

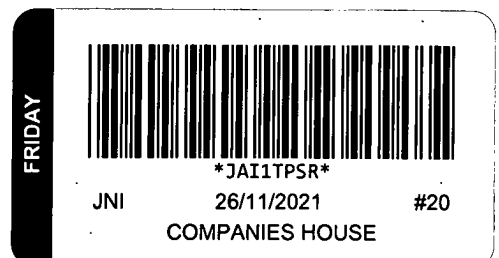


**Kernel Management Partners  
Limited**

**Directors' report and financial statements**

**Year ended 31 December 2020**

**Registered number: 303054**



# **Kernel Management Partners Limited**

## **Directors' report and financial statements**

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

# **Kernel Management Partners Limited**

## **Directors and other information**

### **Directors**

Niall Olden  
Martina Kinsella  
Denise Sidhu  
Andrew Graham (resigned 28 July 2020)  
Colin O'Brien  
Gerard Goold (appointed 17 November 2020)

### **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 2020.

### **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 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**

In early 2020 we saw the emergence and spread of the Coronavirus (COVID-19) and this was declared a pandemic by the World Health Organisation on 11 March 2020. On a macro level this has caused unprecedented economic and societal disruption globally. The Investment Manager has been supporting investees across 2020 in responding to the impact from COVID-19. At a portfolio level the impact is limited thus far given the nature of the underlying investee's businesses. There remains risk from an ongoing impact of the pandemic into 2021 and beyond, and the Investment Manager continues to monitor the situation.

### **Brexit**

In a referendum held on 23 June 2016, the electorate of the United Kingdom (UK) resolved to leave the European Union (EU). The UK subsequently departed the EU on 31 January 2020, with a transition period which ended on 31 December 2020. Potential impact from Brexit for the portfolio may include access to markets, funding and people and the Investment Manager continues to monitor in this regard.

### **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 prior year the Company paid a dividend in accordance with Note 16 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 2020 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 2020	31 December 2019
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

There were no significant events affecting the Company since the end of the financial year that require disclosure in or amendment to the financial statements.

### Political contributions

No political contributions were made during the year (2019: €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.

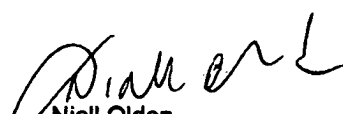
### Relevant audit information

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

  
Gerard Gould  
Director

23 June 2021

# 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 Oden  
Director

  
Gerard Goold  
Director

23 Dec 2021



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 2020 set out on pages 8 to 27, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued in the United Kingdom by the Financial Reporting Council, including its Section 1A.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, including its Section 1A; and
- the financial statements 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.



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

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

**Other information**

The directors are responsible for the other information presented in the Annual Report together with 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.

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 undertaken during the course of the audit, 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.

**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.





**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:  
<http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for->

**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.

25 June 2021

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

# Kernel Management Partners Limited

## Profit and loss account and other comprehensive income for the year ended 31 December 2020

	Note	2020 €	2019 €
Income	2	1,632,454	1,878,775
Staff costs	3	(1,206,400)	(1,283,005)
Other operating expenses		(284,891)	(439,335)
<b>Operating profit</b>	5	<b>141,163</b>	<b>156,435</b>
Other income		-	-
Profit on disposal		20,487	-
<b>Profit on ordinary activities before interest</b>		<b>161,650</b>	<b>156,435</b>
Fair value movement on investments	11	28,452	(40,561)
Interest receivable and similar income	6	4,922	10,642
Interest payable and similar charges	7	(9,452)	(8,837)
<b>Profit on ordinary activities before taxation</b>		<b>185,572</b>	<b>117,679</b>
Taxation	8	(19,581)	(19,952)
<b>Profit for the financial year</b>		<b>165,991</b>	<b>97,727</b>
<b>Other comprehensive income</b> <b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign operations – foreign currency translation differences		(12,276)	10,135
<b>Total comprehensive income for the year</b>		<b>153,715</b>	<b>107,862</b>

The notes on pages 11 to 27 form an integral part of these financial statements.


