

Registered number: 1602869

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**

**REPORT & FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**Directors**

Khaled Said  
Charlotte Thorne  
Ian Barnard

**Company Secretary, Registered Office and Principal Place of Business**

Charlotte Thorne  
Berkeley Square House  
Berkeley Square  
London  
W1J 6BX

**AUDITORS**

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

**Report of the Directors**

Capital Generation Partners Services Limited provides services to Capital Generation Partners LLP in support of the latter's investment advisory work. As such, the Company is reliant on the performance of the LLP to ensure that it is still remunerated for the services and will continue as a going concern for at least twelve months from the signing of the financial statements.

**Principal Activities**

Capital Generation Partners Services Limited provides services to Capital Generation Partners LLP in support of the latter's investment work. The relationship is covered by an ongoing contract.

The Company is incorporated in the United Kingdom. It is a private Company limited by shares, registered in England and Wales.

The Company generated a loss for the financial year after taxation of £2,950 (2020: profit £1,251). The Directors do not recommend payment of a dividend (2020: £NIL).

**Directors**

The names of the Directors of the Company since 1 January 2021 are listed above. The Company has provided professional indemnity and officer's liability cover for the benefit of the directors throughout the period.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**DIRECTORS RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements of the company in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to there being a fair presentation.

Under company law the directors 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 company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors 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 they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that of the business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

**Statement as to Disclosure of Information to Auditors**

The directors who are in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditors**

A resolution to re-appoint RSM UK Audit LLP, as the company's auditor will be proposed at the forthcoming Board Meeting.

The report of the directors was approved by the board on 20<sup>th</sup> April 2022 and signed on its behalf by:



C. Thorne  
Director

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL GENERATION PARTNER SERVICES LIMITED**

**Opinion**

We have audited the financial statements of Capital Generation Partner Services Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**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 company 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**

In auditing the financial statements, we have concluded that the directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

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 company'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 directors 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 directors are responsible for the other information contained within the annual report. 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.

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

## **CAPITAL GENERATION PARTNERS SERVICES LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

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

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

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

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company 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.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are International Accounting Standards in conformity with the requirements of the Companies Act 2006, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities.

The audit engagement team identified the risk of management override of controls 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company'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 SERVICES LIMITED**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	<u>2021</u> £	<u>2020</u> £
Revenue		4,163,401	4,026,194
Interest receivable		-	5
Depreciation of non-current assets	4	(114,091)	(80,593)
Staff costs	7	(3,188,446)	(2,908,037)
Premises costs		(33,548)	(377,300)
Other operating charges		(822,344)	(655,042)
Profit before taxation		<u>4,972</u>	<u>5,227</u>
Income tax expense	8	(7,922)	(3,976)
Profit after taxation attributable to equity holders of the company		<u>(2,950)</u>	<u>1,251</u>
Total comprehensive income attributable to equity holders of the parent		<u><u>(2,950)</u></u>	<u><u>1,251</u></u>

The accompanying notes form an integral part of these financial statements.

The revenue and operating profit for the year arises from the Company's continuing operations.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**STATEMENT OF FINANCIAL POSITION**

	Notes	<u>2021</u> £	<u>2020</u> £
<b>NON-CURRENT ASSETS</b>			
Intangible Assets	4A	408,038	26,314
Tangible Assets	4B	321,218	309,907
Investment	13	755,000	755,000
Amount owed from related parties	3	560,000	-
		<u>2,044,256</u>	<u>1,091,221</u>
<b>CURRENT ASSETS</b>			
Amount owed from related parties	3	1,006,360	1,829,703
Prepayments and other receivables	15	407,662	308,016
Cash and cash equivalents		326,668	442,346
		<u>1,740,690</u>	<u>2,580,065</u>
<b>TOTAL ASSETS</b>		<u><u>3,784,946</u></u>	<u><u>3,671,286</u></u>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	388,137	172,375
Social security and other taxes		69,142	69,415
Accrued expenses		604,743	451,544
Loans & overdrafts		260,000	260,000
		<u>1,322,022</u>	<u>953,334</u>
<b>NON CURRENT LIABILITIES</b>			
Loans & overdrafts	10	655,000	915,000
Deferred taxation liability	12	21,902	13,980
<b>TOTAL LIABILITIES</b>		<u>1,998,924</u>	<u>1,882,314</u>
<b>NET ASSETS</b>		<u><u>1,786,022</u></u>	<u><u>1,788,972</u></u>
<b>EQUITY</b>			
Share capital	5	1,635,354	1,635,354
Retained earnings		150,668	153,618
<b>TOTAL EQUITY</b>		<u><u>1,786,022</u></u>	<u><u>1,788,972</u></u>

