

Registered Number: 02190813



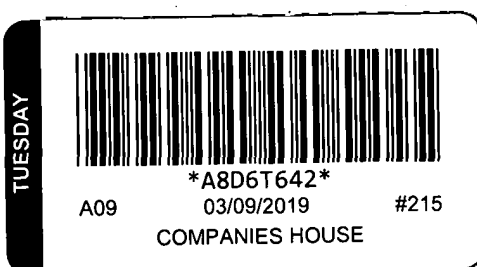
SARASIN

SARASIN INVESTMENT FUNDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2018



ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2018

DIRECTORS

C. Bell
S.A.M. Jeffries
J. Lake * (Chairman)
G.V. Matthews (Chief Executive Officer)

* Independent non-executive director

REGISTERED OFFICE

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

BANKERS

The Royal Bank of Scotland plc

AUDITOR

Deloitte LLP
Statutory Auditor
Hill House
1 Little New Street
London EC3A 3TR
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 2018

CONTENTS	Pages
Strategic Report	4 – 6
Directors' Report	7 – 8
Statement of Directors' Responsibilities	9
Report of the Independent Auditor	10 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 - 29

STRATEGIC REPORT

For the year ended 31 December 2018

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 Authorised Corporate Director ("ACD") for the following United Kingdom (U.K.) fund range: Sarasin Funds ICVC, an Open Ended Investment Company ("OEIC") with fourteen sub-funds; Sarasin Fund of Funds OEIC (four sub-funds); Sarasin Fund for Charities, a non-UCITS OEIC with one sub-fund, and; the Mazener Fund (OEIC). The Company is also Manager of Sarasin Charity Authorised Investment Funds, an umbrella authorised Unit Trust registered with the Charities Commission. The Unit Trust has three sub-funds, all launched in February 2018, two of which received the assets of the Alpha CIF for Endowments and the Alpha CIF for Income & Reserves (common investment funds suitable for charities) by way of a fund merger.

The Company is regulated by the Financial Conduct Authority ("FCA").

Business Review

Total Assets under Management ("AuM") for fund products under the Company's management and administration reduced by 6.1% over the year to £3.99bn as at 31 December 2018 (2017: £4.25bn), due to a combination of investment performance and net new asset flow across the product range. Despite this drop, revenue from core services increased by 2.2% on prior year to £39.14m (2017: £38.29m), which is reflective of the higher opening 2018 AuM position following growth experienced in the prior year. The following analysis relates the core trading performance of the Company to that of the underlying funds in respect of which it acts as ACD or Manager.

Investor asset flows across the product range for the year totalled a net outflow of -£147m. At the product level, Sarasin Funds ICVC decreased in AuM over the year by 7.5% from £2.01bn to £1.86bn. There were net outflows from equity income strategies including -£39m from Global Dividend (hedged and unhedged strategies combined), -£26m from Global Higher Dividend (hedged and unhedged) and -£23m from Sterling Bond. Global Equity Real Return attracted +£15m of net new investment. The Sterling hedged version of Thematic Global Equity also saw a net inflow (+£25m), albeit the unhedged version of the strategy saw a net redemption of £53m. It was an excellent year for Food & Agriculture Opportunities with a net inflow of +£75m, contributing to a 46% increase in the size of this ICVC sub-fund over the course of the year (£154m to £225m).

From an investment performance perspective, 2018 markets brought greater challenge than in 2017. Absolute performance was negative for the year across the product range, with the market sell-off in the final quarter of 2018 eroding any alpha that had been generated earlier in the period. Sterling hedged sub-funds suffered more than their unhedged counterparts due to Sterling's weakness. Equity income funds painted a rosier picture in relative terms, particularly Global Dividend, with outperformance to benchmarks whilst also achieving their income targets.

The two Alpha CIFs converted to a newly-established CAIF fund structure in February 2018 and a third strategy was added to the range, that of Climate Active Endowments, spinning off from the traditional Endowments model. Client switches took place from Endowments to Climate Active, and a level of redemption took place which resulted in a net outflow of -£268m over the year. The two Endowments Funds fared well against benchmark, although absolute performance was negative.

