UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

(Mark One)

x Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended May 31, 2010

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________ to ________

Commission File Number: 001-34642

HIGHLAND BUSINESS SERVICES, INC.

(Exact name of registrant as specified in its charter)

Nevada	26-1607874
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

15202 N 8th Drive
Phoenix, AZ 85023

(Address of Principal Executive Offices) (Zip Code)

(602) 375-0888

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common stock ($0.001 par value)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," " accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed fiscal quarter: $-0- as of May 31, 2010.

The number of outstanding shares of the issuer's common stock, $0.001 par value, as of September 14, 2010 was 6,946,100.

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HIGHLAND BUSINESS SERVICES, INC.

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PART I

ITEM 1. BUSINESS

GENERAL

Highland was incorporated on February 24, 2006 in the State of Nevada. Highland has never declared bankruptcy, has never been in receivership, and has never been involved in any legal action or proceedings.

Since becoming incorporated, Highland has not made any significant purchase or sale of assets, nor has it been involved in any mergers, acquisitions or consolidations. Highland is not a blank check registrant as that term is defined in Rule 419(a)(2) of Regulation C of the Securities Act of 1933, since it has a specific business plan or purpose.

CURRENT BUSINESS OPERATIONS

Our primary business plan is to focus our operations on the development of a diverse network of individuals and firms that can offer their professional services to public companies. Our target market is primarily small companies that plan to go public, are about to go public, or are experiencing a transitional phase where they are in need of certain management personnel. These companies often need assistance either short term or long term to ensure SEC compliance. Using our service provider database, Highland will refer qualified professionals to these companies for employment as independent contractors. Highland will charge a referral fee to the service provider of a negotiated percentage for a negotiated period of time based on the specific partnership.

Our referral services described above are in the development stage.   Highland has begun performing a minimal amount of referral services with Joan Spainhower, a related party. The only services that are currently ready for commercial sale are EDGAR Filing Services performed by Mrs. Spainhower's business. We had anticipated that other services would be available by now; however, our management was unable to devote the time necessary to fully implement their business plan during the previous quarter. Management has surveyed many potential service providers who have been positively interested in becoming an independent contractor. Management intends to devote more time to Highland's development and our plan for the next six months is to acquire signed agreements with these individuals and companies and continue to pursue additional independent contractors for our database.

Our management team is comprised of individuals who have significant experience in dealing with public companies and public company service providers. In our dealings with these relationships, we identified a trend towards the growing need of assistance from professionals who offer various areas of expertise for public companies. We continuously received requests to place public companies in contact with SEC attorneys, accountants, auditors, market makers and more. When we put these companies in contact with the requested service provider, they were thankful and never made statements of dissatisfaction in regards to their integrity, professionalism, or quality of work. Conversely, the SEC attorneys, accountants and auditors who received the referral were equally thankful for the business. We saw this as an opportunity to fill a niche in the marketplace that is currently deficient.

The competitive research we’ve conducted in this area has uncovered only a handful of businesses that offer similar services. All but one offer referral services in only one area (Ex: CPA’s). Our plan is to offer referral services in all needed areas for public companies. Companies in the process of going public who are in need of multiple services can utilize us for all of their needs. In the same respect, established smaller public companies in need of an interim controller or financial officer can also find a qualified professional through us.

While we continue to develop our referral strategies, we have also been pursuing other types of business that will add revenue and value to the company and shareholders' equity.

Additionally, the Company had planned to expand the business plan to include other sources of revenue. During the quarter ended February 28, 2010, the Company began providing SEC compliance services as an EDGAR filing agent. Management decided to discontinue providing EDGAR filing services after solidifying a referral agreement with Joan Spainhower, a related party. It was decided that, instead of providing EDGAR services to new clients and setting up an EDGAR operation, a referral fee would be charged to Mrs. Spainhower's EDGAR Filing business for revenue brought in by new clients that Highland referred to Mrs. Spainhower.

PLAN OF OPERATION

Referral Services

We have devised a three step plan to develop and implement our referral business. This plan may be revised in the future as management finds necessary. Any modifications to our business plan will be clearly expressed to the shareholders.

STEP I

Step I will primarily consist of contacting all of the attorneys, accountants, auditors, and other service providers we have already built a relationship with and determine if they are interested in becoming part of our database of service providers. This phase of the operation is already underway.

STEP II

During our second phase, we will work with legal counsel to construct the contracts and other legal documents for the relationships we will form between us, the service providers, and the public companies. We will also continue to enhance our website and implement search engine placement tactics. We will focus on our sales and marketing efforts by contacting local service providers and public companies to offer them our referral service.

