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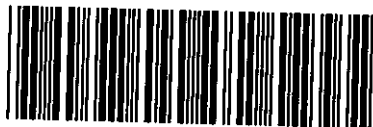
**Kernel Management  
Partners Limited**

Abridged financial statements

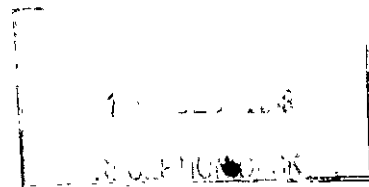
**Year ended 31 December 2017**

**Registered number: 303054**

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# Kernel Management Partners Limited

## Abridged financial statements

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KPMG  
Audit  
30 South Mall  
Cork  
T12 XXV9  
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 for the year ended 31 December 2017 on pages 5 to 23.

### ***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 to 354 of that Act (exemptions available to small and medium-sized 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, as detailed below, was modified.

On 14 June 2018 we reported, as auditors of Kernel Management Partners Limited, to the members on the Company's financial statements for the year ended 31 December 2017 to be laid before its Annual General Meeting and our report was as follows:

#### **1 Report on the audit of the financial statements**

##### ***Opinion***

We have audited the financial statements of Kernel Management Partners Limited ("the Company") for the year ended 31 December 2017 set out on pages 8 to 29, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and related notes, including the summary of significant accounting policies set out in note 1. 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 accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its result 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*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

##### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) ((ISAs (Ireland))) 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.



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Ireland

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

**1 Report on the audit of the financial statements (continued)**

***We have nothing to report on going concern***

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

***Other information***

The directors are responsible for the other information presented in the financial statements. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on that work, we report that

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

***Opinions on other matters prescribed by 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.

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

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. We have nothing to report in this regard.



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

### **2 Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement 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 for such internal control as they 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 management either intends to liquidate the Company or to cease operations, or has 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

#### ***The purpose of our audit work and to whom we owe our responsibilities***

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

14 June 2018



KPMG  
Audit  
90 South Mall  
Cork  
T12 XV9  
Ireland

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

**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 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.

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

14 June 2018

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.

Niall Olden  
Director

Denise Sidhu  
Director

# Kernel Management Partners Limited

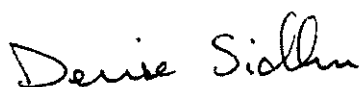
## Balance sheet

as at 31 December 2017

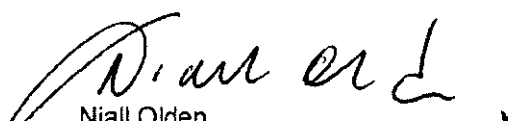
	Note	2017 €	2016 €
<b>Fixed assets</b>			
Tangible assets	10	60,261	85,400
Intangible assets	11	-	721
Financial assets	12	105,260	142,980
Deferred tax asset	15	7,740	5,817
		<hr/>	<hr/>
		173,261	234,918
<b>Current assets</b>			
Debtors	13	541,842	154,188
Cash at bank and in hand		4,641,983	4,153,700
		<hr/>	<hr/>
		5,183,825	4,307,888
<b>Creditors: amounts falling due within one year</b>	14	(685,573)	(609,217)
		<hr/>	<hr/>
<b>Net current assets</b>		4,498,252	3,698,671
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		4,671,513	3,933,589
		<hr/>	<hr/>
<b>Net assets</b>		4,671,513	3,933,589
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	8,634	8,634
Capital redemption reserve fund		2,806	2,806
Profit and loss account		4,664,551	3,922,149
Foreign currency translation reserve		(4,478)	-
		<hr/>	<hr/>
<b>Shareholders' equity</b>		4,671,513	3,933,589
		<hr/>	<hr/>

In preparing these abridged financial statements, the directors have relied on the exemption contained in Section 352 of Companies Act 2014, on the grounds that the company qualifies for the small companies regime and is entitled to the benefit of that exemption. These abridged financial statements have been properly prepared in accordance with Section 353 of the Companies Act 2014.

On behalf of the board



Denise Sidhu  
Director

  
Niall Olden  
Director

# Kernel Management Partners Limited

## Statement of changes in equity for the year ending 31 December 2017

	Share capital €	Other un- denominated capital €	Foreign currency translation reserve €	Profit & loss €	Total €
<b>At 1 January 2016</b>	8,634	2,806	-	3,064,852	3,076,292
Profit for the year	-	-	-	857,297	857,297
<b>Total comprehensive income for the year</b>	-	-	-	857,297	857,297
<b>At 31 December 2016</b>	8,634	2,806	-	3,922,149	3,933,589
Profit for the year	-	-	-	742,402	742,402
Movement during the year	-	-	(4,478)	-	(4,478)
<b>Total comprehensive income for the year</b>	-	-	(4,478)	742,402	737,924
<b>Balance at 31 December 2017</b>	<b>8,634</b>	<b>2,806</b>	<b>(4,478)</b>	<b>4,664,551</b>	<b>4,671,513</b>

The notes on pages 7 to 23 form an integral part of these financial statements.