The Sarasin Fund of Funds OEIC saw AuM reduce to £63m by the year-end (2017: £88m) following net redemptions totalling -£17m across the sub-funds in a year where performance was challenging.

Administrative expenses for the Company increased by £1.26m to £5.32m (2017: £4.06m) due principally to growth in the cost of fund administration, with small additional increases in irrecoverable VAT and the cost of recharged services from parent Sarasin & Partners LLP. Profit before tax has reduced marginally by 1.4% to £6.52m for the year (2017: £6.61m).

The Company's Statement of Financial Position has grown in net asset terms by 5.7% to £9.77m (2017: £9.22m). The growth on prior year was due to the transfer of 2018 profits of £5.28m to retained earnings net of £4.73m paid in dividends during the year. Cash reserves have increased by 3% to £10.52m (2017: £10.21m).

STRATEGIC REPORT

For the year ended 31 December 2018

Business Review (continued)

The United Kingdom's potential withdrawal from the European Union ("E.U."), known as 'Brexit', has created uncertainty for investment management businesses in the UK in terms of the shape of regulation post-Brexit, the extent of future E.U. market access, and potential arrangements surrounding a transition agreement. Withdrawal is not anticipated to impact upon the operations of the Company.

The Company will continue to act as ACD/Manager for the U.K. fund range through the coming year, creating and changing fund structures as required by the needs of the business. The Directors look forward with confidence to the outlook for 2019.

Risk Management

Assessing and assuming risks are an integral part of any asset management business. The Company is part of a group that has a policy of identifying and controlling risk. 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 the Group's business segments, including those of the Company. 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 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 monitors core operational risk using a risk matrix which is updated as new concerns arise. Operational Risk Self-Assessment is utilised, whereby business units rate the risks within their environment, creating key risk indicators that are then monitored on an ongoing 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; and
- 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 latest ICAAP, are:

- Trading error;
- Fraud;
- Investment process breach (including pre-trade compliance and asset valuation); and
- Breach of regulation

Credit Risk

Credit risk is the risk of loss caused by the failure of a counterparty to fulfil their contractual obligations. Concentration of assets with a particular counterparty can contribute to an increase in the level of risk.

The Company's principal financial assets, and therefore its primary source of credit risk, are cash balances held at bank and trade and other receivables.

STRATEGIC REPORT

For the year ended 31 December 2018

Risk Management (continued)

Credit Risk (continued)

The credit risk on cash at bank is restricted via usage of counterparty banks with credit ratings assigned by international credit rating agencies. The credit risk on debtor balances arising from transactions in fund products is generally limited as these transactions normally settle within four days. Concentration risk from transactions in fund products is limited as exposures are spread over a large number of counterparties.

Credit risk exposure is regularly reviewed and is managed in accordance with the risk appetite of the business via the application of policy set in relation to the type of counterparty used, the level of concentration allowed, and in the case of cash deposits, counterparty limits set.

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.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business above. The financial position of the Company, its cash flows and liquidity position are reflected in the financial statements on pages 12 to 29.

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:



C. Bell

Director

4 April 2019

DIRECTORS' REPORT

For the year ended 31 December 2018

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 2018.

Dividends

The Company's profit for the year to be transferred to reserves is set out in the Statement of Comprehensive Income on page 12. The Directors do not recommend the payment of a final dividend for the year (2017: 1,692p per ordinary share). An interim dividend of 200p per ordinary share, totalling £500,000, was declared and paid during the year (2017: 200p per ordinary share).

Financial Risk Management

Financial risk management objectives and policies and financial exposures are disclosed in the Risk Management section of the Strategic Review and Note 22.

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/important-information.

Directors

The Directors who served during the year ended 31 December 2018 and up to the date of signing of the Annual Report and financial statements are as follows:

C. Bell

S.A.M Jeffries

J. Lake *Chairman*

G.V. Matthews *Chief Executive Officer*

Remuneration Disclosure

The provisions of the Undertakings for Collective Investment in Transferable Securities ("UCITS") Remuneration Code and the Alternative Investment Fund Managers Directive ("AIFMD") require the fund manager, the Company, to establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, prospectuses, trust deeds and deeds of constitution of the funds to which it has been appointed (the "Funds") nor impair compliance with the Company's duty to act in the best interests of the Funds.

