

Registered Number 2190813



SARASIN INVESTMENT FUNDS LIMITED

REPORT AND FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 2009

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REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2009

DIRECTORS

H Grossmann
G V Matthews (Chief Executive Officer)
N Ossenbrink (Chairman)
S M Rivett-Carnac
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

Speechly Bircham LLP
6 New Street Square
London
EC4A 3LX

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2009

CONTENTS	Pages
Directors' Report	4 – 9
Statement of Directors' Responsibilities	10
Report of the Independent Auditors	11
Income Statement	12
Balance Sheet	13
Statement of Changes in Equity	14
Cash Flow Statement	15
Notes to the Financial Statements	16 – 24

DIRECTORS' REPORT

For the year ended 31 December 2009

The directors submit their report and accounts for Sarasin Investment Funds Limited ("the Company") for the year ended 31 December 2009

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 eight sub-funds. The Company also acts as manager for the Alpha Chantry 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

Looking back over the last two extraordinary years, almost every investment and economic record seems to have been broken. We have seen the largest market falls since the Thirties, the highest market volatility ever recorded and the largest drop in global trade ever seen. However, little more than a year later we are recording similar records but this time, thankfully, on the upside. 2009 has seen the largest commodity rally since 1987, the sharpest rise in global equity markets since 2003, and almost certainly the biggest fall in equity volatility ever. The resulting turmoil has, however, left public finances in tatters and much of the financial sector is now on government support.

Against this backdrop over the past two years, the Company saw in 2008 a significant inflow of subscriptions into its funds, this was of course offset to a significant degree by the fall in investment markets in the face of the most challenging conditions on global markets experienced for a generation. The resultant problems seen by many of our peers in 2008 and early 2009, where there have been large investor redemptions in equity products and liquidity issues in both property and bond funds, were avoided by the Company as all our funds proved their robustness as they continued pricing and dealing on a daily basis throughout this period. There was still, however, isolated cases of significant volatility which was monitored closely to assess whether there was a requirement to Fair Value Price (FVP) our funds, our FVP Policy was invoked on four occasions during the year to minimize the impact and protect shareholders from any potential arbitrage.

The strong development of the Company's funds has continued throughout 2009 with net inflows of £310m experienced across all our sub-funds, which represented a 48.8% increase in the assets under management ("AuM"). This, as well as a return to positive performance figures, resulted in the AuM breaking through the £1bn barrier for the first time in August and finishing the year at £1.8bn.

Investment performance over the past two years has seen unprecedented volatility and our balanced and equity funds have generally seen single figure declines over this period, with some now at, or near to break-even. Our income-based funds have found their annual portfolio distributions broadly rise (our Alpha pooled charity fund lifted its dividend by 5% in 2008 and 4% in 2009) despite plunging interest rates and the collapse in bank dividends. Our general investment performance in our core Global Thematic equity product has been slightly below benchmark, primarily as we have retained our disciplined approach and have maintained a strategy of holding high quality, long term investments rather than relative short term performers (more publicly expressed in the financial press as the "dash for trash") which has driven market performance in 2009.

Whilst there was one sub-fund closure, Sarasin Real Estate Equity IIID, the fund range grew to 8 with the launch of Sterling Hedged versions of Sarasin EquiSar Global Thematic and International Equity Income funds in May 2009. These sub-funds have successfully grown to £85m and £62m respectively by end of the year. The un-hedged EquiSar Global Thematic and International Equity Income funds have also shown significant growth both in terms of net inflows (£52m and £44m respectively) and increases in AuM given their investment performance and now stand at £250m and £142m respectively, as investors sought out greater exposure to global equities.

AgriSar, our global equity agri-cultural sector fund also maintained its popularity with net inflows of £15m taking the fund's AuM to the verge of £100m at year end, an increase of 48% for the period.

The Alpha Common Investment Funds saw net inflows of £62.5m. Total AuM in our charity funds is now approaching £0.5bn at year end, up 35% for the year.

In summary, the Company's fund range has experienced a sizeable recovery since the depths of 2008 and early 2009 and with the continued success of the Company's parent company, Sarasin & Partners LLP, who acts as both investment manager and distributor of the funds we have seen the demand in our products significantly increase.

