RNS Number : 5507D
Bould Opportunities PLC
26 June 2019

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

26th June 2019

Bould Opportunities Plc

(AIM: BOU, "Bould Opportunities", the "Company" or "the Group"),

Full year results, Posting of Annual Report and Notice of AGM

Bould Opportunities Plc, from April 2019 an AIM Rule 15 Cash Shell, and formerly in 2018 the British designer and manufacturer of smart LED lighting solutions, announces its audited results for the year ended 31 December 2018.

In addition, the Group's Annual Report and Accounts for the year ended 31 December 2018 (the "Annual Report") will be posted to shareholders on 28 June 2018.

A Notice of the Group's Annual General Meeting ("AGM") will also be posted to shareholders with the Annual Report, and both will be available to download on Bould Opportunities website via http://www.BouldOpportunities.com shortly.

The AGM will be held at the offices of Goodman Derrick LLP, 10 St Bride Street, London EC4A 4AD on Thursday 8 August 2019 at 11am.

Financial overview

The Group substantially reduced its operations in 2018, and wound down its remaining business in the first part of 2019, becoming an AIM Rule 15 Cash Shell in April 2019. The financial results for 2018 were for the LED lighting solutions business, and in the 2018 financial statements these results have been allocated between the results of operations that were discontinued in 2018 and the remaining business that continued into the first part of 2019.

- For the continuing business;
    - Revenues for full year 2018 down 75% to £0.07m (2017: £0.29m)
    - Gross profit fell 45% to £0.04m (2017: £0.08m)
    - Exceptional administrative expenses £0.50m (2017: £0.75m)
    - Administrative expenses (excluding exceptional item) up 31% to £1.33m (2017: £1.04m)
    - Loss from Continuing Operations of £1.61m (2017: loss £1.54m)
- Loss from Discontinued Operations of £0.44m (2017: loss £0.37m)
- Loss and total comprehensive income for year £2.06m (2017: loss £1.91m)
- Loss per share of 0.3p (2017: loss per share 0.9p)
- At 31 December 2018, net cash of £0.004m (2017: net debt £0.8m)

Post year end

- Announced its intention that PhotonStar Technology Limited would be wound down in an orderly way and would cease trading.
- Became an AIM Rule 15 Cash Shell.
- Raised gross proceeds of £1.15m via four issues of new shares, primarily to fund the Group whilst it considers its strategic direction and future investment opportunities.

Allan Syms, Chairman of Bould Opportunities, said:

'The Group is now in a good position to be able to consider new investment opportunities and is not hampered with any liability for its past loss-making operations. Sufficient working capital has been raised already in 2019 to fund current expenditure. The Directors will consider future funding when there is a clearer view of their proposals for the Group's best way forward from its current position as an AIM Rule 15 Cash Shell. The Group is seeking new investment opportunities in a number of business areas including the health sector.'

For further information:

Bould Opportunities Plc (www.bouldopportunities.com) +44 (0)20 3198 2554

Martin Lampshire - non-executive director

Allenby Capital Limited (nominated adviser) +44 (0)20 3328 5656

John Depasquale / Nick Naylor

Peterhouse Capital Limited (sole broker) +44 (0)20 7469 0930

Lucy Williams / Duncan Vasey

Chairman's Statement

As your new Chairman, I am pleased to report to you on the group's activities in 2018 and on the many changes to the Group in that year, and in the year to date in 2019.

Overview

In 2018 the Group underwent fundamental changes.

At the start of 2018, the group had three trading segments as well as the coordinating activities of the AIM quoted holding company. By the end of 2018, two of the three trading segments had been disposed of and the third segment had substantially reduced its activities.

In April 2019, a General Meeting confirmed the closure of the group's remaining trading segment, and so the group became an AIM Rule 15 cash shell ("Cash Shell") that is seeking new investment opportunities in a number of business areas including the health sector.

I will try and summarise in my own words some of the main reasons underlying this relatively sudden change in direction for the group.

For several years, as previously reported, sales had been falling in the group's main market for more traditional LED lighting fixtures. Whilst the overall market for LED lighting was expanding, the fall in the group's sales had been driven largely by increased competition from cheaper imported LED lighting products.

As a result, in 2017, the group had announced an ambitious change in its strategy - from being a group focused mainly on the sales of LED lighting fixtures to a group centered on retrofitting advanced LED lighting control services to buildings through IoT (the Internet of Things).

However, in 2018 it was the opinion of the Directors at that time that the Group had insufficient funds to fund both its continuing trading losses and to support its investment efforts to finalise the development of the new technology required for the IoT based new lighting control processes (its Halcyon product development platform).

The Group was unable to raise sufficient ongoing working capital and this triggered a series of disposals in 2018 that have resulted in the group becoming an AIM Rule 15 cash shell company by April 2019.

Now, in mid-2019, we are an exciting new group, with a new board of directors, with a new name, and with an initial cash fund that is seeking potential new rewarding investment opportunities. Funds were raised as detailed below.

Business review

As can be seen from the Directors and Advisors section, the current Directors were not on the Board during the financial year to 31 December 2018 and hence in order to fulfill their responsibilities for the financial statements the Directors have had to carry out more extensive enquiries than normal with the Group's advisers who were present at that time, and received necessary written representations where appropriate from them on key issues. I will now explain in more detail the main activities undertaken by the group in the financial year to 31 December 2018.

Before doing so, I would explain that in our 2018 consolidated Statement of Comprehensive Income, prepared according to IFRS accounting standards, we are required to show separately the results of the group's discontinued operations from its continuing operations at the year-end.

The discontinued operations at the end of 2018 were Camtronics Vale Limited, Photonstar LED Limited and Architectural Lighting & Controls Limited. And, the group's two continuing operations were Photonstar Technology Limited and the activities of the group's ultimate holding company.

Discontinued operations:

Camtronics Vale Limited ('Camtronics Vale') - Contract manufacturing

At the end of January 2018, in order to raise cash for the group and to reduce borrowings, the group decided to sell its contract manufacturing business, Camtronics Vale Limited, to its management for a cash consideration of £150,000, including deferred consideration, and a consideration of £521,000
from the novation of intergroup indebtedness. In the month before disposal Camtronics had sales of £133,000 and a trading loss of £15,000 (2017: 12 months sales of £1,679,000 and trading loss

(£86,000), and the group profit on disposal was £125,000. Whilst most of the deferred consideration has now been received, the final outcome of the overall group profit on disposal was somewhat less than the previously announced profit of £327,000.

Photonstar LED Limited - LED lighting fixtures business
During 2018, the group continued to struggle with its efforts to boost the sales of its traditional LED lighting products through its subsidiary Photonstar LED Limited. And, it was not possible to reduce overheads sufficiently to achieve profitability. This subsidiary already had net liabilities, and losses were increasing. As a result, a decision was taken to place this subsidiary into Administration at the end of October 2018, and a Liquidator was appointed to the company on 18 November 2018. The sales of this subsidiary for the 10 months to the end of October were £1,682,000 and its trading loss was £318,000 (2017: 12 months sales £2,575,000 and its trading loss £284,000). The appointment of the Liquidator stemmed any further losses, but crystallised net exceptional disposal impairments to the group of £128,000.

Architectural Lighting & Controls Limited ('ALC') - dormant subsidiary
ALC is a dormant subsidiary of Photonstar LED Limited, ALC's business having been transferred to its parent company soon after acquisition several years ago. The Liquidator of Photonstar LED Limited now controls ALC, and as a result the group's goodwill of £106,000 in respect of ALC has been written off.

Continuing operations:

Photonstar Technology Limited - Halcyon IoT and LED light engines
The development of the new Halcyon IoT platform being undertaken by Photonstar Technology Limited was progressing well in the first three quarters of 2018. New trial software had been released to multiple customer sites. However, development work had to be reduced in the fourth quarter of 2018 as a result of the group's diminishing cash resources. At that time, staff numbers were reduced, and a few months later in January 2019 the group announced that there would be an orderly wind down of the subsidiary's activities. There was only a small volume of Halcyon sales in 2018, £74,000 (2017: £293,000), and the trading losses before tax were £909,000 (2017: loss £822,000). In 2018, there was a prior year R&D tax credit of £118,000 (2017: £104,000). As a result of the pending closure, at the end of 2018, closure costs of £67,000 (2017: £Nil) were accrued, and all the assets of this subsidiary were fully impaired causing a 2018 impairment charge of £501,000 (2017: £748,000).

Bould Opportunities PLC (before 15 April 2019 called Photonstar LED Group Limited) - holding company for the group
This is the group's ultimate holding company. The financial commitments of the holding company and the extent of the intergroup re-charges were both reduced during 2018, eventually to a minimum level sufficient only to support the group's ongoing AIM listing. The net administration costs for the holding company in 2018 were £323,000 (2017: £35,000).

Financial overview
In summary, from a financial viewpoint, from 1 January 2018, through 2018, and to April 2019 the Group has transformed successfully from a trading Group that has been consuming all of its cash resources to a Cash Shell still quoted on AIM and considering new investment opportunities.

Much of the Group's business was either sold or closed down in 2018. And, full provision has been made in these 2018 financial statements for closing the remaining trading operations in the first quarter of 2019. So, the Group is now moving forward with confidence, and unencumbered from any ongoing liability for its past loss making, and cash consuming, activities.

As explained earlier in this report, under IFRS accounting, the results of the group are separated between continuing and discontinued operations, and prior year consolidated figures have been restated where appropriate.

