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Kernel Management
Partners Limited

Abridged Financial Statements

Year ended 31 December 2014

(Registered number 303054)



Kernel Management Partners Limited

Abridged financial statements for the year ended 31 December 2014

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Kernel Management Partners Limited

Directors and other information

Directors

Niall Olden
Martina Kinsella
Denise Sidhu
Vincent Fennelly

Secretary

Niall Olden
Denise Sidhu

Registered office

Rubicon Centre
Rossa Avenue
Bishopstown
Cork

Independent auditor

KPMG
Chartered Accountants
90 South Mall
Cork

Bankers

Allied Irish Bank
Western Road
Cork

Bank of Ireland
St Patrick Street
Cork

UBS AG,
Paradeplatz 6
P.O. Box 8098
8001 Zürich

Solicitors

LK Shields
Solicitors
39/40 Upper Mount Street
Dublin 2

Kernel Management Partners Limited

Directors' report

The directors present their report and the audited financial statements ("financial statements") of Kernel Management Partners Limited ("the Company") for the year ended 31 December 2014.

Principal activities, business review and future development

The principal activity of the company is the provision of investment management services to;

- Bank of Ireland Kernel Capital Partners Private Equity Fund;
- Bank of Ireland Kernel Capital Partners Private Equity Fund II;
- Bank of Ireland Seed and Early Stage Equity Fund 2009;
- The Bank of Ireland Kernel Capital Growth Fund (ROI);
- The Bank of Ireland Kernel Capital Growth Fund (NI);

The company's subsidiary undertaking, Kernel Life Sciences Limited, holds 40% of the issued share capital of Seroba Kernel Limited, which in turn holds 100% of the issued share capital of Seroba Kernel Life Sciences Limited.

The company is regulated by the Central Bank of Ireland.

The directors do not foresee the principal activity changing in the immediate future.

Results and dividends

The result for the year is outlined on page 7.

The company did not declare, approve or pay a dividend in 2014. (2013: €100,000).

Risk assessment

The directors have undertaken a comprehensive assessment of the key risks facing the company. The key risks identified and the related controls over these risks are as follows:

Market risk

The industry in which the company operates is challenging, however all directors have a detailed knowledge and experience in the venture capital market.

Liquidity risk

The company's policy is to ensure that sufficient resources are available either from cash balances or cash flows to ensure all obligations can be met when they fall due.

Directors' and secretary's interests and transactions

In accordance with the Articles of Association the directors are not required to retire by rotation. On 30 May 2014, Peter Sandys resigned as a director of the company.

The directors and secretaries who held office at 31 December 2014 had no interests other than those shown below in the shares of the company or other group companies:

Kernel Management Partners Limited

Directors' report *(continued)*

Directors' and secretary's interests and transactions *(continued)*

Name of director	Name of Company	Description of share	31 December 2014	31 December 2013
Niall Olden	Kernel Management Partners Limited	Ordinary	2,550	2,550
Martina Kinsella	Kernel Management Partners Limited	Ordinary	2,550	2,550

Post Balance Sheet Events

No events have occurred since the balance sheet date which require disclosure in or amendment to the financial statements.

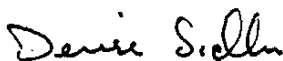
Accounting records

The directors believe they have complied with the requirements of Section 281 of the Companies Act 2014, with regard to the obligation to keep adequate accounting records, by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records are kept at the Company's registered office, Rubicon Centre, Rossa Avenue, Bishopstown Cork.

Independent auditor

In accordance with Section 383(2) of the Companies Act 2014, the independent auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the board


Director

DENISE SIDDHU


Director

NIALL OLDEN

Date 17 June 2015



KPMG
Audit
90 South Mall
Cork
Ireland

Independent auditor's special report to the directors of Kernel Management Partners Limited pursuant to Section 356 of the Companies Act 2014

We have examined:

- (i) the abridged financial statements for the year ended 31 December 2014 on pages 7 to 16 which the directors of Kernel Management Partners Limited propose to annex to the annual return of the company; and
- (ii) the financial statements to be laid before the Annual General Meeting, which form the basis for those abridged financial statements.

