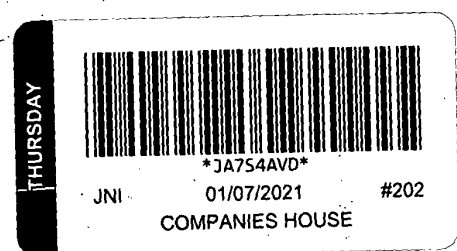


**Kernel Management Partners
Limited**

Directors' report and financial statements

Year ended 31 December 2019

Registered number: 303054



Kernel Management Partners Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Independent auditor's report to the members of Kernel Management Partners Limited	5
Profit and loss account and other comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes forming part of the financial statements	11

Kernel Management Partners Limited

Directors and other information

Directors

Niall Olden
Martina Kinsella
Denise Sidhu
Andrew Graham (appointed 10 April 2019 and resigned
28 July 2020)
Colin O'Brien (appointed 15 July 2019)

Secretary

Niall Olden
Denise Sidhu

Registered office

Rubicon Centre
Rossa Avenue
Bishopstown
Cork

Independent auditor

KPMG
Chartered Accountants
85 South Mall
Cork

Bankers

Allied Irish Bank
Western Road
Cork

Bank of Ireland
St Patrick Street
Cork

Solicitor

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 2019.

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 (ROI) II; and
- The Bank of Ireland Kernel Capital Growth Fund (NI).

The Company is regulated by the Central Bank of Ireland.

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

COVID-19 Virus

After the year end we have seen the emergence and spread of the Coronavirus (COVID-19), which was declared a pandemic by the World Health Organisation on 11 March 2020. On a macro level this has already caused unprecedented economic and societal disruption globally. In assessing the impact on these financial statements and requisite disclosures therein, we have referred to the guidance issued by the Financial Reporting Council with regard to COVID-19. While there is a distinct possibility that a prolonged disruption will have a future impact on performance, given these financial statements are prepared to the 31 December 2019 any such impact is treated as a non-adjusting post balance sheet event. The directors monitor the effect of COVID-19 on an ongoing basis and have determined that it does not impact the ability of the Company to meet its obligations as they fall due for the foreseeable future, and it has not impacted on the carrying value of assets at year-end.

Brexit

In a referendum held on 23 June 2016, the electorate of the United Kingdom (UK) resolved to leave the European Union (EU). At the date of approval of the financial statements the UK is in the transition period and the negotiation of the UK's exit terms remains uncertain and may change during the withdrawal process. Until the terms of the UK's exit from the EU are clearer, it is not possible to determine the full impact that the UK's departure and/or any related matters may have on the Company and its investments.

Risk assessment

The directors have undertaken a comprehensive assessment of the other key risks facing the Company. The directors consider the principal risk faced by the Company, in this regard, is financial risk including financing, liquidity and credit risks from its principle counterparties, being the venture capital limited partnerships that it provides investment management services to and the Company's bankers.

The Company has treasury policies and budgetary and financial reporting procedures supported by appropriate key performance indicators to manage its risks.

Results for the year

The result for the year is outlined on page 8.

Kernel Management Partners Limited

Directors' report (continued)

Dividends

During the year the Company paid a dividend in accordance with Note 17 to its shareholders.

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 2019 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 2019	31 December 2018
Niall Olden	Liberty Street Investments Limited	Ordinary	2,551	2,551
Martina Kinsella	Liberty Street Investments Limited	Ordinary	2,551	2,551

Post balance sheet events

Other than the COVID-19 pandemic discussed in sub-section "COVID-19" above, there have been no other events since the year end that require an adjustment or disclosure in the financial statements.

Political contributions

No political contributions were made during the year (2018: €Nil).

Accounting records

The directors believe they have complied with the requirements of Section 281 to 285 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.

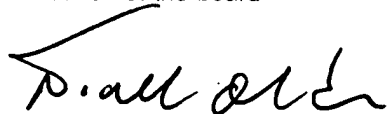
Relevant audit information

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

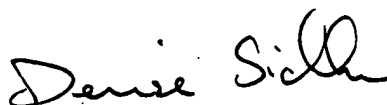
Independent auditor

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



Niall Olden
Director



Denise Sidhu
Director

19 August 2020

Kernel Management Partners Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with the provisions of Section 1A "Small Entities" of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

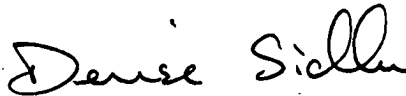
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board



Niall Olden
Director



Denise Sidhu
Director

19 August 2020



KPMG
Audit
85 South Mall
Cork
T12 A3XN
Ireland

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

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 2019 set out on pages 8 to 25, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity 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 the provisions of Section 1A "Small Entities" of 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 2019 and of its result for the year then ended;
- have been properly prepared in accordance with the provisions of Section 1A "Small Entities" of 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.

