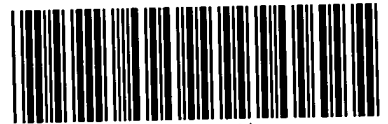


Registered number: OC331835

**CAPITAL GENERATION PARTNERS LLP**  
**REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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COMPANIES HOUSE

**CAPITAL GENERATION PARTNERS LLP**

**MEMBERS AND ADMINISTRATIVE INFORMATION**

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**MEMBERS**

Khaled Said  
Charlotte Thorne  
Ian Barnard  
Robert Sears  
Ross Davies  
Capital Generation Holdings LLP  
Richard Adams  
Clare Flanagan  
Dipankar Shewaram (appointed on 6 April 2022)

**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**

Farrer & Co  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

**BANKERS**

Coutts & Co  
440 Strand  
London  
WC2R 0QS

## **CAPITAL GENERATION PARTNERS LLP**

### **MEMBERS' REPORT**

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#### **Report of the Members**

The members present their report and the audited financial statements for the year ended 31 December 2022.

#### **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 13<sup>th</sup> February 2017, 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 were made into Holdings thence into the LLP. 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 £4,918,139 (2021: £3,841,233).

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

The firm's revenue is fairly well protected, as a large portion of the firm's income is on a fixed fee basis, and is agreed on annually using a contracted formula, meaning that a large proportion of the firm's income is fixed in sterling terms until June 2023. The Members do not anticipate any material change to this income going forward.

Further details of the Members' assessment of the ability of the LLP to continue as a going concern for at least 12 months from the approval of these financial statements have been included within the going concern accounting policy on page 14.

#### **Members**

The following were members of the LLP during the year and, unless otherwise stated, continued to be members after that date:

Khaled Said	(Designated)
Ian Barnard	
Charlotte Thorne	(Designated)
Robert Sears	
Capital Generation Holdings LLP	
Ross Davies	
Richard Adams	
Clare Flanagan	
Dipankar Shewaram	

## **CAPITAL GENERATION PARTNERS LLP**

### **MEMBERS' REPORT**

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#### **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 at the discretion of the managing member completed subsequent to the financial year end. Profits are divided among the members in accordance with profit sharing arrangements.

The following policies exist and are covered in the LLP agreement dated 30<sup>th</sup> March 2017:

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

#### **Charitable Donations**

Charitable donations were made throughout the year to The Felix Project £40,000 (2021: £40,000), London Music Fund £1,000 (2021: £1,000).

## **CAPITAL GENERATION PARTNERS LLP**

### **MEMBERS' REPORT**

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#### **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 20th April 2023 and are signed on their behalf by



Charlotte Thorne  
Designated Member

## **CAPITAL GENERATION PARTNERS LLP**

### **MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS**

The members are responsible for preparing the 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; and
- c) — 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.

## **CAPITAL GENERATION PARTNERS LLP**

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

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#### **Opinion**

We have audited the financial statements of Capital Generation Partners LLP (the 'limited liability partnership') for the year ended 31 December 2022 which comprise the statement of comprehensive income, statement of financial position, reconciliation of members' interests, statement of cash flows and notes to the financial statements, including 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 2022 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**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

#### **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.

## **CAPITAL GENERATION PARTNERS LLP**

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

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#### **Responsibilities of members**

As explained more fully in the Members' Responsibilities Statement set out on page 4, 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.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.



## CAPITAL GENERATION PARTNERS LLP

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

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are compliance with the Companies Act 2006 as applied to limited liability partnerships and the LLP SORP 2022. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations. We inspected compliance documentation, including but not limited to, regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorisation and other regulatory obligations.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing revenue to identify unrecorded transactions.

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.

#### Use of our 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.

*James Simpson*

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

Date: 24/04/23

**CAPITAL GENERATION PARTNERS LLP**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 £
Turnover	2	12,606,121	10,196,352
Administrative expenses		(7,669,790)	(6,336,172)
<b>Operating profit</b>	3	4,936,331	3,860,180
Interest receivable and similar income		2,446	-
Interest payable and similar charges	4	(20,638)	(18,947)
<b>Profit for the financial year before members' remuneration &amp; profit shares</b>		4,918,139	3,841,233
Members' remuneration charged as an expense	5	-	-
<b>Profit for the financial year available for discretionary division among members</b>		4,918,139	3,841,233
<b>Total comprehensive income</b>		4,918,139	3,841,233

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

The notes on pages 13 to 24 form an integral part of these audited financial statements.

