

Registered Number 2190813



SARASIN

SARASIN INVESTMENT FUNDS LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2007

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COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2007

DIRECTORS

H Grossmann
G V Matthews (Chief Executive Officer)
N Ossenbrink (Chairman)
T N M Service

COMPANY SECRETARY

N C Evans

REGISTERED OFFICE

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

BANKERS

The Royal Bank of Scotland plc

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BUSINESS ADVISERS

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

SOLICITORS

Burges Salmon LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4AH

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2007

CONTENTS	Pages
Directors' Report	4 - 6
Statement of Directors' Responsibilities	7
Report of the Independent Auditors	8
Income Statement	9
Balance Sheet	10
Statement of Changes in Equity	11
Cash Flow Statement	12
Notes to the Financial Statements	13 – 21

DIRECTORS' REPORT (continued)

For the year ended 31 December 2007

The directors submit their report and accounts for Sarasin Investment Funds Limited ("the Company") for the year ended 31 December 2007

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 seven sub-funds, Sarasin EquiSar Global Thematic Fund, Sarasin EquiSar IIID Fund, Sarasin GlobalSar IIID Fund, Sarasin Sterling Bond Fund, Sarasin International Equity Fund, Sarasin UK Equity Income Fund & Sarasin Real Estate Equity IIID. 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 and the Company acts as ACD to the Mazener Fund and Carraway Fund. The Company is regulated by the Financial Services Authority (FSA) and is a member of the Investment Management Association (IMA).

Review of Affairs

Following a successful year in 2006, the Company continued its upward momentum despite the difficult and volatile market conditions. We continued to see consistently high levels of subscriptions across our whole Fund range with assets under management rising from £581m to £1.1bn (+88% increase).

Despite investment market volatility which arose persistently throughout 2007, we are pleased to say that, for the most part, our investment products performed well. In particular, the defensive features of our "IIID" target return range, launched in 2006, performed well with EquiSar IIID and GlobalSar IIID showing impressively small draw downs in the most volatile periods and posting highly respectable returns of 16.3% and 14.2% respectively for the year. Total assets in these target return funds amount to £184m managed by the Company, however, throughout the Sarasin Group we are now approaching \$1bn total assets in target return funds and the Group are rapidly becoming a market leader in this crucial new field. It was also particularly pleasing to see GlobalSar IIID as the number one fund in the cautious managed peer class (as at 31 December 2007) and to see the EquiSar investment management team achieve a much sought after AAA rating from Citywire fund rankings.

The Alpha Common Investment Funds also continued to attract a high level of subscriptions with net subscriptions for the year of £150m and assets under management now totalling £365m.

On a slightly negative note the directors decided to close the UK Income fund on 31 January 2008, as the fund had failed to meet our expectations both in terms of performance and level of interest.

The directors are confident despite extremely difficult market conditions in the early part of 2008 that the Company can continue to maintain its high standard of performance and enhance its reputation during the forthcoming year.

Risk Management Objectives, Policies and Strategies

The Sarasin Group adopts a clearly defined, transparent and integrated risk management policy for all operations and companies within the Group.

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 Bank Sarasin Group's ("Group") and the Company's competitiveness. Active risk management should make it possible to minimise undesirable risks and allow 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, and existing and potential risks are made obvious to decision makers.

DIRECTORS' REPORT (continued) For the year ended 31 December 2007
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Risk Management Objectives, Policies and Strategies (continued)
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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 centers 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 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 Group's and the Company's risk strategy, the organisational framework for risk management such as limits and systems, the maximum risk tolerance and respective responsibilities. The 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 ("Executive Board"), 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, being

- A Risk Committee which is independent of the 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 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 relevant areas concerned and they meet at least monthly and are chaired by an Independent Consultant.

International Financial Reporting Standards
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The basis of the preparation of the accounts is shown on pages 13 to 15, supported by the adopted accounting policies as shown in Note 1.

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 9. The directors do not recommend the payment of a dividend (2006: £nil).

DIRECTORS' REPORT (continued)
For the year ended 31 December 2007

Directors

The directors who served during the year ended 31 December 2007, are as follows

G V Matthews	<i>(Chief Executive Officer)</i>
N Ossenbrink	<i>Non executive (Chairman)</i>
T N M Service	
R M Wittendorfer	<i>Non executive (Resigned as Director on 31 December 2007)</i>

Mr Matthews and Mr Service held 23,833 £0 10 ordinary (2006 16,697 £1 00 ordinary) and 30,622 (2006 21,394 £1 00 ordinary) shares, respectively, in SIM Partnership (London) Limited, the Company's immediate parent company, as at 31 December 2007. 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.

