

Registered Number 2190813



SARASIN INVESTMENT FUNDS LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2011

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REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2011

DIRECTORS

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

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

LAWYERS

Speechly Bircham LLP
6 New Street Square
London EC4A 3LX

REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2011

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DIRECTORS' REPORT

For the year ended 31 December 2011

The directors submit their report and accounts for Sarasin Investment Funds Limited ("the Company") for the year ended 31 December 2011

Activities

The principal activity of Sarasin Investment Funds Ltd (the Company) is that of an Authorised Corporate Director ("ACD") of Sarasin Funds ICVC, an Open Ended Investment Company ("OEIC") which currently has twelve sub-funds, and of Sarasin Fund for Charities, an OEIC which currently has one sub-fund. The Company also acts as Manager for the Alpha CIF for Endowments and the Alpha CIF for Income & Reserves both of which are common investment funds suitable for Charities. The Company also acts as ACD to the Mazener Fund. The Company is regulated by the Financial Services Authority (FSA) and is a member of the Investment Management Association (IMA).

Review of Affairs

2011 was a year of consistent and significant market events, from the natural disaster in Japan, the social uprising in the Middle East and North Africa to political and economic upheaval across Europe.

Whilst the volatility of recent years has subsided to a degree, this remained a factor in 2011 but all funds were priced and accepted dealing on all business days without suspension. There were, however, concentrated cases of significant volatility which were monitored closely to assess whether there was a requirement to Fair Value Price (FVP) the funds. The Company's FVP Policy was invoked on fourteen occasions during the year in order to minimize the impact and protect shareholders from any potential arbitrage.

During 2011 flows into the funds have generally been encouraging with inflows on a net basis experienced across all structures. The most significant net inflow was seen on the Alpha Funds which combined added over £120m in new investment, the vast majority of which was into the Endowments Fund. The Sarasin ICVC received net subscriptions of £51m over the year, helped by the launch of two additional sub-funds, EquiSar – Socially Responsible and EquiSar – Socially Responsible (Sterling Hedged) which launched with a combined £120m. The Fund for Charities NURS and the Mazener Fund also received modest net inflows over the year.

Viewing the Funds individually, global equity products suffered in terms of net redemptions. EquiSar Global Thematic suffered a net redemption of £64m which, when coupled with performance, shed just under a quarter of the total fund size compared to the start of the year. The Sterling Hedged version of the fund also suffered a net redemption of £30m which, when factoring in performance, resulted in the fund finishing the year a third smaller. EquiSar IIID saw net redemptions of £36m which contributed to the fund shedding 38% of its NAV over the course of the year. Some of these outflows were reinvested into the newly launched Socially Responsible funds. GlobalSar – Cautious suffered a net redemption of £44m which, alongside negative performance figures, reduced the fund size by 25%.

There were however positives. In addition to the fund launches, International Equity Income received a net subscription of £75m, contributing to increasing the size of the fund by a quarter in 2011, and AgriSar was boosted by a net subscription of £36m adding 10% to the fund, despite negative performance in both.

In terms of investment performance over the twelve months, global and UK specific equity funds were the worst performing. EquiSar Global Thematic fell 12% (both unhedged and sterling hedged) for the year leaving them both 7% below benchmark for the year. Some protection was offered by EquiSar IIID which fell 8% in the year, and 17% under benchmark.

UK thematic funds fell 9% (long only) and 15% (Opportunities), equating to -5% and 12% below their respective benchmarks. AgriSar was down almost 16%, more than 10% off its benchmark.

The International Equity Income funds fared better, though both the unhedged and sterling hedged funds fell 7% in the year and ended just under 2% below their benchmarks.

Bonds were the strongest asset class over the course of the period. The multi-asset fund GlobalSar – Cautious posted negative returns in both absolute (4%) and relative (12%) terms respectively. Sterling Bond rose by 10%, though this was 6% behind benchmark (all figures based on retail accumulation shares).

2012 will see the launch of a new Fund of Funds umbrella structure with two sub-funds initially, one with a global equity mandate and the other operating a global diversified strategy.

DIRECTORS' REPORT

For the year ended 31 December 2011

Risk Management Objectives, Policies and Strategies

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 Bank Sarasin & Cie AG ("Bank Sarasin") group of companies ("Sarasin") 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 Sarasin (UK) Ltd group of companies ("the Group") 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 Group carries ultimate responsibility in the Group 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 risk appetite 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 the Group. 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.

