

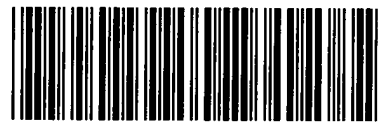
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SARASIN

SARASIN INVESTMENT FUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended
31 DECEMBER 2014

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ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2014

DIRECTORS

H. Grossmann (resigned 31 August 2014)
S.A.M. Jeffries (appointed 12 March 2015)
G.V. Matthews (Chief Executive Officer)
N. Ossenbrink (resigned 15 December 2014)
S.M. Rivett-Carnac

REGISTERED OFFICE

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

BANKERS

The Royal Bank of Scotland plc

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London EC4A 3BZ
United Kingdom

BUSINESS ADVISERS

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

LAWYERS

Charles Russell Speechlys LLP
6 New Street Square
London EC4A 3LX
United Kingdom

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2014

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STRATEGIC REPORT

For the year ended 31 December 2014

Cautionary Statement

This Strategic Report has been prepared solely to provide additional information to assess Sarasin Investment Funds Limited's ("the Company's") strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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") with fourteen sub-funds; the Sarasin Fund of Funds OEIC, an OEIC with four sub-funds; and the Sarasin Fund for Charities, an OEIC with one sub-fund. The Company is Manager of the Alpha CIF for Endowments and the Alpha CIF for Income & Reserves (common investment funds suitable for charities). The Company also acts as ACD for the Mazener Fund. The Company will continue to act as ACD for the United Kingdom ("U.K.") fund range through the coming year, creating and changing fund structures as required by the needs of the business. The Company is regulated by the Financial Conduct Authority ("FCA").

Business Review

Total revenue is slightly down on prior year at £33.3m (2013: £35.1m). Overall, the total value of Assets under Management ("AuM") declined marginally to £3.45bn (2013: £3.47bn). The principal revenue base of management and administrative fee income has remained stable at £33.3m (2013: £33.2m), but performance fee income has declined to £nil (2013: £1.8m). The last remaining performance fee classes were removed from the Sarasin Funds ICVC (sub-funds EquiSar IILD and Food & Agriculture Opportunities) during the year. Total expenditure has declined year on year due to cost of sales reduction, contributing overall to a growth in profit before tax of 4% to £5.8m (2013: £5.6m). The following analysis relates the performance of the Company to that of the underlying funds in respect of which it acts as ACD or Manager.

Flows out of the Sarasin Funds ICVC have been disappointing in 2014 with overall net outflows in excess of £214m (2013: £14m). When factoring in fund performance figures however, total AuM has been more stable, declining from £1.9bn at the start of the year to £1.8bn at year-end. Viewing the funds individually, the largest contributors to outflows were global equity products, Sarasin EquiSar - Global Thematic (-£133m, including the sterling hedged version) and Sarasin EquiSar - Socially Responsible (-£105m, also including the sterling hedged version). Sarasin Food & Agriculture Opportunities (formerly AgriSar) also suffered a £34m net outflow during the year. Equity income products fared better, attracting net new investment with Sarasin Global Dividend taking in £32m and Sarasin Global Higher Dividend seeing a £9m inflow. The multi-asset offering, GlobalSar - Strategic, also fared well relative to recent years with £9m of net new investment.

All sub-funds of the ICVC generated positive absolute performance during the year with the exception of U.K. Equity products, a turnaround from 2013 when they were the best performing sub-funds in absolute terms. In 2014, Sarasin EquiSar - UK Thematic lost 6.4%; with the UK Thematic Opportunities fund losing 8.4%. Both were behind benchmark. Restructuring saw a change in fund manager toward the end of the year for both funds.

Most funds were marginally behind their benchmarks, an issue for many active asset managers during the year. Global Higher Dividend returned 11.2% performance against (MSCI World) benchmark returns of 11.5% and EquiSar Global Thematic returned 7.8% performance against (MSCI ACWI) benchmark returns of 10.6%.

The Sarasin Fund of Funds OEIC, launched in June 2012, generated strong new business flow with AuM increasing from £75m at the start of the year to £107m at year-end. The company also increased its sub-fund offering from two to four in December, albeit this did not impact overall AuM as new products were seeded from existing. Performance was challenging throughout the year, with Global Equity and Global Strategic being 3.6% and 4.5% behind their respective benchmarks.

