

# **HIGHWAY CAPITAL *plc***

**ANNUAL REPORT 2009**

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## *Chairman's statement*

Results for 12 months ended 28 February 2009 show a loss before tax of £67,669 (2008: £53,564 loss).

The company had cash in the bank and in hand of £407,424 at the balance sheet date. The board does not consider it appropriate to declare a dividend.

During the year the company has continued to keep expenditure to a minimum in order to preserve cash. The directors continue for the time being to waive the majority of their fees.

Target companies continue to be identified and evaluated as the board seeks opportunities to maximise the value of the company. Unfortunately, none of these has proved suitable.

However we are currently in discussions with a couple of possibilities and, if progress is satisfactory, and our leading shareholders indicate their willingness to support such a transaction, we will notify shareholders.

Since I last reported to you there has been a change in one of the company's major shareholders. Andrew Perloff has acquired 25.8% of the equity and I am optimistic that his considerable experience will help to identify a suitable deal which can be proposed, which will offer shareholder value.

**A. H. Drummon**

Chairman

26 June 2009

## *Director's report*

Your directors have pleasure in submitting their report and the audited accounts for the year ended 28 February 2009.

### **Principal activity**

The company is a stand-alone “cash shell” and the board is actively seeking to acquire a suitable business.

### **Business review and management report**

The loss on ordinary activities for the year before taxation was £67,669 (2008: loss £53,564). After taxation and dividends, the deficit of £67,669 (2008: deficit £53,564) has been transferred to reserves.

The company remains a “cash shell” and the board continues to identify and evaluate target companies as it seeks opportunities to maximize the value of the company. In the meantime, 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 £407,424 at 28 February 2009.

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

No material events or transactions have occurred since the end of the financial year. Details of future developments can be found in the Chairman's statement.

### **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 2009:

A. H. Drummon (Chairman)

E. P. Levey

Details of directors' remuneration, service contracts and interests in the ordinary shares of the company are included in the directors' remuneration report on pages 6 and 7.

Mr E. P. Levey retires by rotation, and offers himself for re-election at the annual general meeting. He does not have a service contract with the company. Following formal performance evaluation, the board believes that the non-executive director has performed effectively and should be re-elected.

### **Biographies of directors**

**Howard Drummon**, 78, was appointed a non-executive director on 19 July 2000 and became chairman on 11 August 2006. He is a consultant to, and until 11 June 2008 was a director of, Keith, Bayley, Rogers & Co Limited, which, together with its predecessor firm, has been the financial adviser and stockbroker to the company since March 1995. He is also a non-executive director of Resources Investment Trust plc (in members' voluntary liquidation).

**Edward Levey BA(Hons) FCCA**, 58, was appointed to the board on 10 March 1995 as finance director and company secretary. Under an agreement dated 5 June 2003 his position changed to that of a non-executive director and he continues to act as company secretary. He is currently a director of BrightThings plc and Amberley Publishing Holdings plc. He has held a number of directorships in manufacturing, engineering and service industry companies during the last 21 years. He began his career with a subsidiary of Hawker Siddeley plc in 1976.

## *Directors' report continued*

### **Substantial shareholdings**

At 12 June 2009 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:

	<b>Number of Ordinary Shares</b>	<b>Percentage Holding</b>
S. Tucker	2,261,049	28.45%
A. Perloff	2,050,000	25.80%
D. Wheatley	396,040	4.98%
P. Fellerman	330,000	4.15%
J. A. M. Hemming MP	276,300	3.47%

### **Fixed assets**

There have been no movements in fixed assets during the year.

### **Payment of suppliers**

It is the company's policy to pay suppliers in accordance with the terms agreed for each transaction. The average number of creditor days during the period was not more than 60 days.

### **Audit information**

The directors are satisfied that the auditors are aware of all information relevant to the audit of the company's accounts for the year to 28 February 2009 and that they have taken all steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

A resolution proposing that Littlestone Martin Glenton be re-appointed as auditors of the company will be put to the annual general meeting.

### **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 19 to the accounts.

By order of the board

**E. P. Levey**  
Secretary

26 June 2009

## *Directors' remuneration report*

### **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, Howard Drummon and Edward Levey. 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 only such scheme in place is the Executive Share Option Scheme, which has been approved by HM Revenue & Customs. Options in respect of 60,000 shares at an exercise price of 50p per share held by ex-employees, expired on 24 January 2002. There are currently no options granted and no directors hold share options.

