Bould Opportunities PLC (formerly Photonstar LED Group PLC)

Annual Report for the year ended 31 December 2018

Company registered number: 06133765

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Contents

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Directors and Advisers

Directors

Allan Syms	Non-Executive Chairman (appointed 21 May 2019)
Martin Lampshire	Non-Executive (appointed 11 January 2019)
John Treacy	Non-Executive (appointed 29 January 2019)
Jonathan Freeman	Non-Executive Chairman (resigned 21 May 2019)
James McKenzie	Chief Executive Officer (resigned 29 January 2019)
Majd Zoorob	Chief Technology Officer (resigned 22 January 2019)

Company Secretary

CFO Solutions Limited

Registered Number

06133765

Registered Office

New Liverpool House
15 Eldon Street
London
EC2M 7LD

Nominated Adviser

Allenby Capital Limited
5 St. Helen's Place
London,
EC3A 6AB

Broker

Peterhouse Capital Limited
New Liverpool House
15 Eldon Street
London
EC2M 7LD

Solicitors

Greenaway Scott LLP
The Maltings
East Tyndall Street
Cardiff
CF24 5EZ

Auditor

PKF Littlejohn LLP
Statutory Auditor
1 Westferry Circus
London
E14 4HD

Registrar

Link Asset Services
The Registry, 34 Beckenham Road
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Kent
BR3 4TU

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 on page 1, 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

Chairman’s Statement (continued)

Business Review (continued)

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.

Chairman’s Statement (continued)

Financial Overview (continued)

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

The review of all businesses is detailed on pages 2 to 4 of the Chairman's Statement.

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.

Strategic Report (continued)

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.

Bould Opportunities PLC (formerly Photonstar LED Group PLC)

Strategic Report (continued)

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.

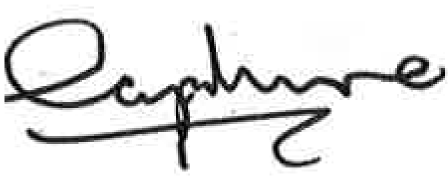
The disposal of the discontinued businesses referred to above substantially reduced the 2018 year-end Balance Sheet amounts of the consolidated assets and liabilities.

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

Directors' Report for the year ended 31 December 2018

The directors present the annual report and audited financial statements for the year ended 31 December 2018.

Principal activity, business review and future developments

The principal activity of the Group by revenue in 2018 was the design, development and manufacture of LED lighting fixtures and light engines. The contract manufacturing business was sold in January 2018. The subsidiary undertaking the LED lighting fixtures business was placed into liquidation in November 2018. Meanwhile, the Group's remaining business in 2018 was to transform the Group into a software and services business, and for several years the Group has been investing heavily into its Halcyon platform to deliver this strategy. After the year-end, a decision was taken to close this business.

The Consolidated Statement of Comprehensive Income is set out on page 25. A review of the Group's trading during the year, its position at the year-end, post balance sheet events, and its prospects for the future are set out in the Chairman's Statement and the Strategic Report.

Dividends

No dividend is proposed in respect of the year (2017: £nil).

Research and development

The Group in 2018 continued to invest in research and development associated with its Halcyon platform. Costs attributed to this process have been charged to the consolidated statement of comprehensive income to the extent that they do not meet all the criteria for capitalisation as set out in IAS 38 'Intangible Assets'.

Financial risk management

Information in respect of financial risk management objectives and policies, exposure to price, credit, liquidity and cash flow risks, and current trading and trading outlook for the Group are outlined in Note 3.

Directors

The directors of the Group who served during the year are listed below:

Directors	**Function**
Jonathan Freeman	Non-Executive Chairman (resigned May 2019)
James McKenzie	Chief Executive Officer (resigned January 2019)
Majd Zoorob	Chief Technology Officer (resigned January 201

The following directors have been appointed after the year-end:

Martin Lampshire	Non-Executive Director (appointed January 2019)
John Treacy	Non-Executive Director (appointed January 2019)
Allan Syms	Non-Executive Chairman (appointed May 2019)

Directors' Report for the year ended 31 December 2018 (continued)

Board Responsibility and Corporate Governance Statement

The Board is responsible for approving the interim and annual financial statements, formulating and monitoring Group strategy, approving financial plans and reviewing performance, as well as complying with legal, regulatory and corporate governance matters. The Board is committed to maintaining appropriate standards of corporate governance and, as detailed below, has concluded that it will adopt the Quoted Companies Alliance's Corporate Governance Code.

