

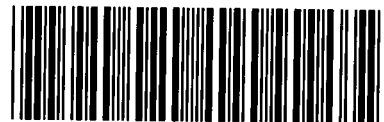
CAPITAL GENERATION PARTNERS SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2016

REGISTERED NUMBER: 1602869

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COMPANIES HOUSE

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31st DECEMBER 2016**

**Directors**

Khaled Said  
Ian Barnard  
Charlotte Thorne

**Company Secretary, Registered Office and Principal Place of Business**

Charlotte Thorne  
Fourth Floor  
Berkeley Square House  
Berkeley Square  
London  
W1J 6BX

**Auditors**

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

**Report of the Directors**

The directors present their report and audited financial statements of Capital Generation Partners Services Limited for the year ended 31st December 2016.

**Principal activities**

Capital Generation Partners Services Limited provides services to Capital Generation Partners LLP in support of the latter's investment advisory work. The relationship is covered by an ongoing contract.

The Company is incorporated in the United Kingdom.

The company generated a profit for the financial year after taxation of £17,980 (2015: £1,892)

The directors do not recommend payment of a dividend. (2015: NIL)

**Directors**

The names of the directors of the company since 1 January 2016 are listed above. The company has provided professional indemnity and officer's liability cover for the benefit of the directors throughout the period.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2016**

**Report of the Directors (continued)**

**DIRECTORS' RESPONSIBILITIES:**

The directors are responsible for preparing the Directors' 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 financial statements of the company in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements are required by law and IFRS as adopted by the EU to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to there being a fair presentation.

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 the financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU;
- d. 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 prevention and detection of fraud and other irregularities.

**Statements as to Disclosure of Information to Auditors**

The directors who are in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditors**

A resolution to re-appoint RSM UK Audit LLP, as the company's auditor will be proposed at the forthcoming Board Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The report of the directors was approved by the board on 19th April 2017 and signed on its behalf by:



C. Thorne  
Director

#### Opinion on financial statements

We have audited the financial statements on pages 4 to 18. 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the provisions of the Companies Act 2006

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

#### Opinion or other matter prescribed by the Companies Act 2006

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

#### Matters to which we are required to report by exception

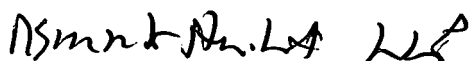
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if, in our opinion:

- 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.

#### Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, 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 Practises Board's (APB's) Ethical Standards for Auditors.

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.



DAVID FENTON (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
25 Farringdon Street,  
London,  
EC4A 4AB

Date 19/4/2017

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2016**

	<u>Notes</u>	2016 £	2015 £
REVENUE		4,576,193	4,190,210
INTEREST RECEIVABLE		45	156
DEPRECIATION OF NON-CURRENT ASSETS	4	(187,046)	(159,237)
STAFF COSTS	7	(2,874,265)	(2,500,445)
PREMISES COSTS		(797,913)	(802,793)
OTHER OPERATING CHARGES		(699,412)	(709,337)
PROFIT BEFORE TAXATION	7	<u>17,602</u>	<u>18,554</u>
INCOME TAX CREDIT / (EXPENSE)	8	378	(16,662)
PROFIT / (LOSS) AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>17,980</u>	<u>1,892</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>17,980</u>	<u>1,892</u>

The accompanying notes form an integral part of these financial statements.  
The revenue and operating profit for the year arises from the Company's continuing operations.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

