

Registered Number: 02190813



SARASIN

SARASIN INVESTMENT FUNDS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended
31 DECEMBER 2016

FRIDAY



A6969108

A29

23/06/2017

#184

COMPANIES HOUSE

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2016

DIRECTORS

S.A.M. Jeffries
G.V. Matthews (Chief Executive Officer)
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 ADVISER

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

LAWYERS

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD
United Kingdom

Eversheds LLP
1 Wood Street
London EC2V 7WS
United Kingdom

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2016

CONTENTS

Pages

Strategic Report	4 – 6
Directors' Report	7
Statement of Directors' Responsibilities	8
Report of the Independent Auditor	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 26

STRATEGIC REPORT

For the year ended 31 December 2016

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

The Company achieved strong investment performance across its range of investment products during 2016. Total Assets under Management ("AuM") increased by 14% over the year to £4.01bn at the year-end (2015: £3.51bn). AuM growth was driven primarily by organic growth from investment performance with some new business inflow during the year. Revenue from core services has grown to £34.2m for 2016 (2015: £33.6m). Administrative expenses have increased to £3.9m (2015: £3.3m) due to an increase in expenditure related to the provision of services to the Company by the parent, Sarasin & Partners LLP. Operating profit has consequently fallen by 8% to £5.7m for the year (2015: £6.2m). The Company's Statement of Financial Position maintains a strong net asset position of £8.2m, albeit reduced on prior year (2015: £8.4m), with cash reserves totalling £9.0m (2015: £9.3m). The following analysis relates the revenue performance of the Company to that of the underlying funds in respect of which it acts as ACD or Manager.

The Sarasin Funds ICVC OEIC increased in AuM over the year due to the positive impact of strong fund performance. AuM increased by £200m (9.3%) to £1.9bn at year-end (2015: £1.7bn). Net outflows of -£67m were experienced across the fund range as a whole. One new sub-fund launched toward the end of 2016 (Sarasin Responsible Corporate Bond) and one sub-fund terminated during the year (Sarasin Equisar - UK Thematic Opportunities). There was a significant level of client asset reallocation between sub-funds during the year. Contributors to outflows were principally Sarasin Global Higher Dividend (-£84m, including the Sterling Hedged version), Sarasin Thematic Global Equity (-£55m, including the Sterling Hedged version) and Sarasin Sterling Bond (-£30m). A significant proportion of these outflows were re-invested in other sub-funds including the Global Dividend strategy (including the Sterling Hedged version) which received a net inflow of £37m, the new Sarasin Responsible Corporate Bond fund (net subscriptions of £51m since its November launch), and the Sarasin Responsible Global Equity and Sarasin Global Equity Real Return funds which saw inflows of £16m and £11m, respectively. From a performance perspective, global equity income was the best performing asset class in absolute terms in 2016 with Global Higher Dividend (unhedged) returning 24.9%, Global Dividend 23.4%, Thematic Global Equity 17.4%, Responsible Global Thematic Equity 17.2% and Sarasin Food & Agriculture Opportunities 33.1%. Sterling Hedged funds, whilst continuing to generate positive absolute returns, were negatively impacted by the devaluation of sterling.

The Alpha CIF funds continued to attract new investment and ended the year with combined AuM of £1.8bn, an increase of £0.30bn on prior year (2015: £1.45bn). Both funds attracted net investment inflow during the year (Endowments £180m and Income & Reserves £16m). In performance terms, both delivered positive absolute returns (Endowments 10.6% and Income & Reserves 9.7%).

The Sarasin Fund of Funds OEIC decreased in AuM over the year by £25m (22%) to £89m at year-end (2015: £114m). Performance was challenging, but all sub-funds produced positive absolute returns over the year, with Global Equity being the strongest performer with 15%. Despite performance return, the OEIC saw net redemptions of £36m over the year.

The Directors look forward with confidence to the outlook for 2017.

STRATEGIC REPORT

For the year ended 31 December 2016

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 likelihood 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 2016 ICAAP, are:

- Dissatisfaction of service;
- 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 2016

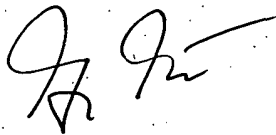
Going Concern

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 26.