The financial statements on pages 6 to 23 were approved by the board of directors and authorised for issue on 20<sup>th</sup> April 2022 and signed on its behalf by:

Charlotte Thorne  
Director



The accompanying notes form an integral part of these financial statements.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**STATEMENT OF CASH FLOWS**

	Notes	<u>2021</u> £	<u>2020</u> £
Cash (outflow)/ inflow from operating activities	6	651,448	(1,330,467)
Taxation paid		-	(3,976)
Net cash (used in)/ from operating activities		<u>651,448</u>	<u>(1,334,443)</u>
<b>Cashflows from Investing Activities</b>			
Purchase of property, plant and equipment		(507,126)	(119,694)
Interest received		-	5
Net cash used in investing activities		<u>(507,126)</u>	<u>(119,689)</u>
<b>Cash flows from Financing Activities</b>			
Loans received		-	1,300,000
Loan repayment		(260,000)	(125,000)
Net cash from financing activities		<u>(260,000)</u>	<u>1,175,000</u>
Net (decrease)/ increase in cash and cash equivalents		<u>(115,678)</u>	<u>(279,132)</u>
Cash and cash equivalents at beginning of year		442,346	721,478
Cash and cash equivalents at end of year		<u><u>326,668</u></u>	<u><u>442,346</u></u>

For the purpose of the cashflow statements the definition of cash and cash equivalents is identical to that for the statement of Financial Position.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**STATEMENT OF CHANGES IN EQUITY**

	Share Capital £	Retained Earnings £	Total Equity £
<b>Attributable to the owners of the parent</b>			
<b>Changes in equity for year ended 31st December 2020</b>			
Balance as at 1st January 2020	1,635,354	152,367	1,787,721
Total comprehensive income for the year	-	1,251	1,251
<b>Balance at 31st December 2020</b>	<b><u>1,635,354</u></b>	<b><u>153,618</u></b>	<b><u>1,788,972</u></b>
<b>Changes in equity for year ended 31st December 2021</b>			
Total comprehensive income for the year	-	(2,950)	(2,950)
<b>Balance at 31st December 2021</b>	<b><u>1,635,354</u></b>	<b><u>150,668</u></b>	<b><u>1,786,022</u></b>

Retained earnings represents the cumulative profit and loss net of distributions to owners.

The accompanying notes form an integral part of these financial statements.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 BASIS OF ACCOUNTING**

The company financial statements have been prepared in accordance with international accounting Standards in conformity with the requirements of the Companies Act 2006.

The company financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below:

**2 ACCOUNTING POLICIES**

**(a) Going concern**

Capital Generation Partners Services Limited is a going concern as evidenced by its ongoing contract with a stable entity (Capital Generation Partners LLP) which itself has ongoing contracts with a number of clients. This means that both entities are active trading enterprises that are expected to have sufficient resources to meet all liabilities. The LLP'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. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

**(b) Non-current assets**

Property, plant and equipment, and intangible assets

Leasehold improvements, furniture, fittings, equipment and computer and office equipment are stated at cost less accumulated depreciation.

The directors consider that the residual value of the office art is equal to the carrying value, and as such no depreciation is provided. The artwork was revalued by Sotheby's in 2017. The Directors do not consider there has been a material change in value.

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 )

Computer Software - 5 years (20% per annum)

The carrying value of assets is tested for impairment at each reporting date.

**(c) Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are expensed on a straight-line basis over the term of the relevant lease.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

(e) Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements concerning the future or key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the financial statements.

(f) Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense.

(g) Translation of foreign currency amounts

The Company maintains its accounts in Sterling, which is its functional currency, and the accompanying accounts are expressed in this currency.

Transactions in currencies other than the functional currency of the company are initially recorded at the exchange rate prevailing on the date of the transaction. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the current exchange rate prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the income statement for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in equity when the changes in fair values are recognised directly in equity.

