

PhotonStar Technology Limited

Annual Report

for the year ended 31 December 2018



Company registered number: 7432139

PhotonStar Technology Limited

Financial statements for the year ended 31 December 2018

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PhotonStar Technology Limited

Company Information

Director

Antos Glogowski

Registered Number

7432139

Registered Office Address

20 – 22 Wenlock Road
London
N1 7GU

PhotonStar Technology Limited

Strategic Report

The director presents his strategic report for the year ended 31 December 2018.

Business review

In 2018 the Company's parent company was Photonstar LED Group PLC, and the parent company and its subsidiaries funded the Company's development program. The development of the new Halcyon IoT platform 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 parent company's diminishing cash resources. There was only a small volume of Halcyon sales in 2018 £0.074m (2017: £0.297m), and the operating loss before tax was £1.446m (2017: loss £1.562m). In 2018, there was a research and development tax credit of £0.118m (2017: £0.104m). As a result of the wind down of the Company's operations, at the end of 2018 closure costs of £0.067m (2017: £Nil) were accrued, and all the assets of this Company were fully impaired causing a 2018 impairment charge of £0.501m (2017: £0.749m).

Post Year End

In January 2019 the parent company announced its intention that Photonstar Technology Limited would wind down its activities in an orderly way. This was approved in a General Meeting of the parent company in April 2019. In March 2019 the parent company changed its name to Bould Opportunities PLC, and in June 2019 the parent company sold all of its shareholding in the Company to a third party.

Principal risks and uncertainties

In the previous year's 2017 Strategic Report, a number of potential risks and uncertainties were highlighted that could impact on the Company's performance. The outcome of these risks and uncertainties in 2018, and in 2019 year to date, may be summarised:

- **Going Concern** – the Company had historically been loss making and similarly made a loss after tax of £1.328m in 2018 and £1.458m in 2017. Whilst at that time the Board believed that the Company had sufficient resources available to continue operating for at least the next 12 months, this was predicated on the Company achieving an anticipated growth in the levels of sales and gross margin, which were themselves subject to operational and market uncertainty. The outcome in 2018 was that there was increasing pressure on the Company'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. However, all the Company's borrowings were repaid in 2018 financed from group resources. After the 2018 year-end, in January 2019, the parent company announced its intention to wind down the Company's development operations. The wind down of this Company's remaining trade activity was confirmed at a General Meeting of the parent company in April 2019.
- **Research & Development and Product Development activities** – at the time of the 2017 Strategic Report, the directors were confident that the Company 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 Company. In 2018, the next generation of new Halcyon software was successfully rolled out to customer sites. However, as explained above, development operations were reduced in the fourth quarter of 2018 due to the Company's limited cash resources, and then further wound down from January 2019.
- **Market conditions and competition** – despite the successful trial of the Halcyon software with customers in 2018, commercial orders were not received quickly enough and there were fewer than expected sales for the 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 the 2018 results and no such risk existed at the end of 2018.

PhotonStar Technology Limited

Strategic Report (continued)

Key performance indicators (KPIs)

The Company's director uses sales, order book, gross profit percentage, net operating expenses and net debt/cash ratio as key performance indicators to help understand the development, performance and position of the business. All of the actual performances of the above KPI's were compared regularly to those formulated in the budget and latest forecast.

Financial review

In 2018, the Company invested £0.153m (2017: £0.405m) in research and development. Company sales decreased to £0.074m (2017: £0.297m). Gross margin decreased to £0.045m (2017: £0.082m) as the Company commenced the trial installation of Halcyon™ into a number of customer sites. There was an increase in administrative expenses to £1.545m (2017: £1.711m), which is mainly due to exceptional impairment costs of £0.75m (2017: £0.749m) mainly for the impairment of development costs and other assets (see note 25). Research and development tax credits of £0.118m (2017: £0.104m) were credited to income.