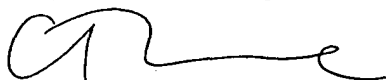
**CAPITAL GENERATION PARTNERS LLP**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022**

	Notes	2022	2021 £
<b>Fixed assets</b>			
Intangible assets	6A	48,094	35,386
Tangible assets	6B	629,398	746,338
Investments	7	65	65
		<u>677,557</u>	<u>781,789</u>
<b>Current assets</b>			
Debtors	9	3,856,174	3,494,981
Cash at bank and in hand		3,051,238	2,535,180
		<u>6,907,412</u>	<u>6,030,161</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,251,830)</u>	<u>(1,560,717)</u>
<b>Net current assets</b>		<u>5,655,582</u>	<u>4,469,444</u>
<b>Total assets less current liabilities</b>		6,333,139	5,251,233
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(560,000)</u>	<u>(560,000)</u>
<b>Net assets attributable to members</b>		<u>5,773,139</u>	<u>4,691,233</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Other amounts		-	-
<b>Members' other interests</b>			
Members' capital classified as equity		855,000	850,000
Other reserves classified as equity		4,918,139	3,841,233
		<u>5,773,139</u>	<u>4,691,233</u>
<b>Total members' interests</b>			
Members' other interests		5,773,139	4,691,233
Loans and other debts due to members		-	-
Loans and other debts due from members		<u>(1,326,571)</u>	<u>(1,112,060)</u>
		<u>4,446,568</u>	<u>3,579,173</u>

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 Limited Liability Partnerships.

The financial statements on pages 8 to 24 were approved by the members and authorised for issue on 20<sup>th</sup> April 2023 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 2022**

	EQUITY Members' Other Interests			DEBT Loans and other debts due to members less any amounts due from members in debtors	TOTAL MEMBERS' INTERESTS
	Members' Capital (classified as equity) £	Other Reserves £	Total £	£	Total 2022 £
Amounts due to members					
Amounts due from members				(1,112,060)	
Balance at 1 January 2022	850,000	3,841,233	4,691,233	(1,112,060)	3,579,173
Profit for the financial year available for discretionary division among members	-	4,918,139	4,918,139	-	4,918,139
Members' interests after profit for the year	850,000	8,759,372	9,609,372	(1,112,060)	8,497,312
Introduced by members	5,000	-	5,000	-	5,000
Allocation of profits	-	(3,841,233)	(3,841,233)	3,841,233	-
Distribution to members	-	-	-	(2,729,173)	(2,729,173)
Advance drawings	-	-	-	(1,326,571)	(1,326,571)
Amounts due to members				-	-
Amounts due from members				(1,326,571)	-
Balance at 31 December 2022	855,000	4,918,139	5,773,139	(1,326,571)	4,446,568

**CAPITAL GENERATION PARTNERS LLP**

**RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2021**

	EQUITY Members' Other Interests			DEBT Loans and other debts due to members less any amounts due from members in debtors	TOTAL MEMBERS' INTERESTS
	Members' Capital (classified as equity) £	Other Reserves £	Total £	£	Total 2021 £
Amounts due to members				7,081	
Amounts due from members				(1,283,252)	
Balance at 1 January 2021	850,000	2,968,782	3,818,782	(1,276,171)	2,542,611
Profit for the financial year available for discretionary division among members	-	3,841,233	3,841,233	-	3,841,233
Members' interests after profit for the year	850,000	6,810,015	7,660,015	(1,276,171)	6,383,844
Introduced by members					
Allocation of profits	-	(2,968,782)	(2,968,782)	2,968,782	-
Distribution to members	-	-	-	(1,692,611)	(1,692,611)
Advance drawings	-	-	-	(1,112,060)	(1,112,060)
Amounts due to members				-	-
Amounts due from members				(1,112,060)	-
Balance at 31 December 2021	850,000	3,841,233	4,691,233	(1,112,060)	3,579,173

