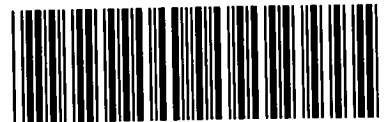


Registered number. OC414923

**Capital Generation Holdings LLP**  
**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
For the period ended 31 December 2018

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# Capital Generation Holdings LLP

## DESIGNATED MEMBERS AND ADMINISTRATIVE INFORMATION

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### DESIGNATED MEMBERS

Khaled Said  
Charlotte Thorne  
Ian Barnard

### REGISTERED OFFICE

Berkeley Square House  
Berkeley Square  
London  
W1J 6BX

### AUDITOR

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

### LEGAL ADVISERS

Burges Salmon  
One Glass Wharf  
Bristol  
BS2 0ZX

### BANKERS

Metro Bank  
One Southampton Row  
London  
WC1B 5HA

# Capital Generation Holdings LLP

## MEMBERS' REPORT

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### Report of the Members

Capital Generation Holdings LLP ("the Limited Liability Partnership") was incorporated on 2 December 2016. Full details of the basis of accounting is set out in the accounting policies including the basis of consolidation.

Merger accounting has been applied for the preparation of the financial statements. Accordingly, the members present their report and the audited financial statements for the year ended 31 December 2018.

### Principal Activities

The principal activity of the Limited Liability Partnership is that of a holding limited liability partnership.

The principal activity of the group is that of providing clients with investment advice and investment management services across a range of asset classes. Capital Generation Partners LLP, a subsidiary of the Limited Liability Partnership, is an FCA-authorised firm which is registered with the SEC as an investment adviser.

### Results for the year and allocation to members

The group made a profit of £2,920,654 (2017: £3,279,541).

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

### Designated members

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

Khaled Said  
Ian Barnard  
Charlotte Thorne

### Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members

The profit of the Limited Liability Partnership in respect of each financial year is allocated and distributed, after taking into account the Limited Liability Partnership'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 Limited Liability Partnership agreement dated 13 February 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.

# Capital Generation Partners LLP

## MEMBERS' REPORT

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### Gifts in Kind

A gift in kind was made to The Said Foundation of £14,400 (2017: £14,400) for Investment Performance Reporting services.

### Charitable Donations

Charitable donations were made throughout the year to Young Minds of £ 24,000 (2017: £24,000).

### Statement of disclosure of information to the auditor

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 partnership's auditor is 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 partnership's auditor for that purpose, in order to be aware of any information needed by the partnership's auditor in connection with preparing its report and to establish that the partnership's auditor is aware of that information.

### Auditor

RSM UK Audit LLP was appointed as auditor to the Limited liability partnership during the year and has indicated its willingness to continue in office. In accordance with section 485 of the Companies Act 2006, a resolution proposing that it be re-appointed will be put at a members meeting.

These financial statements were approved by the members and authorised for issue on 25/09/2019 and are signed on their behalf by

  
Ian Barnard  
Designated Member

# Capital Generation Partners LLP

## MEMBERS' REPORT

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The members are responsible for preparing the Members' 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 group and of the partnership and of the profit or loss of the group 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 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 partnership and the group as a whole 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 group's and the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and of the partnership 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 group and of the partnership 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 partnership's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

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

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## **Opinion on the financial statements**

We have audited the financial statements of Capital Generation Holdings LLP (the limited liability partnership) and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the limited liability partnership statement of financial position, the consolidated and limited liability partnership reconciliations of members' interests, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and limited liability partnership's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

## **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 group and parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006, as applied to LLPs by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the group and limited liability partnership's 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.

## **Respective responsibilities of members**

As explained more fully in the statement of members' responsibilities in respect of the financial statements set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A 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.



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: 27/09/2019

**Capital Generation Holdings LLP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

Registration No. OC414923

	Notes	2018 £	2017 £
Turnover	3	7,781,480	8,874,615
Administrative expenses		(4,858,867)	(5,588,562)
Operating profit	4	2,922,613	3,286,053
Interest receivable and similar income		1,567	73
Interest payable and similar charges	5	(3,526)	(6,585)
Profit for the financial year before members' remuneration & profit shares		2,920,654	3,279,541
Profit for the financial year available for discretionary division among members		2,920,654	3,279,541
Total comprehensive income		2,920,654	3,279,541