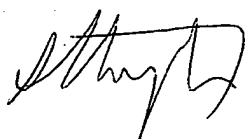
The Company's operating loss before tax and exceptional item was £0.903m (2017: £0.813m), and the loss before tax after exceptional item was £1.446m (2017: £1.562m). There is an exceptional impairment charge during the year of £0.537m (2017: £0.749m) relating mainly to the write-down development costs and other assets.

Research and development tax credits were £0.118m (2017: £0.104m).

The loss for the year after tax was £1.328m (2017: Loss £1.458m).

In 2018 the Company's parent company was Photonstar LED Group PLC, and the parent company and its subsidiaries funded the Company's development program. In the fourth quarter of 2018, the Company began to wind down its development activities. This wind down continued into 2019, with the 2019 wind down costs being provided for at the 2018 year end.

This report was approved by the Board on 18 November 2019 and was signed by order of the Board by:



Antos Glogowski
Director

PhotonStar Technology Limited

Director's Report for the year ended 31 December 2018

The director presents his report and financial statements for the year ended 31 December 2018.

Principal Activity, Business Review and Future Developments

The principal activity of the Company was the design and manufacture of the company's Halcyon wireless building control system and clouds software as well as LED lighting and LED light engines for specialist applications. The Statement of Comprehensive Income is set out on page 7. A review of the Company's trading during the year, post balance sheet events, and its prospects for the future are set out in the Strategic Report. In 2018 and until June 2019 the Company was a wholly owned subsidiary of PhotonStar LED Group PLC, which was considered to be the Company's ultimate parent company. In June 2019 the parent company sold the whole of its shareholding in the Company to a third party.

Dividends

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

Research and Development

In 2018 the Company continued to invest in research and development associated with the design, development and manufacture of the companies halcyon wireless building control systems and LED light engines. Costs attributed to this process have been charged to the 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'.

Directors

The directors of the Company who served during 2018 are listed below:

James McKenzie – resigned 29 January 2019

Majd Zoorob – resigned 12 February 2019

In 2019, Martin Lampshire was appointed a director on 12 February 2019 and he resigned on 19 June 2019. Antos Glogowski was appointed a director on 19 June 2019.

The interests of Dr James McKenzie and Dr Majd Zoorob in shares and in share options over the share capital of PhotonStar LED Group PLC are set out in the Annual Report of PhotonStar LED Group PLC for the year ended 31 December 2018.

Employees

Information concerning employees and their remuneration is given in note 7.

The Company's employment policies were designed to attract, retain and motivate the very best staff for each role in the company, 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 company as a whole and the area in which they work. Financial and economic factors were dealt with in this context.

Donations

No donations were made during the year (2017: £nil).

Policy on Payment of Creditors

The Company aimed to settle supplier accounts in accordance with individual suppliers' terms of business.

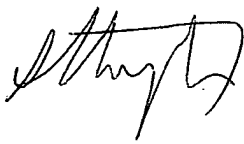
PhotonStar Technology Limited

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

Going Concern

The director has concluded, having regard to the most recent projections available, that the Company has in place sufficient funding to enable it to meet its liabilities to third parties as they fall due.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Antos Glogowski', written over a horizontal line.

Antos Glogowski
Director

18 November 2019

PhotonStar Technology Limited

Director's Responsibilities Statement

The director is responsible for preparing the strategic report and the director's report and financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements 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;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

PhotonStar Technology Limited

Statement of Comprehensive Income for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Revenue	5	74	297
<i>Cost of Sales</i>		(29)	(215)
Gross Profit		45	82
Administrative Expenses (excluding exceptional item)		(1,008)	(962)
Exceptional item (administrative expenses)	6b	(537)	(749)
Total administrative expenses		(1,545)	(1,711)
Other Operating Income		54	67
Operating Loss	6a	(1,446)	(1,562)
<i>Financial Expense</i>		-	-
Loss before Income Tax		(1,446)	(1,562)
Income Tax	8	118	104
Loss and Total Comprehensive Income for the year attributable to the equity shareholder		(1,328)	(1,458)

The results relate to continuing operations.

The notes on pages 11 to 28 are an integral part of these financial statements.