(h) Revenue

Revenue represents services income and is recognised at the time of invoicing, in line with the contract, net of VAT. The directors consider this to be in line with the period in which services are provided.

The entity recharges costs to group companies and bills such costs throughout the year. Any rechargeable costs unbilled as at the year end are included in accrued income as at the year end.

(i) Financial Instruments

Financial assets and liabilities are recognised on the company's statement of financial position when the company has become a party to the contractual provisions of that instrument.

(j) Trade receivables

Trade receivables are classified as loans and receivables and are initially recognised at nominal value, which is considered to represent fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the statement of comprehensive income.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**(k) Retirement benefits**

The company provides access to a stakeholder pension scheme. Contributions to employees' Personal Pension Plans are charged to the income statement in the period to which they relate.

**(l) Investments**

Fixed asset investments are shown at fair value where fair value can be reliably measured. Otherwise they are shown at cost less any provision for impairment in value which the directors consider necessary.

**(m) New standards and interpretations**

The following standards, amendments, improvements and interpretations became effective in the current and comparative periods as set down below.

Amendments to IFRS 9, IAS 39, IFRS 7, IAS 1, IAS 8, References to the Conceptual Framework in IFRS Standards and IFRS 3 were effective as of 1 January 2020 and there was no material impact on the prior period financial statements as a result of the introduction of these standards.

Amendments IFRS 16 became effective as of 1 June 2020 and there was no material impact on the prior period financial statements as a result of the introduction of these standards.

**(n) Trade payables**

Trade payables are initially recognised at nominal value, which is considered to represent fair value and subsequently at amortised cost using the effective interest method.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3 RELATED PARTY TRANSACTIONS**

Included in the turnover is income from Capital Generation Partners LLP, a firm of which Capital Generation Partners Services has a services agreement with, relating to direct costs and other recharges of £ 4,132,352 (2020: £3,973,210).

A profit distribution of £4,972 (2020: £5,527) was received from Capital Generation Holdings LLP.

Refer to note 9 for further details of the ultimate controlling party.

**TRANSACTIONS WITH RELATED  
PARTIES**

	<u>2021</u>		<u>2020</u>	
	Sales	Balance	Sales	Balance
	£	£	£	£
Capital Generation Partners LLP	4,132,352	1,095,695	3,973,210	1,229,663
Capital Generation Holdings LLP	4,972	-	5,227	4,741
Safinvest Holdings (Bermuda) Limited	-	75,465	-	63,007
CGE Partners LLP	25,572	395,200	47,757	532,292
	<u>4,162,896</u>	<u>1,566,360</u>	<u>4,026,194</u>	<u>1,829,703</u>

All of the above entities are related through common control by Khaled Said, a director. Capital Generation Partners Services Limited is the corporate partner of Capital Generation Holdings LLP. Safinvest Holdings (Bermuda) Limited is the parent company of Capital Generation Partners Services Limited.

An agreement is in place with Capital Generation Partners LLP and termination can only occur once 12 months' notice is given.

All invoices from Capital Generation Partners Services Limited to Capital Generation Partners LLP are due for settlement within 2 months of presentation.

On 29<sup>th</sup> September 2020, Capital Generation Partners Services Limited took out a loan on behalf of Capital Generation Partners LLP, at the interest rate of 3.00% per annum over the bank base rate. The outstanding balance is £560,000 (2020: £525,000) and it is to be repaid in full by notification in writing, being at least 5 years from the effective date mentioned above.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4 (A). INTANGIBLE ASSETS**