STEP III

Step III will involve extensive web development including the design and release of a tool that will allow prospective clients to apply for their needed service in minutes online. Our online application tool will allow both public companies and service providers to express the full range of their needs quickly and easily. Using this, we will be able to download their request, and have a service provider or public company in mind (if available) when we contact them, reducing the turn-time significantly. We will increase our sales and marketing efforts by targeting both nationwide and internationally based prospective clientele. To execute this, we plan to employ a full or part-time sales professional.

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ITEM 1A. RISK FACTORS

Not required.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not required.

ITEM 2. PROPERTIES

Our principal executive office location and mailing address is 15202 N 8th Drive, Phoenix, AZ 85023 and is the home of Joan Spainhower. Currently, this space is sufficient to meet our needs; however, if we expand our business to a significant degree, we will have to find larger space. We have no lease agreements.

ITEM 3. LEGAL PROCEEDINGS

We know of no existing or pending legal proceedings against us, nor are we involved as a plaintiff in any proceeding or pending litigation. There are no proceedings in which any of our Directors, officers or any of their respective affiliates, or any beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our common stock is currently quoted on the OTC Bulletin Board (“OTCBB”), which is sponsored by FINRA. The OTCBB is a network of security dealers who buy and sell stock. The dealers are connected by a computer network that provides information on current "bids" and "asks", as well as volume information. Our shares are quoted on the OTCBB under the symbol “HGLB.OB.”

The following table sets forth the range of high and low bid quotations for our common stock for each of the periods indicated as reported by the OTCBB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

As of May 31, 2010, there was not a market for our common stock on the OTCBB.

Fiscal Year Ending May 31, 2010		
Quarter Ended	High $	Low $
May 31, 2010	n/a	n/a
Feb 28, 2010	n/a	n/a
Nov 30, 2009	n/a	n/a
Aug 31, 2009	n/a	n/a

HOLDERS

As of May 31, 2010, there were 6,946,100 shares of our common stock issued and outstanding and held by 38 holders of record.

DIVIDENDS

The Company has not declared, or paid, any cash dividends since inception and does not anticipate declaring or paying a cash dividend for the foreseeable future.

Nevada law prohibits our board from declaring or paying a dividend where, after giving effect to such a dividend, (i) we would not be able to pay our debts as they came due in the ordinary course of our business, or (ii) our total assets would be less than the sum of our total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of distribution, to satisfy the rights of any creditors or preferred stockholders.

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ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES - continued

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

We do not have any equity compensation plans.

RECENT SALES OF UNREGISTERED SECURITIES

None.

ITEM 6. SELECTED FINANCIAL DATA

Not required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this section in conjunction with our financial statements and the related notes included in this Form 10-K. Some of the information contained in this section or set forth elsewhere in this Form 10-K, including information with respect to our plans and strategies for our business, statements regarding the industry outlook, our expectations regarding the future performance of our business, and the other non-historical statements contained herein are forward-looking statements.

OVERVIEW

Highland plans to focus our operations on the development of a diverse network of individuals and firms that can offer their professional services to public companies. Our target market is primarily small companies that plan to go public, are about to go public, or are experiencing a transitional phase where they are in need of certain management personnel. These companies often need assistance either short term or long term to ensure SEC compliance. Using our service provider database, Highland will refer qualified professionals to these companies for employment as independent contractors. Highland will charge a referral fee to the service provider of a negotiated percentage for a negotiated period of time based on the specific partnership.

As of the date of this annual report, Highland has begun performing a minimal amount of referral services with Joan Spainhower, a related party. The only services that are currently ready for commercial sale are EDGAR Filing Services performed by Mrs. Spainhower's business. The Company has solidified a referral agreement with Joan Spainhower, a related party. A referral fee will be charged to Mrs. Spainhower's EDGAR Filing business for revenue brought in by new clients that Highland referred to Mrs. Spainhower. Our other services are currently in the development stage and are not ready for commercial sale. We had anticipated that those services would be available by now, however, our management was unable to devote the time necessary to fully implement their business plan during the previous quarter. Management has surveyed many potential service providers who have been positively interested in becoming an independent contractor. Mangement intends to devote more time to Highland's development and our plan for the next six months is to acquire signed agreements with these individuals and companies and continue to pursue additional independent contractors for our database.

RESULTS OF OPERATIONS

FOR THE YEAR ENDED MAY 31, 2010 COMPARED TO THE YEAR ENDED MAY 31, 2009

During the years ended May 31, 2010 and 2009, our revenue was $2,030 and $0, respectively. Our expenses consisted primarily of rent, minimal salary compensation, registration fees and accounting and auditing fees.

LIQUIDITY

Our cash assets were $3,144 at May 31, 2010. We will be reliant upon shareholder loans or private placements of equity to fund any kind of operations. We have secured no sources of loans.