For the continuing operations, group sales were £74,000 (2017: £293,000). The consolidated operating loss on continuing operations before exceptional items and tax in 2018 was £1,232,000 (2017: loss £896,000). There were exceptional impairment charges of £501,000 (2017: 748,000), and the consolidated operating loss for continuing operations after these exceptional items was £1,733,000 (2017: loss £1,644,000). In 2018 there was a research and development tax credit of £118,000 (2017: £104,000). The overall consolidated loss on continuing operations after tax was £1,615,000 (2017: loss £1,540,000).

The loss after tax on discontinued operations was £442,000 (2017: loss £370,000). Further details about each discontinued operation is set out earlier in my report and in Note 5 to the financial statements.

The group's total comprehensive loss for 2018 was £2,057,000 (2017: loss £1,910,000).

During 2018 focus was on completing the Halcyon product development and its roll out to customer test sites.Capitalised investment in product development in 2018 was £158,000 (2017: £440,000). The purchase of plant and equipment in 2018 amounted to £18,000 (2017: £27,000).

The net proceeds from the issue of shares in 2018 was £1,081,000 (2017: £2,000).

All of the group's borrowings were in operations that were subsequently discontinued in 2018 , and so no longer formed part of the Consolidated Balance Sheet at the 2018 year-end.

Post year end

In January 2019 the group announced its intention that Photonstar Technology Limited would cease trading and its activities would be wound down in an orderly way.

In March 2019 the name of the group's holding company was changed to Bould Opportunities PLC.

In April 2019 a General Meeting approved the closure of Photonstar Technology Limited. The group then became an AIM Rule 15 quoted cash shell and as such is required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from completion of that General Meeting or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million of new equity funding) failing which, the Company's Ordinary Shares would be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM of the Company's shares would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.
All the directors of the Photonstar group have now resigned, and a new board of directors has been appointed. I would like to thank the departing directors and staff for all their significant efforts in their attempt to make Photonstar a success. It is disappointing that this was not to be. In June 2019 the sale of Photonstar Technology Limited was completed in accordance with the resolution passed at May's General Meeting.

Your new directors have confidence in the future of the Group. There have now been four issues of shares to date in 2019 raising £1,153,000 before expenses. The Group has announced that it is considering raising further funds in due course in order to fund future investment.

The Group is now in a good position to be able to consider new investment opportunities and is not hampered with any liability for its past loss-making operations. Sufficient working capital has been raised already in 2019 to fund current expenditure. The Directors will consider future funding when there is clearer view of their proposals for the Group's best way forward from its current position as an AIM Rule 15 Cash Shell.

Allan Syms
Chairman

26 June 2019

Strategic Report

The directors present their strategic report for the year ended 31 December 2018.

Business review

Principal risks and uncertainties
In the previous year's Strategic Report, a number of potential risks and uncertainties were highlighted that could impact on the Group's performance. The outcome of these risks and uncertainties in 2018 and 2019 year to date may be summarised:

- Going Concern - the Group had historically been loss making and similarly made a loss after tax of £1.91m in 2017. Whilst at that time the Board believed that the Group had sufficient resources available to continue operating for at least the next 12 months, this was predicated on the Group achieving an anticipated growth in the levels of sales and gross margin, which were themselves subject to operational and market uncertainty. This was further explained in Note 2.2 to the 2017 accounts. The outcome in 2018 was that there was increasing pressure on the Group's cash resources. Trading losses continued through 2018, and together with further expenditure on the Halcyon product development, there was a critical cash shortfall in the fourth quarter of 2018. As a result, the Group's subsidiary selling the LED light fixtures was placed in to liquidation in November 2018 and the number of staff employed on product development was significantly reduced. The disposals in 2018 resulted in all Group borrowings being eliminated. After the 2018 year-end, in January 2019, the group announced its intention to wind down its development operations. The closure of this remaining trade activity was confirmed at a General Meeting in April 2019, and the Group became a cash shell on AIM. In 2019 the Group has raised £1,153,000 cash before expenses from share issues - so, the Group has sufficient cash resources for its current minimal financial commitment to support its AIM listing. Potential new investment opportunities are being reviewed, and further fund raising is expected when investment plans are in place.
- Research & Development and Product Development activities - at the time of the 2017 Strategic Report, the directors were confident that the Group had the right people with the right skills and drive in order to execute its R&D and Product Development plan. There was no guarantee that these efforts would be successful, or that any such development work would be successfully translated into a commercial product or sales for the Group. In 2018, the next generation of new Halcyon software was successfully rolled out to customer sites. However, as explained above, development operations were curtailed in the fourth quarter of 2018 due to the Group's limited cash resources, and then closed down from January 2019.
- Market conditions and competition - In their 2017 report the directors explained that the Group operated in markets where there are many competing

products and competing companies, many of whom had significantly greater resources than the Group. Whilst the Group endeavoured to differentiate its products from competitors on the basis of quality, performance and reliability, the Group found that our customers prefer to sacrifice such attributes in return for a lower price. In 2018 sales of the existing range of LED lighting products continued to fall, and there were fewer than expected sales for its new Halcyon products.

- In their 2017 Strategic Report the directors also listed other financial risks, including credit risk, interest rate risk and foreign exchange risk. None of these risks had a material impact on 2018 results and no such risk existed at the end of 2018.

After the 2018 year-end, all of the Group's business have ceased, and the directors have announced their intention to seek new investment opportunities for the Group, and any new investment is expected to require further funding from shareholders. The outcome of this plan cannot be predicted at the present time.

Key performance indicators (KPIs)

During 2018 the Group's directors used various key performance indicators to help understand the development, performance and position of the business. Ordinarily this was presented in the form of monthly management accounts and other management information (although other information was presented on an ad hoc basis as and when requested), and included, amongst others, the following indicators which the directors considered were key. The 2018 KPIs are for the whole of 2018 for the Halcyon & Light Engines business, and until operations were discontinued for contract Manufacturing (to January 2018) and the LED Light Fixtures business (to November 2018). The 2017 figures are all for the whole of each period.

Combined continuing and discontinued operations:

In £'000	**12 months to 31 December 2018**	6 months to 31 December 2018	6 months to 30 June 2018	12 months to 31 December 2017	6 months to 31 December 2017	6 months to 30 June 2017
Sales:						
LED light fixtures - discontinued	**1,682**	528	1,154	2,575	1,214	1,361
Halcyon & light engines - continuing	**74**	25	49	293	184	109
Contract Manufacturing - discontinued	**127**	-	127	1,679	890	789
Gross profit %	**37.0%**	42.9%	34.5%	31.9%	31.4%	32.4%
Net operating expenses excluding exceptional costs	**2,238**	976	1,262	2,642	1,333	1,309
Adjusted EBITDA loss (defined in Note 5)	**(591)**	(171)	(420)	(483)	(87)	(396)

In £'000	**As at 31 December 2018**	As at 30 June 2018	As at 31 December 2017	As at 30 June 2017
Net cash/(debt)	**4**	(308)	(789)	(810)

All of the actual performances of the above KPI's were compared monthly to those formulated in the Group's budget or latest forecast.

The major programme of investment in research and development continued to impact the net cash resources of the Group.

The main non-financial KPI was monitoring the progress of the new Halcyon trials.

Financial review

In 2018 there were significant changes to the Group's financial statements compared to the previous year as a result of selling the Contract Manufacturing business in January 2018 and the liquidation of the LED Light Fixtures business in November 2018. Comparative figures have been re-analysed where appropriate to do so.

Total Group sales, including in 2018 both continuing and discontinued operations, decreased to £1.88m (2017: £4.55m), the reduction reflecting the sale earlier in the year of the Group's Contract Manufacturing operations and the ongoing decline in sales, then liquidation in the fourth quarter, of the LED Light Fixtures business. Sales of the ongoing Halcyon & Light Engines business were disappointing at £74,000 (2017: £293,000).

The Board's annual review of tangible and intangible assets has resulted in an impairment charge in 2018 of £0.50m (2017: £0.84m).

In the Consolidated Statement of Comprehensive Income, the loss after tax of the continuing activities was £1.62m (2017: loss of £1.54m) - the continuing activities being the Halcyon & Light Engines business and the activities of the holding company. The loss of the discontinued operations referred to in the previous paragraph was £0.44m (2017: loss of £0.37m).

Basic and the diluted loss per share were 0.3p (2017: 0.9p).

During 2018, the Group made capital expenditure of £0.18m (2017: £0.47m) mainly on the development of the new Halcyon product.

The disposal of the discontinued businesses referred to above substantially reduced the 2018 year-end Balance Sheet amounts of the consolidated assets and liabilities.

In January 2019 the Group announced the planned closure of its remaining Halcyon & Light Engines business. This closure was confirmed at a General Meeting in April 2019, resulting in the Group becoming a cash shell on AIM.

After the 2018 year-end the Group has raised significant additional funds by share issues as explained in Note 31 on Subsequent Events.

The Group is currently reviewing potential new investment opportunities that may require future funding from shareholders. It is too early to predict the outcome of this plan.

