Company registration no. 02991159

HIGHWAY CAPITAL *plc*

ANNUAL REPORT 2015

Contents

Chairman's statement

Results for 12 months ended 28 February 2015 show a loss before tax of £124,290 (2014: £103,697 loss).

The company had cash in the bank and in hand of £12,251 at the balance sheet date. The board does not consider it appropriate to declare a dividend.

At a general meeting of the shareholders on 9 April 2015, authority was given to the directors to issue up to £3,000,000 nominal value convertible loan notes capable of conversion by the holders at no less than 10p per ordinary share. This will enable the directors to put the company on a sound financial footing.

Since the year end date, Mr M Szytko, a director and shareholder of the company, has made a further loan of £120,000 to the company under the terms of the convertible loan notes, to ensure that the company continues to have adequate resources.

Highway Capital is a small cash shell, looking to reverse in another company with a suitable business. We have been approached by several such companies and their advisors, and we continue to have discussions with various of them.

D M D A Wheatley
Chairman

30 June 2015

Strategic report

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

The loss on ordinary activities for the year before taxation was £124,290 (2014: loss £103,697). After taxation and dividends, the deficit of £124,290 (2014: deficit £103,697) 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 £12,251 at 28 February 2015.

At the date of approval of the accounts the company has agreed the additional loan funding that it considers necessary to enable it to continue to meet its liabilities as they fall due.

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.

The company has two male non-executive directors and no other employees.

As further explained in the Chairman’s statement, the directors have been approached by several companies and their advisors looking to reverse in another company with a suitable business, and they continue to have discussions with various of them.

D M D A Wheatley
Chairman

30 June 2015

Directors' report

Your directors have pleasure in submitting their report and the audited accounts for the year ended 28 February 2015, and consider it to be fair, balanced and understandable.

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 £124,290 (2014: loss £103,697). After taxation and dividends, the deficit of £124,290 (2014: deficit £103,697) 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 £12,251 at 28 February 2015.

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.

Events that have occurred since the end of the financial year are detailed in note 16 to the accounts. 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 2015:

D. M. D. A. Wheatley (Chairman)
M. Szytko

Details of directors' remuneration, service contracts and interests in the ordinary shares of the company are included in the directors' remuneration report on pages 8 and 9.

Mr Wheatley retires by rotation and offers himself for re-election at the annual general meeting. Mr Wheatley 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 that Mr Wheatley should be re-elected.

Biographies of directors

Dominic Wheatley, 56, was appointed a non-executive director and Chairman on 19 September 2011, and was previously on the board from 2001 to 2006. Mr Wheatley is CEO of Catalis SE, a publically held video games and media testing company based in the US and Europe. He also co-founded Bright Things, the company which is now named SocialGO, in September 2004. Mr Wheatley has considerable executive management experience in the video games industry. He co-founded Domark in 1984, a video games company that he later reversed into Eidos. In 1992 he established Domark's US subsidiary in California. The company changed its name and Mr Wheatley served as CEO of Eidos Interactive until 1997. He then became an investor in various companies, some of which he joined as a Director and helped float on the London Stock Exchange (Statpro plc, Kuju plc, and Telecom Plus plc). He recently reversed a financial services company into a cash shell called Tavistock plc of which he was a director. He also has commercial interests in France.

Directors' report ***continued***

Maciej Szytko, 32, was appointed as a non-executive director on 19 September 2011. He is a Commercial Studies graduate from the University of Westminster. Over the past 9 years, he has held a number of managerial positions in the hospitality industry. 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.

Substantial shareholdings

At 28 February 2015 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
R. B. Rowan	2,375,745	27.18%
M. Szytko	2,622,060	29.99%
D. Wheatley	435,644	4.98%
P. Fellerman	1,050,000	12.01%

The only subsequent notified change up to 26 June 2015, was a decrease in the shareholding of P. Fellerman from 1,050,000 (12.01 per cent.) to 1,025,000 (11.72 per cent.).

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.

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 2015 and that they have taken all 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 auditors are aware of that information.

Auditors

Shipleys LLP were appointed as auditors of the company by the directors and a resolution proposing that they be re-appointed as auditors of the company will be put to the annual general meeting.

