

Registered number: OC331835

CAPITAL GENERATION PARTNERS LLP
REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



CAPITAL GENERATION PARTNERS LLP

MEMBERS AND ADMINISTRATIVE INFORMATION

MEMBERS

Khaled Said
Charlotte Thorne
Ian Barnard
Robert Sears
Ross Davies
Capital Generation Holdings LLP
Richard Adams
Clare Flanagan

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

Report of the Members

The members present their report and the audited financial statements for the year ended 31 December 2021.

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 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 £3,841,233 (2020: £2,968,782).

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 2022.

Further details of 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 13.

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)
Robert Sears	
Capital Generation Holdings LLP	
Ross Davies	
Richard Adams	
Clare Flanagan	

CAPITAL GENERATION PARTNERS LLP

MEMBERS' REPORT

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 30th 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 (2020: £20,078), London Music Fund £1,000 (2020: £NIL), The Children's Trust £NIL (2020: £9,333).

Pillar 3

In accordance with the rules of the Financial Conduct Authority, the LLP has filed the disclosure with the register as an unaudited appendix to these financial statements.

CAPITAL GENERATION PARTNERS LLP

MEMBERS' REPORT

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 2022 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 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.

CAPITAL GENERATION PARTNERS LLP

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 2021 which comprise the statement of comprehensive income, statement of financial position, reconciliation of members' interests, statements 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 2021 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.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

CAPITAL GENERATION PARTNERS LLP

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.

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:

CAPITAL GENERATION PARTNERS LLP

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

-
- 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.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and the LLP SORP 2018. 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 as the area 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.

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.

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: 26 April 2022

CAPITAL GENERATION PARTNERS LLP**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Turnover	2	10,196,352	8,300,225
Administrative expenses		(6,336,172)	(5,540,037)
Exceptional Items	3	-	213,957
Operating profit	4	3,860,180	2,974,145
Interest receivable and similar income		-	217
Interest payable and similar charges	5	(18,947)	(5,580)
Profit for the financial year before members' remuneration & profit shares		3,841,233	2,968,782
Members' remuneration charged as an expense	6	-	-
Profit for the financial year available for discretionary division among members		3,841,233	2,968,782
Total comprehensive income		3,841,233	2,968,782

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

CAPITAL GENERATION PARTNERS LLP

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Registration No. OC331835

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	7A	35,386	-
Tangible assets	7B	746,338	758,293
Investments	8	65	65
		<u>781,789</u>	<u>758,358</u>
Current assets			
Debtors	10	3,494,981	3,010,387
Cash at bank and in hand		2,535,180	2,022,285
		<u>6,030,161</u>	<u>5,032,672</u>
Creditors: amounts falling due within one year	12	<u>(1,560,717)</u>	<u>(1,440,167)</u>
Net current assets		<u>4,469,444</u>	<u>3,592,505</u>
Total assets less current liabilities		<u>5,251,233</u>	<u>4,350,863</u>
Creditors: amounts falling due after more than one year	12	<u>(560,000)</u>	<u>(525,000)</u>
Net assets attributable to members		<u>4,691,233</u>	<u>3,825,863</u>
Represented by:			
Loans and other debts due to members			
Other amounts		-	7,081
Members' other interests			
Members' capital classified as equity		850,000	850,000
Other reserves classified as equity		3,841,233	2,968,782
		<u>4,691,233</u>	<u>3,825,863</u>
Total members' interests			
Members' other interests		4,691,233	3,818,782
Loans and other debts due to members		-	7,081
Loans and other debts due from members		<u>(1,112,060)</u>	<u>(1,283,252)</u>
		<u>3,579,173</u>	<u>2,542,611</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 LLPs.

The financial statements on pages 8 to 23 were approved by the members and authorised for issue on 20th April 2022 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 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
Allocation and distribution of 2020 profits following finalisation of annual financial statements		(2,968,782)	(2,968,782)	1,276,171	(1,692,611)
Advance drawings	-	-	-	(1,112,060)	(1,112,060)
Amounts due to members	-	-	-	-	-
Amounts due from members	-	-	-	(1,112,060)	(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 MEMBER 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 2020 £
Amounts due to members				22,680	
Amounts due from members				(1,145,730)	
Balance at 1 January 2020	835,000	2,363,880	3,198,880	(1,123,050)	2,075,830
Profit for the financial year available for discretionary division among members	-	2,968,782	2,968,782	-	2,968,782
Members' interests after profit for the year	835,000	5,332,662	6,167,662	(1,123,050)	5,044,612
Introduced by members	15,000	-	15,000	-	15,000
Allocation and distribution of 2019 profits following finalisation of annual financial statements	-	(2,356,799)	(2,356,799)	1,123,050	(1,233,749)
Allocation of 2020 profits	-	-	-	-	-
Advance drawings	-	-	-	(1,283,252)	(1,283,252)
Other amounts due to members	-	(7,081)	(7,081)	7,081	-
Amounts due to members				7,081	
Amounts due from members				(1,283,252)	
Balance at 31 December 2020	850,000	2,968,782	3,818,782	(1,276,171)	2,542,611