This report was approved by the board on 26 June 2019 and was signed on its behalf by

Martin Lampshire
Non-Executive Director

Consolidated Statement of Comprehensive Income for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000 Restated*
Continuing Operations			
Revenue	5	**74**	293
Cost of sales		**(29)**	(211)
Gross profit		**45**	82
Administrative expenses (excluding exceptional item)	5	**(1,331)**	(1,045)
Exceptional item (administrative expenses)	6b	**(501)**	(748)
Total administrative expenses		**(1,832)**	(1,793)
Other income	6c	**54**	67
Operating loss		**(1,733)**	(1,644)
Finance income and costs	20	**-**	-
Loss before income tax		**(1,733)**	(1,644)
Income tax income	22	**118**	104
Loss from continuing operations		**(1,615)**	(1,540)
Loss from discontinued operations	5	**(442)**	(370)
Loss and total comprehensive income for the year attributable to the equity shareholders of the parent		**(2,057)**	(1,910)
Earnings per ordinary share (pence) from continuing and discontinued operations attributable to the equity shareholders:			
Continued operations basic and diluted	24	**(0.2p)**	(0.7p)
Discontinued operations basic and diluted	24	**(0.1p)**	(0.2p)
Earnings per ordinary share (pence) attributabl to the equity shareholders of the parent	24	**(0.3p)**	(0.9p)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company's statement of comprehensive income.

The loss for the Parent Company for the year was £1,702,000 (2017 loss: £4,587,000).

*The comparative figures have been restated to show the results of continuing and discontinued operations (Note 5).

Registered number: 06133765 (England and Wales)

Consolidated Statement of Financial Position
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	8	**-**	335
Intangible assets	9	**-**	917
		-	1,252
Current assets			
Inventories	10	**-**	761
Trade and other receivables	11	**92**	948
Current tax assets		**-**	80
Cash and cash equivalents	12	**4**	44
		96	1,833
Total assets		**96**	3,085
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	13	**2,355**	2,252
Share premium	13	**8,806**	7,828
Share capital reduction reserve	13	**10,081**	10,081
Share option reserve		**-**	680
Reverse acquisition reserve	30	**-**	(8,843)
Accumulated losses		**(21,477)**	(11,257)
Total equity		**(235)**	741
Liabilities			
Current liabilities			
Trade and other payables and deferred income	15	**331**	1,486
Borrowings	15	**-**	833
Provisions	17	**-**	10
		331	2,329
Non-current liabilities			
Deferred tax liabilities	16	**-**	15
Total liabilities		**331**	2,344
Total equity and liabilities		**96**	3,085

The financial statements were approved and authorised for issue by the Board on 26 June 2019 and were signed on its behalf by:

Martin Lampshire
Non-Executive Director

Registered number: 06133765 (England and Wales)

Company Statement of Financial Position
As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investments	7	**-**	-
		-	-
Current assets			
Trade and other receivables	11	**79**	1,425
Cash and cash equivalents	12	**2**	3
		81	1,428
Total assets		**81**	1,428
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	13	**2,355**	2,252
Share premium		**8,806**	7,828
Share capital reduction reserve	30	**10,081**	10,081
Share option reserve		**-**	634
Accumulated losses		**(21,278)**	(20,210)
Total equity		**(36)**	585
Liabilities			
Current liabilities			
Trade and other payables	15	**117**	843
Total liabilities		**117**	843
Total equity and liabilities		**81**	1,428

The financial statements were approved and authorised for issue by the board on 26 June 2019 and were signed on its behalf by:

Martin Lampshire
Non-Executive Director

Consolidated Statement of Cash Flows for the year ended 31 December 2018

	Notes	2018	2017
		£'000	£'000

Cash flows from operating activities			
Loss before tax from:			
Continuing operations		**(1,733)**	(1,732)
Discontinued operations		**(442)**	(347)
Adjustments for:			
Exceptional item - impairment	6b,32	**284**	836
Goodwill written off on disposals		**119**	-
Depreciation	8	**29**	86
Amortisation	9	**595**	582
Share option charge		**-**	39
Movement in provisions	17	**(10)**	(34)
Grant income	6	**-**	(60)
Profit on sale of Property, Plant & Equipment		**-**	(49)
Change in operating assets and liabilities			
Including discontinued operations:			
Decrease in inventories	10	**761**	13
Decrease in trade & other receivables	11	**856**	91
(Decrease)/increase in trade & other payables	15	**(1,155)**	137
Cash used in operations		**(696)**	(438)
Tax received		**183**	248
Net cash used in operating activities		**(513)**	(190)
Cash flows from investing activities			
Proceeds on disposal of Property, Plant & Equipment		**-**	49
Purchase of property, plant and equipment	8	**-**	(27)
Purchase of intangible assets	9	**(176)**	(440)
Decrease in fixed assets on disposal		**(401)**	-
Net cash used in investing activities		**225**	(418)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	13	**1,081**	425
Change in borrowings	15	**(833)**	2
Net cash generated from financing activities		**248**	427
Net decrease in cash and cash equivalents		**(40)**	(181)
Cash and cash equivalents at the start of the year	12	**44**	225
Cash and cash equivalents at the end of the year	12	**4**	44

Company Statement of Cash Flows for the year ended 31 December 2018

	Notes	**2018**	2017
		£'000	£'000

Cash flows from operating activities			
Loss before tax		**(1,702)**	(4,587)
Provision for Impairment to investment in subsidiary companies and intercompany balances	7,11	**858**	4,505
Share option charge		**-**	16
Change in trade and other receivables	11	**(72)**	2
Change in trade and other payables	15	**18**	27
Net cash used in operating activities		**(898)**	(37)
Cash flows from investing activities			
Change in intra group funding	7,11,15	**(184)**	(389)
Net cash used in investing activities		**(184)**	(389)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	13	**1130**	425
Net cash generated from financing activities		**1130**	425
Net (decrease) in cash and cash equivalents		**(1)**	(1)
Cash and cash equivalents at the start of the year	12	**3**	4
Cash and cash equivalents at the end of the year	12	**2**	3

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

	Ordinary share capital	Share premium	Share capital reduction reserve	Share option reserve	Reverse acquisition reserve	Retained losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2017	**1,879**	**7,776**	**10,081**	**641**	**(8,843)**	**(9,347)**	**2,187**
Contributions by and distributions to owners							
Issue of new shares (net of issue costs)	373	52	-	-	-	-	425
Share option charge	-	-	-	39	-	-	39
	373	52	-	39	-	-	464
Loss and total comprehensive income for the year	-	-	-	-	-	(1,910)	(1,910)
Balance at 31 December 2017	**2,252**	**7,828**	**10,081**	**680**	**(8,843)**	**(11,257)**	**741**

Contributions by and distributions to owners							
Issue of new shares (net of issue costs)	103	978	-	-	-	-	**1,081**
Reverse acquisition reserve transfer	-	-	-	-	8,843	(8,843)	-
Share option reserve transfer	-	-	-	(680)	-	680	**-**
	103	978	-	(680)	8,843	680	**1,081**
Loss and total comprehensive income for the year	-	-	-	-	-	(2,057)	**(2,057)**
Balance at 31 December 2018	**2,355**	**8,806**	**10,081**	**-**	**-**	**(21,477)**	**(235)**

Company Statement of Changes in Equity for the year ended 31 December 2018

	Ordinary share capital £'000	Share premium £'000	Share capital reduction reserve £'000	Share option reserve £'000	Retained losses £'000	Total £'000
Balance at 1 January 2017	**1,879**	**7,776**	**10,081**	**618**	**(15,623)**	**4,731**
Contributions by and distributions to owners						
Issue of new shares (net of issue costs)	373	52	-	-	-	425
Share option charge	-	-	-	16	-	16
	373	52	-	16	-	441
Loss and total comprehensive income for the year	-	-	-	-	(4,587)	(4,587)
Balance at 31 December 2017	**2,252**	**7,828**	**10,081**	**634**	**(20,210)**	**585**
Contributions by and distributions to owners						
Issue of new shares (net of issue costs)	103	978	-	-	-	1,081
Share option reserve transfer	-	-	-	(634)	634	-
	103	978	-	(634)	634	1,081

Loss and total comprehensive income for the year	-	-	-	-	(1,702)	(1,702)
Balance at 31 December 2018	**2,355**	**8,806**	**10,081**	**-**	**(21,278)**	**(36)**

Notes to the financial statements for the year ended 31 December 2018

1 General information

Until November 2018 the principal activity of the Group was the design, development, manufacture and sale of LED light fixtures and light engines. From that date the business selling LED light fixtures was placed into liquidation and the Group's remaining business was the sale and development of light engines. The contract manufacturing business had been previously sold in January 2018. After the year end in January 2019, the Group announced its intention to close down its remaining business activity. This closure was confirmed at a General Meeting in April 2019 and the Group became an AIM Rule 15 cash shell.

The Company is a public limited liability company incorporated and domiciled in England and Wales and quoted on the Alternative Investment Market ('AIM'). In April 2019 the Company changed its name from Photonstar LED Group PLC to Bould Opportunities PLC.

The directors consider there to be no ultimate controlling shareholder of the Company.

The address of the registered office is New Liverpool House, 15 Eldon Street, London, EC2M 7LD and the registered number of the Company is 06133765.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Bould Opportunities PLC have been prepared in accordance with the requirements of the AIM Rules and in accordance with International Financial Reporting Standards as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and on a historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New and amended standards adopted

The accounting policies set out in the financial statements for the year ended 31 December 2018 have been applied consistently throughout the Group during the period, except for the adoption of the new pronouncements IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from contracts with customers".
IFRS 9 "Financial Instruments" is effective for accounting periods beginning on or after 1 January 2018, and was adopted by the Group for the accounting period beginning 1 January 2018. The new standard replaces IAS 39 "Financial

Instruments: Recognition & Measurement" and the changes introduced by the new standard can be grouped into the following three categories Classification & Measurement, Impairment and Hedging. The impact of the new standard in the Group was the following:

• Classification and measurement: IFRS 9 contains three principal classification categories for financial assets which are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale financial assets. There were no changes to net assets from changes in the measurement basis of financial assets.

