NI GPI Limited

Directors' report and financial statements

Year ended 31 December 2022

(Registered number: NI619065)

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NI GPI Limited

Directors' report and financial statements

Contents | *Page*

NI GPI Limited

Directors and other information

Directors	Niall Olden Denise Sidhu Daniel McCaughan Gerard Goold
Secretary	Denise Sidhu
Registered office	The Soloist Building 1 Lanyon Place Belfast Antrim BT1 3LP
Independent auditor	KPMG Chartered Accountants 85 South Mall Cork
Bankers	Allied Irish Bank Western Road Cork
Solicitors	LK Shields Solicitors 39/40 Upper Mount Street Dublin 2

NI GPI Limited

Directors' report

The directors present their report and audited financial statements of NI GPI Limited for the year ended 31 December 2022.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and therefore there is no requirement for a strategic report to be presented.

Principal activity, business review and future developments.

The Company is the General Partner to The Bank of Ireland Kernel Capital Growth Fund (NI).

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

Risk assessment

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

Market risk

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

Liquidity risk

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

Results for the year

The result for the year is outlined on page 9.

Proposed dividend

The directors do not recommend the payment of a dividend *(2021: £Nil)*.

Directors

The directors who held office during the year were as follows:

Niall Olden
Denise Sidhu
Daniel McCaughan
Gerard Goold

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

The directors and secretary who held office at 31 December 2022 had no interests, other than those shown below, in the shares of the Company or other group companies:

Name	**Name of Company**	**Description of shares**	**31 December 2022**	31 December 2021
Niall Olden	Liberty Street Investments Limited	Ordinary	**2,551**	2,551

Directors' report *(continued)*

Political contributions

The Company made no political donations or incurred any political expenditure during the year *(2021: £Nil)*.

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.

Disclosure of information to the independent auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's independent auditor is unaware, and each director has taken all the steps that ought to have been taken as a director in order to make aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the board

Niall Olden
Director

Gerard Goold
Director

19 July 2023

NI GPI 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, including Section 1A.

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 state of affairs of the Company and of the profit or loss of the Company for that period. 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 that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

On behalf of the board

Niall Olden
Director

Gerard Goold
Director

19 July 2023

KPMG

KPMG

Audit
85 South Mall
Cork
T12 A3XN
Ireland

Independent auditor's report to the members of NI GPI Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of NI GPI Limited ("the Company") for the year ended 31 December 2022 set out on pages 9 to 17, 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 UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, including Section 1A.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its result 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 Section 1A; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") 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 the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and the provisions available for small entities in the circumstances set out in note 1 to the financial statements 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

KPMG

Independent auditor's report to the members of NI GPI Limited *(continued)*

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

Conclusions relating to going concern *(continued)*

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

KPMG

Independent auditor's report to the members of NI GPI 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.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- 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 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.

We have nothing to report in these respects.

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

Independent auditor's report to the members of NI GPI 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, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities 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 the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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 Chapter 3 of Part 16 of the Companies Act 2006. 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.

Brian MacSweeney

21 July 2023

Brian MacSweeney ***(Senior Statutory Auditor)***
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
85 South Mall
Cork
Ireland

NI GPI Limited

Profit and loss account and other comprehensive income
for the year ended at 31 December 2022

	Note	2022 £	2021 £
Income	2	**454,995**	513,664
Other operating expenses	3	**(465,340)**	(472,597)
Fair value movement from investments	6	**10,345**	(41,067)
Profit before taxation	4	**-**	-
Taxation	5	**1,293**	(5,134)
Profit/(loss) for the financial year		**1,293**	(5,134)
Other comprehensive income		**-**	-
Total comprehensive profit/(loss)for the year		**1,293**	(5,134)

The Company had no gains or losses in the financial year nor the preceding financial year other than those dealt with in the profit and loss account.

The notes on pages 12 to 17 from an integral part of these financial statements.