# Kernel Management Partners Limited

## Notes

*forming part of the abridged 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.

#### **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.

# Kernel Management Partners Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### Basic financial instruments

##### *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.

##### *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.

##### *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.

#### 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.

# Kernel Management Partners Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### 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.

### 2 Income

The company's income represents the value, excluding value added tax, of services provided during the year.

	2017 €	2016 €
The income by geographic region is as follows:		
Ireland	1,823,775	1,523,614
United Kingdom	764,624	1,309,377
	<hr/>	<hr/>
	2,588,399	2,832,991

# Kernel Management Partners Limited

## Notes (continued)

### 3 Staff numbers and costs

The average numbers of employees (including the directors) employed by the company during the year was 12 (2016: 12) and is analysed as follows:

	2017 €	2016 €
Administration	8	8
Directors	4	4
	<hr/>	<hr/>
Employment costs	2017 €	2016 €
Wages and salaries	602,583	627,343
Social welfare costs	109,695	120,562
Staff pension	707	-
Total Directors' remuneration	460,655	521,282
	<hr/>	<hr/>
	1,173,640	1,269,187
	<hr/>	<hr/>

### 4 Directors' remuneration and transactions

Directors' remuneration (including persons connected with directors):

	2017 €	2016 €
Emoluments	411,440	408,540
Contributions to pension schemes	43,795	107,879
Directors Insurance	5,420	4,863
	<hr/>	<hr/>
	460,655	521,282
	<hr/>	<hr/>

In addition to the directors' remuneration set out above, fees of €37,498 were paid to a non-executive director in consideration for consultancy services provided.

### 5 Operating profit

	2017 €	2016 €
<i>Operating profit is stated after charging:</i>		
Depreciation and amortisation	39,474	46,814
Directors' remuneration	411,440	408,540
Directors' pension	43,795	107,879
Directors' insurance	5,420	4,863
Auditor's remuneration	12,000	12,000
	<hr/>	<hr/>

The company has borne the audit fee for its subsidiary undertakings without recourse.

# Kernel Management Partners Limited

## Notes (continued)

<b>6 Other Income</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Grant Income (i)	<b>14,269</b>	<b>30,523</b>
	<hr/>	<hr/>
<b>Total other income</b>	<b>14,269</b>	<b>30,523</b>
	<hr/>	<hr/>
(i) 2017 income related to grant received in respect of 3 year EU supported eDigiregion project.		
<b>7 Interest receivable and similar income</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Interest income	<b>28</b>	<b>148</b>
	<hr/>	<hr/>
	<b>28</b>	<b>148</b>
	<hr/>	<hr/>
<b>8 Interest payable and similar charges</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Bank interest and charges	<b>7,510</b>	<b>6,150</b>
Fair value movement on investments	<b>47,964</b>	<b>24,376</b>
	<hr/>	<hr/>
	<b>55,474</b>	<b>30,526</b>
	<hr/>	<hr/>
<b>9 Taxation</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
<b>Current taxation</b>		
Current tax charge	<b>7,728</b>	<b>20,661</b>
Consideration payable to group companies for losses surrendered	<b>107,245</b>	<b>126,272</b>
	<hr/>	<hr/>
<b>Total current tax</b>	<b>114,877</b>	<b>146,933</b>
<b>Deferred tax</b>		
Deferred tax credit	<b>(1,923)</b>	<b>(3,280)</b>
Adjustment in respect of prior periods	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Total deferred tax</b>	<b>(1,923)</b>	<b>(3,280)</b>
	<hr/>	<hr/>
<b>Total tax charge on profit on ordinary activities</b>	<b>112,954</b>	<b>143,653</b>
	<hr/>	<hr/>

# Kernel Management Partners Limited

## Notes (continued)

### 9 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:

	2017 €	2016 €
Profit on ordinary activities before tax	855,356	1,000,950
Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5%	106,920	125,119
<i>Effect of:</i>		
Net (income)/expenses not allowable for tax purposes	1,893	(2,068)
Case IV income taxable at higher rate	4	19
Higher tax rate on overseas earnings	2,741	19,124
Other adjustments	1,396	1,459
	<hr/>	<hr/>
	112,954	143,653
	<hr/>	<hr/>