The remuneration committee determines the company's policy for the remuneration of executive directors, having regard to the Directors' Remuneration Report Regulations 2002 (Schedule 7A of the Companies Act 1985) and The Combined Code on Corporate Governance and its provisions on directors' remuneration.

### **The remuneration policy**

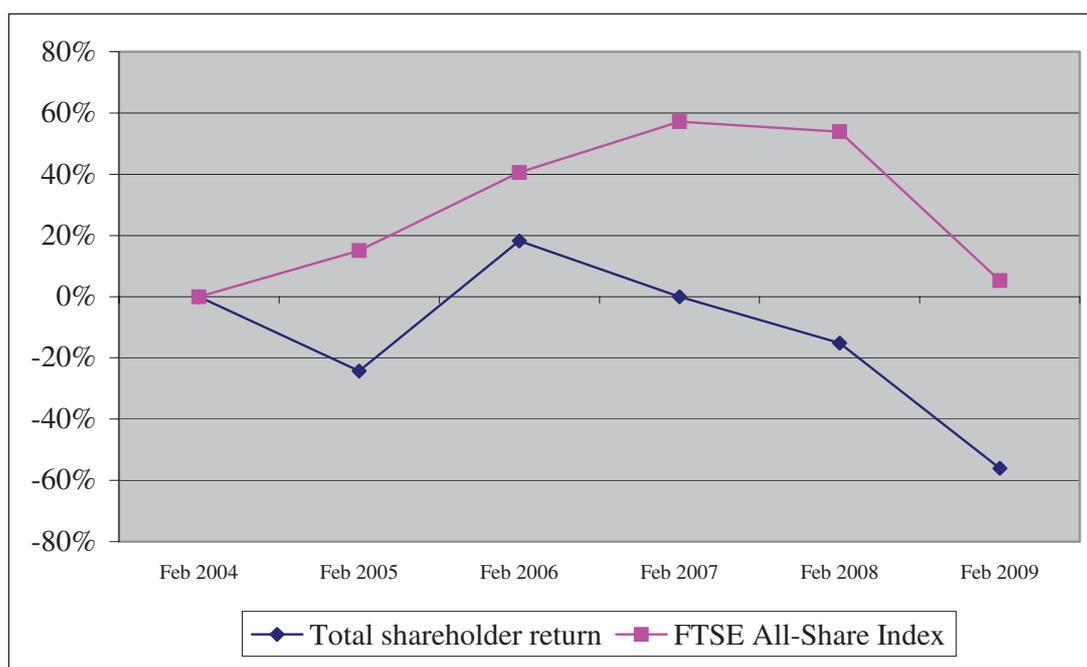
It is the aim of the committee to remunerate executive directors competitively and to reward performance.

Details of the remuneration packages of individual directors are set out below.

There are currently no share options, long term incentive plans, performance bonuses or pension schemes in place.

### **Performance graph**

As required by the Directors' Remuneration Report Regulations 2002, the following table includes a performance graph comparing, over the last five financial years, the Total Shareholder Return of an ordinary share in Highway Capital plc against the Total Shareholder Return of the FTSE All-Share Index. The remuneration committee considers the FTSE All-Share Index to be an appropriate comparator for Total Shareholder Return performance.



***Directors' remuneration report continued*****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.

	<b>Number of ordinary shares</b>	
	<b>28.2.2009</b>	<b>29.2.2008</b>
A. H. Drummon	60,000	60,000
E. P. Levey	10,000	10,000

There have been no 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:

	<b>Fees</b>	<b>Basic Salary</b>	<b>Compensation payment</b>	<b>Taxable Benefits</b>	<b>2009 Total</b>	<b>2008 Total</b>
Non-executive directors:						
A. H. Drummon	2,000	—	—	—	2,000	2,000
E. P. Levey	26,000	—	—	—	26,000	26,000
A. M. Freedman	—	—	—	—	—	356
	<u>£28,000</u>	<u>£—</u>	<u>£—</u>	<u>£—</u>	<u>£28,000</u>	<u>£28,356</u>

The non-executive directors have for the time being agreed to waive part of their fees and are currently receiving £500 each per quarter.