As the nature and range of the Company's activities, its internal organisation and operations are, in the Directors' opinion, limited in their nature, scale and complexity, that is, to the business of a management company engaging in collective portfolio management of investments of capital raised from the public, this is reflected in the manner in which the Company has addressed certain requirements regarding remuneration imposed upon it by the regulations.

The board of directors of the Company (the "Board") consists of four directors (each a Director). The Company has no additional employees.

The Company has delegated the performance of the investment and re-investment of the assets of the Funds to Sarasin & Partners LLP (the "Investment Manager").

As noted below, the Company relies on the remuneration policies and procedures of each delegate to ensure that their remuneration structures promote a culture of investor protection and mitigate conflicts of interest.

The regulations provide that the remuneration policies and practices shall apply to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the Funds.

DIRECTORS' REPORT

For the year ended 31 December 2018

Remuneration Disclosure (continued)

It should be noted that the Company has appointed the Board and has no additional employees. The Company has also appointed the Investment Manager under an investment management agreement, which sets out the commercial terms under which the Investment Manager is appointed. Given that the Company does not directly remunerate any individuals engaged in the performance of the investment management activity, and staff of the Investment Manager are not remunerated solely for their work in relation to services provided to the Company, it is not possible to separately identify remuneration related to service provision specific to the Company, and any allocation approach is considered, by the Board, not to provide meaningful disclosure.

The four Directors are therefore considered to be those that have a material impact on the risk profile of the Funds. Accordingly, the remuneration provisions of the regulations only affect the Company with regard to the Board.

Each Director is entitled to be paid a fixed director's fee based on an expected number of meetings and the work required to oversee the operations of the Company, which is considered to be consistent with the powers, tasks, expertise and responsibility of the Directors. The fee payable to each Director is reviewed from time to time, based on the evolution of the Company's activities and the aggregate fees payable are disclosed in the prospectus of the Funds. The Directors do not receive performance based variable remuneration, therefore avoiding any potential conflicts of interest. In addition, three of the Directors have waived the fees to which they would otherwise be entitled. As a result, the total fixed and variable remuneration of the four Directors of the Board who are considered to comprise the entire staff of the Company for the financial year ending 31 December 2018 is £10,000 (2017: £5,692), comprising wholly of fixed remuneration. Further disclosure is provided in Note 19.

Given the internal organisation of the Company, and considering its size with the limited nature, scope and complexity of its activities, it is not considered proportionate for the Company to set up a remuneration committee. The Board notes that the net assets of the Funds and the legal structure of the Company as a management company with a Board of Directors and no other employees are factors supporting the view that a remuneration committee would not be considered appropriate for the Company.

The Board receives confirmation from the Investment Manager on an annual basis that there has been no material change to its remuneration policy, or if there has been a material change, receives details of those changes to the Board. The Remuneration Policies of the Company and of Sarasin & Partners LLP are available at www.sarasinandpartners.com/important-information.

Directors' Indemnities

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

Auditor

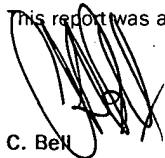
Each of the persons who is a Director at the date of approval of this report confirms that:

- 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 ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2016.

Approval

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


C. Bell

Director

4 April 2019

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE INDEPENDENT AUDITOR

To the Members of Sarasin Investment Funds Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sarasin Investment Funds Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (the "FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITOR

To the Members of Sarasin Investment Funds Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Stuart McLaren (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

4 April 2019

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue	6	39,141,560	38,288,547
Cost of sales		(27,305,606)	(27,645,497)
Gross profit		11,835,954	10,643,050
Administrative expenses		(5,322,953)	(4,061,338)
Profit from operations	7	6,513,001	6,581,712
Interest income	8	15,501	27,675
Finance costs	9	(6,130)	(4,457)
Profit before taxation		6,522,372	6,604,930
Taxation	10	(1,246,844)	(1,271,449)
Profit and total comprehensive income for the year		5,275,528	5,333,481