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. The financial statements and our auditor's report thereon do not comprise part of the other information. 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.



KPMG
Audit
85 South Mall
Cork
T12 A3XN
Ireland

Independent auditor's report to the members of Kernel Management Partners Limited (continued)

Report on the audit of the financial statements (continued)

Other information (continued)

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 our work on the other information, 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; and
- 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.

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 including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



KPMG
Audit
85 South Mall
Cork
T12 A3XN
Ireland

Independent auditor's report to the members of Kernel Management Partners Limited *(continued)*

Respective responsibilities and restrictions on use *(continued)*

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.

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
85 South Mall
Cork
Ireland

21 August 2020

Kernel Management Partners Limited

Profit and loss account and other comprehensive income for the year ended 31 December 2019

	Note	2019 €	2018 €
Income	2	1,878,775	2,236,078
Staff costs	3	(1,283,005)	(1,237,316)
Other operating expenses		(439,335)	(391,993)
Operating profit	5	156,435	606,769
Other income	6	-	18,629
Profit on ordinary activities before interest		156,435	625,398
Fair value movement on investments	12	(40,561)	(14,978)
Interest receivable and similar income	7	10,642	31
Interest payable and similar charges	8	(8,837)	(7,503)
Profit on ordinary activities before taxation		117,679	602,948
Taxation	9	(19,952)	(83,960)
Profit for the financial year		97,727	518,988
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences		10,135	(1,901)
Total comprehensive income for the year		107,862	517,087

The notes on pages 11 to 25 form an integral part of these financial statements.

Kernel Management Partners Limited

Balance sheet

as at 31 December 2019

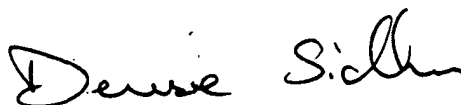
	Note	2019 €	2018 €
Fixed assets			
Tangible assets	10	19,654	28,380
Intangible assets	11	9,945	12,435
Financial assets	12	89,728	128,980
Deferred tax asset	15	5,251	5,767
		124,578	175,562
Current assets			
Debtors	13	341,009	303,764
Cash at bank and in hand		2,239,783	2,320,927
		2,580,792	2,624,691
Creditors: amounts falling due within one year	14	(687,405)	(611,653)
Net current assets		1,893,387	2,013,038
Total assets less current liabilities		2,017,965	2,188,600
Net assets		2,017,965	2,188,600
Capital and reserves			
Called up share capital	16	8,634	8,634
Capital redemption reserve fund		2,806	2,806
Profit and loss account		2,002,769	2,183,539
Foreign currency translation reserve		3,756	(6,379)
Shareholders' equity		2,017,965	2,188,600

The notes on pages 11 to 25 form an integral part of these financial statements.

On behalf of the board



Niall Olden
Director



Denise Sidhu
Director

Kernel Management Partners Limited

Statement of changes in equity for the year ended 31 December 2019

	Share capital €	Other un- denominated capital €	Foreign currency translation reserve €	Profit and loss €	Total €
At 1 January 2018	8,634	2,806	(4,478)	4,664,551	4,671,513
Profit for the year	-	-	-	518,988	518,988
Movement during the year	-	-	(1,901)	-	(1,901)
Total comprehensive income for the year	-	-	(1,901)	518,988	517,087
Transactions with owners of the Company					
Dividends to shareholders	-	-	-	(3,000,000)	(3,000,000)
Balance at 31 December 2018	8,634	2,806	(6,379)	2,183,539	2,188,600
Profit for the year	-	-	-	97,727	97,727
Movement during the year	-	-	10,135	-	10,135
Total comprehensive income for the year	-	-	10,135	97,727	107,862
Transactions with owners of the Company					
Dividends to shareholders	-	-	-	(278,497)	(278,497)
Balance at 31 December 2019	8,634	2,806	3,756	2,002,769	2,017,965

The notes on pages 11 to 25 form an integral part of these financial statements.

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 the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102").

The financial statements have been prepared on a going concern basis. The Company has an excess of current assets over current liabilities. The Company should have adequate resources to continue in operational existence for the foreseeable future and, for this reason, it is deemed appropriate to adopt the going concern basis in preparing the financial statements.

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 provided.

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.

Kernel Management Partners Limited

Notes (continued)

1 Accounting policies (continued)

Financial instruments (continued)

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.

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.

Kernel Management Partners Limited

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

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.

Cash flow statement exemption

A cashflow is not presented on the basis of the exemption available in FRS 102 Section 1A.