NI GPI Limited

Balance sheet
as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Financial assets	6	**115,524**	105,458
Current assets			
Debtors	7	**345,808**	345,808
Cash at bank and in hand		**78,008**	61,283
		423,816	407,091
Creditors: amounts falling due within one year	8	**(192,051)**	(165,260)
Net current assets		**231,765**	241,831
Total assets less current liabilities		**347,289**	347,289
Provision for liabilities and charges	9	**(337,398)**	(338,691)
Net assets		**9,891**	8,598
Capital and reserves			
Called up share capital	10	**1**	1
Profit and loss account		**9,890**	8,597
Shareholders' funds		**9,891**	8,598

The notes on pages 12 to 17 form an integral part of these financial statements.

On behalf of the board

Niall Olden
Director

Gerard Goold
Director

NI GPI Limited

Statement of changes in equity
for the year ended 31 December 2022

	Share capital £	Profit and loss £	Total £
At 1 January 2021	1	13,731	13,732
Profit for the year	-	(5,134)	(5,134)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(5,134)	(5,134)
At 31 December 2021	1	8,597	8,598
Profit for the year	-	1,293	1,293
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1,293	1,293
Balance at 31 December 2022	**1**	**9,890**	**9,891**

The notes on pages 12 to 17 form an integral part of these financial statements.

NI GPI Limited

Notes
forming part of the financial statements

1 Accounting policies

NI GPI Limited ("the Company") is a private company incorporated, domiciled and registered in the UK. The registered number is NI619065 and the registered address is The Soloist Building, 1 Lanyon Place, Belfast, Antrim, BT1 3LP.

These financial statements were 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 presentation and functional currency of these financial statements is Sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Trade and other debtors

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 transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method less any impairment losses in the case of trade debtors.

1.3 Income recognition

The Company acts as the General Partner to The Bank of Ireland Kernel Capital Growth Fund (NI), ("the Partnership") and as such is entitled to a General Partner's share in accordance with the provisions of the Partnership Agreement. The Company is entitled to draw down this amount as an advance, even if neither income nor proceeds are received by the Partnership, and such drawings are not repayable in the event that there are no subsequent income nor proceeds; as such, this General Partner's share is recognised as income in the profit and loss account of the Company (as General Partner).

NI GPI Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Investment 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.

1.5 Taxation

Current 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.

1.6 Cash flow statement exemption

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

2 Income

	2022	2021
	£	£
Rendering of services	**454,995**	513,664

The Company's income represents the value of services provided during the year.

3 Operating expenses

Under the terms of a management agreement between Kernel Management Partners Limited, the Company's ultimate parent undertaking, and the Company, the Company paid a management fee of £465,340 *(2021: £472,597)* to Kernel Management Partners Limited for the year end 31 December 2022.

4 Statutory and other information

Directors' emoluments in the year were £Nil *(2021: £Nil)*. Details of directors' interests in shares of group companies is provided in the directors' report. The Company had no employees in the current financial year. Administration services were provided by Kernel Management Partners Limited.

5 Taxation

	2022 £	2021 £
Current tax		
Consideration receivable from group company for tax losses surrendered	-	-
Deferred tax		
Origination and reversal of timing differences	**(1,293)**	29,492
Intercompany surrender	-	(24,358)
Total tax charge on profit on ordinary activities	**(1,293)**	5,134

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:

	2022 £	2021 £
Result on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by the standard rate of corporation tax of 12.5%	-	-
Effect of:		
Expenses not allowable for tax purposes	-	-
Group relief surrendered	-	(24,358)
Consideration receivable from group company for tax losses surrendered	-	-
Prior period adjustments	-	-
Origination and reversal of timing differences	**(1,293)**	29,492
	(1,293)	5,134

6 Financial fixed assets

	2022 £	2021 £
At the beginning of the year	**105,458**	131,150
Additions	**13,904**	15,375
Fair value movement on investments	**(4,898)**	(41,067)
At the end of the year	**115,524**	105,458

The Company is the General Partner to The Bank of Ireland Kernel Capital Growth Fund (NI) and financial fixed assets include investments in the Fund by way of a capital contribution of £Nil *(2021: £2)* and loan commitments of £Nil *(2021: £114,741)*.