Directors' qualifying third party indemnity provisions

The Group has made qualifying third-party indemnity provisions in favour of the Directors against liability in respect of proceedings brought by third parties and these remain in force at the date of this Directors' Report.

Employees

At 31 December 2018 the total number of employees in the Group comprised 6 employees (2017: 67), including 2 Executive Directors.

The Group's employment policies were designed to attract, retain and motivate the very best staff for each role in the Group, recognising that this can only be achieved through equal opportunities regardless of gender, race, religion or disability. Regular meetings were held with employees to discuss the performance of the Group as a whole and the area in which they work. Financial and economic factors were dealt with in this context. Information concerning employees and their remuneration is given in Note 19.

Capital structure

Details of the issued share capital are set out in Note 13. Until 19 March 2018 the Company had one class of Ordinary Share each of 1p nominal value which carried no right to fixed income. Each share carried the right to one vote at general meetings of the Company.

On 19 March 2018 there was a sub-division of each Ordinary Share. For each Ordinary Share held, there was issued one New Ordinary Share of 0.01p nominal value and one Deferred 'A' Share of 0.99p nominal value.

The New Ordinary Shares carry the same voting and other rights as the previous Ordinary Shares. The Deferred 'A' Shares do not have any voting or dividend rights, and are considered not to have any economic value.

There are no specific restrictions on the size of a holding or on the transfer of New Ordinary Shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. Substantial shareholders are listed in the separate section that follows.

Details of employee share option schemes are set out in Note 13. During 2018 there was a substantial reduction in the number of share options as a result of many employees leaving the Group following its discontinued operations and the significantly reduced activity in its remaining business.

No person has any special right of control over the Company's share capital and all issued shares are fully paid.

The appointment and replacement of directors of the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders.

Directors' Report for the year ended 31 December 2018 (continued)

Donations

No charitable or political donations were made during the year (2017: £Nil).

Share issues

Details of shares issued during the year are set out in Note 13.

Going concern

The directors have concluded, having regard to the most recent expenditure projections available and to the substantial issues of shares for cash after the year end, that the Group and Company has in place sufficient funding to enable them to continue as a quoted Cash Shell and meet their liabilities to third parties as they fall due for the foreseeable future. See Note 2.2 on going concern for further details.

Post balance sheet events

In January 2019 the group announced its intention to close down its remaining Halcyon & Light Engines business. This closure was confirmed at a General Meeting in April 2019, and at that time the Group became a quoted Cash Shell on AIM. The directors are now seeking new investment opportunities which may require further investment by shareholders.

As explained in more detail in Note 13 since the year-end there have been four issues of new shares raising £1.15m cash before expenses. In addition, shares and share warrants have been issued to certain professional advisers to the Company and consultants in lieu of advisory and consultancy work undertaken recently.

Disclosure of information to auditor

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

Auditor

The directors have appointed PKF Littlejohn LLP as auditor of the Company and a resolution for their re-appointment will be put to the Annual General Meeting.

Annual General Meeting

The Annual Report is made available to shareholders at least 20 working days before the Annual General Meeting ("AGM") along with the notice of the AGM. Shareholders are given the opportunity to vote on each separate resolution proposed at the AGM. The Company counts all proxy votes and will indicate the level of proxies lodged for each resolution, after it has first been dealt with by a show of hands.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

Directors' Report for the year ended 31 December 2018 (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Board of Directors and signed by order of the Board

Martin Lampshire
Non-Executive Director
26 June 2019

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance. As a company whose shares are traded on AIM, the Board has concluded that it will adopt the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code"). In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. During 2018 and up until 21 May 2019 Jonathan Freeman, in his capacity as non-executive director and Chairman, had assumed responsibility for ensuring that the Group has appropriate corporate governance standards in place and that these requirements are followed and applied within the Group as a whole. Since 21 May 2019 Allan Syms has been appointed a non-executive director and the Chairman of the Company and has taken on responsibility for these standards.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave.

A large part of the Group's activities, prior to the Company becoming an AIM Rule 15 cash shell on 5 April 2019, was centred upon open and respectful dialogue with customers and suppliers. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does.

