

CAPITAL GENERATION PARTNERS SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2017

REGISTERED NUMBER: 1602869

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**CAPITAL GENERATION PARTNERS SERVICES LIMITED
FOR THE YEAR ENDED 31st DECEMBER 2017**

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 2017.

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 £3,207 (2016: £17,980)

The directors do not recommend payment of a dividend. (2016: NIL)

Directors

The names of the directors of the company since 1 January 2017 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 31st DECEMBER 2017

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 18th April 2018 and signed on its behalf by:



C. Thorne
Director

**CAPITAL GENERATION PARTNERS SERVICES LIMITED
FOR THE YEAR ENDED 31st DECEMBER 2017**

Opinion

We have audited the financial statements of Capital Generation Services Limited (the 'company') for the year ended 31 December 2017 which comprise of statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

The directors are responsible for the other information. 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 this regard.

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] Note 2 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

As explained more fully 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, 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.

CAPITAL GENERATION PARTNERS SERVICES LIMITED
FOR THE YEAR ENDED 31st DECEMBER 2017

Report of the Auditors (continued)

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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.


DAVID FENTON (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
25 Farringdon Street,
London,
EC4A 4AB

Date 18/4/2018

CAPITAL GENERATION PARTNERS SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st DECEMBER 2017

	<u>Notes</u>	<u>2017</u> £	<u>2016</u> £
REVENUE		4,713,588	4,576,193
INTEREST RECEIVABLE		830	45
DEPRECIATION OF NON-CURRENT ASSETS	4	(140,258)	(187,046)
STAFF COSTS	7	(2,521,605)	(2,874,265)
PREMISES COSTS		(788,198)	(797,913)
OTHER OPERATING CHARGES		(1,259,919)	(699,412)
PROFIT BEFORE TAXATION	7	<u>4,438</u>	<u>17,602</u>
INCOME TAX (EXPENSE) / CREDIT	8	(1,231)	378
PROFIT AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>3,207</u>	<u>17,980</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>3,207</u>	<u>17,980</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 31st DECEMBER 2017

	<u>Notes</u>	<u>2017</u> £	<u>2016</u> £
NON-CURRENT ASSETS			
Property, plant and equipment	4	296,799	383,343
Investment	13	755,000	755,000
		<u>1,051,799</u>	<u>1,138,343</u>
CURRENT ASSETS			
Amount owed from related parties	3	871,758	470,120
Prepayments and other receivables	15	273,998	391,891
Cash and cash equivalents		990,232	570,197
		<u>2,135,988</u>	<u>1,432,208</u>
TOTAL ASSETS		<u>3,187,787</u>	<u>2,570,551</u>
CURRENT LIABILITIES			
Trade payables		323,457	70,661
Amounts owed to related parties		-	17,920
Social security and other taxes		328,596	63,276
Accrued expenses		754,105	632,688
		<u>1,406,158</u>	<u>784,545</u>
NON CURRENT LIABILITIES			
Deferred taxation liability	11	93	7,677
TOTAL LIABILITIES		<u>1,406,251</u>	<u>792,222</u>
NET ASSETS		<u>1,781,536</u>	<u>1,778,329</u>
EQUITY			
Share capital	5	1,635,354	1,635,354
Retained earnings		146,182	142,975
TOTAL EQUITY		<u>1,781,536</u>	<u>1,778,329</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 5 to 19 were approved by the board of directors and authorised for issue on 18th April 2018 and


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 31st DECEMBER 2017

	<u>Notes</u>	<u>2017</u> £	<u>2016</u> £
Operating Activities	6	475,422	370,924
Taxation paid		(2,504)	-
Net cash from operating activities		<u>472,918</u>	<u>370,924</u>
Cashflows from Investing Activities			
Purchase of property, plant and equipment		(53,714)	(69,803)
Interest received		830	45
Net cash used in investing activities		<u>(52,884)</u>	<u>(69,758)</u>
Net increase in cash and cash equivalents		<u>420,035</u>	<u>301,166</u>
Cash and cash equivalents at beginning of year		570,197	269,031
Cash and cash equivalents at end of year		<u>990,232</u>	<u>570,197</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

31st DECEMBER 2017

	Share Capital £	Retained Earnings £	Total Equity £
Attributable to the owners of the parent			
Changes in equity for year ended 31st December 2016			
Balance as at 1st January 2016	1,635,354	124,995	1,760,349
Total comprehensive income for the year	-	17,980	17,980
Balance at 31st December 2016	<u>1,635,354</u>	<u>142,975</u>	<u>1,778,329</u>
Changes in equity for year ended 31st December 2017			
Total comprehensive income for the year	-	3,207	3,207
Balance at 31st December 2017	<u>1,635,354</u>	<u>146,182</u>	<u>1,781,536</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 - 31st DECEMBER 2017

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.