This report is made solely to the directors, as a body, in accordance with Section 356 of the Companies Act, 2014. Our work has been undertaken so that we might state to the company's directors those matters we are required to state to them under Section 356 of the Companies Act, 2014 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the directors, as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

It is your responsibility to prepare the abridged financial statements which comply with the Companies Act, 2014. It is our responsibility to form an independent opinion that the directors are entitled under Section 356 of the Companies Act, 2014 to annex abridged financial statements to the annual return of the company and that those abridged financial statements have been properly prepared pursuant to Sections 10 to 12 of that Act and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to annex abridged financial statements to the annual return of the company and that the abridged financial statements are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the directors are entitled under section 356 of the Companies Act 2014 to annex to the annual return of the company abridged financial statements and those abridged financial statements have been properly prepared pursuant to the provisions of sections 10 to 12 of that Act (exemptions available to small and medium-sized companies).

Barrie O'Connell
for and on behalf of
KPMG

Chartered Accountants, Statutory Audit Firm

Date: 17 June 2015

90 South Mall

Cork



KPMG
Audit
90 South Mall
Cork
Ireland

Independent Auditor's Special Report to the Directors of Kernel Management Partners Limited pursuant to Section 356 of the Companies Act 2014.

We have examined the abridged financial statements of Kernel Management Partners Limited ("the Company") for the year ended 31 December 2014 on pages 7 to 15.

Our opinion is unmodified

In our opinion the directors are entitled under section 352 of the Companies Act 2014 to annex to the annual return of the Company abridged financial statements and those abridged financial statements have been properly prepared pursuant to the provisions of sections 352 and 353 of that Act (exemptions available to small companies).

Other information required by the Companies Act 2014

The abridged financial statements have been prepared from the financial statements to be laid before the Annual General Meeting, in respect of which our audit report.

On 17 June 2015 we reported, as auditors of the Company, to the members on the Company's financial statements for the year ended 31 December 2014 to be laid before its Annual General Meeting and our report was as follows:

"Independent auditor's report to the members of Kernel Management Partners Limited

We have audited the financial statements ("financial statements") of Kernel Management Partners Limited ("the Company") for the year ended 31 December 2014 which comprise the Profit and Loss, the Statement of total recognised gains and losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.



KPMG
Audit
90 South Mall
Cork
Ireland

Independent Auditor's Special Report to the Directors of Kernel Management Partners Limited pursuant to Section 356 of the Companies Act 2014. *(continued)*

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' report is consistent with the financial statements.

We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially - incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.



KPMG
Audit
90 South Mall
Cork
Ireland

Independent Auditor's Special Report to the Directors of Kernel Management Partners Limited pursuant to Section 356 of the Companies Act 2014. (continued)

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Barrie O'Connell

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

90 South Mall

Cork

17 June 2015

Basis of opinion, responsibilities and restrictions on use

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to annex abridged financial statements to the annual return of the Company and that the abridged financial statements are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

It is your responsibility to prepare abridged financial statements which comply with the Companies Act 2014. It is our responsibility to form an independent opinion that the directors are entitled under section 352 of the Companies Act 2014 to annex abridged financial statements to the annual return of the Company and that those abridged financial statements have been properly prepared pursuant to sections 352 to 353 of that Act and to report our opinion to you.

This report is made solely to the Company's directors as a body, in accordance with Section 356 of the Companies Act 2014. Our work has been undertaken so that we might state to the Company's directors those matters we are required to state to them under section 356 of the Companies Act, 2014 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 directors as a body, for our work, for this report, or for the opinion we have formed.

Barrie O'Connell

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

90 South Mall

Cork

17 June 2015

This is certified a true copy.