The Compliance business unit advises the Group's senior management, as well as its divisions and subsidiaries, in meeting its regulatory responsibility and ensures that the Group'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 Group'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 its market, counterparty and operational risks. It assesses the risk potential, and ensures adequate risk mitigation is in place to adjust the Group'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 2011

Risk Management Objectives, Policies and Strategies (continued)

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 Platform (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.

DIRECTORS' REPORT

For the year ended 31 December 2011

Risk Management Objectives, Policies and Strategies (continued)

Counterparty risks

Counterparty Risk is measured and monitored in the following ways

Over The Counter (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, Moodys, 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, Sarasin'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 Bank Sarasin's 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, Sarasin issues suitable short-term measures which are applicable across the entire Sarasin group. These are followed by the Group, where relevant. The appropriate communication channels are well established and function in a smooth and timely fashion.

The Group 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.

DIRECTORS' REPORT

For the year ended 31 December 2011

Risk Management Objectives, Policies and Strategies (continued)

Operational risks (continued)

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.

The Risk Office conducts an Operational Self-Assessment (OSRA) annually in which each division is required to rate the risks within their environment. This process creates Key Risk Indicators (KRIs) that can be monitored on a continuous basis as an alert to stressed events.

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 organizational 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 organization, 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 relevant individuals 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 asset management group. 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 2011

Pillar III Disclosures

Please refer to the Annual Report and 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

International Financial Reporting Standards

The basis of preparation of the accounts is shown in full on page 17 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 on the financial statements on pages 13 to 25

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 statement of comprehensive income on page 13. The directors recommend the payment of a dividend of 160p per share (2010: 200p)

Directors

The directors who served during the year ended 31 December 2011 are as follows

H. Grossmann

G. V. Matthews *Chief Executive Officer*

N. Ossenbrink *Chairman*

S. M. Rivett Carnac

None of the directors had any beneficial interest in the share capital of the Company during the year other than their beneficial interest in the parent, Sarasin & Partners LLP

Supplier Payments

In respect of all of its suppliers, it is the Company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment, and abide by the terms of payment

DIRECTORS' REPORT

For the year ended 31 December 2011

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

11 April 2012

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 ("IFRS") as adopted by the European Union

Under company law the Directors must not approve the Company financial statements unless they are satisfied that they present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirement in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance
- make judgments and estimates that are reasonable and prudent, and
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the Directors, whose names and functions are set out in this report confirms that, to the best of their knowledge

- the accounts which have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and net return of the Company, and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

REPORT OF THE INDEPENDENT AUDITORS

To the Members of Sarasin Investment Funds Limited

We have audited the financial statements of Sarasin Investment Funds Limited for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flow and the related notes 1 to 23. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

Michael John Albert

Michael-John Albert (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 April 2012

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2011
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	Notes	2011 £	2010 £
Revenue	7	28,450,372	26,061,386
Cost of sales		(24,604,906)	(23,859,214)
Gross profit		3,845,466	2,202,172
Administrative expenses		(2,995,642)	(1 538,742)
Profit from operations	8	849,824	663 430
Interest income	9	48,763	20,471
Finance costs	10	(35,093)	(21,330)
Profit before taxation		863,494	662,571
Taxation	11	(228,826)	(184 410)
Total comprehensive income for the year		634,668	478,161

All the Company's operations are classed as continuing and there were no items of other comprehensive income in either year

The annexed notes from 1 to 23 form an integral part of these financial statements

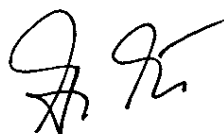
Registered Number 2190813

STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	2011	2010
Assets		£	£
Current assets			
Investment securities at fair value through profit or loss	13	50,069	9,155
Trade and other receivables			
Due from Trustee & Depository		4,462,317	3,065,837
Due from customers		2,576,325	4,155,752
Accrued income and prepaid expenses		9,823	3,823,649
Other financial assets		50,375	65,332
Cash and cash equivalents	14	8,644,952	3,719,293
Total assets		15,793,861	14,839,018
Liabilities and shareholders' equity			
Current liabilities			
Current tax liabilities		71,764	-
Trade and other payables			
Amounts due to Trustee and Depository		2,341,007	4,625,006
Other amounts due to customers		8,058,572	981,685
Other liabilities	15	457,731	437,219
Accrued expenses and deferred income		1,483,738	5,548,727
Total liabilities		12,412,812	11,592,637
Shareholders' equity			
Issued capital	16	250,000	250,000
Retained earnings		3,131,049	2,996,381
Total shareholders' equity		3,381,049	3,246,381
Total liabilities and shareholders' equity		15,793,861	14,839,018

The annexed notes from 1 to 23 form an integral part of these financial statements