**2021**

Computer Software  
& Software  
Development  
£

**COST**

At 1 January 2021

154,724

Additions

405,323

Disposals

-

At 31 December 2021

560,047

**DEPRECIATION**

At 1 January 2021

128,410

Charge

23,599

Depreciation write off on disposals

-

At 31 December 2021

152,009

**NET BOOK VALUE**

At 1 January 2021

26,314

**NET BOOK VALUE**

At 31 December 2021

408,038

**2020**

Computer Software  
& Software  
Development  
£

**COST**

At 1 January 2020

131,124

Additions

23,600

Disposals

-

At 31 December 2020

154,724

**DEPRECIATION**

At 1 January 2020

123,753

Charge

4,657

Depreciation write off on disposals

-

At 31 December 2020

128,410

**NET BOOK VALUE**

At 1 January 2020

7,371

**NET BOOK VALUE**

At 31 December 2020

26,314

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4 (B). TANGIBLE ASSETS**

<u>2021</u>	Leasehold Improvements	Furniture, Fittings & Equipment £	Office Art £	Total £
<b>COST</b>				
At 1 January 2021	-	614,848	205,887	820,735
Additions		101,804	-	101,804
Disposals	-	-	-	-
At 31 December 2021	-	716,652	205,887	922,539
<b>DEPRECIATION</b>				
At 1 January 2021	-	439,984	70,844	510,828
Charge		90,493	-	90,493
Depreciation write off on disposals	-	-	-	-
At 31 December 2021	-	530,477	70,844	601,321
<b>NET BOOK VALUE</b>				
At 1 January 2021	-	174,864	135,043	309,907
<b>NET BOOK VALUE</b>				
At 31 December 2021	-	186,175	135,043	321,218
<u>2020</u>	Leasehold Improvements	Furniture, Fittings & Equipment £	Office Art £	Total £
<b>COST</b>				
At 1 January 2020	902,057	518,754	205,887	1,626,698
Additions		96,094	-	96,094
Disposals	(902,057)	-	-	(902,057)
At 31 December 2020	-	614,848	205,887	820,735
<b>DEPRECIATION</b>				
At 1 January 2020	902,057	364,048	70,844	1,336,949
Charge		75,936	-	75,936
Depreciation write off on disposals	(902,057)	-	-	(902,057)
At 31 December 2020	-	439,984	70,844	510,828
<b>NET BOOK VALUE</b>				
At 1 January 2020	-	154,706	135,043	289,749
<b>NET BOOK VALUE</b>				
At 31 December 2020	-	174,864	135,043	309,907

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>5 CALLED-UP SHARE CAPITAL</b>	<b><u>2021</u></b>	<b><u>2020</u></b>
Allotted, called up and fully paid:	£	£
218,000 (2019: 218,000) ordinary shares of £1 each	218,000	218,000
2,215,086 (2019: 2,215,086) deferred shares of €1 each	1,417,354	1,417,354
	<u>1,635,354</u>	<u>1,635,354</u>

The deferred shares have no right to receive notice of or attend or vote at any general meeting. They have no right to participate in distributions of profit available for dividend. On return of capital on winding up or otherwise the deferred shareholders shall only be entitled to a return of their paid up share capital after the repayment of ordinary shares and shall have no right to participate in any surplus of assets. The deferred shares have been translated at the historic rate of £0.64 (2020: £0.64)

**Capital Risk Management**

The firm's objectives with regard to management of capital is to safeguard its future as a going concern. The firm has no ongoing debts, and its income stream is secure. As such the directors manage cash as capital to ensure the company has adequate resources to meet its liabilities as they fall due. This is achieved through cashflow forecasting and monitoring of the cash position.

As the company has a cash and cash equivalents surplus the directors consider that they have met their capital management objectives.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED**  
**FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6 RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2021</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Profit before taxation	4,972	5,227
Amortisation of intangible assets	23,599	4,657
Depreciation of property, plant and equipment	90,493	75,936
Interest received	-	(5)
Decrease in prepayments and other receivables	(99,647)	120,638
(Decrease) in accrued expenses, trade and other payables and social security and other taxes	368,689	(120,610)
Decrease / (Increase) in amount due from related parties	263,342	(1,420,286)
Taxation	-	3,976
Net cash (outflow)/ inflow from operating activities	<u>651,448</u>	<u>(1,330,467)</u>

**7 SUPPLEMENTARY PROFIT AND LOSS INFORMATION**

(a) The profit from operations is stated after charging or recognising:

	<b><u>2021</u></b>	<b><u>2020</u></b>
	<b>£</b>	<b>£</b>
Auditors		
Audit of the Company's financial statements	16,000	12,900
Operating lease:		
Rentals under operating leases - Land and buildings	-	178,956
Other	<u>13,714</u>	<u>12,265</u>
Amortisation	23,599	4,657
Depreciation	<u>90,493</u>	<u>75,936</u>
Staff costs (see note c)	<u>3,188,446</u>	<u>2,908,037</u>
Net foreign exchange gains	<u>(3,836)</u>	<u>(2,839)</u>