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 2018

	Notes	2018 £	2017 £
Assets			
Non-current assets			
Investment in subsidiaries	11	1,000	1,000
Current assets			
Investment securities at fair value through profit or loss	12	5,780	41,693
Trade and other receivables:			
Amounts due from Trustee & Depository	13	5,493,505	561,342
Amounts due from customers	13	3,672,560	1,115,769
Accrued income and prepaid expenses	13	12,283	3,499,942
Other receivables	13	80,255	186,518
Cash and cash equivalents	14	10,521,277	10,214,408
Total assets		19,786,660	15,620,672
Liabilities and shareholder's equity			
Current liabilities			
Trade and other payables:			
Amounts due to Trustee and Depository		3,295,246	964,583
Amounts due to customers		2,248,169	648,280
Other liabilities	15	411,247	1,202,841
Accrued expenses		3,526,988	2,967,057
Current tax liabilities		536,394	614,823
Total liabilities		10,018,044	6,397,584
Shareholder's equity			
Issued capital	16	250,000	250,000
Retained earnings		9,518,616	8,973,088
Total shareholder's equity		9,768,616	9,223,088
Total liabilities and shareholder's equity		19,786,660	15,620,672

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 of Sarasin Investment Funds Limited (Company no. 02190813) on 4 April 2019 and authorised for issue and signed on its behalf by:


C. Bell
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Notes	Issued capital	Retained earnings	Total
		£	£	£
Balance at 1 January 2017		250,000	7,939,607	8,189,607
Total comprehensive income		-	5,333,481	5,333,481
Dividend paid	17	-	(4,300,000)	(4,300,000)
Balance at 31 December 2017		250,000	8,973,088	9,223,088
Total comprehensive income		-	5,275,528	5,275,528
Dividends paid	17	-	(4,730,000)	(4,730,000)
Balance at 31 December 2018		250,000	9,518,616	9,768,616

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 2018

	Notes	2018 £	2017 £
Operating activities			
Profit before taxation		6,522,372	6,604,930
Interest income		(15,501)	(27,675)
Finance costs		6,130	4,457
Operating cash flows before movements in working capital		6,513,001	6,581,712
(Increase)/decrease in receivables		(3,895,032)	3,060,832
Increase/(decrease) in payables		3,698,889	(2,907,187)
Cash generated by operations		6,316,858	6,735,357
Corporation tax paid		(1,325,273)	(1,223,380)
Net cash flows from operating activities		4,991,585	5,511,977
Investing activities			
Decrease/(increase) in current asset investments		35,913	(9,584)
Interest received		15,501	27,675
Net cash flows from investing activities		51,414	18,091
Financing activities			
Dividends paid		(4,730,000)	(4,300,000)
Interest paid		(6,130)	(4,457)
Net cash flows used in financing activities		(4,736,130)	(4,304,457)
Net increase in cash and cash equivalents		306,869	1,225,611
Cash and cash equivalents at beginning of year		10,214,408	8,988,797
Cash and cash equivalents at end of year	14	10,521,277	10,214,408

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 2018

1. CORPORATE INFORMATION

The Company is a private Company limited by shares, incorporated in the United Kingdom (U.K.) under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is disclosed 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 ("IFRS") 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.

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.

The principal accounting policies adopted, which have been applied consistently in the current and prior year, are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue represents fees receivable for the provision of Management and Administration services to investment funds and is presented net of value added tax, rebates and discounts.

Management services relate to the role of ACD/Manager of investment funds as described in fund constitutional documentation. Administration fees enable the Company to discharge certain fees and expenses on behalf of funds, as set out in fund Prospectuses.

Management and Administration fees are calculated based on a percentage of the net asset value of funds as disclosed, on a share class basis, in Prospectuses. Fees are accrued daily as services are provided and it is probable that fees will be receivable, and settle monthly in arrears.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

(a) Recognition and Measurement of Financial Assets

The Company recognises a financial asset when it becomes a party to the contractual provisions of the instrument. The Company initially recognises trade and other receivables on the date of the transaction. At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of a financial asset measured at fair value through profit or loss are recognised as profit or loss.

(b) Classification of Financial Assets

The Company classifies financial assets at initial recognition as financial assets measured at amortised cost or financial assets measured at fair value through profit or loss.