• Impairment: IFRS 9 introduces an expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or FVOCI are subject to the impairment provisions of IFRS 9. The adoption of this standard has not resulted in any material changes in the level of provision for financial assets.

• Hedging: IFRS 9 introduces new hedge accounting requirements. IFRS 9 aligns hedge accounting relationships with the Group's risk management objectives and strategy. The Group does not apply hedge accounting, therefore there were no changes arising from the new standard.

IFRS15 is effective for accounting periods beginning on or after 1 January 2018, and was adopted by the Group for the accounting period beginning 1 January 2018. The standard requires entities to apportion revenue earned from contracts to individual performance obligations based on a five-step model. The adoption of this standard has not resulted in any material impact on reported profits.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted.

The Group and Company has not adopted any standards or interpretations in advance of the required implementation dates and believes that its effect will not be material to the Group. It is not expected that the adoption of any other standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the 2019 financial statements.

The Group has considered the impact of new standards taking effect on or after 1 January 2019 including the impact of IFRS 16 Leases. The adoption of this new standard is not expected to have a material impact on the financial statements.

2.2 Going concern

The Directors have adopted the going concern basis in preparing the financial statements for the year to 31 December 2018. In reaching this conclusion, the Directors have considered for both the Company and the Group, current trading and the current and projected funding position for the period of just over 12 months from the date of approval of the financial statements through to 30 Jun 2020.

Current funding

The Group's cash balance as at 31 December 2018 was £4,000 and there were no borrowing facilities at that date. Soon after the year-end in January 2019 the Group announced the orderly closure of its remaining business. Subsequently, the Group's only activities are that of a holding company supporting its AIM listing as a Cash Shell and seeking new investment opportunities.

In order to progress these plans after the year end, there were five issues of new shares for cash raising £1,329,000 before issue expenses.

Projected funding

At the time of preparing these financial statements, the Group has closed all its trading businesses, and is a Cash Shell awaiting new investment opportunities. The Directors believe that since the year-end, through share issues, the Group has raised sufficient cash resources for over 12 months to support its contracted and committed working capital requirements as an AIM quoted Cash Shell.

The Directors have announced that they are seeking new investment opportunities, and have indicated that further investment may be expected from shareholders when suitable investments have been identified. It is too early to predict the outcome of these reviews of potential investment opportunities.

Conclusion

After taking account of the Group and Company's current funding position, its cash flow projections and the risks and uncertainties associated with these, the directors have a reasonable expectation that the Group and Company have access to adequate resources to continue in operational existence for the foreseeable future. For these reasons they continue to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

2.3 Consolidation

These financial statements are the consolidated financial statements of Bould Opportunities PLC and all of its subsidiaries ("the Group").

Business combinations

Business combinations are accounted for using the acquisition method. The consideration for acquisition is measured at the fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in order to obtain control of the acquiree (at the date of exchange). Costs such as professional fees incurred in connection with the acquisition are recognised in the statement of comprehensive income as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which it occurred, provisional amounts are reported for the items for which the accounting is incomplete. During the measurement period, the provisional amounts recognised at the acquisition date are adjusted retrospectively to reflect new information obtained about the facts and circumstances that existed at the acquisition date and which, if known, would have affected the measurement of the amounts recognised at that date. The measurement period is the period from the acquisition date to the date by which complete information has been received about the facts and circumstances at the acquisition date, subject to a maximum of one year.

Subsidiaries

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever the facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

2.4 Segmental reporting

IFRS 8 requires that segmental information be disclosed on the basis of information reported to the chief operating decision maker. The Group considers that the role of chief operating decision maker is performed by the Group's Board of Directors.

There were substantial changes to the Group's operations in 2018. From the start of 2018, the Group had different entities in the United Kingdom operating as wholly-owned subsidiaries. Their primary activities focused on the supply of LED lighting fixtures whilst transforming the Group to a future main focus as a LED lighting services business. The Group operated in three reporting segments, LED Lighting Fixtures - placed in to liquidation in November 2018, Halcyon and LED light engines - continuing in business through the whole of 2018, and Contract Manufacturing - sold in January 2018. Information on the segments and discontinued businesses consistent with the Group's internal reporting is provided in Note 5.

2.5 Foreign currency translation

The functional currency of the Company and each of its subsidiary companies is Sterling. Foreign currency assets and liabilities are converted into Sterling at the rates of exchange ruling at the end of the financial year. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment.

2.7 Intangible fixed assets - patents, development costs, customer lists and goodwill

Patents and development costs

Acquired patents associated with internally developed intellectual property are recognised initially at cost. Patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (5 years).

The costs associated with acquiring patents relating to technology which are no longer integral to the product range planned for market are expensed to the statement of comprehensive income.

Development costs capitalised under IAS38 are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (5 years). Amortisation only commences when the asset is available for use.

Intangible amortisation is recognised within administrative expenses in the statement of comprehensive income.

Customer lists

Customer lists are stated at fair value on acquisition less amortisation recognised since acquisition.

Amortisation of customer lists is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Architectural Lighting & Controls customer list - 6 years

Goodwill

Goodwill arising on acquisition is the residual cost of the acquisition after allocation of the consideration paid to the fair value of the net tangible and other intangible assets acquired. Goodwill valuation is subject to annual review for impairment and any write-down resulting from impairment is charged to the statement of comprehensive income.

2.8 Property, plant and equipment

All plant and equipment are stated at cost less accumulated depreciation. The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation on all plant and equipment is calculated using the straight-line method to allocate cost less residual value over estimated useful life, as follows:

Plant and equipment 3 - 5 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income. Repairs and maintenance expenditure is written off to the statement of comprehensive income as incurred.

2.9 Research and development

Expenditure on research is charged to the statement of comprehensive income as incurred. Expenditure on product development is capitalised as an intangible asset in the statement of financial position from the date that the expenditure incurred on the development meets all the capitalisation criteria detailed below:

- Technical feasibility of completing the asset so that it will be available for use or sale can be demonstrated;
- The intention to complete the asset and use or sell it can be demonstrated;
- The ability to use or sell the asset can be demonstrated;
- The ability to demonstrate how the asset will generate probable future economic benefits;
- The ability to demonstrate the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and

- The ability to measure reliably the expenditure attributable to the asset during its development.

Expenditure on product development is expensed to the statement of comprehensive income as incurred where the capitalisation criteria are not met. Development costs recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Impairment of non-financial assets

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to it carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised as a decrease in the revaluation reserve to the extent of any previous surplus with any further loss being recognised in the statement of comprehensive income.

For goodwill, intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated annually or whenever there is an indication of impairment.

2.11 Trade receivables

Trade receivables are stated at the original invoice amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised within administrative expenses in the statement of comprehensive income. Trade receivables are not discounted as the effect would be immaterial.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of finished goods and work in progress comprises the purchase price including transport and handling costs and attributable manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are non-derivative financial liabilities with fixed or determinable payments. Trade payables are included in current liabilities, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current liabilities. Trade payables are recognised at cost. They are not discounted as the effect would be immaterial.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.18 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services. Revenue is shown net of value added taxes, returns and rebates.

Revenue is recognised when the amount can be reliably measured and it is probable that future economic benefit will flow to the Group under the terms of any sale agreements. This normally corresponds to the date that goods are either despatched to customers, or in the case of ex-works customers the goods are available for collection. Revenue is not considered to be reliably measurable until all contingent clauses in sale agreements are met.

Details of the accounting policy for warranty and stock return provisions are in Note 2.22.

2.19 Government grants

Grants from the Government are recognised at their fair value where there is reasonable assurance that the grant will be received and that the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in other income in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Capital grants that relate to specific capital expenditure are included in current and non-current liabilities as deferred income which is credited to the statement of comprehensive income over the related asset's useful life.

2.20 Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised in the period in which they are incurred.

2.21 Share based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense and credited to the share option reserve within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Options that lapse before vesting are credited back to income.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and, if applicable, share premium when the options are exercised.

2.22 Provisions

The Group's principal provisions relate to product warranties and stock returns from distributors.

Provisions are recognised when the Group has a present obligation as a result of an event that occurred in the past and the settlement of that obligation will result in an outflow of resources, but the timing of or amount that will be required to settle is uncertain. The amount recognised as a provision is the best estimate of the consideration which will be required to settle the obligation.

2.23 Financial instruments

i) Financial assets

From 1 January 2018 the Group and Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the business model for managing the financial assets and the contracted terms of the cash flows. Financial assets are classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect contracted cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated income statement.

The Group and Company applies the simplified approach in calculating the expected credit losses (ECLs) as permitted by IFRS 9. Changes in credit risk is not tracked but instead a loss allowance is recognised at each reporting date based on the financial asset's; lifetime ECL

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated income statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The group does not hold or issue derivative financial instruments.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

2.4 Pensions

For defined contribution schemes the amount charged to the statement of comprehensive income is the contribution payable in the year. Differences between the contributions payable in the year and contributions actually paid are shown either as accruals or prepayments.

3 Financial risk

Many of the Group's risks were reduced significantly during 2018 as most of the Group's trading activities were curtailed.