The Alpha CIF funds continued to attract new investment and ended the year with combined AuM of £1.32bn, with both funds attracting net inflow during the year (Endowments £26m inflow and Income & Reserves £14m inflow). In performance terms both funds were 2.5% behind their composite benchmarks.

The Company's Statement of Financial Position has strengthened in net asset terms year on year with net profit of £4.5m transferred to reserves, offset by the payment of prior year final and current year interim dividends. Cash reserves remain healthy at year-end at £8.2m (2013: £10m).

Overall, the Directors look forward with confidence to the outlook for 2015.

STRATEGIC REPORT

For the year ended 31 December 2014

Risk Management

The Company is part of a group that has a policy of identifying and controlling risk. The Sarasin (U.K.) Limited group of companies ("the Group") employs a clearly-defined, transparent and integrated system of risk management, as set out in the Internal Capital Adequacy Assessment Process document ("ICAAP"), covering all of its business segments. This requires considerable human and technological resources. The ICAAP identifies and monitors all risks, their probability of occurrence and mitigating factors that Management have put in place such as internal control processes and insurance arrangements. The ICAAP is continuously updated to accommodate new developments in the business. Active risk management minimises undesirable risks and allows the capital of the Group to be employed as efficiently as possible to the benefit of shareholders and 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. The Group approach to risk management is discussed in further detail in the Group's Annual Report and financial statements, which does not form part of this report.

The principal risks and uncertainties facing the Company are set out below.

Direct Risks to the Company

Operational Risk

Operational risk is defined as the risk of loss, resulting from inadequate or failed internal processes, people or systems, or as a consequence of external events. This definition includes legal risks, breach of regulation and trading error. These risks may have material strategic and reputational effects.

The Risk Office conducts regular Operational Risk Self-Assessment in which each division is required to rate the risks within their environment. This process creates key risk indicators that can be monitored on a continuous basis as an alert to stressed events.

Emphasis is given to the management of operational risks in the following ways:

- Directives – These set down the main goals for the management and control of operational risk and serve as a guide for identifying and measuring operational risk and meeting reporting obligations.
- Education – Group employees are obliged to deal effectively with the risks arising in their everyday work. The line manager is supported by regularly updated information on the Group's Intranet. Background information is provided to new staff.
- Reporting – Evaluations and analysis take place in the context of regular risk reporting to the Management Board.

The Incident Log for operational risks is a central pillar for the management and control of operational risk. It is used to record and categorise all operational errors or incidents that may give rise to a loss.

The most significant operational risks facing the Company, as documented in the ICAAP, are:

- Regulatory breach;
- Trading error; and
- Investment process breach (including pre-trade compliance and asset valuation).

Liquidity Risk

Liquidity risk is the risk that the Company, although solvent, either does not have sufficient available resources to enable it to meet its obligations as they fall due or can secure them only at excessive cost. Operational liquidity management in the day-to-day running of the business is overseen by the Finance department. Its tasks include controlling payments, planning the anticipated cash flows and securing liquidity.

Indirect Risks to the Company

In addition to the principal direct risks detailed above, the Company is also exposed to indirect risks arising from investments made, and assets managed, on behalf of customers. The primary source of revenue for the Company is directly linked to the value of the investments managed on behalf of customers (AuM) which is primarily driven by two factors: the relative performance of the investments held on behalf of customers and the ability to retain and acquire customer assets (which is itself driven in part by investment performance). The achievement of a reasonable return on any investment inevitably entails a degree of risk tolerance in the long run, and it is particularly important to have a full overview of total risk exposure of an investment at all times. Given the volatility of financial markets, the quality of risk management in this area has become a crucial competitive factor in the industry, and the integrated system of risk management employed ensures that the Company is well placed to effectively manage these risks.

STRATEGIC REPORT

For the year ended 31 December 2014

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 10 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.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



G.V. Matthews

Chief Executive Officer

21 April 2015

DIRECTORS' REPORT

For the year ended 31 December 2014

The Directors present their Annual Report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2014.

Dividends

The Company's profit for the year to be transferred to reserves is set out in the statement of comprehensive income on page 10. The Directors recommend the payment of a final dividend of 1,200p per share (2013: 880p) which, together with an interim dividend of 200p per share (2013: 840p) paid in November 2014 makes a total of 1,400p per share (2013: 1,720p) for the year.