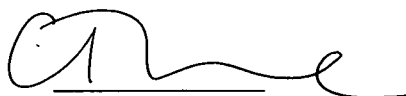
Registered number: 1602869

**AS AT 31<sup>st</sup> DECEMBER 2016**

	<u>Notes</u>	2016 £	2015 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	383,343	500,587
Investment	13	755,000	755,000
		<u>1,138,343</u>	<u>1,255,587</u>
<b>CURRENT ASSETS</b>			
Amount owed from related parties	3	470,120	613,939
Prepayments and other receivables	15	391,891	413,374
Cash and cash equivalents		570,197	269,031
		<u>1,432,208</u>	<u>1,296,344</u>
<b>TOTAL ASSETS</b>		<u>2,570,551</u>	<u>2,551,931</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		70,661	152,419
Other payables		-	823
Amounts owed to related parties		17,920	-
Social security and other taxes		63,276	59,454
Accrued expenses		632,688	561,528
		<u>784,545</u>	<u>774,224</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred taxation liability	11	7,677	17,358
<b>TOTAL LIABILITIES</b>		<u>7,677</u>	<u>791,582</u>
<b>NET ASSETS</b>		<u>1,778,329</u>	<u>1,760,349</u>
<b>Share capital</b>	5	1,635,354	1,635,354
<b>Retained earnings</b>		142,975	124,995
<b>TOTAL EQUITY</b>		<u>1,778,329</u>	<u>1,760,349</u>

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 4 to 18 were approved by the board of directors and authorised for issue on 19th April 2017 and signed on its behalf by:



Charlotte Thorne

Director

The accompanying notes form an integral part of these financial statements.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2016**

	<u>Notes</u>	2016 £	2015 £
Operating Activities	6	370,924	131,619
Taxation paid		-	(7,000)
Net cash from operating activities		<u>370,924</u>	<u>124,619</u>
<b>Cashflows from Investing Activities</b>			
Purchase of property, plant and equipment		(69,803)	(179,474)
Interest received		45	156
Net cash used in investing activities		<u>(69,758)</u>	<u>(179,318)</u>
Net increase in cash and cash equivalents		<u>301,166</u>	<u>(54,699)</u>
Cash and cash equivalents at beginning of year		269,031	323,730
Cash and cash equivalents at end of year		<u><u>570,197</u></u>	<u><u>269,031</u></u>

For the purpose of the cashflow statements the definition of cash and cash equivalents is identical to that for the Statement of Financial Position.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

**31<sup>st</sup> DECEMBER 2016**

	Share Capital £	Retained Earnings £	Total Equity £
<b>Attributable to the owners of the parent</b>			
<b>Changes in equity for year ended 31<sup>st</sup> December 2015</b>			
Balance as at 1 <sup>st</sup> January 2015	1,635,354	123,103	1,758,457
Total comprehensive income for the year	-	1,892	1,892
<b>Balance at 31<sup>st</sup> December 2015</b>	<u><b>1,635,354</b></u>	<u><b>124,995</b></u>	<u><b>1,760,349</b></u>
<b>Changes in equity for year ended 31<sup>st</sup> December 2016</b>			
Total comprehensive income for the year	-	17,980	17,980
<b>Balance at 31<sup>st</sup> December 2016</b>	<u><b>1,635,354</b></u>	<u><b>142,975</b></u>	<u><b>1,778,329</b></u>

Retained earnings represents the cumulative profit and loss net of distributions to owners.

The accompanying notes form an integral part of these financial statements.



## CAPITAL GENERATION PARTNERS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016

#### 1 BASIS OF ACCOUNTING

The company financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS") and the requirements of the Companies Act applicable to companies reporting under IFRS. IFRS includes interpretations issued by the IFRS interpretations committee (formerly IFRIC).

The company financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below:

#### 2 ACCOUNTING POLICIES

##### (a) Going concern

Capital Generation Partners Services Limited is a going concern as evidenced by its ongoing contract with a stable entity (Capital Generation Partners LLP) which itself has ongoing contracts with a number of clients. This means that both entities are active trading enterprises with sufficient resources to meet all liabilities. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

##### (b) Non-current assets

Property, plant and equipment

Leasehold improvements, furniture, fittings, equipment and computer and office equipment are stated at cost less accumulated depreciation.

The directors consider that the residual value of the office art is equal to the carrying value, and as such no depreciation is provided. The artwork was revalued by Sotheby's in 2011. The Directors do not consider there has been a material change in value.