In addition to his non-executive director's fee, E. P. Levey currently receives £2,000 a month under a rolling one-month consultancy agreement.

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.

**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 26 June 2009 and signed on its behalf by:

**A. H. Drummon**

Remuneration Committee Chairman

## *Corporate governance*

The policy of the board is to manage the affairs of the company in accordance with the 2006 Combined Code on Corporate Governance, which is publicly available from the Financial Reporting Council.

### **Application of principles of good governance**

#### **Board of directors**

The board currently comprises the two independent non-executive directors. The articles of association require a third, but not greater than a third, of the directors to retire by rotation each year. Throughout the year the non-executive Chairman has been Howard Drummon, and the senior independent director has been Edward Levey. 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.

Edward Levey was previously an executive director of the company and, in addition to his non-executive director's fee, currently has a rolling one-month consultancy agreement with the company. The board regards Edward Levey as fully independent in character and judgement.

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 2009, there were 8 formal 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.

#### **Audit committee**

The audit committee currently comprises the two non-executive directors and is headed by Howard Drummon, the Chairman. Edward Levey has relevant financial experience and up to date knowledge of financial matters. The committee's terms of reference are in accordance with The Combined Code on Corporate Governance.

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, before any non-audit services are provided by the external auditors, they will not impair the auditors' objectivity and independence. During the year non-audit services totalled £13,445 and covered normal accounting and taxation compliance work, which did not impact on the auditors' objectivity or independence.

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

#### **Remuneration committee**

The remuneration committee currently comprises the two non-executive directors and is headed by Howard Drummon, the Chairman.

The committee's primary function is to review the performance of executive 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.

## *Corporate governance continued*

### **Relations with shareholders**

The company encourages two-way communication with both its institutional and private investors and responds quickly to all queries received.

### **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**

After reviewing the company's budget for 2009/2010 and its medium term plans, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

### **Statement of compliance**

In the opinion of the directors, the company has complied throughout the year ended 28 February 2009 with all relevant provisions set out in Section 1 of The Combined Code on Corporate Governance, 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 A.4.1 – 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.

## *Directors' responsibility statement*

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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the 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 maintaining proper accounting records which 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 1985. They are 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.

Under applicable law and regulations, the directors are also responsible for preparing 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 financial statements 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 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

**E. P. Levey**  
Secretary

26 June 2009

## ***Independent auditors' report*** **to the members of Highway Capital plc**

We have audited the accounts of Highway Capital plc for the year ended 28 February 2009 on pages 13 to 22. These accounts have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the accounts and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report and consider whether it is consistent with the audited accounts. This other information comprises only the directors' report, the unaudited part of the directors' remuneration report, and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts and the part of the directors' remuneration report to be audited.

*Independent auditors' report continued*

**Opinion**

In our opinion:

- The accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 28 February 2009 and of its result for the year then ended
- The accounts and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985
- The information given in the directors' report is consistent with the accounts.

**Littlestone Martin Glenton**  
Chartered Accountants and  
Registered Auditors

73 Wimpole Street,  
London W1G 8AZ

26 June 2009

***Profit and loss account*****Year ended 28 February 2009**

	Notes	2009	2008
<b>Management fees</b>		—	—
Other income		250	—
Administrative expenses		(83,962)	(77,848)
<b>Operating loss</b>	2	(83,712)	(77,848)
Interest receivable		16,043	24,284
<b>Loss on ordinary activities before taxation</b>		(67,669)	(53,564)
Tax credit on loss on ordinary activities	5	—	—
<b>Loss for the financial year</b>		(67,669)	(53,564)
<b>Basic and diluted loss per share</b>	7	(0.85)p	(0.67)p
<b>Basic and diluted loss per share from continuing operations</b>	7	(0.85)p	(0.67)p

**Continuing operations**

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

**Total recognised gains and losses**

The company has no recognised gains or losses other than the profit or loss for the above two financial periods.