**CAPITAL GENERATION PARTNERS LLP**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 Restated £
<b>OPERATING ACTIVITIES</b>			
Transactions with non-members:			
Cash generated from operations	14	4,605,288	3,476,187
Interest paid		(20,638)	(18,947)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>4,584,650</b>	<b>3,457,240</b>
<b>INVESTING ACTIVITIES</b>			
Transactions with non-members:			
Purchase of intangible fixed assets	6A	(18,382)	(39,836)
Purchase of tangible fixed assets	6B	(1,912)	(99,838)
Interest received		2,446	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(17,848)</b>	<b>(139,674)</b>
<b>FINANCING ACTIVITIES</b>			
Transactions with members and former members:			
Capital introduced by members (classified as equity or liability)		5,000	-
Payments to members that represent a return on amounts subscribed or otherwise contributed		(4,055,744)	(2,804,671)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(4,050,744)</b>	<b>(2,804,671)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(i)	<b>516,058</b>	<b>512,895</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	(i)	<b>2,535,180</b>	<b>2,022,285</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	(i)	<b>3,051,238</b>	<b>2,535,180</b>

**(i) Changes in Net funds/(debt)**

	At 1 <sup>st</sup> January 2022 £	Cash Flow £	Other Changes £	At 31 <sup>st</sup> December 2022 £
Cash and Cash Equivalents	2,535,180	516,058	-	3,051,238
Borrowings – Debt due within one year	(28,979)	-	28,979	-
Borrowings – Debt due after one year	(560,000)	-	-	(560,000)
<b>Total</b>	<b>1,946,201</b>	<b>516,058</b>	<b>28,979</b>	<b>2,491,238</b>

## CAPITAL GENERATION PARTNERS LLP

### ACCOUNTING POLICIES

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#### General information

Capital Generation Partners LLP ("the LLP") has prepared financial statements covering the individual entity's results for the year to 31 December 2022

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 principal 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 December 2022.

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.

#### Correction of prior period error

#### Recognition of subsidiary

As a result of management assessment not previously carried out, Capital Generation Partners Services Limited has been recognised as a subsidiary of Capital Generation Partners LLP on grounds of unified management as defined in Companies Act 2006 s1162(4)(b).

As a result of the above assessment, there is no impact on the results and net assets for the current or prior year for Capital Generation Partners LLP therefore no restatement of comparatives is required.

#### Reclassification of amounts with former members within the Cashflow Statement

In the prior year, transactions with Capital Generation Partners Services Limited were reflected as "transactions with former members" on the face of the statement of cash flows. The transactions with Capital Generation Partners Services Limited did not meet the definition of transactions with a 'former member' per LLP SORP 2022 therefore, the amounts shown in the comparative period in the statement of cash flows have been reclassified as below:

#### Per Statement of Cash Flows:

	31 December 2021 (as previously reported)	Reclassification	31 December 2021 (restated)
Cash generated from operations	7,548,810	(4,072,623)	3,476,187
Transactions with members and former members:	(4,072,623)	4,072,623	-
Payments on service charges to Capital Generation Partners Services Limited			

## **CAPITAL GENERATION PARTNERS LLP**

### **ACCOUNTING POLICIES (CONTINUED)**

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#### **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 despite the uncertainties in the economy, it expects to have more than sufficient income to enable it to meet its liabilities. The assessment has been based on projections for a period of over 12 months from the approval of these financial statements. Therefore, the Members have prepared the financial statements on a going concern basis.

#### **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 and management fees are recognised on an accruals basis and in line with agreements in place. Income is recognised once the service has been delivered.

#### **Taxation**

The taxation payable on the LLP's profits is 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.

#### **Members remuneration**

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.

#### **Tangible fixed assets**

Tangible assets are stated at cost less accumulated depreciation. 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)



## CAPITAL GENERATION PARTNERS LLP

### ACCOUNTING POLICIES (CONTINUED)

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#### 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.

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.

It is management's assessment that Capital Generation Partners Services Limited is managed on a unified basis as defined in Companies Act 2006 s1162(4)(b) and as such it is deemed to be a subsidiary of Capital Generation Partners LLP as at 31 December 2022 and as at 31 December 2021.