# Kernel Management Partners Limited

## Notes (continued)

10 Tangible fixed assets	Motor vehicles €	Computer equipment €	Office equipment €	Fixtures & Fittings €	Total €
<b>Cost</b>					
At beginning of year	69,000	102,668	9,714	31,308	212,690
Additions in year	-	956	1,879	11,800	14,635
Disposals during the year	-	-	-	-	-
<b>At end of year</b>	<b>69,000</b>	<b>103,624</b>	<b>11,593</b>	<b>43,108</b>	<b>227,325</b>
<b>Depreciation</b>					
At beginning of year	9,583	79,693	8,795	29,219	127,290
Disposals during the year	-	-	-	-	-
Charge for year	22,998	13,080	486	3,210	39,474
<b>At end of year</b>	<b>32,581</b>	<b>92,773</b>	<b>9,281</b>	<b>32,429</b>	<b>167,064</b>
<b>Net book values</b>					
At 31 December 2017	36,419	10,851	2,312	10,679	60,261
At 31 December 2016	59,417	22,975	919	2,089	85,400

11 Intangible fixed assets	Computer Software €	Total €
<b>Cost</b>		
At beginning of year	45,376	45,376
Additions in year	-	-
Disposals in year	-	-
<b>At end of year</b>	<b>45,376</b>	<b>45,376</b>
<b>Depreciation</b>		
At beginning of year	44,655	44,655
Charge for year	721	721
<b>At end of year</b>	<b>45,376</b>	<b>45,376</b>
<b>Net book values</b>		
At 31 December 2017	-	-
At 31 December 2016	721	721

# Kernel Management Partners Limited

## Notes (continued)

<b>12 Financial fixed assets</b>	<b>Limited Partnership (Note 1) €</b>	<b>Shares in subsidiaries (Note 2) €</b>	<b>Total €</b>
<b>Cost</b>			
At 1 January 2017	142,674	306	142,980
Additions in year	6,726	-	6,726
Repayments of loans in year	3,522	-	3,522
Fair value movement on investment	47,968	-	47,968
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2017</b>	<b>104,954</b>	<b>306</b>	<b>105,260</b>
	<hr/>	<hr/>	<hr/>

**Note 1: Investment in SK Partners.**

During the year, the company invested €6,726 (2016: €7,407) in SK Partners, a Limited Partner of the Seroa Life Sciences Fund II Limited Partnership. The total amount invested in SK Partners as at 31 December 2017 was €144,941 (2016: €138,214), representing a capital commitment of €15 and €144,926 (2016: €15 and €138,199) in loan commitments. The Company's investment in SK Partners is carried at fair value. Information on fair value measurement is given in note 21.



# Kernel Management Partners Limited

## Notes (continued)

### 12 Financial fixed assets (continued)

#### Note 2: Investments in subsidiaries

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 fund
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
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 funds

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.

# Kernel Management Partners Limited

## Notes (continued)

<b>13 Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Amounts owed from group undertakings	<b>495,461</b>	120,958
Prepayments and accrued income	<b>46,372</b>	33,230
Corporation tax receivable	<b>9</b>	-
	<b>541,842</b>	<b>154,188</b>

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

<b>14 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Amounts owed to group undertakings	<b>424,611</b>	388,857
Trade creditors and accruals	<b>27,600</b>	123,836
Accruals	<b>160,656</b>	-
Deferred grant income	<b>10,000</b>	24,269
PAYE/PRSI	<b>52,923</b>	51,415
Corporation Tax Payable	<b>6,783</b>	20,614
VAT Payable	<b>2,990</b>	226
	<b>685,563</b>	<b>609,217</b>

Amounts owed to group undertakings consist of consideration payable for tax losses surrendered amounting to €293,636 (2016: €364,389). Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

<b>15 Deferred tax asset</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
At beginning of year	<b>5,817</b>	2,537
Movement for the year	<b>1,923</b>	3,280
Adjustment in respect of prior periods	<b>-</b>	-
<b>At end of year</b>	<b>7,740</b>	<b>5,817</b>

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.

# Kernel Management Partners Limited

## Notes (continued)

<b>16 Share capital</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
<b>Authorised</b>		
97,790 (2016: 97,790) Ordinary Shares of €1.269738 each	<b>124,168</b>	124,168
2,210 (2016: 2,210) Redeemable Shares of €1.269738 each	<b>2,806</b>	2,806
	<hr/>	<hr/>
<b>At end of year</b>	<b>126,974</b>	126,974
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
At the beginning and end of year:	<b>€</b>	<b>€</b>
6,800 (2016: 6,800) Ordinary Shares of €1.269738 each	<b>8,634</b>	8,634
	<hr/>	<hr/>

## 17 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 other than those described in notes 4 and 5, with key management personnel during the year (2016: €Nil).