Pillar III Disclosures

Please refer to the Annual Report and financial statements of Sarasin (U.K.) Limited, a parent undertaking for which consolidated FCA returns are made, for Pillar III disclosures as required by the FCA.

Directors

The Directors who served during the year ended 31 December 2014 are as follows:

H. Grossmann	<i>(resigned 31 August 2014)</i>
G.V. Matthews	<i>Chief Executive Officer</i>
N. Ossenbrink	<i>Chairman (resigned 15 December 2014)</i>
S.M. Rivett-Carnac	

Directors' Indemnities

Sarasin & Partners LLP maintains professional indemnity and directors' and officers' liability insurance for itself and its subsidiaries (including the Company).

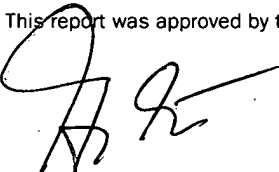
Auditors

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 auditor is unaware; and
- b) each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approval

This report was approved by the Board of Directors and signed on its behalf by:



G.V. Matthews

Chief Executive Officer

21 April 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES in relation to the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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 (IFRSs) as adopted by the European Union. 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 and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate 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 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 AUDITOR

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 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 25. 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 Statement of Directors' Responsibilities, 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Strategic Report and 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.



Stuart McLaren (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

21 April 2015

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2014
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	Notes	2014 £	2013 £
Revenue	7	33,348,491	35,129,010
Cost of sales		(23,726,457)	(25,732,921)
Gross profit		9,622,034	9,396,089
Administrative expenses		(3,866,427)	(3,817,024)
Profit from operations	8	5,755,607	5,579,065
Interest income	9	41,776	48,852
Finance costs	10	(13,219)	(14,564)
Profit before taxation		5,784,164	5,613,353
Taxation	11	(1,243,742)	(1,316,649)
Profit and total comprehensive income for the year		4,540,422	4,296,704

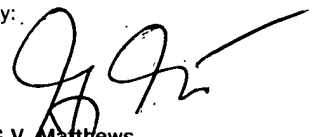
All the Company's operations are classed as continuing and there were no items of other comprehensive income in the current or prior year.

The annexed notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 £	2013 £
Assets			
Current assets			
Investment securities at fair value through profit or loss	12	47,882	72,736
Trade and other receivables			
Amounts due from Trustee & Depository		1,335,721	3,083,956
Amounts due from customers		1,295,058	2,571,801
Accrued income and prepaid expenses		3,012,379	4,838,310
Other receivables	13	156,212	66,185
Cash and cash equivalents	14	8,214,107	10,787,730
Total assets		14,061,359	21,420,718
Liabilities and shareholder's equity			
Current liabilities			
Bank overdrafts	14	5,613	753,636
Trade and other payables			
Amounts due to Trustee and Depository		1,488,382	4,432,089
Amounts due to customers		1,414,800	3,464,891
Other liabilities	15	877,360	2,586,735
Accrued expenses		2,709,222	4,435,794
Current tax liabilities		588,661	610,674
Total liabilities		7,084,038	16,283,819
Shareholder's equity			
Issued capital	16	250,000	250,000
Retained earnings		6,727,321	4,886,899
Total shareholder's equity		6,977,321	5,136,899
Total liabilities and shareholder's equity		14,061,359	21,420,718

The annexed notes from 1 to 25 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 20 April 2015 and authorised for issue and signed on its behalf on 21 April 2015 by:


G.V. Matthews
 Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2014

	Notes	Issued capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2013		250,000	6,190,195	6,440,195
Total comprehensive income		-	4,296,704	4,296,704
Dividend paid	17	-	(5,600,000)	(5,600,000)
Balance at 31 December 2013		250,000	4,886,899	5,136,899
Total comprehensive income		-	4,540,422	4,540,422
Dividends paid	17	-	(2,700,000)	(2,700,000)
Balance at 31 December 2014		250,000	6,727,321	6,977,321