(i) Financial assets measured at amortised cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortised cost: (i) the financial asset is held within the Company's business model whose objective is to hold assets in order to collect contractual cash flows, and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset measured at amortised cost is initially recognised at fair value plus transaction costs directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortised cost is determined using the effective interest method, net of impairment loss, if necessary.

The Company's financial assets measured at amortised cost comprise of trade and other receivables (principally management and administration fees receivable) and cash and cash equivalents (comprising of cash at bank and short-term deposits). 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.

(ii) Financial assets measured at fair value through profit or loss

Financial assets classified as "at fair value through profit or loss" are measured at fair value with changes in fair value recognised in profit or loss. A financial asset measured at fair value through profit or loss is recognised initially at fair value and its transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss.

The Company's financial assets measured at fair value through profit or loss comprise of seed investments in investment funds for which the Company acts as ACD/Manager.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial Instruments: Financial Liabilities

(a) Recognition and Measurement of Financial Liabilities

The Company recognises a financial debt when it becomes a party to the contractual provisions of the instrument.

(b) Classification of Financial Liabilities

(i) Financial liabilities measured at amortised cost

A financial liability other than those measured at fair value through profit or loss is classified as a financial liability measured at amortised cost. A financial liability at amortised cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortised cost based on the effective interest rate method. The Company's financial liabilities measured at amortised cost include trade and other payables and bank overdrafts.

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value. After initial recognition, the financial liability is measured at fair value with subsequent changes recognised as profit or loss. The Company does not have any financial liabilities measured at fair value through profit or loss.

(c) Derecognition of Financial Liabilities

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled or expired.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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. ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations 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 and interpretations 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 2017. Accordingly, no third Statement of Financial Position has been presented.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

5. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Standards and interpretations not affecting the reported results nor the financial position (continued)

Standards

IFRS 9: Financial Instruments (and amendments)

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities and (ii) impairment for financial assets.

IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 (Financial Instruments: Recognition and Measurement) with three classification categories: amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI). IFRS 9 is a more principles-based approach to the classification of financial assets. The Company's business model and the contractual cash flows arising from its financial assets determine the appropriate classification of those assets. The Company has assessed its financial assets and liabilities in accordance with the new classification requirements and there have been no changes in classification or measurement.

In addition, IFRS 9 introduces an 'expected credit loss' model for the assessment of impairment of financial assets. The IAS 39 'incurred credit loss' model required the Company to recognise impairment losses when there was objective evidence that an asset was impaired. Under the new expected credit loss model, impairment losses are recorded if there is an expectation of credit losses. It is no longer necessary for a credit event to have occurred before credit losses are recognised. This model applies to the Company's financial assets excluding investments held at FVTPL, i.e. trade and other receivables. These assets do not have a history of credit risk or expected future recoverability issues. Under the expected credit loss model there is no impairment to be recognised and hence no change to the carrying values of the Company's assets. IFRS 9 has not been applied retrospectively therefore information presented for the prior year has not been restated.

IFRS 15 – Revenue from Contracts with Customers (and clarifications)

IFRS 15 and related clarifications are effective for annual periods beginning on or after 1 January 2018 and replace IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. IFRS 15 establishes a single, principles-based revenue recognition model to be applied to all contracts with customers.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to that customer. Revenue must be recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The principle must be applied using the following five-step approach: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognise revenue when or as the entity satisfies its performance obligations.

The Company has considered these changes in light of contractual terms in place and assessed the timing of revenue recognition. Management and administrative fee income is recorded as the underlying management and administrative activities (services) take place, and do not include performance or other obligations (excluding standard duty of care requirements). The Company has not identified any material changes to revenue recognition principles. The adoption of IFRS 15 from 1 January 2018 does not have a material impact on the Company's reported results. IFRS 15 has not been applied retrospectively therefore information presented for the prior year has not been restated.