3.1 Capital risk management

The Group monitors capital which comprises all components of equity (i.e. share capital, share premium, capital reduction reserve, share option reserve, and retained earnings/losses). Note 29 describes how capital is managed in respect of the debt to equity ratio.

3.2 Financial risk factors

The Group and Company's operations exposed it to a variety of financial risks that had included the effects of credit risk, liquidity risk and interest rate risk. The Group and Company had in place a risk management programme that attempted to limit the adverse effects on the financial performance of the Group and Company by monitoring levels of debt finance and the related finance costs. The Group and Company did not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting was applied.

Given the size of the Group and Company, the directors did not delegate the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the board of directors were implemented by the Group and Company's finance department.

(a) Market risk

(i) Foreign exchange risk
The Group distributed and sold internationally and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Sterling. Foreign exchange risk arose from future commercial transactions and translation of foreign currency denominated monetary assets and liabilities. Foreign currency risk was managed via the purchase of raw materials and the sale of products in equivalent currencies. A sensitivity analysis was not performed because the Group's exposure to foreign exchange risk was not significant.

(ii) Price risk
The Group had periodic price reviews within distributor sales contracts that enabled it to reassess and adjust for price risk as part of contractual negotiations. Commodity price risk is assessed as medium as a result of the various supply alternatives available for key components. Any increase or decrease in commodity prices had a direct impact on EBITDA until sales prices can be renegotiated.

(b) Credit risk

The Group implemented policies that required appropriate credit checks on potential customers before sales were made. The Group's credit risk was primarily attributable to its trade receivables balance. The amounts presented in the statement of financial position are net of allowances for impairment.

(c) Liquidity risk
Liquidity risk was the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's financial liabilities included its borrowings and trade and other payables shown in Note 15. Responsibility for monitoring liquidity risk and for ensuring that Group members are adequately funded lies with the board of the Parent Company, Bould Opportunities PLC.

(d) Interest rate cash flow risk
The Group had both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprised only cash balances, which earned interest at floating rates. Interest bearing liabilities comprised debt at fixed and floating rates.

4 Critical accounting estimates and judgements

In the preparation of the financial statements the directors must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that the Board believes are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

a) Accounting judgement

There were no judgments made.

b) Accounting estimate

The principal area where estimates have been made in the financial statements is in respect of intangible assets and the level of impairment required which is dependent on future revenue growth and margins (see note 32, Impairment Review).

<u>Impairment of non-current assets</u>
Determining whether intangible assets or plant and equipment are impaired requires an estimation of the value in use of those assets. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the business or asset and to apply a suitable discount rate in order to calculate present value. At the 2018 year end the only remaining non-current assets were in respect of the Halcyon and light engines business; these assets were impaired to zero as a result of the decision soon after the year end in January 2019 to close this business, and the assets were not expected to realise any value.

<u>Stock provisions</u>
The directors review at each reporting date the net realisable value of all stock. Where the cost of stock is believed to exceed its net realisable value, stock provisions are made to reduce cost to net realisable value, taking into account the costs of disposal. At the 2018 year end the only remaining stock was in respect of the Halcyon and light engines business; this asset was impaired to zero as a result

of the decision soon after the year end in January 2019 to close the business, and the stock was not expected to realise any value.

Deferred tax

The Group has tax losses of £8.5m (2017: £10.4m) available for off-set against future taxable profits. In determining the value of the deferred tax asset that can be attributed to these losses, the directors have to estimate future taxable profits and the period over which the asset may be recovered. The directors consider the most up-to-date forecasts for the business and assess the risks inherent in achieving those forecasts. At the statement of financial position date, no deferred tax asset has been recorded. The deferred tax asset may be recognised in the future if there is an improvement in the forecast taxable profits.

Share based payments

See Note 13 which explains the methods used to estimate the fair value of share options granted.

5 Continuing and discontinued operations

5a Summary

As explained in note 1, during 2018 the following group's operations were discontinued:

(i) On 30 January 2018 the group announced the sale of its contract manufacturing subsidiary, Camtronics Vale Limited. The total sales consideration was £901,000 (see note 5c)

(ii) On 24 October 2018 the group's bankers appointed an administrator to the LED lighting and fixtures subsidiary, Photonstar LED Limited. On 18 November 2018 a liquidator was appointed to this subsidiary. No distribution is expected from the liquidator.

(iii) At the time of its liquidation, Photonstar LED Limited was the parent company for its dormant subsidiary Architectural & Lighting Controls Limited. No distribution is expected from the liquidator in respect of this subsidiary.

At 31 December 2018 the two continuing operations were the activities of the holding company and the operations of the subsidiary Photonstar Technology Limited that comprises the business segment for Halcyon and light engines.

After the year end, on 30 January 2019, the Directors announced their intention to close the Halcyon and light engines business, and the holding Company would then continue as a Cash Shell until appropriate new investments were found. This plan was confirmed by resolution at the General Meeting of the Company on 5 April 2019.

In this note, financial information is provided for the two ongoing operations at 31 December 2018 and separate financial information is shown for each discontinued operation.

5b Continuing operations - segmental information

Halcyon & light engines segment:

	2018	2017
	£000	£000
Revenue - all UK	74	293
Adjusted EBITDA for reportable segment	(373)	(327)
Depreciation and amortisation	(536)	(495)
Impairment	(501)	(748)
Interest expense	-	-
Tax credit	118	104
Total assets	15	888
Total liabilities	214	206
Additions to non-current assets	176	380

'Adjusted EBITDA for reportable segments' above is defined as EBITDA before share option charge and corporate expenses, and 'Adjusted EBITDA' below is defined as EBITDA before share option charge and exceptional item. Corporate expenses consist mainly of certain expenses of the parent undertaking such as legal, professional and consultancy costs related to the Group's listing on AIM and other central costs not allocated to business segments. Adjusted EBITDA, rather than the traditional EBITDA measure, is used as an alternative performance measure because it is a fairer approximation of operating cash flows.

Note that the Adjusted EBITDA reported in these financial statements is not considered to be a substitute for those figures reported under IFRS.

A reconciliation of the adjusted EBITDA to the loss before tax for continuing operations is as follows:

	Total 2018 £'000	Total 2017 £'000
Continuing operations:		
Adjusted EBITDA for reportable segments	**(373)**	(327)
Corporate expense	**(323)**	(35)
Adjusted EBITDA	**(696)**	(362)
Depreciation and amortisation	**(536)**	(495)
Impairment	**(501)**	(748)
Share option charge	**-**	(39)
Interest expense	**-**	-
Loss before tax	**(1,733)**	(1,644)

A reconciliation of the reportable segments' assets to the Group's total assets is as follows:

	Total 2018 £'000	Total 2017 £'000
Segment assets for reportable segments	**15**	888
Assets of discontinued segments	**-**	2,035
Cash at bank	**4**	44

Other	**77**	118
Total assets per the statement of financial position	**96**	3,085

A reconciliation of the reportable segments' liabilities to the Group's total liabilities is as follows:

	Total 2018 £'000	Total 2017 £'000
Segment liabilities for reportable continuing segments	**214**	888
Liabilities of discontinued segments	**-**	608
Borrowings	**-**	833
Other	**117**	15
Total liabilities per the statement of financial position	**331**	2,344

5c Discontinued operations

The Group's net loss on discontinued operations may be analysed as follows:

	Note	**2018 £000**	2017 £000
Camtronics Vale Limited	5c	**110**	(86)
Photonstar LED Limited	5d	**(446)**	(284)
Architectural & Lighting Controls Limited	5e	**(106)**	-
Group net loss on discontinued operations		**(442)**	(370)

Additional financial information for each of these discontinued operations is set out below. This information incorporates the segmental results for the prior period.

5c Details of the sale of Camtronics Vale Limited

The financial performance and cash flow information presented are for the one month ended 31 January 2018 and for the year ended 31 December 2017.

	2018 £000	2017 £000
Revenue	**133**	1679
Expenses	**(148)**	(1765)
Loss before income tax	**(15)**	(86)
Income tax expense	**-**	-
Loss after tax for discontinued operation	**(15)**	(86)
Gain on sale of the subsidiary after tax - see below	**125**	-
Comprehensive income/(loss) from discontinued operation	**110**	(86)

Net cash outflow from operating activities:

	2018	2017
	£000	£000
Net cash outflow from investing activities	-	(1)
Net cash outflow from financing activities	-	(34)
Net cash (decrease) from subsidiary	-	(35)

Details of sale of subsidiary:

	2018
	£000
Consideration receivable:	
Cash paid and payable	150
Debts novated	751
Total disposal consideration	901
Carrying amount of net assets sold	(776)
Gain on sale before tax	125
Income tax expense on gain	-
Gain on sale after tax	125

The carrying amounts of assets and liabilities as at the date of sale were:

	30 January 2018
	£000
Goodwill	13
Property, plant & equipment	267
Inventories	186
Trade receivables and prepayments	1111
Cash	2
Total assets	1579
Trade creditors and accruals	331
Bank borrowings and hire purchase	457
Deferred tax	15
Total liabilities	803
Net assets at the date of sale	776

The financial performance and cash flow information presented are for the 10 months ended 31 October 2018 and for the year ended 31 December 2017

	2018	2017
	£000	£000
Revenue	**1,682**	2,575
Expenses	**(2,000)**	(2,924)
Loss before income tax	**(318)**	(349)
Income tax	**-**	65
Loss after tax for discontinued operation	**(318)**	(284)
Loss on liquidation of the subsidiary after tax - see below	**(1,033)**	-
Comprehensive income/(loss) from discontinued operation	**(1,351)**	(284)