In its current position as a cash shell, the Board currently consists of three non-executive directors and does not have a CEO. The Board continues to consider whether it would be appropriate to seek to appoint additional non-executive and/or executive directors but at this time believes that appropriate oversight of the Group is provided by the currently constituted Board. This view will continue to be reviewed by the Board.

Martin Lampshire
Non-Executive Director

Corporate Governance Statement (continued)

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Group applies each of the principles. Where the Group does not fully apply each principle an explanation as to why has also been provided:

Principle One
Business Model and Strategy
The Board has a adopted a strategy for each business unit during 2018 as outlined in the Business Review in the Strategic Report on pages 5 to 7.

Principle Two
Understanding Shareholder Needs and Expectations
The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.bouldopprtunities.com and via Allan Syms, Chairman who is available to answer investor relations enquiries.

Principle Three
Stakeholder Responsibilities
The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group and its contractors, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships. For example, all employees of the Group participate in a structured Group-wide annual assessment process which is designed to ensure that there is an open and confidential dialogue with each person in the Group to help ensure successful two-way communication with agreement on goals, targets and aspirations of the employee and the Group. These feedback processes help to ensure that the Group can respond to new issues and opportunities that arise to further the success of employees and the Group. In addition, the Board ensures that all key relationships with, for example, customers and suppliers are the responsibility of, or are closely supervised by, one of the directors or the financial controller.

Principle Four
Risk Management
In addition to its other roles and responsibilities the Audit and Compliance Committee is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Group. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks, and controls to mitigate them, have been identified during 2018:

Activity	**Risk**	**Impact**	**Control(s)**
Management	Recruitment and retention of key staff	Reduction in operating capability	Stimulating and safe working environment. Balancing salary with longer term incentive plans.
Regulatory adherence	Breach of rules or product requirements	Censure or withdrawal of authorisation	Strong product compliance regime
Strategic	Damage to reputation Inadequate disaster recovery procedures	Inability to secure new customers. Loss of key operational and financial data.	Effective communications with shareholders. Secure off-site storage of data.
Financial	Liquidity, market and credit risk. .	Inability to continue as going concern.	Robust financial controls and procedures throughout the Group.

Corporate Governance Statement (continued)

Since the Company became an AIM Rule 15 cash shell on 5 April 2019 the risks relating to Regulatory adherence, Strategic and Financial are still relevant.

In 2018 the directors had already established procedures, as represented by this and previous years' statements, for the purpose of providing a system of internal control. In addition, there were a range of Group policies that were reviewed at least annually by the Board and a programme of training and then confirmation of understanding that all employees of the Group were required to undertake each year. These group policies covered matters such as share dealing, insider legislation and expenses. In 2018 the Board took the view that an internal audit function was not considered necessary or practical due to the size of the Group and the close day to day control exercised by the then executive directors. However, with the group closing down or disposing of all its operations through 2018 and into 2019, and becoming a cash shell in April 2019 without executive directors, the Board in future will be monitoring the need for new systems of internal control and an internal audit function.

The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function. It was concluded, given the current size and transparency of the operations of the Group, that an internal audit function was not required.

Principle Five
A Well-Functioning Board of Directors
During 2018 the Board comprised the CEO James McKenzie, one executive director, Majd Zoorob and one non-executive director, Jonathan Freeman who acted as the Chairman. The time commitment formally required by the Group is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. James McKenzie and Majd Zoorob were full time employees and Jonathan Freeman was part time. Biographical details of the current directors and those that existed during 2018 are set out within Principle Six below. Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Executive Directors were employed under service contracts requiring six months' notice by either party. Non-Executive Directors and the Chairman receive payments under appointment letters which are terminable by three months' notice by either party.

The Non-Executive Chairman receives a fee for his services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The Non-Executive Chairman is also reimbursed for travelling and other incidental expenses incurred on Group business.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Non-Executive Directors are encouraged to receive a proportion of their remuneration in the form of shares. The quantum of the shares is agreed with the individual and the method of delivering the agreed number of shares is either by the issue of new shares by the Company or by the payment of cash to the individual who undertakes to use the funds to purchase shares in the market as soon as this is possible and with regards to the close periods that the Company may be in. The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company or their independence itself. Directors' emoluments, including Directors' interest in share options over the Group's share capital, are set out in Note 13.