***Reconciliation of equity shareholders' funds***

	<b>2009</b>	<b>2008</b>
Loss attributable to ordinary shareholders	(67,669)	(53,564)
Dividends	—	—
<b>Net decrease in shareholders' funds</b>	<b>(67,669)</b>	<b>(53,564)</b>
Shareholders' funds at 1 March 2008	456,150	509,714
<b>Shareholder's funds at 28 February 2009</b>	<b>£388,481</b>	<b>£456,150</b>

***Balance sheet***  
**at 28 February 2009**

	Notes	2009	2008
<hr/>			
<b>Fixed assets</b>			
Investments	8	—	—
<hr/>			
<b>Current assets</b>			
Debtors	10	3,096	3,938
Cash at bank and in hand		407,424	480,247
<hr/>			
		410,520	484,185
<b>Creditors: amounts falling due within one year</b>	11	(22,039)	(28,035)
<hr/>			
<b>Net current assets</b>		388,481	456,150
<hr/>			
<b>Net assets</b>		£388,481	£456,150
<hr/>			
<b>Capital and reserves</b>			
Share capital	14	158,913	158,913
Share premium	16	295,437	295,437
Profit and loss account	16	(65,869)	1,800
<hr/>			
<b>Total equity shareholders' funds</b>		£388,481	£456,150
<hr/>			

Approved by the board on 26 June 2009

**A. H. Drummon**  
Chairman

***Cash flow statement*****Year ended 28 February 2009**

	Notes	2009	2008
<b>Net cash outflow from operating activities</b>	20(a)	(88,866)	(72,364)
<b>Returns on investments and servicing of finance</b>			
Interest received		16,043	24,284
<b>Net cash inflow from returns on investments and servicing of finance</b>		16,043	24,284
<b>Taxation</b>			
Corporation tax		—	—
<b>Equity dividends paid</b>		—	—
<b>Decrease in cash</b>	20(b)	£(72,823)	£(48,080)

## *Notes to the accounts*

Year ended 28 February 2009

### 1. Accounting policies

#### **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 UK rather than international accounting standards, as permitted under EC Regulation 1606/2002.

#### **Consolidation**

At 28 February 2009, Highway Capital plc was a stand-alone company and is therefore not required to prepare consolidated accounts.

#### **Depreciation**

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life.

#### **Stocks and work-in-progress**

Stocks and work-in-progress are stated at the lower of cost and net realisable value.

#### **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.

#### **Finance leases and hire purchase commitments**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their useful economic lives.

The interest element is charged to profit and loss account on a straight line basis over the period of the finance leases or hire purchase contracts.

Rentals paid under operating leases are charged to income on a straight line basis over the lease period.

#### **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**

Turnover represents management fees receivable.

**Notes to the accounts** *continued***Year ended 28 February 2009****2. Operating loss**

This is stated after charging:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Directors' remuneration — Salaries and fees	28,000	28,356
Auditors' remuneration — Audit services	8,200	7,850
— Other services	13,445	12,975
	<u>          </u>	<u>          </u>

**3. Employees**

The average number of employees during the year was made up as follows:

	<b>2009</b>	<b>2008</b>
Directors	2	2
Other	—	—
	<u>          </u>	<u>          </u>
	2	2
	<u>          </u>	<u>          </u>

Employee costs including directors during the year amounted to:

	<b>£</b>	<b>£</b>
Salaries and fees	28,000	28,356
	<u>          </u>	<u>          </u>
	£28,000	£28,356
	<u>          </u>	<u>          </u>

**4. Directors' remuneration**

Information relating to directors' emoluments is included in the directors' remuneration report on pages 6 and 7.

**Notes to the accounts** *continued***Year ended 28 February 2009****5. Taxation**

	<b>2009</b>	<b>2008</b>
Based on the loss for the year:–		
U.K. corporation tax at 21% (2008: 20%)	—	—
Under/(over) provision in previous years	—	—
	<u>£—</u>	<u>£—</u>
<b>Factors affecting the tax charge/(credit) for the year</b>		
Loss on ordinary activities before taxation	<u>£(67,669)</u>	<u>£(53,564)</u>
Loss on ordinary activities before taxation multiplied by the small company rate of UK corporation tax of 21% (2008: 20%)	<u>£(14,210)</u>	<u>£(10,713)</u>
Effects of:		
Current period tax losses not utilised	14,192	10,699
Disallowed expenditure/(income)	18	14
Adjustments to tax charge in respect of previous periods	—	—
	<u>£14,210</u>	<u>£10,713</u>
<b>Current tax charge/(credit)</b>	<u>£—</u>	<u>£—</u>

The company has estimated losses of £625,000 (2008: £558,000) that may be available for carry forward against future profits, and estimated capital losses of £1,460,000 (2008: £1,460,000) 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.

**6. Dividends**

	<b>2009</b>	<b>2008</b>
Interim paid nil per share (2008: nil)	—	—
	<u>£—</u>	<u>£—</u>

**7. Loss per share**

The loss per ordinary share calculation has been based on the loss attributable to ordinary shareholders of £67,669 (2008: loss £53,564), divided by 7,945,638 (2008: 7,945,638), being the weighted average number of ordinary shares in issue during the year. The basic and the diluted loss per ordinary share are the same.

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.

**8. Investments**

On 24 January 2001, the company disposed of its trading subsidiary Superframe Limited and its dormant subsidiary Retail Rescue Limited.

**9. Capital commitments**

At 28 February 2009 the company had no capital commitments.

**Notes to the accounts** *continued*

Year ended 28 February 2009

**10. Debtors**

	<b>2009</b>	<b>2008</b>
Other debtors	782	817
Prepayments	2,314	3,121
	<u>£3,096</u>	<u>£3,938</u>

**11. Creditors: amounts falling due within one year**

	<b>2009</b>	<b>2008</b>
Trade creditors	1,653	8,450
Accruals	20,386	19,585
	<u>£22,039</u>	<u>£28,035</u>

**12. Borrowings**

The company had no bank loans or overdrafts existing at the beginning or end of the year.

**13. Deferred taxation**

The estimated deferred tax asset not recognised in the accounts, based on a 28% rate of tax, amounts to £584,000 (2008: based on a 28% rate of tax £565,000). Of this amount, £409,000 may be recoverable by the company against future chargeable gains, and £175,000 may be recoverable against future profits.

**14. Share capital**

	<b>Number of Shares 2009</b>	<b>Nominal Value 2009</b>	<b>Number of Shares 2008</b>	<b>Nominal Value 2008</b>
Authorised —				
Ordinary shares of 2p each	<u>50,000,000</u>	<u>£1,000,000</u>	<u>50,000,000</u>	<u>£1,000,000</u>
Allotted, called-up and fully paid —				
Ordinary Shares of 2p each	<u>7,945,638</u>	<u>£158,913</u>	<u>7,945,638</u>	<u>£158,913</u>

**15. Related party transactions**

Howard Drummon, non-executive Chairman, is a consultant to, and until 11 June 2008 was a director of, Keith, Bayley, Rogers & Co Limited, the financial adviser and stockbroker to the company. In the year ended 28 February 2009, Keith, Bayley, Rogers & Co Limited received retainer fees of £10,000 (2008: £10,000).

**Notes to the accounts** *continued***Year ended 28 February 2009****16. Reconciliation of movements on reserves**

	<b>Share Premium Account</b>	<b>Profit and Loss Account</b>
At 1 March 2008	295,437	1,800
Retained loss for the year	—	(67,669)
At 28 February 2009	<u>£295,437</u>	<u>£(65,869)</u>

**17. Other financial commitments**

At 28 February 2009 the company had no commitments for the year ending 28 February 2010 under non-cancellable operating leases.

**18. 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.

**19. Financial assets**

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:

	<b>2009</b>	<b>2008</b>
Financial assets		
Receivables	3,096	3,938
Cash at bank	407,424	480,247
	<u>£410,520</u>	<u>£484,185</u>
Financial liabilities		
Payables: current liabilities	£22,039	£28,035
	<u>£22,039</u>	<u>£28,035</u>

## 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 2009

**20. Group cash flow statement**

	<b>2009</b>	<b>2008</b>
<b>(a) Net cash outflow from operating activities</b>		
Operating loss	(83,712)	(77,848)
Decrease/(increase) in debtors	842	100
Increase/(decrease) in creditors	(5,996)	5,384
Net cash outflow from operating activities	<u>£(88,866)</u>	<u>£(72,364)</u>
	<b>1 March</b>	<b>28 February</b>
<b>(b) Analysis of net funds/(debt)</b>	<b>2008</b>	<b>Cash flow</b>
Net cash: cash at bank and in hand	480,247	(72,823)
Net funds/(debt)	<u>£480,247</u>	<u>£407,424</u>
		<b>2009</b>
<b>(c) Reconciliation of net cash flow to movement in net funds/(debt)</b>		
Decrease in cash in the period		(48,080)
Movement in net funds/(debt) in the year		(72,823)
Opening net funds/(debt)	480,247	528,327
Closing net funds/(debt)	<u>£407,424</u>	<u>£480,247</u>

## *Company information*

Directors	Alec Howard Drummon (non-executive Chairman)* Edward Patrick Levey BA(Hons) FCCA (non-executive director)* * member of the remuneration & audit committees.
Secretary and registered office	Edward Patrick Levey BA(Hons) FCCA 73 Wimpole Street London W1G 8AZ
Registrars and share transfer office	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
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	Littlestone Martin Glenton Chartered Accountants and Registered Auditors 73 Wimpole Street London W1G 8AZ
Bankers	Barclays Bank Plc The Lea Valley Group 78 Turners Hill Cheshunt Herts EN8 9BW
Solicitors	Goodman Derrick 90 Fetter Lane London EC4A 1PT
Stockbrokers	Keith, Bayley, Rogers & Co Limited 2nd Floor, Finsbury Tower 103-105 Bunhill Row London EC1Y 8LZ

*Financial review*

	Year to 28.2.2009	Year to 29.2.2008	Year to 28.2.2007	Year to 28.2.2006	Year to 28.2.2005
<b>Management fees</b>	—	—	—	—	—
Other income	250	—	—	—	—
Administrative expenses	(83,962)	(77,848)	(78,696)	(80,510)	(82,237)
<b>Operating profit/(loss)</b>	(83,712)	(77,848)	(78,696)	(80,510)	(82,237)
Profit on disposal of subsidiaries	—	—	—	—	—
Income from fixed asset investments	—	—	—	—	—
Interest receivable	16,043	24,284	20,721	23,383	24,489
<b>Profit/(loss) on ordinary activities before taxation</b>	(67,669)	(53,564)	(57,975)	(57,127)	(57,748)
Taxation	—	—	—	—	—
<b>Profit/(loss) on ordinary activities after taxation</b>	£(67,669)	£(53,564)	£(57,975)	£(57,127)	£(57,748)
<b>Earnings/(loss) per share</b>	(0.85)p	(0.67)p	(0.73)p	(0.72)p	(0.73)p
<b>Dividend per share</b>	nil	nil	nil	nil	nil

The basic and the diluted earnings/(loss) per share figures are the same.

## *Notice of annual general meeting*

Notice is hereby given that the annual general meeting of the company will be held at 2nd Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 28 August 2009 at 12:00 noon for the following purposes:

### **Ordinary business — ordinary resolutions**

#### **Resolution 1:**

To receive and adopt the report of the directors and the audited accounts for the year ended 28 February 2009.

#### **Resolution 2:**

To approve the directors' remuneration report for the year ended 28 February 2009.

#### **Resolution 3:**

To re-elect Edward Levey as a director of the company.

#### **Resolution 4:**

To re-appoint Littlestone Martin Glenton as the registered auditors of the company and to authorise the directors to determine their remuneration.

### **Special business**

To consider and, if thought fit, approve the following resolution as an ordinary resolution:

#### **Resolution 5:**

That the directors be and are hereby generally and unconditionally authorised (in substitution for any specific or general authority previously conferred on them but without prejudice to the allotment of securities under and such previous authority pursuant to any offer or agreement made prior to the date this resolution is passed) to exercise all the powers of the company to allot relevant securities within the meaning of section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £7,946 PROVIDED THAT this authority shall expire on the earlier of the conclusion of the next annual general meeting of the company after the passing of this resolution and a date being fifteen months after the date of the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require the relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

To consider and if thought fit, pass the following resolution as a special resolution:

#### **Resolution 6:**

That subject to the passing of resolution 5 above, the directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) of the company for cash pursuant to the authority conferred by the ordinary resolution referred to in resolution 5 above as if section 89(1) of the Act did not apply to such allotment PROVIDED THAT:

1. This power shall be limited to the allotment of equity securities up to a maximum aggregate nominal value of £7,946;
2. The authority of the directors shall extend to the making of any offer or agreement before the expiration or revocation of this power which would or might require equity securities to be allotted otherwise than in accordance with section 89 of the Act after the expiration or revocation of this power and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of this power;
3. Any reference to the allotment of equity securities includes a reference to the grant of a right to subscribe for or convert any securities into such securities including any share option scheme, share option agreements or warrants; and

## *Notice of annual general meeting continued*

4. This power shall expire on the earlier of the conclusion of the next annual general meeting of the company and a date being fifteen months after the date of the passing of this resolution.

BY ORDER OF THE BOARD

Registered Office:  
73 Wimpole Street  
London W1G 8AZ

**E. P. Levey**  
Secretary

26 June 2009

### NOTES

1. A member entitled to attend and vote at the meeting may appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated.
3. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the members as to the exercise of voting rights.
4. If a member is a corporation, this form must be executed either under its common seal or under the hand of an officer or agent duly authorised in writing. In the case of an individual the proxy must be signed by the appointor or his agent, duly authorised in writing. To be valid an appointment of proxy must be returned (together with any authority under which it is executed) to the Company's Registrars not less than 48 hours before the time of the meeting.
5. All members of the company are urged to complete and return the attached form of proxy as soon as possible.
6. The following documents will be available for inspection at the registered office of the company on any weekday (except Saturday) during normal business hours from the date of the issue of this notice until the date of the annual general meeting and, at the place of the meeting, for a period of 15 minutes prior to the annual general meeting and during the meeting.
  - (a) The register of directors' share interests containing the information required to be maintained by statute in relation to transactions of each director in the share capital of the company and of the interests of each director in share options and warrants;
  - (b) The company's memorandum and articles of association.
  - (c) Directors Service Contracts.
7. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) the company has specified that only those members registered on the register of members of the Company at 6 pm on 26 August 2009 shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after 6pm on 26 August 2009 shall be disregarded in determining the rights of any person to attend and vote at the AGM.
8. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that
  - (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
  - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
9. As at 25 June 2009 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 7,945,638 ordinary shares. No shares are held in treasury. Therefore the total voting rights in the Company are 7,945,638.

## Proxy Form

I/We (insert name, block capitals please).....  
a member(s) of the above company, hereby appoint the Chairman of the meeting OR the following person

(Name of Proxy).....(Number of Shares).....(Note 1)  
as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company which will be held at 2nd Floor, Finsbury Tower, 103-105 Bunhill Row, London EC1Y 8LZ on 28 August 2009 at 12:00 noon, and at any adjournment thereof.

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made – for the appointment of one or more proxy, please refer to explanatory note 2 (below).

I/We desire my/our proxy to vote on the resolutions proposed to be submitted as follows (marked with “X”):

Ordinary Business		For	Against	Withheld
<b>Resolution 1</b>	To receive and adopt the report of the directors and the audited accounts for the year ended 28 February 2009	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b>	To approve the directors’ remuneration report for the year ended 28 February 2009	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b>	To re-elect Edward Levey as a director of the company (a member of audit and remuneration committees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b>	To re-appoint the auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special Business</b>				
<b>Resolution 5</b>	To give authority to issue shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 6</b>	To dis-apply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed..... Dated..... 2009

### NOTES

- Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see above). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder’s name (see above) the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
- To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder’s name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given.
- The ‘Vote Withheld’ option is provided to enable you to abstain on any particular resolution. However, it should be noted that a ‘Vote Withheld’ is not a vote in law and will not be counted in the calculation of the proportion of the votes ‘For’ and ‘Against’ a resolution.
- Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6pm on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communication from the Company in accordance with section 146 of the Companies Act 2006 (“nominated persons”). Nominated persons may have a right under an agreement with the registered shareholder who holds shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- The completion and return of this form will not preclude a member from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
- To be effective, all votes must be lodged not less than 48 hours before the time of the meeting at the office of the Company’s registrars at: Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

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Business Reply Service  
Licence No. MB 122



**Capita Registrars  
Proxies Department  
PO Box 25  
BECKENHAM  
Kent  
BR3 4BR**

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