Net cash outflow from operating activities:

	2018	2017
	£000	£000
Net cash out flow from investing activities	**(22)**	(29)
Net cash out flow/in flow from financing activities	**(124)**	58
Net cash (decrease)/increase from subsidiary	**(146)**	29

5d Details as a result of the liquidation of Photonstar LED Ltd

Details of liquidation of subsidiary:

	2018	2017
	£000	£000
Distribution expected from liquidator	**-**	-
Carrying amount of net assets on appointment of liquidator	**(128)**	-
(Loss) on liquidation before tax	**(128)**	-
Income tax	**-**	-
(Loss) on liquidation after tax	**(128)**	-

The carrying amounts of assets and liabilities as at the date of liquidation were:

	18 November 2018
	£000
Property, plant & equipment	**32**
Intangible fixed assets	**102**
Trade receivables and prepayments	**255**
Inventories	**345**

Cash	**7**
Total assets	**741**
Trade creditors and accruals	**413**
Bank borrowings	**200**
Total liabilities	**613**
Net assets at the date of liquidation	**128**

5e Details as a result of a liquidator appointed to the parent company of Architectural Lighting and Controls Limited

Architectural Lighting & Controls Limited was a dormant subsidiary, and therefore had no income or expense or cash flows for the relevant reporting periods.

Details resulting from the liquidation of the parent company:

	2018 **£000**	2017 £000
Distribution expected from liquidator	**-**	-
Carrying amount of net assets on appointment of liquidator	**106**	-
Loss on liquidation before tax	**(106)**	-
Income tax expense on loss	**-**	-
Loss on liquidation after tax	**(106)**	-

The carrying amounts of assets and liabilities as at the date of liquidation were:

	18 November 2018 **£000**
Goodwill	**106**
Total assets	**106**
Total liabilities	**-**
Net assets at the date of liquidation	**106**

6a Operating loss (continuing and discontinued operations)

Operating loss is stated after charging/(crediting):	**2018** **£'000**	2017 £'000

Cost of inventory recognised as expense	**1,211**	3,095
Staff costs	**1,050**	1,738
Pension contributions	**6**	10
Depreciation	**29**	86
Amortisation of intangible assets	**595**	582
Operating lease expense	**66**	141
Government grant income	**(54)**	(60)

6b Exceptional item (continuing operations)

	2018 **£'000**	2017 Restated £'000
Impairment of development costs	**-**	(748)
Impairment of Photonstar Technology Limited assets	**(501)**	-
Total exceptional item	**(501)**	(748)

Exceptional items are shown in the Statement of Comprehensive Income as an administrative expense.

6c Other Income

	2018 **£'000**	2017 £'000
Government Grant Income	**54**	67

7 Investments in subsidiary undertakings

Company	**2018** **£'000**	2017 £'000
Opening balance	**-**	3,795
Provision for impairment	**-**	(3,795)
Closing balance	**-**	-

Note 32 sets out the group-level impairment review and concludes there should be an impairment charge to the consolidated balance sheet of £501,000 (2017: £836,000). In the Company's own financial statements, a provision for impairment has been recorded in order to adjust the book value of the Parent Company's investments to the value in use of the subsidiaries that is estimated in the Group's impairment review. This provision for impairment has no impact on the consolidated financial statements.

Name	**Country of incorporation**	**Proportion of ownership interest**	**Principal activities/status**
PhotonStar LED Limited	England and Wales	100% interest in ordinary share capital	Design and development of LED lighting fixtures/With liquidator November 2018
PhotonStar Technology Limited	England and Wales	100% interest in ordinary share capital	Design and development of halcyon™ and LED light engines

Camtronics Vale Limited	England and Wales	100% interest in ordinary share capital	Specialist electronics manufacture/Sold January 2018
Enfis Limited	England and Wales	100% interest in ordinary share capital	Dormant
Architectural Lighting & Controls Limited	England and Wales	100% interest in ordinary share capital*	Dormant/With liquidator November 2018

*Shares held by subsidiary Company.
The registered address for ongoing subsidiaries is New Liverpool House, 15 Eldon Street, London EC2M 7LD.

8 Property, plant and equipment

Group	**Property, plant and equipment £'000**
Cost	
At 1 January 2017	1,345
Additions	27
Disposals	(12)
At 31 December 2017	1,360
Additions	-
Disposals	(1,256)
At 31 December 2018	**104**
Accumulated depreciation and impairment	
At 1 January 2017	951
Charge for the year	86
Disposal	(12)
At 31 December 2017	1,025
Charge for the year	29
Impairment	9
Disposal	(959)
At 31 December 2018	**104**
Net book value	
At 31 December 2018	**-**
At 31 December 2017	335
At 31 December 2016	394

The Company has no property, plant and equipment.

9 Intangible fixed assets

Group

	Patents and licences £'000	Customer list £'000	Goodwill £'000	Development costs £'000	Total £'000
Cost					
At 1 January 2017	603	243	1,833	3,450	6,129
Additions	28	-	-	412	440
Disposals	(88)	-	-	-	(88)
At 31 December 2017	543	**243**	**1,833**	**3,862**	**6,481**
Additions	4	-	-	172	176
Disposals	(425)	-	-	(237)	(662)
At 31 December 2018	**122**	**243**	**1,833**	**3,797**	**5,995**
Amortisation and impairment					
At 1 January 2017 9	482	240	1,626	1,883	4,231
Charge for the year	57	3	-	522	582
Disposals	(85)	-	-	-	(85)
Impairment (see Note 33)	-	-	88	748	836
At 31 December 2017	**454**	**243**	**1,714**	3,153	5,564
Charge for year	40	-	-	555	595
Disposals	(372)	-	-	(185)	(557)
Impairment (see Note 33)	-	-	119	274	393
At 31 December 2018	**122**	**243**	**1,833**	**3,797**	**5,995**
Net book value					
At 31 December 2018	**-**	**-**	**-**	**-**	**-**
At 31 December 2017	89	-	119	709	917
At 31 December 2016	121	3	207	1,567	1,898

Included within additions to development costs are costs of £172,000 (2017: £259,000) which are staff and other internal costs capitalised in the year.

Patents include the external third-party cost associated with the acquisition of patents for internally developed intellectual property and technical expertise. Intangible amortisation is recognised within administrative expenses in the statement of comprehensive income. The costs associated with acquiring patents relating to technology which are not integral to the product range planned for market have been expensed to the statement of comprehensive income during the period.

Goodwill of £119,000 consisting of £106,000 to the acquisition of Architectural Lighting and Controls Limited and £13,000 to the acquisition of Camtronics Vale Limited was written off during the year.

10 Inventories

Group	2018	2017
	£'000	£'000
Raw materials	-	923
Work in progress	-	85
Finished goods	103	63
Provision for obsolete and slow-moving stock	(103)	(310)
Total	-	761

There was no remaining inventory at the end of the year. Any stock owned by Photonstar LED Limited was appropriated by the liquidator. The stock for the remaining Halcyon and light engines subsidiary was fully written down due to the announcement to close the business in January 2019.

11 Trade and other receivables

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade receivables	67	69	865	-
Less: provision for impairment	-	-	(28)	-
Trade receivables (net)	67	69	837	-
Amounts due from subsidiaries	-	2,473	-	2,130
Less: provision for impairment	-	(2,473)	-	(710)
Prepayments and other receivables	25	10	111	5
	92	79	948	1,425

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as 'trade and other receivables' in the statement of financial position and are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The value of trade receivables shown above, in addition to the value of cash balances on deposit with counterparties (see Note 12), represents the Group's maximum exposure to credit risk. No collateral is held as security.

Amounts due from subsidiary undertakings represented net amounts provided to the Company's wholly owned subsidiary, PhotonStar Technology Limited. Receivables due from subsidiaries were unsecured and repayable on demand.

The fair value of trade and other receivables approximate to the net book values stated above.

As of 31 December 2018, trade receivables of £nil (2017: £99,000) were past their due date of receipt.

	2018	2017
	£'000	£'000
Up to two months past due	**-**	59
Over two months past due	**-**	21
Total	**-**	80

As of 31 December 2018, trade receivables of £nil (2017: £28,000) were impaired. The individually impaired receivables relate to balances where it has been assessed that the receivable is not expected to be recovered. The ageing of these receivables is as follows:

	2018	2017
	£'000	£'000
Current	**-**	-
Up to two months past due	**-**	-
Over two months past due	**-**	28

The Group's trade and other receivables above are denominated in Sterling, and are pledged as security for the invoice finance borrowings disclosed in Note 15.

Movements on the provision for impairment of trade receivables are as follows:

	2018	2017
	£'000	£'000
At 1 January	**28**	69
Utilised	**(28)**	(69)
Provision for impairment of trade receivables	**-**	28
At 31 December	**-**	28

12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in readily accessible money market instruments. Cash and cash equivalents included in the consolidated and Company statement of cash flows comprise the following statement of financial position amounts.

	Group	**Company**	Group	Company
	2018	**2018**	2017	2017
	£'000	**£'000**	£'000	£'000
Cash on hand & balances with banks	**44**	**2**	44	3

An analysis of cash balances is provided in Note 33.