Amendments

IFRS 2: Share-based Payments (Classification and Measurement)

The amendments provide guidance on three issues: (i) the classification of share-based payment transactions with net settlement features for withholding tax obligations, (ii) accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settle, and (iii) the effects of vesting conditions on the measurement of a cash-settled share-based payment. The Company has not entered into any share-based payment arrangements, therefore the amendments do not impact upon the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

5. ADOPTION OF NEW AND REVISED STANDARDS (continued)

Amendments (continued)

IFRS 4: Insurance Contracts (Interaction with IFRS 9 Financial Instruments)

An entity applying the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity applying the deferral approach does so for annual periods beginning on or after 1 January 2018 and can only be used for three years. The Company does not undertake insurance activity, therefore the amendments do not impact upon the Company.

IAS 40: Investment Property (Transfers of Investment Property)

Amendments clarify that to transfer to, or from, investment property, there must be a change in use involving an assessment of whether the property meets, or has ceased to meet, the definition of investment property, and supporting evidence that a change in use has occurred. Examples were updated. The Company does not hold investment property therefore the amendments do not impact upon the Company.

Annual Improvements to IFRS's 2014 – 2016 cycle

Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards remove certain short-term exemptions that have served their purpose. Amendments to IAS 28 Investment in Associates and Joint Ventures clarify that the election to measure at fair value through profit or loss an investment in an associate or joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments do not impact upon the Company.

IFRIC 22- Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies how to assess the date of the transaction to determine the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from advance consideration in a foreign currency. These amendments do not impact upon the Company.

Standards and interpretations 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 3 (amendments)	Business Combinations
IFRS 9 (amendments)	Financial Instruments
IFRS 16	Leases
IFRS 17	Insurance Contracts
IAS 1 (amendments)	Presentation of Financial Statements
IAS 8 (amendments)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 19 (amendments)	Employee Benefits
IAS 28 (amendments)	Investments in Associates and Joint Ventures
Annual Improvements to IFRSs: 2015 – 2017 Cycle	Amendments to: IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
IFRIC 23	Uncertainty over Income Tax Treatments
References to the Conceptual Framework in IFRS Standards (amendments)	

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. 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

6. REVENUE

	2018	2017
	£	£
The Company's revenue is stated net of VAT and is analysed as follows:		
Management fees	33,572,314	33,889,127
Administration fees	5,507,165	4,330,886
(Loss)/profit on sale of units including initial charges	(1,618)	2,935
Other income	63,699	65,599
	39,141,560	38,288,547

Revenue arises from services provided in the United Kingdom.

7. PROFIT FROM OPERATIONS

	2018	2017
	£	£
Profit from operations has been arrived at after charging:		
Auditor remuneration (see analysis below)	232,275	175,966
Net foreign exchange gain	(5,081)	(2,751)
The analysis of auditor remuneration is set out below:		
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	15,000	15,000
Fees payable to the Company's auditor and their associates for other services to the Group: audit of the Company's managed funds	154,393	129,466
Total audit fees	169,393	144,466
Audit-related assurance services ¹	39,000	31,500
Taxation advisory services ²	13,882	-
Other assurance services ²	10,000	-
Total non-audit fees	62,882	31,500
Total audit and non-audit fees	232,275	175,966

¹ Audit-related assurance services comprise client asset assurance services ("CASS") in the current and prior year.

² Taxation advisory and other assurance services are in respect of the Company's managed funds.

8. INTEREST INCOME

	2018	2017
	£	£
Interest on cash at bank	15,501	27,675

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

9. FINANCE COSTS

	2018	2017
	£	£
Interest - bank overdrafts	2,668	4,029
Interest - other	3,462	428
	6,130	4,457

10. TAXATION

	2018	2017
	£	£
Current tax:		
U.K. corporation tax based on profit for the year	1,246,844	1,271,449
Total tax	1,246,844	1,271,449
Tax reconciliation:		
Profit before tax	6,522,372	6,604,930
Profit for the year, multiplied by the standard rate of corporation tax in the U.K. of 19.00% (2017: 19.25%)	1,239,251	1,271,449
Tax under-provided in previous years	7,593	-
Total tax expense reported in the Statement of Comprehensive Income	1,246,844	1,271,449
Effective tax rate for the year	19.12%	19.25%

The Company's effective tax rate for the year has fallen in comparison to the prior year due to the effect of the drop in statutory corporation tax rate from 20% to 19% effective 1 April 2017, offset in part by an under-provision recognised in respect of prior years.