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Registered number: 7432139 (England and Wales)

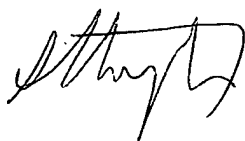
Statement of Financial Position As at 31 December 2018

	Notes	2018 £'000	2017 £'000
Non-Current Assets			
Property, Plant & Equipment	9	-	15
Intangible Assets	10	-	718
		-	733
Current Assets			
Inventories	11	-	108
Trade and Other Receivables	12	13	62
Current Tax assets		-	48
Cash and Cash Equivalents	13	2	2
		15	220
Total Assets		15	953
Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary Shares	17	-	-
Capital Reserve		9,000	9,000
Share Option Reserve		-	53
Accumulated Losses		(11,672)	(10,397)
Total Equity		(2,672)	(1,344)
Liabilities			
Current Liabilities			
Trade and Other Payables	15	2,687	2,248
Borrowings	15	-	49
Total Liabilities		2,687	2,297
Total Equity and Liabilities		15	953

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for preparation of financial statements.

The notes on pages 11 to 28 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 18 November 2019 and were signed on its behalf by:



Antos Glogowski
Director

PhotonStar Technology Limited

Statement of Cash Flows for the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash Flows from Operating Activities			
Loss before tax		(1,446)	(1,562)
Depreciation	9	6	6
Amortisation	10	530	476
Impairment of intangible assets	10	341	749
Impairment of tangible assets	9	10	-
Share option charge		-	11
Grant income		(69)	(55)
Profit on sale of property, plant and equipment		-	(12)
Change in inventories	11	108	9
Change in trade and other receivables	12	49	54
Change in trade and other payables	15	5	(33)
Cash Used in Operations		(466)	(357)
Tax Received		166	189
Net Cash Used in Operating Activities		(300)	(168)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	9	-	(10)
Proceeds from disposal of plant and equipment		-	12
Purchase of intangible assets	10	(153)	(405)
Net Cash Used in Investing Activities		(153)	(403)
Cash Flows from Financing Activities			
Increase/(decrease) in borrowings	15	(49)	5
Increase in Intra Group Funding	15	502	544
Net Cash Generated from Financing Activities		453	549
Net increase/(decrease) in Cash and Cash Equivalents		-	(22)
Cash and Cash Equivalents at the start of the year		2	24
Cash and Cash Equivalents at the end of the year		2	2

The notes on pages 11 to 28 are an integral part of these financial statements.

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Statement of Changes in Equity For the year ended 31 December 2018

	Ordinary Share Capital £'000	Capital Contribution £'000	Share Option Reserve £'000	Accumulated Losses £'000	Total £'000
Balance 31 December 2016	-	9,000	42	(8,939)	103
Change in share option reserve	-	-	11	-	11
Total comprehensive income for period	-	-	-	(1,458)	(1,458)
Balance 31 December 2017	-	9,000	53	(10,397)	(1,344)
Transfer of share option reserve	-	-	(53)	53	-
Total comprehensive income for period	-	-	-	(1,328)	(1,328)
Balance 31 December 2018	-	9,000	-	(11,672)	(2,672)

The notes on pages 11 to 28 are an integral part of these financial statements.

PhotonStar Technology Limited

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

1. General information

During 2018 and until June 2019 PhotonStar Technology Limited was a wholly owned subsidiary of PhotonStar LED Group PLC. In March 2019 the parent company changed its name to Bould Opportunities PLC. In June 2019 the parent company sold all of its shareholding in the Company to a third party. The Company is a limited liability company incorporated and domiciled in the United Kingdom.

The principal activity of the Company is the design and manufacture of LED lighting fixtures and LED light engines. The Company's registered number is 7432139 (England and Wales) and its registered office address is 20-22 Wenlock Road, London N1 7GU.

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 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted by the European Union IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(a) New and amended standards adopted by the company

Standards and amendments to IFRSs which were effective for the first time in the current period did not have a material effect on these financial statements.

