

**Kernel Management
Partners Limited**

Abridged financial statements

Year ended 31 December 2016

Registered number: 303054

TUESDAY



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COMPANIES HOUSE

Kernel Management Partners Limited

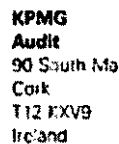
Abridged financial statements for the year ended 31 December 2016

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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
Solicitor	LK Shields Solicitors 39/40 Upper Mount Street Dublin 2



We have examined the abridged financial statements for the year ended 31 December 2016 on pages 5 to 13.

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 to 353 of that Act (exemptions available to small and medium-sized companies).

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, as detailed below, was modified.

"We have audited the financial statements ("financial statements") of Kernel Management Partners Limited ("the Company") for the year ended 31 December 2016 which comprise the Profit and loss and other comprehensive income, the Balance sheet, Statement of changes in equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

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

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.



KPMG
Audit
90 South Mall
Cork
T12 XXV9
Ireland

Independent auditors' special report to the Directors of Kernel Management Partners Limited pursuant to Section 356 of the Companies Act 2014 *(continued)*

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.

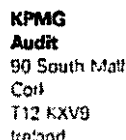
In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired 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.

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.

27 June 2017

Barrie O'Connell
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
90 South Mall
Cork



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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 354 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.

27 June 2017

Barrie O'Connell
for and behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
90 South Mall
Cork
Ireland

This is certified a true copy of the independent auditor's special report as prepared in accordance with Section 356 of the Companies Act 2014.

Denise Sidhu
Denise Sidhu
Director

Kernel Management Partners Limited

Abridged balance sheet as at 31 December 2016

	<i>Note</i>	2016 €	2015 €
Fixed assets			
Tangible assets		85,400	73,165
Intangible assets		721	9,871
Financial assets		142,980	174,146
Deferred tax asset	8	5,817	2,537
		<hr/>	<hr/>
		234,918	259,719
Current assets			
Debtors	4	154,188	563,291
Cash at bank and in hand		4,153,700	2,920,108
		<hr/>	<hr/>
		4,307,888	3,483,399
Creditors: amounts falling due within one year	5	(609,217)	(666,826)
		<hr/>	<hr/>
Net current assets		3,698,671	2,816,573
		<hr/>	<hr/>
Total assets less current liabilities		3,933,589	3,076,292
		<hr/>	<hr/>
Net assets		3,933,589	3,076,292
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	8,634	8,634
Capital redemption reserve fund		2,806	2,806
Profit and loss account		3,922,149	3,064,852
		<hr/>	<hr/>
Shareholders' equity		3,933,589	3,076,292
		<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 contained 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 Sidhu
Director



Niall Olden
Director

27 June 2017

Kernel Management Partners Limited

Notes

forming part of the financial statements

1 Accounting policies

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

The functional and presentational currency of these financial statements is Euro.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The financial statements are prepared on the historical cost basis.

Consolidation

The Company has availed of the size exemption under the provisions of the Companies Act 2014 and therefore has not prepared group accounts.

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.

Pensions

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

Investments in associate undertakings

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments that are held as part of the Company's investment portfolio are carried in the balance sheet at fair value even though the Company may have significant influence over those companies, with changes in fair value recognised in the profit and loss account in the period of the change.

Kernel Management Partners Limited

Notes (continued)

1 Accounting policies (continued)

Financial Instruments

In accordance with FRS 102, the Company has elected to apply the recognition and measurement requirements of Sections 11 and 12 of FRS 102 to the financial instruments that fall in scope of those sections. In addition, and as required by the standard, the presentation and disclosure requirements of FRS 102 have also been applied.

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments. As outlined below, the Company has designated its financial asset investments that meet the definition of basic debt financial instruments as financial assets at fair value through profit or loss at initial recognition as they form part of a group of financial assets that are managed with its performance evaluated on a fair value basis.

