior period retained profits.

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 Company'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 Company to its employees (see note 17) and deferred tax (see note 10), 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.

Areas of significant judgement

Note 1a describes the basis on which the Company has used to determine whether it should account for leases as right-of-use assets on the statement of financial position, further detail of the Company's lease obligations are provided in note 16.

RECORD GROUP SERVICES LIMITED**Report & Accounts
Year ended 31 March 2020****Notes to the financial statements (continued)****3 Revenue**

The Company's revenue comprises:

| | 2020 | 2019 |
|--|---------------|--------|
| | £'000 | £'000 |
| Management services rendered to other Group undertakings | 18,729 | 18,731 |
| Total revenue | 18,729 | 18,731 |

4 Operating profit

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

| | 2020 | 2019 |
|--|--------------|-------|
| | £'000 | £'000 |
| Depreciation of property, plant and equipment | 253 | 222 |
| Amortisation of intangible assets | 131 | 74 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 25 | 20 |
| Occupancy expense: Land and buildings | 507 | 476 |
| Exchange losses/(gains) on hedging activities | 509 | 242 |
| Other exchange gains | 1 | (17) |

5 Staff costs

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

| | 2020 | 2019 |
|-----------------------|-------------|------|
| Corporate | 8 | 9 |
| Client relationships | 13 | 15 |
| Investment research | 12 | 14 |
| Operations | 24 | 26 |
| Risk management | 5 | 5 |
| Support | 13 | 14 |
| Annual average | 75 | 83 |

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Year ended 31 March 2020****Notes to the financial statements (continued)**

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

| | 2020 | 2019 |
|--------------------------------|---------------|--------|
| | £'000 | £'000 |
| Wages and salaries | 8,351 | 8,463 |
| Social security costs | 1,199 | 1,200 |
| Other pension costs | 466 | 443 |
| Other employment benefit costs | 853 | 911 |
| Total | 10,869 | 11,017 |

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

6 Taxation

| | 2020 | 2019 |
|---|--------------|-------|
| | £'000 | £'000 |
| Tax expense comprises: | | |
| Current tax expense | 272 | 378 |
| Total current tax | 272 | 378 |
| Deferred tax charge relating to the origination and reversal of temporary differences | 56 | 114 |
| Total tax expense | 328 | 492 |

The standard rate of corporation tax in the UK is 19% (2019: 19%). A full corporation tax computation is prepared at the year end. The actual charge as a percentage of the profit before tax may differ from the underlying tax rate. Differences typically arise as a result of capital allowances differing from depreciation charged, and certain types of expenditure not being deductible for tax purposes. Other differences may also arise.

Notes to the financial statements (continued)**6 Taxation (continued)**

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

| | 2020 | 2019 |
|--|-------|-------|
| | £'000 | £'000 |
| Profit before taxation | 2,410 | 2,444 |
| Taxation at the standard rate of tax in the UK of 19% (2019: 19%) | 458 | 464 |
| Tax effects of: | | |
| Other disallowable expenses and non-taxable income | 3 | 16 |
| Capital allowances for the period lower than depreciation | (52) | (20) |
| Adjustments recognised in current year in relation to the current tax of prior years | (143) | (93) |
| Deferred tax adjustment | 56 | 114 |
| Other temporary differences | 6 | 11 |
| Total tax expense recognised in statement of comprehensive income | 328 | 492 |

The tax charge for the year ended 31 March 2020 was 13.6% of profit before tax (2019: 20.1%).

A Research & Development Tax Credit claim totalling £142,969 is included in adjustments recognised in current year in relation to the current tax of FY19 (2019: £92,823 relating to FY18).

7 Dividends

Dividends of £184.50 per share totalling £1,845,000 were paid to the parent company in the year ended 31 March 2020, this dividend was paid in November 2019. The Directors do not recommend the payment of a final dividend (2019: nil).