Depreciation is provided at rates calculated to write-off the cost of each non-current asset on a straight-line basis over its expected useful life as follows:-

Leasehold improvements - period of lease

Furniture & fittings - 5 years ( 20% per annum)

Computer & office equipment - 4 years (25% per annum )

Computer Software - 5 years (20% per annum)

The carrying value of assets is tested for impairment at each reporting date.

##### (c) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are expensed on a straight line basis over the term of the relevant lease.

##### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

##### (e) Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements concerning the future or key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the financial statements.

##### (f) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

## CAPITAL GENERATION PARTNERS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016

#### 2 ACCOUNTING POLICIES (continued)

##### (g) Translation of foreign currency amounts

The Company maintains its accounts in Sterling, which is its functional currency, and the accompanying accounts are expressed in this currency.

Transactions in currencies other than the functional currency of the company are initially recorded at the exchange rate prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the current exchange rate prevailing on the statement of financial position 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 the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in equity when the changes in fair values are recognised directly in equity.

##### (h) Revenue

Revenue represents services income and is recognised at the time of invoicing, in line with the contract, net of VAT. The directors consider this to be in line with the period in which services are provided.

##### (i) Financial Instruments

Financial assets and liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of that instrument.

##### (j) Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at nominal value, which is considered to represent fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the statement of comprehensive income.

##### (k) Retirement benefits

The company provides access to a stakeholder pension scheme. Contributions to employees' Personal Pension Plans are charged to the income statement in the period to which they relate.

##### (l) Investments

Fixed asset investments are shown at fair value where fair value can be reliably measured. Otherwise they are shown at cost less any provision for impairment in value which the directors consider necessary.

##### (m) New standards and interpretations

Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early.

IFRS 9 Financial Instruments\* (1 January 2018)

IFRS 15 Revenue from Contracts with Customers\* (1 January 2018)

IFRIC 22 Foreign Currency Transactions and Advance Consideration (1 January 2018)

IFRS 16 Leases (1 January 2019)

\* Not yet endorsed in the EU

Management is still evaluating these standards but does not currently expect the implementation of these standards to have a material impact on the consolidated financial statements.

##### (n) Trade payables

Trade payables are initially recognised at nominal value, which is considered to represent fair value and subsequently at amortised cost using the effective interest method.

## CAPITAL GENERATION PARTNERS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016

#### 3 RELATED PARTY TRANSACTIONS

Included in the turnover is income from Capital Generation Partners LLP, a firm of which Capital Generation Partners Services Limited is a member, relating to direct costs and other recharges of £4,525,791 (2015: £4,395,560).

The company also received a £17,603 profit distribution. (2015: £51,210) from Capital Generation Partners LLP.

Refer to note 9 for further details of the ultimate controlling party.

#### TRANSACTIONS WITH RELATED PARTIES

	<u>2016</u>		<u>2015</u>	
	Sales	Balance	Sales	Balance
	£	£	£	£
Capital Generation Partners LLP	4,543,394	448,772	4,158,091	549,425
Safinvest SA	17,055	10,032	16,702	6,918
Safingest International	14,760	8,682	14,454	5,986
SHL	984	579	-	-
Tusmore	-	-	964	399
Safinvest Holdings (Bermuda) Limited	-	2,055	-	-
	<u>4,576,193</u>	<u>470,120</u>	<u>4,190,210</u>	<u>562,728</u>

	<u>2016</u>		<u>2015</u>	
	Purchases	Balance	Purchases	Balance
Safingest International	17,920	17,920	18,347	18,347
	<u>17,920</u>	<u>17,920</u>	<u>18,347</u>	<u>18,347</u>

All of the above entities are related through a family member of Khaled Said, a Director. Capital Generation Partners Services Limited is the corporate partner of Capital Generation Partners LLP. Safinvest Holdings (Bermuda) Limited is the parent company of Capital Generation Partners Services Limited.

An agreement is in place with Capital Generation Partners LLP and termination can only occur once 12 months' notice is given. All invoices from Capital Generation Partners Services Limited to Capital Generation Partners LLP are due for settlement within 2 months of presentation.

