

Registered Number: 2190813



SARASIN

SARASIN INVESTMENT FUNDS LIMITED

REPORT AND ACCOUNTS

for the year ended

31 DECEMBER 2004



A30
COMPANIES HOUSE

A5772421

0257
01/04/05

REPORT AND ACCOUNTS for the year ended 31 December 2004

DIRECTORS AND ADVISERS

DIRECTORS

G.V. Matthews (Chief Executive Officer)
N. Ossenbrink
T.N.M. Service (Chairman)
R. M. Wittendorfer

JOINT SECRETARIES

E.B. Lewis
Begbies Everett Chettle Limited

REGISTERED OFFICE

Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

BANKERS

The Royal Bank of Scotland plc

AUDITORS

Nexia Audit Limited
No.1 Riding House Street
London
W1A 3AS

BUSINESS ADVISERS

Smith & Williamson Limited
No.1 Riding House Street
London
W1A 3AS

REPORT AND ACCOUNTS for the year ended 31 December 2004

CONTENTS	Pages
Directors' Report	3 – 4
Statement of Directors' Responsibilities	5
Report of the Independent Auditors	6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Accounts	10 - 13

DIRECTORS' REPORT

For the year ended 31 December 2004 (continued)

The directors submit their report and accounts for the year ended 31 December 2004.

Activities

The principal activity of the company is that of an authorised corporate director (ACD) of Sarasin Funds ICVC an Open Ended Investment Company ("OEIC") which currently has two sub-funds, Sarasin EquiSar Global Thematic Fund and Sarasin GlobalSar Balanced Fund. The company also acts as manager for the Alpha Charity Fund a common investment fund suitable for Charities. The company is regulated by the Financial Services Authority (FSA) and is a member of the Investment Management Association (IMA).

Review of Affairs

For 2004 we unfortunately have to report net redemptions of £6.1m for the Funds within the Company. It is encouraging, however, that both the GlobalSar Balanced Fund and the Alpha Charity Fund are both showing net subscriptions (£1.2m and £2.4m respectively) and that the general enquiry level is high.

Following the acquisition of the Sarasin Chiswell Holdings Group (formerly BOE Investment Management Group) in May 2004 by the Sarasin Group, marketing resources for the Alpha Charity Fund have been strengthened and this Fund continues to be an effective investment solution for charitable investors. It is the intention of the Directors to evolve the investment objective of the existing Alpha Charity Fund and to introduce a new Common Investment Fund to the Fund range during 2005. While both would be investment solutions in their own right, many charities would find that the flexibility of investing in a combination of the two would further meet the requirements of their specific investment objectives.

As part of a review by Sarasin's Investment Funds Division during 2004 the Group looked at ways of combining funds that have similar or identical investment parameters and which are based in different locations. As a consequence during the year the company closed the Income Portfolio Fund. While we were very confident of the long-term applicability of this investment, which aimed to achieve a consistently attractive level of income coupled with long term capital appreciation, we understood that the size of this Fund on its own, left its charges to our investors at a higher level than for other comparable funds. We therefore offered clients a free transfer to Sarasin's larger Sarasin CI Income Portfolio Fund based in Guernsey, which has identical investment guidelines and is run by the same management team.

Results for the Year

The company's profit for the year to be transferred to reserves is set out in the profit and loss account on page 7. The directors do not propose the payment of a dividend (2003: £nil).

Directors

The directors, who served during the year are shown below. The company is a wholly owned subsidiary of SIM Partnership (London) Limited and the directors' interests in the ordinary shares of the SIM Partnership (London) Limited at the year end and at the previous year end are as follows:

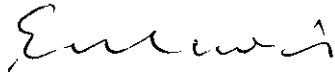
		No. of ordinary shares		No. of options over ordinary shares	
		2004	2003	2004	2003
G.V. Matthews	(Chief Executive Officer)	15,600	-	-	6,000
J.G. E. Monson	(Resigned 21 October 2004)	-	-	-	-
N. Ossenbrink		-	-	-	-
T.N.M. Service	(Chairman)	20,000	20,000	-	-
R. M. Wittendorfer		-	-	-	-

None of the directors had any other beneficial interest in the share capital of the company or other group companies during the financial year ended 31 December 2004.