(b) 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 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 Company for the accounting period beginning 1 January 2018. The new standard replaces IAS 39 "Financial Instruments: Recognition & Measurement" and the changes introduced by the new standard can be grouped into the following three categories Classification & Measurement, Impairment and Hedging. The impact of the new standard in the Group was the following:

- Classification and measurement: IFRS 9 contains three principal classification categories for financial assets which are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale financial assets. There were no changes to net assets from changes in the measurement basis of financial assets.
- Impairment: IFRS 9 introduces an expected credit loss model which requires expected credit losses and changes to expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Financial assets measured at amortised cost or FVOCI are subject to the impairment provisions of IFRS 9. The adoption of this standard has not resulted in any material changes in the level of provision for financial assets.
- Hedging: IFRS 9 introduces new hedge accounting requirements. IFRS 9 aligns hedge accounting relationships with the Company's risk management objectives and strategy. The Company 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 Company 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 profit or loss.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

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

The 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 Company 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 director has adopted the going concern basis in preparing the financial statements for the year ended 31 December 2018. The Company reported a loss for the year and its operations were funded via funds advanced by other group undertakings. The Group has also reported a loss for 2018 in the consolidated financial statements. Therefore, in reaching the conclusion to adopt the going concern basis, the Company's directors have considered the forecast trading and funding of both the Company and the Group for the period of just over 12 months from the date of approval of these financial statements.

Cash flow projections prepared by the director show that the Company will continue to require financial support from the parent company to enable it continue to operate for a period of 12 months from the date the financial statements were signed and meet its liabilities as they fall due. After the year end the parent company has raised additional working capital and this has been sufficient to support the orderly wind down in the operations of the Company in the first six months of 2019. Having wound down the operations of the Company, in June 2019 the parent company sold the whole of its shareholding in the Company. Any subsequent operations of the Company will require new funding sources to be found.

2.3 Segmental reporting

The Company had a single reportable segment, being its principal activity of design and manufacture of the company's Halcyon wireless building control systems and software including LED lighting were supervised by the same management team and results are not separately reported upon.

The principal activity of Halcyon wireless building control systems and software gave rise to revenue through amounts charged to customers in respect of the sale of Halcyon™ systems.

2.4 Foreign currency translation

The functional currency of the Company is sterling. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated at the period end exchange rate for inclusion within the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.5 Intangible fixed assets

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).

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

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 recognised initially at cost. Development costs 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). Amortisation only commences when the asset is available for use.

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

2.6 Property, plant and equipment

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

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

- Plant, fixtures, furniture and equipment 3 – 5 years

The residual values of property, plant and equipment are reassessed annually and when there is an indication of a change in residual value.

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. The charge is recognised in the statement of comprehensive income. 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.

2.7 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.

2.8 Impairment of assets

The Company 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 its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

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

2.10 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 comprises the purchase price including transport and handling costs.

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

2.11 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.

2.12 Share capital and capital reserve

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. Capital reserve is the total of the capital contributions made to the Company by its parent company.

2.13 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.

2.14 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 date of the statement of financial position.

2.15 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. 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.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Summary of significant accounting policies (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred

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

2.16 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. 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 Company 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.

2.17 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 Company 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.

2.18 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.

Lease incentives and similar arrangements of incentives are taken into account when calculating the straight-lined expense.

2.19 Share based payments and share option reserve

The Company has operated an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options over shares of the parent company 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).

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.

2.20 Provisions

The Company's provisions relate to product warranties.

Provisions are recognised when the Company 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.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Financial risk

3.1 Capital risk management

The Company 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 19 describes how capital is managed in respect of the debt to equity ratio.

3.2 Financial risk factors

The Company's operations expose it to foreign exchange risk, credit risk, and liquidity risk. The Company seeks to limit the adverse effects of these risks on the financial performance of the Company by monitoring exchange rates, customer credit ratings, levels of debt finance and related finance costs. The Company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the directors and by the Company's finance staff.

