

Registered Number: 2190813



**SARASIN
CHISWELL**

SARASIN INVESTMENT FUNDS LIMITED

ANNUAL REPORT AND ACCOUNTS

for the year ended

31 DECEMBER 2005



ANNUAL REPORT AND ACCOUNTS for the year ended 31 December 2005

DIRECTORS AND ADVISERS

DIRECTORS

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

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
Chartered Accountants
25 Moorgate
London
EC2R 6AY

BUSINESS ADVISERS

Smith & Williamson Limited
Chartered Accountants
25 Moorgate
London
EC2R 6AY

ANNUAL REPORT AND ACCOUNTS for the year ended 31 December 2005

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DIRECTORS' REPORT

For the year ended 31 December 2005

The directors submit their report and accounts for the Company for the year ended 31 December 2005.

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 Endowments Fund and the Alpha Income & Reserves Fund both of which are common investment funds 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

Against a backdrop of rising stock markets in 2005, all of the Company's funds delivered strong investment performance in both absolute and relative terms. Overall the funds managed by the Company have also shown net subscriptions during this year and the Company now has £182m under management.

EquiSar Global Thematic Fund returned 28.0%* whilst the GlobalSar Balanced Fund returned 21.1%* during 2005. Both of these funds' performances compare favourably against their respective benchmarks being 22.5% and 14.5% respectively.

We are also pleased to report on the success of the Alpha Common Investment Funds launched in August 2005. Firstly the Alpha Charity Fund was renamed the 'Alpha Common Investment Fund for Endowments and in addition it changed its investment objectives. At the same time the 'Alpha Common Investment Fund for Income and Reserves was launched. These vehicles aim to take account of changes in charity law, changes in the investment environment and the knowledge that attractive investment returns are harder to come by. The two Funds operate in parallel with one another and can be combined to produce tailored asset allocations to meet the precise capital and income requirements of different charities. The appeal of this approach has meant that the assets under management have doubled and the two funds are now valued in excess of £70m.

The Company is proposing in the first half of 2006 to convert its OEIC umbrella to the new FSA Collective Investment Schemes Sourcebook (COLL), and will seek to launch a number of new funds that take advantage of the wider investment powers allowed by this legislation. These investment funds will try to guard against the erosion of capital and provide a real return (inflation plus) to investors.

The Directors, based on the strong investment performance and innovative products look forward with confidence to the outlook for 2006.

**Performance in STG, bid to bid, gross income reinvested.*

Risk Management

The Sarasin Group adopts a clearly defined, transparent and integrated risk management policy for all our operations. The Sarasin Group and Company's risk management process and controls are more fully set out in the notes to the accounts set out on pages 12 to 13.

International Financial Reporting Standards

The results of the Company have been restated for the adoption of International Financial Reporting Standards ("IFRS"). The basis of the preparation of the accounts is shown in full on pages 13 to 15, supported by the adopted accounting policies as shown in Note 1. No differences arose as a consequence of this transition.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2005

Results for the Year

The Company's profit for the year to be transferred to reserves is set out in the income statement on page 8. The directors do not recommend the payment of a dividend (2004: £nil).

Directors

The directors who served during the year ended 31 December 2005, are as follows:

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

Mr Matthews and Mr Service held 16,697 (2004: 15,600) and 21,394 (2004: 20,000) shares, respectively, in SIM Partnership (London) Limited, the immediate parent company, as at 31 December 2005. None of the other directors had any beneficial interest in the share capital of the Company or other Group companies requiring disclosure under the Companies Act 1985 either at the beginning or end of the year.

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 year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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 standards 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 2005 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. These accounts have been prepared under 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 International Standards on Auditing (UK and Ireland) 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, in accordance with IFRSs as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 December 2005 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
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date **27 March 2006**

INCOME STATEMENT**For the year ended 31 December 2005**

		2005	2004
		£	£
Revenue	2	1,726,125	1,679,227
Cost of sales		(1,365,440)	(1,348,051)
Gross Profit		360,685	331,176
Administrative expenses		(323,692)	(372,334)
Profit/(Loss) from operations	3	36,993	(41,158)
Investment income	5	62,625	54,749
Finance costs	6	(61)	-
Profit Before Taxation		99,557	13,591
Taxation	7	(31,421)	(4,077)
Profit for the period		£ 68,136	£ 9,514
Attributable to:			
Equity holders of the parent		£ 68,136	£ 9,514

All the Company's operations are classed as continuing and there were no recognised gains or losses in either year other than those included in the income statement.