DIRECTORS' REPORT

For the year ended 31 December 2004 (continued)

APPROVED BY THE BOARD OF DIRECTORS AND
SIGNED ON BEHALF OF THE BOARD



E.B. Lewis
JOINT SECRETARY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which 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 those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE INDEPENDENT AUDITORS

To the Shareholders of Sarasin Investment Funds Limited

We have audited the accounts of Sarasin Investment Funds Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 16. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nexia Audit Limited

Nexia Audit Limited
Registered Auditors

1 Riding House Street
London
W1A 3AS

Date: *18 March 2005*

PROFIT AND LOSS ACCOUNT**For the year ended 31 December 2004**

	<i>Notes</i>	2004 £	2003 £
Turnover	2	1,679,227	1,742,891
Cost of sales		(1,348,051)	(1,310,986)
Gross Profit		331,176	431,905
Administrative expenses		(372,334)	(443,543)
Operating Loss	3	(41,158)	(11,638)
Interest receivable and similar income	4	54,749	34,284
Profit On Ordinary Activities Before Taxation		13,591	22,646
Taxation	5	(4,077)	(6,784)
Retained Profit		9,514	15,862
Accumulated Profits brought forward		474,161	458,299
Accumulated Profits carried forward		£ 483,675	£ 474,161

All of the Company's operations are classed as continuing. There were no recognised gains or losses in the period other than those included in the above profit and loss account.

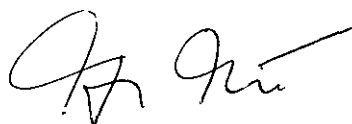
BALANCE SHEET

As at 31 December 2004

	Notes	2004 £	2003 £
Current Assets			
Investments	6	54,069	43,706
Debtors	7	850,673	349,980
Cash at bank		1,172,792	1,223,517
		2,077,534	1,617,203
Creditors: Amounts falling due within one year	8	(1,543,859)	(1,093,042)
Net Assets		£ 533,675	£ 524,161
		£	£
Capital And Reserves			
Called up share capital	9	50,000	50,000
Profit and loss account		483,675	474,161
Shareholder's Funds	14	£ 533,675	£ 524,161

These accounts were approved by the Board of Directors on
on their behalf by:

17th March 2005 and signed



G.V. Matthews
Chief Executive Officer

CASH FLOW STATEMENT

For the year ended 31 December 2004

	Notes	2004 £	2003 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	11	(91,034)	106,860
RETURNS ON INVESTMENTS			
Interest received		54,749	34,284
TAXATION			
UK corporation tax (paid)/received		(4,077)	1,974
Net cash (outflow)/inflow before management of liquid resources		(40,362)	143,118
MANAGEMENT OF LIQUID RESOURCES			
Net cash outflow from management of liquid resources		(10,363)	(20,354)
(DECREASE)/INCREASE IN CASH IN THE YEAR	13	£ (50,725)	£ 122,764

NOTES TO THE ACCOUNTS

For the year ended 31 December 2004

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The more important accounting policies adopted are described below:-

Basis of Accounting The accounts have been prepared under the historical cost convention.

Foreign Currencies Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Realised profits and losses arising on conversion of foreign currencies are included in the profit and loss account. Balance sheet items are translated at the year-end rates with any exchange differences being taken directly to the profit and loss account.

Deferred Taxation Deferred tax is provided for on a full provision basis on all timing differences, which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

Investments Current asset investments are stated at the lower of cost and market value.

Profits and losses on disposals of current asset investments are recognised when they are realised and are shown net of commissions and charges.

Liquid Resources Liquid resources include cash flow arising from movements in current asset investments.

Income Recognition Turnover comprises projects on the disposal of unit shares, management fees performance fees and commissions derived from the management of investment portfolios.

Profits on the disposal of unit shares are recognised on a trade date basis and management and advisory charges are recognised once they have been earned.