## **CAPITAL GENERATION PARTNERS LLP**

### **ACCOUNTING POLICIES (CONTINUED)**

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#### **Fixed asset investments (continued)**

There is no direct equity investment and there is no consolidation requirement as Capital Generation Partners LLP has taken the consolidation exemption under Companies Act 2006 section 400. As a result of the above assessment, there is no impact on the results and net assets for the current or prior year for Capital Generation Partners LLP therefore no restatement of comparatives is required.

#### **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.

#### **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.

#### **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.

## **CAPITAL GENERATION PARTNERS LLP**

### **ACCOUNTING POLICIES (CONTINUED)**

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#### **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.

## CAPITAL GENERATION PARTNERS LLP

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 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:

	2022			2021		
	Advisory £	Management £	Total £	Advisory £	Management £	Total £
UK	113,227	339,520	452,747	110,795	360,171	470,966
Europe	2,021,486	1,738,307	3,759,793	1,752,822	1,153,109	2,905,931
Rest of World	6,567,780	1,825,801	8,393,581	5,374,114	1,445,341	6,819,455
	8,702,493	3,903,628	12,606,121	7,237,731	2,958,621	10,196,352

#### 3. Operating profit

Operating profit is stated after charging / (crediting):

	2022 £	2021 £
Amortisation of intangible assets	5,674	4,450
Depreciation of tangible assets	118,852	111,793
(Loss)/ Gain on foreign exchange	(256,069)	27,500
Auditor's remuneration- audit of the financial statements	25,000	17,000

**CAPITAL GENERATION PARTNERS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**4. Interest payable**

	2022 £	2021 £
Interest payable on loan from related party	20,638	18,947

**5. Members' remuneration**

	2022	2021
Average number of members	9	8

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 £1,078,583 (2021 £927,654).

**6A. Intangible assets**

	Computer software costs £	Trademark £	Total £
<b>Cost</b>			
At 1 January 2022	358,467	37,211	395,678
Additions	-	18,382	18,382
At 31 December 2022	358,467	55,593	414,060
<b>Amortisation</b>			
At 1 January 2022	356,571	3,721	360,292
Amortisation charged in the year	875	4,799	5,674
At 31 December 2022	357,446	8,520	365,966
<b>Carrying amount</b>			
At 31 December 2022	1,021	47,073	48,094
At 31 December 2021	1,896	33,490	35,386

**CAPITAL GENERATION PARTNERS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**6B. Tangible assets**

	Leasehold improvement	Furniture, Fittings & Equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2022	666,845	215,123	881,968
Additions	-	1,912	1,912
At 31 December 2022	666,845	217,035	883,880
<b>Amortisation</b>			
At 1 January 2022	86,547	49,083	135,630
Amortisation charged in the year	73,267	45,585	118,852
At 31 December 2022	159,814	94,668	254,482
<b>Carrying amount</b>			
At 31 December 2022	507,031	122,367	629,398
At 31 December 2021	580,298	166,040	746,338

**7. Fixed asset investments**

	2022 £	2021 £
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 registered office of CGPBL is c/o Ocorian Services (Bermuda) Limited, Victoria Place, 5th Floor, 31 Victoria Street, PO Box 1624, Hamilton, HM GX, Bermuda.

Capital Generation Partners Services Limited is a subsidiary of Capital Generation Partners LLP as a result of it being managed on a unified basis as defined in CA 2006 s1162(4)(b). There is no equity investment held in Capital Generation Partners Services Limited by Capital Generation Partners LLP.

**CAPITAL GENERATION PARTNERS LLP****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**8. Lease Commitments**

From 7<sup>th</sup> July 2020, the Company signed a 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 £511,760 per annum, for 9 years and 5 months, with a 5 year tenant break only.