The accounts were approved by the Board of Directors on 23 March 2012 and authorised for issue and signed on its behalf by



G V Matthews

Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2011

	Notes	Issued capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2010		250,000	3,218,220	3,468,220
Total comprehensive income for 2010		-	478,161	478,161
Dividend Paid	12	-	(700,000)	(700,000)
Balance at 31 December 2010		250,000	2,996,381	3,246,381
Total comprehensive income for 2011		-	634,668	634,668
Dividend Paid	12	-	(500,000)	(500,000)
Balance at 31 December 2011		250,000	3,131,049	3,381,049

The annexed notes from 1 to 23 form an integral part of these financial statements

STATEMENT OF CASH FLOWS For the year ended 31 December 2011
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	Notes	2011 £	2010 £
Operating activities			
Profit before taxation		863,494	662,571
Interest received		(48,763)	(20,471)
Finance costs		35,093	21,330
Profit from operations		849,824	663,430
Operating cash flows before movements in working capital		808,910	679,058
Decrease/(increase) in receivables		3,979,881	(344,853)
Increase in payables		748,411	260,105
(Increase) / decrease in current asset investments		(40,914)	15,628
Cash generated by operations		5,537,202	594,310
Corporation tax paid		(125,213)	(393,202)
Net cash flows from operating activities		5,411,989	201,108
Investing activities			
Interest received		48,763	20,471
Net cash flows from investing activities		48,763	20,471
Financing activities			
Dividends paid		(500,000)	(700,000)
Interest Paid		(35,093)	(21,330)
Net cash flows from financing activities		(535,093)	(721,330)
Net increase in cash and cash equivalents		4,925,659	(499,751)
Cash and cash equivalents at beginning of year		3,719,293	4,219,044
Cash and cash equivalents at end of year	14	8,644,952	3,719,293

The annexed notes from 1 to 23 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1 CORPORATE INFORMATION

The Company is incorporated in the England and Wales 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.

2 BASIS OF PREPARATION

The accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) 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.

3 SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is recognised to the extent it is probable that future economic benefits will flow to the Company and can be reliably measured, regardless of when the payment is made. 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.

Service-related fees are reported when the services concerned are rendered. Asset management and advisory fees and other fees calculated on the percentage of assets under management or on the basis of time spent are recorded on a pro rata basis throughout the time the corresponding service is rendered.

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:

	2011 Year end	2011 Average	2010 Year end	2010 Average
Euro (EUR)	1 1972	1 1518	1 1670	1 1697
US Dollar (USD)	1 5541	1 6067	1 5656	1 5438
Swiss Francs (CHF)	1 4532	1 4194	1 4593	1 6007

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. All differences are recognised in the statement of comprehensive income.

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 statement of comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on temporary 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 for all deductible temporary differences, carry-forwards of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry-forwards of unused tax credits and unused tax losses 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 statement of comprehensive income. When it relates to items charged or credited directly to other comprehensive income the deferred tax is also recorded as other comprehensive income.

Financial instruments Financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include trade and other receivables and cash and cash equivalents. Trade and other receivables are classified as loans and receivables on initial recognition. The Company holds investment securities at fair value through profit or loss.

Financial assets Trade and other receivables

Trade and other receivables at the balance sheet date comprise amounts receivable from the provision of asset management and advisory services. Trade and other receivables are classified as loans and receivables on initial recognition, and are subsequently measured at amortised cost using the effective interest rate method, less impairment. Losses arising from impairment, if any, are recognised in the statement of comprehensive income.

The Directors consider that the carrying amount of trade and other receivables approximate their fair value.

Financial assets Cash and cash equivalents

Cash and cash equivalents comprise cash at bank 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 statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial instruments Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities comprise of trade and other payables, accrued expenses and deferred income. These are classified as loans and borrowings at initial recognition. The company has no financial liabilities classified as financial liabilities at fair value through profit or loss and derivatives designated as hedging instruments.

Financial liabilities Trade and Other Payables

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Financial instruments Derecognition

Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities are taken to income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgements, 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.

5 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Company.

