

SARACEN FUND MANAGERS LIMITED

Report and Financial Statements

31 March 2011

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SARACEN FUND MANAGERS LIMITED

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SARACEN FUND MANAGERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Fisher
G H Campbell
J C Spence
D A Leaf

SECRETARY

Maclay Murray & Spens
1 George Square
Glasgow G2 1DY

REGISTERED OFFICE

19 Rutland Square
Edinburgh EH1 2BB

BANKERS

Bank of Scotland
Chief Office
110 St Vincent Street
Glasgow G2 5ES

SOLICITORS

Maclay Murray & Spens
1 George Square
Glasgow G2 1DY

INDEPENDENT AUDITOR

Deloitte LLP
Chartered Accountants & Statutory Auditor
Glasgow

SARACEN FUND MANAGERS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year to 31 March 2011. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITY

The company's principal activity is investment management.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

During the year the company has continued to act as investment manager and Authorised Corporate Director for Saracen Investment Funds ICVC, an investment company with variable capital.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £85,030 (2010 - £206,611). Full details of the results are set out in the profit and loss account on page 7. The dividend distributed for the year was £300,000 (2010 - £300,000).

GOING CONCERN

The Directors regularly review the risk and uncertainties inherent in the business to ensure that the business has sufficient resources to operate profitably and to generate a high level of free cash flow. The forecasts for the company support the view of the Directors that the company has more than adequate resources to operate profitably and to generate a high level of free cash flow. Accordingly the Directors continue to adopt the going concern basis in preparing the financial statements of the company.

POLITICAL & CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the current or prior year.

DIRECTORS AND THEIR INTERESTS

The following directors held office throughout the year (except where otherwise shown):

J C Fisher

G H Campbell (appointed 1 February 2011)

J C Spence

D A Leaf (appointed 1 February 2011)

The interest of the directors in the share capital of the company was as follows:

	31 March 2011 Ordinary shares of £0.10 each	31 March 2011 Preference shares of £1 each	31 March 2010 Ordinary shares of £0.10 each	31 March 2010 Preference shares of £1 each
J C Fisher	1,701	127,500	1,701	-
J C Spence	100	7,500	100	-

SARACEN FUND MANAGERS LIMITED

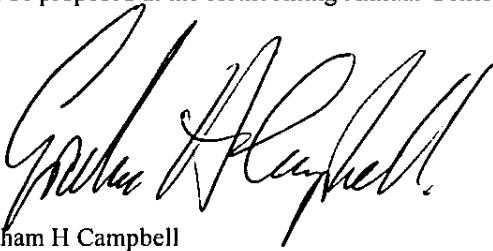
DIRECTORS' REPORT (continued)

AUDITORS

In the case of each of the persons who are Directors of the company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in s418 of the Companies Act 2006) of which the company's auditor is unaware; and
- each of the Directors has taken all steps he ought to have taken as a Director to make himself aware of any relevant audit information (as defined in s418 of the Companies Act 2006) and to establish that the company's auditors is aware of this information.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

A handwritten signature in black ink, appearing to read 'Graham H Campbell', is written over the printed name.

Graham H Campbell

Approved by the Board of Directors
and signed on its behalf

28 July 2011

SARACEN FUND MANAGERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARACEN FUND MANAGERS LIMITED

We have audited the financial statements of Saracen Fund Managers Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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. 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 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

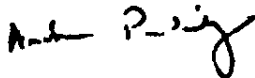
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARACEN FUND MANAGERS LIMITED (continued)

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.



Andrew Partridge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Glasgow, United Kingdom
28 July 2011

SARACEN FUND MANAGERS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2011

	Note	2011 £	2010 £
TURNOVER	1	521,514	669,812
Administrative expenses		(421,798)	(451,001)
Other operating income		13,537	51,777
OPERATING PROFIT	2	113,253	270,588
Interest receivable and similar income		335	535
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		113,588	271,123
Taxation	4	(28,558)	(64,512)
PROFIT FOR THE FINANCIAL YEAR	12	85,030	206,611

All amounts shown in the profit and loss account relate to continuing operations.