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

11 April 2017

DIRECTORS' REPORT

For the year ended 31 December 2016

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 2016.

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 1,520p per share (2015: 1,756p) which, together with an interim dividend of 160p per share (2015: 220p) paid in December 2016 makes a total of 1,680p per share (2015: 1,976p) for the year.

Pillar III Disclosures

Unaudited Pillar III disclosures required by the FCA are prepared at the Sarasin (U.K.) Limited level on a consolidated basis. Sarasin (U.K.) Limited is a parent undertaking of the Company. Disclosures are located on the Group's website at www.sarasinandpartners.com/policies.

Directors

The Directors who served during the year ended 31 December 2016 are as follows:

S.A.M Jeffries

G.V. Matthews *Chief Executive Officer*

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).

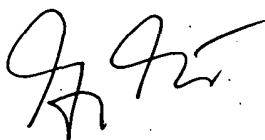
Auditors

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

11 April 2017

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 2016 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 26. 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 2016 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.

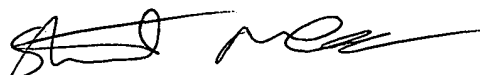
Opinion on other matter prescribed by the Companies Act 2006

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

11 April 2017

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	2016 £	2015 £
Revenue	7	34,246,321	33,626,714
Cost of sales		(24,655,092)	(24,151,106)
Gross profit		9,591,229	9,475,608
Administrative expenses		(3,871,649)	(3,307,283)
Profit from operations	8	5,719,580	6,168,325
Interest income	9	40,080	38,797
Finance costs	10	(3,308)	(4,145)
Profit before taxation		5,756,352	6,202,977
Taxation	11	(1,151,160)	(1,255,883)
Profit and total comprehensive income for the year		4,605,192	4,947,094

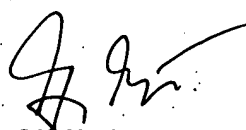
All the Company's operations are classed as continuing and there were no items of other comprehensive income in the current or prior year.

The annexed notes from 1 to 26 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes	2016 £	2015 £
Assets			
Non-current assets			
Investment in subsidiaries	12	1,000	1,000
Current assets			
Investment securities at fair value through profit or loss	13	32,109	49,486
Trade and other receivables:			
Amounts due from Trustee & Depository		2,773,732	321,215
Amounts due from customers		2,280,420	2,344,160
Accrued income and prepaid expenses		3,309,886	2,982,438
Other receivables	14	60,365	99,887
Cash and cash equivalents	15	8,988,797	9,342,485
Total assets		17,446,309	15,140,671
Liabilities and shareholder's equity			
Current liabilities			
Trade and other payables:			
Amounts due to Trustee and Depository		2,183,809	2,371,101
Amounts due to customers		2,822,373	229,986
Other liabilities	16	743,912	823,667
Accrued expenses		2,939,854	2,729,336
Current tax liabilities		566,754	612,166
Total liabilities		9,256,702	6,766,256
Shareholder's equity			
Issued capital	17	250,000	250,000
Retained earnings		7,939,607	8,124,415
Total shareholder's equity		8,189,607	8,374,415
Total liabilities and shareholder's equity		17,446,309	15,140,671

The annexed notes from 1 to 26 form an integral part of these financial statements. The financial statements were approved by the Board of Directors of Sarasin Investment Funds Limited (Company no. 02190813) on 11 April 2017 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 2016

	Notes	Issued capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2015		250,000	6,727,321	6,977,321
Total comprehensive income		-	4,947,094	4,947,094
Dividend paid	18	-	(3,550,000)	(3,550,000)
Balance at 31 December 2015		250,000	8,124,415	8,374,415
Total comprehensive income		-	4,605,192	4,605,192
Dividends paid	18	-	(4,790,000)	(4,790,000)
Balance at 31 December 2016		250,000	7,939,607	8,189,607

The annexed notes from 1 to 26 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS For the year ended 31 December 2016
--

