

Rīga, 03 of September, 2021

SIA "HIGHAM FINANCE"
Annual report 2020

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ANCILLIARY INFORMATION

Name of the company	SIA "HIGHAM FINANCE"
Legal status	Limited liability company
Registration No,place and date	LV40103932252, Rīga, 21.09.2015.
Legal adress	Valentīna iela 16k-43, Rīga, LV-1046
Biggest shareholders	HORIZON 45% , France HIGHAM FINANCE LIMITED, UK 20 % Regalhouse Enginiering Limited, UK 20 %
Financial year	from 01.01.2020. to 31.12.2020.

MANAGEMENT REPORT

Type of operations

The company is managing and renting out his own property.

Short descriptions of the operations in the financial year

The company closed the year with a loss of 25 837 euros. In 2020, the management continued to follow the business strategy of investing resources in the real estate market in the Baltic States. In the reporting year, revenues were earned from the lease of own property. The situation with the spread of the Covid 19 virus had a significant impact on the company's operations. As a result of the restrictive measures implemented in the Baltic States, the company has lost a significant part of its customers. Many of our clients were forced to refuse to rent our real estate, losing their jobs and reducing their income.

Events after the last day of the balance

After the end of the financial year, in March 2020, restrictions related to the spread of the coronavirus have entered into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world. It is not expected how the situation will develop in the future, and therefore there is uncertainty about economic development.

The company's management is constantly evaluating the situation. The management believes that the Company will be able to overcome the emergency situation and it will be possible to continue renting the rental premises owned by the Company.

Management expects that as the spring of 2021 approaches, the situation with the spread of the coronavirus will improve and the demand for apartment rental will increase. The recovery of the rental housing market will undoubtedly be directly linked to the lifting of restrictions on the coronavirus, the level of vaccination of the population and the strengthening of the economy.

In order to attract customers, the management plans to get involved in several advertising projects and offer favorable prices for long-term rent as well as offer apartments for rent for shorter periods of time.

However, this conclusion is based on the information available at the time of signing these financial statements and the impact of future events on the Company's future operations may differ from management's assessment.

From the end of the reporting year to the moment of signing the report, no other significant events have occurred that could significantly affect the assessment of the annual report.

Future prospects and future development

In next year the business model will not be changed. Company is planning to expand the business activities in Baltic countries.

Proposals for distribution of profit or covering of losses

Year 2020 was finished with losses. The company's management plans to cover losses from the profit of the next periods.

Aleksandrs Zaicevs

Board member

03 of September, 2021

STATEMENT OF PROFIT OR LOSS
(expenses cost method)

	No of note	2020	2019
		EUR	EUR
Net sales	2	23 999	33 329
Costs of goods sold	3	-24 862	-24 456
Gross profit		-863	8 873
Administrative expenses	4	-24 870	-35 209
Other operating income	5	0	4 150
Interest and similar expenses- other	6	-48	-36
Profit or Loss before Corporate income tax		-25 781	-22 222
Corporate income tax	1	-56	-250
Profit or Loss for the financial year		-25 837	-22 472

Appendices 8 to 12 . page are an integral part of this annual report.

Aleksandrs Zaicevs

Signature

03 of September, 2021

Annual report prepared:

Signature

A. Blumberga

SIA "Debets"

BALANCE SHEET

	No.of note	31.12.2020.	31.12.2019.
		EUR	EUR
Assets			
Non-current assets			
Land, buildings, constructions	7	233 010	129 933
Other fixed assets		924	1334
Assets total		233 934	131267
Long-term financial investments			
Shares in affiliated enterprises	8	0	2 520
Long-term financial investments total		0	2 520
Long-term financial investments total		233 934	133787
Receivables			
Trade receivables		1 414	1 795
Receivables from related companies	9	1 500	80 986
Other receivables	10	39 008	958
Short term loans to board members		1260	0
Next period costs		157	350
Total receivables		43 339	84 089
Cash		4 923	4 593
Total current assets		48 262	88 682
Total assets		282 196	222 469

BALANCE SHEET

Shareholder's equity and liabilities	No.of note	31.12.2020. EUR	31.12.2019. EUR
Shareholder's equity			
Share capital	11	52 800	52 800
a) Retained profit from previous financial years		-10 652	11 820
b) Retained profit for the financial year		-25 837	-22 472
Total shareholder's equity		16 311	42 148
Liabilities			
Current liabilities			
Other loans		253956	159576
Advances received from customers		430	867
Payables to related companies	12		9 070
Trade payables		2 839	3 213
Taxes and social security payable	13	464	834
Other payables	14	6614	5421
Accrued liabilities		1 582	1 340
Total current liabilities		265 885	180 321
Total liabilities		265 885	180 321
Total shareholder's equity and liabilities		282 196	222 469

Appendices 8 to 12 . page are in integral part of this annual report.