RECORD GROUP SERVICES LIMITED

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Year ended 31 March 2020**

Notes to the financial statements (continued)

8 Intangible assets

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

| 2020 | Software £'000 | Total £'000 |
|---------------------------------|--------------------------|-----------------------|
| Cost | | |
| At 1 April 2019 | 1,593 | 1,593 |
| Additions | 241 | 241 |
| Disposals | - | - |
| At 31 March 2020 | 1,834 | 1,834 |
| Accumulated amortisation | | |
| At 1 April 2019 | 1,305 | 1,305 |
| Charge for the year | 131 | 131 |
| Disposals | - | - |
| At 31 March 2019 | 1,436 | 1,436 |
| Net book amounts | | |
| At 31 March 2020 | 398 | 398 |
| At 1 April 2019 | 288 | 288 |

| 2019 | Software £'000 | Total £'000 |
|---------------------------------|--------------------------|-----------------------|
| Cost | | |
| At 1 April 2018 | 1,459 | 1,459 |
| Additions | 134 | 134 |
| Disposals | - | - |
| At 31 March 2019 | 1,593 | 1,593 |
| Accumulated amortisation | | |
| At 1 April 2018 | 1,231 | 1,231 |
| Charge for the year | 74 | 74 |
| Disposals | - | - |
| At 31 March 2018 | 1,305 | 1,305 |
| Net book amounts | | |
| At 31 March 2019 | 288 | 288 |
| At 1 April 2018 | 228 | 228 |

The annual contractual commitment for the maintenance and support of software is £218,604 (2019: £183,976). All amortisation charges are included within administrative expenses.

RECORD GROUP SERVICES LIMITED

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Year ended 31 March 2020

Notes to the financial statements (continued)

9 Property, plant and equipment

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

| 2020 | Leasehold improvements £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|---------------------------------|---|---|--|------------------------|
| Cost | | | | |
| At 1 April 2019 | 692 | 711 | 326 | 1,729 |
| Additions | - | 242 | 1 | 243 |
| Disposals | - | - | - | - |
| At 31 March 2020 | 692 | 953 | 327 | 1,972 |
| Accumulated depreciation | | | | |
| At 1 April 2019 | 271 | 484 | 213 | 968 |
| Charge for the year | 126 | 89 | 38 | 253 |
| Disposals | - | - | - | - |
| At 31 March 2020 | 397 | 573 | 251 | 1,221 |
| Net book amounts | | | | |
| At 31 March 2020 | 295 | 380 | 76 | 751 |
| At 1 April 2019 | 421 | 227 | 113 | 761 |

| 2019 | Leasehold improvements £'000 | Computer equipment £'000 | Fixtures and fittings £'000 | Total £'000 |
|---------------------------------|---|---|--|------------------------|
| Cost | | | | |
| At 1 April 2018 | 661 | 671 | 324 | 1,656 |
| Additions | 31 | 40 | 2 | 73 |
| Disposals | - | - | - | - |
| At 31 March 2019 | 692 | 711 | 326 | 1,729 |
| Accumulated depreciation | | | | |
| At 1 April 2018 | 150 | 425 | 171 | 746 |
| Charge for the year | 121 | 59 | 42 | 222 |
| Disposals | - | - | - | - |
| At 31 March 2019 | 271 | 484 | 213 | 968 |
| Net book amounts | | | | |
| At 31 March 2019 | 421 | 227 | 113 | 761 |
| At 1 April 2018 | 511 | 246 | 153 | 910 |

RECORD GROUP SERVICES LIMITED

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Notes to the financial statements (continued)

10 Deferred taxation

| | 2020 | 2019 |
|--|-------|-------|
| | £'000 | £'000 |
| The movement in the deferred tax asset during the year was: | | |
| Profit or loss account movement arising during the year | (56) | (114) |
| Asset/(liability) brought forward | (29) | 85 |
| (Liability)/asset carried forward | (85) | (29) |

| | 2020 | 2019 |
|---|-------|-------|
| | £'000 | £'000 |
| The provision for deferred taxation consists of the tax effect of temporary differences in respect of: | | |
| Deferred tax allowance on unvested share options | 1 | 6 |
| Excess of taxation allowances over depreciation on fixed assets | (86) | (35) |
| | (85) | (29) |

At the year end the Company had deferred tax liabilities of £85,159 (2019: liabilities of £28,636) including provision for share options not exercised with an intrinsic value for tax purposes of £7,357 (2019: £44,534). On exercise the Company will be entitled to a corporation tax deduction in respect of the difference between the exercise price and the strike price. There is no unprovided deferred taxation (2019: nil).

