

CAPITAL GENERATION PARTNERS LLP

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2009

REGISTERED NUMBER: OC331835



CAPITAL GENERATION PARTNERS LLP

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CAPITAL GENERATION PARTNERS LLP

Members

Khaled Said
Charlotte Thorne
Ian Barnard
Capital Generation Partners Services Limited
Capital Generation Capital Limited

Registered Office

Berkeley Square House
Berkeley Square
London
W1J 6BX

Independent Auditors

Baker Tilly UK Audit LLP
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Legal Advisers

Travers Smith LLP
1 Snow Hill
London
EC1A 2AL

Bankers

HSBC Private Bank
78 St James's Street
London
SW1A 1JB

Report of the Members

The members present their report and the audited financial statements for the period from 1st January 2009 to 31st December 2009

Principal Activities

Capital Generation Partners LLP is an FSA-authorised firm which provides clients with investment advice across a range of asset classes. The firm is supported in its work by Capital Generation Partners Services Limited which acts as the services company to the LLP.

Review of the business and future developments

As an FSA-authorised firm, Capital Generation Partners LLP priontises its risk management processes and to this end it has ngorous corporate governance procedures and structures which ensure that risk is monitored, managed and mitigated properly

The firm made a profit of £1,981,219 (2008 £4,037,949)

The members consider the results for the year to be satisfactory and that future results will be of a similar nature

CAPITAL GENERATION PARTNERS LLP

Members

The following were members of the limited liability partnership during the year and, unless otherwise stated, continued to be members after that date

Khaled Said	(Designated)
Ian Barnard	
Charlotte Thorne	(Designated)
Capital Generation Partners Services Limited	
Capital Generation Capital Limited	

Members Drawings

The profits of the LLP in respect of each financial year are allocated and distributed, after taking into account the LLP's working capital and regulatory requirements. Profits are divided among the members in accordance with profit sharing arrangements

The following policies exist and are covered in the LLP agreement dated 18th February 2008

- Transfers from debt to equity and equity to debt
- Subscriptions of amounts subscribed or otherwise contributed by members as equity or debt
- Repayment of amounts subscribed or otherwise contributed by members
- The cash requirements of the business are prioritised over drawings by members where such conflicts occur and all drawings and or contributions by members are treated as a net amount due to or from members as drawn against unrealised profits on the revaluation reserve
- Capital is contributed by members and is repaid to retiring members in accordance with the partnership deed

Auditors

Each of the persons who are members at the time when this report is approved has confirmed that

- so far as each member is aware, there is no relevant audit information of which the partnership's auditors are unaware, and
- each member has taken all the steps that ought to have been taken as a member, including making appropriate enquiries of fellow members and the partnership's auditors for that purpose, in order to be aware of any information needed by the partnership's auditors in connection with preparing their report and to establish that the partnership's auditors are aware of that information

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption (as applied to limited liability partnerships by regulation 17 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act) Regulations 2008)

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be proposed at the next members meeting

These financial statements were approved by the members and authorised for issue on 17/03/2010 and are signed on their behalf by



Designated Member

CAPITAL GENERATION PARTNERS LLP

Statement of Members' Responsibilities

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Limited Liability Partnership law requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Limited Liability Partnership and of the profit or loss for that year. In preparing the financial statements, the members are required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and estimates that are reasonable and prudent,
- c) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006 as applicable to limited liability partnerships. The members are also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

CAPITAL GENERATION PARTNERS LLP

Independent Auditors' Report to the Members of Capital Generation Partners LLP

We have audited the financial statements on pages 5 to 11. 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 Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder. Our audit work has been undertaken so that we might state to the Limited Liability Partnership's members those matters we are required to state to them in the 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 Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As more fully explained in the Members' Responsibilities Statements set out on page 3 the members 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 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 (APB'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 Limited Liability Partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the members, and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 December 2009 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 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder.

Matters on which we are required to report by exception

We have nothing to report of the following matters where the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships Act 2000 and regulations made thereunder 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,
- we have not received all the information and explanations we require for our audit, or
- the members were not entitled to prepare financial statements in accordance with the small LLPs regime



JAMES MARCHANT (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex CM1 1LN

28th April 2010

CAPITAL GENERATION PARTNERS LLP

Profit and Loss Account

For the year ended 31st December 2009

	<u>Note</u>	<u>2009</u>	<u>2nd October 2007 to 31st December 2008</u>
		<u>£</u>	<u>£</u>
Turnover	2	4,795,626	6,574,084
Administrative expenses		<u>(2,805,578)</u>	<u>(2,591,895)</u>
Operating Profit	5	1,990,048	3,982,189
Interest Receivable		14,230	55,760
Interest Payable	4	(23,059)	-
Profit for the period before Members' remuneration and profit share		<u>1,981,219</u>	<u>4,037,949</u>
Members' remuneration charged as an expense		<u>-</u>	<u>-</u>
Retained profit for the year available for discretionary division among members	10	<u><u>1,981,219</u></u>	<u><u>4,037,949</u></u>