	Notes	2016 £	2015 £
Operating activities			
Profit before taxation		5,756,352	6,202,977
Interest income		(40,080)	(38,797)
Finance costs		3,308	4,145
Operating cash flows before movements in working capital		5,719,580	6,168,325
(Increase)/decrease in receivables		(2,676,703)	52,067
Increase/(decrease) in payables		2,535,857	(336,674)
Cash generated by operations		5,578,734	5,883,718
Corporation tax paid		(1,196,571)	(1,232,775)
Net cash flows from operating activities		4,382,163	4,650,943
Investing activities			
Decrease/(increase) in current asset investments		17,377	(1,604)
Interest received		40,080	38,797
Net cash flows from investing activities		57,457	37,193
Financing activities			
Dividends paid		(4,790,000)	(3,550,000)
Interest paid		(3,308)	(4,145)
Net cash flows used in financing activities		(4,793,308)	(3,554,145)
Net (decrease)/increase in cash and cash equivalents		(353,688)	1,133,991
Cash and cash equivalents at beginning of year		9,342,485	8,208,494
Cash and cash equivalents at end of year	15	8,988,797	9,342,485

The annexed notes from 1 to 26 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 pages 4 to 6.

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.

These financial statements present information about the Company as an individual undertaking and not about the group of which this Company is parent. The Company is exempt from the obligation to prepare and deliver consolidated group financial statements under section 400 of the Companies Act 2006 and IFRS 10, as it has been included in the consolidated financial statements of its intermediate parent companies S.I.M. Partnership (London) Limited and Sarasin (U.K.) Limited, which are registered in the U.K. and comply with IFRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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 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.

Investments in Subsidiaries

Investments in subsidiaries are recognised at cost less any provision for impairment.

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 including amounts due from Trustee and Depository in respect of liquidation debtors. 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: Trade and Other Payables

Trade and other payables, which include amounts due to Trustee and Depository in respect of creation creditors, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. 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

The 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 Interpretations 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 2015. Accordingly, no third statement of financial position has been presented.

Amendments

IAS 1: Presentation of Financial Statements (Disclosure Initiative)

This amendment addresses perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following clarifications: (a) information should not be obscured by aggregating or by providing immaterial information - materiality considerations apply to the all parts of the financial statements, even when a standard requires a specific disclosure; (b) clarification that the list of line items to be presented in the statements can be disaggregated and aggregated as relevant, additional guidance on subtotals in the statements, and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss, and; (c) additional examples of possible ways of ordering notes to clarify that understanding and comparability should be considered when determining the order of the notes. The Company complies with the requirements of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. ADOPTION OF NEW AND REVISED STANDARDS (continued)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Clarification of Acceptable Methods of Depreciation and Amortisation)

This amendment clarifies that a revenue-based method of depreciation and amortisation is not considered to be an appropriate manifestation of consumption. This amendment does not apply as the Company does not have any such assets.

IAS 19: Employee Benefits (Defined Benefit Plans: Employee Contributions)

The amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. This amendment does not apply as the Company does not operate any defined benefit plans.

IAS 27: Consolidated and Separate Financial Statements (Equity Method in Separate Financial Statements)

This amendment reinstates the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Company complies with the requirements of this amendment.

IFRS 10: Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates (Investment Entities: Applying the Consolidation Exception)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: (a) the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (b) a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity, (c) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries, and (d) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The Company complies with the requirements of these amendments.

IFRS 11: Joint Arrangements (Acquisitions of Interests in Joint Operations)

This amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the relevant accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11, and to disclose the information required by IFRS 3 and other IFRSs for business combinations. This amendment does not apply as the Company does not have any interests in joint operations.

Annual Improvements to IFRSs: 2010-2012 Cycle

IFRS 2	Share-based Payment: Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
IFRS 3	Business Combinations: Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.
IFRS 8	Operating Segments: Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and a reconciliation of reportable segment assets to entity assets.
IFRS 13	Fair Value Measurement: Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.
IAS 16 & IAS 38	Property, Plant and Equipment and Intangible Assets: Clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
IAS 24	Related Party Disclosures: Clarifies how payments to entities providing management services are to be disclosed.

The Company complies with the requirements of the above amendments with the exception of IFRS 8 which does not apply.