# Kernel Management Partners Limited

## Balance sheet as at 31 December 2020

	Note	2020 €	2019 €
<b>Fixed assets</b>			
Tangible assets	9	74,296	19,654
Intangible assets	10	5,792	9,945
Financial assets	11	74,075	89,728
Deferred tax asset	14	568	5,251
		<u>154,731</u>	<u>124,578</u>
<b>Current assets</b>			
Debtors	12	304,303	341,009
Cash at bank and in hand		2,392,649	2,239,783
		<u>2,696,952</u>	<u>2,580,792</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(680,003)</u>	<u>(687,405)</u>
<b>Net current assets</b>		<u>2,016,949</u>	<u>1,893,387</u>
<b>Total assets less current liabilities</b>		<u>2,171,680</u>	<u>2,017,965</u>
<b>Net assets</b>		<u>2,171,680</u>	<u>2,017,965</u>
<b>Capital and reserves</b>			
Called up share capital	15	8,634	8,634
Capital redemption reserve fund		2,806	2,806
Profit and loss account		2,168,760	2,002,769
Foreign currency translation reserve		(8,520)	3,756
<b>Shareholders' equity</b>		<u>2,171,680</u>	<u>2,017,965</u>

The notes on pages 11 to 27 form an integral part of these financial statements.

On behalf of the board

  
Niall Olden  
Director

  
Gerard Goold  
Director

# Kernel Management Partners Limited

## Statement of changes in equity

for the year ended 31 December 2020

	Share capital €	Other un- denominated capital €	Foreign currency translation reserve €	Profit and loss €	Total €
<b>At 1 January 2019</b>	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
<b>Total comprehensive income for the year</b>	-	-	10,135	97,727	107,862
<b>Transactions with owners of the Company</b>					
Dividends to shareholders	-	-	-	(278,497)	(278,497)
<b>Balance at 31 December 2019</b>	8,634	2,806	3,756	2,002,769	2,017,965
Profit for the year	-	-	-	165,991	165,991
Movement during the year	-	-	(12,276)	-	(12,276)
<b>Total comprehensive income for the year</b>	-	-	(12,276)	165,991	153,715
<b>Transactions with owners of the Company</b>					
Dividends to shareholders	-	-	-	-	-
<b>Balance at 31 December 2020</b>	8,634	2,806	(8,520)	2,168,760	2,171,680

The notes on pages 11 to 27 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### 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.

	2020 €	2019 €
<i>The income by geographic region is as follows:</i>		
Ireland	1,110,514	1,302,635
United Kingdom	521,940	576,140
	<u>1,632,454</u>	<u>1,878,775</u>

### 3 Staff numbers and costs

The average numbers of employees (including the directors) employed by the Company during the year was 10 (2019: 11) and is analysed as follows:

	2020 €	2019 €
Administration	5	7
Directors	5	4
	<u>5</u>	<u>4</u>
Employment costs	2020 €	2019 €
Wages and salaries	1,088,436	1,156,991
Social welfare costs	116,297	122,217
Staff pension	1,667	3,797
	<u>1,206,400</u>	<u>1,283,005</u>

### 4 Directors' remuneration and transactions

Directors' remuneration (including persons connected with directors):

	2020 €	2019 €
Emoluments and social welfare	641,608	637,214
Contributions to pension schemes	51,309	49,730
Directors Insurance	4,035	4,069
	<u>696,952</u>	<u>691,013</u>



# Kernel Management Partners Limited

## Notes (continued)

<b>5</b>	<b>Operating profit</b>	<b>2020</b>	<b>2019</b>
		<b>€</b>	<b>€</b>

*Operating profit is stated after charging:*  
Depreciation and amortisation

<b>20,139</b>	<b>26,913</b>
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The Company has borne the audit fee for its subsidiary undertakings without recourse.

<b>6</b>	<b>Interest receivable and similar income</b>	<b>2020</b>	<b>2019</b>
		<b>€</b>	<b>€</b>

Interest income  
Net foreign exchange (loss)/gain

<b>10,023</b>	<b>32</b>
<b>(5,101)</b>	<b>10,610</b>

<b>4,922</b>	<b>10,642</b>
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<b>7</b>	<b>Interest payable and similar charges</b>	<b>2020</b>	<b>2019</b>
		<b>€</b>	<b>€</b>

Bank interest and charges

<b>9,452</b>	<b>8,837</b>
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<b>9,452</b>	<b>8,837</b>
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# Kernel Management Partners Limited

## Notes (continued)

<b>8 Taxation</b>	<b>2020 €</b>	<b>2019 €</b>
<b>Current taxation</b>		
Current tax charge	2,829	6,725
Consideration payable to group companies for losses surrendered	12,069	12,711
<b>Total current tax</b>	<b>14,898</b>	<b>19,436</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,691	514
Adjustments in respect of prior periods	(8)	2
Deferred tax credit	-	-
<b>Total deferred tax</b>	<b>4,683</b>	<b>516</b>
<b>Total tax charge on profit on ordinary activities</b>	<b>19,581</b>	<b>19,952</b>