Foreign exchange risk

The Company sources internationally and is exposed to foreign exchange risk arising from purchases made in foreign currencies (primarily US dollar and Euro) and resold in Sterling. Foreign exchange risk also arises on the translation of foreign currency denominated monetary liabilities. Foreign currency risk is managed by periodic re-pricing of Sterling product selling prices using up to date currency purchase prices and exchange rates.

Credit risk

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's financial liabilities include its borrowings and trade and other payables shown in note 15. Responsibility for monitoring liquidity risk lies with the board. Contractual maturity analysis for financial liabilities is also shown in note 15.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

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 believe 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.

Impairment of non-current assets

Determining whether intangible assets, plant and equipment are impaired requires an estimation of the value in use of those assets.

The value in use calculation requires the Company 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. Estimate of business segments' future performance are based on past performance and then update for the board's assessment of current opportunities and related growth prospects. The status of the development projects is also taken into account.

An impairment provision of £351,000 is required at 31 December 2018 (2017: £749,000).

Provisions for stock and trade and other receivables

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. The stock provision (including impairment see note 25) t 31 December 2018 was £103,000 (2017: £138,000). The directors assess stocks on line by line basis and make assumptions regarding the future use of each line based on the age of each item, the historical usage of the stock line, and the budgeted sales for the related products. Further details about the impairment of trade and other receivables is set out in note 12.

5 Segmental information

The directors consider that the Company has operated in one business segment, halcyon and light engine design and manufacture.

The Company's principal activity consisted of the design, manufacture and sales in the UK of halcyon and light engines.

6a Operating loss

Operating loss is stated after charging/(crediting):

	2018 £'000	2017 £'000
Cost of inventory recognised as expense	29	215
Employee costs	496	502
Pension contributions	2	1
Government grants	(54)	(55)
Depreciation of property, plant and equipment	6	6
Amortisation of intangible assets	530	476
Profit on disposal of property, plant and equipment	-	(12)
Exchange losses/(gains)	1	-

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

6b Exceptional item

	2018 £'000	2017 £'000
Impairment and other exceptional losses (see Note 25)	537	749

7 Employee benefit expense

	2018 £'000	2017 £'000
Wages and salaries	452	450
Social security costs	44	52
	496	502

Details about directors' emoluments can be found in note 18.

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

By activity	2018 Number	2017 Number
Sales	2	4
Production and development	5	6
Administration	1	1
	8	11

8 Income tax credit

	2018 £'000	2017 £'000
Current Taxation		
Current taxation: research and development tax credits		
UK corporation tax on loss for the year	(118)	(104)
	(118)	(104)
Loss before tax	(1,446)	(1,562)
Effective tax rate	19.00%	19.25%
Loss before tax at the standard rate of UK corporation tax	(275)	(301)
Expenses not deductible for tax purposes (including exceptional item)	82	146
R & D tax credit	(118)	(104)
Tax losses for which no deferred tax asset is recognised	193	155
Total tax credit	(118)	(104)

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

9 Property, plant and equipment

	Plant & Equipment £'000	Furniture & Fittings £'000	Total £'000
Cost			
31 December 2016	89	23	112
Additions	10	-	10
Disposals	(11)	-	(11)
31 December 2017	88	23	111
Additions	1	-	1
Disposals	-	-	-
31 December 2018	89	23	112
Depreciation			
31 December 2016	83	18	101
Charge for the year	4	2	6
Disposals	(11)	-	(11)
31 December 2017	76	20	96
Charge for the year	4	2	6
Impairment (see note 25)	9	1	10
Disposals	-	-	-
31 December 2018	89	23	112
Net book value			
31 December 2018	-	-	-
31 December 2017	12	3	15