Share capital and voting rights

Throughout the year, the authorised share capital has been £1,000,000 divided into 50,000,000 ordinary shares of 2p each, and the issued share capital has been £174,804 divided into 8,740,201 ordinary shares of 2p each. Each ordinary share has full voting rights. It is intended that resolutions to authorise the directors to allot shares up to an aggregate nominal amount of £34,960 and to dis-apply the pre-emption rights on allotments of shares up to an aggregate nominal amount of £17,480 will be proposed at the AGM.

Directors' report ***continued***

Going concern

The company is a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due.

After reviewing the company's budget for 2015/2016 and its medium term plans, the directors have a reasonable expectation that, following the further £120,000 loan to the company that Mr M Szytko, a director and shareholder of the company, has agreed to provide under the terms of the convertible loan notes, and his undertaking to provide additional funding as needed, the company will have adequate resources to continue in operational existence for the foreseeable future. The company has received written confirmation that the full amount of the loan will be received by the date of approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Carbon emissions

The company is currently a non-trading "cash-shell" with 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 20 to the accounts.

By order of the board

M. Szytko
Secretary

30 June 2015

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, Dominic Wheatley 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 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.

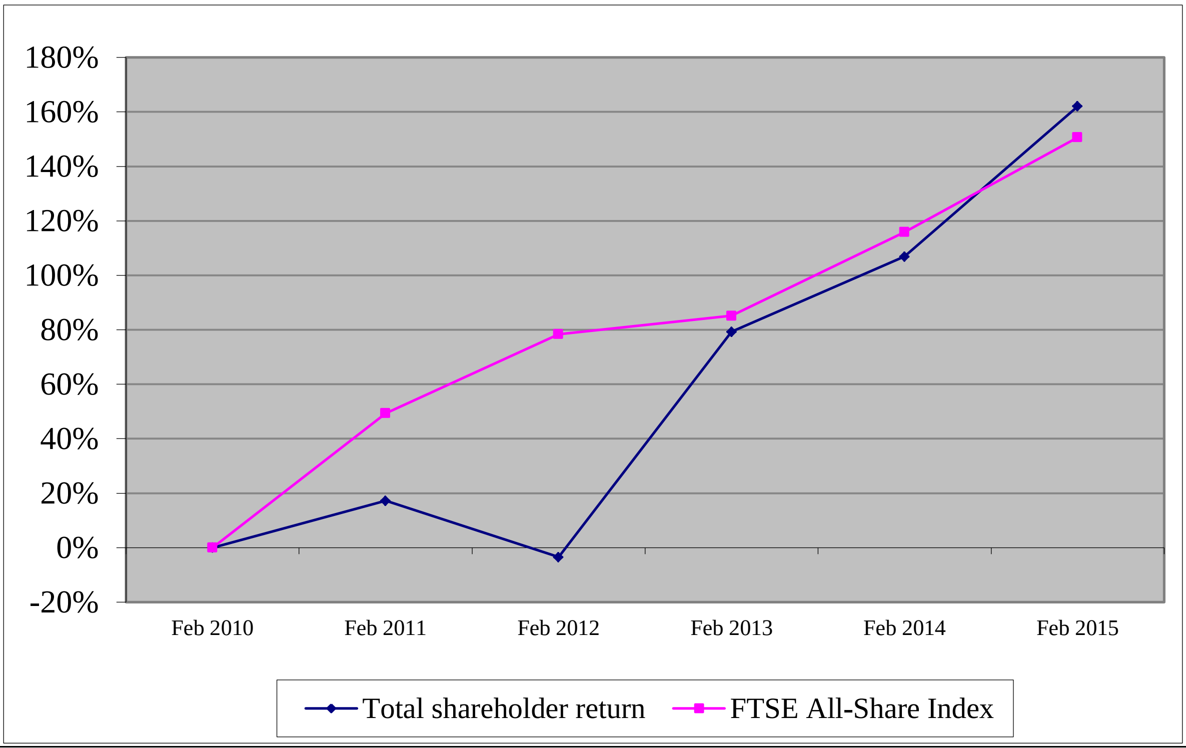
The remuneration committee determines the company's policy for the remuneration of directors, having regard to the UK Corporate Governance Code and its provisions on directors' remuneration.