Annual Improvements to IFRSs: 2012-2014 Cycle

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations: Adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held for distribution accounting is discontinued.
--------	--

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

6. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Annual Improvements to IFRSs: 2012-2014 Cycle (continued)

IFRS 7	Financial Instruments: Disclosures: Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
IAS 19	Employee Benefits: Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
IAS 34	Interim Financial Reporting: Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

The Company complies with the requirements of the above amendments.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs which 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 16	Leases
IFRIC 22	Foreign Currency Transactions and Advance Consideration
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between Investor and its Associate or Joint Venture
IAS 12 (amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 7 (amendments)	Disclosure Initiative
IFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
Annual Improvements to IFRSs: 2014 – 2016 Cycle	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates.

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 Company in future periods, except as that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these Standards and Interpretations until a detailed review has been completed.

7. REVENUE

	2016	2015
	£	£
The Company's revenue is stated net of VAT and is analysed as follows:		
Management fees	30,164,607	29,421,530
Administration fees	4,009,867	4,131,006
Profit on sale of units/shares including initial charges	4,249	10,095
Other income	67,598	64,083
	34,246,321	33,626,714

Revenue arises from services provided in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

8. PROFIT FROM OPERATIONS

	2016	2015
	£	£
Profit from operations has been arrived at after charging/(crediting):		
Net foreign exchange gain	(47,851)	(4,771)
Audit fees - company	16,000	16,000
Non-audit fees – other assurance services	26,000	-

9. INTEREST INCOME

	2016	2015
	£	£
Interest on cash at bank	40,080	38,797

10. FINANCE COSTS

	2016	2015
	£	£
Interest on bank overdrafts	3,308	4,145

11. TAXATION

	2016	2015
	£	£
Current tax:		
U.K. corporation tax based on profit for the year	1,151,372	1,256,280
Tax over-provided in previous years	(212)	(397)
Total tax	1,151,160	1,255,883

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

11. TAXATION (continued)

	2016	2015
	£	£
Tax reconciliation:		
Profit before tax	5,756,352	6,202,977
Profit for the year, multiplied by the standard rate of corporation tax in the U.K. of 20% (2015: 20.25%)	1,151,271	1,256,103
Expenses not deductible for tax purposes	101	177
Tax over-provided in previous years	(212)	(397)
Total tax expense reported in the statement of comprehensive income	1,151,160	1,255,883
Effective tax rate for the year	20.0%	20.3%

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

12. INVESTMENT IN SUBSIDIARIES

	2016	2015
	£	£
SIF Nominees UK Limited	1,000	1,000

The Company invested in a subsidiary company, SIF Nominees UK Limited, during the prior year. The investment is stated at cost less provision for impairment. SIF Nominees UK Limited is incorporated in, and operates from, the United Kingdom. Further details are set out below:

Company	Description of shares held	Proportion of ownership	Principal activity
SIF Nominees UK Limited	£1 Ordinary shares	100%	Nominee company which is the named account holder for Luxembourg and Ireland fund units subscribed to via administrative wrappers offered by the Company.

13. INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	£	£
Investment securities at fair value through profit or loss	32,109	49,486

Investment securities at fair value through profit or loss are comprised of direct equity seed holdings in Sarasin investment funds. These investments are classified as level 2 (of 3) in the fair value hierarchy (which reflects the level of judgement involved in estimating fair values) as value is readily observable and based on quoted market price in markets where trading frequency is less than daily. 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 22.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

14. OTHER RECEIVABLES

	2016	2015
	£	£
Amounts due from Group entities	30,217	42,225
Other receivables	30,148	57,662
	60,365	99,887

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

15. CASH AND CASH EQUIVALENTS

	2016	2015
	£	£
Cash at bank	8,988,797	9,342,485

All balances are unsecured and repayable on demand. Cash at bank earns interest at between U.K. base rate -0.25% to U.K. base rate +0.1%. 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 U.K. base rate +2%.