11 Trade and other receivables

| | 2020 | 2019 |
|--------------------------|-------|-------|
| | £'000 | £'000 |
| Intercompany receivables | 5,050 | 4,439 |
| Other receivables | 235 | 148 |
| Prepayments | 894 | 722 |
| | 6,179 | 5,309 |

All amounts are short term. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Company's trade receivables are generally short-term intercompany transactions and do not contain financing components. Therefore, the Company has applied a simplified approach by using a provision matrix to calculate lifetime expected credit losses based on actual credit loss experience. The Company has calculated lifetime expected credit losses to be £nil, which is consistent with the last 25 years history of credit risk and reflects expected future recoverability.

RECORD GROUP SERVICES LIMITED**Report & Accounts
Year ended 31 March 2020****Notes to the financial statements (continued)****12 Derivative financial instruments**

Derivative financial assets:

| | 2020 | 2019 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Forward foreign exchange contracts | - | 106 |

Derivative financial liabilities:

| | 2020 | 2019 |
|------------------------------------|-------|-------|
| | £'000 | £'000 |
| Forward foreign exchange contracts | 316 | - |

13 Cash and cash equivalents

| | 2020 | 2019 |
|--|-------|-------|
| | £'000 | £'000 |
| Cash and cash equivalents – Sterling | 174 | 217 |
| Cash and cash equivalents – other currencies | 1 | 1 |
| | 175 | 218 |

14 Current liabilities**Trade and other payables**

| | 2020 | 2019 |
|-------------------------------|-------|-------|
| | £'000 | £'000 |
| Trade payables | 398 | 281 |
| Other tax and social security | 269 | 233 |
| Accruals and deferred income | 2,409 | 2,293 |
| | 3,076 | 2,807 |

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

Current tax (assets)/liabilities

| | 2020 | 2019 |
|--------------------------------------|-------|-------|
| | £'000 | £'000 |
| Corporation tax liabilities/(assets) | 66 | 115 |

RECORD GROUP SERVICES LIMITED**Report & Accounts
Year ended 31 March 2020****Notes to the financial statements (continued)****15 Issued share capital**

The share capital of Record Group Services Limited consists only of fully paid ordinary shares with a par value of £1. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

| | Year ended 31 March 2020 | | Year ended 31 March 2019 | |
|---|--------------------------------|---------------|--------------------------------|--------|
| | £'000 | Number | £'000 | Number |
| Authorised | | | | |
| Ordinary shares of £1 each | 25 | 25,000 | 25 | 25,000 |
| Called up, allotted and fully paid | | | | |
| Ordinary shares of £1 each | 10 | 10,000 | 10 | 10,000 |

16 Operating lease commitments

The Company leases offices under non-cancellable operating leases expiring within 3 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Company has recognised right-of-use assets for these leases, except for short term and low-value leases, see note 1 for further information.

On 7 September 2016, the parent signed a lease on premises at Second and Third Floors, Morgan House, Madeira Walk, Windsor, at an annual commitment of £507,603 per annum, expiring 1 September 2022. In prior years, the Company had recognised this as its own commitment, however following the introduction of IFRS 16 "Leases", management consider this lease to be a commitment of the parent, and the costs of this lease have been recharged by the parent to the Company.

On 1 June 2017, the Company signed a five year lease on premises in Zürich, at an annual commitment of CHF 49,680 per annum. The Group intended Record Currency Management (Switzerland GmbH) to hold the lease directly for its premises, however as Record Currency Management (Switzerland) GmbH is a start-up business the landlord required the Company to be the contracted party, but agreed Record Currency Management (Switzerland) GmbH would fulfil the contractual obligation. Therefore there is an agreement in place that Record Currency Management (Switzerland) GmbH will bear the costs of this lease directly. This lease is considered to be a low-value lease.

Therefore, no ROU assets have been recognised in respect of either of the above leases.

Notes to the financial statements (continued)

16 Operating lease commitments (continued)

At 31 March 2020, the Company had commitments under non-cancellable operating leases relating to land and buildings as set out below:

| | 2020 | 2019 |
|------------------------|--------------|-------|
| | £'000 | £'000 |
| Within one year | 41 | 545 |
| One year to five years | 48 | 1,310 |
| After five years | - | - |
| | 89 | 1,855 |

Occupancy payments recognised in the profit or loss for the period amounted to £507,439 (2019: £465,303).

17 Share-based payments

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

- a) The Group Profit Share Scheme: share awards issued under the Group Profit Share Scheme are classified as share-based payments with cash alternatives under IFRS 2.
- b) The Record plc Share Scheme: share options issued under the Record plc Share Scheme are classified as equity-settled share-based payments under IFRS 2.
- c) The Record plc Share Incentive Plan: the Company 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.