Kernel Management Partners Limited

Notes (continued)

2 Income

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

	2019 €	2018 €
<i>The income by geographic region is as follows:</i>		
Ireland	1,302,635	1,500,603
United Kingdom	576,140	735,475
	<u>1,878,775</u>	<u>2,236,078</u>

3 Staff numbers and costs

The average numbers of employees (including the directors) employed by the Company during the year was 11 (2018: 11) and is analysed as follows:

	2019 €	2018 €
Administration	7	8
Directors	4	3
	<u></u>	<u></u>
Employment costs	2019 €	2018 €
Wages and salaries	1,156,991	1,120,659
Social welfare costs	122,217	114,074
Staff pension	3,797	2,583
	<u>1,283,005</u>	<u>1,237,316</u>

4 Directors' remuneration and transactions

Directors' remuneration (including persons connected with directors):

	2019 €	2018 €
Emoluments	637,214	501,869
Contributions to pension schemes	49,730	48,226
Directors Insurance	4,069	4,053
	<u>691,013</u>	<u>554,148</u>

In addition to the directors' remuneration set out above, fees of €Nil (2018: €3,750) were paid to a non-executive director in consideration for consultancy services provided.

Kernel Management Partners Limited

Notes (continued)

5 Operating profit	2019	2018
	€	€
<i>Operating profit is stated after charging:</i>		
Depreciation and amortisation	26,913	37,639

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

6 Other Income	2019	2018
	€	€
Grant income (i)	-	18,629
Total other income	-	18,629

(i) 2018 income related to grant received in respect of 3 year EU supported eDigiregion project.

7 Interest receivable and similar income	2019	2018
	€	€
Interest income	32	31
Net foreign exchange gain	10,610	-
	10,642	31

8 Interest payable and similar charges	2019	2018
	€	€
Bank interest and charges	8,837	7,503
	8,837	7,503

Kernel Management Partners Limited

Notes (continued)

9 Taxation	2019 €	2018 €
Current taxation		
Current tax charge	6,725	8,021
Consideration payable to group companies for losses surrendered	12,711	73,966
Total current tax	19,436	81,987
Deferred tax		
Origination and reversal of timing differences	514	-
Adjustments in respect of prior periods	2	-
Deferred tax credit	-	1,973
Total deferred tax	516	1,973
Total tax charge on profit on ordinary activities	19,952	83,960

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:

	2019 €	2018 €
Profit on ordinary activities before tax	117,679	602,948
Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5%	14,710	75,368
Effect of:		
Net (income)/expenses not allowable for tax purposes	2,241	3,603
Case IV income taxable at higher rate	4	5
Higher tax rate on overseas earnings	2,213	2,819
Other adjustments	784	2,165
	19,952	83,960

Kernel Management Partners Limited

Notes (continued)

10 Tangible fixed assets	Motor vehicles €	Computer equipment €	Office equipment €	Fixtures and fittings €	Total €
Cost					
At beginning of year	69,000	108,301	11,893	43,889	233,083
Additions in year	-	12,084	2,368	-	14,452
Disposals in year	-	-	(321)	-	(321)
At end of year	69,000	120,385	13,940	43,889	247,214
Depreciation					
At beginning of year	55,579	102,944	9,914	36,266	204,703
Charge for year	13,421	5,233	615	3,909	23,178
Disposals in year	-	-	(321)	-	(321)
At end of year	69,000	108,177	10,208	40,175	227,560
Net book value					
At 31 December 2019	-	12,208	3,732	3,714	19,654
At 31 December 2018	13,421	5,357	1,979	7,623	28,380

11 Intangible fixed assets	Computer software €	Total €
Cost		
At beginning of year	57,811	57,811
Additions in year	2,475	2,475
Disposals in the year	(1,230)	(1,230)
At end of year	59,056	59,056
Depreciation		
At beginning of year	45,376	45,376
Charge for the year	3,735	3,735
At end of year	49,111	49,111
Net book value		
At 31 December 2019	9,945	9,945
At 31 December 2018	12,435	12,435

Kernel Management Partners Limited

Notes (continued)

12 Financial fixed assets

	Limited Partnership (Note 1) €	Investment in financial instrument (Note 2) €	Shares in subsidiaries (Note 2) €	Total €
Net book value				
At 1 January 2019	78,674	50,000	306	128,980
Additions in year	-	-	-	-
Repayments of loans in year	1,309	-	-	1,309
Fair value movement on investment	(40,561)	-	-	(40,561)
At 31 December 2019	39,422	50,000	306	89,728

Note 1: Investment in SK Partners

During the year, the Company invested €1,309 (2018: €4,759) in SK Partners, a Limited Partner of the Seroba Life Sciences Fund II Limited Partnership. The total amount invested in SK Partners as at 31 December 2019 was €148,902 (2018: €148,902), representing a capital commitment of €15 and €148,887 (2018: €15 and €148,887) 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.