Auditors

Statement as to disclosure of information to auditors

Each of the Directors represents that

- a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

 15 April 2008

N.C. Evans
COMPANY SECRETARY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In relation to the Directors' report and financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union

Company law requires the directors to prepare financial statements 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 for the period

In preparing these financial statements, 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 International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 financial statements 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 Members of Sarasin Investment Funds Limited

We have audited the financial statements of Sarasin Investment Funds Limited (the Company) for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 19. These financial statements 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

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 information specified by law regarding directors' remuneration and other transactions 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
London

30 April 2008

INCOME STATEMENT For the year ended 31 December 2007

	Notes	2007 £	2006 £
Revenue	4	7,425,112	3,057,328
Cost of sales		(5,922,393)	(2,457,853)
Gross Profit		1,502,719	599,475
Administrative expenses		(561,149)	(498,444)
Profit from operations	5	941,570	101,031
Investment income	6	114,318	129,210
Finance costs	7	(3,669)	(2,386)
Profit before taxation		1,052,219	227,855
Taxation	8	(314,691)	(73,291)
Profit for the period		737,528	154,564
Attributable to			
Equity holders of the parent		737,528	154,564

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

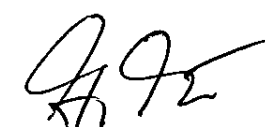
The annexed notes from 1 to 19 form an integral part of these financial statements

BALANCE SHEET
As at 31 December 2007

Assets	<i>Notes</i>	2007 £	2006 £
Cash and cash equivalents	9	748,525	3,167,107
Trade and other receivables			
Due from Trustee & Depository		1,978,970	340,994
Due from customers		3,792,786	6,437,860
Accrued income and prepaid expenses		823,734	-
Other financial assets		-	287
Investment securities at fair value through profit or loss	10	67,639	52,759
Total assets		7,411,654	9,999,007
Liabilities and shareholders' equity			
Liabilities			
Current tax liabilities		271,466	52,712
Trade and other payables			
Amounts due to Trustee and Depository		1,088,462	6,727,698
Other amounts due to customers		3,298,048	1,250,462
Other liabilities	11	114,196	973,062
Accrued expenses and deferred income		945,579	238,698
Total liabilities		5,717,751	9,242,632
Shareholders' equity			
Share capital	12	250,000	50,000
Retained earnings brought forward	13	706,375	551,811
Profit for the period	13	737,528	154,564
Total shareholders' equity		1,693,903	756,375
Total liabilities and shareholders' equity		7,411,654	9,999,007

The annexed notes from 1 to 19 form an integral part of these financial statements

The accounts were approved by the Board of Directors on 15 April 2008 and authorised for issue and signed on its behalf by



G V Matthews
Managing Director

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2007

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2006		50,000	551,811	601,811
Net profit for 2006	13	-	154,564	154,564
Balance at 31 December 2006		50,000	706,375	756,375
Net profit for 2007	13	-	737,528	737,528
Share issue		200,000	-	200,000
Balance at 31 December 2007		250,000	1,443,903	1,693,903

The annexed notes from 1 to 19 form an integral part of these financial statements

CASH FLOW STATEMENT**For the year ended 31 December 2007**

	Notes	2007 £	2006 £
OPERATING ACTIVITIES			
Profit from operations		941,570	101,031
Adjustments for			
Increase in fair value of Investment securities		(14,880)	(6,616)
		926,690	94,415
Operating cash flows before movements in working capital			
Decrease / (increase) in receivables		183,651	(5,498,853)
(Decrease) / increase in payables		(3,743,635)	7,143,890
Cash (used in) / generated by operations		(2,633,294)	1,739,452
Corporation tax paid		(95,937)	(15,249)
NET CASH FROM OPERATING ACTIVITIES		(2,729,231)	1,724,203
INVESTING ACTIVITIES			
Interest received		114,318	129,210
NET CASH FROM INVESTING ACTIVITIES		114,318	129,210
FINANCING ACTIVITIES			
Issue of Shares		200,000	-
Interest paid		(3,669)	(2,386)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		196,331	(2,386)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(2,418,582)	1,851,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,167,107	1,316,080
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	748,525	3,167,107

The annexed notes from 1 to 19 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1 STATEMENT OF COMPLIANCE WITH IFRS

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2007

2 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.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accounts have been prepared in accordance with IFRSs as adopted by the European Union and applied in accordance with the provisions of the Companies Act 1985.