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017

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)

IFRIC 23 Uncertainty over Income Tax Treatments* (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 - 31st DECEMBER 2017

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 £4,709,149 (2016: £4,525,791).

The company also received a £4,438 profit distribution. (2016: £17,603) from Capital Generation Partners LLP.

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

TRANSACTIONS WITH RELATED PARTIES	<u>2017</u>		<u>2016</u>	
	Sales £	Balance £	Sales £	Balance £
Capital Generation Partners LLP	4,713,587	858,687	4,543,394	448,772
Safinvest SA	-	-	17,055	10,032
Safingest International	-	-	14,760	8,682
SHL	-	-	984	579
Safinvest Holdings (Bermuda) Limited	-	13,071	-	2,055
	<u>4,713,587</u>	<u>871,758</u>	<u>4,576,193</u>	<u>470,120</u>

	<u>2017</u>		<u>2016</u>	
	Purchases	Balance	Purchases	Balance
Safingest International	-	-	17,920	17,920
	<u>-</u>	<u>-</u>	<u>17,920</u>	<u>17,920</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 Holdings 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 - 31st DECEMBER 2017 - continued

4 PROPERTY, PLANT AND EQUIPMENT

2017	Leasehold Improvements	Furniture, Fittings & Equipment	Office Art	Total
	£	£	£	£
COST				
At 1 January 2017	902,057	384,300	205,887	1,492,244
Additions	-	53,714	-	53,714
Disposals	-	-	-	-
At 31 December 2017	<u>902,057</u>	<u>438,014</u>	<u>205,887</u>	<u>1,545,955</u>
DEPRECIATION				
At 1 January 2017	844,744	193,313	70,844	1,108,901
Charge	57,313	82,945	-	140,258
Depreciation write off on disposals	-	-	-	-
At 31 December 2017	<u>902,057</u>	<u>276,258</u>	<u>70,844</u>	<u>1,249,159</u>
NET BOOK VALUE				
At 1 January 2017	<u>57,313</u>	<u>190,987</u>	<u>135,043</u>	<u>383,343</u>
NET BOOK VALUE				
At 31 December 2017	<u>-</u>	<u>161,756</u>	<u>135,043</u>	<u>-1,249,159</u>

2016	Leasehold Improvements	Furniture, Fittings & Equipment	Office Art	Total
	£	£	£	£
COST				
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>
DEPRECIATION				
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>

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017 - continued

5 CALLED-UP SHARE CAPITAL	<u>2017</u>	<u>2016</u>
Allotted, called up and fully paid:	£	£
218,000 (2016: 218,000) ordinary shares of £1 each	218,000	218,000
2,215,086 (2016: 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. (2016: £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 - 31st DECEMBER 2017 - continued

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

	<u>2017</u> £	<u>2016</u> £
Profit before taxation	4,438	17,602
Depreciation of property, plant and equipment	140,258	187,046
Interest received	(830)	(45)
Decrease / (Increase) in prepayments and other receivables	117,893	21,483
(Decrease) / Increase in accrued expenses, trade and other payables and social security and other taxes	615,302	1,019
Decrease / (Increase) in amount due from related parties	(401,638)	143,819
Net cash inflow from operating activities	<u>475,422</u>	<u>370,924</u>

7 SUPPLEMENTARY PROFIT AND LOSS INFORMATION

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

	<u>2017</u> £	<u>2016</u> £
Auditors		
Audit of the Company's financial statements	11,000	9,800
Non-audit services	-	-
Operating lease:		
Rentals under operating leases - Land and buildings	489,298	517,133
Other	12,005	12,005
	<u>501,303</u>	<u>529,138</u>
Depreciation	<u>140,258</u>	<u>187,046</u>
Staff costs (see note c)	<u>2,521,605</u>	<u>2,874,265</u>
Net foreign exchange gains	<u>1,742</u>	<u>(2,856)</u>

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017 - continued

7 SUPPLEMENTARY PROFIT AND LOSS INFORMATION - continued

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

	<u>2017</u>	<u>2016</u>
Financial Accounting	1	1
Other	30	30
	<u>31</u>	<u>31</u>

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

	<u>2017</u>	<u>2016</u>
Employment costs incurred directly		
Wages	2,003,054	2,286,982
Social security	248,902	282,264
Pension costs	153,559	169,416
Other staff costs	116,090	135,603
Employment costs	<u>2,521,605</u>	<u>2,874,265</u>

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

	<u>2017</u>	<u>2016</u>
	£	£
Salaries	-	-
Other benefits	7,623	7,020
	<u>7,623</u>	<u>7,020</u>

Number of directors participating in the pension scheme

-

The highest paid director received £NIL during the year (2016: £NIL).