(a) Basic financial Instruments

(i) Investment in non-convertible preference and non-puttable ordinary shares

Investments in non-convertible preference and non-puttable ordinary shares are measured initially at the transaction price. Transaction costs are recognised directly in the profit and loss account. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes in their fair value recognised in the profit and loss account.

Investments in subsidiary undertakings are measured at cost.

(ii) Trade and other debtors/creditors

Trade and other debtors are recognised initially at the transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and cash deposits.

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)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The entity assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

- Motor vehicles 3 years
- Computer equipment 3 years
- Fixtures and fittings 4 years
- Office equipment 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Intangible assets

Intangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The entity assesses at each reporting date whether intangible fixed assets are impaired.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of intangible fixed assets which is 3 years.

Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

Expenses

Interest receivable and interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

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 12 (2015: 12) and is analysed as follows:

	2016 €	2015 €
Administration	8	8
Directors	4	4
	<hr/>	<hr/>
Employment costs	2016 €	2015 €
Wages and salaries	627,343	712,458
Social welfare costs	120,562	127,458
Directors' remuneration	408,540	476,563
Directors' pension	107,879	31,042
Directors' insurance	4,863	3,414
	<hr/>	<hr/>
	1,269,187	1,350,935
	<hr/>	<hr/>

3 Taxation

	2016 €	2015 €
Current taxation		
Current tax charge	20,661	6,241
Consideration payable to group companies for losses surrendered	126,272	94,527
	<hr/>	<hr/>
Total current tax	146,933	100,768
Deferred tax		
Deferred tax credit	(3,280)	(4,330)
Adjustment in respect of prior periods	-	1,793
	<hr/>	<hr/>
Total deferred tax	(3,280)	(2,537)
	<hr/>	<hr/>
Total tax charge on profit on ordinary activities	143,653	98,231
	<hr/>	<hr/>

Kernel Management Partners Limited

Notes (continued)

3 Taxation (continued)

Factors affecting tax charge

The tax charge for the year is higher than the current charge that would result from applying the standard rate of Irish corporation tax to the profit on ordinary activities. The differences are reconciled below:

	2016 €	2015 €
Profit on ordinary activities before tax	1,000,950	2,056,974
Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5% (2015: 12.5%)	125,119	257,122
<i>Effect of:</i>		
Net (income)/expenses not allowable for tax purposes	(2,068)	(341)
Case IV income taxable at higher rate	19	52
Adjustments in respect of prior periods	-	1,793
Higher tax rate on overseas earnings	19,124	2,728
Other adjustments	1,459	(163,123)
	<hr/> 143,653 <hr/>	<hr/> 98,231 <hr/>

4 Debtors	2016 €	2015 €
Amounts owed from group undertakings	120,958	221,934
Prepayments and accrued income	33,230	33,371
Other debtors	-	150,000
Corporation tax receivable	-	157,986
	<hr/> 154,188 <hr/>	<hr/> 563,291 <hr/>

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

Kernel Management Partners Limited

Notes (continued)

5	Creditors: amounts falling due within one year	2016 €	2015 €
	Amounts owed to group undertakings	388,857	263,192
	Trade creditors and accruals	123,838	305,004
	Deferred fee income	-	2,708
	Deferred grant income	24,269	31,518
	PAYE/PRSI	51,416	64,404
	Corporation Tax Payable	20,614	-
	VAT Payable	226	-
		609,217	666,826

Amounts owed to group undertakings consist of consideration payable for tax losses surrendered amounting to €364,389 (2015: €263,192). Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

6	Share capital	2016 €	2015 €
	Authorised		
	97,790 (2015: 97,790) Ordinary Shares of €1.269738 each	124,168	124,168
	2,210 (2015: 2,210) Redeemable Shares of €1.269738 each	2,806	2,806
	At end of year	126,974	126,974
	Allotted, called up and fully paid		
	At the beginning and end of year:	€	€
	6,800 (2015: 6,800) Ordinary Shares of €1.26973 each	8,634	8,634

Kernel Management Partners Limited

Notes (continued)

7 Related party transactions

Parent and Ultimate Controlling Party

Liberty Street Investments Limited owns a 75% interest in the company. Liberty Street Investments Limited is incorporated in the Republic of Ireland.