The annexed notes from 1 to 25 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS For the year ended 31 December 2014
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	Notes	2014 £	2013 £
Operating activities			
Profit before taxation		5,784,164	5,613,353
Interest income		(41,776)	(48,852)
Finance costs		13,219	14,564
Operating cash flows before movements in working capital		5,755,607	5,579,065
Decrease in receivables		4,760,882	534,765
(Decrease)/increase in payables		(8,429,745)	6,540,667
Cash generated by operations		2,086,744	12,654,497
Corporation tax paid		(1,265,755)	(1,694,512)
Net cash flows from operating activities		820,989	10,959,985
Investing activities			
Decrease in current asset investments		24,854	32,434
Interest received		41,776	48,852
Net cash flows from investing activities		66,630	81,286
Financing activities			
Dividends paid		(2,700,000)	(5,600,000)
Interest paid		(13,219)	(14,564)
Net cash flows used in financing activities		(2,713,219)	(5,614,564)
Net (decrease)/increase in cash and cash equivalents		(1,825,600)	5,426,707
Cash and cash equivalents at beginning of year		10,034,094	4,607,387
Cash and cash equivalents at end of year	14	8,208,494	10,034,094

The annexed notes from 1 to 25 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company is incorporated and domiciled 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 Strategic Report on page 4.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared on the historical cost basis, except for investment securities at fair value through profit or loss, which are carried at fair value. 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 ("£"). 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 and those carried at historical cost are translated at rates prevailing at the date of the initial transaction. 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 any 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 not taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. 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 subsequent measurement of financial assets depends on their classification as described below. The Company's financial assets include investment securities at fair value through profit or loss, trade and other receivables and cash and cash equivalents.

Financial Assets: Investment Securities at Fair Value through Profit or Loss

Investment securities at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recorded in the statement of comprehensive income.

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, or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All other financial liabilities are recognised initially at fair value net of transaction costs. The subsequent measurement of financial liabilities depends on their classification as described below. The Company's financial liabilities comprise trade and other payables and bank overdrafts and are classified as other financial liabilities.

Financial Liabilities: Other Financial Liabilities

Trade and other payables and bank overdrafts 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 de-recognised 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 is taken to income.

Reclassification of Prior Year Balances

Certain prior year balances in the statement of comprehensive income and statement of financial position have been reclassified for consistency with current year presentation. The reclassifications do not impact key ratios of the business, or shareholders' equity and are therefore not considered to be material to an understanding of the financial statements. Accordingly, no third statement of financial position has been presented under IAS 1. Revenue and cost of sales have each been grossed up by £414,067 and £223,192 relating to trade creditors has been reclassified from accrued expenses to other liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 and the accompanying disclosures. 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. For the purpose of these financial statements, no significant judgements or estimates have been made that would affect reported amounts or disclosures.

5. CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

IFRS 12 *Disclosure of Interests in Other Entities* was applied for the first time in the year. Disclosures under the standard are provided in Note 21.

All other accounting policies adopted are consistent with those of the previous financial year.

6. ADOPTION OF NEW AND REVISED STANDARDS

Standards affecting the financial statements

In the current year, no new and revised Standards and Interpretations were adopted that had a significant impact on the amounts reported in these financial statements.

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Amendments have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements. Also, in the current year, the Company's application of new and revised IFRSs has not resulted in material effects on the information in the statement of financial position as at 1 January 2013. Accordingly, no third statement of financial position has been presented.

New or Revised Standards

IFRS 10 Consolidated Financial Statements

IFRS 10 requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Special Purpose Entities*. The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, sets out the principles for the preparation of consolidated financial statements and introduces a single consolidation model for all entities based on control. The Company has assessed its seed investments and has not identified any that it controls.

IFRS 11 Joint Arrangements

The Standard replaces IAS 31 *Interests in Joint Ventures* and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. The Standard has no impact on the Company, since the Company does not have any joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities

The Standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. Disclosure is provided in relation to interests held in accordance with the Standard in Notes 12 and 21.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. ADOPTION OF NEW AND REVISED STANDARDS (continued)

IAS 27 Separate Financial Statements (2011)

This is an amended version of IAS 27, which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 *Consolidated and Separate Financial Statements*. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for at cost, or in accordance with IFRS 9 *Financial Instruments* / IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard has no impact on the Company, since the Company does not have any such investments.

IAS 28 Investments in Associates and Joint Ventures (2011)

This Standard supersedes IAS 28 *Investment in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard has no impact on the Company, since the Company does not have any such investments.