Following the success of the past few years the Company's directors are confident that whilst economic and market conditions remain challenging for the year ahead we are extremely optimistic we can continue to grow and attract new inflows into our products.

We are to launch three UK Thematic funds in the first quarter of 2010, one specifically for Charity clients in a tax efficient, tax exempt fund structure, and the other two in our OEIC range.

DIRECTORS' REPORT

For the year ended 31 December 2009

Risk Management

Assessing and assuming risks are an integral part of any asset management business. The achievement of a reasonable return on any investment inevitably entails a degree of risk tolerance in the long run, it is particularly important to have a full overview of total risk exposure of your investment at all times. The Sarasin (UK) group of companies ("the Group") therefore employs a clearly defined, transparent and integrated system of risk management covering all its business segments, which it continuously updates to accommodate new developments. This obviously requires considerable human and technological resources. Given the volatility of financial markets, the quality of risk management has become a crucial competitive factor in our industry. Active risk management minimises undesirable risks and allows the Group's capital to be employed more efficiently to the benefit of members and all other stakeholders. Risk management is therefore a vital link in the value creation chain, as it flags up real and potential risks for the Group's decision-makers.

Risk culture

The quality of risk management achieved in a business is not simply a question of adhering to formalised internal and external regulations. The risk awareness of the management is equally important. Quantitative techniques, which often tend to be the focal point of analysis, are just one part of a comprehensive risk management system. It is equally important to develop an appropriate risk culture, as part of the overall business culture. One of the central elements of a sound risk culture is the discipline and diligence of those responsible in performing their duties in the risk management process. Here the Group requires integrity and risk-aware conduct from individual employees at every level, and stresses the importance of clearly defined responsibilities and powers.

Risk management organisation

Risk management responsibilities

The Management Board of the Company carries ultimate responsibility in the Group's multi-level risk management organisation. It is responsible for formulating and implementing the Group's risk policy. It also defines the risk strategy, the basic risk management parameters (e.g. limits and systems), the maximum risk tolerance and the responsibilities for risk monitoring.

The Management Board is responsible for implementing the risk management and risk controlling principles approved by the CEO Office. To ensure holistic risk management, the Management Board has appointed an independent consultant to chair an internal risk committee.

The Risk Committee ("Committee") is responsible for ensuring adequate policies and procedures are in place to control and mitigate risks within Sarasin. It is the remit of the Committee to promote risk awareness and ensure compliance with the approved risk standards and to draw the attention of the Management Board to any risks that it perceives are not being fully addressed. The Committee comprises of representatives from all business units, including staff from the relevant specialist units (Compliance and the Risk Office). The Committee meets at least once a month.

Risk controlling is the responsibility of the Risk Office, Compliance and Internal Audit departments, which report directly to the Management Board and are therefore independent from an organisational perspective, of the business entities that actively manage risk. This separation of functions ensures that the business units which reach decisions about the level and extent of risk exposure act totally independently of the departments that analyse the risks and monitor adherence to internal controls and limits. This is intended to avoid potential conflicts of interest and differences in objectives as early and as effectively as possible.

The Compliance business unit advises the Company's senior management, as well as its divisions and subsidiaries, in meeting its regulatory responsibility and ensures that the Company's business activities in the UK and abroad comply with the applicable legal and regulatory framework, together with the generally accepted market standards and codes of conduct. Compliance puts in place the appropriate operational measures and precautions, and in particular ensures that an appropriate system of policy and procedure exists. It also makes arrangements for the involvement of all staff in the maintenance of compliance at the appropriate level. The Compliance function ensures that the Company's structure and business processes adhere to a legally acceptable format, especially in the areas of provision of services to clients and product marketing. As far as compliance and legal risks are concerned, there is also regular and comprehensive risk reporting to the Management Board.

The Group Risk Office performs in-depth analysis of the Group's market, counterparty and operational risks, assesses the opportunities and risk potential, and takes any measures needed to adjust the Company's risk profile. It is responsible for ensuring compliance with the risk management process. The Risk Office submits individual reports to the Management Board and those responsible for risk.

