Registered number: OC331835

CAPITAL GENERATION PARTNERS LLP

REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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COMPANIES HOUSE

MEMBERS AND ADMINISTRATIVE INFORMATION

MEMBERS

Khaled Said
Charlotte Thorne
Ian Barnard
Giovanni D'Alesio
Robert Sears
Capital Generation Holdings LLP

REGISTERED OFFICE

Berkeley Square House
Berkeley Square
London
W1J 6BX

AUDITOR

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

LEGAL ADVISERS

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

BANKERS

Metro Bank
One Southampton Row
London
WC1B 5HA

Report of the Members

The members present their report and the audited financial statements for the year ended 31 December 2017.

Principal Activities

Capital Generation Partners LLP (the "LLP") is an FCA-authorised firm which provides clients with investment advice and investment management services across a range of asset classes. The firm is supported in its work by Capital Generation Partners Services Limited which provides certain services to the LLP.

Review of the business and future developments

On 13th February 2018, Capital Generation Holdings LLP was established as the ultimate parent of the group. Capital contributions from the three founding partners and Capital Generation Capital Limited and Capital Generation Partners Services Limited are now being made into Holdings thence into Partners. The transfer has no effect on the ultimate ownership of the LLP.

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

The firm made a profit of £3,278,232 (2016: £1,652,603).

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

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)
Giovanni D'Alesio	(Appointed 6 April 2017)
Robert Sears	(Appointed 6 April 2017)
Capital Generation Holdings LLP	(Appointed 13 February 2017)

Members Drawings

The profit of the LLP in respect of each financial year is 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 10th September 2014:

- 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 unallocated profits.

Members Drawings (continued)

- Capital is contributed by members and is repaid to retiring members in accordance with the partnership deed.

Gifts in Kind

A gift in kind was made to The Said Foundation of £14,400 (2016: £14,400) for Investment Performance Reporting services.

Charitable Donations

Charitable donations were made throughout the year to YoungMinds of £24,000 (2016: £24,000).

Auditors

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

(a) So far as each member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and

(b) 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 LLP's auditors for that purpose, in order to be aware of any information needed by the LLP's auditors in connection with preparing their report and to establish that the LLP's auditors are aware of that information.

Auditor

A resolution to reappoint RSM 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

------------------------------ and are signed on their behalf by

Charlotte Thorne

Designated Member

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 Regulations, the members 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 LLP and of the profit or loss of the LLP for that period.

In preparing those financial statements, the members 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 applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the requirements of those Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPITAL GENERATION PARTNERS LLP

Opinion

We have audited the financial statements of Capital Generation Partners LLP (the 'limited liability partnership') for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, reconciliation of members' interests 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership'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 members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPITAL GENERATION PARTNERS LLP

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 applied to limited liability partnerships 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

Responsibilities of members
As explained more fully in the Members' Responsibilities Statement 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, and for such internal control as the members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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 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 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. 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 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 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.

RSM UK Audit LLP

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

Date 18/4/2018

CAPITAL GENERATION PARTNERS LLP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	2	8,854,139	6,909,773
Administrative expenses		(5,569,395)	(5,247,562)
Operating profit	3	3,284,744	1,662,211
Interest receivable and similar income		73	542
Interest payable and similar charges	4	(6,585)	(10,150)
Profit for the financial year before members' remuneration & profit shares		3,278,232	1,652,603
Profit for the financial year before members' remuneration & profit shares		3,278,232	1,652,603
Members' remuneration charged as an expense	5	-	-
Profit for the financial year available for discretionary division among members		3,278,232	1,652,603
Total comprehensive income		3,278,232	1,652,603

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

CAPITAL GENERATION PARTNERS LLP

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

Registration No. OC331835

	Notes	2017 £	2016 £
Fixed assets			
Intangible assets	6	121,055	121,055
Investments	7	65	65
		121,120	121,120
Current assets			
Debtors	8	4,069,071	1,986,539
Cash at bank and in hand		1,189,165	1,341,944
		5,258,236	3,328,483
Creditors: amounts falling due within one year	9	(1,193,166)	(348,020)
Net current assets		4,065,070	2,980,463
Total assets less current liabilities		4,186,190	3,101,583
Creditors: amounts falling due after more than one year	10	(77,958)	(180,208)
Net assets attributable to members		4,108,232	2,921,375
Represented by:			
Loans and other debts due to members			
Other amounts		-	448,772
Members' other interests			
Members' capital classified as equity		830,000	820,000
Other reserves classified as equity		3,278,232	1,652,603
		4,108,232	2,921,375
Total members' interests			
Members' other interests		4,108,232	2,472,603
Loans and other debts due to members		-	448,772
Loans and other debts due from members		(831,080)	(649,912)
		3,277,152	2,271,463

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008) applicable to LLPs subject to the small LLPs regime.