The operating profit for the year arises from the LLP's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss account

CAPITAL GENERATION PARTNERS LLP

LLP number OC331835

Balance Sheet at 31st December 2009

	Note	2009 £	2008 £
Fixed Assets			
Tangible assets	6	51,831	-
		<u>51,831</u>	<u>-</u>
Current Assets			
Debtors	7	588,104	526,277
Cash at bank and in hand		2,058,937	2,475,666
Amounts due from members	10	758,053	1,318,284
		<u>3,405,094</u>	<u>4,320,227</u>
Creditors Amounts falling due within one year	8	<u>265,798</u>	<u>102,354</u>
Net current assets		<u>3,139,296</u>	<u>4,217,873</u>
Total assets less current liabilities		3,191,127	4,217,873
Creditors Amounts falling due after more than one year	9	751,957	-
		<u>2,439,170</u>	<u>4,217,873</u>
Represented by			
Loans and other debts due to members within one year	10	387,951	263,815
Other amounts due to members		<u>387,951</u>	<u>263,815</u>
Equity			
Members' other interests	10	1,981,219	3,884,058
Members' capital classified as equity Under FRS 25	10	70,000	70,000
Total equity interests		<u>2,051,219</u>	<u>3,954,058</u>
		<u>2,439,170</u>	<u>4,217,873</u>
Total members' interest			
Amounts due from members	10	(758,053)	(1,318,284)
Loans and other debts due to members	10	387,951	263,815
Members' equity	10	2,051,219	3,954,058
		<u>1,681,117</u>	<u>2,899,589</u>

The financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption (as applied to limited liability partnerships by regulation 17 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act) Regulations 2008)

The financial statements on pages 5 to 11 were approved by the Board of Members and authorised for issue on

17/03/2010

and signed on its behalf by



Charlotte Thorne
Designated Member

CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31st December 2009

Notes

1 Accounting Policies

Basis of Accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Statement of Recommended Practice for Limited Liability Partnerships 2006, applicable accounting standards in the United Kingdom, and the terms of the LLP's Membership Agreement.

(a) Cashflow statement

The Limited Liability Partnership has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small limited liability partnership

(b) Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation as follows

Computer and office equipment - 4 years straight line

Assets are only depreciated once they come into use

(c) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange on the day on which the transaction took place. Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date

All foreign exchange differences are taken to the profit and loss account in the period in which they arise

(d) Allocation of Profits and Drawings

The allocation of profits to those who were members during the financial period occurs following the finalisation of the annual financial statements. During the period members receive monthly drawings and, from time to time, additional profit distributions

Both the monthly drawings and profit distributions represent payment on account of current period profits and are reclaimable from members until profits have been allocated. Any over distributions of profits during the period is also recoverable from members

(e) Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the Limited liability partnership as the relevant income tax is the responsibility of the individual members

(f) Turnover

Investment advisory fees are recognised on an accruals basis and in line with agreements in place. Income is recognised once the invoice has been issued

CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31st December 2009

Notes (Continued)

2 Turnover

Turnover is wholly attributable to the LLP's principal activity and comprise of Investment Advisory Services

Geographical market	Turnover 2009 £	Turnover 2008 £
United Kingdom	-	-
European Union	-	-
United States of America	-	-
Rest of the World	4,795,626	6,574,084
	<u>4,795,626</u>	<u>6,574,084</u>

3 Employee Information

Apart from the members' profit share allocation, the LLP did not have any employees

The profit attributable to the member with the largest entitlement was £885,569 (2008 £1,691,771)

4 Interest Payable

	<u>2009</u>	<u>2008</u>
Interest payable on bank loan	<u>23,059</u>	<u>-</u>

5 Operating Profit

Operating profit is stated after charging/(crediting)

	<u>2009</u>	<u>2008</u>
	£	£
Auditors' remuneration		
- audit services (current auditors)	13,250	-
- audit services (previous auditors)	-	15,000
- other services (previous auditors)	28,047	22,313
Net exchange losses/(gains) on foreign currency	<u>19,735</u>	<u>(33,953)</u>

6 Tangible Fixed Assets

	Computer and office equipment £	Total £
COST		
01 January 2009	-	-
Additions	51,831	51,831
Disposals	-	-
31 December 2009	<u>51,831</u>	<u>51,831</u>
DEPRECIATION		
01 January 2009	-	-
Charge	-	-
31 December 2009	<u>-</u>	<u>-</u>
NET BOOK VALUE		
31 December 2009	<u>51,831</u>	<u>51,831</u>
31 December 2008	<u>-</u>	<u>-</u>

CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31st December 2009

Notes (Continued)

7 Debtors	<u>2009</u>	<u>2008</u>
	£	(as restated)
		£
Trade debtors	534,489	503,441
Other debtors	17,684	9,260
Prepayments	35,931	13,576
	<u>588,104</u>	<u>526,277</u>

The members have chosen to provide additional disclosure by splitting trade and other debtors, which they did not do in the prior period. This does not impact the result for the year or the reserves as stated in the balance sheet.