NI GPI Limited

Notes *(continued)*

7 Debtors

	2022	2021
	£	£
Amounts due from parent undertaking	**344,796**	344,796
Amounts due from group company	**1,012**	1,012
Trade debtors	**-**	-
	345,808	345,808

8 Creditors: amounts falling due within one year

	2022	2021
	£	£
Amounts owed to parent undertaking	**192,051**	165,260
	192,051	165,260

9 Provision for liabilities and charges – deferred taxation

	2022	2021
	£	£
At the beginning of the year	**338,691**	309,199
Credit for the year	**(1,293)**	29,492
At the end of the year	**337,398**	338,691

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.

10 Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1 ordinary shares of £1.00 each	**1**	1

11 Ultimate parent undertaking and related party transactions

The Company acts as General Partner to The Bank of Ireland Kernel Capital Growth Fund (NI). The General Partner Share receivable for the year was £438,706 *(2021: £461,782)*.

The Company is a wholly owned subsidiary of Kernel Management Partners Limited, a company incorporated in the Republic of Ireland, which provides investment management services to The Bank of Ireland Kernel Capital Growth Fund (NI).

11 Ultimate parent undertaking and related party transactions *(continued)*

Related party balances existing at the year-end were as follows:

	2022	2021
	£	£
Amounts due from Kernel Management Partners Limited	**344,796**	344,796
Amounts due from Kernel Seed Fund 2009 Limited	**1,012**	1,012
Amounts due to Kernel Management Partners Limited	**(192,051)**	(165,260)

Amounts due from Kernel Management Partners Limited include consideration receivable for tax losses surrendered to Kernel Management Partners Limited.

Amounts due from Kernel Seed Fund 2009 Limited are related to consideration receivable for tax losses surrendered by the Company.

The management fee charged by Kernel Management Partners Limited to the Company for the year ended 31 December 2022 was £465,340 *(2021: £472,597)*, the amount paid was £465,340 *(2021: £472,597)*.

The Company is related to NI Venture Nominees Limited, which acts as Special Limited Partner to The Bank of Ireland Kernel Capital Growth Fund (NI).

12 Contingencies and commitments

The Company has committed an amount of £150,000 to The Bank of Ireland Kernel Capital Growth Fund (NI). Total funds drawn down at 31 December 2022 amounted to £119,362, comprising £2 of capital commitments and £119,360 of loan commitments *(2021: £114,743, comprising £2 of capital commitments and £114,741 of loan commitments)*.

13 Financial risk management

Risk management framework

The Company is invested in one financial instrument.

Credit risk

The Company is subject to credit risk on its related party receivables and cash and deposits.

Liquidity risk

The funding policy of the Company is to ensure that it has adequate funding to fund its operations.

Price risk

The valuation of unquoted investments depends upon a combination of market factors and the performance of the underlying asset.

Foreign exchange risk

The Company is not exposed to currency risk on investments as all investments are denominated in Pound Sterling.

Notes *(continued)*

14 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.

15 Approval of financial statements

The board of directors approved the financial statements on 19 July 2023.

The Bank of Ireland Kernel Capital Growth Fund (NI)

General Partner's report and financial statements

Contents | *Page*

The Bank of Ireland Kernel Capital Growth Fund (NI)

General partner and other information

General Partner	NI GPI Limited
Investment Manager	Kernel Management Partners Limited
Partnership address	Rubicon Centre Rossa Avenue Bishopstown Cork Concourse 3 Catalyst Queens Road Belfast
Independent auditor	KPMG Chartered Accountants 85 South Mall Cork
Banker	Bank of Ireland 4/8 High Street Belfast Antrim
Solicitors	LK Shields 40 Upper Mount Street Dublin 2 Ireland Tughans Marlborough House 30 Victoria St, Belfast Antrim BT1 3GG United Kingdom

The Bank of Ireland Kernel Capital Growth Fund (NI)

General Partner's report

The General Partner has prepared the annual report and audited financial statements ("financial statements") of The Bank of Ireland Kernel Capital Growth Fund (NI) Limited Partnership ("the Partnership") for the year ended 31 December 2022.