There have been no recognised gains or losses other than as shown above. Accordingly, no Statement of Total Recognised Gains and Losses is provided.

There is no difference between the profits on ordinary activities before taxation and the retained profit for the period, stated above, and their historical cost equivalent.

SARACEN FUND MANAGERS LIMITED

BALANCE SHEET

As at 31 March 2011

	Note	31 March 2011 £	31 March 2010 £
FIXED ASSETS			
Tangible assets	5	14,540	-
CURRENT ASSETS			
Debtors	6	47,494	73,048
Cash at bank and in hand		303,967	649,102
		351,461	722,150
CREDITORS: amounts falling due within one year	7	(64,097)	(355,276)
NET CURRENT ASSETS		287,364	366,874
TOTAL ASSETS LESS CURRENT LIABILITIES		301,904	366,874
CREDITORS: amounts falling due after more than one year	8	(150,000)	-
NET ASSETS		151,904	366,874
CAPITAL AND RESERVES			
Called up share capital	9	200	200
Profit and loss account	12	135,204	350,174
Capital redemption reserve	12	15,010	15,010
Share premium	12	1,490	1,490
SHAREHOLDERS' FUNDS	10	151,904	366,874

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

These financial statements of Saracen Fund Managers Limited (registered number SC 180545) were approved and authorised for issue by the Board of Directors on 28 July 2011.

Signed on behalf of the Board of Directors by:


G H Campbell
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Turnover

Tangible fixed assets

Depreciation is calculated to write off the costs less estimated residual value of fixed assets by equal annual instalments over their estimated useful lives which are considered to be:

Computer hardware and software	3 years
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Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax liabilities are not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Operating leases

Rentals under operating leases are charged to the profit and loss account in equal amounts over the lease term.

Cash flow statement

The company has taken advantage of the exemption available under Financial Reporting Standard No. 1 (Revised) not to present a cash flow statement as it is a small entity, as defined in the Companies Act 2006.

2. OPERATING PROFIT

	2011 £	2010 £
This is stated after charging the following:		
Directors' remuneration	141,525	123,935
Property lease rental	14,036	18,700
Fees payable to the Company's auditor for the audit of the Company's annual accounts	3,000	2,896
Fees payable to the Company's auditor for tax services	3,350	1,100

SARACEN FUND MANAGERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****Year ended 31 March 2011****3. INFORMATION REGARDING EMPLOYEES**

	2011 No.	2010 No.
Average number of employees (including executive directors)	<u>3</u>	<u>3</u>
	2011 £	2010 £
Staff costs (including Directors)		
Wages and salaries	299,298	248,575
Social security costs	<u>25,014</u>	<u>95,469</u>
	<u>324,312</u>	<u>344,044</u>
Directors' remuneration:	£	£
Emoluments	<u>151,525</u>	<u>123,935</u>

SARACEN FUND MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2011

4. TAXATION

	2011 £	2010 £
i) Analysis of tax charge on ordinary activities		
UK Corporation tax charge	21,419	49,003
Adjustments in respect of prior periods	(38)	1,311
	<u>21,381</u>	<u>50,314</u>
Reversal of timing differences	7,177	9,441
Effect of changes in tax rate	-	4,757
Deferred taxation	-	14,198
	<u>28,558</u>	<u>64,512</u>
ii) Factors affecting tax charge for the current period		
Profit on ordinary activities before taxation	113,588	271,123
Tax on profit on ordinary activities at 21% (2010: 21%)	23,854	56,935
Expenses not deductible for tax purposes	4,742	1,509
Capital allowances in excess of depreciation	(3,119)	(82)
Movement in short term timing differences	(4,058)	(9,359)
Prior period adjustments	(38)	1,311
	<u>21,381</u>	<u>50,314</u>