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016 - continued

4 PROPERTY, PLANT AND EQUIPMENT

<u>2016</u>	Leasehold Improvements £	Furniture, Fittings & Equipment £	Office Art £	Total £
<b>COST</b>				
At 1 January 2016	895,307	321,247	205,887	1,422,441
Additions	6,750	63,053	-	69,803
Disposals	-	-	-	-
At 31 December 2016	<u>902,057</u>	<u>384,300</u>	<u>205,887</u>	<u>1,492,244</u>
<b>DEPRECIATION</b>				
At 1 January 2016	732,918	118,093	70,844	921,855
Charge	111,826	75,220	-	187,046
Depreciation write off on disposals	-	-	-	-
At 31 December 2016	<u>844,744</u>	<u>193,313</u>	<u>70,844</u>	<u>1,108,901</u>
<b>NET BOOK VALUE</b>				
At 1 January 2016	<u>162,389</u>	<u>203,154</u>	<u>135,043</u>	<u>500,586</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>57,313</u>	<u>190,987</u>	<u>135,043</u>	<u>383,343</u>

<u>2015</u>	Leasehold Improvements £	Furniture, Fittings & Equipment £	Office Art £	Total £
<b>COST</b>				
At 1 January 2015	893,784	726,714	205,887	1,826,384
Additions	1,523	177,951	-	179,474
Disposals	-	(583,418)	-	(583,418)
At 31 December 2015	<u>895,307</u>	<u>321,247</u>	<u>205,887</u>	<u>1,422,441</u>
<b>DEPRECIATION</b>				
At 1 January 2015	625,756	649,436	70,844	1,346,036
Charge	107,162	52,075	-	159,237
Depreciation write off on disposals	-	(583,418)	-	(583,418)
At 31 December 2015	<u>732,918</u>	<u>118,093</u>	<u>70,844</u>	<u>921,855</u>
<b>NET BOOK VALUE</b>				
At 1 January 2015	<u>268,028</u>	<u>77,278</u>	<u>135,043</u>	<u>480,349</u>
<b>NET BOOK VALUE</b>				
At 31 December 2015	<u>162,389</u>	<u>203,154</u>	<u>135,043</u>	<u>500,586</u>

## CAPITAL GENERATION PARTNERS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016 - continued

<b>5 CALLED-UP SHARE CAPITAL</b>	<b>2016</b>	<b>2015</b>
Allotted, called up and fully paid:	£	£
218,000 (2015: 218,000) ordinary shares of £1 each	218,000	218,000
2,215,086 (2015: 2,215,086) deferred shares of €1 each	1,417,354	1,417,354
	<u>1,635,354</u>	<u>1,635,354</u>

The deferred shares have no right to receive notice of or attend or vote at any general meeting. They have no right to participate in distributions of profit available for dividend. On return of capital on winding up or otherwise the deferred shareholders shall only be entitled to a return of their paid up share capital after the repayment of ordinary shares and shall have no right to participate in any surplus of assets. The deferred shares have been translated at the historic rate of £0.64. (2015: £0.64)

#### Capital Risk Management

The firm's objectives with regard to management of capital is to safeguard its future as a going concern. The firm has no ongoing debts and its income stream is secure. As such the directors manage cash as capital to ensure the company has adequate resources to meet its liabilities as they fall due. This is achieved through cashflow forecasting and monitoring of the cash position.

As the company has a cash and cash equivalents surplus the directors consider that they have met their capital management objectives.

# CAPITAL GENERATION PARTNERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016 - continued

### 6 RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Profit before taxation	17,602	18,554
Depreciation of property, plant and equipment	187,046	159,237
Interest received	(45)	(156)
Decrease / (Increase) in prepayments and other receivables	21,483	(129,011)
(Decrease) / Increase in accrued expenses, trade and other payables and social security and other taxes	1,019	151,572
Decrease / (Increase) in amount due from related parties	143,819	(68,576)
Net cash inflow from operating activities	<u>370,924</u>	<u>131,619</u>