On a short-term basis, we have only generated revenues of $2,030 to cover operations. Based on prior history, we will continue to have insufficient revenue to satisfy current and recurring liabilities as we continue development activities. For short term needs we will be dependent on receipt of private placement proceeds. Our assets consist of $3,144 cash and $75 in prepaid expenses. Our total liabilites are $2,013 at May 31, 2010.

We have only common stock as our capital resource.

We have no material commitments for capital expenditures within the next year, however if the referral services operations are fully commenced, substantial capital will be needed to pay for development of our website, marketing, sales and normal start up costs.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

NEED FOR ADDITIONAL FINANCING

We do not have capital sufficient to meet our expected cash requirements, therefore, we will have to seek loans or equity placements.

No commitments to provide additional funds have been made by any investors or stockholders. Accordingly, there can be no assurance that any additional funds will be available to us to allow it to cover our expenses as they may be incurred.

We will need additional capital to support our proposed future development. We have no committed source for any funds as of date here. No representation is made that any funds will be available when needed. In the event funds cannot be raised when needed, we may not be able to carry out our referral services business plan, may never achieve sales or income, and could fail in business as a result of these uncertainties.

We have budgeted $20,000 for future development. The funds allocated to administrative expenses are intended to be used for indirect expenses to maintain the daily operation of the business, such as travel expenses, stationary and postage expenses, printing expenses and web site development.

Management plans to temporarily advance capital to maintain normal operations. Management has agreed to provide temporary financing to the Company, but is not contractually obligated to do so. If we fail to raise additional funding, we may have to delay, scale back or discontinue some or all of our objectives.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this Annual Report, we do not have any off-balance sheet arrangements that have or are reasonable likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HIGHLAND BUSINESS SERVICES, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
HIGHLAND BUSINESS SERVICES, INC.
Phoenix, AZ

We have audited the accompanying balance sheets of HIGHLAND BUSINESS SERVICES, INC. (a Nevada development stage enterprise) as of May 31, 2010 and 2009, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the two years in the period ended May 31, 2010, and for the period from February 24, 2006 (inception) to May 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company has determined that it is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HIGHLAND BUSINESS SERVICES, INC. as of May 31, 2010 and 2009, and the results of operations and its cash flows for the years ending May 31, 2010, May 31, 2009, and for the period from February 24, 2006 (inception) to May 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is in the development stage and has not generated sufficient operations to cover its operation expenses. It has sustained losses to date and has a deficit in working capital and stockholders' equity that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Nick Herb Accounting Services, P.C.

Nick Herb Accounting Services, P.C.
Prescott Valley, Arizona
September 10, 2010

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HIGHLAND BUSINESS SERVICES, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEETS

	May 31, 2010	May 31, 2009
ASSETS		
CURRENT ASSETS		
Cash	$ 3,144	$ 93
Prepaid Expenses - Fees	75	-
TOTAL CURRENT ASSETS	3,219	93
Total Assets	$ 3,219	$ 93
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ -	$ 150
Accounts payable - related parties	2,013	-
TOTAL CURRENT LIABILITIES	2,013	150
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock, par value $.001, 75,000,000 shares authorized, 6,946,100 issued and outstanding	6,946	6,946
Paid in Capital	60,012	36,696
(Deficit) accumulated during the development stage	(65,753)	(43,699)
Total Stockholders' Equity (Deficit)	1,206	(57)

Total Liabilities and Stockholders' Equity (Deficit)	$	3,219	$	93

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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HIGHLAND BUSINESS SERVICES, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF OPERATIONS

	For the years ended May 31, 2010	2009	Cumulative from February 24, 2006 (Inception) to May 31, 2010
REVENUES	$ 2,030	$ -	$ 2,030
EXPENSES			
General and administrative	24,084	25,716	67,792
Total expenses	24,084	25,716	67,792
Interest Income	-	6	9
NET (LOSS)	$ (22,054)	$ (25,710)	$ (65,753)
NET (LOSS) PER SHARE - BASIC	*	*	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	6,946,100	6,946,100	

* less than $(.01) per share

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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HIGHLAND BUSINESS SERVICES, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Shareholders' Services - Deferred	Paid-in Capital	(Deficit) Accumulated During the Development Stage	Total
Balances, at inception	-	$-	$ -	$-	$ -	$-
Issuance of common stock, February 24, 2006						
at $.001 per share for future services	6,000,000	6,000	(6,000)			-
Value of services subsequently rendered						
for previously issued shares of common stock			960			960
Services contributed to capital				549		549
Net (loss) for the period					(1,509)	(1,509)
Balances, May 31, 2006	6,000,000	6,000	(5,040)	549	(1,509)	-
Value of services subsequently rendered						
for previously issued shares of common stock			2,557			2,557
Services contributed to capital				2,277		2,277
Net (loss) for the year					(4,834)	(4,834)
Balances, May 31, 2007	6,000,000	6,000	(2,483)	2,826	(6,343)	-
Shares issued for cash in a private placement at $0.01 per share on May 28, 2008	946,100	946		8,515		9,461
Value of services subsequently rendered						
for previously issued shares of common stock			2,483			2,483