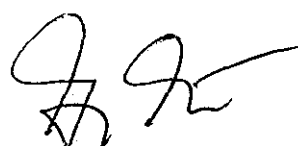
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2005

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2004 as previously reported under UK GAAP	50,000	474,161	524,161
Net profit for 2004	-	9,514	9,514
Balance at 1 January 2005	50,000	483,675	553,675
Net profit for 2005	-	68,136	68,136
Balance at 31 December 2005	£50,000	£551,811	£601,811

BALANCE SHEET
As at 31 December 2005

Assets	Notes	2005 £	2004 £
Cash and cash equivalents	8	1,672,854	1,172,792
Trade and other receivables	8		
Due from Trustee & Depository		393,176	568,504
Due from customers		899,140	145,853
Accrued income and prepaid expenses		3,299	1,261
Other financial assets		1,600	135,055
Investment securities	9	46,144	54,069
Total assets		£ 3,016,213	£ 2,077,534
Liabilities and shareholders' equity			
Liabilities			
Current tax liabilities	7	24,671	4,077
Due to banks		356,774	-
Trade and other payables	8		
Amounts due to Trustee and Depository		1,066,797	47,265
Other amounts due to customers		455,355	947,938
Other liabilities	10	366,200	269,629
Accrued expenses and deferred income		144,605	274,950
Total liabilities		£ 2,414,402	£ 1,543,859
Shareholders' equity			
Share capital	11	50,000	50,000
Retained earnings brought forward	12	483,675	474,161
Profit for the period	12	68,136	9,514
Total shareholders' equity		601,811	533,675
Total liabilities and shareholders' equity		£ 3,016,213	£ 2,077,534

The accounts were approved by the Board of Directors on 21 March 2006 and signed on its behalf by:



G.V. Matthews
 Director

CASH FLOW STATEMENT**For the year ended 31 December 2005**

	Notes	2005 £	2004 £
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	14	80,724	(105,474)
INVESTING ACTIVITIES			
Interest received		62,625	54,749
NET CASH FROM INVESTING ACTIVITIES		62,625	54,749
FINANCING ACTIVITIES			
Interest paid		(61)	-
NET CASH USED IN FINANCING ACTIVITIES		(61)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		143,288	(50,725)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,172,792	1,223,517
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	£ 1,316,080	£ 1,172,792

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005

GENERAL INFORMATION

The Company is incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' report on page 4.

EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred since the balance sheet date that has an impact on our balance sheet or income statement for 2005.

The Board of Directors discussed and approved the accounts at its meeting on 21 March 2006.

RISK MANAGEMENT

a) General considerations

Assessing and taking risks is in the nature of a financial institution. No transaction can take place without a risk being incurred. For this reason, we adopt a clearly defined, transparent and integrated risk management policy for all our operations and adapt it continuously to the latest knowledge. Substantial human and technological resources are made available for this purpose. Risk management has become a decisive factor in the Sarasin Group's and Company's competitiveness. Active risk management should make it possible to minimise undesirable risks and to make optimum use of our capital for the benefit of our shareholders and other stakeholders. Risk management is therefore an important link in the wealth-creation chain, in that it makes existing and potential risks obvious to decision makers.

b) Risk culture

The standard of risk management achieved by a financial institution is not simply a question of compliance with formalised internal and external rules. Of equal, if not even greater, significance is the risk awareness of decision-makers. The quantitative criteria on which attention frequently centres are only one component of a comprehensive risk management system. The development of an appropriate risk culture as part of a financial institution's overall culture is just as important. A central element of such a risk culture is the discipline and thoroughness with which participants respond to their tasks in the risk management process. Integrity and risk awareness, on the part of everyone concerned at all levels of our Group, as well as clearly defined responsibilities and competencies, are the pillars that support our risk culture.

c) Organisation of our risk management

The Board of Directors is responsible for the formulation and implementation of the Group's risk policy. It lays down the Company's risk strategy, the organisational framework for risk management such as limits and systems, the maximum risk tolerance and respective responsibilities. This risk policy is reviewed annually to ensure its appropriateness and consistency with the policies of the Bank Sarasin Group.