Establishment, commitments and drawings

The Partnership was established in accordance with the terms of a Limited Partnership Agreement dated October 2013 and as amended by Supplemental Agreement from time to time.

As at 31 December 2022, the Limited Partners, General Partner and Founding Partner have committed £30,150,063 *(2021: £30,150,063)* to the Partnership subject to the terms of the Partnership Agreement.

Total funds drawn from the General Partner at 31 December 2022 amounted to £23,991,692 *(2021: £23,063,317)* comprising General Partner's capital commitments of £440 *(2021: £440)* and loan commitments of £23,991,252 *(2021: £23,062,877)*.

Principal activities, business review and future developments

The Fund is in its 'divestment period' and as such was only investing across 2022 in companies within the existing active portfolio, which comprises: Automated Intelligence Limited; B-Secur Limited; Causeway Sensors Limited; Changeover Technologies Limited; Cirdan Imaging Limited; Datactics Limited; and DisplayNote Technologies Limited.

As at 31 December 2022 the Funds Gross IRR was 7%.

NI GPI Limited as the General Partner remains responsible for the managing the business of the Partnership, namely venture capital investments in early and development stage companies in the manufacturing or tradable which have a significant presence in Northern Ireland.

The General Partner does not see the activities of the business changing over the coming twelve months.

Details of investment activity during the year and investments held at year end are set out in note 4 to the financial statements.

Principal risks and uncertainties

The risk factors disclosed in note 11 could affect the Partnership's future operating profits or financial position. The Partnership has a successful track record of managing these risks and to this purpose the General Partner is confident that they have in place a strong management team and appropriate controls.

Results for the year

The results for the year are set out on page 8 of the financial statements.

Political contributions

No political contributions were made during the year *(2021: £Nil)*.

Post balance sheet events

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

General Partner's report *(continued)*

Accounting records

The General Partner believes that it has complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Partnership are maintained at Rubicon Centre, Rossa Avenue, Bishopstown, Cork.

Relevant audit information

The General Partner believes that it has taken all steps necessary to make itself aware of any relevant audit information and have established that the Partnership's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Partnership's statutory auditors are unaware.

Independent auditor

In accordance with Section 395(1) of the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019 and the Partnership Agreement, the independent auditors, KPMG, Chartered Accountants, will continue in office.

Signed on behalf of the Partners by the General Partner

Denise Sidhu
Director of General Partner

Gerard Goold
Director of General Partner

6 June 2023

The Bank of Ireland Kernel Capital Growth Fund (NI)

Statement of General Partner's responsibilities in respect of the General Partner's report and the financial statements

The directors of NI GPI Limited (the "directors of the General Partner") are responsible for preparing the General Partner's report and the financial statements Bank of Ireland Kernel Capital Growth Fund (NI) ("the Partnership"), in accordance with applicable law and regulations.

The European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019 require that in the preparation of its General Partner's report and financial statements, the directors of the General Partner should comply with the Companies Act 2014. Company law requires the directors of the General Partner to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, including its Section 1A.

Under company law the directors of the General Partner 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 Partnership and of its profit or loss for that year.

- In preparing these financial statements, the directors of the General Partner 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; and
- prepare the financial statements on the basis that the Partnership's assets will be realised in the ordinary course of business, unless it is inappropriate to assume that the assets will be so realised either during or at the end of the life of the Partnership.

The directors of the General Partner 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 Partnership and enable it to ensure that the Partnership's financial statements comply with the Companies Act 2014 as applied by the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019 and with the Partnership agreement. 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 Partnership and to prevent and detect fraud and other irregularities.

The directors of the General Partner are also responsible for preparing a General Partners' report that complies with the section 18 of the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019 and the requirements of the Companies Act 2014 as applied by the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019.
On behalf of the General Partner

Signed on behalf of the General Partner

Denise Sidhu
Director of General Partner

Gerard Gook
Director of General Partner

6 June 2023

KPMG
Audit
85 South Mall
Cork
T12 A3XN
Ireland

Independent auditor's report to the Partners of The Bank of Ireland Kernel Capital Growth Fund (NI)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of Ireland Kernel Capital Growth Fund (NI) ("the Qualifying Partnership") for the year ended 31 December 2022 set out on pages 8 to 20, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in net assets 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*, including its Section 1A issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Qualifying Partnership as at 31 December 2022 and of its result 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 applicable requirements of the Companies Act 2014 as applied by qualifying partnerships by the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019.