Services contributed to capital				9,172		9,172
Net (loss) for the year					(11,646)	(11,646)
Balances, May 31, 2008	6,946,100	6,946	-	20,513	(17,989)	9,470
Services contributed to capital				16,183		16,183
Net (loss) for the year					(25,710)	(25,710)
Balances, May 31, 2009	6,946,100	6,946	-	36,696	(43,699)	(57)
Services contributed to capital				23,316		23,316
Net (loss) for the year					(22,054)	(22,054)
Balances, May 31, 2010	6,946,100	$6,946	$ -	$60,012	$ (65,753)	$1,206

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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HIGHLAND BUSINESS SERVICES, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENTS OF CASH FLOWS

	For the years ended May 31, 2010	2009	Cumulative from February 24, 2006 (Inception) to May 31, 2010
OPERATING ACTIVITIES			
Net (loss)	$ (22,054)	$ (25,710)	$ (65,753)
Adjustments to reconcile net (loss) to net cash used by operating activities			
Stock issued for services	-	-	6,000
Contributed capital	23,316	16,183	51,497
Changes in operating assets and liabilities			
Accounts receivable	-	-	-
Accounts payable	(150)	150	-
Accounts payable - related party	2,013		2,013
Prepaid expenses	(75)	-	(75)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	3,051	(9,378)	(6,317)
FINANCING ACTIVITIES			
Proceeds from sale of common stock	-	-	9,461
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-	9,461
NET INCREASE (DECREASE) IN CASH	3,051	(9,378)	3,144
CASH, BEGINNING OF PERIOD	93	9,470	-

CASH, END OF PERIOD	$	3,144	$	93	$	3,144
SUPPLEMENTAL DISCLOSURES:						
Cash paid for income taxes	$	-	$	-	$	-
Cash paid for interest	$	-	$	-	$	-
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES						
Shareholder's cash advances contributed to capital	$	13,116	$	7,633	$	15,697
Shareholder's services and rent contributed to capital		10,200		8,550		35,800
	$	23,316	$	16,183	$	51,497

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

HIGHLAND BUSINESS SERVICES, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
For the years ended May 31, 2010 and 2009

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History

Highland Business Services, Inc. (the Company, we, us, our), formerly known as Coal Mountain Technologies, inc., is in the development stage as defined under FASB ASC 915-10, "Development Stage Entities". It is a Nevada corporation, formed February 24, 2006. Since inception it has had limited operations. We are in the process of establishing ourselves as a company that will focus its operations on providing referral services and consulting to public companies in fulfillment of our business plan. We plan to form relationships between public companies in need of service and service providers who are available for employment as independent contractors. We plan to generate revenue from the referral fees we will charge to the service providers upon employment by the public companies. As of January 2010, we commenced receiving referral fees for services referred to a related party service provider, providing us with our limited income earned this fiscal year. The Company’s year-end is May 31.

Going Concern

Our financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Our ability to continue in existence is dependent on our ability to develop additional sources of capital and achieve profitable operations. Management’s plan is to pursue the above described business. The accompanying financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Cash Equivalents

We consider all highly liquid investments with the original maturities of three months or less to be cash equivalents.

Income Taxes

Income taxes are provided for using the liability method of accounting. A deferred tax asset or liability is recorded for all temporary difference between financial and tax reporting. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to more likely than not be realized in future tax returns. Tax law and rate changes are reflected in income in the period such changes are enacted.

HIGHLAND BUSINESS SERVICES, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
For the years ended May 31, 2010 and 2009

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and assumptions.

NOTE 2 – INCOME TAXES

The net operating loss carryforward and deferred start up costs are the two components of deferred tax assets for income tax purposes as of May 31, 2010, of approximately $5,991 which were reduced to zero after considering the valuation allowance of $5,991, since there is no assurance of future taxable income.