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 Partners Limited

Notes (continued)

12 Financial fixed assets (continued)

Note 2: Investments in subsidiaries

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.

13 Debtors	2019 €	2018 €
Amounts owed from group undertakings	283,323	256,261
Prepayments and accrued income	57,603	47,490
Corporation tax receivable	83	13
	<hr/>	<hr/>
	341,009	303,764
	<hr/>	<hr/>

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

14 Creditors: amounts falling due within one year	2019 €	2018 €
Amounts owed to group undertakings	526,726	495,661
Trade creditors	20,670	43,043
Accruals	87,413	66,544
PAYE/PRSI	46,080	11
Corporation tax payable	5,826	3,462
VAT payable	690	2,932
	<hr/>	<hr/>
	687,405	611,653
	<hr/>	<hr/>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

Kernel Management Partners Limited

Notes (continued)

15 Deferred tax asset	2019 €	2018 €
At beginning of year	5,767	7,740
Movement for the year	(516)	(1,973)
At end of year	5,251	5,767

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.

16 Share capital	2019 €	2018 €
Authorised		
97,790 (2018: 97,790) ordinary shares of €1.269738 each	124,168	124,168
2,210 (2018: 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 (2018: 6,800) ordinary shares of €1.269738 each	8,634	8,634

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 (2018: €Nil).

Total compensation of key management personnel during the year amounted to €0.69 million (2018: €0.55 million).

Kernel Management Partners Limited

Notes (continued)

17 Related party transactions (continued)

<i>Other related party transactions</i>	2019	2018
	€	€
Related party balances existing at year end were as follows:		
Amounts due from Kernel Seed Fund 2009 Limited	95,996	157,585
Amounts due from KC Venture Capital Nominees Limited	198	198
Amounts due from Kernel Management Growth Fund Limited	22,762	212
Amounts due from NI GPI Limited	164,294	98,194
Amounts due from NI Venture Nominees Limited	72	72
Amounts due to KC GPII Limited	(24,469)	(24,469)
Amounts due to NI GPI Limited	(376,631)	(358,277)
Amounts due to Kernel Management Growth Fund Limited	(125,626)	(112,915)

Included in amounts owed by the Company is consideration payable for tax losses surrendered to the Company during the year of €Nil (2018: €5,274) by NI GPI Limited, and €12,711 (2018: €68,692) by Kernel Management Growth Fund Limited.

During the year the Company received management fees as follows:

	2019	2018
	€	€
Amounts paid by KC GPII Limited	132,232	197,233
Amounts paid by Kernel Seed Fund 2009 Limited	504,143	656,662
Amounts paid by Kernel Management Growth Fund Limited	549,531	549,438
Amounts paid by NI GPI Limited	576,140	735,475

During the year, the Company paid a dividend of €278,497 (2018: €3,000,000) 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.

18 Contingencies and commitments

The Company has committed an amount of €150,000 (2018: €150,000) to a venture capital fund, total funds drawn down at 31 December 2019 amounted to €149,701 (2018: €149,701).

19 Post balance sheet events

On 11 March 2020 the World Health Organisation declared a pandemic in relation to the COVID-19 disease. The disease has caused business disruption globally and in Ireland. The directors monitor the effect of COVID-19 on an ongoing basis and have determined that it does not impact the ability of the Company to meet its obligations as they fall due for the foreseeable future and it has not impacted on the carrying value of assets at the year end.

No other events have occurred since the balance sheet date that required an adjustment or disclosure in the financial statements.

Kernel Management Partners Limited

Notes (continued)

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.

21 Financial instruments

2019
€

2018
€

(a) Carrying amount of financial assets and liabilities:

Assets measured at fair value through profit and loss

- Investment in Limited Partnership	39,422	78,674
- Investment in Financial Instrument	50,000	50,000

Assets and liabilities measured at amortised cost

- Debtors	341,009	303,764
- Cash and cash equivalents	2,239,783	2,320,927
- Creditors	(687,403)	(611,653)

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.

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

Methodology	Description	Inputs
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.

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.

Kernel Management Partners Limited

Notes (continued)

21 Financial Instruments (continued)

(c) Fair value measurement (continued)

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.

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 board of directors approved the financial statements on

19 Aug. 2020.

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 ❶ **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 *

❶ 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 ❷ **FRS 102**

❷ 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 ❸ **UK FINANCIAL REPORTING COUNCIL**

❸ 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

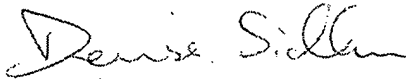
A4**Audited accounts**

Audited accounts	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'.	1 Please insert the name of the appropriate accounting organisation or body.
Name of organisation or body 1	UK FINANCIAL REPORTING COUNCIL	

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	<div>Signature</div> <div>X  X</div>	
	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

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:

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DX 33050 Cardiff.

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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

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