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 share options, long term incentive plans, performance bonuses or pension schemes in place. 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 on 5 September 2014 a resolution was passed to approve the directors' remuneration report and the percentage of votes cast for was 98%. It is the intention to implement a similar directors' remuneration policy in 2016 to that in 2015.

Performance graph

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. The dividend adjustment to the FTSE All-Share Index for 2015 has been estimated based on past 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.

	Number of ordinary shares	
	28.2.2015	**28.2.2014**
M. D. A. Wheatley	435,644	435,644
M. Szytko	2,622,060	2,622,060

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**	**2015 Total**	**2014 Total**
M. D. A. Wheatley	20,000	—	—	—	20,000	20,000
P. Levey (resigned 31.12.13)	—	—	—	—	—	16,667
M. Szytko	24,000	—	—	—	24,000	15,500
	£44,000	£—	£—	£—	£44,000	£52,167

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 30 June 2015 and signed on its behalf by:

D. M. D. A. Wheatley
Remuneration Committee Chairman

Corporate governance

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 two non-executive directors: Dominic Wheatley and Maciej Szytko. The articles of association require a third, but not greater than a third, of the directors to retire by rotation each year. Since 19 September 2011 the non-executive Chairman has been Dominic Wheatley, and the senior independent director has been Edward Levey, until his resignation on 31 December 2013. 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 2015, there were 11 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-excutive directors are available for inspection at Eden House, Reynolds Road, Beaconsfield HP9 2FL.

Audit committee

The audit committee is currently headed by Dominic Wheatley, the Chairman, and also comprises Maciej Szytko. Edward Levey, another non-executive director, who has relevant financial experience and up to date knowledge of financial matters was also on the audit committee, until his resignation on 31 December 2013. 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***

Remuneration committee

The remuneration committee is currently headed by Dominic Wheatley, the Chairman, and also comprises Maciej Szytko. Edward Levey was also on the remuneration committee, until his resignation on 31 December 2013.

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 a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due.

After reviewing the company's budget for 2015/2016 and its medium term plans, the directors have a reasonable expectation that, following the further £120,000 loan to the company that Mr M Szytko, a director and shareholder of the company, has agreed to provide under the terms of the convertible loan notes, and his undertaking to provide additional funding as needed, the company will have adequate resources to continue

Corporate governance ***continued***

in operational existence for the foreseeable future. The company has received written confirmation that the full amount of the loan will be received by the date of approval of the accounts. 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 2015 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 A.3.1 – The Chairman, Dominic Wheatley holds 4.98% of the ordinary share capital of the company, and therefore does not satisfy the Code's independence criteria. However, major shareholders were consulted prior to his appointment.

Code provision B.1.2 – Since the resignation of Howard Drummon on 19 September 2011, the company has had one rather than at least two independent non-executive directors on the board, as Dominic Wheatley and Maciej Szytko are both significant shareholders in the company. Since Edward Levey's resignation on 31 December 2013, the company has not had an independent non-executive director on the board. The board is seeking a suitable replacement.

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 resignation of Howard Drummon on 19 September 2011, the company has had one rather than at least two independent non-executive directors on the audit committee, as Dominic Wheatley and Maciej Szytko are both significant shareholders in the company. Since Edward Levey's resignation on 31 December 2013, the company has not had an independent non-executive director on the board. The board is seeking a suitable replacement.

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 2006. 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 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 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

M. Szytko
Secretary

30 June 2015

Independent Auditors' Report to the members of Highway Capital plc

Opinion on Financial Statements of Highway Capital Plc

In our opinion:

- The Financial Statements give a true and fair view of the state of the Company's affairs at 28 February 2015 and of the Company's loss for the year then ended;
- The Financial Statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (GAAP); and
- The Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

The Financial Statements comprise the Profit and Loss Account, the Reconciliation of Equity Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in the preparation of the Financial Statements is applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice).