16. OTHER LIABILITIES

	2016	2015
	£	£
Trade creditors	127,437	321,384
Amounts payable to Group entities	1,000	1,000
Other payables	615,475	501,283
	743,912	823,667

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

17. SHARE CAPITAL

	2016	2015
	£	£
Authorised:		
Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid:		
250,000 (2015: 250,000) Ordinary shares of £1 each	250,000	250,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

18. DIVIDENDS

	2016	2015
	£	£
Amounts recognised as distributions to the equity holder in the year:		
Interim dividend for the year ended 31 December 2016: 160p	400,000	-
Final dividend for the year ended 31 December 2015: 1,756p	4,390,000	-
Interim dividend for the year ended 31 December 2015: 220p	-	550,000
Final dividend for the year ended 31 December 2014: 1,200p	-	3,000,000
	4,790,000	3,550,000
Proposed final dividend for the year ended 31 December 2016: 1,520p (2015: 1,756p)	3,800,000	4,390,000

19. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

20. EMPLOYEES

The Company had no employees in the year (2015: nil).

21. RELATED PARTY TRANSACTIONS

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

	Revenues		Expenses		Amounts owed from/(to) Related Parties	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Sarasin & Partners LLP	63,000	63,000	24,899,191	23,997,702	30,217	41,828

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

21. RELATED PARTY TRANSACTIONS (continued)

In addition to the amounts disclosed in the table above:

- Accrued expenditure of £2,160,990 (2015: £1,970,051) payable to Sarasin & Partners LLP in respect of services for investment management and distribution of the OEIC sub-funds and the Alpha Common Investment Funds is disclosed within accrued expenses in the statement of financial position;
- Additional debtor amount of £nil (2015: £397) with S.I.M. Partnership (London) Limited relates to payment recharges;
- Additional amount of £1,000 (2015: £1,000) owed to SIF Nominees UK Limited relates to investment in share capital;
- The Company paid dividends during the year to its immediate parent, Sarasin & Partners LLP, totalling £4.79m (2015: £3.55m);
- The Company is a beneficiary of a £2.1m overdraft facility guarantee from its immediate parent entity (2015: £2.1m); and
- The Company has entered into a subordinated loan facility with its immediate parent, Sarasin & Partners LLP, in the amount of £2m (2015: £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.

22. 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 in, or has a contractual fee arrangement with, a collective investment scheme ("CIS"), this represents an interest in a structured entity. The activities of these entities are governed by investment management agreements.

The Company is the ACD and Manager for several CIS's 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 CIS's through the receipt of management fee and fixed operating charge income and the holding of seed investment positions.

The CIS's 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 discloses, by asset class, fund AuM, carrying value of the Company's interests in CIS's as recognised in the statement of financial position and the income earned from managing and administering CIS's as recognised in the statement of comprehensive income.

The CIS's 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 CIS's are financed through equity capital provided by investors.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

22. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Asset Class	Total AUM		Revenue	
	2016	2015	2016	2015
	£m	£m	£	£
Equity	1,571	1,454	16,859,721	17,349,055
Multi-asset	2,165	1,790	15,074,866	13,791,857
Fund of funds	89	114	1,105,622	1,335,298
Fixed income	183	152	1,134,265	1,076,325
	4,008	3,510	34,174,474	33,552,535

Asset Class	Fair value of investment held ¹		Accrued income ²		Maximum exposure to loss ³	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Equity	22,702	37,561	1,490,453	1,395,492	1,513,155	1,433,053
Multi-asset	-	-	1,405,339	1,185,671	1,405,339	1,185,671
Fund of funds	7,201	11,746	85,066	107,765	92,267	119,511
Fixed income	2,044	-	101,991	92,904	104,035	92,904
	31,947	49,307	3,082,849	2,781,832	3,114,796	2,831,139

Notes:

¹ The Company also holds investments totalling £162 (2015: £179) in other CIS's in respect of which no income is earned. The total fair value of investments held of £32,109 (2015: £49,486) is disclosed in Note 13.

² Total accrued income is disclosed in the statement of financial position within the 'accrued income and prepaid expenses' category.

³ The Company's maximum exposure to loss from unconsolidated structured entities at 31 December 2016 is the sum total of seed investment held and fee income receivable from CIS's.

Maximum exposure to loss

The Company's maximum exposure to loss associated with its interests in these CIS's is limited to the carrying value of seed investment plus accrued income shown in the table above.

Financial support

The Company has not provided financial support to any of the CIS's 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 CIS's.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

23. 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 2016

24. 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 2016.

25. CONTINGENT LIABILITIES

As at 31 December 2016 there were no contingent liabilities (2015: £nil).

26. 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.