The Executive Board of Sarasin Chiswell, the Executive Board of the Group, is responsible for implementing the risk management and risk control principles laid down by the Group. The Executive Board has set up committees for two risk categories, an:

- Operational Risk Committee which is independent of our investment management activities, and conducts an assessment of the Group's operational and counterparty risks, evaluates the potential of different opportunities and risks and, where appropriate, makes proposals to the Executive Board regarding the risk models to be used. It is responsible for ensuring compliance with our risk management process, which consists of risk identification, risk measurement, risk reporting and risk control; and an
- Investment Risk Committee which again is independent of the Group's investment management activities. This committee is formulated to specifically review the risk management process of investment products with higher levels of derivative usage than the Group's standard investment products. It is also responsible for ensuring compliance with the risk management process associated with these products, which consists of risk identification, risk measurement, risk reporting and risk control.

Both of these committees supply the Board of Directors, the Executive Board and the responsible risk-bearers with individual reports where appropriate. Both committees are composed of members of the management and staff from the various areas concerned and they meet at least monthly and are chaired by an Independent Consultant.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005 (continued)

RISK MANAGEMENT (continued)

d) Market risk

The Company does not take material propriety positions and therefore its exposure to market risk is limited to the performance of its investment products and commercial success.

e) Credit risk

Credit risk means the risk that the Company might sustain losses due to the insolvency of a counterparty. Such losses usually consist of the outstanding credit minus the proceeds from the sale of collateral and any bankruptcy or liquidation dividend that might be paid. For the purpose of the Company's dealings with other banks and brokers, the Group use a rating system to determine the selection of counterparties and the limits for them. The criteria are such that only first-class counterparties are considered. New relationships with banks and brokers are discussed within an Execution, Risk and Investment Committee of Sarasin Chiswell, which then define and approve the necessary limits provided the rating conditions are satisfied.

f) Liquidity and Financial solvency risk

The Company's solvency is monitored and assured within the framework of the regulations laid down by UK's Financial Services Authority.

g) Interest rate risk

Interest rate risk in respect of the balance sheet is reviewed on a regular basis. At the balance sheet date interest obligations in respect of the cash balances were at LIBOR minus 1%.

h) Litigation risk

In the course of the Company's normal business, the Company may be involved in various types of litigation. The Company makes provisions for such contingencies if the directors and its legal advisers consider that the Company is likely to have to make payments and if the amount of those payments can be estimated. All provisions for risks connected with litigation would be included in the Company's balance sheet under "other provisions". With regard to potential claims against the Company of which the management may become aware, where the management and its legal advisers consider that such claims are without merit, or can be successfully defended or will not have a significant impact on the Company's financial situation or operating results no provision will be made.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 1985. This is the first time the accounts have been prepared under these provisions and the disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given in note 18.

The accounts have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

General principles

Assumptions and estimates: The IFRS include guidelines that require the Company to make assumptions and estimates when drawing up its accounts. Those assumptions and estimates, which are continuously reviewed, are based on past experience and other factors, including expectations regarding likely developments in the future.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenue comprises profits on the disposal of units/shares, management fees, performance fees and commissions derived from the management of investment portfolios. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, trail fees, VAT and other sales related taxes

Profits on the disposal of unit shares are recognised on a trade date basis and management and advisory charges are recognised when the services concerned are rendered. Management fees are calculated on the percentage of assets under management and commission is calculated on a percentage of a subscription.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Foreign Currencies

The functional and presentational currency of the Company is pounds sterling. Any foreign currency translation took place at the following exchange rates:

	2005 Year end	2005 Average	2004 Year end	2004 Average
Euro (EUR)	1.4554	1.43515	1.4149	1.4174
US Dollar (USD)	1.7168	1.8238	1.9308	1.8571
Swiss Franc (CHF)	2.2626	2.2224	2.1822	2.1961