Going Concern

As required by the Listing Rules we have reviewed the Director's statement on page 11 that the Company is a going concern. We confirm that:

- We have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate; and
- We have not identified any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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
Management override of controls 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.
Going Concern There is a risk that the entity may not be a going concern due to net liabilities and lack of revenue.	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 shareholder loan which was received before the year end.
Prior year figures There is a risk that the prior year figures are materially misstated as they were not audited by Shipleys LLP.	We examined the prior year figures at a high level and sought explanations and support for any items which appeared unusual. We considered the ability of Littlestone Golding, the previous auditors to undertake the audit and that their work could be relied upon.
Bank letter 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.

Independent Auditors' Report continued

Potential misstatement of creditors As they have significantly increased on the prior year there is a potential for misstatement.	The reason for the increase was examined and documentation was sought to support the figure and look for any potential material understatement.
Accounting Estimates 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.

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.

Our application of materiality

We define materiality as the magnitude of misstatement in the Financial Statements that makes it probably 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 £3,023, which is less than 5% of results before tax and less than 4% 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- The part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- The information given in the Strategic Report and the Directors' Report for the financial year for which the statements are prepared is consistent with the Financial Statements.

Matters which we are required to report on by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- Adequate accounting records have not been kept by the Company, 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 or returns.

We have nothing to report in respect of the above matters.

Directors' Remuneration

Under the Companies Act 2006 we are also required to report in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters

Independent Auditors' Report continued

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is materially inconsistent with the information in the audited Financial Statements; or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit.

In particular we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Director's statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that were communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Other matters

Corporate Governance Statement

We reviewed the part of the Corporate Governance Statement relating to the Company's compliance with the UK Corporate Governance Code. We have nothing to report arising from our review.

Respective Responsibilities of Directors and the auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our independent partner review processes.

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/or those further matters we have expressly agreed to report to them on in our engagement letter 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.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the Financial Statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Shane Moloney (Senior Statutory Auditor)

For and on behalf of Shipleys LLP
Chartered Accountants and Statutory Auditor

30 June 2015

10 Orange Street, Haymarket
London WC2H7DQ

Profit and loss account
Year ended 28 February 2015

	Notes	2015	2014
Management fees		—	—
Other income		—	—
Administrative expenses		(124,304)	(103,810)
Operating loss	2	(124,304)	(103,810)
Interest receivable		14	113
Loss on ordinary activities before taxation		(124,290)	(103,697)
Tax credit on loss on ordinary activities	5	—	—
Loss for the financial year		(124,290)	(103,697)
Basic and diluted loss per share	7	(1.42)p	(1.25)p
Basic and diluted loss per share from continuing operations	7	(1.42)p	(1.25)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

	2015	**2014**
Loss attributable to ordinary shareholders	(124,290)	(103,697)
Issue of new ordinary shares less costs	—	89,075
Net decrease in shareholders' funds	(124,290)	(14,622)
Shareholders' funds/(deficit) at 1 March 2014	(13,597)	1,025
Shareholders' funds/(deficit) at 28 February 2015	£(137,887)	£(13,597)

Balance sheet

at 28 February 2015

	Notes	2015	2014
Fixed assets			
Investments	8	—	—
		—	—
Current assets			
Debtors	10	5,855	3,580
Cash at bank and in hand		12,251	44,343
		18,106	47,923
Creditors: amounts falling due within one year	11	(125,993)	(31,520)
Net current assets/(liabilities)		(107,887)	16,403
Total assets less current liabilities		(107,887)	16,403
Creditors: amounts due after more than one year	12	(30,000)	(30,000)
Net assets/(liabilities)		£(137,887)	£(13,597)
Capital and reserves			
Share capital	14	174,804	174,804
Share premium	17	368,621	368,621
Profit and loss account	17	(681,312)	(557,022)
Total equity shareholders' funds/(deficit)		£(137,887)	£(13,597)

Approved by the board on 30 June 2015

D M D A Wheatley
Chairman

Company registration no. 02991159

Cash flow statement
Year ended 28 February 2015

	Notes	2015	2014
Net cash outflow from operating activities	21(a)	(32,106)	(129,566)
Returns on investments and servicing of finance			
Interest received		14	113
Net cash inflow from returns on investments and servicing of finance		14	113
Financing			
Issue of new ordinary shares less costs		—	89,075
Loan capital raised less repayments		—	30,000
Decrease in cash	21(b)	£(32,092)	£(10,378)

Notes to the accounts

Year ended 28 February 2015

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 BC Regulation 1606/2002.