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017 - continued

8 TAXATION

	<u>2017</u>	<u>2016</u>
	£	£
Current tax:		
UK Corporation tax on profits of the period	11,428	18,842
Adjustments in respect of previous periods	<u>(2,613)</u>	<u>(9,539)</u>
	8,815	9,303
 Total current tax	 8,815	 9,303
Deferred tax:		
Origination and reversal of timing differences	(7,584)	(8,717)
Effect of tax rate change on opening balance	<u>-</u>	<u>(964)</u>
Total deferred tax	<u>(7,584)</u>	<u>(9,681)</u>
 Tax on profit on ordinary activities	 <u><u>1,231</u></u>	 <u><u>(378)</u></u>

Factors affecting tax charge for the period	<u>2017</u>	<u>2016</u>
The tax assessed for the period is higher / lower than the standard rate of corporation tax in the UK 20% (2016 - 20%). The differences are explained below:		
Profit on ordinary activities before tax	<u>4,438</u>	<u>17,602</u>
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 20% (2016- 20%)	854	3,520
Effects of:		
Expenses not deductible for tax purposes	1,987	1,537
Depreciation for period in excess of capital allowances	-	3,491
Income not taxable for tax purposes		
Change in deferred tax rate	1,003	574
Adjustments to tax charge in respect of previous periods	<u>(2,613)</u>	<u>(9,500)</u>
 Total tax charge/(credit) for period	 <u><u>1,231</u></u>	 <u><u>(378)</u></u>

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017 - 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

From June 24 2017, the Company renewed the lease at the offices it currently occupies at Berkeley Square House. Under the terms of the lease the company committed to lease the offices at an annual rent of £423,800 per annum, for 10 years, with a 5 year tenant only break.

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>2017</u>	<u>2016</u>
	£	£
Within 1 year	465,266	270,526
Between 1 and 5 years	1,833,111	6,988
After 5 years	2,054,122	-

11 DEFERRED TAX LIABILITIES

Provision for deferred taxation has been made as follows:	<u>2017</u>	<u>2016</u>
	£	£
Accelerated capital allowances	2,172	10,152
Other timing differences	(2,079)	(2,475)
Undiscounted provision for deferred tax	<u>93</u>	<u>7,677</u>
Discounted provision for deferred tax	<u>93</u>	<u>7,677</u>
	<u>2017</u>	<u>2016</u>
Provision at start of period	7,677	17,358
Deferred tax charge in profit and loss account for period	(7,584)	(8,717)
Prior year movement	-	(964)
Provision at end of period	<u>93</u>	<u>7,677</u>

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017 - continued

12 POST BALANCE SHEET EVENTS

There are no post balance sheet events.

13 INVESTMENT

	2017 £	2016 £
Capital Generation Holdings 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 Holdings 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.

	2017 £	2016 £
Capital Generation Partners LLP		755,000
Capital Generation Holdings LLP	755,000	

During the year, the capital contributions in Capital Generation Partners LLP were transferred to Capital Generation Holdings LLP as part of the group reconstruction performed during the year.

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 financial assets is considered good with full recovery expected. There is no contractual date by which these amounts are due.

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.

CAPITAL GENERATION PARTNERS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31st DECEMBER 2017 - 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.

	2017	2016
	£	£
Current Financial assets		
Loans and receivables		
Amount owed from related parties	871,758	
Other receivables (included within prepayments and other receivables)	273,998	391,891
Cash and cash equivalents	990,232	570,197
Total loans and receivables at amortised cost	<u>2,135,988</u>	<u>962,087</u>

	2017	2016
	£	£
Available for sale financial assets		
At cost	755,000	755,000
Total financial assets	<u>755,000</u>	<u>755,000</u>

	2017	2016
	£	£
Financial liabilities at amortised cost		
Trade and other payables	323,457	70,661

The following table provides analysis of trade and other receivables that were past due at 31st 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.

	2017	2016
	£	£
Up to 90 days	863,127	519,345
Up to 150 days	9,913	830
	<u>873,040</u>	<u>520,175</u>