The Board meets at least every other month. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

Corporate Governance Statement (continued)

Since the year end Allan Syms was appointed as a director and the Chairman on 21 May 2019. Martin Lampshire and John Treacy were appointed as non-executive directors on 11 January 2019 and 29 January 2019 respectively.

James McKenzie and Majd Zoorob resigned as directors on 29 January 2019 and 22 January 2019 respectively.

Attendance at Board and Committee Meetings
The Board retains full control of the Group with day-to-day operational control delegated to Executive Directors. The full Board meets at least every other month and on any other occasions it considers necessary. During 2018 there were eight Board meetings, one Remuneration Committee meeting and one Audit Committee meeting. All meetings were fully attended by their constituent directors.

Principle Six
Appropriate Skills and Experience of the Directors

Directors who served during 2018:
During 2018 the Board consisted of three directors and, in addition, the Group uses the services of CFO Solutions Limited for ad hoc financial advisory services and also to act as the Group Company Secretary.

In 2018Jonathan Freeman was the Company's only independent non-executive director. The Company acknowledges that the guidance in the QCA Code is for a company to have at least two independent non-executive directors. However, the Directors were satisfied that the Company's board composition is appropriate given the Company's size and stage of development. From January 2019 the company has at least two independent non-executive directors.

Dr James McKenzie, Chief Executive Officer
James studied Physics and Computing and then went to Brunel University where he worked on optics for his Ph.D. He joined Bookham Technology when the company was in its very early stages and was involved, as a member of the management team, in Bookham’s fast growth phase leading up to its IPO in 2000. During this period, he was responsible for product engineering before moving on to become Director of Marketing.

In 2001 James joined Teem Photonics as VP of Business Development & Marketing developing the company’s growth strategies, exiting the company following a successful fund-raising round in 2003. James joined Mesophotonics in March 2003 as CEO and successfully raised £5.5m in 2003, developing 2 business units one in LEDs and the other in Analytical Biochemistry. In 2007 the Analytical part of the business was bought by D3 backed by Renishaw. The LED business unit was sold to Luxtaltek, a Taiwanese LED manufacturer.

James left Mesophotonics in 2007 to set up PhotonStar LED Ltd bringing a wealth of semiconductor and optoelectronic packaging experience to the company. James is a member of the Institute of Physics, is a Chartered Engineer and a Member of the Institute of Directors.

James is a member of the Lighting Industry Association (LIA) Technical Committee and the LIA council.

Corporate Governance Statement (continued)

Dr Majd Zoorob, Chief Technology Officer

Dr Zoorob was a co-founder of Mesophotonics Ltd. where he was responsible for the company's research work and managing the company's IP, as well as theoretical and numerical modelling work. The LED chip designs Majd created were subsequently put into production work at Luxtaltek.

Dr Zoorob has been involved in sub wavelength optics, plasmonics and LED design since his PhD and brings a wealth of optical design and optical modelling experience to PhotonStar. Majd has a PhD from Southampton University in sub-wavelength optics.

Jonathan D Freeman BA Hons MBA, Non-executive Director

Jonathan is an experienced corporate financier and company director. He has extensive experience of quoted companies, financial services and of FCA regulated entities. This experience is important to the Group as it is quoted on AIM. Jonathan also chairs the Audit Committee and the Remuneration Committee.

Jonathan is also the senior independent Non-executive Director of Futura Medical Plc and chairs their Audit Committee and Remuneration Committee. He is also a non-executive director of Braveheart Investment Group plc and, since the period end, became a non-executive director of European Wealth Limited. Jonathan joined became a Non-executive Director on 28 March 2012 and became Chairman on 8 December 2015.

Current Directors:

The current directors of the Company are as follows:

Allan Syms, Chairman & Non-executive Director (Appointed 21 May 2019)

Allan is an experienced public and private company director, with a background in Corporate Finance, IPOs and managing strategic change. Allan holds a PhD in cancer research and began his corporate career at GE Healthcare (formerly Amersham International PLC). He has spent the past 30 years creating and through private and public fundraising, building emerging technology businesses. He was previously an adviser to the Department of International Trade.

Martin Lampshire, Non-executive Director (Appointed 14 January 2019)

Martin started his career in Lloyds Bank’s Commercial Services division in 1989 after completing the ACIB qualification.