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

General principles

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The assumptions and estimates, which are continuously reviewed, are based on past experience and other factors, including expectations regarding likely developments in the future.

Revenue Recognition

Revenue comprises profits on the sale 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 units/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.

Foreign Currencies

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

	2007 Year end	2007 Average	2006 Year end	2006 Average
Euro (EUR)	1 3553	1.4620	1 4842	1 4698
US Dollar (USD)	1 9929	2.0012	1 9572	1 8370
Swiss Franc (CHF)	2.2500	2 3940	2 3891	2 3259

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currencies (continued)

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date

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.

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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is dealt with in equity.

Financial Instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income.

Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or as available-for-sale financial assets, as appropriate. The company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss - Investment securities

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term.

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 fair value. Investments are subsequently measured at fair value and gains and losses arising from the changes in fair value are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less and foreign currencies held by the Company. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Provisions

Provisions are only made in the balance sheet when the Company has an obligation to 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 liability can be reliably quantified.

Amounts due to banks

Interest bearing overdrafts are recorded at cost being the fair value of amounts overdrawn. Finance charges are accounted for on an accruals basis in the income statement using effective interest method and are added to the carrying value of the liability to the extent that they are not settled in the period in which they arise.

Recent Accounting Developments

The following standards / interpretations and amendments to existing standards have been published by IASB and IFRIC that are effective for accounting periods beginning on or after 1 January 2007.

Title	Issued date	Effective date
IFRS 8 Operating Segments	November 2006	1 January 2009
IAS 23 Borrowing Costs Revised	March 2007	1 January 2009
IFRIC 11 IFRS 2 – Group and Treasury Share Transactions	November 2006	1 March 2007
IFRIC 12 Service Concession Arrangements	November 2006	1 January 2008
IFRIC 13 Customer Loyalty Programmes	June 2007	1 July 2008

While the above standards, interpretations and amendments will have no impact on the Company's results or net assets they are likely to result in certain changes in the presentation of the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

4. REVENUE

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

	2007 £	2006 £
(Loss) / profit on sale of units/shares including initial charges	(20,797)	43,839
Management fees	6,531,239	3,012,169
Performance Fees	573,734	-
Other income	340,936	1,320
	7,425,112	3,057,328

5 PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging

	2007 £	2006 £
Auditors' remuneration for audit services	18,088	18,000

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

Amounts payable to Ernst & Young LLP and their associates by the Company and its UK undertakings in respect of non-audit services were £Nil (2006 £Nil)

6. INVESTMENT INCOME

	2007 £	2006 £
Interest on bank deposits	114,318	129,210

7. FINANCE COSTS

	2007 £	2006 £
Interest on bank overdrafts	3,669	2,386

All overdrafts are unsecured and are repayable on demand

8 TAX

	2007 £	2006 £
Current tax		
UK corporation tax at 30% (2007 30%) based on the profit for the year	314,691	71,737
Under-provision in respect of previous years	-	1,554
	314,691	73,291

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

8. TAX (Continued)

	2007	2006
	£	£
Tax reconciliation		
Profit before tax	1,052,219	227,855
Profit multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	315,666	68,356
<i>Tax effects of</i>		
Expenses not deductible for tax purposes	-	3,381
(Over) / under-provision in respect of previous years	(975)	1,554
Total current tax charge	314,691	73,291
Effective tax rate for the year	29.9%	32.2%

Deferred Tax

The Company had neither a deferred tax asset nor liability as at the 31 December 2007 or 31 December 2006

9. CASH AND CASH EQUIVALENTS

	At 1 January 2007 £	Cash Flow £	At 31 December 2007 £
Cash at bank	3,167,107	(2,418,582)	748,525
	3,167,107	(2,418,582)	748,525

Cash at bank earns interest at the UK Base rate less 1%

10. INVESTMENT SECURITIES

	2007 £	2006 £
Investments at fair value	67,639	52,759

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

11 OTHER LIABILITIES

	2007 £	2006 £
Amounts owed to fellow subsidiary undertakings	-	48,373
Other payables	114,196	924,689
	114,196	973,062

All other liabilities are repayable on demand or within one year

12. SHARE CAPITAL

	£	£
Authorised		
250,000 (2006 99,999) Ordinary shares of £1 each	250,000	99,999
Allotted, called up and fully paid		
250,000 (2006 50,000) Ordinary shares of £1 each	250,000	50,000