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

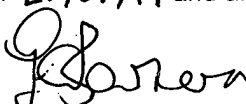


**Capital Generation Holdings LLP**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

Registration No. OC414923

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	7	87,539	121,055
<b>Current assets</b>			
Debtors	9	3,912,931	3,984,018
Cash at bank and in hand		1,068,649	1,376,144
		4,981,580	5,360,162
<b>Creditors: amounts falling due within one year</b>	10	(381,860)	(428,591)
<b>Net current assets</b>		4,599,720	4,931,571
<b>Total assets less current liabilities</b>		4,687,259	5,052,626
<b>Creditors: amounts falling due after more than one year</b>	11	-	(77,958)
<b>Net assets attributable to members</b>		4,687,259	4,974,668
<b>Represented by:</b>			
<b>Loans and other debts due to members</b>			
Other amounts		923,856	858,687
<b>Members' other interests</b>			
Members' capital classified as equity		825,000	820,000
Other reserves classified as equity		2,928,403	3,285,981
Non-controlling interests		10,000	10,000
		4,687,259	4,974,668
<b>Total members' interests</b>			
Members' other interests		3,753,403	4,105,981
Loans and other debts due to members		923,856	858,687
Amounts due from members		(818,034)	(678,081)
		3,859,225	4,286,587

The financial statements on pages 6 to 22 were approved by the members and authorised for issue on 25/01/19 and are signed on their behalf by:

  
 Ian Barnard  
 Designated member

# Capital Generation Holdings LLP

## LIMITED LIABILITY PARTNERSHIP STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Registration No. OC414923

	Notes	2018	2017
		£	£
<b>Fixed assets</b>			
Investments	8	820,100	820,000
		<u>820,100</u>	<u>820,000</u>
<b>Current assets</b>			
Debtors	9	65,352	-
		<u>65,352</u>	<u>-</u>
<b>Creditors: amounts falling due within one year</b>	10	(48,280)	-
		<u></u>	<u></u>
<b>Net current assets</b>		17,072	-
		<u></u>	<u></u>
<b>Total assets less current liabilities</b>		837,172	820,000
		<u></u>	<u></u>
<b>Net assets attributable to members</b>		837,172	820,000
		<u></u>	<u></u>
<b>Represented by</b>			
<b>Members' other interests</b>			
Members' capital classified as equity		825,000	820,000
Other reserves classified as equity		12,172	-
		<u>837,172</u>	<u>820,000</u>
<b>Total members' interests</b>			
Members' other interests		837,172	820,000
Amount due to members		48,180	-
Amounts due from members		(48,180)	-
		<u>837,172</u>	<u>820,000</u>

A separate statement of comprehensive income for Capital Generation Holdings LLP has not been presented in accordance with the exemption given by section 408 of the Companies Act 2006 as applied to limited liability partnerships. The profit before members' remuneration and profit allocations dealt with in the financial statements of the parent entity was £12,172 (2017: £NIL).

The financial statements on pages 6 to 22 were approved by the members and authorised for issue on and are signed on their behalf by:



Ian Barnard  
Designated member

**Capital Generation Holdings LLP**  
**RECONCILIATION OF MEMBERS' INTERESTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

Group	EQUITY			DEBT Loans and other debts due to members less any amounts due from members in debtors £	TOTAL MEMBERS' INTERESTS  Total 2018 £
	Members' Capital (classified as equity) £	Other Reserves £	Total £		
Amounts due to members				858,687	
Amounts due from members				(678,081)	
Balance at 1 January 2018	820,000	3,285,981	4,105,981	180,606	4,286,587
Profit for the financial year available for discretionary division among members	-	2,920,654	2,920,654	-	2,920,654
Members' interests after profit for the year	820,000	6,206,635	7,026,635	180,606	7,207,241
Introduced by members	5,000	-	5,000	-	5,000
Repayment of trading amount due to Capital Generation Partners Services Limited	-	-	-	(858,687)	(858,687)
Allocation and distribution of 2018 profits following finalisation of annual financial statements	-	(3,266,060)	(3,266,060)	678,081	(2,587,979)
Drawings	-	-	-	(813,172)	(813,172)
Service charges due to Capital Generation Partners Services Limited	-	-	-	3,817,532	3,817,532
Payment of service charges to Capital Generation Partners Services Limited	-	-	-	(2,907,143)	(2,907,143)
Other amounts due to members	-	(12,172)	(12,172)	13,467	1,295
Other amounts drawn by members	-	-	-	(4,862)	(4,862)
Balance at 31 December 2018	825,000	2,928,403	3,753,403	105,822	3,859,225
Amounts due to members				923,856	
Amounts due from members				(818,034)	
				105,822	

**Capital Generation Holdings LLP**  
**RECONCILIATION OF MEMBERS' INTERESTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