Aleksandrs Zaicevs

Signature

03 of September, 2021

Annual report prepared

Signature

A.Blumberga
SIA"Debets"

APPENDICES OF THE ANNUAL REPORT

(1) ACCOUNTING AND EVALUATION METHODS - GENERAL PRINCIPLES

Base for preparing the annual report

The annual report is prepared in consistency with the “Law on accounting” and “Law on the annual accounts of enterprises and consolidated accounts of enterprises”. The statement of profit or loss is prepared according to cost functions.

Accounting principles used

Posts of the annual report are evaluated according to the following accounting principles:

- a) Assumption, that the company will continue its business (going concern).
- b) The same valuation methods as previous year is used
- c) Evaluation is done with certain precaution:
 - only profit gained till the balance sheet date is included;
 - one has taken into account all forecasted risk sums and losses, which appeared during the financial year also in the case, if they appeared between the balance date and the completion day of the annual report;
 - all the sums that decrease value or depreciation are calculated and taken into account disregarding the profit or loss gained in the financial year.
- d) All income and costs of the financial year are taken into account disregarding the date of payment or the date of the bill reception. Costs are synchronized with income in the financial period.
- e) The posts of assets and liabilities are evaluated independently.
- f) All the posts are shown that significantly impact the evaluation of the annual report by the users or the decision-making process, all the smaller posts are unified and the details of them are given in appendix.
- g) Economical transactions in the financial year are shown taking into account their economical content and meaning, not legal form.

Financial year

Financial year is 12 months from 01.01.2020. to 31.12.2020. .

Transactions in foreign currencies

The sums shown in the financial reports are stated in the national currency of Republic of Latvia - eur (EUR).

All asset and liability posts are recalculated in lats according to exchange rate set by the Bank of Latvia on the last day of the annual report.

The profit or loss gained from the foreign currency exchange rate fluctuations are show in the statement of profit or loss for the corresponding period.

Related parties

The following persons are cosidered to be related parties: owners of the company, members of council and board, close relatives of those persons and companies, where these persons have significant influence.

Tangible fixed assets

Property, plant and equipment are started at cost less accumulated depreciation and any impairment in value. Depreciation is calculated in a straight-line basis over the estimate useful life of the assets.

The following depreciation rates were established and applied:

Tangible fixed assets:	
Buildings and structures	<u>5%</u>
Other fixed assets	<u>20%</u>

Trade and other receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any non-collectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Balances are disclosed at the original invoice amount less provisions made. Bad debts are written off when recovery is deemed impossible.

Cash

Cash in bank is considered as cash and its equivalents.

Revenue

Revenue from the sale of goods is recognised as soon as the buyer has been transferred to the major title and risks to the goods and

Corporate income tax

The corporate income tax for the financial year consists of the tax calculated for the financial year. The corporate income tax is shown in the profit or loss statement.

For the financial year 2018 the Corporate income tax is calculated by taking into account the requirements of the law "On corporate income tax", which comes into force in 01.01.2018., stating the taxable income and using the Corporate income tax rate 20% from the taxable base. Taxable base before using the rate 20% is adjusted by coefficient 0.8.

Corporate income tax in Estonia

Income tax is paid only in case company or the branch has distributed dividends. In general the dividend tax is 20% (e.g. 800 for dividend and 200 for tax). In some cases the dividend tax can be 14% e.g. when the company has previously for 3 years paid dividends.

(2) Net Sales

Net sales are the income received within a year from the main operations of the company less valued added tax.

	2020	2019
Type of operations	EUR	EUR
Revenue - Estonia branch	21 481	27 569
Revenue from rent in Latvia	2518	5760
Total	23 999	33 329

(3) Costs of goods sold

	2020	2019
	EUR	EUR
Maintenance costs of apartments	16 607	15 952
Accumulated depreciation	7 921	7 768
Other costs	334	736
Total	24 862	24 456

(4) Administrative expenses

	2020	2019
	EUR	EUR
Consultations	18 000	0
Personal costs	910	28 917
Bank charges	268	626
Professional services	3 658	3 771
Audit	900	700
It costs	171	48
Other costs	963	1 147
Total	24 870	35 209