DIRECTORS' REPORT

For the year ended 31 December 2009

Risk categories

The business activities in which the Group is involved are basically exposed to the following investment management risks

- Market risks
- Liquidity risks
- Counterparty risks
- Operational risks

Risk management process

A clearly structured and transparent risk management process ensures that the principal risks are identified in good time and are fully documented, and that they can be identified, limited and monitored in a suitable fashion. The process is applied to all risk categories, both individually and collectively. Especially when introducing new business transactions and new procedures, the risk management process is the basis for comprehensive assessment and rating of the risks associated with a new activity or new process. The Group has established a clear process for analysing and checking actual or potential risks before entering into any new business. This process involves all divisions, including Logistics (IT, Operations, etc.), Compliance, Accounting and the Risk Office. The involvement of all these divisions at an early stage ensures a comprehensive, cross-discipline assessment of every new business transaction or process and its associated risks.

The purpose of risk identification is to detect the emergence of new risks or any change to existing risks, and to analyse their impact.

Risk measurement makes it possible to evaluate and limit identified risks with the help of suitable methods and models, on the basis of systematically recorded and continuously reviewed data.

Risk reporting covers the comprehensive, continuous and timely reporting of risk to management (Management Board and heads of division) and the various stakeholders.

The Risk Office seeks to control certain risks and ensure they comply with the approved limits and guidelines. In terms of organisation, the Risk Office must be separated from the operational divisions to reduce or minimise conflicts of interest.

Market and liquidity risks

Market risks

Market risk refers to the risk of a loss due to changes in the market prices of interest-rate products, currencies, equities and other securities. The Asset Management unit utilises a variety of tools to limit these risks for the benefit of our clients. Tools used across our products and client portfolios to model and limit these risks, dependant on the sophistication of the client mandate, include:

- Value at Risk (VaR) limits. The risk measure VaR quantifies the potential minimum future loss of a portfolio over the holding period in question for a given confidence level. The VaR method applied is based on the Monte-Carlo approach and assumes a 99% confidence interval with a holding period of one day.
- Stress analysis and limits. In order to be able to assess the market risk under abnormal market conditions, this technique is based on historic events and calculates the theoretical loss incurred by revaluing the positions based on those events. We use this analysis in our derivatives based investment mandates, in order to estimate and contain the loss potential following abnormal and combined changes in the market. The stress scenarios are continuously reviewed to make sure they are up to date and are the most appropriate scenarios to test our products and portfolios.

The Risk Office is responsible for independent risk monitoring and risk reporting to the various decision-makers. Where limits are overrun, clear escalation and reporting procedures are defined to ensure that the limits are restored immediately.

Liquidity risks

Operational liquidity management in the day-to-day running of the business is overseen by our Finance department. Its tasks include controlling payments, planning the anticipated cash flows and securing liquidity in the day-to-day business.

Counterparty risks

Counterparty Risk is measured and monitored in the following ways:

DIRECTORS' REPORT

For the year ended 31 December 2009

Over The Counterparty (OTC) Counterparty Risk

Trading with OTC counterparties involves the detailed analysis of, and communication with, a participating broker that will result in an International Swaps and Derivatives Association (ISDA) Master Agreement. This is a bilateral agreement that allows parties to enter into the transaction of derivative trading with clear responsibilities that are both agreed upon and are legally binding.

A daily OTC counterparty risk report is run by the Risk Office which measures the amount of exposure each client has to the OTC instruments as a percentage of overall assets. Pre-defined warning limits are set so that the appropriate people are alerted to potential breaches.

Agency Broker Counterparty Risk

A key aspect of our analysis is the initial credit assessment for new counterparties. This involves, but is not extensively limited to, counterparty credit ratings from external rating agencies (S&P, Moody's, Fitch), financial due diligence and approval by the Risk Committee.

The Group trades exclusively on a 'Delivery versus Payment' (DVP) basis. This procedure ensures that payment and asset are exchanged simultaneously reducing the risk for the payee to be left without funds should the other side fall into financial trouble.

Issuer Counterparty Risk

The Group looks at the overall amount of counterparty risk that the business is exposed to from the total holdings held by clients and funds. This report allows the executive management to decide upon the consummate amount of risk the business is willing to expose itself to.

Proprietary Counterparty Risk

The Group also monitors its own exposure to counterparty risk with group wide measures and monitoring.