Denise Sidhu

Director

Niall Olden

Director

Kernel Management Partners Limited

Abridged balance sheet at 31 December 2014

	Note	2014 €	2013 €
Fixed assets			
Tangible assets	2	25,732	17,167
Financial assets	3	126,659	78,128
		<hr/>	<hr/>
		152,391	78,128
Current assets			
Debtors	4	257,465	356,231
Cash at bank and in hand		2,458,602	1,756,594
		<hr/>	<hr/>
		2,716,067	2,112,877
Creditors: amounts falling due within one year	5	(750,909)	(468,693)
		<hr/>	<hr/>
Net current assets		1,965,158	1,644,132
		<hr/>	<hr/>
Total assets less current liabilities		2,117,549	1,739,427
Provision for liabilities and charges	6	-	(182,099)
		<hr/>	<hr/>
Net assets		2,117,549	1,557,328
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	8,634	8,634
Capital redemption reserve fund	8	2,806	2,806
Profit and loss account		2,010,733	1,545,888
Investment Revaluation Reserve		95,376	-
		<hr/>	<hr/>
Shareholders' funds		2,117,549	1,557,328
		<hr/>	<hr/>

We have prepared the abridged financial statements in accordance with section 353 of the Companies Act 2014 and have relied on specific exemptions continued in section 352 of the Act on the grounds that the Company is entitled to the benefit of these exemptions as a small company.

On behalf of the Board

Denise Siddhu

Director

DENISE SIDDHU

Nick Olden

Director

NICK OLDEN

Kernel Management Partners Limited

Notes

to the abridged financial statements for the year ended 31 December 2014

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland.

Consolidation

The company has availed of the size exemption under the provisions of the European Communities (Companies: Group Accounts) Regulations, 1992, and has therefore not prepared group accounts.

Cash flow statement

The company meets the size criteria for a small company set by the Companies Act 2014 and therefore, in accordance with FRS 1: 'Cash Flow Statements', it has not prepared a cash flow statement.

Income recognition

The company acts as Investment Manager to certain venture capital funds (as outlined in the Directors' Report) and as such is entitled to receive income for the provision of investment management services from the General Partners of the respective funds on an accruals basis for the period when the service was redeemed.

Interest receivable

Interest receivable is recognised on an accruals basis.

Tangible fixed assets and depreciation

Tangible fixed assets are initially recorded at original cost.

Depreciation is provided to write off the cost less residual value of each asset over its expected useful life from the date of purchase, as follows:

Motor vehicles	-	33.3% straight line
Computer equipment	-	33.3% straight line
Office equipment	-	20% straight line
Fixtures and fittings	-	25% straight line
Computer software	-	33.3% straight line

Kernel Management Partners Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Financial fixed assets

Financial fixed assets are shown at cost less provisions for impairment in value. Income from financial fixed assets, together with any related tax credit, is recognised in the profit and loss account in the year which it is receivable.

Pensions

Amounts paid to defined contribution schemes are charged to the profit and loss account as incurred.

Taxation

Current tax, including Irish corporation tax and foreign tax, is provided on the company's taxable profits, at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Kernel Management Partners Limited

Notes (continued)

2 Staff numbers and costs

The average numbers of employees (including the directors) employed by the company during the year was 10 (2013: 10) and is analysed as follows:

	2014	2013
	€	€
Administration	6	5
Directors	4	5

Employment costs	2014	2013
	€	€
Wages and salaries	560,505	392,447
Social welfare costs	105,890	80,098
Directors' remuneration	390,193	368,740
Directors' pension	91,824	29,844
Directors' insurance	3,286	3,077
	<u>1,151,698</u>	<u>874,206</u>

3 Financial fixed assets

	Unlisted Shares €	Partnership interest €	Limited Private equity funds €	Shares in subsidiaries €	Total €
At 1 January 2014	-	77,510	312	306	78,128
Additions in year (i)	-	21,501	-	-	21,501
Repayments of loans in year (i)	-	(68,346)	-	-	(68,346)
Unrealised gain on investment (i)	-	95,376	-	-	95,376
At 31 December 2014	<u>-</u>	<u>126,041</u>	<u>312</u>	<u>306</u>	<u>126,659</u>

Kernel Management Partners Limited

Notes (continued)

3 Financial fixed assets (continued)

- (i) During the year, the company invested €21,501 in SK Partners, a Limited Partner of the Seroba Kernel Life Sciences Fund II Limited Partnership. The total amount invested in SK Partners as at 31 December 2014 was €110,227, representing a capital commitment of €15 and €110,212 in loan commitments. During the year SK Partners repaid €68,346 in loan commitments to the company. During the year the company revalued the current value of its investment in Seroba Kernel Life Sciences Fund II upward by €95,376 resulting in a Limited Partnership interest of €126,041 at year end.