Corporation tax payable of £536,394 (2017: £614,823) is outstanding at 31 December 2018, disclosed within Current tax liabilities in the Statement of Financial Position.

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 2018

11. INVESTMENT IN SUBSIDIARIES

	2018	2017
	£	£
SIF Nominees UK Limited	1,000	1,000

The Company has one direct subsidiary investment, SIF Nominees UK Limited, which is valued at cost less provision for impairment. The subsidiary is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The registered address of the subsidiary is Juxon House, 100 St. Paul's Churchyard, London, EC4M 8BU, United Kingdom. Further details are set out below:

Company	Description of shares held	Proportion of ownership interest and voting power	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.

12. INVESTMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	£	£
Investment securities at fair value through profit or loss	5,780	41,693

Investment securities at fair value through profit or loss comprise direct equity seed holdings in Sarasin investment funds.

The fair value hierarchy, which reflects the level of judgement involved in estimating fair values, is as follows:

- Level 1: The unadjusted quoted price in an active market for an identical instrument that the entity can access at the measurement date.
- Level 2: Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e., developed using market data).
- Level 3: Valuation techniques using unobservable inputs (i.e., for which market data is unavailable).

These investments are classified as level 2 as value is readily observable and is 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 total fund size and is held for the short-term in order to launch/maintain a fund share class. Given the size of 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. TRADE AND OTHER RECEIVABLES

Trade and other receivables are payable on demand or within one year.

Management and administration fee income due at the year-end is disclosed within 'Amounts due from Trustee & Depository' in 2018, which differs from prior year where amounts due were disclosed within 'Accrued income and prepaid expenses'. This is due only to a change in the timing of invoice issuance.

The carrying value of trade and other receivables approximates their fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

14. CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash at bank	10,521,277	10,214,408

All balances are unsecured and repayable on demand. Cash at bank earned 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%.

15. OTHER LIABILITIES

	2018	2017
	£	£
Trade creditors	204,013	227,499
Amounts payable to Group entities	207,141	324,473
Other payables	93	650,869
	411,247	1,202,841

All other liabilities are repayable on demand or within one year. The carrying value of other liabilities approximates their fair value.

16. SHARE CAPITAL

	2018	2017
	£	£
Authorised:		
Ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid:		
250,000 (2017: 250,000) Ordinary shares of £1 each	250,000	250,000

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 December 2018**

17. DIVIDENDS

	2018	2017
	£	£
Amounts recognised as distributions to the equity holder in the year:		
Interim dividend for the year ended 31 December 2018: 200p	500,000	-
Final dividend for the year ended 31 December 2017: 1,692p	4,230,000	-
Interim dividend for the year ended 31 December 2017: 200p	-	500,000
Final dividend for the year ended 31 December 2016: 1,520p	-	3,800,000
	4,730,000	4,300,000
Proposed final dividend for the year ended 31 December 2018: nil p (2017: 1,692p)	-	4,230,000

18. EMPLOYEES

The Company had no employees in the year (2017: nil).

19. REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2018	2017
	£	£
In respect of qualifying services:		
Director fees – J. Lake	10,000	5,692

All other 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. RELATED PARTY TRANSACTIONS

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

	Revenues		Expenses		Amounts owed from/(to) Related Parties	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Sarasin & Partners LLP	63,000	63,000	27,419,061	27,676,393	(206,141)	(323,473)

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

Expenses paid to Sarasin & Partners LLP relate to services for the investment management and distribution of funds and management charges for the provision of staff, property facilities, information, legal and compliance services and other administrative costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. RELATED PARTY TRANSACTIONS (continued)

Transactions between the Company and fellow Group companies (continued):

In addition to the amounts disclosed in the table above:

- Accrued expenditure of £2,190,830 (2017: £2,278,910) payable to Sarasin & Partners LLP in respect of services for investment management and distribution of funds is disclosed within accrued expenses in the Statement of Financial Position;
- A liability of £1,000 (2017: £1,000) is owed to subsidiary SIF Nominees UK Limited relating to investment in share capital;
- The Company paid dividends during the year to its immediate parent, Sarasin & Partners LLP, totalling £4.73m (2017: £4.30m);
- The Company is a beneficiary of a £2.1m overdraft facility guarantee from its immediate parent entity (2017: £2.1m);
- The Company has entered into a subordinated loan facility with its immediate parent, Sarasin & Partners LLP, in the amount of £2m (2017: £2m); and
- J. Lake received £10,000 during the year for director services (2017: £5,692).

