

**REGISTERED NUMBER: 08502405 (England and Wales)**

**UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**FOR**

**CHIARO TECHNOLOGY LIMITED**

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**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**CHIARO TECHNOLOGY LIMITED**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**DIRECTORS:** T Aube  
A Asseily  
S P King

**SECRETARY:** J D Aube

**REGISTERED OFFICE:** 63 - 66 Second Floor  
Hatton Garden  
London  
EC1N 8LE

**REGISTERED NUMBER:** 08502405 (England and Wales)

**ACCOUNTANTS:** Horizon Accounts Ltd  
Stapleton House Second Floor  
110 Clifton Street  
London  
EC2A 4HT

**STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2017**

	Notes	31.12.17		31.12.16	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	5		49,362		31,678
Tangible assets	6		<u>31,544</u>		<u>26,820</u>
			80,906		58,498
<b>CURRENT ASSETS</b>					
Stocks		392,457		328,700	
Debtors	7	311,260		288,163	
Cash at bank		<u>1,879,945</u>		<u>4,873,556</u>	
		2,583,662		5,490,419	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>820,576</u>		<u>1,104,598</u>	
<b>NET CURRENT ASSETS</b>			<u>1,763,086</u>		<u>4,385,821</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,843,992</u>		<u>4,444,319</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		181,913		181,913
Share premium			7,084,381		7,084,381
Share option reserve			1,118,569		806,688
Accumulated losses			<u>(6,540,871)</u>		<u>(3,628,663)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,843,992</u>		<u>4,444,319</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

**STATEMENT OF FINANCIAL POSITION - continued**  
**31 DECEMBER 2017**

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The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 26 September 2018 and were signed on its behalf by:

T Aube - Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1. STATUTORY INFORMATION**

Chiaro Technology Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Significant judgements and estimates**

Share based payments as set out in note 10 to the accounts have been made to employees of the company. As disclosed in the Share Based Payments accounting policy note below, the fair value of any vested share options is recognised in the income statement and for the accounting year ended 31 December 2017 the fair value has been estimated as £1.15 per share for approved scheme. This is based on the price of shares most recently issued.

There have been no other significant judgements or estimates applied to the numbers contained within these financial statements.

**Turnover**

Turnover inclusive of discounts and rebates is measured at the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

**Other operating income**

Other operating income represents grants received in the period and are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intellectual property are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of three years.

**Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold property - 20% on straight line  
Office equipment - 33.33% on straight line  
Fixtures and fittings - 33.33% on straight line  
Computer equipment - 33.33% on straight line

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**3. ACCOUNTING POLICIES - continued**

**Stocks**

Stocks are valued on a weighted average cost model, after making allowance for obsolete and slow moving stock.

**Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances and investments in commercial paper, 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 Income Statement.

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 Income Statement.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in, the Income Statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) 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.

**Taxation**

Taxation for the year comprises current tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

**Research and development**

Revenue expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**3. ACCOUNTING POLICIES - continued**

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Share based payments**

The company operates an equity-settled, cash-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. 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). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement. The credit entry is taken to reserves because the share options are equity-settled.

**Going concern**

The financial statements have been prepared on the going concern basis. The company has incurred losses during the period, however the directors have a reasonable expectation that the performance of the company will be reversed when the research and development stage has been completed. Based on the three year cash flow forecast drafted post year end, the directors have positive expectations of raising additional finance. Also post year end there are investors who have committed to additional convertible loan investment, giving the directors a reasonable expectation that the company will have sufficient resources to be able to meet its future liabilities, if and when they become due. It is on this basis that the directors are therefore of the opinion that they should continue to adopt the going concern basis in preparing the annual financial statements.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

**4. EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 27 (2016 - 17) .

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**5. INTANGIBLE FIXED ASSETS**

	<b>Intellectual property £</b>	<b>Computer software £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 January 2017	34,714	2,020	36,734
Additions	28,057	-	28,057
Disposals	(5,970)	-	(5,970)
At 31 December 2017	<u>56,801</u>	<u>2,020</u>	<u>58,821</u>
<b>AMORTISATION</b>			
At 1 January 2017	3,259	1,797	5,056
Amortisation for year	5,098	223	5,321
Eliminated on disposal	(918)	-	(918)
At 31 December 2017	<u>7,439</u>	<u>2,020</u>	<u>9,459</u>
<b>NET BOOK VALUE</b>			
At 31 December 2017	<u>49,362</u>	<u>-</u>	<u>49,362</u>
At 31 December 2016	<u>31,455</u>	<u>223</u>	<u>31,678</u>

**6. TANGIBLE FIXED ASSETS**

	<b>Leasehold property £</b>	<b>Office equipment £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>COST</b>					
At 1 January 2017	4,540	11,302	3,941	28,400	48,183
Additions	3,950	612	-	18,075	22,637
At 31 December 2017	<u>8,490</u>	<u>11,914</u>	<u>3,941</u>	<u>46,475</u>	<u>70,820</u>
<b>DEPRECIATION</b>					
At 1 January 2017	1,212	9,266	1,830	9,055	21,363
Charge for year	1,349	1,277	1,274	14,013	17,913
At 31 December 2017	<u>2,561</u>	<u>10,543</u>	<u>3,104</u>	<u>23,068</u>	<u>39,276</u>
<b>NET BOOK VALUE</b>					
At 31 December 2017	<u>5,929</u>	<u>1,371</u>	<u>837</u>	<u>23,407</u>	<u>31,544</u>
At 31 December 2016	<u>3,328</u>	<u>2,036</u>	<u>2,111</u>	<u>19,345</u>	<u>26,820</u>

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.12.17</b>	<b>31.12.16</b>
	<b>£</b>	<b>£</b>
Trade debtors	202,233	91,674
Other debtors	109,027	196,489
	<u>311,260</u>	<u>288,163</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.12.17</b>	<b>31.12.16</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	500,000
Trade creditors	496,116	85,459
Taxation and social security	45,442	40,003
Other creditors	279,018	479,136
	<u>820,576</u>	<u>1,104,598</u>

**9. CALLED UP SHARE CAPITAL**

**Allotted, issued and fully paid:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>31.12.17</b>	<b>31.12.16</b>
			<b>£</b>	<b>£</b>
13,408,726	Ordinary shares	£0.01	134,087	134,087
4,782,609	A Ordinary	£0.01	47,826	47,826
			<u>181,913</u>	<u>181,913</u>

Ordinary and A Ordinary have attached to them full voting and dividend rights. Both classes of shares are equally ranked and carry the right to capital distribution on winding up.

**10. SHARE-BASED PAYMENT TRANSACTIONS**

The company operates an EMI qualifying share option scheme. As at the date of the Statement of Financial Position, the company had granted 1,458,360 EMI qualifying share options to 28 employees with an exercise price ranging from £0.10 to £0.12 per share. During the year, 427,104 share options vested, 61,096 share options lapsed and none of the share options were exercised. Share options range over different vesting periods and cliffs per level of staff ranging from 1 to 3 years while some are without cliffs.

The company has issued warrants to subscribe for shares at a fixed price in the future on the occurrence of certain events set out in the warrant agreement. As at the date of the Statement of Financial Position, the company had granted and issued 156,622 warrants to three advisors with an exercise price of £0.01 to £0.0933 per share.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.