Going concern

The company is a "cash shell", and, apart from a small amount of interest receivable, currently has no income stream. Until a suitable trading business is acquired, it is therefore dependent on its cash reserves to fund ongoing costs. At the date of approval of the accounts the company has agreed the additional funding that it considers necessary to enable it to be able to continue to meet its liabilities as they fall due.

After reviewing the company's budget for 2015/2016 and its medium term plans, the directors have a reasonable expectation that, following the further £120,000 loan to the company that Mr M Szytko, a director and shareholder of the company, has agreed to provide under the terms of the convertible loan notes, and his undertaking to provide additional funding as needed, the company will have adequate resources to continue in operational existence for the foreseeable future. The company has received written confirmation that the full amount of the loan will be received by the date of approval of the accounts. For this reason, they continue to adopt the going concern basis in preparing the accounts.

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

Consolidation

At 28 February 2015, 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.

Notes to the accounts *continued*

Year ended 28 February 2015

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.

2. Operating loss

This is stated after charging:

	2015	2014
Directors' remuneration – Salaries and fees	44,000	52,167
Auditors' remuneration – Audit services	10,000	9,000
– Taxation and other related compliance services	—	11,050

3. Employees

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

	2015	2014
Directors	2	3
Other	—	—
	2	3

Employee costs including directors during the year amounted to:

Salaries and fees	44,000	52,167
	£44,000	£52,167

4. Directors' remuneration

Information relating to directors' emoluments is included in the directors' remuneration report on pages 8 and 9.

Notes to the accounts ***continued***

Year ended 28 February 2015

5. Taxation

Based on the loss for the year:

	2015	2014
U.K. corporation tax at 20% (2014: 20%)	—	—
Under/(over) provision in previous years	—	—
	£—	£—

Factors affecting the tax charge/(credit) for the year

	2015	2014
Loss on ordinary activities before taxation	£(124,290)	£(103,697)
Loss on ordinary activities before taxation multiplied by the small company rate of UK corporation tax of 20% (2014: 20%)	£(24,858)	£(20,739)
Effects of:		
Current period tax losses not utilised	24,858	20,739
Disallowed expenditure/(income)	—	—
Adjustments to tax charge in respect of previous periods	—	—
	£24,858	£20,739
Current tax charge/(credit)	£—	£—

The company has estimated losses of £1,240,000 (2014: £1,116,000) that may be available for carry forward against future profits, and estimated capital losses of £1,460,000 (2014: £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

	2015	2014
Interim paid nil per share (2014: nil)	—	—
	£—	£—

7. Loss per share

The loss per ordinary share calculation has been based on the loss attributable to ordinary shareholders of £124,290 (2014: loss £103,697), divided by 8,740,201 (2014: 8,313,530), 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

The company currently has no investments.

Notes to the accounts ***continued***

Year ended 28 February 2015

9. Capital commitments

At 28 February 2015 the company had no capital commitments.

10. Debtors

	2015	2014
Other debtors	3,795	2,296
Prepayments	2,060	1,284
	£5,855	£3,580

11. Creditors: amounts falling due within one year

	2015	2014
Trade creditors	71,030	815
Accruals	54,963	30,705
	£125,993	£31,520

12. Creditors: amounts due after more than one year

The creditor due after more than one year of £30,000 is an unsecured loan from M. Szytko, a director and shareholder, repayable after 2 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 2 year period.

13. Deferred taxation

The estimated deferred tax asset not recognised in the accounts, based on a 20% rate of tax, amounts to £540,000 (2014: based on a 21% rate of tax £541,000). Of this amount, £292,000 may be recoverable by the company against future chargeable gains, and £248,000 may be recoverable against future profits.