At the heart of these measures lies a multi-step internal process which defines a current risk assessment for all counterparties in the light of a potential threat from the sub-prime crisis. This process ties in with appropriate arrangements made by Rabobank, the Group's ultimate parent company, and includes the following four steps:

- Normal attentiveness
- Limits reduction
- Avoidance of certain counterparties
- Closing any exposures with certain counterparties if possible

The risk rating of counterparty is performed by the Bank Sarasin & Cie AG ("Bank Sarasin") Group Risk Office in close collaboration with a number of different bodies. The most important support is provided by Rabobank's Bank Analysis Department. Following these assessments, Bank Sarasin issues suitable short-term measures which are applicable across the entire Bank Sarasin group. These are followed by Sarasin, where relevant. The appropriate communication channels are well established and function in a smooth and timely fashion.

Sarasin dealt swiftly and proactively with the uncertainties in the interbank market created by the subprime crisis in the summer of 2008. With a rapidly implemented package of measures, the counterparty risks were diversified as broadly as possible and focused more sharply on counterparties with excellent credit ratings.

Operational risks

Dealing with operational risks is nothing new in the world of asset management – they have always been an integral part of our business, irrespective of the type of business activity pursued. To this extent, this type of risk has for many years been part of the Group's internal risk analysis. Certain operational risks, for example as part of compliance activity, complaints management or IT contingency planning, have been addressed and subjected to the relevant analysis processes.

The increasing complexity of the asset management business, the Group's expansion into new markets, the use of innovative products, alternative distribution channels and the associated changes prompted the Group to increase their activities in operational risk management over the past few years.

Operational risks are defined as the risk of losses that arise through the inadequacy or failure of internal procedures, people or systems, or as a consequence of external events. This definition includes all legal risks, as well as fines levied by supervisory authorities and settlements. However, it does not include strategic risks and risks to the Group's reputation.

To date, the financial services industry still lacks common standards or generally accepted management solutions and concepts for operational risks. This is chiefly attributable to the enormous complexity of these risks, which present significant difficulties even when it comes to searching for an accurate definition and a clear distinction from other types of risk.

DIRECTORS' REPORT

For the year ended 31 December 2009

When developing management and controlling elements in the area of operational risks, special emphasis was given to the consideration of central aspects, such as the identification, analysis, controlling and management of operational risks in the form of the following instruments

Management of operational risks

- **Directives**
The directives in the field of operational risk set down the main goals for the management and controlling of operational risks, and the use of these instruments. At the same time, they serve as a guide for identifying and measuring operational risks and meeting the relevant reporting obligations. One aspect particular to operational risk is the combination of central and decentralised responsibilities. The Risk Office is given responsibility for recording and assessing operational risks.
- **Education**
In view of the diverse nature of operational risks and the way they affect the entire organisation, all employees are obliged to deal effectively with the risks arising in the course of their everyday work. The line manager is supported in his personal and management responsibility by regularly updated information on the Group's Intranet and background information provided to all new staff.
- **Reporting**
Evaluations and analysis relating to the Group's operational risks take place in the context of regular risk reporting to the Management Board; additionally reports are distributed to the relevant individual's internally dependent on their role and responsibility.

Risk identification, analysis and management

- **Error/Incident log**
The Error/Incident Log for operational risks is a central pillar for the management and controlling of operational risks. It is used to record and categorise all operational errors or incidents that may give rise to a loss. The systematic recording of errors/incidents is the cornerstone of reactive risk management. By "learning from mistakes", the data helps to answer the question of how this matter should be dealt with in the future. One of the benefits of recording these events is therefore the possibility of improving processes and internal controls and to ensure these are not systemic problems.

A smoothly functioning and efficient risk management system for operational risks and a risk and controlling culture that employees are fully engaged with constitute a vital success factor for a modern company. The Group therefore directs its efforts at rigorously applying the elements of this risk management process in the area of operational risks, as well as continuously improving it.

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.