The financial statements on pages 5 to 19 were approved by the members and authorised for issue on 18th April 2018 and are signed on their behalf by:

Charlotte Thorne
Designated member

CAPITAL GENERATION PARTNERS LLP

RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2017

	EQUITY Members' Other Interests			DEBT	TOTAL MEMBERS' INTERESTS
	Members' Capital (classified as equity) £	Other Reserves £	Total £	Loans and other debts due to members less any amounts due from members in debtors £	Total 2017 £
Amounts due to members				448,772	
Amounts due from members				(649,912)	
Balance at 1 January 2017	820,000	1,652,603	2,472,603	(201,140)	2,271,463
Profit for the financial year available for discretionary division among members	-	3,278,232	3,278,232	-	3,278,232
Members' interests after profit for the year	820,000	4,930,835	5,750,835	(201,140)	5,549,695
Introduced by members	10,000	-	10,000	-	10,000
Repayment of trading amount due to Capital Generation Partners Services Limited	-	-	-	(448,772)	(448,772)
Allocation and distribution of 2016 profits following finalisation of annual financial statements	-	(1,652,603)	(1,652,603)	649,912	(1,002,691)
Allocation of 2017 profits	-	-	-	-	-
Advance drawings	-	-	-	(802,670)	(802,670)
Service charges due to Capital Generation Partners Services Limited	-	-	-	552,812	552,812
Payments on service charges to Capital Generation Partners Services Limited	-	-	-	(401,090)	(401,090)
Resignation of member for the balance due to CGPSL when it ceased to be a member	-	-	-	(151,721)	(151,721)
Other amounts due from members	-	-	-	(28,411)	(28,411)
Amounts due to members				-	-
Amounts due from members				(831,080)	(831,080)
Balance at 31 December 2017	830,000	3,278,232	4,108,232	(831,080)	3,277,152

RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2016

	EQUITY Members' Other Interests			DEBT	TOTAL MEMBERS' INTERESTS
	Members' Capital (classified as equity) £	Other Reserves £	Total £	Loans and other debts due to members less any amounts due from members in debtors £	Total 2016 £
Amounts due to members				600,636	
Amounts due from members				(664,723)	
Balance at 1 January 2016	820,000	1,282,441	2,102,441	(64,087)	2,038,354
Profit for the financial year available for discretionary division among members	-	1,652,603	1,652,603	-	1,652,603
Members' interests after profit for the year	820,000	2,935,044	3,755,044	(64,087)	3,690,957
Introduced by members	-	-	-	-	-
Repayment of trading amount due to Capital Generation Partners Services Limited	-	-	-	(600,636)	(600,636)
Allocation and distribution of 2015 profits following finalisation of annual financial statements	-	(1,282,441)	(1,282,441)	664,723	(617,718)
Allocation of 2016 profits	-	-	-		-
Advance drawings	-	-	-	(645,520)	(645,520)
Service charges due to Capital Generation Partners Services Limited	-	-	-	4,504,481	4,504,481
Payments on service charges to Capital Generation Partners Services Limited	-	-	-	(4,055,709)	(4,055,709)
Other amounts due from members	-	-	-	(4,392)	(4,392)
Amounts due to members				448,772	448,772
Amounts due from members				(649,912)	(649,912)
Balance at 31 December 2016	820,000	1,652,603	2,472,603	(201,140)	2,271,463