Share awards under the Group Profit Share Scheme are covered wherever possible through market purchases by the Company's Employee Benefit Trust ("EBT") rather than through the issue of new shares, and this has been the case since the inception of the Scheme in 2007. It remains our intention to continue to operate in this manner in order to minimise potential dilution of shareholders' interests.

Similarly, options under the Share Scheme are not normally satisfied by the issue of new shares, in order to minimise potential dilution. The Company provides funds to the EBT to allow it to purchase shares in the market with which to satisfy the exercise of options. The number of shares purchased by the Company to hedge the award of options is based on an appropriate hedge ratio at each grant date, as calculated by management and approved by the Remuneration Committee.

Notes to the financial statements (continued)**17 Share-based payments (continued)****a. Group Profit Share Scheme****Share-based payments with cash alternatives**

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

The Group Profit Share Scheme allocates a proportion of operating profits to a profit share pool to be distributed between all employees of the Record Group. The Group's Remuneration Committee has the discretion to vary the proportion awarded to the profit share pool between 25% and 35% of operating profits, with the intention of maintaining an average level of 30% of operating profits over the medium term. Directors and senior employees receive one third of their profit share in cash, one third in shares ("Earned Shares") and may elect to receive the final third as cash only or to allocate some, or all, of the amount for the purchase of Additional Shares. The charge to profit or loss in respect of Earned Shares in the period was £758,827 (2019: £758,805). 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.

Shares awarded under the Profit Share Scheme do not include any vesting restrictions but rather restrictions over subsequent sale and transfer. All shares which are the subject of share awards vest immediately and are transferred to a nominee allowing the individual to retain full rights in respect of the shares purchased. These shares cannot be sold, transferred or otherwise disposed of without the consent of the Remuneration Committee, except one third on each anniversary of the Profit Share Payment date.

The Group Profit Share Scheme rules contain clawback provisions allowing for the repayment of profit share payments under certain circumstances including a material breach of contract, an error in performance of duties or a restatement of accounts which leads to a change in any prior award under the scheme.

Shares awarded under this scheme are purchased in the market.

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.

Notes to the financial statements (continued)**17 Share-based payments (continued)**

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. The fair value amounts for the options issued since flotation were determined using quoted share prices.

The Record plc Share Scheme (the "Share Scheme") was adopted by the Company on 1 August 2008 and was initially created to allow deferred share awards to be granted to new senior employees.

During 2011, the Share Scheme was amended to include the ability to grant HMRC approved options ("Approved Options") under Part 2 of the Share Scheme alongside Part 1 which allows for the grant of unapproved options ("Unapproved Options"). In 2013, the Share Scheme was amended to allow Board Directors to participate in the grant of Unapproved options and in 2017 was further amended to allow Board Directors to be granted Approved options. The exercise price per share of Approved Options must be no lower than the market value of a share on the dealing day immediately preceding the date of grant. 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 may be granted with any exercise price (including £nil), but have recently been granted with a market value exercise price in the same way as for the Approved Options.

Options over an aggregate of 3,485,000 shares were granted under the Share Scheme during the year (2019: 935,000), and all were Unapproved Options (2019: 370,000 Unapproved Options and 565,000 Approved Options). All options were granted with an exercise price per share equal to the share price prevailing at the time of grant.

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

The 1,500,000 Unapproved Options issued to employees on 18 March 2020 each become exercisable in four equal tranches on the first, second, third and fourth anniversary of the date of grant, subject to the employee being in employment with the Company at the relevant vesting date and to the extent performance conditions have been satisfied.

Options are valued using the Black-Scholes method. Expected volatilities used are based on historic volatilities.

The Company share-based payment expense in respect of the Share Scheme was £78,386 in the year ended 31 March 2020 (2019: £130,212).