DIRECTORS' REPORT

For the year ended 31 December 2009

Pillar III Disclosures

Please refer to the financial statements of Sarasin (UK) Limited, a parent undertaking for which consolidated FSA returns are made for Pillar III disclosures as required by the FSA

Capital Management

Please refer to the Annual Report and financial statements of Sarasin (UK) Limited, a parent undertaking for which consolidated FSA returns are made, for full details of the Group's capital management strategy

International Financial Reporting Standards

The basis of preparation of the accounts is shown on page 16, supported by the adopted accounting policies as shown in Note 3

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business above. The financial position of the Company, its cash flows and liquidity position are reflected in the financial statements on pages 12 to 15

The Company has considerable financial resources and as a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

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 12. The directors recommend the payment of a dividend of £700,000 (2008: £900,000)

Directors

The directors who served during the year ended 31 December 2009, are as follows

H. Grossmann	<i>Non executive</i>
G. V. Matthews	<i>Chief Executive Officer</i>
N. Ossenbrink	<i>Non executive (Chairman)</i>
T. N. M. Service	

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



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 Directors 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. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'). 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 as at end of the financial year and of the profit and 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

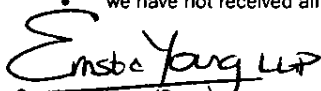
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Sarah Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date 26/3/10

INCOME STATEMENT
For the year ended 31 December 2009

	Notes	2009 £	2008 £
Revenue	4	18,122,951	12,829,742
Cost of sales		(15,061,198)	(10,200,918)
Gross Profit		3,061,753	2,628,824
Administrative expenses		(1,224,595)	(937,039)
Profit from operations	5	1,837,158	1,691,785
Investment income	6	6,060	244,546
Finance costs	7	(9,877)	(33,434)
Profit before taxation		1,833,341	1,902,897
Taxation	8	(519,015)	(542,906)
Profit for the period		1,314,326	1,359,991
Attributable to			
Equity holders of the parent		1,314,326	1,359,991

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 20 form an integral part of these financial statements

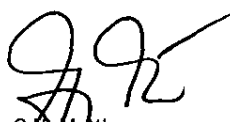
Registered Number 2190813

BALANCE SHEET
As at 31 December 2009

	Notes	2009 £	2008 £
Assets			
Cash and cash equivalents	9	4,219,044	6,150,711
Trade and other receivables			
Due from Trustee & Depository		3,438,580	3,492,250
Due from customers		2,502,287	8,045,051
Accrued income and prepaid expenses		4,727,764	11,394
Other financial assets		65,237	148,665
Investment securities at fair value through profit or loss	10	24,783	57,849
Total assets		14,977,695	17,905,920
Liabilities and shareholders' equity			
Liabilities			
Current tax liabilities		176,943	190,067
Trade and other payables			
Amounts due to Trustee and Depository		3,222,785	2,927,204
Other amounts due to customers		2,676,036	10,892,888
Other liabilities	11	264,487	519,659
Accrued expenses and deferred income		5,169,224	322,208
Total liabilities		11,509,475	14,852,026
Shareholders' equity			
Share capital	12	250,000	250,000
Retained earnings brought forward	14	1,903,894	1,443,903
Profit for the period		1,314,326	1,359,991
Total shareholders' equity		3,468,220	3,053,894
Total liabilities and shareholders' equity		14,977,695	17,905,920

The annexed notes from 1 to 20 form an integral part of these financial statements

The accounts were approved by the Board of Directors on 22 March 2010 and authorised for issue and signed on its behalf by


G.A. Matthews
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 January 2008		250,000	1,443,903	1,693,903
Net profit for 2008	14	-	1,359,991	1,359,991
Balance at 31 December 2008		250,000	2,803,894	3,053,894
Dividend paid	13	-	(900,000)	(900,000)
Net profit for 2009	14	-	1,314,326	1,314,326
Balance at 31 December 2009		250,000	3,218,220	3,468,220

The annexed notes from 1 to 20 form an integral part of these financial statements