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**SUPPLEMENTARY PROFIT AND LOSS INFORMATION -  
7 continued**

(b) The average number of employees (including directors) was:-

	<u>2021</u>	<u>2020</u>
Financial Accounting	1	1
Other	37	33
	<u>38</u>	<u>34</u>

(c) Particulars of staff costs (including directors) are shown below:

	<u>2021</u>	<u>2020</u>
Employment costs incurred directly		
Wages	2,580,054	2,349,400
Social security	309,413	282,558
Pension costs	162,050	166,775
Other staff costs	136,929	109,304
Employment costs	<u>3,188,446</u>	<u>2,908,037</u>

(d) The following additional information is given in respect of directors' remuneration:

	<u>2021</u>	<u>2020</u>
	£	£
Salaries	-	-
Other benefits	12,857	11,805
	<u>12,857</u>	<u>11,805</u>
Number of directors participating in the pension scheme	-	-

The highest paid director received £NIL during the year (2020: NIL).

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8 TAXATION**

	<u>2021</u>	<u>2020</u>
	£	£
Current tax:		
UK Corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Total current tax	-	-
Deferred tax:		
Origination and reversal of temporary differences	3,139	2,290
Adjustments in respect of prior periods	453	455
Effect of tax rate change on opening balance	4,330	1,231
	<u>7,922</u>	<u>3,976</u>
Total deferred tax charge	<u>7,922</u>	<u>3,976</u>
Tax on profit on ordinary activities	<u><u>7,922</u></u>	<u><u>3,976</u></u>

**Factors affecting tax charge for the period**

The tax assessed for the period is higher than the standard rate of corporation tax in the UK 19% (2019 - 19%). The differences are explained below:

	<u>2021</u>	<u>2020</u>
Profit on ordinary activities before tax	<u>4,972</u>	<u>5,227</u>
Profit on ordinary activities multiplied by the effective rate of corporation tax in the UK of 19% (2020- 19%)	945	993
Effects of:		
Expenses not deductible for tax purposes	1,541	2,224
Other differences	5,255	304
Deferred tax not recognised	181	455
	<u>7,922</u>	<u>3,976</u>
Total tax charge for period	<u><u>7,922</u></u>	<u><u>3,976</u></u>

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9 ULTIMATE PARENT COMPANY**

The Company is a wholly owned subsidiary of Safinvest Holdings (Bermuda) Limited, which is incorporated in Bermuda and is the controller of the Company. The ultimate controller of the company is Mr Khaled Said.

The financial statements of Safinvest Holdings (Bermuda) Limited are not publicly available.

**10 BANK LOAN**

The Company took out loans on behalf of related parties. A loan was taken out on behalf of CGE Partners for £600,000 at the interest rate of 3.00% per annum over the bank base rate on 20<sup>th</sup> February 2020 and to be repaid £30,000 each quarter over 5 years. The amount outstanding as at 31.12.21 was £390,000. An additional loan was taken out on behalf of CGP LLP for £700,000 at the interest rate 3.00% per annum over the bank base rate on 29<sup>th</sup> September 2020 and to be repaid £35,000 each quarter over 5 years. The amount outstanding as at 31.12.21 was £525,000. There is a fixed and floating charge secured over the company's assets in favour of Coutts and Company.

**11 LEASE COMMITMENTS**

The company had commitments in respect of the service charge of the offices of £75,092 up until 9<sup>th</sup> August 2020, and an annual charge for the lease of a photocopier of £11,980 until December 2022.

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

	<u>2021</u>	<u>2020</u>
	£	£
Within 1 year	11,980	11,980
Between 1 and 5 years	11,980	23,960
After 5 years	-	-

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12 DEFERRED TAX LIABILITIES**

Provision for deferred taxation has been made as follows:	<b><u>2021</u></b>	<b><u>2020</u></b>
	£	£
Accelerated capital allowances	13,436	3,995
Other timing differences	<u>(5,514)</u>	<u>(19)</u>
Undiscounted provision for deferred tax	<u>7,922</u>	<u>3,976</u>
Discounted provision for deferred tax	<u><u>7,922</u></u>	<u><u>3,976</u></u>
	<b><u>2021</u></b>	<b><u>2020</u></b>
Provision at start of period	13,980	10,004
Deferred tax charge in the Statement of comprehensive income for the period	7,922	3,976
Prior year movement	<u>-</u>	<u>-</u>
Provision at end of period	<u><u>21,902</u></u>	<u><u>13,980</u></u>