Amendments

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

The Guidance amends IFRS 10, IFRS 11 and IFRS 12 to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The Guidance has no impact on the Company, since the Company does not have any investees, joint arrangements or interests in other entities.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company, since the Company does not have any offsetting arrangements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*, subject to certain transition relief. The exception to consolidation requires investment entities to account for particular subsidiaries at fair value through profit or loss, provide additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of the relationship and certain transactions between the investment entity and its subsidiaries. These amendments have no impact on the Company, since IFRS 10, IFRS 11 and IFRS 12 do not impact the Company, as described above.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

These amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. These amendments have no impact on the Company, since the Company has no applicable transactions.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Company, since the Company has no derivatives.

In the current year, the Company's application of new and revised IFRSs (see the discussion above), has not resulted in material effects on the information in the Statement of Financial Position as at 1 January 2013. Accordingly, no third statement of financial position has been presented.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 11 (amendments)	Accounting for Acquisitions of Interests in Joint Operations
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IAS 1 (amendments)	Disclosure Initiative
IFRS 10, IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 10, IFRS 12, IAS 28 (amendments)	Investment Entities: Applying the Consolidation Exception

Annual Improvements to IFRSs: 2010-2012 Cycle

Annual Improvements to IFRSs: 2011-2013 Cycle

Annual Improvements to IFRSs: 2012-2014 Cycle

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except as that IFRS 9 will impact both the measurement and disclosures of financial instruments.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

7. REVENUE

	2014	2013
	£	£
The Company's revenue is stated net of VAT and is analysed as follows:		
(Loss)/profit on sale of units/shares including initial charges	(8,122)	47,032
Management fees	29,067,358	28,980,515
Performance fees	(159)	1,793,259
Administration fees	4,225,469	4,241,017
Other income	63,945	67,187
	33,348,491	35,129,010

Revenue arises from services provided in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

8. PROFIT FROM OPERATIONS

	2014	2013
	£	£
Profit from operations has been arrived at after charging:		
Auditor remuneration for audit services	16,000	6,800

Amounts payable to Deloitte LLP and their associates by the Company in respect of non-audit services were £nil (2013: £nil).

9. INTEREST INCOME

	2014	2013
	£	£
Interest on cash at bank	41,776	48,852

10. FINANCE COSTS

	2014	2013
	£	£
Interest on bank overdrafts	13,219	14,564

11. TAXATION

	2014	2013
	£	£
Current tax:		
U.K. corporation tax based on the profit for the year	1,243,888	1,305,407
Tax (over)/under-provided in previous years	(146)	11,242
	1,243,742	1,316,649
Tax reconciliation:		
Profit before tax	5,784,164	5,613,353
Profit for the year, multiplied by the standard rate of corporation tax in the U.K. of 21.5% (2013: 23.25%)	1,243,595	1,305,105
Expenses not deductible for tax purposes	293	302
Tax (over)/under-provided in previous years	(146)	11,242
Total tax expense reported in the statement of comprehensive income	1,243,742	1,316,649
Effective tax rate for the year	21.5%	23.46%

The Company has no deferred tax assets or liabilities in either the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	£	£
Investment securities at fair value through profit or loss	47,882	72,736

Investment securities at fair value through profit or loss are comprised of direct equity seed holdings in Sarasin investment funds. These investments are considered to be level 1 investments from an IFRS perspective because their value is based on quoted market prices in liquid markets. The size of the holding in the share class of each fund is small relative to fund size and is held for the short-term in order to launch/maintain a share class of a fund. Given the low level of seed holding in each fund share class, the Company's exposure to loss associated with its interests in these funds is considered to be low. Further analysis of investment holdings by asset class is provided in Note 21.

13. OTHER RECEIVABLES

	2014	2013
	£	£
Amounts due from Group entities	3,867	-
Other amounts receivable	152,345	66,185
	156,212	66,185

All other receivables are payable on demand or within one year.