CASH FLOW STATEMENT**For the year ended 31 December 2009**

	Notes	2009 £	2008 £
OPERATING ACTIVITIES			
Profit from operations		1,837,158	1,691,785
Adjustments for (Increase)/decrease in fair value of investment securities		(14,636)	9,790
		1,822,522	1,701,575
Operating cash flows before movements in working capital			
Decrease/(increase) in receivables		963,492	(4,871,871)
(Decrease) / increase in payables		(3,329,427)	8,985,675
Decrease in holdings of investment securities		47,702	-
Cash (used in) / generated by operations		(495,711)	5,815,379
Corporation tax paid		(532,139)	(624,305)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		(1,027,850)	5,191,074
INVESTING ACTIVITIES			
Interest Inflow		6,060	244,546
NET CASH INFLOW FROM INVESTING ACTIVITIES		6,060	244,546
FINANCING ACTIVITIES			
Dividends paid to parent company		(900,000)	-
Interest paid		(9,877)	(33,434)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(909,877)	(33,434)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(1,931,667)	5,402,186
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,150,711	748,525
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	4,219,044	6,150,711

The annexed notes from 1 to 20 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

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 2009

2 GENERAL INFORMATION

The Company is incorporated in the United Kingdom under the Companies Act 2006. 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 2006.

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:

	2009 Year end	2009 Average	2008 Year end	2008 Average
Euro (EUR)	1.1255	1.12311	1.0343	1.2508
US Dollar (USD)	1.61485	1.56742	1.4377	1.8309
Swiss Franc (CHF)	1.66930	1.69540	1.5303	1.9760

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 2009 (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2009 (continued)

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 the 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 July 2009 and 1 January 2010.

Title	Issued date	Effective date
IFRS 1 and IAS 27 Amendment - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	May 2008	1 July 2009
IFRIC 18 - Transfers of Assets from Customers	January 2009	1 July 2009 (2)
IAS 27R Amendment - Consolidated and Separate Financial Statements	January 2008	1 July 2009
IAS 39 Amendment - Eligible Hedged Items	July 2008	1 July 2009
IFRS 1R Structural Amendment	November 2008	1 July 2009
Amendments to IFRS 1 - Additional Exemptions for First time Adopters	July 2009	1 January 2010
Amendments to IFRS 2 - Group Cash-settled Share-based Payment Transactions	June 2009	1 January 2010
IFRS 3R - Business Combinations	January 2008	1 July 2009
IFRIC 17 - Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009
2009 Improvements to IFRSs	April 2009	Various

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 2009 (continued)

4 REVENUE

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

	2009 £	2008 £
Profit on sale of units/shares including initial charges	121,316	223,634
Management fees	13,255,736	10,667,042
Performance Fees	4,722,668	1,756,598
Other income	23,231	182,468
	18,122,951	12,829,742

5 PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging

	2009 £	2008 £
Auditors' remuneration for audit services	22,400	18,000

Amounts payable to Ernst & Young LLP and their associates by the Company and its UK undertakings in respect of non-audit services were £Nil (2008 £Nil). Ernst & Young LLP are also appointed auditors for the funds to which they have received remuneration of £68,426 (2008 £110,674)

6 INVESTMENT INCOME

	2009 £	2008 £
Interest on bank deposits	6,060	244,546

7 FINANCE COSTS

	2009 £	2008 £
Interest on bank overdrafts	9,877	33,434

All overdrafts are unsecured and are repayable on demand

8 TAX

	2009 £	2008 £
Current tax		
UK corporation tax at 28% (2008 28.5%) based on the profit for the year	519,015	542,906
	519,015	542,906

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

8 TAX (Continued)

	2009	2008
	£	£
Tax reconciliation		
Profit before tax	1,833,341	1,902,897
Profit for the year, multiplied by the standard rate of corporation tax in the UK of 28% (2008 30% / 28%)	513,335	537,470
Tax effects of Under provision in respect of previous years	5,681	5,436
Total current tax charge	519,016	542,906
Effective tax rate for the year	28.3%	28.3%

Deferred Tax

The Company had neither a deferred tax asset nor liability as at the 31 December 2009 or 31 December 2008

9 CASH AND CASH EQUIVALENTS

	At 1 January 2009 £	Cash Flow £	At 31 December 2009 £
Cash at bank	6,150,711	(1,931,667)	4,219,044
	6,150,711	(1,931,667)	4,219,044

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

10 INVESTMENT SECURITIES

	2009 £	2008 £
Investments at fair value	24,783	57,849

These investments are considered level 1 investments as their value is based on quoted prices