**13 INVESTMENT**

	<b><u>2021</u></b>	<b><u>2020</u></b>
	£	£
Capital Generation Holdings LLP - cost	755,000	755,000

The above investment represents the capital contributions made by the company as a member of the limited liability partnership, Capital Generation Holdings LLP. It is held at cost as no reliable measure of its fair value is available. There is no market for instruments and the company does not intend to dispose of it in the foreseeable future.

	<b><u>2021</u></b>	<b><u>2020</u></b>
	£	£
Capital Generation Holdings LLP	755,000	755,000

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The Company's financial instruments comprise cash balances, and items such as trade receivables and trade payables that arise directly from its operations.

Capital Generation Partners Services Limited holds no securities and therefore is not exposed to most types of credit risk or market risk (see below).

Capital Generation Partners Services Limited monitors its risks via a risk map which is considered by the Board on a quarterly basis which notes the risks to which the company might be exposed and the ways in which they can be monitored and mitigated.

**Credit risk**

One material exposure to credit risk at the year end is in respect of amounts due as shown on the balance sheet under Trade and other receivables in accordance with IAS 39. No collateral as security is held in respect of these amounts. The credit quality of the financial assets is considered good with full recovery expected. There is no contractual date by which these amounts are due.

**Liquidity risk**

This is considered low risk. The firm has a services agreement with the LLP which means that its cash flow is regular and predictable. The services agreement requires a year's notice to be broken which gives Capital Generation Partners Services Limited adequate protection and ability to meet liabilities.

**Market risk**

The only risk affecting the market risk of the company is interest rate risk (see above). However, as the firm relies on earned income to meet its liabilities this is not significant factor in the structure of the company.

**CAPITAL GENERATION PARTNERS SERVICES LIMITED  
FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2021**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**15 FINANCIAL INSTRUMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITIO**

All financial instruments have carrying amounts, which in the opinion of the directors, are not materially different to their fair value.

	<u>2021</u> £	<u>2020</u> £
Financial assets at amortised cost		
Cash and cash equivalents	326,668	442,346
<b>Loans and receivables</b>		
Amount owed from related parties	1,566,360	1,829,703
Other receivables (included within prepayments and other receivables)	407,662	308,016
	<u>2,300,690</u>	<u>2,580,065</u>

	<u>2021</u> £	<u>2020</u> £
Financial liabilities at amortised cost		
Non-Interest bearing		
Trade and other payables	388,137	172,375
Interest-bearing – fixed rate		
Bank Loan	915,000	1,175,000
	<u>1,303,137</u>	<u>1,347,375</u>

The following table provides analysis of trade and other receivables that were past due at 31<sup>st</sup> December, but not impaired. The Company believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	<u>2021</u> £	<u>2020</u> £
Up to 90 days	532,486	1,373,614
Up to 150 days	5,006	469,558
Over 150 days	1,028,919	53,892
	<u>1,566,411</u>	<u>1,897,064</u>

**CAPITAL GENERATION PARTNERS LLP**  
**PILLAR 3 AND REMUNERATION DISCLOSURE**  
**APRIL 2022 (for financial year ending 31.12.21)**

**Pillar 3 Disclosure**

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

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

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

**Risk Management**

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

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

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

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

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

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

## Regulatory Capital

Capital Generation Partners LLP is a Limited Liability Partnership and its capital arrangements are established in its Partnership deed. Its capital contains only members' capital contributions of £850,000.

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

Pillar 1 capital is the higher of:

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

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

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

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

Capital Item	£'000
Tier 1 capital	£850
Total capital resources, net of deductions	£850

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

We have not identified credit risk exposure classes or the minimum capital requirements for market risk as we believe that they are immaterial. Concerning Pillar 1, it is the Firm's experience that the Fixed Overhead Requirement establishes its capital requirements and hence market and credit risks are considered not to be material. Our capital requirements are currently £848,356 which is within the level of regulatory capital held.

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

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

## **Remuneration**

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

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

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

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

## **Stewardship Disclosure**

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

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

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