Key management personnel

There were no transactions with key management personnel during the year (2015: €Nil).

Total compensation of key management personnel during the year amounted to €0.5 million (2015: €0.5 million).

Other related party transactions

Related party balances existing at year end were as follows:

	2016 €	2015 €
Amounts due from Kernel Seed Fund 2009 Limited	84,812	188,820
Amounts due from KC Venture Capital Nominees Limited	198	198
Amounts due from Kernel Management Growth Fund Limited	1,076	599
Amounts due from NI GPI Limited	34,800	32,221
Amounts due from NI Venture Nominees Limited	72	96
Amounts due to KC GPII Limited	(24,468)	-
Amounts due to Kernel Seed Fund 2009 Limited	(60,098)	(60,098)
Amounts due to NI GPI Limited	(304,291)	(203,094)

Included in amounts owed by the company is consideration payable for tax losses surrendered to the company during the year of €120,860 (2015: €94,527) by NI GPI Limited.

During the year the company received management fees as follows:

	2016 €	2015 €
Amounts paid by KC GPI Limited	-	65,000
Amounts paid by KC GPII Limited	238,684	254,247
Amounts paid by Kernel Seed Fund 2009 Limited	859,249	640,975
Amounts paid by Kernel Management Growth Fund Limited	560,045	870,856
Amounts paid by NI GPI Limited	645,578	769,715

During the year, the company did not pay a dividend (2015: €1,000,000) to its shareholders.

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

Kernel Management Partners Limited

Notes (continued)

8	Deferred tax asset	2016	2015
		€	€
	At beginning of year	2,537	-
	Movement for the year	3,280	(1,793)
	Adjustment in respect of prior periods	-	4,330
		<hr/>	<hr/>
	At end of year	5,817	2,537
		<hr/>	<hr/>

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.

9 Directors and secretaries interests and transactions

In accordance with the Articles of Association the directors are not required to retire by rotation.

The directors and secretaries who held office at 31 December 2016 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	31 December 2016	31 December 2015
		of share		
Niall Olden	Liberty Street Investments Limited	Ordinary	2,551	2,551
Martina Kinsella	Liberty Street Investments Limited	Ordinary	2,551	2,551

10 Approval of financial statements

The directors approved the financial statements on 27 June 2017.

OS AA01

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



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law.

☒ **What this form is NOT for**
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 PARTERS 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 ① **FRS 102**

① 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 ① **INSTITUTE OF CHARTERED ACCOUNTANTS IN IRELAND**

① 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.**

OS AA01

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

A4 Audited accounts		
Audited accounts	<p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No. Go to Part 3 'Signature'.</p> <p><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'.</p>	<p>① Please insert the name of the appropriate accounting organisation or body.</p>
Name of organisation or body ①	INSTITUTE OF CHARTERED ACCOUNTANTS IN IRELAND	
A5 Unaudited accounts		
Unaudited accounts	<p>Is the company required to have its accounts audited?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No.</p> <p><input type="checkbox"/> Yes.</p>	
Part 3 Signature		
	<p>I am signing this form on behalf of the overseas company.</p>	
Signature	<p>Signature</p> <p>X <i>Deise Siallu</i> X</p>	
	<p>This form may be signed by: Director, Secretary, Permanent representative.</p>	

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	
Company name	KPMG CORPORATE LEGAL ADVISORY SERVICES
Address	1 STOKES PLACE
Post town	ST. STEPHEN'S GREEN
County/Region	DUBLIN 2
Postcode	
Country	Ireland
DX	
Telephone	410 1999



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