The net operating loss carryforward as of May 31, 2009 expires as follows:

Expiring Year		Amount
2026	$	549
2027		224
2028		166
2029		5,000
2030		11,277
Total	$	17,216

The following is an analysis of deferred tax assets as of May 31, 2010:

	Deferred Tax Assets	Valuation Allowance	Balance
Deferred tax assets at May 31, 2009	$ 3,620	$ (3,620)	$ -0-
Additions for the year	2,371	-2,371	-0-
Deferred tax assets at May 31, 2010	$ 5,991	$ (5,991)	$ -0-

The following is reconciliation from the expected statutory federal income tax rate to the Company's actual income tax rate for the years ended May 31:

	2010	2009
Expected income tax (benefit) at		

federal statutory tax rate -20%	$ (4,411)	$ (5,142)
Permanent differences	2,040	1,710
Valuation allowance	2,371	3,432
Income tax expense	$ - 0 -	$ - 0 -

The tax effects of temporary differences which were computed at a Federal statutory rate of 20%, that give rise to deferred tax assets for the years ended May 31, 2010 and 2009 are as follows:

	2010	2009
Net operating loss carryforwards	$ 1,000	$ 1,000
Deferred start-up costs	1,371	2,432
Total gross deferred tax assets	2,371	3,432
Valuation allowance	(2,371)	(3,432)
Net deferred tax assets, May 31	$ -0-	-0-

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HIGHLAND BUSINESS SERVICES, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
For the years ended May 31, 2010 and 2009

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NOTE 3 - COMMITMENTS AND CONTINGENCIES

No income tax returns have been filed since inception, nor is there any income tax liability associated with such returns.

NOTE 4 - THE EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS

Below is a listing of the most recent accounting standards and their effect on the Company.

In May 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-19 (ASU 2010-19), Foreign Currency (Topic 830): Foreign Currency Issues: Multiple Foreign Currency Exchange Rates. The amendments in this Update are effective as of the announcement date of March 18, 2010. The Company does not expect the provisions of ASU 2010-19 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-18 (ASU 2010-18), Receivables (Topic 310): Effect of a Loan Modification When the Loan is Part of a Pool That Is Accounted for as a Single Asset-a consensus of the FASB Emerging Task Force. The amendments in this Update are effective for modifications of loans accounted for within pools under Subtopic 310-30 occurring in the first interim or annual period ending on or after July 15, 2010. The amendments are to be applied prospectively. Early application is permitted. The Company does not expect the provisions of ASU 2010-18 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-17 (ASU 2010-17), Revenue Recognition-Milestone Method (Topic 605): Milestone Method of Revenue Recognition. The amendments in this Update are effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or after June 15, 2010. Early adoption is permitted. If a vendor elects early adoption and the period of adoption is not the beginning of the entity’s fiscal year, the entity should apply the amendments retrospectively from the beginning of the year of adoption. The Company does not expect the provisions of ASU 2010-17 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-16 (ASU 2010-16), Entertainment-Casinos (Topic 924): Accruals for Casino Jackpot Liabilities-a consensus of the FASB Emerging Issues Task. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. The amendments should be applied by recording a cumulative-effect adjustment to opening retained earnings in the period of adoption. The Company does not expect the provisions of ASU 2010-16 to have a material effect on the financial position, results of operations or cash flows of the Company.

HIGHLAND BUSINESS SERVICES, INC.
(A Development Stage Enterprise)
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NOTE 4 - THE EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS - continued

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-15 (ASU 2010-15), Financial Services-Insurance (Topic 944): How Investments held through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments-a consensus of the FASB Emerging Issues Task Force. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. Early adoption is permitted. The amendments in this Update should be applied retrospectively to all prior periods upon the date of adoption. The Company does not expect the provisions of ASU 2010-15 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-14 (ASU 2010-14), Accounting for Extractive Activities – Oil & Gas - Amendments to Paragraph 932-10-S99-1 (SEC Update). The Amendments are designed to modernize and update the oil and gas disclosure requirements to align them with current practices and changes in technology. The Company does not expect the provisions of ASU 2010-14 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-13 (ASU 2010-13), Compensation-Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades - a consensus of the FASB Emerging Issues Task Force. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Earlier application is permitted. The Company does not expect the provisions of ASU 2010-13 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-12 (ASU 2010-12), Income Taxes (Topic 740): Accounting for Certain Tax Effects of the 2010 Health Care Reform Acts. After consultation with the FASB, the SEC stated that it "would not object to a registrant incorporating the effects of the Health Care and Education Reconciliation Act of 2010 when accounting for the Patient Protection and Affordable Care Act". The Company does not expect the provisions of ASU 2010-12 to have a material effect on the financial position, results of operations or cash flows of the Company.

In March 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-11 (ASU 2010-11), Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives. The amendments in this Update are effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each entity's first fiscal quarter beginning after issuance of this Update. The Company does not expect the provisions of ASU 2010-11 to have a material effect on the financial position, results of operations or cash flows of the Company.