5. TANGIBLE FIXED ASSETS

	Computer hardware and software £
Cost	
At 1 April 2010	31,000
Additions	14,450
Disposals	(31,000)
	<u>14,450</u>
At 31 March 2011	
Depreciation	
At 1 April 2010	31,000
Charge for the year	-
Disposals	(31,000)
	<u>-</u>
At 31 March 2011	
Net book value	
At 31 March 2011	<u>14,450</u>
At 1 April 2010	<u>-</u>

SARACEN FUND MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2011

6. DEBTORS

	2011 £	2010 £
Trade debtors	43,624	68,219
Other debtors	3,870	-
Deferred tax asset	-	4,829
	<u>47,494</u>	<u>73,048</u>

A deferred tax asset has been recognised at 31 March 2011 of £nil (2010: £4,829). This had arisen due to pension contributions in the prior year.

7. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Amounts falling due within one year:		
Accruals	3,750	26,140
Tax and social security creditors	9,750	7,804
Corporation tax	21,418	49,003
Other creditors	26,831	272,329
Deferred tax liability	2,348	-
	<u>64,097</u>	<u>355,276</u>

8. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Redeemable preference shares	<u>150,000</u>	<u>-</u>
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On 1 April 2010 the company issued and allotted as fully paid up for cash at fair value, 300,000 Redeemable Preference Shares of £1.00 each. The directors purchased 270,000 of the shares from the company on 1 April 2010. On 23 January 2011, 50% of the Redeemable Preference shares in issue were redeemed by the company at par.

Redeemable preferences shares carry an entitlement to discretionary dividends and will be redeemed by the company five years from the date of issue. The company may redeem the shares in advance of the expiry date if an agreement with the shareholders is reached. Holders of the redeemable preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of £1 per share.

SARACEN FUND MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2011

9. SHARE CAPITAL

As at 31 March 2011

	Authorised No.	Issued and Fully Paid No.	£
Ordinary shares of £0.10 each	2,100	2,000	200
Redeemable preference shares of £1 each	300,000	150,000	150,000

There has been no change to the ordinary shares authorised, issued and fully paid from 31 March 2010. There were no redeemable preference shares authorised or issued as at 31 March 2010.

The redeemable preference share are presented as a liability (see note 8) and accordingly are excluded from called-up share capital in the balance sheet.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
Profit for the financial year	85,030	206,611
Opening shareholders' funds	366,874	460,263
Dividend paid	(300,000)	(300,000)
Closing shareholders' funds	151,904	366,874

11. RELATED PARTY TRANSACTIONS

The company acts as investment manager and Authorised Corporate Director for Saracen Investment Funds ICVC. In respect of the year ended 31 March 2011 the company charged Saracen Investment Funds ICVC management fees of £521,514 (2010 - £669,812) and recharged expenses totalling £16,653 (2010 £43,604). Management fees outstanding from Saracen Investment Funds ICVC as at 31 March 2011 totalled £43,624 (2010 - £68,219).

On 8 December 2010, the FSA approved a change in the ownership of the company. Once enacted this will result in new shares being issued for G H Campbell and D A Leaf and a reduced number of shares being held by J C Fisher.

12. RESERVES

	Share Capital £	Share premium account £	Capital redemption reserve £	Profit & Loss account £	Total £
As at 1 April 2010	200	1,490	15,010	350,174	366,874
Profit for the year	-	-	-	85,030	85,030
Dividend paid	-	-	-	(300,000)	(300,000)
As at 31 March 2011	200	1,490	15,010	135,204	151,904

SARACEN FUND MANAGERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2011

13. FINANCIAL COMMITMENTS

During the year, a lease agreement for the Edinburgh office premises has been entered into with an annual lease cost of £18,000. This lease expires between 1 and 5 years from the balance sheet date. There are no other financial commitments.

14. CONTROLLING PARTY

The company is controlled by Mr J C Fisher, Chairman, who owns 85 per cent (2010: 85 per cent) of the issued share capital of the company.