Details of the company's investments are as follows:

Name and registered office	Detail of investment	Shareholding %	Principal activity
Kernel Seed Fund 2009 Limited Rubicon Centre Rossa Avenue Bishopstown, Co. Cork	1 ordinary share of €1 each	100%	General Partner of venture capital fund
Kernel Life Sciences Limited Rubicon Centre Rossa Avenue Bishopstown, Co. Cork	100 ordinary shares of €1 each	100%	Holding of Investments
KC GPI Limited Rubicon Centre Rossa Avenue Bishopstown, Co. Cork	100 ordinary shares of €1 each	100%	General Partner of venture capital fund
KC GPII Limited Rubicon Centre Rossa Avenue Bishopstown, Co. Cork	100 ordinary shares of €1 each	100%	General Partner of venture capital fund
KC Venture Capital Nominees Limited, Rossa Avenue, Bishopstown, Co. Cork	2 ordinary shares of €1 each	100%	Special Limited Partner to venture capital funds
Kernel Management Growth Fund Limited Rubicon Centre Rossa Avenue Bishopstown, Co. Cork	1 ordinary share of €1 each	100%	General Partner of venture capital fund

Kernel Management Partners Limited

Notes (continued)

3 Financial fixed assets (continued)

Name and registered office	Detail of investment	Shareholding %	Principal activity
NI GPI Limited Rubicon Centre Rossa Avenue Bishopstown, Co. Cork	1 ordinary share of £1 each	100%	General Partner of venture capital fund
NI Venture Nominees Limited Rossa Avenue, Bishopstown, Co. Cork	1 ordinary share of £1 each	100%	Special Limited Partner to venture capital fund

In the opinion of the directors, the realisable value of investment in unlisted shares, private equity funds and shares in subsidiary undertakings are not less than their carrying value.

4 Debtors	2014 €	2013 €
Amounts owed from group undertakings	149,686	99,076
Trade debtors	25,830	182,693
Prepayments and accrued income	81,949	74,462
	<u>257,465</u>	<u>356,231</u>

Amounts due from group undertakings are interest free, unsecured and repayable on demand.

5 Creditors: amounts falling due within one year	2014 €	2013 €
Amounts owed to group undertakings	299,045	211,650
Trade creditors and accruals	178,687	161,954
Deferred fee income	3,436	5,132
VAT payable	4,889	35,304
Deferred Grant Income	56,730	-
PAYE/PRSI	56,775	43,565
Corporation tax payable	151,347	11,088
	<u>750,909</u>	<u>468,693</u>

Kernel Management Partners Limited

Notes (continued)

5 Creditors: amounts falling due within one year (continued)

Amounts owed to group undertakings consist of consideration payable for tax losses surrendered amounting to €299,045 (2013: €211,650). Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

6 Provision for liabilities and charges – deferred taxation

	2014 €	2013 €
At beginning of year	182,099	296,681
Movement for the year	(182,135)	(114,582)
Adjustment in respect of prior periods	36	-
At end of year	-	182,099

Deferred tax arises on temporary differences from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

7 Share capital

	2014 €	2013 €
<i>Authorised</i>		
97,790 (2011: 97,790) Ordinary Shares of €1.269738 each	124,168	124,168
2,210 (2011: 2,210) Redeemable Shares of €1.269738 each	2,806	2,806
	126,974	126,974
<i>Allotted, called up and fully paid</i>	Ordinary shares €	Ordinary shares €
At the beginning and end of year	8,634	8,634

Kernel Management Partners Limited

Notes (continued)

8 Other undenominated capital

	2014 €
At the beginning and end of year	2,806

9 Related party transactions

Details of the company's subsidiary undertakings are outlined in note 10 of these financial statements.

The company's subsidiary undertaking Kernel Life Sciences Limited holds 40% of the issued share capital of Seroba Kernel Limited which in turn holds 100% of the issued share capital of Seroba Kernel Life Sciences Limited.