2. TURNOVER

The company's turnover is stated net of VAT and softing commissions and is analysed as follows:

	2004 £	2003 £
Profits on sale of units/shares including initial charges	33,852	53,938
Management fees	1,634,513	1,508,757
Other income	10,862	180,196
	£1,679,227	£ 1,742,891

3. OPERATING LOSS

is stated after charging:-

	£	£
Auditors' remuneration - audit	10,000	10,000
- non audit services (paid to related company of the auditors)	13,287	12,769

NOTES TO THE ACCOUNTS

For the year ended 31 December 2004 (continued)

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004	2003
	£	£
Bank interest receivable	54,749	19,301
Other interest	-	14,983
	54,749	£ 34,284

5. TAXATION

	£	£
UK corporation tax payable at 30% (2003: 30%) based on profits for the year	4,077	6,793
Over provision in respect of prior periods	-	(9)
	£ 4,077	£ 6,784

Tax reconciliation

	£	£
Profit on ordinary activities before tax	13,591	22,646
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%)	4,077	6,793
<i>Tax effects of:</i>		
Adjustments in respect of prior years	-	(9)
Total current tax charge	£ 4,077	£ 6,784

6. CURRENT ASSET INVESTMENTS

	£	£
Investments		
At cost	£ 54,069	£ 43,706

7. DEBTORS

	£	£
Trade debtors	714,357	335,841
Amounts owing by group undertakings:		
- Fellow subsidiaries	-	1,500
Other debtors	135,055	11,832
Prepayments and accrued income	1,261	807
	£ 850,673	£ 349,980

NOTES TO THE ACCOUNTS

For the year ended 31 December 2004 (continued)

8. **CREDITORS:** Amounts falling due within one year

	2004	2003
	£	£
Trade creditors	947,937	579,200
Due to depository for creation of shares	47,266	58,278
Amount owed to group undertakings:		
- Fellow subsidiaries	205,095	249,495
Other creditors	64,534	830
Corporation tax payable	4,077	8,283
Accruals and deferred income	274,950	196,956
	£1,543,859	£ 1,093,042

9. **SHARE CAPITAL**

Authorised:		
99,999 Ordinary shares of £1 each	£ 99,999	£ 99,999
Alotted, called up and fully paid:		
50,000 Ordinary shares of £1 each	£ 50,000	£ 50,000

10. **ULTIMATE HOLDING COMPANY**

The UK holding company is Sarasin (UK) Limited, a company registered in Great Britain. Copies of its financial statements can be obtained from Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU.

The ultimate holding company is Bank Sarasin & Co Limited, a company incorporated in Switzerland. Copies of its financial statements can be obtained from Elisabethenstrasse 62, 4002 Basel, Switzerland.

11. **RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2004	2003
	£	£
Operating loss	(41,158)	(11,638)
Increase in debtors	(500,693)	(16,670)
Increase in creditors	450,817	135,168
Net cash (outflow)/inflow from operating activities	£ (91,034)	£ 106,860

12. **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	£	£
(Decrease)/increase in cash	(50,725)	122,764
Net cash inflow from management of liquid resources	10,363	20,354
Change in net funds resulting from cash flows	(40,362)	143,118
Opening net funds	1,267,223	1,124,105
Closing net funds	£ 1,226,861	£ 1,267,223

NOTES TO THE ACCOUNTS

For the year ended 31 December 2004 (continued)

13. ANALYSIS OF NET FUNDS

	At 1 January 2004	Cash Flow	At 31 December 2004
	£	£	£
Cash at bank	1,223,517	(50,725)	1,172,792
Current asset investment	43,706	10,363	54,069
	£ 1,267,223	£ (40,362)	£ 1,226,861

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2004 £	2003 £
Opening shareholder's funds	524,161	508,299
Profit for the financial year	9,514	15,862
Closing shareholder's funds	£ 533,675	£ 524,161

15. CONTINGENT LIABILITIES

As at 31 December 2004 there were no contingent liabilities (2003: £nil).

16. RELATED PARTY TRANSACTION

During the year the company was charged £1,003,532 (2003: £1,093,319) by Sarasin Investment Management Limited ("SIM"), a fellow subsidiary of the UK Group, for investment advice. At the year end the company owed SIM £205,585 (2003: £232,495).