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 Qualifying Partnership 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 of the General Partner's 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 Qualifying Partnership'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.

Our responsibilities and the responsibilities of the directors of the General Partner with respect to going concern are described in the relevant sections of this report.

KPMG

Independent auditor's report to the Partners of The Bank of Ireland Kernel Capital Growth Fund (NI) *(continued)*

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

Other information

The directors of the General Partner 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 General Partner's 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 have not identified material misstatements in the General Partner's report;
- in our opinion, the information given in the General Partner's report is consistent with the financial statements;
- in our opinion, the General Partner's report has been prepared in accordance with the Companies Act 2014 as applied to qualifying partnerships by the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019.

Opinions on other matters prescribed by the Companies Act 2014 as applied to qualifying partnerships

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 Qualifying Partnership 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, as applied to Qualifying Partnerships requires us to report to you if, in our opinion, the requirements of any of sections 305 to 312 of the Act, as they apply to Qualifying Partnerships, which relate to disclosures of members' remuneration and transactions, are not complied with by the qualifying partnership. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of the directors of the General Partner for the financial statements

As explained more fully in the directors of the General Partner's responsibilities statement set out on page 4, the directors of the General Partner 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 Partnership'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 Partnership or to cease operations, or have no realistic alternative but to do so.

KPMG

Independent auditor's report to the Partners of The Bank of Ireland Kernel Capital Growth Fund (NI) *(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://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/.

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

Our report is made solely to the Partners, as a body, in accordance with section 391 of the Companies Act 2014 as applied by regulation 30 of the European Union (Qualifying Partnerships: Accounting and Auditing) Regulations 2019. Our audit work has been undertaken so that we might state to the General Partner 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 partnership and the Partners as a body, for our audit work, for this report, or for the opinions we have formed.

Brian Mac Sweeney

08 June 2023

Brian MacSweeney
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
85 South Mall
Cork

The Bank of Ireland Kernel Capital Growth Fund (NI)

Profit and loss account and other comprehensive income
for the year ended 31 December 2022

	Note	**2022**	2021
		£	£
Interest income	*3*	**57,777**	45,874
Dividend income		**468,631**	-
General Partner's share	*10*	**(438,706)**	(461,781)
Administration expenses		**(55,329)**	(49,099)
Fair value movements on investments	*4*	**680,649**	3,998,011
Realised gain/(loss) on disposal of investments		**(1,273,884)**	-
Total operating (loss)/profit		**(560,862)**	3,533,005
Distribution assigned against Partnership expenses		**132,842**	-
(Decrease)/Increase in net assets attributable to the General Partner	*8*	**(428,020)**	3,533,005

The notes on pages 11 to 20 form an integral part of these financial statements.

The Bank of Ireland Kernel Capital Growth Fund (NI)

Balance sheet
as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Financial assets	4	**24,056,935**	22,384,001
Current assets			
Debtors	5	**29,413**	1,300,001
Cash at bank and in hand		**28,028**	426,272
		57,441	1,726,273
Creditors: amounts falling due within one year	6	**(19,068)**	(20,575)
Net current assets		**38,373**	1,705,698
General Partner's net assets		**24,095,308**	24,089,699
Represented by:			
Loans and other amounts due to General Partner			
Partners' capital accounts	7	**440**	440
Partners' share accounts	8	**598,363**	1,026,382
Partners' loan accounts	9	**23,496,505**	23,062,877
		24,095,308	24,089,699

The notes on pages 11 to 20 form an integral part of these financial statements.