During the year the company received investment management fees of €80,000 (2013: €122,209) from KC GPI Limited of which €3,289 (2013: €5,022) was prepaid at year end, €248,334 (2013: €288,434) from KC GPII Limited, €663,817 (2013: €451,601) from Kernel Seed Fund 2009 Limited of which €132,284 (2013: €69,165) remained unpaid at year end, €342,134 (2013: €232,480) from Kernel Management Growth Fund Limited and €700,998 (2013: €169,351) from NI GPI Limited. As at 31 December 2014, the company was owed €198 (2013: €198) from KC Venture Capital Nominees Limited, €99 (2013: €22,131) from Kernel Management Growth Fund Limited, €17,010 (2013: €7,486) from NI GPI Limited, and €96 (2013: €96) from NI Venture Nominees Limited. As at 31 December 2014 the company owed €100,828 (2013: €100,828) to KC GPII Limited, €60,098 (2013: €60,098) to Kernel Seed Fund 2009 Limited, €29,552 (2013: €29,552) to Kernel Management Growth Fund Limited and €108,713 (2013: €21,282) to NI GPI Limited. Included in amounts owed is consideration payable for tax losses surrendered to the company during the year of €Nil (2013: €36,054) to KC GPII Limited, €Nil (2013: €30,120) to Kernel Seed Fund 2009 Limited, €Nil (2013: €29,552) to Kernel Management Growth Fund Limited and €87,623 (2013: €21,172) to NI GPI Limited.

During the year, the company paid a dividend of €Nil (2013: €10,000) to its shareholders.

The company is related to both the General Partners and the Special Limited Partner of the funds to which the company provides investment management services.

10 Directors and their interests

The directors and secretaries who held office at 31 December 2014 had no interests other than those shown below in the shares of the company or other group companies:

Name of director	Name of Company	Description of share	31 December 2014	31 December 2013
Niall Olden	Kernel Management Partners Limited	Ordinary	2,550	2,550
Martina Kinsella	Kernel Management Partners Limited	Ordinary	2,550	2,550

Kernel Management Partners Limited

Notes *(continued)*

11 Capital adequacy

1. Introduction

The Capital Requirements Directive IV ("CRD") of the European Union created a revised regulatory capital framework across Europe governing how much capital financial services firms must retain. The rules are set out in the CRD under three pillars:

- Pillar 1: minimum capital requirements, which sets out the minimum capital requirements to meet credit, market and operational risk;
- Pillar 2: supervisory review, which develops a process whereby Firms and regulators can satisfy themselves as to the adequacy of capital in place to cover risks faced, including any over and above those addressed within Pillar 1; and
- Pillar 3: market discipline, which requires public disclosure around capital resources and capital requirements, risk management and risk exposures, with a view to improving market discipline.

The disclosures below are designed to meet the Pillar 3 obligations of Kernel Management Partners Limited.

2. Scope and application

Kernel is authorised and regulated by the Central Bank and as such is subject to minimum regulatory capital requirements.

3. Firm Governance and Risk management

Kernel is governed by its Board of Directors who determine its business strategy and risk appetite. They are also responsible for establishing and maintaining the Company's operational compliance, governance arrangements and a risk management framework that recognises the risks that the business faces.

The Directors manage the Firm's risks through a framework of policies and procedures having regard to the relevant laws, standards, principles and rules (including regulations and guidelines issued by the Central Bank of Ireland) with the aim to operate a defined and transparent risk management framework.

The risk management framework is part of the well defined governance framework which meets best practice in a manner appropriate to the firms scale and scope of operations. The framework demonstrates control of the business, whilst facilitating transparency for all stakeholders and supporting the business to move rapidly in a changing market.

Kernel Management Partners Limited

Notes (continued)

11 Capital adequacy (continued)

The Directors determine how any business risks faced by the Company may be mitigated and assess how those risks are managed on an ongoing basis. The Directors meet both formally and informally on a regular basis and discuss current projections for profitability, cash flow, regulatory capital management, business planning and risk management.

The Directors have identified the main areas of risk to which the Company is exposed. They regularly review these risks, the controls and other mitigation arrangements to effectively control and manage the business.