14. CASH AND CASH EQUIVALENTS

	2014	2013
	£	£
Cash at bank	8,214,107	10,787,730
Bank overdrafts	(5,613)	(753,636)
	8,208,494	10,034,094

All balances are unsecured and repayable on demand. Cash at bank earns interest at the U.K. base rate plus 0.15% (2013: 0.15%). Sterling bank overdrafts do not accrue interest due to the establishment of an account netting arrangement for interest purposes. Euro bank overdrafts accrue interest at 3%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

15. OTHER LIABILITIES

	2014	2013
	£	£
Trade creditors	454,207	223,192
Amounts payable to Group entities	13,400	1,910,141
Other payables	409,753	453,402
	877,360	2,586,735

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

16. SHARE CAPITAL

	2014	2013
	£	£
Authorised:		
Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid:		
250,000 (2013: 250,000) Ordinary shares of £1 each	250,000	250,000

17. DIVIDENDS

	2014	2013
	£	£
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2014: 200p	500,000	-
Final dividend for the year ended 31 December 2013: 880p	2,200,000	-
Interim dividend for the year ended 31 December 2013: 840p	-	2,100,000
Final dividend for the year ended 31 December 2012: 1,400p	-	3,500,000
	2,700,000	5,600,000
Proposed final dividend for the year ended 31 December 2014: 1,200p (2013: 880p)	3,000,000	2,200,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Directors were employed and remunerated as directors or executives of either Sarasin (U.K.) Limited and its subsidiaries (the "Group") or the wider Bank J. Safra Sarasin Limited group of companies in respect of their services to the groups as a whole. Disclosure is provided in either the consolidated financial statements of Sarasin (U.K.) Limited or in the financial statements of Bank J. Safra Sarasin Limited.

19. EMPLOYEES

The Company had no employees in the year (2013: nil).

20. RELATED PARTY TRANSACTIONS

Transactions between the Company and fellow Group companies are disclosed below.

	Revenues		Expenses		Amounts owed from/(to) Related Parties	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
Sarasin & Partners LLP	63,000	63,000	23,598,823	25,621,254	(1,975,801)	(5,690,224)

Revenues received from Sarasin & Partners LLP, the Company's immediate parent entity, relates to provision of fund administrative services.

Expenses paid to Sarasin & Partners LLP are in respect of services for investment management and distribution of the OEIC sub-funds and the Alpha Common Investment Funds and management charges for provision of staff, property facilities, information services, legal and compliance and other administrative costs.

In addition to the amounts disclosed in the table above:

- Additional amounts of £2,568 (2013: £55,999) and £10,832 (2013: £nil) owed to Sarasin (U.K.) Limited and S.I.M. Partnership (London) Limited, respectively, relate to payment recharges;
- The Company paid dividend distributions during the year to its immediate parent, Sarasin & Partners LLP, totalling £2.7m (2013: £5.6m);
- The Company is a beneficiary of a £2.1m overdraft facility guarantee from its immediate parent entity; and
- The Company has entered into a subordinated loan facility with its immediate parent, Sarasin & Partners LLP, in the amount of £2m.

The amounts outstanding are unsecured and will be settled in cash. 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 2014

21. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is an entity designed so that its activities are not governed by way of voting rights, for example where contractual arrangements are the dominant factor in affecting an investor's returns. The Company has evaluated such exposures and concluded that where the Company holds a seed investment or fees receivable with a collective investment scheme, this represents an interest in a structured entity. The activities of these entities are governed by investment management agreements.

The Company is the ACD for several investment funds which are considered to be structured entities within the definition of IFRS 12, and which are not consolidated. The Company holds an interest in these unconsolidated structured entities through the receipt of management fee and fixed rate operating charge income. The unconsolidated structured entities are constituted as open-ended investment companies (OEICs) and collective investment schemes for charities (Common Investment Funds, or CIFs). These entities invest in a range of asset classes as detailed in the table below which also sets out the fund AuM, carrying values of the Company's interests in these entities as recognised in the statement of financial position as at 31 December 2014 and the management fee and fixed rate operating charge income recognised in the Company's statement of comprehensive income for the year ended 31 December 2014.

The unconsolidated structured entities have various investment objectives and policies and are subject to the terms and conditions of their offering documentation. However, all entities invest capital from investors in a portfolio of assets in order to provide a return to those investors from capital appreciation of those assets, income from those assets or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold.

The unconsolidated structured entities are financed through equity capital provided by investors.