In February 2010, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update 2010-09 (ASU 2010-09), Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements. This amendment addresses both the interaction of the requirements of this Topic with the SEC's reporting requirements and the intended breadth of the reissuance disclosure provision related to subsequent events (paragraph 855-10-50-4). All of the amendments in this Update are effective upon issuance of the final Update, except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010. The Company does not expect the provisions of ASU 2010-09 to have a material effect on the financial position, results of operations or cash flows of the Company.

NOTE 5 – EQUITY TRANSACTIONS

Services contributed by management to capital during the periods ended May 31, 2010 and 2009, totaled $23,316 and $16,183, respectively, and were based on the fair value of such services. For 2010 those services consisted of management compensation of $8,400, office overhead of $1,800, and two shareholders who contributed debts owed to them by us for $13,116. For 2009 those services consisted of management compensation of $6,750, office overhead of $1,800 and two shareholders who contributed debts owed to them by us for $7,633.

Our office is in the home of our President/CEO and includes the fair value of space and communications incurred on a month to month basis of $150. We have rented this space since our inception; total rent was $1,800 for the years ended May 31, 2010 and 2009, and $7,650 since inception through May 31, 2010.

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NOTE 6 – RELATED PARTY TRANSACTIONS

Referral agreement

On February 15, 2010, we began offering Edgar filing services to our new customers and recorded Edgar revenue of $3,220 during the third quarter ended February 28,2010. We later realized that since such services were being outsourced to a related party, Joan Spainhower, the wife of our Chief Executive Officer who was the sole proprietor/owner of Highland Busines Services, that perhaps we should have also included expenses attributed to the related party's efforts for such services. We concluded that it would be more consistent with our business plan to treat the services provided by the related party like any other customer from whom we would earn fees, and to therefore only record the agreed upon referral fee of 25% of all services the related party provided. Accordingly, as of May 31, 2010, we adjusted Edgar services earned for the period from February 15, 2010 to May 31, 2010, to a total of $2,030, of which $805 would have been attributed to the third quarter . Therefore, regarding the third quarter Form 10Q unaudited financial statements for our current fiscal year, we overstated revenues for the three and nine months and the cumulative revenues to date by $2,415, understated the net loss for the three and nine months and the cumulative loss ended February 28, 2010 by $2,415, and overstated stockholders equity by $2,415 as of February 28, 2010. The effect on net loss per share for the three and nine months ended February 28, 2010, did not change.

In the agreement with Mrs. Spainhower, we agreed to refer business to her for a referral fee of 25% of all revenues generated from the referrals. The referral fees must be paid to us on a monthly basis as cash is collected from referrals, and such fees must be accompanied with accounting records in support of the fee calculations.

Accounts payable – related party

Because of the above mentioned adjustments, we owed Mrs. Spainhower $2,013 as of May 31, 2010.

NOTE 7– SUBSEQUENT EVENTS

In accordance with Accounting Standards Codification (ASC) topic 855-10 "Subsequent Events", the Company has evaluated subsequent events through September 13, 2010, the date which the financial statements were available to be issued. The Company has determined that there were no such events that warrant disclosure or recognition in the financial statements.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A(T). CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as of the end of the period covered by this annual report, being May 31, 2010, we have carried out an evaluation of the effectiveness of the design and operation of our company's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer. Based upon that evaluation, our Chief Executive Officer concluded that our disclosure controls and procedures are effective as at the end of the period covered by this report. There have been no significant changes in our internal controls over financial reporting that occurred during our most recent fiscal year ended May 31, 2010 that have materially affected, or are reasonably likely to materially affect our internal controls over financial reporting.

Disclosure controls and procedures and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of the controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance with respect to the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures which pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Under the supervision and with the participation of our management, including our chief executive officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation under the criteria established in Internal Control – Integrated Framework, our management concluded that our internal control over financial reporting was effective as of May 31, 2010.

This Annual Report does not include an attestation report of our registered public accounting firm with respect to internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission which permit us to provide only our management's report in this Annual Report.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting identified during the year ended May 31, 2010 which have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

DIRECTORS AND EXECUTIVE OFFICERS

The following information sets forth the names of our current executive officers and directors, their ages as of May 31, 2010 and their present positions.

Name	Age	Position Held with the Company
Rodger Spainhower, Sr.	66	Chief Executive Officer, Chief Financial Officer, Chairman and Director
Marie Moffett	30	President, Chief Operating Officer and Director
Joan M Spainhower	63	Senior Vice President and Director
Kevin Ericksteen	35	Director

Set forth below is a brief description of the background and business experience of executive officers and directors.