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
OPERATING ACTIVITIES			
Transactions with non-members:			
Cash generated from operations	13	5,987,774	6,235,523
Interest paid		(6,585)	(10,150)
Transactions with members and former members:			
Payments on service charges to Capital Generation Partners Services Limited		(3,759,247)	(4,055,709)
NET CASH FROM OPERATING ACTIVITIES		2,221,942	2,169,664
INVESTING ACTIVITIES			
Transactions with non-members:			
Purchase of intangible fixed assets	6	-	(15,207)
Repayment of borrowings		(102,250)	(75,415)
Interest received		73	542
NET CASH USED IN INVESTING ACTIVITIES		(102,177)	(90,080)
FINANCING ACTIVITIES			
Transactions with members and former members:			
Capital introduced by members (classified as equity or liability)		10,000	-
Repayment of capital or debt to members		(477,183)	(605,028)
Payments to members that represent a return on amounts subscribed or otherwise contributed		(1,805,361)	(1,263,238)
NET CASH USED IN INVESTING ACTIVITIES		(2,272,544)	(1,868,266)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(152,779)	211,318
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,341,944	1,130,626
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,189,165	1,341,944

ACCOUNTING POLICIES

General information

Capital Generation Partners LLP ("the LLP") has prepared financial statements covering the individual entity's results for the year to 31 December 2017.

Capital Generation Partners LLP is a Limited Liability Partnership and is incorporated in England and Wales. The address of Capital Generation Partners LLP's registered office is presented on the Members and Administrative Information page of these financial statements.

The principle activities of the LLP are set out in the members report on page 1.

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" published January 2017.

The financial statements are presented in sterling which is also the functional currency of the LLP. Monetary amounts in these financial statements are rounded to the nearest whole £, except where otherwise indicated.

Consolidated financial statements

The LLP has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the LLP as a single entity.

Going concern

Capital Generation Partners LLP is a going concern with multiple client relationships of long standing which means that it has more than sufficient resources to meet its liabilities. For this reason the Members continue to adopt the going concern basis in preparing the financial statements.

Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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.

Intangible fixed assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Computer software	over the remaining life of the software agreement (maximum of 5 years)

Amortisation is revised prospectively for any significant change in useful life.

On disposal the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Impairments of intangible fixed assets

At each reporting end date, the LLP reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the LLP estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairments of fixed assets (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the LLP. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Taxation

The taxation payable on the LLP's profits are solely the personal liability of the individual members. Consequently neither LLP taxation nor related deferred taxation arising in respect of the LLP are accounted for in these financial statements.

Financial assets

The LLP has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the LLP's statement of financial position when the LLP becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets (continued)

Loans and receivables
Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

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

Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the LLP's obligations are discharged, cancelled, or they expire.

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment and the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense and presented as members' remuneration charged as an expense in arriving at the result for the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities.

Conversely, where profits are divided only after a decision by the LLP or its representative, so the LLP has an unconditional right to refuse payment, such profits are classed as equity rather than as liabilities. They are therefore shown as a residual amount available for discretionary division among members in arriving at the result for the year and are shown as appropriations of equity when they are allocated.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

1. Critical accounting judgements

Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of assets
Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

2. Turnover

The turnover and profit are attributable to the one principal activity of the LLP.

An analysis of turnover is provided below:

	2017 £	2016 £
Rest of World	8,854,139	6,909,773
	8,854,139	6,909,773

3. Operating profit

Operating profit is stated after charging / (crediting):

	2017 £	2016 £
Amortisation of intangible assets	-	-
Charge/(Gain) on foreign exchange	2,087	(48,118)
Auditor's remuneration- audit of the financial statements	30,600	15,900
Auditor's remuneration – all other non-audit services	38,140	-

4. Interest payable

	2017 £	2016 £
Interest payable on bank loan	6,585	10,150

5. Members' remuneration

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 profit attributable to the highest paid member for the period is £1,284,424 (2016: £709,421).

6. Intangible assets

	Computer software costs £	Total £
Cost		
At 1 January 2017	333,092	333,092
Additions	-	-
At 31 December 2017	333,092	333,092
Amortisation		
At 1 January 2017	212,037	212,037
Amortisation charged in the year	-	-
At 31 December 2017	212,037	212,037
Carrying amount		
At 31 December 2017	121,055	121,055
At 31 December 2016	121,055	121,055

7. Fixed asset investments

	2017 £	2016 £
Investments in subsidiaries	65	65

On 9th November 2010, the Partners agreed to establish Capital Generation Partners Bermuda Limited, a Company incorporated in Bermuda, which is a wholly owned subsidiary of the LLP. This is not an authorised entity; its function is to contract with offshore clients.