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- **IAS 1 Presentation of Financial Statements** The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the Companying of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IFRS 9 Financial Instruments Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

7 REVENUE

	2011	2010
	£	£
The Company's turnover is stated net of VAT and is analysed as follows		
Profit on sale of units/shares including initial charges	121,186	180,673
Management fees	24,585,071	20,997,872
Performance fees	(61,525)	3,815,987
Administration fees	3,787,268	1,050,553
Other income	18,372	16,301
	28,450,372	26,061,386

8 PROFIT FROM OPERATIONS

	2011	2010
	£	£
Profit from operations has been arrived at after charging		
Auditors' remuneration for audit services	18,000	18,000
Additional levy for the Financial Services Compensation Scheme	-	116,552

Amounts payable to Ernst & Young LLP and their associates by the Company in respect of non-audit services were £nil (2010 £nil)

9 INTEREST INCOME

	2011	2010
	£	£
Interest on bank deposits	48,763	20,471

10 FINANCE COSTS

	2011	2010
	£	£
Interest on bank overdrafts	35,093	21,330

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

11 TAX

	2011	2010
	£	£
Current tax		
UK corporation tax at 26.5% (2010: 28%) based on the profit for the year	228,826	185,520
Tax over provided in previous years	-	(1,110)
	228,826	184,410
Tax reconciliation		
Profit before tax	863,494	662,571
Profit for the year, multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	228,826	185,520
Total corporation tax charge calculated from profit before tax	228,826	185,520
Tax over-provided in previous years	-	(1,110)
Total tax expense reported in the statement of comprehensive income	228,826	184,410
Effective tax rate for the year	26.5%	27.8%

12 DIVIDENDS

	2011	2010
	£	£
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2010: 200 pence	500,000	
Final dividend for the year ended 31 December 2009: 280 pence	-	700,000
	500,000	300,000
Proposed final dividend for the year ended 31 December 2011: 160 pence	400,000	-
Proposed final dividend for the year ended 31 December 2010: 200 pence	-	500,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

13 INVESTMENT SECURITIES

	2011	2010
	£	£
Investments at fair value	50,069	9,155

These investments are considered level one investments from an IFRS perspective as their value is based on quoted market prices in liquid markets

14 CASH AND CASH EQUIVALENTS

	2011	2010
	£	£
Cash at bank	8,644,952	3,719,293

Cash at bank earns interest at the UK base rate plus 0.1% (2010: 0.5%)

15 OTHER LIABILITIES

	2011	2010
	£	£
Other payables	457,731	437,219

All other liabilities are repayable on demand or within one year

16 SHARE CAPITAL

	2011	2010
	£	£
Authorised		
Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid		
250,000 (2010: 250,000) Ordinary shares of £1 each	250,000	250,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

17 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The directors were employed and remunerated as directors or executives of Bank Sarasin & Co Limited and its subsidiaries ("the group") in respect of their services to the group as a whole and their remuneration has been paid by other group companies. It is estimated that, had the directors been remunerated for their services to the company in the year, this would have amounted to £12,000 for each director, totalling £48,000 (2010: £48,000).

18 EMPLOYEES

The Company had no employees in the year (2010: nil).

19 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 including amounts due from associated companies. 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, 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 Sarasin Risk Committee on an annual basis.

Foreign exchange risk

The Company's exposure to foreign exchange risk is limited to the balances that are required for the settlement of outstanding fees receivable in foreign currencies.

Currency	Change in currency rate	2011 Effect on profit	31 12 2011 Effect on equity	Change in currency rate	2010 Effect on profit	31 12 2010 Effect on equity
		£	£		£	£
EUR	+10 %	64,632	64,632	+10 %	(23,689)	(23,689)
EUR	-10 %	(52,880)	(52,880)	-10 %	19,382	19,382
USD	+10 %	12,851	12,851	+10 %	19,203	19,203
USD	-10 %	(10,541)	(10,541)	-10 %	(15,711)	(15,711)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

19 FINANCIAL INSTRUMENTS RISKS (continued)

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.

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.

All current liabilities are due to be settled within 12 months.

Interest rate risk – with no obligations

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 interest rate	2011 Effect on profit	31 12 2011 Effect on equity	Change in interest rate	2010 Effect on profit	31 12 2010 Effect on equity
	Basis points	£	£	Basis points	£	£
GBP	+100	86,450	86,450	+100	56,508	56,508
GBP	-100	(86,450)	(86,450)	-100	(56,508)	(56,508)

20 RELATED PARTY TRANSACTIONS

Transactions between the Company and other group companies are disclosed below.

	Expenses		Amounts owed	
	2011	2010	2011	2010
	£	£	£	£
Sarasin & Partners LLP	24,604,906	23,859,213	-	3,815,987

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. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. All transactions were carried out on an arms length basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

21 POST BALANCE SHEET EVENTS

No events have occurred since the balance sheet date that have an impact on the statement of financial position or statement of comprehensive income for 2011

22 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.

23 CONTINGENT LIABILITIES

As at 31 December 2011 there were no contingent liabilities (2010: £nil).