On 6 February 2007, the Company increased its authorised share capital by £150,001 and allotted 200,000 additional Ordinary Shares of £1 each at par to rank pari passu with the existing Ordinary Shares

13 RETAINED EARNINGS

	£	£
Balance at 1 January	706,375	551,811
Net Profit for the year	737,528	154,564
Balance at 31 December	1,443,903	706,375

14. 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 £12,000 was payable to Mr Wittendorfer for the year ended 31 December 2007 (2006 £11,500)

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2007 (continued)
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15 FINANCIAL INSTRUMENTS RISKS

The main risks associated with the Company's financial assets and liabilities are set out below

Credit Risk

The risk of financial loss due to a counterparty's failure to honour its obligation arises principally in relation to transactions where the company provides goods or services on deferred terms and invests or deposits surplus cash. The Company's principal 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 as exposures are spread over a large number of counterparties and customers.

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 brokers, the Company uses a rating system to determine the selection of counterparties and the dealing volumes for them. The criteria are such that only first-class counterparties are considered. New relationships with brokers are discussed within the Chief Investment Office Committee of Sarasin Chiswell, which then defines and approves the necessary dealing volumes provided the rating conditions are satisfied. With regard to Banks and custodians, a full review of such counterparties is undertaken by the Risk Committee on an annual basis.

Market risk

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

Liquidity and financial solvency risk

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

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%.

As at 31 December 2007, if interest rates had risen by 100bps, with all other variables remaining constant, pre tax profit for the year would have increased by £7,485, and if interest rates fallen by 100 bps, with all other variables remaining constant, pre tax profit for the year would have decreased by £7,485.

Foreign exchange risk

The Company does not take material proprietary positions and therefore its exposure to foreign exchange risk is limited to the balances that are required for the settlement of outstanding trades in foreign currencies.

As at 31 December 2007, if the Sterling had strengthened by 10% against the USD, with all other variables remaining constant, pre tax profit for the year would have increased by £19,887, and if the Sterling had weakened by 10% against the USD, with all other variables remaining constant, pre tax profit for the year would have decreased by £24,306.

As at 31 December 2007, if the Sterling had strengthened by 10% against the EUR, with all other variables remaining constant, pre tax profit would have decreased by £202,707, and if the Sterling had weakened by 10% against the EUR, with all other variables remaining constant, pre tax profit would have increased by £247,752.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007 (continued)

15. FINANCIAL INSTRUMENTS RISKS (continued)

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, 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.

Fair Value

For all financial assets and liabilities held, the carrying value was the same as the fair value at the balance sheet date.

16 RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties are disclosed below.

	Expenses		Amounts owed to related parties	
	Year ended 2007 £	Year ended 2006 £	2007 £	2006 £
Sarasin (UK) Limited	9,266	30,800	-	-
Sarasin Investment Management Limited	5,553,503	2,457,853	-	48,373

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.

17. POST BALANCE SHEET EVENTS

No events have occurred since the balance sheet date that have an impact on the balance sheet or income statement for 2007.

On 2 January 2008, as part of a Group reorganisation the shares of the Company were transferred to newly formed subsidiary of SIM Partnership (London) Limited, Sarasin & Partners LLP.

The Board of Directors discussed and approved the accounts at its meeting on 15 April 2008.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2007 (continued)
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18 PARENT UNDERTAKINGS

The parent undertaking of the smallest group of undertakings for which consolidated accounts are prepared and of which the company is a member is Sarasin (UK) Limited, a company registered in Great Britain. Copies of the accounts of Sarasin (UK) Limited can be obtained from Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

Sarasin (UK) Limited's intermediate holding company is Bank Sarasin & Co Limited, a company incorporated in Switzerland. Copies of the accounts of Bank Sarasin & Co Limited accounts can be obtained from Elisabethenstrasse 62, 4002 Basel, Switzerland.

Rabobank, the triple-A rated Dutch financial services group, at the end of 2006 exercised its option to purchase all the shares in Eichbaum Holding Ltd, a holding company owning a majority interest in Bank Sarasin & Co Ltd. The share purchase was formally closed on 11 April 2007 and, as expected, all the preconditions were met and the necessary decisions and approvals obtained from the relevant authorities. Rabobank, therefore, now owns 46.06% of the share capital and holds 68.63% of the voting rights, making it majority shareholder in Bank Sarasin & Co Ltd.

19. CONTINGENT LIABILITIES

As at 31 December 2007 there were no contingent liabilities (2006: £nil).