### 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:

	<b>2020 €</b>	<b>2019 €</b>
Profit on ordinary activities before tax	185,572	117,679
Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5%	23,197	14,710
<i>Effect of:</i>		
Net (income)/expenses not allowable for tax purposes	(5,688)	2,241
Case IV income taxable at higher rate	1,253	4
Higher tax rate on overseas earnings	-	2,213
Other adjustments	819	784
	<b>19,581</b>	<b>19,952</b>

# Kernel Management Partners Limited

## Notes (continued)

<b>9 Tangible fixed assets</b>	<b>Motor vehicles €</b>	<b>Computer equipment €</b>	<b>Office equipment €</b>	<b>Fixtures and fittings €</b>	<b>Total €</b>
<b>Cost</b>					
At beginning of year	69,000	120,385	13,940	43,889	247,214
Additions in year	54,480	15,598	-	-	70,078
Disposals in year	(69,000)	(1,289)	-	-	(70,289)
<b>At end of year</b>	<b>54,480</b>	<b>134,694</b>	<b>13,940</b>	<b>43,889</b>	<b>247,003</b>
<b>Depreciation</b>					
At beginning of year	69,000	108,177	10,208	40,175	227,560
Charge for year	1,501	9,661	1,218	3,056	15,436
Disposals in year	(69,000)	(1,289)	-	-	(70,289)
<b>At end of year</b>	<b>1,501</b>	<b>116,549</b>	<b>11,426</b>	<b>43,231</b>	<b>172,707</b>
<b>Net book value</b>					
At 31 December 2020	52,979	18,145	2,514	658	74,296
At 31 December 2019	-	12,208	3,732	3,714	19,654

<b>10 Intangible fixed assets</b>	<b>Computer software €</b>	<b>Total €</b>
<b>Cost</b>		
At beginning of year	59,056	59,056
Additions in year	550	550
Disposals in the year	-	-
<b>At end of year</b>	<b>59,606</b>	<b>59,606</b>
<b>Depreciation</b>		
At beginning of year	49,111	49,111
Charge for the year	4,703	4,703
<b>At end of year</b>	<b>53,814</b>	<b>53,814</b>
<b>Net book value</b>		
At 31 December 2020	5,792	5,792
At 31 December 2019	9,945	9,945

# Kernel Management Partners Limited

## Notes (continued)

### 11 Financial fixed assets

	Limited Partnership (Note 1) €	Investment in financial instrument €	Shares in subsidiaries (Note 2) €	Total €
<b>Net book value</b>				
At 1 January 2020	39,422	50,000	306	89,728
Additions in year	1,523	4,372	-	5,895
Repayments of loans in year	-	(50,000)	-	(50,000)
Fair value movement on investment	(14,186)	42,638	-	28,452
<b>At 31 December 2020</b>	<b>26,758</b>	<b>47,010</b>	<b>306</b>	<b>74,075</b>

#### Note 1: Investment in SK Partners

During the year, the Company invested €1,523 (2019: €1,309) 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 2020 was €€148,902 (2019: €148,902), representing a capital commitment of €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 20 (2019: €15 and €148,887).

#### Note 2: Investment 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%	Non-trading in the year
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)

### 11 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.

### 12 Debtors

	2020 €	2019 €
Amounts owed from group undertakings	252,119	283,323
Prepayments and accrued income	51,430	57,603
Employee tax saver	754	83
	<u>304,303</u>	<u>341,009</u>

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

### 13 Creditors: amounts falling due within one year

	2020 €	2019 €
Amounts owed to group undertakings	518,593	526,726
Trade creditors	34,819	20,670
Accruals	86,676	87,413
PAYE/PRSI	39,806	46,080
Corporation tax payable	(115)	5,826
VAT payable	224	690
	<u>680,003</u>	<u>687,405</u>

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

# Kernel Management Partners Limited

## Notes (continued)

<b>14 Deferred tax asset</b>	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
At beginning of year	<b>5,251</b>	<b>5,767</b>
Movement for the year	<b>(4,683)</b>	<b>(516)</b>
	<hr/>	<hr/>
<b>At end of year</b>	<b>568</b>	<b>5,251</b>
	<hr/>	<hr/>

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

<b>15 Share capital</b>	<b>2020</b>	<b>2019</b>
	<b>€</b>	<b>€</b>
<b>Authorised</b>		
97,790 (2019: 97,790) ordinary shares of €1.269738 each	<b>124,168</b>	<b>124,168</b>
2,210 (2019: 2,210) redeemable shares of €1.269738 each	<b>2,806</b>	<b>2,806</b>
	<hr/>	<hr/>
<b>At end of year</b>	<b>126,974</b>	<b>126,974</b>
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
At the beginning and end of year:		
6,800 (2019: 6,800) ordinary shares of €1.269738 each	<b>8,634</b>	<b>8,634</b>
	<hr/>	<hr/>

## 16 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 material transactions other than those described in notes 4 and 5, with key management personnel during the year (2019: €Nil).