Signed on behalf of the Partners by the General Partner

Denise Sidhu
Director of General Partner

Gerard Goold
Director of General Partner

The Bank of Ireland Kernel Capital Growth Fund (NI)

Statement of changes in net assets
for the year ended 31 December 2022

	Partners' capital accounts £	Partners' loan accounts £	Partners' share account £	Total equity £
Balance at 1 January 2021	440	19,972,502	(2,506,622)	17,466,319
Increase in net assets attributable to Partners	-	-	3,533,005	3,533,005
Transactions with Partners				
Contributions during the year	-	3,090,375	-	3,090,375
Balance at 31 December 2021	**440**	**23,062,877**	**1,026,383**	**24,089,699**
Balance at 1 January 2022	440	23,062,877	1,026,383	24,089,699
Decrease in net assets attributable to Partners	-	-	(428,020)	(428,020)
Transactions with Partners				
Contributions paid during the year	-	928,375	-	928,375
Distributions during the year	-	(494,747)	-	(494,747)
Balance at 31 December 2022	**440**	**23,496,505**	**598,363**	**24,095,308**

The notes on pages 11 to 20 form an integral part of these financial statements.

Notes
forming part of the financial statements

1 Accounting policies

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

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"). There have been no material departures from the Standards.

Measurement convention

The financial statements are prepared on the historical cost basis, except that all financial assets other than cash and cash equivalents and debtors are stated at their fair value.

Going concern

The financial statements are prepared on the going concern basis.

Foreign currency

The functional and presentational currency is Pound Sterling.

Financial instruments

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

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

(a) Basic financial instruments

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

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

(iii) Cash and cash equivalents
Cash and cash equivalents comprise of cash balances and cash deposits.

1 Accounting policies *(continued)*

(a) Basic financial instruments *(continued)*

Financial instruments *(continued)*

(iv) Investments in associate undertakings
An associate is an entity over which the Partnership has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments that are held as part of the Partnership's investment portfolio are carried in the balance sheet at fair value even though the Partnership 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 as the Partnership is deemed to be an investment entity in accordance with FRS102.9.

(b) Financial instruments not considered to be basic financial instruments ("other financial instruments")

Other financial instruments that do not meet the criteria to qualify as basic financial instruments are recognised initially at fair value and typically comprise deferred consideration receivable, convertible preference shares, puttable ordinary shares, unsecured convertible loans and warrants. Subsequent to initial recognition these financial instruments are measured at fair value with fair value changes recognised in the profit and loss account.

Information regarding fair value measurement is given in note 12.

General Partner's capital and loans

The Partnership classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Based on the terms and conditions of the instruments, the loans and other amounts due to General Partner are classified as financial liabilities and are carried at amortised cost.

Expenses

Expenses are shown inclusive of irrecoverable value added tax borne by the Partnership.

Taxation

Under taxation legislation in the Republic of Ireland the Partnership does not constitute a separate taxable entity and accordingly, no provision for taxation has been made in these financial statements.

General Partner's share

The General Partner is entitled to a fixed management fee in accordance with the provisions of the Limited Partnership Agreement. This cost is charged as an expense in the profit and loss account.

Carried interest

The Special Limited Partner is entitled to a share of the profit ("carried interest") as per the Limited Partner Agreement. A provision for carried interest is made when the criteria for the recognition of a provision are met and it is highly probable that the carried interest will be paid.

Notes *(continued)*

1 Accounting policies *(continued)*

Cash flow statement exemption

The Partnership has availed of the exemption contained in Section 1A of FRS 102 and as a result have elected not to prepare a cash flow statement.

Investment entity

The Partnership has multiple unrelated investors and holds multiple investments. Investments in financial assets are not consolidated as they are held as part of an investment portfolio.

Key judgements and estimates

Information regarding key judgements and estimates used in the determination of the fair value of investment is given in note 15.

2 Management of the Partnership

NI GPI Limited ("the General Partner") has responsibility for managing and administering the business and affairs of the Partnership. The General Partner has the power and authority to carry out the investment objectives and policies of the Partnership in a manner consistent with the Partnership's investment criteria.

Capital management

The Partnership is funded by way of loans advanced by the Limited Partners. These Limited Partners' interests are repayable out of income, expenses, gains and losses and generated by the Partnership.