Asset class	Total AuM	Revenue	Fair value of investment held ^{1, 2}	Accrued income ³	Maximum exposure to loss ⁴
	2014	2014	2014	2014	2014
	£m	£	£	£	£
Equity	1,530	18,378,582	34,342	1,501,768	1,536,110
Multi-asset	1,667	12,791,627	-	1,297,762	1,297,762
Fund of funds	107	1,082,901	10,730	105,810	116,540
Fixed income	148	1,043,877	2,606	91,204	93,810
	3,452	33,296,987	47,678	2,996,544	3,044,222

Notes:

¹ The Company also holds investments totalling £204 in other investment funds in respect of which no income is earned.

² The total fair value of investments held is disclosed in the statement of financial position in the 'investment securities at fair value through profit or loss' category.

³ Total accrued income is disclosed in the statement of financial position within the 'accrued income and prepaid expenses' category.

⁴ The Company's maximum exposure to loss from unconsolidated structured entities at 31 December 2014 is the sum total of any investment held and fees receivable from the fund entities.

Maximum exposure to loss

The Company's maximum exposure to loss associated with its interest in these unconsolidated structured entities is limited to the carrying amount of accrued income shown in the table above.

Financial support

The Company has not provided financial support to any of its unconsolidated structured entities during the year, and has no contractual obligations or current intention of providing financial support in the future.

Other information

There are no liquidity arrangements, guarantees or other commitments that may affect the fair value or risk of the Company's interest in the unconsolidated structured entities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

22. FINANCIAL INSTRUMENTS

Categories and Accounting Policies

Details of the categories of financial instruments and their respective accounting policies are disclosed in note 3.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The Company's overall strategy remains unchanged from the prior year. The capital structure of the Company consists entirely of equity, comprising issued capital and retained earnings as disclosed in the statement of financial position.

Financial Risk Management

The Group's corporate Finance and Risk functions provide services to the Company and monitor/manage the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Market Risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Company does not take material proprietary positions and therefore its exposure to other market risks is limited to the financial impact of the performance of its investment products and commercial success.

Market Risk: Foreign Currency Risk

The Company's exposure to foreign currency risk is limited to the balances that are required for the settlement of transactions within the Company's funds denominated in foreign currencies. These balances are normally held for a maximum of four days and are always held in the currency ultimately payable or receivable. These balances are reviewed regularly and Management do not consider this exposure to be significant.

Market Risk: Interest Rate Risk

Interest rate risk in respect of the statement of financial position is reviewed on a regular basis. With the exception of the overdrafts held for the settlement of transactions in the Company's fund products, the Company does not have any interest rate obligations. Overdrafts are reviewed regularly and could be cleared immediately should interest rates rise. Management do not consider this exposure to be significant.

Credit Risk

Credit risk arises principally in relation to transactions where the Company provides goods or services on deferred terms and where the Company deposits cash. The Company's principal financial assets, and therefore its primary source of credit risk, are cash at bank balances and trade and other receivables.

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 credit risk arising from transactions in fund products is limited as these transactions normally settle within four days.

The Company has no significant concentration of credit risk as exposures are spread over a large number of counterparties and customers.

Credit exposures are reviewed regularly and Management do not consider this exposure to be significant.

Liquidity and Financial Solvency Risk

Liquidity risk arises on the liabilities held within the statement of financial position. All current liabilities are due to be settled within twelve months. The Company's solvency is monitored and maintained within the framework of the regulations laid down by the FCA.

Fair Value Measurements

For all financial instruments the carrying value is an approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. 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 2014.

24. CONTINGENT LIABILITIES

As at 31 December 2014 there were no contingent liabilities (2013: £nil).

25. PARENT UNDERTAKINGS

The parent undertaking of the smallest group of undertakings for which consolidated financial statements are prepared and of which the Company is a member is SIM (Partnership) London Limited, a company registered in the United Kingdom. Copies of the financial statements of SIM (Partnership) London Limited can be obtained from Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU.

SIM (Partnership) London Limited's intermediate holding company is Bank J. Safra Sarasin Limited, a company incorporated in Switzerland. Copies of the financial statements of Bank J. Safra Sarasin Limited can be obtained from Elisabethenstrasse 62, 4002 Basel, Switzerland.

The ultimate shareholder of Bank J. Safra Sarasin Limited is Mr. Joseph Y. Safra.