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The classification of financial instruments occurs when they are first reported and follows the criteria laid down in IAS 39. Financial instruments include not only trading portfolios and financial investments but also traditional financial assets and liabilities. Financial instruments can be classified as follows:

- Financial instruments that are at fair value through profit or loss, including:
 - Financial instruments that are held for trading – trading portfolios, liabilities arising from trading portfolios and all derivative financial instruments;
 - Financial instruments that must be recorded in the income statement;
- Financial assets that are available for sale;
- Investments held to maturity;
- Loans and receivables originated by the enterprise that are not held for trading purposes and that do not constitute financial assets available for sale. This category includes, in particular, amounts that are due to banks and customers.

At 31 December 2005 the company has Financial Instruments falling under the following categories:

Cash and cash equivalents

Cash and cash equivalents are held at their nominal value. Finance income is recognised on an accruals basis to the income statement and are included within other receivables to the extent that they are not settled in the period in which they arise and are included as investment income.

Trade and other receivables

Trade and other receivables include amounts due from the trustee and depository, amounts due from customers, accrued income, prepaid expenses and other financial assets. These are recorded in the balance sheet at fair value. These do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Investment securities

Investments are recognised at market value where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned and are initially measured at cost including transaction costs. Investments are classified as held-for-trading and gains and losses arising from the changes in market value are recognised in the profit and loss including initial charges when these investment securities are disposed of.

Amounts due to banks

Interest bearing overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis to the profit and loss account using effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables

Trade and other payables include accrued expenses, deferred income and other liabilities. These are recorded at fair value within the balance sheet. These are classified according to the substance of the contractual arrangement entered into.

Provisions

Provisions are only made in the balance sheet when the Company has an obligation towards a third party connected with a past event, when it seems probable that economically useful resources will have to be used to meet that liability and when the latter liability can be reliably quantified.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005 (continued)

2. REVENUE

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

	2005 £	2004 £
Profits on sale of units/shares including initial charges	15,740	33,852
Management fees	1,671,164	1,634,513
Other income	39,221	10,862
	£ 1,726,125	£ 1,679,227

3. PROFIT / LOSS FROM OPERATIONS

Profit / loss from operations has been arrived at after charging:

	£	£
Auditors' remuneration for audit services (see below)	£ 13,500	£ 12,500

Administration costs consist of expenditure associated in the running of the business.

Amounts payable to Nexia Audit Limited and their associates by the Company in respect of non-audit services were £2,050 (2004: £870)

A more detailed analysis of auditors' remuneration is provided below:

	2005 £	%	2004 £	%
Audit services				
- statutory audit	13,500	87	12,500	93
- audit related regulatory reporting	-	-	-	-
	13,500	87	12,500	93
Tax services				
- advisory services	2,050	13	870	7
	2,050	13	870	7
Other services				
- general financial advice	-	-	-	-
	-	-	-	-
Total auditors' remuneration	15,550	100	13,370	100

4. REMUNERATION OF KEY MANAGEMENT PERSONNEL

All remuneration to the directors and key management, with the exception of Mr Wittendorfer, an Independent, Non-Executive Director, is borne by Sarasin Investment Management Limited, a fellow subsidiary, and disclosed in that company's accounts. Mr Wittendorfer received remuneration of £7,500 (2004: £nil).

NOTES TO THE ACCOUNTS**For the year ended 31 December 2005 (continued)****5. INVESTMENT INCOME**

	2005 £	2004 £
Interest on bank deposits	62,625	54,749
	£ 62,625	£ 54,749

6. FINANCE COSTS

	£	£
Interest on bank overdrafts	61	-
	£ 61	£ Nil

All overdrafts are unsecured and are repayable on demand.

7. TAX

	£	£
Current tax:		
UK corporation tax at 30% (2004: 30%) based on the profit for the year	31,421	4,077
	£ 31,421	£ 4,077
Tax reconciliation	£	£
Profit before tax	99,557	13,591
Profit multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	29,867	4,077
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	1,554	-
Total current tax charge	£ 31,421	£ 4,077
Effective tax rate for the year	31.6%	30.0%

Deferred Tax

The Company had neither a deferred tax asset nor liability as at the 31 December 2005 or 31 December 2004.