3 Interest income

	2022	2021
	£	£
Interest income	**57,777**	45,874

4 Financial assets

(a) Carrying value	**Equity**	**Loan**	**Total**
	£	**£**	**£**
Opening book value at 1 January 2022	20,551,560	1,832,441	22,384,001
Additions during the year	2,275,000	410,000	2,685,000
Disposals during the year	-	(476,116)	(476,116)
Conversion interest	57,285	-	57,285
Fair value movement	(609,351)	16,116	(593,235)
Closing book value at 31 December 2022	**22,274,494**	**1,782,441**	**24,056,935**

4 Financial assets *(continued)*

(b) Associate investments

Company name	Nature of the business	Investment type	Investment category	Equity holding fully diluted
Automated Intelligence Limited	Software	Equity/Loan Note	Associate	28%
B-Secur Limited	Biometric	Equity/Loan Note	Associate	6%
Causeway Sensors Limited	Medtech	Equity	Associate	44%
Changeover Technologies Limited	Engineering	Equity/Loan Note	Associate	24%
Cirdan Imaging Limited	Medtech	Equity	Associate	18%
Datactics Limited	Software	Equity	Associate	20%
Displaynote Technologies Limited	Software	Equity	Associate	31%
Waste Systems Limited	Engineering	Equity/Loan Note	Associate	38%

(c) Fair value information

The aggregate fair value of investments in associates is £24,056,935 *(2021: £22,384,001)*.

Please refer to note 12 for fair value disclosure information.

5 Debtors	**2022** **£**	2021 £
Other prepayments	**29,413**	1
Other debtors	**-**	1,300,000
	29,413	1,300,001

6 Creditors: amounts falling due within one year	**2022** **£**	2021 £
Accruals	**19,068**	20,575

7 Partners' capital accounts	**Founder Partner £**	**General Partner £**	**Limited Partners £**	**Total £**
At beginning and end of year	**63**	**2**	**375**	**440**

8 Partners' share accounts

	General Partner £	Limited Partners £	Total £
Balance as at 1 January 2022	5,106	1,021,276	1,026,382
Movement for the financial year	(2,129)	(425,890)	(428,020)
Balance as at 31 December 2022	**2,977**	**595,386**	**598,363**

9 Partners' loan accounts

	General Partner £	Limited Partners £	Total £
Balance as at 1 January 2022	114,741	22,948,136	23,062,877
Drawn down during the year	4,619	923,756	928,375
Distributions	(4,898)	(489,849)	(494,747)
Balance as at 31 December 2022	**114,462**	**23,382,043**	**23,496,505**

Capital Proceeds and Income of the Partnership are distributed in accordance with Clause 11 of the Partnership Agreement. The effect of this is that outstanding loans plus a defined investor return is repaid to certain of the limited partners ahead of the repayment of outstanding loans to other limited partners. The commitments drawn as at 31 December 2022 plus investor return which benefits from this preferred return was £17,169,750 *(2021: £15,920,400).*

10 Related party transactions

Transactions involving related parties are outlined below:

(a) General Partner's share, details of which are set out in the profit and loss account.

The General Partner has the right to appoint directors to certain investee companies on behalf of the Partnership and has exercised this right in relation to a number of investee companies.

11 Financial risk management

Risk management framework

The Partnership invests in a variety of financial instruments in accordance with its investment strategy as detailed in the Limited Partnership Agreement. The Partnership's investments portfolio is comprised of unlisted equity and debt investments.

The General Partner has the authority under the terms of the Limited Partnership Agreement to make and manage investments in line with the Partnership's investment objectives.

Investments

The Partnership's financial assets are predominantly unsecured investments in unquoted companies.

11 Financial risk management *(continued)*

Credit risk

The Partnership is subject to credit risk on its investment and cash and deposits. At 31 December 2022, all of the Partnership's cash and cash equivalents were held in a current account with one financial institution that had an A2 credit rating (Moody's).

Liquidity risk

The funding policy of the Partnership is to ensure that it has adequate funding in place ahead of planned investments. The General Partner currently views liquidity risk as low, as Limited Partner 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 Partnership does not hedge the market risk inherent in the portfolio but manages asset performance risk on as asset-specific basis.