PRIOR YEAR

Group

	EQUITY			DEBT	TOTAL
	Members' Other Interests			Loans and	MEMBERS'
				other debts	INTERESTS
	Members'	Other	Total	due to	
	Capital	Reserves		members	Total
	(classified			less any	2017
	as equity)			amounts	
	£	£	£	due from	£
				members	
				debtors	
				£	
Amounts due to members				448,772	
Amounts due from members				(649,912)	
Balance at 1 January 2017	820,000	1,659,043	2,479,043	(201,140)	2,277,903
Profit for the financial year available for discretionary division among members	-	3,279,541	3,279,541	-	3,279,541
Members' interests after profit for the year	820,000	4,938,584	5,758,584	(201,140)	5,557,444
Repayment of trading amount due to Capital Generation Partners Services Limited	-	-	-	(448,772)	(448,772)
Allocation and distribution of 2017 profits following finalisation of annual financial statements	-	(1,652,603)	(1,652,603)	649,912	(1,002,691)
Drawings	-	-	-	(649,670)	(649,670)
Service charges due to Capital Generation Partners Services Limited	-	-	-	4,617,934	4,617,934
Payment of service charges to Capital Generation Partners Services Limited	-	-	-	(3,759,247)	(3,759,247)
Other amounts drawn by members	-	-	-	(28,411)	(28,411)
Balance at 31 December 2017	820,000	3,285,981	4,105,981	180,606	4,286,587
Amounts due to members				858,687	
Amounts due from members				(678,081)	
				180,606	

**Capital Generation Holdings LLP**  
**RECONCILIATION OF MEMBERS' INTERESTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

LLP only

	EQUITY			DEBT Loans and other debts due to members less any amounts due from members in debtors £	TOTAL MEMBERS' INTERESTS Total 2018 £
	Members'	Other Interests			
	Capital (classified as equity)	Other Reserves £	Total £		
Balance on incorporation	-	-	-	-	-
Profit for the financial year available for discretionary division among members	-	-	-	-	-
Introduced by members	820,000	-	820,000	-	820,000
Balance at 31 December 2017	820,000	-	820,000	-	820,000
Profit for the financial year available for discretionary division among members	-	12,172	12,172	-	12,172
Introduced by members	5,000	-	5,000	-	5,000
Amount due to members	-	-	-	48,180	48,180
Amount due from members	-	-	-	(48,180)	(53,180)
Balance at 31 December 2018	825,000	12,172	837,172	-	832,172

**Capital Generation Holdings LLP**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2018

	Notes	2018 £	2017 £
<b>OPERATING ACTIVITIES</b>			
Transactions with non-members:			
Cash generated from operations	14	6,817,834	5,857,884
Interest paid		(3,526)	(6,585)
Transactions with members and former members:			
Payments of service charges to Capital Generation Partners Services Limited		(3,764,535)	(3,759,247)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>3,049,773</b>	<b>2,092,052</b>
<b>INVESTING ACTIVITIES</b>			
Transactions with non-members:			
Purchase of intangible fixed assets	7	(19,817)	-
Interest received		1,567	73
<b>NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(18,250)</b>	<b>73</b>
<b>FINANCING ACTIVITIES</b>			
Transactions with members and former members:			
Repayment of capital or debt to members		(4,862)	(477,183)
Payments to members that represent a return on amounts subscribed or otherwise contributed		(3,261,198)	(1,652,361)
Capital introduced by member		5,000	-
Transactions with non-members:			
Repayment of borrowings		(77,958)	(102,250)
Introduced by non-controlling interest		-	10,000
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(3,339,018)</b>	<b>(2,221,794)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(307,495)</b>	<b>(129,669)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>1,376,144</b>	<b>1,505,813</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,068,649</b>	<b>1,376,144</b>

# Capital Generation Holdings LLP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### 1. Accounting policies

#### General information

Capital Generation Holdings LLP ("the Limited Liability Partnership") is a Limited Liability Partnership and is incorporated in Great Britain and registered in England and Wales. The address of the Limited Liability Partnership's registered office is presented on the Designated Members and Administrative Information page of these financial statements.

The group consists of the Limited Liability Partnership and all of its subsidiaries as disclosed in note 8.

The Limited Liability Partnership's and the group's principal activities are disclosed in the Members' Report.

#### Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

#### Reduced Disclosures – Limited Liability Partnership Only

In accordance with FRS 102, the Limited Liability Partnership has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

#### Basis of consolidation

A group reconstruction was undertaken on 13 February 2017 with the addition of the Limited Liability Partnership as the new parent entity to Capital Generation Partners LLP. The group reconstruction has been accounted for using the merger accounting method. The FRS 102 requirements to adopt merger accounting and details of whether these have been met or breached are detailed below.

Section 19.27 (a) of FRS 102 has been complied with as use of the merger accounting method is not prohibited by company law or other relevant legislation.

Section 19.27 (b) of FRS 102 has been complied with as the ultimate equity holders remain the same, and the rights of each equity holder relative to the others are unchanged.

Section 19.27 (c) of FRS 102 has been complied with as no non-controlling interest in the net assets of the group is altered by the transfer.

The capital investment, member interest transfer and group reconstruction has been accounted for using merger accounting principles, in order to meet the overriding requirement under section 404 of the Companies Act 2006 for financial statements to present a true and fair view.

# Capital Generation Holdings LLP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### **Basis of consolidation (continued)**

The members consider that the alternative approach of acquisition accounting, with the restatement of separable assets and liabilities to fair values, the creation of goodwill and inclusion of post reorganisation results only, would not give a true and fair view of the group results and financial position. The substance of the transaction was not the acquisition of a business but a group reconstruction under which a new holding Limited Liability Partnership has been established with all the former members of Capital Generation Partners LLP having the same proportionate interest in the new holding Limited Liability Partnership as they had previously held in Capital Generation Partners LLP. The members consider that it is not practicable to quantify the effect of this departure from the Companies Act 2006 requirements.

The consolidated financial statements incorporate those of the Limited Liability Partnership and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 December 2018.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

### **Going concern**

The group headed by the Limited Liability Partnership has multiple client relationships of long standing which means that it has more than sufficient resources to meet its liabilities. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

### **Foreign currencies**

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

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

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

### **Turnover**

Investment advisory fees are recognised on an accruals basis and in line with agreements in place.



# Capital Generation Holdings LLP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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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. Amortisation is not provided on computer software which is in the course of development.

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 members review the carrying amounts of the intangible asset of the Limited Liability Partnership to determine whether there is any indication that those assets have suffered an impairment loss. If a 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 members estimate 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.

### **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 Limited Liability Partnership. 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.

# Capital Generation Holdings LLP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### **Taxation**

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

### **Financial instruments**

The Limited Liability Partnership 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**

Financial assets are recognised in the group's statement of financial position when the group 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, including trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction, are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

### **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**

Financial liabilities are classified as either basic or other financial liabilities.

Basic financial liabilities, including trade creditors, other payables, bank loans and accruals, 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. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

### **Members' participation rights**

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

# Capital Generation Holdings LLP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

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### **Members' participation rights (continued)**

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

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

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

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

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

## **2. 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 Limited Liability Partnership 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.

**Capital Generation Holdings LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2018

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**3. Turnover**

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

An analysis of turnover is provided below:

	2018 £	2017 £
United Kingdom	121,945	110,034
Europe	1,270,615	2,717,556
Rest of world	6,388,920	6,047,025
Total	<u>7,781,480</u>	<u>8,874,615</u>

**4. Operating profit**

Operating profit is stated after charging / (crediting):

	2018 £	2017 £
Gain on foreign exchange	(55,237)	(14,450)
Auditor's remuneration		
-audit of the financial statements	23,000	30,600
-all other non-audit services	69,940	38,140

Fees paid to associated businesses of the Limited Liability Partnership's auditor were for tax compliance £NIL (2017: £NIL) and other services £69,940 (2017: £38,140).

**5. Interest payable**

	2018 £	2017 £
Interest payable on bank loan	<u>3,526</u>	<u>6,585</u>

**6. Members' remuneration**

The profits of the group in respect of each financial year are allocated and distributed, after taking into account the group'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 £975,225 (2017: £1,284,503).

**Capital Generation Holdings LLP**  
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For the year ended 31 December 2018

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**7. Intangible assets**

	<b>Computer software costs £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 January 2018	333,092	333,092
Additions	19,817	19,817
At 31 December 2018	<u>352,909</u>	<u>352,909</u>
<b>Amortisation</b>		
At 1 January 2018	212,037	212,037
Amortisation charged in the year	53,333	53,333
At 31 December 2018	<u>265,370</u>	<u>265,370</u>
<b>Carrying amount</b>		
At 31 December 2018	<u>87,539</u>	<u>87,539</u>
At 31 December 2017	<u>121,055</u>	<u>121,055</u>