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.

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 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 on the following page 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 2018

21. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (continued)

Asset Class	Total AUM		Revenue ¹	
	2018	2017	2018	2017
	£m	£m	£	£
Equity	1,428	1,548	17,259,188	17,917,414
Multi-asset	2,258	2,336	19,275,927	17,755,665
Fund of funds	62	87	884,965	1,034,148
Fixed income	244	277	1,659,399	1,512,786
	3,992	4,248	39,079,479	38,220,013

Asset Class	Fair value of investments held ²		Trade and other receivables ³		Maximum exposure to loss ⁴	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Equity	2,269	31,560	1,424,547	1,500,338	1,426,816	1,531,898
Multi-asset	2,391	-	1,629,741	1,524,359	1,632,132	1,524,359
Fund of funds	-	7,859	62,752	84,450	62,752	92,309
Fixed income	999	2,108	128,298	146,637	129,297	148,745
	5,659	41,527	3,245,338	3,255,784	3,250,997	3,297,311

Notes:

¹ Revenue includes management and administration fees as disclosed in Note 6.

² The Company also holds investments totalling £121 (2017: £166) in other CIS's in respect of which no income is earned. The total fair value of investments held of £5,780 (2017: £41,693) is disclosed in Note 12.

³ Trade and other receivables comprise trade debtor fee income disclosed in the Statement of Financial Position within 'amounts due from trustee and depository'. In 2017, trade and other receivables comprise accrued income disclosed in the Statement of Financial Position within 'accrued income and prepaid expenses'.

⁴ The Company's maximum exposure to loss from unconsolidated structured entities at 31 December 2018 is the sum total of seed investment held and trade and other receivables 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 2018

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 the shareholder. The capital structure of the Company consists entirely of equity, comprising issued capital and retained earnings as disclosed in the Statement of Financial Position. The Company has no restrictions or specific capital requirements other than capital adequacy requirements by the FCA. These requirements are monitored by the Company on an ongoing basis. There were no recorded breaches of the requirements during the year.

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 management information and risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (incorporating foreign currency risk and interest rate risk), credit risk, liquidity risk and solvency risk.

Market Risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and, to a lesser extent, interest rates (see below). The Company does not take material proprietary investment 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

Foreign currency risk is the risk that arises from a change in the price of one currency against another. It is defined as the risk that exchange rates will change unfavourably, particularly where there are assets, income flows, liabilities or expenditure flows in different currencies and their positions are not hedged. The Company is exposed to foreign currency risk through its assets, liabilities, income and expenses denominated in currencies other than Sterling, where their positions are not hedged. Exposure is limited to balances that are required for the settlement of transactions with the Company's managed funds, denominated in foreign currencies that are principally restricted to the major global currencies. These balances are normally held for a maximum of four days and are always held in the currency ultimately payable or receivable. Risk is managed via the regular monitoring of the level and duration of contractual exposure to these currencies and movements in rates of exchange to Sterling.

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 bank overdrafts held from time to time for the settlement of transactions in the Company's managed funds, 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 is considered to be a principal financial risk of the Company and is explained within the Risk Management section of the Strategic Report on p.5.

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 short-term 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.

Solvency Risk

Solvency risk is the risk that the Company cannot meet its long-term debts and financial obligations for full value even after disposal of its assets. The Company's solvency is monitored and maintained by the Finance department and the Board 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 2018

23. POST BALANCE SHEET EVENTS

No events have occurred since the reporting date that have an impact on the Statement of Financial Position or Statement of Comprehensive Income for 2018.

24. CONTINGENT LIABILITIES

As at 31 December 2018 there were no contingent liabilities (2017: £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.

Bank J. Safra Sarasin Limited is ultimately owned by Mr. Joseph Y. Safra and members of his family.