Outstanding share options

At 31 March 2020, the total number of ordinary shares of 0.025p outstanding under Record plc share compensation schemes was 11,483,015 (2019: 12,025,453). These deferred share awards and options are over issued shares, a proportion of which are hedged by shares held in an Employee Benefit Trust. Details of outstanding share options and deferred shares awarded to employees are set out below:

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Notes to the financial statements (continued)

| Date of grant | At 1 April 2019 | Granted | Exercised | Lapsed / forfeited | At 31 March 2020 | Earliest vesting date | Latest vesting date ¹ | Exercise price |
|--|-------------------|------------------|--------------------|--------------------|-------------------|-----------------------|----------------------------------|----------------|
| 18/11/13 | 116,667 | - | (116,667) | - | - | 18/11/16 | 18/11/18 | £0.30000 |
| 26/11/14 | 720,000 | - | - | (720,000) | - | 26/11/17 | 26/11/19 | £0.35860 |
| 24/03/15 | 114,000 | - | (114,000) | - | - | 24/03/19 | 24/03/19 | £0.34500 |
| 24/03/15 | 326,000 | - | (326,000) | - | - | 24/03/16 | 24/03/19 | £0.34500 |
| 01/12/15 | 1,200,000 | - | - | (600,000) | 600,000 | 01/12/18 | 01/12/20 | £0.28880 |
| 27/01/16 | 537,500 | - | (268,750) | - | 268,750 | 27/01/17 | 27/01/20 | £0.24500 |
| 27/01/16 | 657,597 | - | (321,901) | (91,632) | 244,064 | 27/01/20 | 27/01/20 | £0.24500 |
| 27/01/16 | 218,334 | - | - | (109,167) | 109,167 | 27/01/19 | 27/01/21 | £0.24500 |
| 27/01/16 | 48,334 | - | - | (24,167) | 24,167 | 27/01/19 | 27/01/21 | £0.24500 |
| 30/11/16 | 288,574 | - | - | - | 288,574 | 30/11/20 | 30/11/20 | £0.34072 |
| 30/11/16 | 930,000 | - | (310,000) | - | 620,000 | 30/11/17 | 30/11/20 | £0.34072 |
| 30/11/16 | 2,200,000 | - | - | (733,332) | 1,466,668 | 30/11/19 | 30/11/21 | £0.34072 |
| 31/01/17 | 78,947 | - | - | (78,947) | - | 31/01/21 | 31/01/21 | £0.38000 |
| 26/01/18 | 1,461,500 | - | - | (151,500) | 1,310,000 | 26/01/22 | 26/01/23 | £0.43500 |
| 26/01/18 | 208,000 | - | - | (61,375) | 146,625 | 26/01/19 | 26/01/23 | £0.43500 |
| 26/01/18 | 52,000 | - | - | - | 52,000 | 26/01/21 | 26/01/24 | £0.43500 |
| 26/01/18 | 1,933,000 | - | - | - | 1,933,000 | 26/01/21 | 26/01/24 | £0.43500 |
| 29/03/19 | 565,000 | - | - | - | 565,000 | 29/03/23 | 29/03/23 | £0.28300 |
| 29/03/19 | 370,000 | - | - | - | 370,000 | 29/03/20 | 29/03/23 | £0.28300 |
| 21/08/19 | - | 1,985,000 | - | - | 1,985,000 | 21/08/22 | 21/08/24 | £0.31100 |
| 18/03/20 | - | 1,500,000 | - | - | 1,500,000 | 18/03/21 | 18/03/24 | £0.28902 |
| Total options | 12,025,453 | 3,485,000 | (1,457,318) | (2,570,120) | 11,483,015 | | | |
| Weighted average exercise price of options | £0.35 | £0.30 | £0.30 | £0.33 | £0.34 | | | |

During the year 1,457,318 options were exercised. The weighted average share price at date of exercise was £0.30. At 31 March 2020 a total of 481,689 options had vested and were exercisable.

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

Notes to the financial statements (continued)

17 Share-based payments (continued)

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

| | Ordinary shares held as at | |
|---|----------------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Record plc Group Profit Share Scheme (interest in restricted share awards) | | |
| Leslie Hill (appointed CEO on 13-Feb-20) | 613,458 | 802,837 |
| James Wood-Collins (stepped down as CEO on 13-Feb-20) | - | 318,832 |
| Bob Noyen | 311,296 | 318,832 |
| Steve Cullen | 142,648 | 264,286 |
| Record plc Share Scheme (interest in unvested share options) | | |
| Leslie Hill (appointed CEO on 13-Feb-20) | 1,405,001 | 1,406,667 |
| James Wood-Collins (stepped down as CEO on 13-Feb-20) | 2,425,001 | 2,426,667 |
| Bob Noyen | 1,405,001 | 1,406,667 |
| Steve Cullen | 935,000 | 1,131,667 |

Performance measures

Performance conditions attached to all options granted to Board Directors differ to those granted for all other staff. All Executive Director option awards are subject to a performance condition and vest on each of the third, fourth and fifth anniversaries of the date of grant subject to the 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.

| 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% |

Notes to the financial statements (continued)

17 Share-based payments (continued)

Approved options issued to all other staff since 1 April 2017 were not subject to Group performance measures.