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Intangible assets

	Patents & Licences £'000	Development Costs £'000	Total £'000
Cost			
31 December 2016	77	2,964	3,041
Additions	-	405	405
Disposals	-	-	-
31 December 2017	77	3,369	3,446
Additions	-	153	153
Disposals	-	-	-
31 December 2018	77	3,522	3,599
Depreciation			
31 December 2016	75	1,428	1,503
Charge for the year	1	475	476
Impairment (see note 25)	-	749	749
Disposals	-	-	-
31 December 2017	76	2,652	2,728
Charge for the year	1	529	530
Impairment (see note 25)	-	341	341
Disposals	-	-	-
31 December 2018	77	3,522	3,599
Net book value			
31 December 2018	-	-	-
31 December 2017	1	717	718

Included within additions to development costs are costs of £153,000 (2017: £234,000) which are staff and other internal costs capitalised in the year.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

11 Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	-	195
Work in progress	-	27
Finished goods	-	24
Provisions	-	(138)
Net	-	108

The cost of inventories recognised as an expense and included in cost of sales amounted to £29,000 (2017: £215,000). At 31 December 2018 there was a stock impairment charge of £138,000 (2017: £nil) (see note 25).

12 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	-	58
Less: provision for impairment	-	(4)
Prepayments and other receivables	13	8
	13	62

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on 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 represents the maximum exposure to credit risk. No collateral is held as security.

The fair value of trade and other receivables approximates to the net book value stated above. All trade and other receivables balances are denominated in Sterling.

The Company allows an average debtor's payment period of 30 days after end of month following invoice date. It is the company's policy to assess debtors for recoverability on an individual basis and to make provision where it is considered necessary. In assessing recoverability, the Company takes into account any indicators of impairment up until the reporting date. No debtors' balances have been re-negotiated neither during the period nor in the prior period.

As of 31 December 2018, trade receivables of £nil (2017: £26,000) were past due but not impaired. In 2017 these relate to a number of independent customers for whom there was no recent history of default. The ageing analysis of these trade receivables is as follows: -

	2018 £'000	2017 £'000
2 months past due	-	26
Total	-	26

As of 31 December 2018 £nil receivables were impaired (2017: £4,000)

The value of trade receivables shown above represents the Company's maximum exposure to credit risk. No collateral is held as security.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

12 Trade and other receivables (continued)

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

	2018 £'000	2017 £'000
Opening balance	4	34
Utilised	(4)	(30)
Closing Balance	-	4

13 Cash and cash equivalents

	2018 £'000	2017 £'000
Cash in hand and current account balances	2	2

14 Financial assets and liabilities

The following table analyses the carrying value of financial assets and financial liabilities in the Statement of Financial Position. Further information on the classes that make up each category is provided in the notes indicated. It is the directors' opinion that the carrying value of each category is considered a reasonable approximation of its fair value. All amounts are due within one year.

	Notes	2018 £'000	2017 £'000
Trade receivables	12	-	54
Total loans and receivables		-	54
Cash and cash equivalents	13	2	2
Total financial assets		2	56
Trade payables	15	47	85
Other payables and accruals	15	117	90
Borrowings	15	-	49
Amounts owed to parent undertaking		2,473	1,971
Financial liabilities at amortised cost		2,637	2,195
Total financial liabilities		2,637	2,195

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

15 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	47	85
Accruals	117	157
Social security and other taxes	50	11
Deferred grants	-	24
Amounts due to parent undertaking	2,473	1,971
	2,687	2,248

Trade Payables	Total £'000	Due or due in less than 1 month £'000	Due between 1 and 3 months £'000
31 December 2018	47	18	29
31 December 2017	85	31	54

Borrowings	2018 £'000	2017 £'000
Current Borrowings		
Invoice Finance	-	49

16 Deferred income tax

There is an un-provided deferred tax asset arising on taxable losses of approximately £8.2m (2017: £7.5m). 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 view will be reconsidered once the Company demonstrates consistent profitability.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

17 Share capital and capital contribution

	2018 Number	2018 £	2017 Number	2017 £
Authorised				
Ordinary shares of £1.00 each	100	100	100	100
Allotted, called up and fully paid				
Ordinary shares of £1.00	1	1	1	1

Rights, preferences and restrictions attached to each class of share:

Class of Share	Winding up	Voting	Dividends
Ordinary of £1.00 each	Equal rights	1 vote per share	Entitlement recommended by directors

Share Options

The parent company has entered into share option contracts with employees under the PhotonStar Group PLC Enterprise Management Incentives (EMI) Scheme.