Total compensation of key management personnel during the year amounted to €0.51 million (2019: €0.69 million).

# Kernel Management Partners Limited

## Notes (continued)

### 16 Related party transactions (continued)

<i>Other related party transactions</i>	<b>2020</b> €	<b>2019</b> €
Related party balances existing at year end were as follows:		
Amounts due from Kernel Seed Fund 2009 Limited	<b>79,512</b>	<b>95,996</b>
Amounts due from KC Venture Capital Nominees Limited	<b>198</b>	<b>198</b>
Amounts due from Kernel Management Growth Fund Limited	<b>101</b>	<b>22,762</b>
Amounts due from NI GPI Limited	<b>172,235</b>	<b>164,294</b>
Amounts due from NI Venture Nominees Limited	<b>72</b>	<b>72</b>
Amounts due to KC GPII Limited	<b>(24,469)</b>	<b>(24,469)</b>
Amounts due to NI GPI Limited	<b>(366,142)</b>	<b>(376,631)</b>
Amounts due to Kernel Management Growth Fund Limited	<b>(137,696)</b>	<b>(125,626)</b>

Included in amounts owed by the Company is consideration payable for tax losses surrendered to the Company during the year of €Nil (2019: €Nil) by NI GPI Limited, and €Nil (2019: €12,711) by Kernel Management Growth Fund Limited.

During the year the Company received management fees as follows:

	<b>2020</b> €	<b>2019</b> €
Amounts paid by KC GPII Limited	<b>79,836</b>	<b>132,232</b>
Amounts paid by Kernel Seed Fund 2009 Limited	<b>515,818</b>	<b>504,143</b>
Amounts paid by Kernel Management Growth Fund Limited	<b>401,865</b>	<b>549,531</b>
Amounts paid by NI GPI Limited	<b>521,941</b>	<b>576,140</b>

During the year, the Company paid a dividend of €Nil (2019: €278,497) 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.

### 17 Contingencies and commitments

The Company has committed an amount of €150,000 (2019: €150,000) to a venture capital fund, total funds drawn down at 31 December 2020 amounted to €148,902 (2019: €148,902).

### 18 Post balance sheet events

There were no significant events affecting the Company since the end of the financial year that require disclosure in or amendment to the financial statements.

# Kernel Management Partners Limited

## Notes (continued)

### 19 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.

### 20 Financial instruments

2020  
€

2019  
€

#### (a) Carrying amount of financial assets and liabilities:

##### Assets measured at fair value through profit and loss

- Investment in Limited Partnership	26,758	39,422
- Investment in Financial Instrument	47,010	50,000

##### Assets and liabilities measured at amortised cost

- Debtors	304,303	341,009
- Cash and cash equivalents	2,392,649	2,239,783
- Creditors	(680,003)	(687,403)

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)

### 20 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)

### 20 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 20(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)

### 21 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.

### 22 Approval of financial statements

The board of directors approved the financial statements on

23 June 2021.

**DON'T  
STAPLE**

# 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.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

## 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  
audited.

Legislation ② **FRS 102**

② This means the relevant rules or  
legislation which regulates the  
preparation of accounts.

### A2 Accounting principles

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

Please tick the appropriate box.

☐ **No. Go to Section A3.**

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

Name of organisation or body ③ **UK FINANCIAL REPORTING COUNCIL**

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

**OS AA01****Statement of details of parent law and other information for an overseas company****A3****Audited accounts****Audited accounts**

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

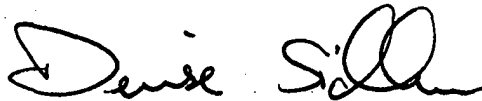
① Please insert the name of the appropriate accounting organisation or body.

**Name of organisation or body ①****UK FINANCIAL REPORTING COUNCIL****Part 3****Signature**

I am signing this form on behalf of the overseas company.

**Signature**

Signature

**X****X**This form may be signed by:  
Director, Secretary, Permanent representative.

# OS AA01

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



### Presenter information

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

Contact name

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:

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

#### Scotland:

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Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.  
DX ED235 Edinburgh 1

#### Northern Ireland:

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG.  
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### Further information

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