(5) Other operating income

	2020	2019
	EUR	EUR
Income from writing down the debts	0	4150
Total	0	4150

(6) Interest and similar expenses

	2020	2019
	EUR	EUR
Penalties paid	48	36
Total	48	36

(7) Tangible fixed assets

		Apartments	Other fixed assets	Total
		EUR	EUR	EUR
Asquisitions as at	31.12.2019.	141 000	2 052	143 052
	Additions	110 588		110 588
Asquisitions as at	31.12.2020.	251 588	2 052	253 640
Accumulated depreciation	31.12.2019..	11 067	718	11 785
	Depreciation	7 511	410	7 921
Accumulated depreciation	31.12.2020.	18 578	1 128	19 706
Residual value as at	31.12.2019.	129 933	1 334	131 267
Residual value as at	31.12.2020.	233 010	924	233 934

(8) Shares in affiliated enterprises

	31.12.2020.	31.12.2019.
Shares held %		EUR
SIA Regalhouse	90%	0
Total	90%	0

Shares was sold in year 2020.

(9) Recivables from related companies

	31.12.2020.	31.12.2019.
Short-term loan	EUR	EUR
Regalhouse Engineerinering Limited	1500	280
Regalhouse SIA , loan	0	80 706
Total	1 500	80 986

(10) Other receivables

	31.12.2020..	31.12.2019.
	EUR	EUR
Regalhouse SIA , loan	33886	0
VAT overpayment	394	0
Social tax overpayment	0	144
Business risk duty overpayment	2	2
Advance payment for services	85	86
Other receivables	4641	726
Total	39 008	958

(11) Share capital

On the 25 th of January, year 2018 the share capital is fully paid . Share capital in 25.01.2018 was increased for 50 000 EUR. It consists of 52 800 shares with the nominal value of 1 EUR (one euro).

(12) Other loans

	31.12.2020.	31.12.2019.
	EUR	EUR
Loan from Higham Finance Ltd	248836	159576
Loan from SIA Regalhouse	5 120	
Total	253956	159576

(13) Payables to related companies

	31.12.2020.	31.12.2019.
	EUR	EUR
Loan from SIA Regalhouse	0	9 070
Total	0	9 070

(14) Taxes and social security payable

	Residue on 31.12.2019.	Calculated 2020	Paid 2020	Residue on 31.12.2020.
	EUR	EUR	EUR	EUR
Personal income tax	263	156	263	156
Statutory social insurance contributions LV	-144	396	0	252
Statutory social insurance contributions EE	433	0	433	0
Business risk duty	-2	0	0	-2
Corporate income tax	0	56	0	56
Value added tax	138	-640	-108	-394
Total	688	-32	588	68

Including	31.12.2019.	31.12.2020.
	EUR	EUR
Tax overpayment	146	396
Tax debt	834	464

(15) Other payables

	31.12.2020.	31.12.2019.
Payment for salary	4817	4817
Deposit	1745	480
Other payables to personal	52	59
Land tax EE	0	65
Total	6614	5421

(16) Amount of employees working in the company

	2020	2019
Average number of employees during the financial year	0	2

(17) Events after the last day of the balance

In March 2020, restrictions related to the spread of coronavirus came into force in the Republic of Latvia and many other countries, which significantly reduce the economic development in the country and in the world. It is not expected how the situation will develop in the future, and therefore there is uncertainty about economic development.

The company's management is constantly evaluating the situation. The management believes that the Company will be able to overcome the emergency situation and it will be possible to continue renting the rental premises owned by the Company.

In 2021, the situation with the spread of the coronavirus will not improve and the demand for apartment rental will not. In June, a lease agreement is concluded for six months. In order to attract customers, the management plans to get involved in several advertising projects and offer favorable prices for long-term rent, as well as offer apartments for rent for shorter periods, such as two to three nights.

However, this conclusion is based on the information available at the time of signing these financial statements and the impact of future events on the Company's future operations may differ from the management's assessment.

(18) Application of the going concern concept

The Company ended the year ended 31 December 2020 with a loss of EUR 25,837.

As at that date, the Company's current liabilities exceeded current assets by EUR 220,143.

Nevertheless, the owners of the company plan to continue the development and necessities of the company and provide the company with the necessary financial resources to meet its obligations.

Aruande digitaalallkirjad

Aruande lõpetamise kuupäev on: 03.09.2021

Higham Finance SIA Eesti Filiaal (registrikood: 14134980) 01.01.2020 - 31.12.2020 majandusaasta aruande andmete õigsust on elektrooniliselt kinnitanud:

Allkirjastaja nimi	Allkirjastaja roll	Allkirja andmise aeg
LAURENCE JEANNE BEUCHARD	Filiaali juhataja	28.10.2021

Sidevahendid

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