NOTES TO THE ACCOUNTS

For the year ended 31 December 2005 (continued)

8. FINANCIAL ASSETS / LIABILITIES

Cash and cash equivalents comprise of cash, short-term deposits with an original maturity of three months or less and foreign currencies held by the Company.

Trade and other receivables at the balance sheet date comprise amounts receivable from the provision of asset management and sales of units or shares in collective investment schemes.

The directors consider that the carrying amount of trade and other receivables approximates to fair value.

Credit risk

The Company's principle financial assets are bank balances and cash and trade and other receivables. These represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies or are associated companies.

The Company has no significant concentration of credit risk, with the exception of amounts due from the Trustee and Depository and associated companies, more fully disclosed in note 17 and the remainder of exposures are spread over a large number of counterparties and customers.

Trade and other payables

All are repayable on demand or within one year. Included within trade and other payables are balances of £231,435 due to fellow subsidiary undertakings.

9. INVESTMENT SECURITIES

	2005 £	2004 £
Investments at market value	46,144	54,069

10. OTHER LIABILITIES

	£	£
Amounts owed to fellow subsidiary undertakings	231,435	205,095
Other payables	134,765	64,534
	£ 366,200	£ 269,629

All other liabilities are repayable on demand or within one year.

NOTES TO THE ACCOUNTS
For the year ended 31 December 2005 (continued)

11. SHARE CAPITAL

Authorised:	2005	2004
Ordinary shares of £1 each	£ 99,999	£ 99,999
Allotted, called up and fully paid		
50,000 (2004: 50,000) Ordinary shares of £1 each	£ 50,000	£ 50,000

12. RETAINED EARNINGS

	£	£
Balance at 1 January	483,675	474,161
Net Profit for the year	68,136	9,514
Balance at 31 December	£ 551,811	£ 483,675

13. ULTIMATE HOLDING COMPANY

The UK holding company is Sarasin (UK) Limited, a company registered in Great Britain. Copies of its accounts 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 accounts can be obtained from Elisabethenstrasse 62, 4002 Basel, Switzerland.

14. NOTES TO THE CASH FLOW STATEMENT

	2005 £	2004 £
Profit/(loss) from operations	36,993	(41,158)
Adjustments for:		
Decrease/(increase) in fair value of Investment securities	7,925	(10,363)
	44,918	(51,521)
Operating cash flows before movements in working capital		
Increase in receivables	(446,542)	(500,693)
Increase in payables	493,175	450,817
Cash generated/(used) by operations	91,551	(101,397)
Corporation tax paid	(10,827)	(4,077)
Net cash from/(used in) operating activities	£ 80,724	£ (105,474)

NOTES TO THE ACCOUNTS
For the year ended 31 December 2005 (continued)

15. CASH AND CASH EQUIVALENTS

	At 1 January 2005 £	Cash Flow £	At 31 December 2005 £
Cash at bank	1,172,792	500,062	1,672,854
Bank overdraft	-	(356,774)	(356,774)
	£ 1,172,792	£ 143,288	£ 1,316,080

16. CONTINGENT LIABILITIES

As at 31 December 2005 there were no contingent liabilities (2004: £nil).

17. RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties are disclosed below.

	Expenses		Amounts owed to related parties	
	Year ended 2005 £	Year ended 2004 £	2005 £	2004 £
Sarasin Investment Management Limited	£ 1,365,441	£ 1,348,051	£ 231,435	£ 205,585

The amounts paid to Sarasin Investment Management Limited, a fellow subsidiary of the UK Group, are in respect of services for investment management and distribution of the OEIC sub funds and the Alpha Common investment Funds.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. All transactions were carried out on an arms length basis.

18. EXPLANATION OF TRANSITION TO IFRSs

This is the first year that the Company has presented its accounts under IFRS. The last accounts under UK GAAP were for the year ended 31 December 2004 and the date of transition to IFRSs was therefore 1 January 2004. No adjustments arose as a consequence of this transition.