Rodger Spainhower Sr. – Chief Executive Officer, Chairman and Director

Mr. Spainhower, age 66, has been CEO, CFO, chairman and director since February 2006. He has been working as a business consultant since 1984 providing services to businesses in areas of management, administration, Security and Exchange compliance, software development and data management. Prior to his consulting, Mr. Spainhower served as President and CEO of Hyland Title Corporation, where he oversaw the company's management, administration and coordination of all services to a major title insurance agency. Before Hyland Title, Mr. Spainhower built a broad base of operations experience serving as Vice President at Great Western National Bank and as Operations Officer & Auditor at Valley National Bank in the US. At both banks, Mr. Spainhower was in charge of managing the bank operation for various branch offices including cash control, personnel, accounting and customer services.

Mr. Spainhower studied at Phoenix College, Phoenix, AZ and at the American Institute of Banking with special emphasis on Banking and Business Administration.

Mr. Spainhower is presently a director and secretary of Digilava, Inc., a Nevada corporation and has been since May, 2004

Mr. Spainhower is presently a director and secretary of Telava Networks, Inc., a California corporation and has been since September, 2007

Marie Moffett - President, Chief Operating Officer and Director

Mrs. Moffett, age 30, has been a director since April 2007 and became President and COO in June 2007. Mrs. Moffett has also been working for Highland Financial Services (Sole Proprietorship) doing primarily SEC Edgar filings for public companies and data management and maintenance fee collections for RV resorts.

Prior to her employment with Highland, Mrs. Moffett worked in the Client Relationship Management department for Continental Promotion Group, Inc., an international rebate, sweepstakes, and premium fulfillment company, from 2003 to 2007. During her employment, she held various positions from Account Coordinator to Senior Account Manager. Before Continental Promotion Group, Inc., Mrs. Moffett held the position of office manager for Plaza Amusement, a vending and amusement game rental and management business, from April 2002 to May 2003.

Mrs. Moffett graduated in December 2001 with a Bachelor of Science degree from Northern Arizona University in Flagstaff, AZ.

Joan M Spainhower - Senior Vice President and Director

Mrs. Spainhower, age 63, has been Senior VP and director since April 2007. She has been the sole owner of Highland Financial Services (Sole Proprietorship), Phoenix, AZ, since 2004, where she oversees the daily operations consisting primarily of SEC EDGAR filings for public companies and data management and maintenance fee collections for RV resorts. She was previously employed full-time at an optometrist's office in Scottsdale, AZ as a customer service representative for medical claims processing from 1998 to 2005. She continued to work part-time until she terminated her employment in 2006.

Mrs. Spainhower graduated from Phoenix College, Phoenix, AZ.

Kevin Ericksteen – Director

Kevin Ericksteen, age 35, has been a Director since April 2007. He attended University of San Diego Law School and holds a Bachelor of Arts degree from Arizona State University in Tempe, Arizona. Since March 2003, Mr. Ericksteen has been employed as Manager of Ericksteen Consulting LLC where his work includes analysis and evaluation of emerging companies' business plans and models as well as determining valuation of prospective companies wishing to obtain listing on a public exchange. Mr. Ericksteen is also an owner of a mortage company and managing member of a real estate investment company.

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ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE - continued

DIRECTOR INDEPENDENCE

As a Company with its common stock listed on the OTCBB, the Company does not have a director independence requirement.

COMMITTEES OF THE BOARD

We do not have an audit or compensation committee at this time.

FINANCIAL EXPERT

None of our directors or officers have the qualifications or experience to be considered a financial expert. We believe the cost related to retaining a financial expert as this time is prohibitive. Further, because of our limited operations, we believe the services of a financial expert are not warranted.

FAMILY RELATIONSHIPS

Joan Spainhower is the wife of Rodger Spainhower. Marie Moffett is the daughter of Rodger and Joan Spainhower.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

Our directors, executive officers and control persons have not been involved in any of the following events during the past five years:

1. any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
4. being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

CODE OF ETHICS

We have adopted a corporate code of ethics. We believe our code of ethics is reasonable designed to deter wrongdoing and promote honest and ethics conduct; provide full, fair, accurate, timely and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the code. A copy of the code of ethics was attached as an exhibit to the Company's S-1 which was filed with the SEC on September 30, 2008.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Our officers, directors and owners of 10% or more of our outstanding shares of common stock have filed all reports required by Section 16(a) of the Securities Exchange Act of 1934.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The table below summarizes all compensation awarded to, earned by, or paid to both to our officers and to our directors for all services rendered in all capacities to us for our fiscal years ended May 31, 2010 and 2009.