8 Creditors amounts falling due within one year	<u>2009</u>	<u>2008</u>
	£	£
Trade creditors	125,457	38,991
Accruals	48,841	63,363
Bank loan	91,500	-
	<u>265,798</u>	<u>102,354</u>

9 Creditors Amount falling due in more than one year	<u>2009</u>	<u>2008</u>
	£	£
Bank loan	<u>751,957</u>	<u>-</u>
Analysis of loan		
Wholly repayable within five years	843,457	-
Included in current liabilities	<u>(91,500)</u>	<u>-</u>
	<u>751,957</u>	<u>-</u>
Loan maturity analysis		
In less than one year	91,500	-
In more than one year but not more than two years	91,500	-
In more than two years but not more than five years	660,457	-
In more than five years	<u>-</u>	<u>-</u>
	<u>843,457</u>	<u>-</u>

The bank loan is secured by a fixed and floating charge over the assets of the LLP. In addition, Khaled Said has provided a personal guarantee of £457,000 and Capital Generation Capital Limited has provided a guarantee of £457,000 which is in turn guaranteed by Canaletto Holding Limited.

CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31st December 2009

Notes (Continued)

10 Reconciliation of Members' Interests

Members' other interests

	Members Capital £	Other Reserves £	Total £	Loans and Other Debts due to/from Members £	Total £
Amounts due to members	-	-		263,815	
Amounts due from members	-	-		(1,318,284)	
Balance as at 1 January 2009	70,000	3,884,058	3,954,058	(1,054,469)	2,899,589
Profit for the financial year available for division among members	-	1,981,219	1,981,219	-	1,981,219
Members' interests after profit for the period	70,000	5,865,277	5,935,277	(1,054,469)	4,880,808
Repayment of trading amount due to Capital Generation Partners Services Limited				(263,815)	(263,815)
Allocation and distribution of 2008 profits following finalisation of annual financial statements		(3,884,058)	(3,884,058)	1,318,284	(2,565,774)
Advance drawings				(755,533)	(755,533)
Service charges due to Capital Generation Partners Services Limited				2,304,677	2,304,677
Payments on service charges to Capital Generation Partners Services Limited				(1,916,726)	(1,916,726)
Other amounts due from members				(2,520)	(2,520)
Amounts due to members				387,951	
Amount due from members				(758,053)	
At 31 st December 2009	<u>70,000</u>	<u>1,981,219</u>	<u>2,051,219</u>	<u>(370,102)</u>	<u>1,681,117</u>

Members' capital may be repaid to leaving members subject to the condition within the LLP Agreement, that following such payment the total members' capital remains greater than the LLP's FSA financial resources requirement at the relevant time and with the consent of the Managing Member

Members' interests rank after unsecured creditors with loans and other debtors due to Members ranking pari passu with unsecured creditors in the event of a winding up

Loan and debts due to members rank after secured creditors

CAPITAL GENERATION PARTNERS LLP

Financial Statements for the year ended 31st December 2009

Notes (Continued)

11	Reconciliation in shareholders' funds	<u>2009</u>	<u>2008</u>
	At 1 January	3,954,058	
	Capital introduced		70,000
	Paid out to members	(3,884,058)	
	Profit for year	<u>1,981,219</u>	<u>3,884,058</u>
	At 31 December	<u>2,051,219</u>	<u>3,954,058</u>
12	Ultimate Controlling Party		
	The ultimate controlling party is considered to be Khaled Said due to the terms of the LLP agreement		
13	Related Party Transactions		
	During the period £2,304,677 (2008 £2,237,660) was payable through a Services agreement to the corporate member, Capital Generation Partners Services Limited (CGPSL) At the end of the year £387,951 (2008 £263,815) was due to CGPSL		
	During the period £4,241,068 (2008 £6,117,521) of income was received from Capital Generation Limited (CGL), a related party, of which Khaled Said is a director At the end of the year £355,089 (2008 £355,089) was due from CGL		
14	Capital Commitments		
	As at 31 December 2009, the LLP was committed under a contract to the purchase of £36,000 of computer and office equipment (2008 £NIL)		