Total compensation of key management personnel during the year amounted to €0.5million (2016: €0.5 million).

<b>Other related party transactions</b>	<b>2017</b>	<b>2016</b>
Related party balances existing at year end were as follows:	<b>€</b>	<b>€</b>
Amounts due from Kernel Seed Fund 2009 Limited	<b>128,316</b>	84,812
Amounts due from KC Venture Capital Nominees Limited	<b>198</b>	198
Amounts due from Kernel Management Growth Fund Limited	<b>131,217</b>	1,076
Amounts due from NI GPI Limited	<b>235,658</b>	34,800
Amounts due from NI Venture Nominees Limited	<b>72</b>	72
Amounts due to KC GPI Limited	<b>(24,468)</b>	(24,468)
Amounts due to Kernel Seed Fund 2009 Limited	<b>-</b>	(60,098)
Amounts due to NI GPI Limited	<b>(355,920)</b>	(304,291)
Amounts due to Kernel Management Growth Fund Limited	<b>(44,223)</b>	-
	<hr/>	<hr/>

Included in amounts owed by the company is consideration payable for tax losses surrendered to the company during the year of €62,273 (2016: €120,860) by NI GPI Limited, and €44,223 (2016: €Nil) by Kernel Management Growth Fund Limited.

# Kernel Management Partners Limited

## Notes (continued)

### 17 Related party transactions (continued)

During the year the company received management fees as follows:	2017 €	2016 €
Amounts paid by KC GPII Limited	236,014	238,684
Amounts paid by Kernel Seed Fund 2009 Limited	976,645	859,249
Amounts paid by Kernel Management Growth Fund Limited	418,315	560,045
Amounts paid by NI GPI Limited	568,810	645,578

During the year, the company did not pay a dividend (2016: €Nil) 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.

On 18 July 2017 a board and shareholder authorised loan of €390,000 was made to Princes Street Limited, the loan was repaid in full on 25<sup>th</sup> July 2017. Princes Street Limited is a related party due to having a common Director with the Company.

### 18 Contingencies and commitments

The Company has committed an amount of €150,000 (2016: €150,000) to a venture capital fund, total funds drawn down at 31 December 2017 amounted to €144,941 (2016: €138,214).

### 19 Post balance sheet events

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

### 20 Financial risk management

#### Risk management framework

The Company invests in financial instruments in accordance with its investment strategy.

The Company has the authority to make and manage investments in line with the Company's investment objectives.

#### Credit risk

The Company is subject to credit risk on its loan investments and cash and deposits.

#### Liquidity risk

The funding policy of the Company is to ensure that it has adequate funding in place ahead of planned investments. The Company currently views liquidity risk as low, as Company interests can only be paid out of asset realisations.

#### Price risk

The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset. The Company does not hedge the market risk inherent in the portfolio but manages asset performance risk on an asset-specific basis.

# Kernel Management Partners Limited

## Notes (continued)

<b>21 Financial instruments</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
<b>(a) Carrying amount of financial assets and liabilities:</b>		
<i>Assets measured at fair value through profit and loss</i>		
- Investment in Limited Partnership	<b>104,954</b>	<b>142,674</b>
<i>Assets and liabilities measured at amortised cost</i>		
- Debtors	<b>541,842</b>	<b>154,188</b>
- Cash and cash equivalents	<b>4,641,983</b>	<b>4,153,700</b>
- Creditors	<b>(571,436)</b>	<b>(609,217)</b>

The investment in a limited partnership is carried at fair value with changes in fair value recognised in profit and loss. In determining the fair value, relevant guidance included in the International Private Equity Venture Capital Valuation Guidelines is taken into account. Where fair value is no longer available for an asset measured at fair value, its carrying amount at the last date the asset was reliably measured becomes its new cost. Such investments are carried at cost less impairment until a reliable measure of fair value becomes available.

### (b) The investment methodology techniques used are as follows:

<b>Methodology</b>	<b>Description</b>	<b>Inputs</b>
Net asset valuation	Net asset valuation is used for unlisted funds	Net asset at fair value reported by the Fund manager

# Kernel Management Partners Limited

## Notes (continued)

### 21 Financial instruments (continued)

#### (c) Fair value measurement

Investments are initially recognised at cost, and this is deemed to be the best indicator for fair value unless:

- (i) there is an external event that would indicate a change in the fair value of an investment. This would include new investment rounds for an investee company, led by external third parties that place a higher or lower value on the investee company; or
- (ii) the Company determines that, where the operating performance of the investee company differs from forecasted operating performance, this may indicate an increase or decrease in the fair value of the investee.
- (iii) Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In the absence of a quoted price for a financial asset, or the availability of the price of a recent transaction for a similar asset, fair value is estimated by using a valuation technique.