Where the Directors identify material risks, they also consider the financial impact of these risks as part of the Company's business planning and capital management and conclude whether the amount of regulatory capital is adequate. This assessment is part of the Company's Internal Capital Adequacy Assessment Process (ICAAP)

4. Regulatory Capital

4.1 Publication: The Company will publish its Pillar 3 disclosures annually in its audited accounts.

4.2 Pillar 1: Pillar I requires the firm to calculate its minimum capital adequacy in accordance with defined rules.

The Company's highest capital adequacy requirement is based on the Expenditure Requirement. Under this requirement, the Company is required to maintain a minimum capital, comprising of share capital and revenue reserves, of one quarter of annual fixed overheads (ignoring certain fixed or non-cash items)

The calculation of the Expenditure Requirement is undertaken by the Company annually following the issue of the audited financial statements.

4.3 Pillar 2: Pillar 2 requires a firm to undertake an internal assessment of its risks and exposures and to assess whether they need to set aside additional capital to the amount identified above. As outlined above, the approach to risk assessment and the determination of the adequacy of the Company's internal capital to support the risk pertaining to its current and future activities is contained in the ICAAP.

Based on the assessment undertaken in the ICAAP, Kernel believes that the level of capital currently maintained in the business is sufficient and supports the risks facing the Company.

Kernel Management Partners Limited

Notes (continued)

12 Contingencies and commitments

The company has committed an amount of €150,000 to a venture capital fund, total funds drawn down at 31 December 2014 amounted to €110,227 (2013: €88,727).

13 Post Balance Sheet Events

No events have occurred since the balance sheet date which require disclosure in or amendment to the financial statements.

14 Transition to new Irish GAAP

In late 2012 and early 2013 the Financial Reporting Council issued a suite of standards that replace existing Irish Accounting Standards ("Old Irish GAAP"). Entities that are currently required by applicable law and regulation to apply EU endorsed International Financial Reporting Standards ("EU-IFRS") will continue to do so. Other entities, subject to eligibility, will be able to choose to prepare their financial statements in accordance with EU-IFRS, FRS 101 – Reduced Disclosure Framework, FRS 102 – The Reporting Standard applicable in the Republic of Ireland, or the Financial Reporting Standard for Smaller Entities ("New GAAP"). The mandatory effective date for moving to New GAAP is accounting periods commencing on or after 1 January 2015, although early adoption is permitted.

The Company is currently assessing the impact of the change in GAAP. Consistent with prior years, the 2014 Financial Statements are prepared under Old Irish GAAP. The financial statements for the year ended 31 December 2015 will be prepared under the selected "New GAAP" with comparatives restated as appropriate.

15 Approval of financial statements

The directors approved the financial statements on 17 June 2015.

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

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You may use this form to
accompany your accounts
disclosed under parent law.

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You cannot use this form to register
an alteration of manner of compliance
with accounting requirements.

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

Part 1 Corporate company name

Corporate name of
overseas company ①

Kernel Management Partners Limited

UK establishment
number

B R 0 1 6 6 0 3

→ Filling in this form

Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

Part 2 Statement of details of parent law and other information for an overseas company

A1

Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

Irish GAAP

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2

Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ No. Go to Section A3.

☒ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

Name of organisation
or body ③

Institute of Chartered Accountants in Ireland

③ Please insert the name of the
appropriate accounting organisation
or body.

A3

Accounts

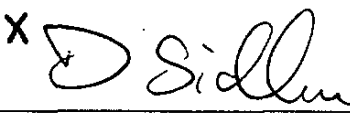
Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

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A4 Audited accounts		
Audited accounts	Have the accounts been audited in accordance with a set of generally accepted auditing standards? Please tick the appropriate box. <input type="checkbox"/> No. Go to Part 3 'Signature'. <input checked="" type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.	Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body ①	Institute of Chartered Accountants in Ireland	
A5 Unaudited accounts		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
Part 3 Signature		
	I am signing this form on behalf of the overseas company.	
Signature	Signature X  X This form may be signed by: Director, Secretary, Permanent representative.	

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Joan Slattery
Company name	KPMG Cork
Address	90 South Mall
Post town	Cork
County/Region	
Postcode	
Country	Ireland
DX	
Telephone	00353 21 4254500



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



Where to send

You may return this form to any Companies House address:

England and Wales:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk