



HIGHWAY CAPITAL *plc*

ANNUAL REPORT For the year ending 28 February 2021

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Chairman's statement
Year ended 28 February 2021

Dear Shareholders

In the financial year ending 28 February 2021, the Company has continued to seek a suitable acquisition, which would enable the restoration of the listing.

The Directors have examined and whittled down potential target companies to a small number.

We are currently in discussion with a possible target and if these progress satisfactorily, we will notify the shareholders and relevant regulatory bodies as soon as possible.


LUDWIK Sobolewski (June 30 '21) 17:14 GMT+3

Ludwik Sobolewski
Chairman

30 June 2021

Strategic report

Year ended 28 February 2021

Review of Business

The company received one-off management fees of £164,500 in the year and this has been recognised in revenue on the face of the Statement of Comprehensive Income. As a result, the Company recorded an improved performance for the year generating a loss of £134,790 compared to £292,425 in the prior period.

The Company otherwise continues to be a 'cash-shell' and this is expected to be the case for the forthcoming period.

As detailed in the Chairman's statement, Directors have examined and whittled down potential target companies to a small number and are currently in discussion with a possible target and if these progress satisfactorily, will notify the shareholders and relevant regulatory bodies as soon as possible.

Convertible Loan Notes – Current Financial Year

In the year ending 28 February 2021, the Company completed a placing of £230,000 Convertible Loan Notes for working capital purposes. The notes have a term of 5 years, attract 5% interest per annum and are convertible into new shares in the company.

The convertible loan note issued 24 June 2020 for the amount of £80,000 to unconnected investor has a conversion price of 10p per new ordinary share.

The convertible loan notes issued between 10 July and 14 July 2020 for a total amount of £100,000 to two unconnected investors have a conversion price of 5p per new ordinary share.

The note holders may convert the Convertible Loan Note at any time six months after the date of issue or following the completion of an investment by the Company to a value in excess of 50% of the net asset value of the Company. The Lender's conversion rights are limited to the extent that the Company has adequate shareholders' and other regulatory authority to issue shares in the Company.

A separate Convertible Loan Note for the amount of £50,000 to an unconnected investor was issued on 12 May 2020 and repaid on 2 July 2020.

Directors Loans

The Company received the following loan from the Director of the Company:

Maciej Szytko, a director of the Company, provided loans of £3,900 and £9,215 (€10,000) on 19 March 2020 and 14 April 2020 respectively. These loans have now been repaid, as well as the 15 March 2019 loan of £5,000.

Financial review

Key Highlights

	2021	2020
Management fees	164,500	—
Administrative expenses	(299,290)	(292,425)
Operating loss	(134,790)	(292,425)
Interest receivable	9	44
Basic loss per share	7 (1.17)p	(2.54)p
Bank and cash	41,170	3

Strategic report continued
Year ended 28 February 2021

Key Risks and Uncertainties

Foreign currencies: The company deals in a variety of foreign currencies: Continual review of foreign currency movements to ensure company undertakes transactions in the most financially beneficial currency and ensuring the company is not overly exposed in one currency.

Brexit: Changing legislative environment between post Brexit UK and EU may place additional regularity burdens on the company which make it more difficult to operate with EU based companies to investments with Europe: Reviewing strategies to monitor and address the Brexit negotiations and outcomes.

Covid-19: The Pandemic may impact the Company's ability to execute an acquisition. However, the Directors will review, on an ongoing basis, the options for the Company, including raising additional funds.

Approved on behalf of the board of directors:


LUDWIK Sobolewski (Jun 30, 2021 17:14 GMT+3)

Ludwik Sobolewski

Chairman

30 June 2021

Directors' report

Year ended 28 February 2021

Your directors have the pleasure in submitting their report and the audited accounts for the year ended 28 February 2021, and consider it to be fair, balanced and understandable.

Principal activity

The Company's business strategy is to identify, evaluate and complete suitable acquisition opportunities.

Business review and management report

The loss on ordinary activities for the year before taxation was £134,781 (2020: loss £292,381). After taxation and dividends, the loss of £134,781 (2020: loss £292,381) has been transferred to reserves.

The company continues to keep expenditure to a minimum in order to preserve its cash resources. The company had cash at bank and in hand of £41,170 (2020: £3) at 28 February 2021.

Events that have occurred since the end of the financial year are detailed in note 15 to the accounts. Details of future developments can be found in the Chairman's statement.

Principle risks and uncertainties

The principal risks and uncertainties that the company faces are in identifying and acquiring suitable investments. The income of the company fluctuates with movements in interest rates.

At the date of approving these financial statements the directors are not aware of any adverse impact arising from the COVID-19 pandemic.

Dividends

The directors do not recommend the payment of a final dividend for the year.

Directors

The following directors served during the year to 28 February 2021:

L. Sobolewski (Chairman)
M. Szytko
N. Mayster
B. Patnaik

Details of directors' remuneration, service contracts and interests in the ordinary shares of the company are included in the directors' remuneration report on pages 11 and 12.

Mr Sobolewski retires by rotation and offers himself for re-election at the AGM. He does not have a service contract with the company. Following formal performance evaluations, the Board believes that the Chairman has performed effectively and that he should be re-elected.

Biographies of directors

Ludwik Sobolewski, 55, was appointed a non-executive director and Chairman on 22 January 2016. Mr Sobolewski currently serves as CEO of the Bucharest Stock Exchange, where he has been charged with a mission to implement a deep reform of the infrastructure of the Romanian capital market, in cooperation with the Government, the National Bank of Romania, the Romanian Financial Services Authority and market participants. Prior to joining the Bucharest Stock Exchange, Mr Sobolewski served as the CEO and President of the Management Board of the Warsaw Stock Exchange. Mr Sobolewski's background also includes serving as President of the Association of Polish Lawyers and Executive Vice-President of the National Depository for Securities. Mr Sobolewski is currently on the supervisory boards of ZE PAK, a company listed on the Warsaw Stock Exchange, the Financial Revision Commission of the Sztuka Media Film Foundation and he is a member of the Council of the Teraz Polska (Poland Now) Foundation, promoting small and medium entrepreneurship.

Directors' report continued

Year ended 28 February 2021

Maciej Szytko, 38, was appointed as a non-executive director on 19 September 2011. He is a Commercial Studies graduate from the University of Westminster. Maciej has extensive experience in the financial market gained through participation across a broad range of projects and capital transactions, including PE/VC projects as well as Equity and Debt Raising for both IPO and SPO transactions.. He is currently a self-employed adviser and active investor in public and private companies with a focus on the Commonwealth of Independent States (CIS) and the Warsaw Stock Exchange (WSE), where his first financial successes occurred.

Nicolay Mayster, 45, was appointed as non-executive director on 29 April 2019. He graduated in Tunisia in 1997 with a Bachelor degree in Managerial Sciences, major – Banking Management. Nicolay started his career in Tunisia as an equity analyst in Smart Finance, a local research firm. In Bulgaria, he worked as an analyst and a stock broker for a large brokerage firm before starting Intercapital in 2001. Nicolay is a Chartered Financial Analyst.

Biswanath Patnaik, 43, was appointed as non-executive director on 27 November 2019. He holds an MBA and a Law degree from Utkal University, and is a banker with operations in London, Singapore and Dubai. Mr Patnaik is also a co-owner of a Multispeciality Hospital in Bhubaneswar, India. He is the Chairman of an international committee of a Social Action Foundation based out of Delhi, which provides vocational training and education to under privileged children. Biswanath's family owns three mines in the state of Odisha in India, which extract iron ore, bauxite and paraphyte.

Substantial shareholdings

At 28 February 2021 the company had been notified, in accordance with the Disclosure and Transparency Rules of the Financial Services Authority, of the following notifiable interests in the ordinary share capital of the company:

	Number of Ordinary Shares	Percentage Holding
Mrs C. C. Rowan	2,375,745	20.68%
M. Szytko	2,622,060	22.82%
N. Mayster	1,900,000	16.54%
D. Wheatley	435,644	3.79%
P. Fellerman	650,000	5.66%
Wildman Asset Management SA	850,000	7.40%

There have been no subsequent notified changes since the year end.

Payment of suppliers

It is the company's policy to pay suppliers in accordance with the terms agreed for each transaction.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report continued

Year ended 28 February 2021

Qualifying third party indemnity provisions

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in defending certain proceedings against them.

Auditors

A resolution proposing that Shipleys LLP be re-appointed as auditors of the company will be put to the annual general meeting in accordance with Section 485 of the Companies Act 2006.

Going concern

The company is essentially a "cash shell". It did receive £164,500 of management fees in the year, however, apart from some interest receivable, currently has no regular income stream. The company is therefore dependent on its cash reserves and the injection of new funding, to fund ongoing costs. During the year ending 28 February 2021, the Company received net new loan funding of £180,000 to enable it to pursue its investment strategy and for working capital purposes.

After reviewing the company's budget for 2021/2022 and its medium term plans, the directors have a reasonable expectation that, given the opportunities for additional funding as needed, the company will have adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result from the going concern basis being inappropriate.

If the company were unable to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets where applicable.

The directors are satisfied that the company will be able to meet its obligations as they fall due for at least 12 months from the date of approval of the company's 28 February 2021 balance sheet. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Carbon emissions

The company currently has no head office and no employees other than its directors, and therefore has minimal carbon emissions.

Financial risk management

The company's financial risk management objective is to minimise, as far as possible, the company's exposure to such risk as detailed in note 18 to the accounts.

S172 Statement

The Board believes that, individually and together, they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006 in the decisions taken during the year ended 28 February 2021.

Engagement with employees

The Company currently does not have any employees other than directors or customers, but recognizes that the long-term success of the business relies on effective engagement with customers and employees.

Directors' report continued
Year ended 28 February 2021

Engagement with suppliers

The Company's only suppliers currently are those supplying professional services. The Company manages relationships with suppliers as closely as possible to ensure the services provided meet the Company's high standards.

Engagement with shareholders

Feedback from investors is obtained through direct interaction between the Company's Board. The voting record at the Company's general meetings is monitored for any investor feedback/issues.

The Board recognizes the importance of effective communication with its shareholders. A range of corporate information is available on the Company's website and this statement and the information within the Company's Annual Report provide details to stakeholders on how the Company is governed. Company performance is communicated to its shareholders and the market in its results announcements, with further trading updates made where required and appropriate

By order of the board


Maciej Szytko (Jun 30, 2021 15:11 GMT+1)

Maciej Szytko
Director

30 June 2021

Directors' responsibility statement

Year ended 28 February 2021

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

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the accounts;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for the system of internal control, and for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are also responsible for ensuring that all information relevant to the audit has been made available to the auditors.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, a directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The directors confirm that, to the best of their knowledge and belief:

- the accounts in this document, prepared in accordance with applicable UK law and accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the company; and
- the business review and management report in the directors' report includes a true and fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

By order of the board


Maciej Szytko (Jun 30, 2021 15:11 GMT+1)

Maciej Szytko
Director

30 June 2021

Directors' remuneration report

Year ended 28 February 2021

Introduction

The information included in this report is not subject to audit other than where specifically indicated.

Remuneration committee

The remuneration committee consists of the non-executive directors, Ludwik Sobolewski and Maciej Szytko. This committee's primary function is to review the performance of executive directors and senior employees and set their remuneration and other terms of employment. Since the disposal of its trading subsidiary on 24 January 2001, the company has only had one executive director and no senior employees. The committee is also responsible for administering any share option scheme or bonus schemes.

The remuneration committee determines the company's policy for the remuneration of directors, having regard to the UK Corporate Governance Code and its provisions on directors' remuneration.

The remuneration policy

It is the aim of the committee to remunerate directors competitively and to reward performance. Details of the remuneration packages of individual directors are set out below. There are currently no long term incentive plans, performance bonuses or pension schemes in place. The only share options in issue are to a former director, Dominic Wheatley. The views of the shareholders have been considered in the formulation of the remuneration policy, including through meeting at the AGM. At the last AGM held, a resolution was passed to approve the directors' remuneration report. It is the intention to implement a similar directors' remuneration policy in 2021/2022 to that in 2020/2021.

Directors' remuneration report continued

Year ended 28 February 2021

Service agreements and terms of appointment

None of the directors has a service contract with the company.

Directors' interests

The directors' interests in the share capital of the company are shown below. All interests are beneficial.

	Number of ordinary shares	
	28.2.2021	29.2.2020
M. Szytko	2,622,060	2,622,060
N. Mayster	1,900,000	1,900,000

There have been no notified changes in the interests of the directors since the year end.

Directors' emoluments (audited)

Directors' emoluments including amounts payable to third parties in respect of directors' services are comprised as follows:

Non-executive directors:	Fees	Basic Salary	Compensation payment	Taxable Benefits	2021 Total	2020 Total
L. Sobolewski	36,000	—	—	—	36,000	36,000
M. Szytko	60,000	—	—	—	60,000	60,000
N. Mayster	—	—	—	—	—	—
B. Patnaik	—	—	—	—	—	—
	£96,000	£—	£—	£—	£96,000	£96,000

No pension contributions were made by the company on behalf of its directors.

No director currently has share options, and no share options were granted to or exercised by the directors during the period under review. In connection with his resignation on 20 April 2016, Mr Wheatley was granted 150,000 options to subscribe for new ordinary shares in Highway Capital plc at a price of 20 pence per share at any time until 20 April 2021, which at the date of approval of the financial statements have now lapsed.

Approval by shareholders

At the next annual general meeting of the company a resolution approving this report is to be proposed as an ordinary resolution.

This report was approved by the board on 30 June 2021 and signed on its behalf by:


LUDWIK Sobolewski (11 Jun 2021 17:14 GMT+2)

Ludwik Sobolewski

Chairman and Head of Remuneration Committee

Corporate governance

Year ended 28 February 2021

The policy of the Board is to manage the affairs of the company with reference to the UK Corporate Governance Code, which is publicly available from the Financial Reporting Council. In July 2013 the company changed from a Premium to a Standard listing.

Application of principles of good governance

Board of directors

The board currently comprises the non-executive Chairman, Ludwik Sobolewski, and the three non-executive directors, Maciej Szytko, Nicolay Mayster and Biswanath Patnaik. The articles of association require a third, but not greater than a third, of the directors to retire by rotation each year. Since the disposal of the company's trading subsidiary on 24 January 2001 the company has not had a Chief Executive. The Board intends to appoint a Chief Executive when a new business is acquired.

There are regular board meetings each year and other meetings are held as required to direct the overall company strategy and operations. Board meetings follow a formal agenda covering matters specifically reserved for decision by the Board. These cover key areas of the company's affairs including overall strategy, acquisition policy, approval of budgets, major capital expenditure and significant transactions and financing issues.

The board has delegated certain responsibilities, within defined terms of reference, to the audit committee and the remuneration committee as described below. The appointment of new directors is made by the board as a whole.

During the year ended 28 February 2021, there were 12 Board meetings, 1 audit committee meeting and 1 remuneration committee meeting. All meetings were fully attended.

The board undertakes a formal annual evaluation of its own performance and that of its committees and individual directors, through discussions and one-to-one reviews with the Chairman and the senior independent director. The terms and conditions of appointment of the non-executive directors are available for inspection at Eden House, Reynolds Road, Beaconsfield HP9 2FL.

Audit committee

The audit committee is currently headed by Ludwik Sobolewski, the Chairman, and also comprises Maciej Szytko. The committee's terms of reference are in accordance with the UK Corporate Governance Code.

The committee reviews the company's financial and accounting policies, interim and final results and annual report prior to their submission to the board, together with management reports on accounting matters and internal control and risk management systems. It reviews the auditors' management letter and considers any financial or other matters raised by both the auditors and employees.

The committee considers the independence of the external auditors and ensures that their objectivity and independence are not impaired. During the year no non-audit services were provided by the external auditors.

The committee has primary responsibility for making recommendations to the board in respect of the appointment, reappointment and removal of the external auditors.

Corporate governance continued

Year ended 28 February 2021

Remuneration committee

The remuneration committee is currently headed by Ludwik Sobolewski, the Chairman, and also comprises Maciej Szytko.

The committee's primary function is to review the performance of directors and senior employees and to set their remuneration and other terms of employment. It is also responsible for administering any share option and bonus schemes.

Relations with shareholders

The company encourages two-way communication with both its institutional and private investors and responds promptly to all queries received. An understanding of the views of the major shareholders of the company has been developed, including through meeting at the AGM.

Internal controls

The directors are responsible for internal control in the company and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material error, losses or fraud. In addition, there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the company.

The key procedures that the directors have established are designed to provide effective internal control within the company and are regularly reviewed by the board. This is in accordance with The Turnbull Guidance provided by the Institute of Chartered Accountants in England and Wales. Such procedures have been in place throughout the period under review and up to the date of approval of the annual report and accounts.

Due to the size of the company, all key decisions are made by the board and the assessment and management of risk is an integral part of the board's decision-making process.

The company's organisational structure has clear lines of responsibility and the board continues to review systems to monitor and investigate the major business risks facing the company.

The board has established control procedures for all key financial areas of the business, which enable the board to maintain full and effective control. These controls include defined procedures for seeking and obtaining approval for major transactions and controls relating to the security of assets. The company operates a comprehensive budgeting and financial reporting system.

The directors have reviewed the effectiveness of the company's systems of internal control as they operated during the period under review and consider that there have been no material losses, contingencies or uncertainties caused by weaknesses in internal controls. The directors do not consider that an internal audit function is presently necessary as the company is a "cash shell".

Going concern

The company is essentially a "cash shell". It did receive £164,500 of management fees in the year, however, apart from some interest receivable, currently has no regular income stream. The company is therefore dependent on its cash reserves and the injection of new funding, to fund ongoing costs. During the year ending 28 February 2021, the Company received net new loan funding of £180,000 to enable it to pursue its investment strategy and for working capital purposes.

Corporate governance continued
Year ended 28 February 2021

Going concern – continued

After reviewing the company's budget for 2021/2022 and its medium term plans, the directors have a reasonable expectation that, given the opportunities for additional funding as needed, the company will have adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result from the going concern basis being inappropriate.

If the company were unable to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets where applicable.

The directors are satisfied that the company will be able to meet its obligations as they fall due for at least 12 months from the date of approval of the company's 28 February 2021 balance sheet. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Statement of compliance

In the opinion of the directors, the company has complied throughout the year ended 28 February 2021 with all provisions relevant to a company of its size set out in the UK Corporate Governance Code, except for the items outlined below.

Code provision A.2.1 – Since the disposal of the company's trading subsidiary on 24 January 2001 the company has not had a Chief Executive. The board intends to appoint a Chief Executive when a new business is acquired.

Code provision B.2.1 – A nomination committee has not been set up, as the directors consider that it is not appropriate while the company is a "cash shell" without any employees. The board intends to set up a nomination committee when a new business is acquired.

Code provision C.3.1 – Since the appointment of Ludwik Sobolewski as non-executive Chairman on 22 January 2016, the company has had one rather than at least two independent non-executive directors on the audit committee.

Independent Auditors' Report to the members of Highway Capital plc
Year ended 28 February 2021

Opinion

We have audited the financial statements of Highway Capital Plc (the 'Company') for the year ended 29 February 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ☐ give a true and fair view of the state of the Company's affairs as at 28 February 2021 and of its loss for the year then ended;
- ☐ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ☐ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 draw attention to note 1 in the financial statements, which indicates that the Company incurred a net loss of £134,781 and had net liabilities of £1,125,909. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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 contained within the annual report. Our opinion on the 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Auditors' Report continued

Year ended 28 February 2021

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
<i>Management override of controls</i> Journals can be posted that significantly alter the Financial Statements of the entity.	We examined journals posted around the year end, specifically focusing on areas which are more easily manipulated such as accruals, prepayments and the bank reconciliation.
<i>Going Concern</i> There is a risk that the entity may not be a going concern due to net liabilities and lack of revenue and ongoing COVID-19 pandemic.	We made enquiries with the Directors regarding how the Company will continue to fund expenditure over the coming year. Attention was focused on the additional loans to be provided by shareholders and potential third parties as required to ensure the entity meets its liabilities as they fall due for at least 12 months from audit sign off.
<i>Bank letter</i> The bank letter was not received at the date of the audit, giving rise to the potential for undisclosed liabilities.	We examined bank statements and other supporting records to ensure that balances agreed, and to look for evidence of any undisclosed financial liabilities.
<i>Company status and listing rules</i> Risk of non-compliance with listed company status.	We held discussions with management together with review of correspondence with the bank and LSE documentation indicated no signs of non-compliance.
<i>Convertible loans</i> Risk that convertible loans had not been calculated correctly.	The assumptions used around company cost of capital for the purposes of the calculation were reviewed with comparisons to similar loans with third parties. The calculations were reviewed.
<i>Accounting Estimates</i> Potential risk of inappropriate accounting estimates around accruals giving rise to misstatement in the accounts.	Accruals were agreed to expected costs and supporting documentation, and other areas were examined to identify any potential accounting estimates.
<i>Creditors</i> Risk that creditors have been understated as no audit accrual or audit fee can be seen at the planning stage	Substantive testing undertaken within unreconciled liabilities and accruals in which a review of post year end payments, statements and invoices were obtained and examined to ensure creditors at the reporting date had not been understated.

Our audit procedures relating to these matters were designed in the context of our audit of the Financial Statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the Financial Statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent Auditors' Report continued
Year ended 28 February 2021

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning and in the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Company to be £14,315, which is less than 11% of results before tax and less than 2% of net liabilities. We agreed with the Audit Committee that we would report to them all audit differences in excess of 10% of materiality, as well as differences below that which would, in our view, warrant reporting on a qualitative basis. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the Financial Statements.

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

Independent Auditors' Report continued

Year ended 28 February 2021

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the 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 financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined the most significant are those that relate to the reporting framework ((FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006)) and the relevant tax compliance regulations in which the Company operates.
- We understood how the Company is complying with those frameworks by making enquiries on the management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by enquiring with management during the planning, fieldwork and completion phase of our audit. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk including revenue recognition. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of the management and focus testing.

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

Independent Auditors' Report continued
Year ended 28 February 2021

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.


Shane Moloney (Jun 30, 2021 16:05 GMT+1)

Shane Moloney (Senior Statutory Auditor)

For and on behalf of Shipleys LLP
Chartered Accountants & Statutory Auditor
10 Orange Street, Haymarket
London WC2H 7DQ

30 June 2021

Statement of comprehensive income**Year ended 28 February 2021**

	Notes	2021 £	2020 £
Management fees	2	164,500	—
Other income		—	—
Administrative expenses		(299,290)	(292,425)
Operating loss		(134,790)	(292,245)
Interest receivable		9	44
Amounts written back/(off) loans receivable		—	—
Amounts written back/(off) equity investments		—	—
Loss for the financial period and total comprehensive income		(134,781)	(292,381)
Basic loss per share	8	(1.17)p	(2.54)p
Diluted loss per share	8	(1.17)p	(2.54)p
Basic loss per share from continuing operations	8	(1.17)p	(2.54)p
Diluted loss per share from continuing operations	8	(1.17)p	(2.54)p

Continuing operations

There are no acquired or discontinued operations in the above two financial periods.

Statement of comprehensive income

The company has no items of other comprehensive income other than the profit or loss for the above two financial periods.

The notes on pages 25 to 31 form part of the Financial Statements.

Statement of financial position**As at 28 February 2021**

	Notes	2021 £	2020 £
Current assets			
Debtors	10	17,231	6,566
Cash at bank and in hand		41,170	3
		58,401	6,569
Creditors: amounts falling due within one year	11	(718,372)	(782,716)
Net current liabilities		(659,971)	(776,147)
Total assets less current liabilities		(659,971)	(776,147)
Creditors: amounts due after more than one year	12	(465,938)	(214,981)
Net liabilities		£(1,125,909)	£(991,128)
Capital and reserves			
Share capital	14	229,804	229,804
Share premium account	17	474,971	474,971
Profit and loss account	17	(1,830,684)	(1,695,903)
Total equity shareholders' deficit		£(1,125,909)	£(991,128)

Approved by the board on 30 June 2021


 LUDWIK Sobolewski (Jun 30, 2021 17:14 GMT+3)

Ludwik Sobolewski
 Chairman
Company registration no. 02991159

The notes on pages 25 to 31 form part of these Financial Statements.

Statement of changes in equity**Year ended 28 February 2021**

	Share capital	Share Premium account	Profit and loss account	Total
Balance at 1 March 2019	191,804	430,471	(1,403,522)	(781,247)
Period ended 29 February 2020:				
Loss and total comprehensive income for the year	—	—	(292,381)	(292,381)
Issue of new equity (net of costs)	38,000	44,500	—	82,500
Balance at 29 February 2020	229,804	474,971	(1,695,903)	(991,128)
Period ended 2 February 2021:				
Loss and total comprehensive income for the year	—	—	(134,781)	(134,781)
Issue of new equity (net of costs)	—	—	—	—
Balance at 28 February 2021	£229,804	£474,971	£(1,830,684)	£(1,125,909)

The notes on pages 25 to 31 form part of these Financial Statements.

Statement of cash flows

Year ended 28 February 2021

	2021	2020
	£	£
Cash flows from operating activities		
Loss for the financial period	(134,781)	(292,381)
<i>Adjustments for:</i>		
Interest receivable	(9)	(44)
Amounts written off/(back) investments and loan	-	-
<i>Changes in:</i>		
Trade and other debtors	(10,665)	(57)
Trade and other creditors	4,099	7,948
Cash generated from operations	(141,356)	(284,534)
Interest received	9	44
Net cash from operating activities	(141,347)	(284,490)
Cash flows from financing activities		
Issue of new equity (net of costs)	-	82,500
Proceeds from loans to company	408,572	136,288
Repayment and conversion of loans to company	(227,615)	(179,800)
Net cash from financing activities	180,957	38,988
Net (decrease)/ increase in cash and cash equivalents	39,610	(245,502)
Cash and cash equivalents at beginning of period	(2,457)	243,045
Cash and cash equivalents at end of period	(37,153)	(2,457)
Net cash reconciliation		
Cash at bank and in hand	41,170	3
Bank loans and overdrafts (note 11)	(4,017)	(2,460)
Cash and cash equivalents at end of period	37,153	(2,457)

The notes on pages 25 to 31 form part of the Financial Statements

Notes to the accounts

Year ended 28 February 2021

The company is a public limited company (limited by shares) incorporated in the United Kingdom. The registered office and principle place of business address is Eden House, Reynolds Road, Beaconsfield, Buckinghamshire, HP9 2FL. The principle activity of the company is to identify, evaluate and complete suitable acquisition opportunities.

1 Accounting policies

Statement of compliance

These financial statements have been prepared in compliance with FRS 102, “The Financial Reporting Standard applicable in the UK and the Republic of Ireland”.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Highway Capital plc does not prepare consolidated accounts and the directors have therefore continued to prepare its accounts in accordance with FRS 102 rather than international accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company is essentially a “cash shell”. It did receive £164,500 of management fees in the year, however, apart from some interest receivable, currently has no regular income stream. The company is therefore dependent on its cash reserves and the injection of new funding, to fund ongoing costs. During the year ending 28 February 2021, the Company received net new loan funding of £180,000 to enable it to pursue its investment strategy and for working capital purposes.

After reviewing the company’s budget for 2021/2022 and its medium term plans, the directors have a reasonable expectation that, given the opportunities for additional funding as needed, the company will have adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result from the going concern basis being inappropriate.

If the company were unable to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets where applicable.

The directors are satisfied that the company will be able to meet its obligations as they fall due for at least 12 months from the date of approval of the company’s 28 February 2021 balance sheet. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

The accounts do not include any adjustments that would result if the company were unable to continue as a going concern.

At the date of approving these financial statements the directors are not aware of any adverse impact arising from the COVID-19 pandemic due to the nature of the entity being a cash-shell.

Consolidation

At 28 February 2021, Highway Capital plc was a stand-alone company and is therefore not required to prepare consolidated accounts.

Notes to the accounts *continued***Year ended 28 February 2021****Deferred taxation**

Deferred tax is provided in full at appropriate rates in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, if those timing differences are not permanent and have originated but not reversed by the balance sheet date. The deferred tax balance has not been discounted.

Foreign currencies

Profit and loss account transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Turnover

Revenue relates to management fees receivable for services carried out in the UK, and is recognised on the delivery of services to which it relates at the fair value of the consideration received or receivable based on agreed rates net of discounts, VAT and other sales related taxes.

Interest receivable

Interest receivable is recognised as income in the period on the effective income basis.

Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors have considered the above and do not believe that there are any estimates or assumptions which have a significant effect on the amounts recognised in the financial statements that require disclosure.

Financial instruments and financial liabilities

The Company's financial instruments comprise cash, trade debtors and trade creditors that arise directly from its operations and are measured at their transaction price. The Company's policy has been, and continues to be, that no speculative trading in financial derivatives shall be undertaken.

Basic financial liabilities, including creditors, bank loans, loans from investors and convertible loan notes, are initially recognized at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2. Turnover

Turnover relates to management fees receivable for services carried out in the UK - £164,500 (2020: £nil).

3. Operating loss

This is stated after charging:

	2021	2020
Directors' remuneration – Salaries and fees	£96,000	£96,000
Auditors' remuneration – Audit services	£15,000	£12,500

Notes to the accounts *continued***Year ended 28 February 2021****4. Employees**

The average number of employees, including directors and key management personnel, during the year was made up as follows:

	2021 No.	2020 No.
Directors	4	3
	4	3

Employee costs, including directors and key management personnel, during the year amounted to:

	2021	2020
Salaries and fees	96,000	96,000
	£96,000	£96,000
	6.	7.

5. Directors' remuneration

Information relating to directors' emoluments is included in the directors' remuneration report on pages 11 and 12

There were no key management personnel in the year, other than directors.

6. Taxation Based
on the loss for the year:

	2021	2020
U.K. corporation tax at 19% (2020: 19%)	—	—
	£—	£—

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 19% (2020: 19%).

Factors affecting the tax credit for the year

Loss on ordinary activities before taxation	£(134,781)	£(292,381)
Loss on ordinary activities before taxation multiplied by the small company rate of UK corporation tax of 19% (2020: 19%)	£(25,608)	£(55,552)
Effects of:		
Current period tax losses not utilized	25,600	55,105
Disallowed expenditure	8	447
	£25,608	£55,552
Current tax credit	£—	£—

The company has estimated losses of £2,353,000 (2020: £2,218,000) that may be available for carry forward against future profits, and estimated capital losses of £1,471,000 (2020: £1,471,000) that may be available for carry forward against future chargeable gains. No deferred tax asset has been recognised in the accounts in respect of these unrelieved losses.

Notes to the accounts *continued***Year ended 28 February 2021****7. Dividends**

	2021	2020
Interim dividend paid per share	-	-
	<u>£-</u>	<u>£-</u>

8. Loss per share

The loss per ordinary share calculation has been based on the loss attributable to ordinary shareholders of £(134,781) (2020 loss: £(292,381)), divided by 11,490,201 (2020: 11,490,201), being the weighted average number of ordinary shares in issue during the year. There is no difference between the basic and the diluted loss per ordinary share. There are no discontinued operations in either period and, therefore, the basic and the diluted loss per ordinary share from continuing operations are the same as the basic and the diluted loss per ordinary share.

9. Capital commitments

At 28 February 2021 the company had no capital, operating or commitments or contracts for capital expenditure (2020: £nil).

10. Debtors

	2021	2020
Other debtors	10,231	6,566
Prepayments	7,000	—
	<u>£17,231</u>	<u>£6,566</u>

11. Creditors: amounts falling due within one year

	2021	2020
Loans payable	255,000	325,000
Bank overdraft	4,017	2,460
Trade creditors	22,575	145,074
Accruals	436,780	310,182
	<u>£718,372</u>	<u>£782,716</u>

The loans of £255,000 (2020: £325,000) are unsecured, repayable within one year, and bearing interest at a rate of 5% per annum.

12. Creditors: amounts due after more than one year

The creditors due after more than one year of £465,938 (2020: £214,981), are made up of the following loans:

Notes to the accounts continued**Year ended 28 February 2021**

- (a) £4,322 (2020: £4,322) from Biswanath Patnaik, a director, and £650 (2020:£650) from institutional investors, which are unsecured, repayable after two years, and bearing interest at a rate of 5% per annum (if it so wishes, the company can repay the loan or part thereof at any time within the two year period).
- (b) £26,966 (2020: £26,966) from Biswanath Patnaik, a director; £70,000 (2020: £nil) from D Zych, a former director and a shareholder; and £364,000 (2020:£183,043) from institutional investors. These loans are unsecured, repayable after five years, convertible at the holder's request into new ordinary shares in the company at a price of 5 or 10 pence per share; in the event that the loans are not repaid or converted prior to their maturity date then they will attract accrued interest at a rate of 5% per annum.