Foreign exchange risk

The Partnership is not exposed to currency risk on investments as all investments are denominated in Pound Sterling.

Interest rate risk

The General Partner currently views interest rate risk as low. The Partnership's investments are principally financed by Limited Partners' loans which are repayable from asset realisations. Cash and cash equivalents are generally held in current accounts and these may incur negative interest.

Fair value hierarchy

The Partnership's accounting policy on fair value measurements is set out in note 12.

12 Financial instruments

	2022 £	2021 £
(a) Carrying amount of financial assets and liabilities:		
Assets measured at fair value through profit or loss		
- Associates	**24,056,935**	22,384,001
Assets and liabilities measured at amortised cost		
- Debtors	**29,413**	1,300,001
- Cash and cash equivalents	**28,028**	426,272
- Creditors	**(19,068)**	(20,575)

All investments made by the Partnership are unquoted investments. The investments are in the form of equity and debt instruments.

12 Financial Instruments *(continued)*

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

Methodology	Description	Inputs
Price of recent investment	The price of the recent investment valuation technique is most commonly used in seed, start-up or early stage investments where there are uncertain future earnings or positive cash flows. In these scenarios the most appropriate approach to measure fair value is the recent investment valuation technique.	Recent investment transactions from the fund or a third party

At subsequent measurement dates the price of a recent investment is assessed for its appropriateness as the starting point for estimating fair value. Adequate consideration is also given to the current facts and circumstances, including, but not limited to, changes in the market and changes in the performance, for instance commercial and technical performance, of the investee company. As such an assessment is made at each measurement date as to whether changes or events subsequent to a relevant transaction imply a change in the investment's fair value. As appropriate the General Partner follows relevant guidance included in the International Private Equity and Venture Capital Valuation Guidelines dated December 2018 and the Special Guideline dated March 2021.

(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 General Partner 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.

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 Partnership 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.

12 Financial instruments *(continued)*

(c) Fair value measurement *(continued)*

All of the Partnership's investments are categorised as Level 3 investments as described above. Valuation of the Partnership's investments in private companies requires significant judgement or estimation by the General Partner due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. The General Partner's 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 General Partner's own assumptions. Among the factors considered by the General Partner 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. There were no transfers between levels in the year *(2021: £Nil)*.

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 Partnership are detailed in note 12(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 impairment in values are made where the General Partner deems it appropriate, including situations where the General Partner 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 Partnership derecognises a financial asset when:

(i) the contractual rights to the cash flows from the asset expire or are settled;
(ii) the Partnership transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
(iii) the Partnership, 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 Partnership derecognises the asset and recognises separately any rights and obligations retained or created in the transfer.

12 Financial instruments *(continued)*

(c) Fair value measurement *(continued)*

Derecognition *(continued)*

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

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

13 Commitments and contingencies

Carried interest is the Special Limited Partner's share of realised profits of the Partnership and if applicable will be paid in accordance with the distribution arrangements set out in the Limited Partnership Agreement.

As at 31 December 2022 there is no carried interest contingent liability *(2021: £Nil)*.

Other

At year end there was no other material commitments and contingencies.

14 Subsequent events

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

15 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 securities that are not quoted in an active market, which represents all of the Partnership's investment portfolio, 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 General Partner. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate.

15 Key judgements and estimates *(continued)*

Functional currency

The General Partner considers the pound sterling to be the currency that most accurately represents the economic effect of the underlying transactions, events and conditions. The pound sterling is the currency in which the Partnership measures its performance and reports its results, as well as the currency in which it receives subscriptions from its General Partner.

Investment entity status

In determining the Partnership's status as an investment entity in accordance with FRS102.9 Consolidated Financial Statements, the General Partner has considered the level of control it exerts over the individual investments it holds as well as considering the nature of its operations, i.e. the Partnership has raised commitments from a number of Partners in order to raise capital to invest in venture capital investments.

16 Approval of financial statements

The financial statements were approved by the General Partner on 6 June 2023.