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009 (continued)

11 OTHER LIABILITIES

	2009 £	2008 £
Other payables	264,487	519,659
	264,487	519,659

All other liabilities are repayable on demand or within one year

12 SHARE CAPITAL

	£	£
Authorised		
250,000 Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	250,000	250,000

13 DIVIDENDS

	2009	2008
Amounts recognised as distributions to equity holders in the period		
Final dividend for the year ended 31 December 2008 360pence	900,000	-
	900,000	-
Proposed final dividend for the year ended 31 December 2009 280pence	700,000	-
Proposed final dividend for the year ended 31 December 2008 360pence	-	900 000

14 RETAINED EARNINGS

	£	£
Balance at 1 January	2,803,894	1,443,903
Dividends paid during the year	(900,000)	-
	1,903,894	1,443,903
Net Profit for the year	1,314,326	1,359,991
Balance at 31 December	3,218,220	2,803,894

15 REMUNERATION OF KEY MANAGEMENT PERSONNEL

All remuneration to the directors and key management is borne by Sarasin & Partners LLP and Bank Sarasin & Co. Ltd, an immediate parent and intermediate parent company respectively, and are disclosed in those company accounts

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009 (continued)

16 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 & Partners LLP, 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 Sarasin & Partners LLP's 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.

Foreign exchange risk

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

Currency	Change in currency rate %	Effect on profit £	31.12.2009 Effect on equity £	Change in currency rate %	Effect on profit £	31.12.2008 Effect on equity £
EUR	+10%	(34,420)	(34,420)	+10%	(10,274)	(10,274)
EUR	-10%	28,162	28,162	-10%	8,406	8,406
USD	+10%	14,905	14,905	+10%	11,032	11,032
USD	-10%	(12,195)	(12,195)	-10%	(9,026)	(9,026)

The analysis above includes the most important foreign currencies for the Company and illustrates the effects on the income statement and shareholders' equity. The analysis models the effect of those foreign currencies strengthening 10% versus Sterling and weakening by 10% against Sterling, assuming net positions in each currency were unchanged at the balance sheet date.

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.

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2009 (continued)**

16 FINANCIAL INSTRUMENTS RISKS (continued)

Interest rate risk

Interest rate risk in respect of the balance sheet is reviewed on a regular basis. At the balance sheet date there were no interest obligations in respect of overdrafts. The Company does not have any interest rate obligations on any of its other liabilities.

Currency	Change in basis points	Sensitivity income statement	31-12-2009 Sensitivity of equity	Change in basis points	Sensitivity income statement	31-12-2008 Sensitivity of equity
GBP	+100	42,190	42,190	+100	61,507	61,507
GBP	-100	(42,190)	(42,190)	-100	(61,507)	(61,507)

Interest sensitivity illustrates the impact of a parallel shift in the yield curve of ± 100 basis points (bps) assuming other factors are not changed. If the interest rate is assumed to increase by 100 basis points (1%) it would produce the illustrated effects on the income statement and shareholders' equity. A negative value has a negative impact on the income statement or shareholders' equity, while a positive value results in a higher profit or an increase in shareholders' equity.

17 RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties are disclosed below.

	Expenses		Amounts owed to related parties	
	Year ended 2009	Year ended 2008	2009	2008
	£	£	£	£
Sarasin (UK) Limited	11,702	6,500	-	-
Sarasin & Partners LLP	14,939,882	9,737,472	-	-

The amounts paid to Sarasin (UK) Limited are in respect of expenses incurred centrally, by the ultimate UK holding company and then recharged down to group subsidiaries.

The amounts paid to Sarasin & Partners LLP, the Company's immediate parent company, 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. The Company is a beneficiary of a £2.1m overdraft facility guarantee from its immediate parent company. All transactions were carried out on an arms length basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009 (continued)

18 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 2009

The Board of Directors discussed and approved the accounts at its meeting on 22 March 2010

19 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, owns 46.06% of the share capital of Bank Sarasin & Co Limited and holds 68.63% of the voting rights, making it majority shareholder in Bank Sarasin & Co Ltd

20 CONTINGENT LIABILITIES

As at 31 December 2009 there were no contingent liabilities (2008: £nil)