14. Share capital

	Number of Shares 2015	Nominal Value 2015	Number of Shares 2014	Nominal Value 2014
Authorised —				
Ordinary shares of 2p each	50,000,000	£1,000,000	50,000,000	£1,000,000
Allotted, called-up and fully paid —				
Ordinary shares of 2p each	8,740,201	£174,804	8,740,201	£174,804

15. Related party transactions

Throughout the year there was a loan of £30,000 to the company on normal commercial terms from Mr M Szytko, a director and shareholder. Interest payable of £1,500 has been accrued for in the accounts in respect of this loan.

Notes to the accounts *continued*

Year ended 28 February 2015

16. Post balance sheet events

Since the year end date, Mr M Szytko, a director and shareholder of the company, has made a further loan of £120,000 to the company under the terms of the convertible loan notes, to ensure that the company continues to have adequate resources.

At a general meeting of the shareholders on 9 April 2015, authority was given to the directors to issue up to £3,000,000 nominal value convertible loan notes capable of conversion by the holders at no less than 10p per ordinary share. This will enable the directors to put the company on a sound financial footing.

17. Reconciliation of movements on reserves

	Share Premium Account	Profit and Loss Account
At 1 March 2014	368,621	(557,022)
Retained loss for the year	—	(124,290)
Proceeds of new share issue less costs	—	—
At 28 February 2015	£368,621	£(681,312)

18. Other financial commitments

At 28 February 2015 the company had no commitments for the year ending 29 February 2016 under non-cancellable operating leases.

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.

20. 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:

	2015	2014
Financial assets		
Receivables	5,855	3,580
Cash at bank	12,251	44,343
	£18,106	£47,923
Financial liabilities		
Payables	£155,993	£61,520

Hedging

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

Notes to the accounts *continued*

Year ended 28 February 2015

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.

21. Cash flow statement

(a) Net cash outflow from operating activities	2015	2014
Operating loss	(124,304)	(103,810)
Decrease/(increase) in debtors	(2,275)	160
Increase/(decrease) in creditors	94,473	(25,916)
Net cash outflow from operating activities	£(32,106)	£(129,566)

(b) Analysis of net funds/(debt)	1 March 2014	Cashflow	28 February 2015
Net cash: cash at bank and in hand	44,343	(32,092)	12,251
Debt due after 1 year	(30,000)	—	(30,000)
Net funds/(debt)	£14,343	£(32,092)	£(17,749)

(c) Reconciliation of net cash flow to movement in net funds/(debt)	2015	2014
Decrease in cash in the year	(32,092)	(10,378)
Debt due after 1 year	—	(30,000)
Movement in net funds/(debt) in the year	(32,092)	(40,378)
Opening net funds/(debt)	14,343	54,721
Closing net funds/(debt)	£(17,749)	£14,343

Company information

Directors	Dominic Wheatley (non-executive Chairman)* Maciej Szytko (non-executive director)* * member of the remuneration & audit committees
Secretary and registered office	Maciej Szytko Eden House, Reynolds Road Beaconsfield HP9 2FL
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
Stockbrokers	Northland Capital Partners Limited 131 Finsbury Pavement London EC2A 1NT

Financial review

	Year to 28.2.2015	Year to 28.2.2014	Year to 28.2.2013	Year to 29.2.2012	Year to 28.2.2011
Management fees	—	—	—	—	—
Other income	—	—	—	—	—
Administrative expenses	(124,304)	(103,810)	(116,772)	(93,802)	(93,371)
Operating profit/(loss)	(124,304)	(103,810)	(116,772)	(93,802)	(93,371)
Profit on disposal of subsidiaries	—	—	—	—	—
Income from fixed asset investments	—	—	—	—	—
Interest receivable	14	113	279	697	438
Profit/(loss) on ordinary activities before taxation	(124,290)	(103,697)	(116,493)	(93,105)	(92,933)
Taxation	—	—	—	—	—
Profit/(loss) on ordinary activities after taxation	£(124,290)	£(103,697)	£(116,493)	£(93,105)	£(92,933)
Earnings/(loss) per share	(1.42)p	(1.25)p	(1.47)p	(1.17)p	(1.17)p
Dividend per share	nil	nil	nil	nil	nil

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