13 Share capital

	Number of shares in issue		
Numbers in 000s	**Ordinary shares**	**New ordinary shares**	**Deferred A' shares**
Nominal value per share	**1p**	**0.01p**	**0.99p**

At 31 December 2016	187,958	-	-
Issued	37,200	-	-
At 31 December 2017	225,158	-	-
Share division	(225,158)	225,158	225,158
Issued	-	1,037,063	-
At 31 December 2018	**-**	**1,262,221**	**225,158**

Notes to the financial statements for the year ended 31 December 2018

13 Share capital (continued)

The following table reconciles the total nominal value of the shares in issue:

	Total nominal value of shares in issue			
	Ordinary shares	**New ordinary shares**	**Deferred A' shares**	**Total**
Nominal value per share	**1p**	**0.01p**	**0.99p**	
	£000	**£000**	**£000**	**£000**
At 31 December 2016	1,879	-	-	1,879
Issued	373	-	-	373
At 31 December 2017	2,252	-	-	2,252
Share division	(2,252)	23	2,229	-
Issued	-	103	-	103
At 31 December 2018	**-**	**126**	**2,229**	**2,355**

The following table reconciles the movements in share capital during the year:

	Share capital	**Share premium**	**Share capital reduction reserve**	**Total**
	£000	**£000**	**£000**	**£000**
At 31 December 2016	1,879	7,776	10,081	19,736
Issued	373	52	-	425
At 31 December 2017	2,252	7,828	10,081	20,161
Issued	103	978	-	1,081
At 31 December 2018	**2,355**	**8,806**	**10,081**	**21,242**

In 2018 there were the following share issues: except as noted below, all share issues were for cash consideration.

	No of shares	**Issue price**

2018	issued 000s	per share Pence
February	286,667	0.15p
April (67,696 issued for non-cash consideration)	71,729	0.15p
May	150,000	0.30p
August	28,667	0.15p
December	500,000	0.02p
Total issued	**1,037,063**	

On 10 May 2018 the company issued 15,000,000 broker warrants exercisable at 3 pence per ordinary share, the warrants were valid for one year. As at 31 December 2018 none of the warrants had been exercised or had lapsed.

Employee share schemes

a. Deferred payment share purchase plan

The Group has a deferred payment share purchase plan which enables the funding of share purchases in the Group by executive directors and other employees. There are no current applications to purchase shares through this plan (2017: Nil applications).

b. Share options

The Group has an Enterprise Management Incentive Share Option Scheme (EMI Scheme) and an Executive Share Option Scheme.

During 2018 no share options were granted to directors (2017: 4,350,000).

The exercise terms of all granted options as at 31 December 2018 are summarised below:

Date of grant	Number of options	Exercise price (pence per share)	Exercise dates from
2010	4,318,864	2.8	2011
2012	1,070,000	13.5	2015
2013	2,000,000	10	2015
2014	920,000	7	2017
2015	1,700,000	5	2017
2016	2,820,000	1.85	2017
2017	2,100,000	0.85	2018

The number and weighted average exercise price of the options that were exercisable at 31 December 2018 were 14,928,864 and 4.6p respectively (2017: 25,584,440 and 4.4p).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price (pence per share)	Options number
At 31 December 2016	5	23,547,995
Granted	0.85	4,350,000

Lapsed	0.05	(2,313,555)
At 31 December 2017	4.4	25,584,440
Lapsed	4.0	(10,655,576)
At 31 December 2018	**4.6**	**14,928,864**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	**Exercise price (pence per share)**	**Options 2018**	Options 2017
2020	**2.8**	**4,318,864**	5,776,215
2022	**10**	**-**	234,000
2022	**13.5**	**1,070,000**	1,716,225
2023	**10**	**2,000,000**	3,101,000
2024	**7**	**920,000**	1,732,000
2025	**5**	**1,700,000**	2,170,000
2026	**1.85**	**2,820,000**	6,505,000
2027	**0.85**	**2,100,000**	4,350,000
		14,928,864	25,584,440

The Company determines the fair value of its share option contracts on the grant date, adjusts this to reflect its expectation of the options that will ultimately vest, and then expenses the calculated balance on a straight line basis through its statement of comprehensive income over the expected vesting period with a corresponding credit to its share option reserve. Subsequent changes to the expectation of number of options that will ultimately vest are dealt with prospectively such that the cumulative amount charged to the statement of comprehensive income is consistent with latest expectations. Subsequent changes in market conditions do not impact the amount charged to the statement of comprehensive income.

The Company determines the fair value of its share option contracts using a model based on the Black-Scholes-Merton methodology. In determining the fair value of its share option contracts, the Company made the following assumptions (ranges are provided where values differ across tranches). Expected volatility was determined by reference to historical experience.

Grant date	Share price pence	Exercise price pence	Expected option life years	Expected volatility %	Expected dividend yield %	Risk free interest rate %	Fair value at grant date pence
2017	0.85	0.85	10	34	0	1.30	0.08

14 Financial assets and liabilities

The tables below analyse the carrying value of financial assets and financial liabilities in the Group and Company's statements of financial position. Further information on the classes that make up each category is provided in the notes indicated. The carrying value of each category is considered a reasonable approximation of its fair value. All amounts are due within one year.

Group	**Notes**	**2018 £'000**	2017 £'000

Trade receivables	11	**67**	865
Cash and cash equivalents	12	**4**	44
Financial assets at amortised cost		**71**	909
Trade payables	15	**156**	939
Accruals	15	**128**	283
Borrowings	15	**-**	833
Financial liabilities at amortised cost		**284**	2,055

Company			
Amounts due from subsidiaries	11	**-**	1,420
Cash and cash equivalents	12	**2**	3
Financial assets at amortised cost		**2**	1,423
Trade payables	15	**109**	58
Amounts due to subsidiaries	15	**-**	739
Accruals	15	**33**	46
Financial liabilities at amortised cost		**142**	843

15 Trade and other payables

Group	**2018 £'000**	2017 £'000
Trade payables	**156**	939
Other creditors	**-**	11
Social security and other taxes	**59**	264
Accruals	**128**	255
Deferred income - government grants	**-**	17
Total	**331**	1,486
Company		
Trade payables	**109**	58
Accruals	**33**	46
Amounts due to subsidiaries	**-**	739
Total	**142**	843

Group **Trade payables**	**Total £'000**	**Due or due in less than one month £'000**	**Due between one and three months £'000**
31 December 2018	**156**	**36**	**120**
31 December 2017	939	540	399

Group **Borrowings**	**2018** **£'000**	2017 £'000
Current borrowings		
Hire purchase agreements	**-**	**98**
Bank credit cards	**-**	**3**
Invoice finance	**-**	**732**
Total	**-**	**833**

16 Deferred income tax

There is an un-provided deferred tax asset arising on taxable losses of £8.5m (2017: £10.4m). In accordance with accounting standards, the deferred tax asset has not been recognised in the financial statements as there will not be sufficient future profits against which it could be recovered. This position is considered further in Subsequent Events Note 31, and will be reconsidered again once the Group demonstrates consistent profitability.

At the end of 2018 there was no deferred tax liability (2017: £15,000).

17 Provisions

Group	**Warranty provision £'000**
At 1 January 2017	44
Charged to income statement	44
Utilised	(34)
At 31 December 2017	10
Charged to income statement	-
De-recognised	(10)
At 31 December 2018	**-**

The Group had provided product warranties to certain customers. Provision has been made for the expected cost of meeting claims in respect of these arrangements. These balances related to the subsidiary Photonstar LED Limited that was put into liquidation on 18 November 2018. This balance has therefore been de-recognised.

18 Auditor's remuneration

During the year the Group obtained the following services from the Company's auditor as detailed below:

	2018 **£'000**	2017 £'000
Fees payable to Company's auditor for the audit of Parent Company's and consolidated financial statements	**15**	15

Fees payable to the Company's auditor and its associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	**15**	36
- Tax services		
- Compliance	**-**	9
Total	**30**	60

19 Employee benefit expense

Group	**2018**	2017
	£'000	£'000
Wages and salaries	**955**	1,601
Social security costs	**95**	144
Share based payments	**-**	39
	1,050	1,784

The average number of persons (including executive directors) employed by the Group during the year was:

By activity	**2018**	2017
	Number	Number
Research and development	**2**	**5**
Sales	**8**	**12**
Administration and finance	**6**	**6**
Production	**46**	**45**
	62	**68**

During the year, the Company had 2 employees (2017: 2), including the directors.

20 Financial expense (discontinued operations)

Group	**2018**	2017
	£'000	£'000
Bank loans, overdrafts and invoice finance	**26**	38
Hire purchase and other interest	**-**	15
	26	53

Notes to the financial statements for the year ended 31 December 2018

21 Directors' emoluments

Group	2018 £'000	2017 £'000
Dr J S McKenzie	**135**	115
Dr M E Zoorob	**43**	83
J Freeman	**51**	18
Salary and Fees	**229**	216
Social security costs - employer's national insurance	**28**	26
Share based charges	**-**	12
Pensions costs	**2**	1
Total	**259**	255

Key management personnel are defined as Directors. Key management compensation comprises salaries and fees set out above and share options set out later in this note.

The emoluments of the highest paid Director were as follows:

Group	2018 £'000	2017 £'000
Aggregate emoluments	**135**	115

No share options were exercised by the highest paid Director in the year (2017: Nil). The highest paid Director received no share options during the year (2017: Nil).