The above Investment represents the capital contributions made by the LLP for 100% ordinary shareholding of Capital Generation Partners Bermuda Limited. At the balance sheet date the full amount was owed to Capital Generation Partners Bermuda Limited (CGPBL).

The results and net assets of Capital Generation Partners Bermuda Limited were as follows:

	£
Profit for the year ended 31 December 2017	1,310
Capital and reserves at 31 December 2017	6,504

8. Debtors

	2017	2016
	£	£
Trade debtors	924,144	528,926
Amounts due from members	831,080	649,912
Amounts owed by group undertakings	271,557	212,232
Other debtors	291,194	24,917
Prepayments and accrued income	1,751,096	570,552
	4,069,071	1,986,539

9. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Loans and overdrafts	102,250	102,250
Trade creditors	96,574	61,117
Accruals and deferred income	130,485	184,653
Other creditors	5,170	-
Amounts due to members	858,687	-
	1,193,166	348,020

10. Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Loans and overdrafts	77,958	180,208

The bank loan included within Creditors: Amounts falling due within one year and Creditors: Amounts falling due after more than one year is secured by a debenture of the LLP.

11. Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	4,299,706	2,613,645
Carrying amount of financial liabilities		
Measured at amortised cost	412.437	528,228

12. Members' interests

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 FCA financial resources requirement at the relevant time and with the consent of the Managing Member.
Members' interests rank after unsecured creditors. Loans and other debtors due to Members rank pari passu with unsecured creditors in the event of a winding up.Loans and debts due to members rank after secured creditors.

13. Reconciliation of profit to net cash generated from/(used in) operations

	2017 £	2016 £
Profit for the year	3,278,232	1,652,603
Adjustments for:		
Amortisation of intangible assets	-	-
Service charges due to Capital Generation Partners Services Limited	4,617,934	4,504,481
Interest receivable	(73)	(542)
Interest payable	6,585	10,150
Operating cash flows before movements in working capital	7,902,678	6,166,692
Decrease / (Increase) in trade and other debtors	(1,901,363)	666
(Decrease)/increase in trade and other creditors	(13,541)	68,165
Cash generated from /(used in) operations	5,987,774	6,235,523

14. Related party transactions

The remuneration of key management personnel is as follows:

	2017 £	2016 £
Aggregate compensation	1,031,177	645,520

During the period £4,617,934 (2016: £4,504,481) was payable through a services agreement to the corporate member, Capital Generation Partners Services Limited (CGPSL). At the end of the year £858,687 (2016: £448,772) was due to CGPSL.

During the year profits of £Nil was allocated to CGPSL (2016: £Nil). At the end of the year £Nil was due to CGPSL (2016: £Nil).

During the period £5,855,503 (2016: £4,187,252) 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 £919,742 (2016: £409,074) was due from CGL, £NIL (2016: £2,723) of rechargeable costs and £1,133,850 was due in accrued income.

During the period £703,000 (2016: £576,000) of income was received from Capital Generation Partners Bermuda Limited (CGPBL), a subsidiary. At the end of the year £271,557 (2016: £212,232) was due from CGPBL, and £18,000 (2016: £57,000) was due in accrued income.

A gift in kind was made to The Said Foundation of £14,400 (2016: £14,400) for Investment Performance Reporting Services. This entity is related as Khaled Said is a Trustee of the Foundation.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. All transactions are on an arm's length basis. No expense has been recognised in the year (2016: £nil) in respect of bad debts from related parties.

15. Controlling party

The ultimate parent entity is Capital Generation Holdings LLP. The largest and smallest group accounts drawn up which include the LLP are Capital Generation Holdings LLP, who's registered office is Berkeley Square House, Berkeley Square, London, W1J 6BX, and consolidated financial statements can be found at Companies House.

The ultimate controlling party is considered to be Khaled Said due to the terms of the LLP agreement.

CAPITAL GENERATION PARTNERS LLP

PILLAR 3 AND REMUNERATION DISCLOSURE

APRIL 2018 (for financial year ending 31.12.17)

Pillar 3 Disclosure

Capital Generation Partners LLP (the "Firm") is authorised and regulated by the Financial Conduct Authority (the "FCA"). The Firm is a UK domiciled discretionary investment manager to professional clients. The Firm is categorised as "BIPRU Limited License Firm" for capital purposes and reports on a solo basis. The Firm's Pillar 3 disclosure fulfils the Firm's obligation to disclose to market participants' key pieces of information on a firm's capital, risk exposures and risk assessment processes.