### 7 SUPPLEMENTARY PROFIT AND LOSS INFORMATION

(a) The profit from operations is stated after charging or recognising:

	2016 £	2015 £
Auditors		
Audit of the Company's financial statements	9,800	9,500
Non-audit services	-	3,500
Operating lease:		
Rentals under operating leases - Land and buildings	517,133	517,024
Other	<u>12,005</u>	<u>12,416</u>
	529,138	529,440
Depreciation	<u>187,046</u>	<u>159,237</u>
Staff costs (see note c)	<u>2,874,265</u>	<u>2,500,445</u>
Net foreign exchange gains	<u>(2,856)</u>	<u>(1,849)</u>

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31<sup>st</sup> DECEMBER 2016 - continued

7 SUPPLEMENTARY PROFIT AND LOSS INFORMATION - continued

(b) The average number of employees (including directors) was:-

	2016	2015
Financial Accounting	1	1
Other	30	29
	<u>31</u>	<u>30</u>

(c) Particulars of staff costs (including directors) are shown below:

	2016	2015
Employment costs incurred directly		
Wages	2,286,982	2,028,765
Social security	282,264	250,312
Pension costs	169,416	152,900
Other staff costs	135,603	68,468
	<u>2,874,265</u>	<u>2,500,445</u>
Employment costs		

(d) The following additional information is given in respect of directors' remuneration:

	2016 £	2015 £
Salaries	-	-
Other benefits	7,020	6,290
	<u>7,020</u>	<u>6,290</u>

Number of directors participating in the pension scheme

-

The highest paid director received £NIL during the year (2015: £NIL).

# CAPITAL GENERATION PARTNERS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2016 - continued

### 8 TAXATION

	<u>2016</u>	<u>2015</u>
	£	£
Current tax:		
UK Corporation tax on profits of the period	18,842	10,716
Adjustments in respect of previous periods	<u>(9,539)</u>	<u></u>
	9,303	10,716
 Total current tax	 9,303	
Deferred tax:		
Origination and reversal of timing differences	(8,717)	5,946
Effect of tax rate change on opening balance	<u>(964)</u>	<u></u>
Total deferred tax	<u>(9,681)</u>	<u>5,946</u>
 Tax on profit on ordinary activities	 <u><u>(378)</u></u>	 <u><u>16,662</u></u>

### Factors affecting tax charge for the period

	<u>2016</u>	<u>2015</u>
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The tax assessed for the period is higher / lower than the standard rate of corporation tax in the UK 20% (2015 - 20.25%). The differences are explained below:

Profit on ordinary activities before tax	<u>17,602</u>	<u>18,554</u>
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 20% (2015- 20.25%)	3,520	3,757
Effects of:		
Expenses not deductible for tax purposes	1,537	15,194
Depreciation for period in excess of capital allowances	3,491	3,566
Income not taxable for tax purposes		(3,540)
Change in deferred tax rate	574	(2,025)
Adjustments to tax charge in respect of previous periods	(9,500)	(290)
Total tax (credit) / charge for period	<u><u>(378)</u></u>	<u><u>16,662</u></u>



## CAPITAL GENERATION PARTNERS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2016 - continued

#### 9 ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Safinvest Holdings (Bermuda) Limited, which is incorporated in Bermuda and is the controller of the Company. The ultimate controller of the company is Mr Khaled Said.

The financial statements of Safinvest Holdings (Bermuda) Limited are not publicly available.

#### 10 LEASE COMMITMENTS

On 8 August 2000 the Company, by assignment, took over the lease obligation in respect of the offices it currently occupies at Berkeley Square House. Under the terms of the lease the Company committed to lease the offices at an initial annual rent of £185,000 until 23 June 2007. The rent was subject to review on 23 June 2003 and the annual rent adjusted to £297,700 for the remaining term of the lease. The lease has now been renewed and the annual rent for the period 24 June 2007 to 31 December 2007 has been adjusted to £416,000 and from 1 January 2008 until 23 June 2012 the rent remained at £442,000. The landlord has now confirmed that the rent will remain at £442,000 until 23 June 2017, the remaining term of the lease.