Share options granted to the Directors under the Company's share option schemes are shown below:

	31 December 2017 number	Issued number	Lapsed number	**31 December 2018 Number**
Dr J S McKenzie	**6,359,710**	-	-	**6,359,710**
Dr M Zoorob	**5,435,456**	-	-	**5,435,456**
	11,795,166	-	-	**11,795,166**

The period over which the options held by the Directors are exercisable is summarised below:

Year of grant	Number of options issued	Exercise price (pence)	Period of exercise
2010	4,245,166	2.8	2009 - 2019
2012	1,000,000	13.5	2015 - 2023
2013	2,000,000	10	2015 - 2023
2014	900,000	7	2015 - 2024
2015	900,000	5.025	2016 - 2025
2016	2,750,000	1.85	2017 - 2026

22 Income tax credit

Group	2018 £'000	2017 £'000
Current taxation; research and development tax credits		

	2018	2017
UK corporation tax on loss for the year	**-**	(137)
Adjustment in respect of prior periods	**(118)**	(32)
	(118)	(169)
Deferred tax	**-**	-
Income tax credit	**(118)**	(169)
Analysed:		
Continuing operations	**(118)**	(104)
Discontinued operations	**-**	(65)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to the losses of the Group as follows:

Group - continuing operations	***2018 £'000***	2017 £'000
Loss before tax on continuing operations	(1,782)	(1,644)
Tax calculated at the domestic rate applicable of 19.25%	(343)	(316)
Expenses not deductible for tax purposes	150	173
R&D tax credit	-	(104)
Tax losses for which no deferred income tax asset was recognised	193	143
Adjustments in respect of prior periods	(118)	-
Total tax credit - continuing operations	(118)	(104)

23 Net foreign exchange loss

The exchange differences charged to the consolidated statement of comprehensive income are as follows:

Group	**2018 £'000**	2017 £'000
Loss - net	**1**	2

24 Earnings per share

Basic loss per share	**2018**	2017
Loss from continuing operations	**(£1,664,000)**	(£1,540,000)
Total comprehensive loss	**(£2,106,000)**	(1,910,000)
Weighted average number of ordinary shares	**649,981,858**	212,622,330
Loss per share from continuing operations	**(0.2p)**	(0.7p)
Loss per share from discontinued operations	**(0.2p)**	(0.2p)
Basic total comprehensive loss per share	**(0.5p)**	(0.9p)

Diluted earnings per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding after adjusting these amounts for the effects of dilutive potential ordinary shares.

As the results for the years ended 31 December 2018 and 31 December 2017 are a loss, any exercise of share options would have an anti-dilutive effect on earnings per share. Consequently, earnings per share and diluted earnings per share are the same and the calculation has not been included.

As at 31 December 2018, there were share options outstanding over 14,928,864 shares (2017: 25,584,440 shares), which could potentially have a dilutive impact in the future.

25 Commitments

(a) Capital commitments

Capital commitments at 31 December 2018 £Nil (31 December 2017: £Nil)

(b) Operating lease commitments

The Group leased buildings under non-cancellable leases from various landlords. Due to the changes in the Group's structure all leases have been terminated. The amount below is the payments made to surrender the leases.

The future aggregate minimum lease payments under these non-cancellable operating leases are as follows:

	2018	2017
	£'000	£'000
Payable within one year	**54**	165
Payable within two to five years	**-**	239
Payable over five years	**-**	95
	54	499

26 Related party transactions

Transactions with and between subsidiaries

As at 31 December 2018 the Company had advanced £521,000 to Photonstar LED Limited (with liquidator) (2017:£674,000) and £2,473,000 to Photonstar Technology Limited (2017: £1,456,000), no balance was due to Camtronics Vale Limited (sold) (2017: £610,000), and no balance was due to Architectural & Lighting Controls Limited (with liquidator) (2017: £134,000). Further details of these advances are given in Note 11, Trade and other receivables, and in Note 15, Trade and other payables.

Transactions with directors

During the year an amount of £70,000 (2016: £94,000) was paid to related parties of the director in respect of services provided to the company.

27 Controlling party

The directors consider there to be no ultimate controlling party.

28 Government grants

Government grants credited to income are as follows:

Group	**2018**	2017
	£'000	£'000
Government grants	**54**	60

The government grants relate to research that was funded by the DECC Entrepreneurs Fund and by Innovate UK.

29 Capital management

In managing its capital structure, the Group's objective is to safeguard the Group's ability to continue as a going concern, managing cash flows so that it can continue to provide returns for shareholders.

The Group makes adjustments to its capital structure in the light of changes in economic conditions and the requirements of the Group's businesses. The Board has sought to maintain low levels of borrowing to reflect the development stage of the Group's businesses.

Over time as the Group's businesses mature and become profitable the Board is likely to make increased use of borrowing facilities to fund working capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or seek additional borrowing facilities. The Group monitors capital on several bases including the debt to equity ratio. This ratio is calculated as debt ÷ equity. Debt is calculated as total borrowings as shown in the consolidated statement of financial position.

Equity comprises all components of equity as shown in the consolidated statement of financial position. The debt-to-equity ratio at 31 December 2018 and 31 December 2017 was as follows:

Group	**2018** **£'000**	2017 £'000
Total debt	**-**	732
Total equity	**(1,140)**	741
Debt-to-equity ratio	**00.0%**	98.8%

30 Reserves

The following reserves describe the nature and purpose of each reserve within equity:

a. Capital reduction reserve

The capital reduction reserve set out in the Consolidated Statement of Changes in Equity arose in 2014 when the nominal value of each share was reduced from 10p to 1p.

b. Share premium

The amount subscribed for each share in excess of nominal value.

c. Share option

The accumulated expense arising during their vesting period of share options granted to directors and employees.

d. Accumulated losses

All other net losses and gains not recognised elsewhere.

Notes to the financial statements for the year ended 31 December 2018

31 Subsequent events

a) Fundraising

On 17 January 2019 the Group announced that it had raised gross proceeds of £100,000 via the placing of 500,000,000 new ordinary shares of 0.01p each with new and existing investors at a price of 0.02p per share. In addition, a total of 120,000,000 new ordinary shares were issued to two former directors at 0.02p per share, raising gross proceeds of £24,000-(James McKenzie 60,000,000 shares and Jonathan Freeman 60,000,000 shares).

On 4 February 2019 the Company raised £175,000 through the issue of 1,750,000,000 new ordinary shares of 0.01p each at a price of 0.01p per share.

On 12 March 2019 the Company raised £170,000 through the issue of 1,700,000,000 new ordinary shares of 0.01p each at a price of 0.01p per share.

On 22 May 2019 the Group announced the results of the Open Offer that was announced on 1 May 2019. The Group raised £666,527 before costs and issued on 24 May 2019 5,332,221,134 new ordinary shares of 0.01p each for a consideration of 0.0125p per share. As outlined in the general meeting of the Company published on 13 March 2019, Peterhouse Capital Limited has been issued with warrants to subscribe for new ordinary shares equal to 3% of the Enlarged Share Capital of the Company from time to time, exercisable at 0.01p per share for up to 3 years from date of issue. The issue of warrants was conditional on the closing of the Company's operating business, the Company becoming a Aim Rule 15 cash shell and a change in the Company's name, proposals which were approved by shareholders on 3 April 2019 and are issued in consideration of fees owed relating to advisory and fund-raising services rendered to the Company during the last quarter of 2018 and first quarter of 2019 and which have been largely not paid for in an effort to conserve the cash available to the Company.

On 24 May 2019 the Group announced that it had raised gross proceeds of £218,000 via the placing of 1,744,000,000 new ordinary shares of 0.01p each at a price of 0.0125p per share. The shares were issued on the following dates: 24 May 2019: 247,917,622 shares and 31 May 2019: 1,496,082,378 shares. Following the issue of these shares there were a total of 12,408,442,268 new ordinary shares in issue.

b) Other

In April 2019 a General Meeting approved the closure of Photonstar Technology Limited. The group then became an AIM quoted cash shell. In June 2019 Photonstar Technology Limited was sold for £1 to a related party in accordance with the resolution passed at the General Meeting in May 2019. As a result of this sale there are no further liabilities for the Group in respect of this subsidiary beyond the run-down and closure costs already provided for in these 2018 financial statements. Also, as a result of this sale the group's un-provided deferred tax asset arising on taxable losses (Note 16) will reduce from £8.5m to £0.7m.

32 Impairment review

As a result of the Group announcing in January 2019 the orderly wind down of its only remaining business and the Company becoming an AIM Rule 15 cash shell on 5 April 2019, all of the Group's tangible, intangible assets and stock and other miscellaneous items have been fully written down. The impairment loss arising during the year ended 31 December 2018 is as follows:

Group	**2018**	2017
	£'000	£'000 Restated
Tangible and intangible assets, stock and miscellaneous items	**501**	748
Total impairment loss	**501**	748

The comparative results have been adjusted to reflect the continuing operations of the Group.

Notes to the financial statements for the year ended 31 December 2018

33 Notes supporting statement of cash flows

Group	Current Borrowings (Note 15) £'000
At 1 January 2017	831
Cash flows	(23)
Interest accruing in year	25
At 31 December 2017	833
Cash flows	(860)
Interest accruing in year	27
At 31 December 2018	**-**

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	Group 2018 £'000	**Company 2018 £'000**	Group 2017 £'000	Company 2017 £'000
Cash at bank available on demand	**4**	**2**	44	3
Cash in hand	**-**	**-**	-	-
	4	**2**	44	3