The parent company options provide employees with the option to acquire ordinary shares in the parent company at a fixed exercise price. An employee's ability to exercise the option is not subject to any vesting criteria other than the passage of time and his or her continued employment by the Company. All the contracts have a 10-year term and lapse inter alia upon either an employee giving or receiving notice of the termination of his or her employment with the Company. Any obligations arising under these contracts are to be settled by the parent company through the issue of new shares at the relevant exercise price, and re-charging the Company for the cost of the issue at that time. Details of these parent company options are set out in the financial statements of that company.

18 Directors' emoluments

Details of the compensation that became payable during the period to the Company's directors are provided below:

	2018 £'000	2017 £'000
Dr. J S McKenzie	109	115
Dr. M E Zoorob	43	83
	152	198
Social security – employer's national insurance	22	26
Share based charges	-	12
Pensions	1	1
	175	237

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

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

18 Directors' emoluments (continued)

The emoluments of the highest paid director were as follows:

	2018 £'000	2017 £'000
Aggregate emoluments	109	115

No share options were exercised by any director, nor any options granted, in the years ended 31 December 2018 and 31 December 2017.

19 Capital management

Capital is defined as equity plus non-group borrowings, and the Company is not subject to any externally imposed capital requirements. The Company's objectives when managing its capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for its shareholder and benefits for other stakeholders, and
- to provide an adequate return to its shareholder by pricing products and services commensurately with the level of risk.

The Company's board sets the amount of capital in proportion to risk. The Company's board manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to its shareholder, return capital to its shareholder, issue new shares, or sell assets to reduce debt.

The Company monitors its capital on the basis of its debt-to-adjusted capital ratio. This ratio is calculated as net debt ÷ adjusted capital. Net debt is calculated as total borrowings less cash and cash equivalents (in both cases as shown in the statement of financial position). Adjusted capital comprises all components of equity (i.e. ordinary shares, share premium, share option reserve and retained earnings).

The debt-to-adjusted capital ratios were as follows:

	2018 £'000	2017 £'000
Total borrowings	-	49
Less: Cash and cash equivalents	(2)	(2)
Net debt	(2)	47
Adjusted capital	(2,672)	(1,344)
Debt-to-adjusted capital ratio	- %	(3.5)%

20 Commitments

(a) Capital commitments

There were no capital commitments at 31 December 2018 (2017: £nil).

(b) Operating lease commitments

There are no lease commitments at 31 December 2018 (2017: £nil)

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

21 Auditor's Remuneration

During the period the Company obtained the following services from the Company's auditor at costs as detailed below:

	2018 £'000	2017 £'000
Fees payable to Company's auditor for the audit of the company's financial statements	-	7
Fees payable to the Company's auditor and its associates for other services:	-	2
Total	-	9

22 Related party transactions and balances

Transactions with Group Companies

During 2018, the Company's parent company, PhotonStar LED Group PLC, charged £nil (2017: £60,000) for services. The parent company advanced funds to the Company during the year. The balance owing to the parent company at 31 December 2018 was £2,473,000 (2017: £1,456,000).

During 2018, the Company made purchases of £Nil (2017: £44,000) from its then fellow subsidiary, Camtronics Vale Limited (sold to a third party in January 2018), and, at 31 December 2017, the amount owed to Camtronics Vale Limited was £Nil (2017: £29,000).

During 2018, the Company made sales of £10,000 (2017: £30,000) to, and was charged £496,000 (2017: £625,000) for salaries, goods and services by, its then fellow subsidiary, PhotonStar LED Limited (in liquidation from November 2018), and, at 31 December 2018, the amount owed to PhotonStar LED Limited was £Nil (2017: £203,000).

All intragroup loans are unsecured and repayable on demand.