SUMMARY COMPENSATION TABLE

Name and principal position	Year ended May 31	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Rodger Spainhower, Sr., CEO, CFO, Chairman &	2010	3,000	0	0	0	0	0	0	3,000
Director	2009	2,100	0	0	0	0	0	0	2,100
Marie Moffett, President, COO &	2010	5,400	0	0	0	0	0	0	5,400
Director	2009	4,650	0	0	0	0	0	0	4,650
Joan Spainhower, Senior Vice President &	2010	0	0	0	0	0	0	0	0
Director	2009	0	0	0	0	0	0	0	0
Kevin Ericksteen, Director	2010	0	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0	0

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ITEM 11. EXECUTIVE COMPENSATION - continued

STOCK OPTION PLANS

The Company does not have any stock option in place as of May 31, 2010.

EMPLOYMENT AGREEMENTS

We have not entered into any employment or consulting agreements with our names executive officers.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table lists, as of May 31, 2010, the number of shares of common stock of our Company that are beneficially owned by (i) each person or entity known to our Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and Director of our Company; and (iii) all officers and Directors as a group. Information relating to beneficial ownership of common stock by our principal shareholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 6,946,100 shares of our common stock issued and outstanding as of May 31, 2010. We do not have any outstanding options, warrants or other securities exercisable for or convertible into shares of our common stock.

Title of Class	Name and Address of Beneficial Holder	Number of Shares of Common Stock	Percentage of Common Stock (1)
Common Stock	Rodger Spainhower, Sr. PO Box 9892, Phoenix, AZ 85068	1,333,334	19.22%
Common Stock	Marie C Moffett PO Box 9892, Phoenix, AZ 85068	1,333,333	19.22%
Common Stock	Joan M Spainhower PO Box 9892, Phoenix, AZ 85068	1,333,333	19.22%
Common Stock	Kevin Ericksteen PO Box 9892,	2,000,000	28.83%

	Phoenix, AZ 850268	
	All executive officers and directors as a group (4 persons)	86.50%

(1) This column represents the total number of votes each named stockholder is entitled to vote upon matters presented to the shareholders for a vote.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company has solidified a referral agreement with Joan Spainhower, a related party. A referral fee will be charged to Mrs. Spainhower's EDGAR Filing business for revenue brought in by new clients that Highland referred to Mrs. Spainhower. No other directors, executive officers, nor any proposed nominee for election as a director, nor any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to all of our outstanding shares, nor any members of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons has any material interest, direct or indirect, in any transaction over the last two years or in any presently proposed transaction which, in either case, has or will materially affect us.

As of the date of this annual report, our common stock is traded on the OTC Bulletin Board (the “Bulletin Board”). The Bulletin Board does not impose on us standards relating to director independence or the makeup of committees with independent directors, or provide definitions of independence.

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ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Nick Herb Accouting Services, P.C. served as our independent registered public accounting firm for our fiscal years ended May 31, 2010 and 2009. The following table shows the fees that were billed for the audit and other services provided by the firm for the fiscal years indicated.

	Fiscal Year Ended May 31, 2010	Fiscal Year Ended May 31, 2009
Audit Fees	$ 6,150	$ 10,350
Audit-Related Fees	$ -	$ -
Tax Fees	$ -	$ -
All Other Fees	$ -	$ -
Total	$ 6,150	$ 10,350

Audit Fees - This category includes the audit of our annual financial statements, review of financial statements included in our Quarterly Reports on Form 10-Q and services that are normally provided by the independent auditors in connection with engagement for those fiscal years. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

Audit-Related Fees - This category consists of assurance and related services by the independent auditors that are reasonable related to the performance of the audit or review of our financial statements and are not reported above under "Audit Fees." The services for the fees disclosed under this category include consultation regarding our correspondence with the SEC and other accounting consulting.

Tax Fees - This category consists of professional services rendered by our independent auditors for tax compliance and tax advice. The services for the fees disclosed under this category include tax return preparation and technical tax advice.

All Other Fees - This category consists of fees for other miscellaneous items.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Incorporation (1)
3.2	Certificate of Amendment to Articles of Incorporation (1)
3.3	By-Laws (1)

31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(1) Incorporated by reference to the Registration Statement on Form S-1 (File No. 333-153737), filed with the SEC on September 30, 2008.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, therunto duly authorized.

Highland Business Services, Inc.
(Registrant)

Dated: September 14, 2010

/s/ Rodger D Spainhower, Sr.
Name: Rodger D Spainhower, Sr.
Title: Chief Executive Officer and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behand of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Rodger D Spainhower, Sr. Rodger D Spainhower, Sr.	Chief Executive Officer, Chief Financial Officer & Chairman of the Board	September 14, 2010
/s/ Marie C Moffett Marie C Moffett	President, Chief Operating Officer & Director	September 14, 2010
/s/ Joan M Spainhower Joan M Spainhower	Senior Vice President & Director	September 14, 2010
/s/ Kevin Ericksteen Kevin Ericksteen	Director	September 14, 2010