CAPITAL GENERATION PARTNERS LLP
STATEMENT OF MEMBER INTERESTS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
OPERATING ACTIVITIES			
Transactions with non-members:			
Cash generated from operations	15	7,548,810	7,734,959
Interest paid		(18,947)	(5,580)
Transactions with members and former members:			
Payments on service charges to Capital Generation Partners Services Limited		(4,072,623)	(3,405,856)
NET CASH FROM OPERATING ACTIVITIES		3,457,240	4,323,523
INVESTING ACTIVITIES			
Transactions with non-members:			
Purchase of intangible fixed assets	7A	(39,836)	-
Purchase of tangible fixed assets	7B	(99,838)	(782,130)
Interest received		-	217
NET CASH USED IN INVESTING ACTIVITIES		(139,674)	(781,913)
FINANCING ACTIVITIES			
Transactions with members and former members:			
Capital introduced by members (classified as equity or liability)		-	15,000
Payments to members that represent a return on amounts subscribed or otherwise contributed		(2,804,671)	(2,517,000)
NET CASH USED IN INVESTING ACTIVITIES		(2,804,671)	(2,502,000)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(i)	512,895	1,039,610
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(i)	2,022,285	982,675
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(i)	2,535,180	2,022,285

(i) Changes in Net funds/(debt)

	At 1 st January 2021 £	Cash Flow £	Other Changes £	At 31 st December 2021 £
Cash and Cash Equivalents	2,022,285	512,895	-	2,535,180
Borrowings – Debt due within one year	(150,746)	-	121,767	(28,979)
Borrowings – Debt due after one year	(525,000)	-	(35,000)	(560,000)
Total	1,346,539	512,895	86,767	1,946,201

CAPITAL GENERATION PARTNERS LLP

ACCOUNTING POLICIES (CONTINUED)

General information

Capital Generation Partners LLP ("the LLP") has prepared financial statements covering the individual entity's results for the year to 31 December 2021.

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 2018.

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 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.

In coming to this conclusion, the Members have considered the current COVID-19 pandemic and the LLP's place in the market and its ability to grow the business. Further details of the assessment are included in the Members' report on page 1.

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.

CAPITAL GENERATION PARTNERS LLP

ACCOUNTING POLICIES (CONTINUED)

Turnover

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

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)

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)
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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 intangible 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.

CAPITAL GENERATION PARTNERS LLP

ACCOUNTING POLICIES (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.

CAPITAL GENERATION PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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:

	2021 £	2020 £
UK	470,966	508,063
Europe	2,905,931	1,624,774
Rest of World	6,819,455	6,167,388
	<u>10,196,352</u>	<u>8,300,225</u>

3. Exceptional Items

The profit and loss for 2020 includes a one -off credit exceptional item of £NIL (2020: £213,957), relating to non-recurring legal costs that have been re-imbursed.

4. Operating profit

Operating profit is stated after charging / (crediting):

	2021 £	2020 £
Amortisation of intangible assets	4,450	30,205
Depreciation of tangible assets	111,793	23,837
Gain on foreign exchange	27,500	36,258
Auditor's remuneration- audit of the financial statements	<u>17,000</u>	<u>20,900</u>

CAPITAL GENERATION PARTNERS LLP**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****5. Interest payable**

	2021	2020
	£	£
Interest payable on loan from related party	18,947	5,580

6. 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 £927,654 (2020 £753,732).