**8. Fixed asset investments**

**Limited Liability Partnership Investments in subsidiary undertakings**

The Limited Liability Partnership's cost of investment in subsidiaries is £820,100 (2017: £820,000). During the year, an investment of £100 was made in the subsidiary CapGen Equity LLP. The Limited Liability Partnership's direct and indirect subsidiaries, all of which are included within the group consolidation, are as follows:

<b>Name of company</b>	<b>Nature of business</b>	<b>Incorporated</b>
Capital Generation Partners LLP	Investment advice and investment management services	England and Wales
Capital Generation Partners Bermuda Limited	Investment advice and investment management services	Bermuda
CapGen Equity LLP	Investment advice and investment management services	England and Wales

The Limited Liability Partnership owns 98.8% of Capital Generation Partners LLP and is the ultimate controlling party of the group. Capital Generation Partners LLP owns 100% of the Ordinary Share Capital of Capital Generation Partners Bermuda Limited.

The Limited Liability Partnership owns 100% of CapGen Equity Partners LLP.

The registered office address of Capital Generation Partners LLP and CapGen Equity Partners is Berkeley Square House, Berkeley Square London, W1J 6BX. The registered office address of Capital Generation Partners Bermuda Limited is C/O Estera Services (Bermuda) Limited, Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

**Capital Generation Holdings LLP**  
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**9. Debtors**

	Group	
	2018	2017
	£	£
Trade debtors	841,780	924,144
Amounts due from members	818,034	678,081
Amounts due from non-controlling interest	209,374	152,999
Other debtors	210,711	291,194
Prepayments and accrued income	1,833,032	1,937,600
	<u>3,912,931</u>	<u>3,984,018</u>

**Debtors**

	LLP	
	2018	2017
	£	£
Accrued Income	12,172	-
Amounts due from group undertakings	5,000	-
Amounts due from members	48,180	-
	<u>65,352</u>	<u>-</u>

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

	Group	
	2018	2017
	£	£
Bank loan	-	102,250
Trade creditors	145,981	96,574
Other creditors	-	5,170
Accruals and deferred income	235,879	224,597
	<u>381,860</u>	<u>428,591</u>

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

	LLP	
	2018	2017
	£	£
Amounts due from group undertakings	100	-
Amounts due to members	48,180	-
	<u>48,280</u>	<u>-</u>

**Capital Generation Holdings LLP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2018	Group 2017
	£	£
<b>11. Creditors: Amounts falling due after more than one year</b>		
Bank loan	-	77,958

The loan was fully repaid during the year.

**12. Financial instruments**

	2018	Group 2017	LLP 2018
	£	£	£
Carrying amount of financial assets			
Debt instruments measured at amortised cost	3,252,653	4,554,631	-
Equity instruments measured at amortised cost	-	-	820,000
	<u>3,252,653</u>	<u>4,554,631</u>	<u>820,000</u>
Carrying amount of financial liabilities			
Measured at amortised cost	<u>381,860</u>	<u>501,379</u>	<u>48,180</u>

**13. Members' interests**

Members' capital may be repaid to leaving members subject to the condition within the Limited Liability Partnership Agreement that, following such payment, the total members' capital remains greater than the Limited Liability Partnership'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 other debts due to members rank after secured creditors.

**Capital Generation Holdings LLP**  
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**14. Reconciliation of profit to net cash generated from operations**

	2018	2017
	£	£
Profit for the year	2,920,654	3,279,541
Adjustment for:		
Amortisation of intangible assets	53,333	-
Service charges due to Capital Generation Partners Services Limited	3,817,532	4,617,934
Interest receivable	(1,567)	(73)
Interest payable	3,526	6,585
Operating cash flows before movements in working capital	6,793,478	7,903,987
(Increase)/Decrease in trade and other debtors	71,087	(2,012,682)
(Decrease)/Increase in trade and other creditors	(46,731)	(33,421)
Cash generated from operations	6,817,834	5,857,884

**15. Related party transactions**

The remuneration of key management personnel is as follows:	2018	2017
	£	£
Aggregate compensation	1,031,177	1,031,177

At the end of the year, an amount of £100 was due to CGEP from CGH LLP, (2017: NIL).

During the period £4,986,093 (2017: £5,855,503) 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 £749,043 (2017: £919,742) was due from CGL.

A gift in kind was made to The Said Foundation of £14,400 (2017: £14,400) for Investment Performance Reporting Services. This entity is related as Khaled Said is a Trustee of the Foundation.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. All transactions are on an arm's length basis. No expense has been recognised in the year (2017: £NIL) in respect of bad debts from related parties.

**16. Controlling party**

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