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

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

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

Clawback provisions

In addition to the performance measures above, both Approved and Unapproved options granted to Executive Directors under the Share Scheme are subject to claw back 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 claw back provisions allow the Group to take various steps until the clawback obligation is satisfied, including reduction of future share option awards, transfer of shares back to the Group for nil consideration, reduction of future payments under the Group Profit Share Scheme or payment of sales proceeds back to the Group.

c. The Record plc Share Incentive Plan

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

Notes to the financial statements (continued)**18 Retirement benefit obligations**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £466,413 (2019: £442,863).

19 Financial risk management

The Company's current activities result in the following financial risks and management's responses to those risks in order to minimise any resulting adverse effects on the Company's financial performance.

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

The main risks facing the Company are credit risk, liquidity risk, interest rate risk and foreign currency risk, each of which is discussed in further detail below.

Objectives, policies and processes for managing risk and the methods used to measure the risk

Financial assets principally comprise intercompany receivables, derivative financial assets, and cash and cash equivalents. Financial liabilities comprise trade and other payables and derivative financial liabilities. The main risks arising from financial instruments are credit risk, liquidity risk and interest rate risk each of which is discussed in further detail below. The Company monitors and mitigates financial risk on a consolidated basis.

The Company 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 of Record plc and reviewed by the Audit and Risk Committee of Record plc.

The main risks arising from financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk, each of which is discussed in further detail below.

The impact of covid-19

The quality of our clients and banking counterparties is reflected in the business having not suffered from any credit default for over 20 years through various market crises and cycles, and we do not anticipate this changing under the current circumstances.

Credit risk

The Risk Management Committee of the Parent Company has established a credit risk policy to ensure that it only trades with counterparties that meet requirements consistent with the Company's agreed risk appetite. The Chief Financial Officer is responsible for reviewing the Company'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.

To reduce the risk of counterparty default the Company deposits its funds in approved high quality banks; the financial institutions involved have high credit ratings assigned by international credit agencies.

RECORD GROUP SERVICES LIMITED

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Notes to the financial statements (continued)

19 Financial risk management (continued)

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

| Financial assets at 31 March | 2020 | 2019 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Trade and other receivables (excluding prepayments) | 5,285 | 4,587 |
| Cash and cash equivalents | 175 | 218 |
| Derivative financial assets | - | 106 |
| | 5,460 | 4,911 |

Included in trade and other receivables is £5,050,289 due from Group companies (2019: £4,393,468), which are considered to be fully recoverable.

Liquidity risk

The Company is exposed to liquidity risk, namely that it may be unable to meet its payment obligations as they fall due. The Company maintains sufficient cash in order to meet its payment obligations as they fall due. Management review cash flow forecasts on a regular basis to determine whether the Company has sufficient cash reserves to meet the future working capital requirements and to take advantage of business opportunities. The average creditor payment period is 23 days (2019: 22 days).

The impact of covid-19 has been considered, and management believe that the Company's ability to meet its obligations is unaffected.

Contractual maturity analysis for financial liabilities as at 31 March 2020:

| | Carrying amount | Due or due in less than 1 month | Due between 1 to 3 months | Due between 3 to 12 months |
|----------------|------------------------|--|----------------------------------|-----------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Trade payables | 398 | 239 | 29 | 130 |
| Accruals | 2,409 | 50 | 2,091 | 268 |
| Total | 2,807 | 289 | 2,120 | 398 |

Contractual maturity analysis for financial liabilities as at 31 March 2019:

| | Carrying amount | Due or due in less than 1 month | Due between 1 to 3 months | Due between 3 to 12 months |
|----------------|------------------------|--|----------------------------------|-----------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Trade payables | 281 | 281 | - | - |
| Accruals | 2,293 | 37 | 1,176 | 1,080 |
| Total | 2,574 | 318 | 1,176 | 1,080 |

Notes to the financial statements (continued)