7A. Intangible assets

	Computer software costs	Trademark	Total
	£	£	£
Cost			
At 1 January 2021	355,842	-	355,842
Additions	2,625	37,211	39,836
At 31 December 2021	<u>358,467</u>	<u>37,211</u>	<u>395,678</u>
Amortisation			
At 1 January 2021	355,842	-	355,842
Amortisation charged in the year	729	3,721	4,450
At 31 December 2021	<u>356,571</u>	<u>3,721</u>	<u>360,292</u>
Carrying amount			
At 31 December 2021	<u>1,896</u>	<u>33,490</u>	<u>35,386</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>

CAPITAL GENERATION PARTNERS LLP

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7B. Tangible assets

	Leasehold improvement	Furniture, Fittings & Equipment	Total
	£	£	£
Cost			
At 1 January 2021	618,177	163,953	782,130
Additions	48,668	51,170	99,838
At 31 December 2021	666,845	215,123	881,968
Amortisation			
At 1 January 2021	15,663	8,174	23,837
Amortisation charged in the year	70,884	40,909	111,793
At 31 December 2021	86,547	49,083	135,630
Carrying amount			
At 31 December 2021	580,298	166,040	746,338
At 31 December 2020	602,514	155,779	758,293

8. Fixed asset investments

	2021 £	2020 £
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 LLP**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****9. Lease Commitments**

From 7th 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:

	2021 £	2020 £
Within 1 year	478,635	478,635
Between 1 year and 5 years	1,914,538	1,914,538
After 5 years	1,396,018	1,874,652
	<u>3,789,191</u>	<u>4,267,825</u>

10. Debtors

	2021 £	2020 £
Trade debtors	114,482	134,996
Amounts due from members	1,112,060	1,283,252
Amounts owed by group undertakings	251,922	106,039
Amounts due by related undertakings	10,010	141,266
Other debtors	168,879	127,162
Prepayments and accrued income	1,837,628	1,217,672
	<u>3,494,981</u>	<u>3,010,387</u>

11. 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. Two contracts have not been settled at year end and a net gain of £5,224 is being recognised in fair value gains and losses at 31st December 2021 as follow.

	£
(Loss) on FWD contract \$425,000 at contracted rate of £1:\$1.3715 vs at year-end forward rate of £1:\$1.3527	(4,300)
Gain on FWD contract €750,000 at contracted rate of £1:€1.1705 vs at year-end forward rate of £1:€1.1882	9,524
Net Gain/ (Loss) on FWD contracts	<u>5,224</u>

CAPITAL GENERATION PARTNERS LLP**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****12. Creditors: Amounts falling due within one year**

	2021	2020
	£	£
Loans and overdrafts	28,979	150,746
Trade creditors	236,285	132,189
Accruals and deferred income	785,431	603,307
Other creditors	1,898	-
Amounts due to members	508,124	553,925
	<u>1,560,717</u>	<u>1,440,167</u>

Creditors: Amounts falling due within one year

	2021	2020
	£	£
Loans and Overdrafts	<u>560,000</u>	<u>525,000</u>

13. Financial instruments

	2021	2020
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through the profit or loss	<u>5,224</u>	<u>-</u>

14. 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 2021****15. Reconciliation of profit to net cash generated from operations**

	2021 £	2020 £
Profit for the year	3,841,233	2,968,782
Adjustments for:		
Amortisation of intangible assets	4,450	30,205
Depreciation of tangible assets	111,793	23,837
Service charges due to Capital Generation Partners Services Limited	4,026,822	3,871,033
Interest receivable	-	(217)
Interest payable	18,947	5,580
Operating cash flows before movements in working capital	8,003,245	6,899,220
Decrease/ (increase) in trade and other debtors	(655,786)	(233,496)
Increase in trade and other creditors	201,351	1,069,235
Cash generated from operations	7,548,810	7,734,959

16. Related party transactions

The remuneration of key management personnel is as follows:

	2021 £	2020 £
Aggregate compensation	3,834,704	2,964,335

During the period £4,050,528 (2020: £3,871,033) was payable through a services agreement. Capital Generation Partners Services Limited (CGPSL) is a related party due to common control. At the end of the year £531,830 (2020: £553,925) was due to CGPSL for the service agreement and £560,000 (2020: £665,000) for the loan at the interest rate 3.00% per annum over the bank base rate and to be repaid in full by notification in writing, being at least 5 years from the effective date mentioned in the agreement.

During the period £5,068,777 (2020: £4,578,102) 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 £329,705 (2020: £336,674) was due in accrued income.

During the period £893,200 (2020: £699,645) of income was received from Capital Generation Partners Bermuda Limited (CGPBL), a subsidiary. At the end of the year £250,515 (2020: £187,479) was due from CGPBL.

During the period £36,915 (2020: £34,127) of income was received from CGE Partners LLP (CGEP LLP), a related party, through their parent company relationship. At the end of the year £10,010 (2020: £19,314) was due from CGEP LLP. The income represents rechargeable costs to CGEP LLP.

CAPITAL GENERATION PARTNERS LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

During the period £NIL (2020: £114,787) of payments were made on behalf of the CapGen Partners RAIF.

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 (2020: £nil) in respect of bad debts from related parties.

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

17. 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.