He has over twenty years’ experience in Corporate Broking, working for a number of city-based firms including Teather & Greenwood, Charles Stanley, Hichens Harrison Stockbrokers and Daniel Stewart Stockbrokers.

He has assisted many companies in a variety of equity raises including IPO’s, secondary fundraisings, vendor and private placings across a variety of sectors. He has also worked in a number of overseas financial centres including Hong Kong, Singapore, Kuala Lumpur and Dubai. Martin joined the board as a Non-executive director on 14 January 2019.

John Treacy, Non-executive Director (Appointed 29 January 2019)

John is a London-based experienced small cap financier who specialises in working with growing companies. He qualified as a solicitor in the London office of a major international law firm where he specialised in Capital Markets and Mergers & Acquisitions. From there he moved to practice corporate finance in the advisory teams of several prominent UK brokerages where he acted as an adviser to a number of AIM companies and advised on numerous IPOs, acquisitions, debt restructurings and placings.

Corporate Governance Statement (continued)

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual directors is seen as an important next step in the development of the Board and one that will be addressed once the new strategic direction of the Company has been determined. The aim is that this will be undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the directors' continued independence.

Principle Eight

Corporate Culture

During 2018, the Board recognised that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Group's activities was centred upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all the Group's customers.

The Company has adopted, with effect from the date on which its shares were admitted to AIM, a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM Rules.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Group's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer during 2018 arising as a consequence of delegation by the Board. The Board has adopted two statements during 2018; the first sets out matters which are reserved to the Board and the second establishes the division of responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the effectiveness of the Board, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer. Since the change of the board structure during 2019 governance structures and processes are managed by the non-executive Chairman and the two non-executive directors.

Audit Committee

During 2018 the Audit Committee comprised Jonathan Freeman (Chairman) and is also attended by a representative of CFO Solutions Limited. It meets as required and specifically to review the Interim Report and Annual Report, and to consider the suitability and monitor the effectiveness of internal control processes. There was one meeting of the Audit Committee during 2018. The Audit Committee also reviews the findings of the external auditor and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. The Audit Committee meets at least once year with the auditor to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. As well as providing audit related services, the auditor also provides taxation and other advice. The fees in respect of audit and tax services are set out in Note 18. Fees for non-audit services paid to the auditor are not deemed to be of such significance to them as to impair their independence and therefore the Audit Committee considers that the objectivity and independence of the auditor is safeguarded.

Since 21 May 2019 the Audit Committee has been chaired by Allan Syms with a representative of CFO Solutions Limited, Company Secretary, in attendance.

Corporate Governance Statement (continued)

Remuneration Committee

During 2018 the Remuneration Committee comprised of Jonathan Freeman as Chairman. The purpose of the Remuneration Committee is to ensure that the Executive Directors and other employees are fairly rewarded for their individual contribution to the overall performance of the Group. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these. There was one Remuneration Committee meeting during 2018.

The Board retains responsibility for overall remuneration policy. Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Group. The Remuneration Committee recommends to the Board the remuneration packages by reference to individual performance and uses the knowledge and experience of the Committee members, published surveys relating to AIM companies and market changes generally. The Remuneration Committee has responsibility for recommending any long-term incentive schemes.

The Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission would only be granted on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Group. Earnings from such roles would be required to be disclosed to the Chairman. Since 21 May 2019 the Remuneration Committee has been chaired by Allan Syms.

Principle Nine

Maintenance of Governance Structures and Processes (continued)

During 2018 there were three main elements of the remuneration package for Executive Directors and staff:

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. Certain benefits in kind are available to certain senior staff and Executive Directors.
2. Share options: The Company operates approved and unapproved share option schemes for Executive Directors and other employees to motivate those individuals through equity participation. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the AIM Rules. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options based on the Remuneration Committee’s assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. It is intended that the performance related elements of remuneration form a significant proportion of the total remuneration package of Executive Directors and be designed to align their interests with those of shareholders. In this development phase of the Group the Remuneration Committee currently considers that the best alignment of these interests is through the continued use of incentives for performance through the award of share options.
3. Bonus Scheme: The Group has a discretionary bonus scheme for staff and Executive Directors which is specific to each individual and the role performed by that individual within the Group.