19 Financial risk management (continued)

Interest rate risk

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

| | Fixed rate | Floating rate | No interest rate | Total |
|--|------------|---------------|------------------|----------------|
| At 31 March 2020 | £'000 | £'000 | £'000 | £'000 |
| Trade and other receivables (excludes prepayments) | - | - | 5,285 | 5,285 |
| Cash and cash equivalents | - | 175 | - | 175 |
| Total financial assets | - | 175 | 5,285 | 5,460 |
| Trade and other payables | - | - | (2,807) | (2,807) |
| Derivative financial liabilities | - | (316) | - | (316) |
| Total financial liabilities | - | (316) | (2,807) | (3,123) |

| | Fixed rate | Floating rate | No interest rate | Total |
|--|------------|---------------|------------------|----------------|
| At 31 March 2019 | £'000 | £'000 | £'000 | £'000 |
| Trade and other receivables (excludes prepayments) | - | - | 4,587 | 4,587 |
| Derivative financial assets | - | - | 106 | 106 |
| Cash and cash equivalents | - | 218 | - | 218 |
| Total financial assets | - | 218 | 4,693 | 4,911 |
| Trade and other payables | - | - | (2,574) | (2,574) |
| Total financial liabilities | - | - | (2,574) | (2,574) |

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 Company invoices exclusively in its functional currency of Sterling and the value of supplies from non-Sterling based suppliers is not material. The Company makes use of forward exchange contracts to manage the risk relating to future transactions of its sister company, Record Currency Management Limited, and its parent company Record plc, in accordance with the Company's risk management policy.

Notes to the financial statements (continued)**19 Financial risk management (continued)**

The fair value of the forward contracts as at 31 March 2020 was a liability of £315,995 (2019: asset of £106,260). Losses on the forward exchange contracts were £509,393 in the year (2019: losses of £242,390). The future transactions related to the forward exchange contracts are expected to occur within the next six months. Changes in the fair values of forward exchange contracts are recognised directly in profit or loss.

20 Additional financial instruments disclosures**Classes and fair value of financial instruments**

| Financial assets | 2020 | | 2019 | |
|---|----------------|------------|----------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | £'000 | £'000 | £'000 | £'000 |
| Cash and cash equivalents | 175 | 175 | 218 | 218 |
| Derivative financial instruments at FVTPL | - | - | 106 | 106 |
| Total financial assets | 175 | 175 | 324 | 324 |

| Financial liabilities | 2020 | | 2019 | |
|---|----------------|--------------|----------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| | £'000 | £'000 | £'000 | £'000 |
| Derivative financial instruments at FVTPL | (316) | (316) | - | - |
| Total financial liabilities | (316) | (316) | - | - |

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

RECORD GROUP SERVICES LIMITED

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Year ended 31 March 2020**

Notes to the financial statements (continued)

20 Additional financial instruments disclosures (continued)

Categories of financial instrument

| At 31 March 2020 | | Loans and receivables | Financial liabilities measured at amortised cost | Assets at fair value through profit or loss |
|--|-------------|--------------------------------------|---|--|
| | Note | £'000 | £'000 | £'000 |
| Trade and other receivables (excludes prepayments) | 11 | 5,285 | - | - |
| Cash and cash equivalents | 13 | 175 | - | - |
| Other financial instruments at fair value through profit and loss | 12 | - | - | (316) |
| Current trade & other payables | 14 | - | (2,807) | - |
| Total | | 5,460 | (2,807) | (316) |

| At 31 March 2019 | | Loans and receivables | Financial liabilities measured at amortised cost | Assets at fair value through profit or loss |
|--|-------------|--------------------------------------|---|--|
| | Note | £'000 | £'000 | £'000 |
| Trade and other receivables (excludes prepayments) | 11 | 4,587 | - | - |
| Cash and cash equivalents | 13 | 218 | - | - |
| Other financial instruments at fair value through profit and loss | 12 | - | - | 106 |
| Current trade & other payables | 14 | - | (2,574) | - |
| Total | | 4,805 | (2,574) | 106 |

21 Related parties transactions

The ultimate and immediate parent undertaking is Record plc, a company registered in Great Britain. Consolidated accounts for Record plc, which heads the largest and smallest group of undertakings for which group accounts are prepared, can be obtained from the Company Secretary, Record plc, Morgan House, Madeira Walk, Windsor, Berkshire SL4 1EP.