We are permitted to omit required disclosures if we believe that the information is immaterial such that omission would be likely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers and counterparties.

We have made no omissions on the grounds that it is immaterial, proprietary or confidential.

Risk Management

The Firm's Partners determine its business strategy and the level of risk acceptable to the Firm. They have designed and implemented a risk management framework that recognises the risks that the business faces and how those risks may be monitored and mitigated and assess on an ongoing basis. The Firm has in place controls and procedures necessary to manage those risks.

The Firm considers the following as key risks to its business:

Business Risk – This risk represents a fall in assets under management or the loss of key staff which may reduce the fee income earned by the Firm and hinder its ability to finance its operations and reimburse its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP").

Market risk - The risk is the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than sterling. The Firm operates currency bank accounts permitting it to receive/pay currency directly.

Operational risk – This risk covers a range of operational exposures from the risk of the loss of the key personnel to the risk of the provision of investment advice. Legal and reputational risks are also included within the category of operational risk. Operational risks and how they can be mitigated are assessed as part of the ICAAP.

Credit risk – This is the risk of non-payment of management fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This is monitored by the Firm's Director of Finance and Office Management and the Board.

Regulatory Capital

Capital Generation Partners LLP is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital contains only members' capital contributions of £830,000.

The Firm is small with a simple operational infrastructure. Its market risk is limited to foreign exchange risk on its accounts receivable in foreign currency, and credit risk from management and performance fees receivable from the funds under its management.

Pillar 1 capital is the higher of:

1. the base capital requirement of €50,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement ("FOR").

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP. When making this calculation, the Firm also takes into account the own funds requirement detailed above.

It is the Firm's experience that its Pillar 1 capital requirement normally consists of the FOR, although market and credit risks are reviewed regularly. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management fees due but not paid, and bank balances. Having performed the ICAAP, the Firm has concluded that no additional capital is required in excess of its Pillar 1 capital requirement.

As at the date of this disclosure the Firm's regulatory capital position is:

Capital Item	**£'000**
Tier 1 capital	£830
Total capital resources, net of deductions	**£830**

The Firm's ICAAP assesses the adequacy of its internal capital to support current and future activities. This process includes an assessment of the specific risks to the Firm, the internal controls in place to mitigate those risks and an assessment of whether additional capital mitigates those risks. The Firm also considers a wind down scenario to assess the capital required to cease regulated activities.

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial. Concerning Pillar 1, it is the Firm's experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material. Our capital requirements are currently £752,870 which is well within the level of regulatory capital held.

We consider this amount to be sufficient regulatory capital to support the business and have not identified any areas which give rise to a requirement to hold additional risk based capital.

The Firm's ICAAP is formally reviewed by the Members annually, but will be revised should there be any material changes to the Firm's business or risk profile.

Remuneration

Given the nature and small size of our business, remuneration for all employees is set by the members of the Firm. The Firm formally reviews the performance of all employees and based thereon determines each employees overall level of remuneration and the split of that between base salary, bonus, etc. in compliance with the FCA Rules on remuneration.

Given that the Firm has only one business area, investment management, all remuneration disclosed in our audited financial statements is from this business area.

The Firm has defined "Code Staff" to be Partners only and is satisfied that their remuneration is in accordance with the code.

The Firm is subject to the BIPRU Remuneration Code ("the Code"), has applied proportionality and, pursuant to this application and where relevant, has disapplied various provisions of the Code.

Stewardship Disclosure

The Firm supports the principles enshrined in the Financial Reporting Council's Stewardship Code which sets out good practice for investor engagement with the UK listed companies in which they invest. The FCA requires all authorised asset managers to publicly disclose either a statement of compliance with the Stewardship Code or where they do not commit, their alternative investment strategy.

The Financial Conduct Authority and the Financial Reporting Council have acknowledged that certain aspects of the Stewardship Code are not directly relevant to all managers. The Firm does not generally advise or manage in relation to UK listed investments. Consequently, compliance with the Stewardship Code is not relevant to the Firm.

The Firm's Partners will continue to review the Code's applicability.