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

	2022 £	2021 £
Within 1 year	478,635	478,635
Between 1 year and 5 years	1,914,538	1,914,538
After 5 years	917,384	1,396,018
	<u>3,310,557</u>	<u>3,789,191</u>

**9. Debtors**

	2022 £	2021 £
Trade debtors	55,654	114,482
Amounts due from members	1,326,571	1,112,060
Amounts owed by group undertakings	290,834	251,922
Amounts due by related undertakings	10,217	10,010
Other debtors	87,993	168,879
Prepayments and accrued income	2,084,905	1,837,628
	<u>3,856,174</u>	<u>3,494,981</u>

**10. Hedging**

The firm had taken out forward currency exchange contracts with Monex Europe Markets Limited during the year to hedge against a significant increase in the price of sterling as most of our expenditure is in sterling and this protects us against a sterling rebound. We do not anticipate this hedge having value, but it insures us against extreme negative events in currency. One contract has not been settled at year end and a loss of £22,240 (a loss on FWD contract \$250,000 at contracted rate of £1:\$1.3583 vs at year-end forward rate of £1:\$1.2119) is being recognised as fair value loss at 31st December 2022 (2021: net fair value gain of £5,224).

**CAPITAL GENERATION PARTNERS LLP****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022****11. Creditors: Amounts falling due within one year**

	2022 £	2021 £
Loans and overdrafts	-	28,979
Trade creditors	207,150	236,285
Accruals and deferred income	872,285	785,431
Other creditors	9,689	1,898
Amounts due to group undertakings	162,706	508,124
	<u>1,251,830</u>	<u>1,560,717</u>

**Creditors: Amounts falling due within one year**

	2022 £	2021 £
Loans and Overdrafts	<u>560,000</u>	<u>560,000</u>

Additional information in respect of this loan has been included in Note 15 Related party transactions.

**12. Financial instruments**

	2022 £	2021 £
Carrying amount of financial assets		
Instruments measured at fair value through the profit or loss	<u>22,240</u>	<u>5,224</u>

**13. 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.



**CAPITAL GENERATION PARTNERS LLP**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**14. Reconciliation of profit to net cash generated from operations**

	2022 £	2021 Restated £
Profit for the year	4,918,139	3,841,233
Adjustments for:		
Amortisation of intangible assets	5,674	4,450
Depreciation of tangible assets	118,852	111,793
Interest receivable	(2,446)	-
Interest payable	20,638	18,947
Operating cash flows before movements in working capital	5,060,857	3,976,423
Decrease/ (increase) in trade and other debtors	(146,682)	(655,786)
(Decrease)/ increase in trade and other creditors	(308,887)	155,550
Cash generated from operations	4,605,288	3,476,187

**15. Related party transactions**

The remuneration of key management personnel is as follows:

	2022 £	2021 £
Aggregate compensation	4,859,932	3,834,704

During the period £5,073,039 (2021: £4,050,538) was payable through a services agreement. Capital Generation Partners Services Limited (CGPSL) is a related party due to it being managed on a unified basis. As at the year end £162,707 (2021: 508,124) was due to CGPSL in respect of the service agreement and payments made by CGPSL on behalf of CGPL.

On 29 September 2020, a loan agreement was established between CGPL and CPSL. As at 31 December 2022, £560,000 (2021: £560,000) was due to CGPSL in relation to this loan. Per the loan agreement, interest is charged at 3.00% over the bank base rate per annum and during the year £20,638 (2021: £18,947) was paid in relation to this interest.

The capital balance will be repaid in full by notification in writing, which must be at least 5 years from the effective date of the agreement i.e. 29 September 2020

During the period £6,343,312 (2021: £5,068,777) 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 £346,419 (2021: £329,705) was due in accrued income.

During the period £1,084,300 (2021: £893,200) of income was received from Capital Generation Partners Bermuda Limited (CGPBL), a subsidiary. At the end of the year £290,884 (2021: £250,515) was due from CGPBL.

## **CAPITAL GENERATION PARTNERS LLP**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Related party transactions (continued)**

During the period £65,881 (2021: £51,915) of income was received from CGE Partners LLP (CGEP LLP), a related party, through their parent company relationship. At the end of the year £10,218 (2021: £10,010) was due from CGEP LLP. The income represents rechargeable costs to CGEP LLP.

During the period £419,132 (2021: £95,637) of income was received from CapGen Partners RAIF, a related party, due to common control.

The amounts outstanding, other than the loan, 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 (2021: £nil) in respect of bad debts from related parties.

— The loan is interest bearing and there is a fixed and floating guarantee in place.

#### **16. 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.