23 Parent and ultimate controlling party

During 2018 and until June 2019, the Company was controlled by its parent company PhotonStar LED Group PLC. There was no ultimate controlling party. The smallest and largest group in which the results of the Company are consolidated is that headed by PhotonStar LED Group PLC. The consolidated financial statement may be obtained from the registered office of the parent company. In March 2019 the parent company changed its name to Bould Opportunities PLC. In June 2019 the parent company sold all its shareholding in the Company to a third party.

24 Contingent liability

The Company's parent company PhotonStar LED Group Plc had entered into an agreement in November 2015 for a Group finance facility of £1,500,000 with ABN AMRO Commercial Finance PLC, which at 31 December 2017 resulted in a fixed and floating charge on all the assets of the Company as part of the facility's security at that date. This commitment no longer existed at 31 December 2018.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

25 Exceptional item

In January 2018 the parent company sold a fellow subsidiary resulting in an exceptional loss of £36,000 (2017: £Nil) to the Company from the novation of the Company's intergroup debt.

At 31 December 2018 the former directors were undertaking an orderly wind down of the Company's operations. Consequently, the remaining assets of the Company were fully impaired at that date resulting in a combined impairment charge of £434,000 (2017: £749,000) and a provision of £67,000 (2017: £Nil) was made for the costs to be incurred in winding down the remaining operations in 2019.

At 31 December 2017, as a result of the change in strategic direction by the Company towards transitioning into a Group that increasingly focuses on being a retrofit connected lighting and building management business, the Board reviewed, in conjunction with the annual review of goodwill, the value of certain historic assets on the balance sheet but which were related to non-strategic areas of the Group. The result of this review was that they concluded that there should be an impairment charge to the balance sheet of £749,000. This related the impairment of £749,000 of development costs within the halcyon and light engine business segment. The impairment of Halcyon™ development costs was due to a change in the assumptions used in calculating the future cash flows of business units. Previously, 10 year future cash flows with terminal value were used in this calculation and this was changed to 5 years with terminal value.

In accordance with the Company's accounting policy, at 31 December 2017 the carrying value of the cash generating unit's operating assets were tested for impairment. This was done by calculating its' value in use using certain key assumptions. The key assumptions applied were as follows:

- Future time period – 5 years plus terminal value
- A positive growth rate for the turnover for halcyon™ :

Turnover / % Growth	PhotonStar Technology Limited and its halcyon™ and LED light engines business
2018	£0.3m
2019	£2.0m
2020	£3.0m
2021	£3.0m
2022	£3.5m

- A discount factor of 12%
- Use of an EBITDA forecast, adjusted for forecast movements in working capital and capital expenditure, as a reasonable estimate for future cash flow

At 31 December 2017 a projected EBITDA was calculated based on a detailed forecast for one year, and growth assumptions based on expected overall sector growth for up to 5 years plus terminal value. Expected future cash flows were based on the CGU's detailed budget cash flows for the financial year ending 31 December 2018 and the assumption that revenues would grow using the assumptions noted above. The directors were content that this growth was achievable because of the view taken by the directors of the opportunities for the halcyon™ retrofit lighting product. The cash generating unit value in use was calculated using average discounted cash flows reflective of its cash generation throughout each future financial year and using a pre-tax discount factor of 12%.

PhotonStar Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

25 Exceptional item (continued)

At 31 December 2017 different assumptions could have resulted in the following 2017 recoverable amounts:

	Recoverable amount/(Impairment) £'000
Determined recoverable amount	719
Different Growth factors	
2% growth for all business and Halcyon sales of £1.5m in 2019	(1,082)
6% growth for all business and Halcyon sales of £1.5m in 2019	(833)
Using different discount factors	
10%	935
15%	438
Using different EBITDA forecast	
+10%	1,305
-10%	139
-25%	(735)
-50%	(2,192)

26 Subsequent events

In March 2019 the parent company changed its name to Bould Opportunities PLC. In June 2019 the parent company sold its shareholding in the Company to a third party.

Antos Glogowski is now the ultimate controlling party.