The company had additional commitments in respect of the service charge of the offices of £75,092 a year for the remainder of the lease, and an annual charge for the lease of a photocopier of £11,980 until July 2018.

The minimum lease payments under non-cancellable operating leases are:

	<u>2016</u>	<u>2015</u>
	£	£
Within 1 year	270,526	529,072
Between 1 and 5 years	6,988	277,514
After 5 years	-	-

#### 11 DEFERRED TAX LIABILITIES

Provision for deferred taxation has been made as follows:

	<u>2016</u>	<u>2015</u>
	£	£
Accelerated capital allowances	10,152	20,231
Other timing differences	(2,475)	(2,873)
Undiscounted provision for deferred tax	<u>7,677</u>	<u>17,358</u>
Discounted provision for deferred tax	<u>7,677</u>	<u>17,358</u>
	<u>2016</u>	<u>2015</u>
Provision at start of period	17,358	11,412
Deferred tax charge in profit and loss account for period	(8,717)	5,946
Prior year movement	(964)	-
Provision at end of period	<u>7,677</u>	<u>17,358</u>

## CAPITAL GENERATION PARTNERS SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2016 - continued

#### 12 POST BALANCE SHEET EVENTS

There are no post balance sheet events.

#### 13 INVESTMENT

	2016 £	2015 £
Capital Generation Partners LLP - cost	755,000	755,000

The above investment represents the capital contributions made by the company as a member of the limited liability partnership, Capital Generation Partners LLP. It is held at cost as no reliable measure of its fair value is available. There is no market for instruments and the company does not intend to dispose of it in the foreseeable future.

#### 14 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash balances, and items such as trade receivables and trade payables that arise directly from its operations.

Capital Generation Partners Services Limited holds no securities and therefore is not exposed to most types of credit risk or market risk (see below).

Capital Generation Partners Services Limited monitors its risks via a risk map which is considered by the Board on a quarterly basis which notes the risks to which the company might be exposed and the ways in which they can be monitored and mitigated.

##### Interest rate risk

As referred to above, the amount held in deposit accounts is exposed to interest rate fluctuations. This is considered immaterial by management given the liquidity requirements of the company. The company has no borrowings.

##### Credit risk

The only material exposure to credit risk at the year end is in respect of amounts due as shown on the balance sheet under Trade and other receivables in accordance with IAS 39. No collateral as security is held in respect of these amounts. The credit quality of the

##### Liquidity risk

This is considered low risk. The firm has a services agreement with the LLP which means that its cash flow is regular and predictable. The services agreement requires a year's notice to be broken which gives Capital Generation Partners Services Limited adequate protection and ability to meet liabilities.

##### Market risk

The only risk affecting the market risk of the company is interest rate risk (see above). However, as the firm relies on earned income to meet its liabilities this is not significant factor in the structure of the company.

##### Currency risk

The company invoices in sterling and has minimal expenses payable in other currencies. Currency risk is therefore not considered significant.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2016 - continued**

**15 Financial Instruments Recognised in the Statement of Financial Position**

All financial instruments have carrying amounts, which in the opinion of the directors, are not materially different to their fair value.

	2016	2015
	£	£
Current Financial assets		
Loans and receivables		
Amount owed from related parties	470,120	613,939
Other receivables (included within prepayments and other receivables)	391,891	413,374
Cash and cash equivalents	570,197	269,031
Total loans and receivables at amortised cost	<u>1,432,208</u>	<u>1,296,344</u>

	2016	2015
	£	£
Available for sale financial assets		
At cost	755,000	755,000
Total financial assets	<u>755,000</u>	<u>755,000</u>

	2016	2015
	£	£
Financial liabilities at amortised cost		
Trade and other payables	70,661	153,242

The following table provides analysis of trade and other receivables that were past due at 31<sup>st</sup> December, but not impaired. The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2016	2015
	£	£
Up to 90 days	519,345	668,603
Up to 150 days	830	1,508
	<u>520,175</u>	<u>670,111</u>