Salaries and benefits were reviewed in March 2018 to cover the period to 31 December 2018.

Non-executive Directors

The Board has adopted guidelines for the appointment of non-executive directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board’s discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. The Chairman may serve as a non-executive director before commencing a first term as Chairman. In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Corporate Governance Statement (continued)

Principle Ten
Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, www.bouldopportunities.com and via Allan Syms, non-executive Chairman who is available to answer investor relations enquiries.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOULD OPPORTUNITIES PLC

Opinion

We have audited the financial statements of Bould Opportunities PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of Bould Opportunities PLC (continued)

Our application of materiality

2018 Group Materiality	2018 Parent Company	Basis for Materiality
£178,000	£22,000	Group Materiality has been based on 6% of the group loss (continuing and discontinued) which we consider to be an appropriate benchmark given the group reorganisation during the year. Parent Company materiality has been based on 6% of the Company's loss from continuing operations which we consider to be an appropriate benchmark as the company is loss making.

We have set Performance Materiality at 80% of Materiality for the Group and Parent Company. Performance Materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Whilst materiality for the financial statements as a whole was £178,000, each component of the Group was audited to a lower level of materiality. Component materiality ranged from £99,000 to £68,000.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £8,900. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the group and its environment, as well as assessing the risks of material misstatement in the financial statements at group level. We have undertaken a full scope audit of the parent company and all components and therefore we have covered 100% of the Group's revenue, expenditure and net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Bould Opportunities PLC (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the group and Parent Company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Parent Company financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: *www.frc.org.uk/auditorsresponsibilities*. This description forms part of our auditor's report.

Independent Auditor’s Report to the Members of Bould Opportunities PLC (continued)

Use of our report

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Thompson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

26th June 2019

Bould Opportunities PLC

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 attributabl 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) attributable 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)

The notes on pages 31 to 64 are an integral part of these consolidated financial statements.

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 notes on pages 31 to 64 are an integral part of these consolidated financial statements.

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

Bould Opportunities PLC

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 notes on pages 31 to 64 are an integral part of these financial statements.

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

The notes on pages 32 to 66 are an integral part of these financial statements.

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

	Notes	2018 £'000	2017 £'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

The notes on pages 31 to 64 are an integral part of these financial statements.

Consolidated 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	Reverse acquisition reserve £'000	Retained losses £'000	Total £'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)**

The notes on pages 31 to 64 are an integral part of these financial statements.

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)**

The notes on pages 31 to 64 are an integral part of these financial statements.

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.

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

2.1 Basis of preparation (continued)

• 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.

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

2 Summary of significant accounting policies (continued)

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.

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

2 Summary of significant accounting policies (continued)

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

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

2 Summary of significant accounting policies (continued)

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.

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

2 Summary of significant accounting policies (continued)

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.

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

2 Summary of significant accounting policies (continued)

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 Summary of significant accounting policies (continued)

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.

4 Critical accounting estimates and judgements (continued)

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.

Comparative figures for 2017 have been restated to correlate with the presentation of 2018 results that have been separated between the continuing and discontinued operations.

5 Continuing and discontinued operations (continued)

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	Total
	2018	2017
	£'000	£'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)

5 Continuing and discontinued operations (continued)

5b Continuing operations – segmental information (continued)

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.

5 Continuing and discontinued operations (continued)

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	2017
	£000	£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**

5 Continuing and discontinued operations (continued)

5c Details of the sale of Camtronics Vale Limited (continued)

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

5 Continuing and discontinued operations (continued)

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

5 Continuing and discontinued operations (continued)

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	2017
	£000	£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.

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

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					
At 1 January 2017	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.

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

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

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

11 Trade and other receivables (continued)

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 £'000	2017 £'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 £'000	2017 £'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 2018 £'000	**Company 2018 £'000**	Group 2017 £'000	Company 2017 £'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.

2018	**No of shares issued 000s**	**Issue price 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.

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

13 Share capital (continued)

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**

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

13 Share capital (continued)

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

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

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

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

15 Trade and other payables (continued)

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.

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

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 £'000**	2017 £'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 Number**	2017 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 £'000**	2017 £'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**	2017
	£'000	£'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**	2017
	£'000	£'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

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

22 Income tax credit

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

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

24 Earnings per share (continued)

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.

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

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.

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