13. Deferred taxation

The estimated deferred tax asset not recognised in the accounts, based on a 19% rate of tax, amounts to £726,000 (2020: based on a 19% rate of tax £700,000). Of this amount, £279,000 may be recoverable by the company against future chargeable gains, and £447,000 may be recoverable against future profits.

14. Share capital

	Number of Shares 2021	Nominal Value 2021	Number of Shares 2020	Nominal Value 2020
Allotted, called-up and fully paid:				
Ordinary shares of 2p each	11,490,201	£229,804	11,490,201	£229,804

Each 2p ordinary share is entitled to one vote in any circumstances; All dividends shall be apportioned and paid proportionately to the amount paid up on the ordinary shares during any proportion or proportions of the period in respect of which the dividend is paid; No shares of the company are currently redeemable or liable to be redeemed at the choice of the company or the shareholder.

The company also has convertible loan notes in issue which if fully converted would increase the number of ordinary shares allotted by 8,419,320 shares. These shares would benefit from all the rights and benefits as detailed above.

15. Related party transactions

The company has no ultimate controlling party.

As at the balance sheet date, there are loans of £31,288 (2020: £31,288) due from the company to B Patnaik, a director; and £70,000 (2020: £70,000) due to D Zych, a former director and a shareholder. The terms of these loans are set out in note 11 above.

As at the balance sheet date there was a loan of £255,000 (2020: £255,000) due from the company on normal commercial terms to N Mayster a director and shareholder of Highway Capital PLC. The terms are interest at 5% and this is considered reasonable and in line with third party market rates available to the entity.

No other related party transactions were undertaken as such that are required to be disclosed under FRS 102.

16. Post balance sheet events

There are no post balance sheet events to report.

At the date of approving these financial statements the directors are not aware of any adverse impact arising from the COVID-19 pandemic.

Notes to the accounts *continued***Year ended 28 February 2021****17. Reserves**

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

18. Other financial commitments

At 28 February 2021 the company had no commitments under non-cancellable operating leases finance leases (2020: £nil).

19. Financial instruments

The Company's financial instruments comprise cash, trade debtors and trade creditors that arise directly from its operations. The Company's policy has been, and continues to be, that no speculative trading in financial derivatives shall be undertaken.

The cash is held in bank current and premium accounts and on treasury deposit, which receive varying rates of interest that is recognised on a receivable basis. All financial assets and liabilities are denominated in Sterling.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities, calculated by discounting expected future cash flows at prevailing interest rates, is not materially different from their book value, and is as follows:

	2021	2020
Financial assets		
Trade and other receivables	17,231	6,566
Cash at bank	41,170	3
	<u>£58,401</u>	<u>£6,569</u>
Financial liabilities		
Bank overdraft	4,017	2,460
Trade and other payables	459,355	455,256
Loans payable	255,000	325,000
	<u>£718,372</u>	<u>£782,716</u>

The fair value of the financial assets and financial liabilities is equal to their carrying values. All financial assets are categorized as loans and receivables and all financial liabilities are categorized as financial liabilities at amortized cost.

Hedging

The Company makes no use of forward currency contracts, other financial derivatives or hedging.

Interest rate risk

The Company does not have an interest rate policy in isolation but regularly reviews the interest rates being received on deposits.

Liquidity risk

The principal policy of the Company in managing liquidity risk is to align the anticipated timing of expenditure with the availability of its cash balances.

Notes to the accounts continued**Year ended 28 February 2021****20. Net debt reconciliation**

	1 March 2020 £	Cash flows £	28 February 2021 £
Cash at bank and in hand	3	41,167	41,170
Bank overdrafts	(2,460)	(1,557)	(4,017)
	(2,457)	39,610	37,153

Company information

Directors	Ludwik Sobolewski (non-executive Chairman)* Maciej Szytko (non-executive director)* Nickolay Mayster (non-executive director) Biswanath Patnaik (non-executive director)
Secretary, registered office, and principal place of business	Maciej Szytko Eden House, Reynolds Road Beaconsfield HP9 2FL
Place of incorporation	England and Wales
Registrars and share transfer office	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Share price information	Information about the day-to-day movement of the Company's share price can be obtained from the London Stock Exchange: Code HWC
Auditors	Shipleys LLP Chartered Accountants 10 Orange Street London WC2H 7DQ
Bankers	Barclays Bank Plc The Lea Valley Group 78 Turners Hill Cheshunt Herts EN8 9BW
Solicitors	Goodman Derrick 10 St Bride Street London EC4A 4AD