The Company measures fair values using the following value hierarchy that reflects the significance of inputs used in making the measurements.

- Level 1 - investments that are classified at Level 1 are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - investments that are classified at Level 2 are valued based on the price of a recent transaction for an identical asset, this is adjusted where the last transaction price is not a good estimate of fair value.
- Level 3 - investments are classified at Level 3 if the market for the asset is not active and recent transactions of an identical asset on their own are not a good estimate of fair value. Investments at Level 3 are valued using a valuation technique in order to estimate the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

All of the Company investments are categorised as Level 3 investments as described above. Valuation of the Company's investments in private companies requires significant judgement or estimation to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. The determination of fair value is based on the best information available in the circumstances, taking into consideration a combination of internal and external factors and may incorporate the Company's own assumptions. Among the factors considered by the Company in determining the fair value of investments are the cost of the investment, current operating performance and future expectations for the underlying portfolio company and reference to observable valuation measures for comparable companies.

The values assigned to the investments are based on reliable information and do not necessarily represent the amounts that might ultimately be realised, as such amounts depend on future circumstances and cannot be determined until the individual investments are actually liquidated. Because of the inherent uncertainties of valuation, the assigned values may differ from the values that would have been used had a ready market for the investments existed and the difference could be material.

# Kernel Management Partners Limited

## Notes *(continued)*

### 21 Financial instruments *(continued)*

#### **(c) Fair value measurement *(continued)***

Transfers between Levels are recognised at the end of the reporting period in which the event or change in circumstances that caused the transfer had occurred and are based on the latest audited fair values of portfolio investments.

The objective of using a valuation technique is to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques used by the Company are detailed in note 21(b).

#### ***Impairment***

A financial asset not at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is 'impaired' if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Provisions for diminution in values are made where the Company deems it appropriate, including situations where the Company considers that there has been a material change in the financial position, or otherwise, of the investee company. The deficit on valuations is taken to the profit and loss account. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through the profit and loss account.

#### ***Derecognition***

The Company derecognises a financial asset when:

- (i) the contractual rights to the cash flows from the asset expire or are settled;
- (ii) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (iii) the Company, despite having retained some significant risk and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Company derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

#### ***Derecognition (continued)***

On derecognition of a financial asset, the carrying amount of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised shall be recognised in the profit and loss account in the period of the transfer.

If a transfer does not result in derecognition because the Company has retained significant risks and rewards of ownership of the transferred asset, the Company shall continue to recognise the transferred asset in its entirety and shall recognise a financial liability for the consideration received.

# Kernel Management Partners Limited

## Notes *(continued)*

### **22 Key judgements and estimates**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

#### ***Fair value of investments not quoted in an active market***

The fair values of investments that are not quoted in an active market, are determined by using valuation techniques including the price of recent investments, discounted cash flows and recent comparable transactions. The methods used to determine fair values are validated and periodically reviewed by the Group.

### **23 Approval of financial statements**

The directors approved the financial statements on 14 June 2018.



# 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](http://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

FRS 102

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.

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

Name of organisation  
or body ③

UK FINANCIAL REPORTING COUNCIL

**A3**

#### Accounts

Accounts

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

☐ **No.** Go to Section A5.

☒ **Yes.** Go to Section A4.

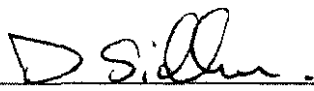
CC...

10 DEC 2018

RECEPTION DESK

# OS AA01

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

<b>A4 Audited accounts</b>		
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'.	<b>1</b> Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body <b>1</b>	UK FINANCIAL REPORTING COUNCIL	
<b>A5 Unaudited accounts</b>		
Unaudited accounts	Is the company required to have its accounts audited? Please tick the appropriate box. <input type="checkbox"/> No. <input type="checkbox"/> Yes.	
<b>Part 3 Signature</b>		
	I am signing this form on behalf of the overseas company.	
Signature	Signature <b>X</b>  <b>X</b>	
	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	
Company name	KPMG CORPORATE LEGAL
	ADVISORY SERVICES
Address	1 STOKES PLACE
Post town	ST. STEPHENS GREEN
Country/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](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.companieshouse.gov.uk)