RECORD GROUP SERVICES LIMITED

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Notes to the financial statements (continued)**21 Related parties transactions (continued)****Transactions with parent**

Details of transactions between the Company and its parent, which is a related party of the Company is shown below:

| | 2020 | 2019 |
|-------------------------------|--------------|-------|
| | £'000 | £'000 |
| Amounts due from parent | (142) | 45 |
| Net dividends paid to parent | 1,845 | 2,100 |
| Management fee paid to parent | 507 | - |

Transactions with other subsidiaries

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

| | 2020 | 2019 |
|---|---------------|--------|
| | £'000 | £'000 |
| Amounts due from other subsidiaries | 4,170 | 3,407 |
| Management fee received from other subsidiaries | 19,236 | 18,731 |

Transactions with seeded funds

From time to time, Record plc injects capital into funds operated by Record plc to trial new products (seed capital). If Record plc is able to exercise control over such a seeded fund by holding a majority interest (whether the majority interest is held by Record plc alone, or by combining the interests of Record plc and its Directors), then the fund is considered to be a related party.

Record Currency – Strategy Development Fund and Record – Currency Multi-Strategy Fund are both related parties on this basis. Similarly, the Record Currency – FTSE FRB10 Index Fund was a related party until the fund's closure in March 2020.

The only transactions between the Company and these funds during the year related to contributions towards fund costs.

Details of transactions between the Company and the funds are shown below:

| | Year ended 2020 | Year ended 2019 |
|---|------------------------|-----------------|
| | £'000 | £'000 |
| Contribution towards administrative costs of Record Currency Fund - FTSE FRB10 | 50 | 52 |
| Contribution towards administrative costs of Record Currency Fund – Strategy Development Fund | 48 | 50 |
| Contribution towards administrative costs of Record Currency Fund – Multi Strategy Fund | 74 | 55 |

Notes to the financial statements (continued)

21 Related parties transactions (continued)

Transactions with Record plc Employee Benefit Trust

Record plc Employment Benefit Trust (EBT) has been established to hold shares to be used to meet future liabilities relating to the Company's share-based compensation plans. The EBT is considered to be under de facto control of the Group and is therefore considered to be a related party. Details of transactions between the Company and the EBT are shown below:

| | 2020 | 2019 |
|---|-------|-------|
| | £'000 | £'000 |
| Amounts due from Record plc Employee Benefit Trust | 1,022 | 987 |
| Amounts settled by Record Group Services Limited on behalf of Record plc Employee Benefit Trust | 33 | 38 |

Transactions with key management personnel

The compensation relating to the Company for the key management personnel who are considered to be related parties is as follows:

| | 2020 | 2019 |
|------------------------------|-------|-------|
| | £'000 | £'000 |
| Short-term employee benefits | 4,982 | 4,970 |
| Post-employment benefits | 211 | 178 |
| Share-based payments | 822 | 838 |
| Total | 6,015 | 5,986 |

The key management personnel received dividends from Record plc (the parent) totalling £3,106,935 during the year ended 31 March 2020 (2019: £2,977,133)

Directors' remuneration

| | 2020 | 2019 |
|--|-------|-------|
| | £'000 | £'000 |
| Aggregate emoluments of the Directors | | |
| Emoluments (excluding pension contribution) | 116 | 128 |
| Pension contribution | 2 | 3 |
| | 118 | 131 |

The highest paid Director of the Company received emoluments relating to the Company excluding pension contribution of £54,824 (2019: £68,902) and pension contribution of £5,038 (2019: £Nil).

During the year, one Director of the Company (2019: one) participated in the Group Personal Pension Plan, a defined contribution scheme.

Notes to the financial statements (continued)**22 Capital management**

The Company's capital is managed as part of the Record Group's capital. 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 its shareholders, and (iii) to meet regulatory capital requirements set by the UK Financial Conduct Authority.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Group had no debt in the current or prior financial year and consequently does not calculate a debt-to-adjusted capital ratio.

The Company's capital is managed within the categories set out below:

| | 2020 | 2019 |
|--------------------------|------------|------------|
| | £m | £m |
| Operating capital | 2.9 | 2.7 |

Operating capital is equivalent to the aggregate net current assets of the Company. Operating capital is intended to cover capital required for day to day operational purposes. The Directors consider that the operating capital significantly exceeds the actual day to day operational requirements.

23 Ultimate controlling party

As at 31 March 2020 the parent and ultimate controlling party of the Company was Record plc which owned 100% of the issued share capital.

24 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

25 Additional information

The entity is a private limited company.

Registered office: Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP, United Kingdom