RNS Half-year/Interim Report

Interim Report

SUMMERWAY CAPITAL PLC

Released 07:00:03 19 May 2020

RNS Number : 2590N
Summerway Capital PLC
19 May 2020

19 May 2020

Summerway Capital Plc

("Summerway" or the "Company")

Interim Report for the six months ended 29 February 2020

London, 19 May 2020 - Summerway Capital plc announces its unaudited condensed interim results for the six months ended 29 February 2020.

Over the period, Summerway incurred a loss after taxation of £86.7k (2019: £114.8k), reflecting operating expenses of £97.9k and finance income of £11.2k. As at 29 February 2020, Summerway held £5.547 million cash (31 August 2019 £5.648 million).

Alexander Anton, Summerway's Chairman, commented:

"As countries across the World struggle to come to terms with the impact of COVID-19, we remain committed to identifying and evaluating potential investment opportunities in the evolving New World economy. I hope to report positive progress in the next few months."

The Interim Report is also available on the Company's website at www.summerwaycapital.co.uk

Enquiries:

Summerway Capital
Mark Farmiloe 020 7440 7520

N+1 Singer (Nominated Adviser and Broker)
Sandy Fraser 020 7496 3000

LEI Code: 213800YXCATORT475807

CHAIRMAN'S STATEMENT

I am pleased to present to shareholders the Interim Condensed Consolidated Financial Statements of Summerway Capital plc (the "**Company**") for the six months ended 29 February 2020**.**

Strategy

The Company's investment strategy remains the same as outlined in its Admission Document dated 16 October 2018.

Results and Developments in the Period

The Group's loss after taxation for the six months to 29 February 2020 was £86,730 (2019: £114,766), which comprised £97,904 of administrative expenses and interest received of £11,175. At the period end, the Company held a cash balance of £5,547,414.

On listing in October 2018, Summerway successfully raised £5.8million (after expenses).

Outlook

We continue to pursue our investment strategy since admission to trading on AIM on 19 October 2018. We receive a regular flow of potential acquisition opportunities and, whilst the COVID-19 pandemic has introduced a new and unforeseen element of uncertainty for business and financial markets thereby bringing fresh complexity to the acquisition process, we hope to report positive progress towards completion of our first transaction in the months ahead. We look forward to updating shareholders further in due course.

Alexander Anton
Chairman

SUMMERWAY CAPITAL PLC

Consolidated Statement of Comprehensive Income
For the six months ended 29 February 2020

	Note	Six months ended 29 February 2020	Six months ended 28 February 2019	Year ended 31 August 2019
		£	£	£
Administrative expenses	4	(97,904)	(118,046)	(205,882)
Operating loss		**(97,904)**	**(118,046)**	**(205,882)**
Finance income		11,175	3,280	14,562
Finance income		**11,175**	**3,280**	**14,562**
Loss before income tax		**(86,730)**	**(114,766)**	**(191,320)**
Income tax		-	-	-
Net loss for the period		**(86,730)**	**(114,766)**	**(191,320)**
Total other comprehensive income		-	-	-
Total comprehensive loss		**(86,730)**	**(114,766)**	**(191,320)**
Attributable to:				
Owners of the Company		(86,730)	(114,766)	(191,320)
Loss per ordinary share				
Basic and diluted loss per share attributable to ordinary equity holders of the Company	5	(1.41)p	(2.55)p	(3.60)p

The Company's activities derive from continuing operations.

SUMMERWAY CAPITAL PLC

Consolidated Statement of Financial Position
As at 29 February 2020

	Note	As at 29 February 2020	As at 28 February 2019	As at 31 August 2019
		£	£	£
Assets				
Current assets				
Cash and cash equivalents		5,547,414	5,687,979	5,647,837
Other receivables	7	24,112	71,178	15,670
Total current assets		**5,571,526**	**5,759,157**	**5,663,507**
Total assets		**5,571,526**	**5,759,157**	**5,663,507**
Current liabilities				
Trade and other payables	9	15,690	40,037	20,941
		15,690	40,037	20,941
Non-current liabilities				
Incentive shares	10	12,000	12,000	12,000
		12,000	12,000	12,000
Total liabilities		**27,690**	**52,037**	**32,941**
Net Assets		**5,543,836**	**5,707,120**	**5,630,566**
Capital and reserves attributable to equity holders of the parent				
Share capital	8	61,300	61,300	61,300
Share premium reserve		5,711,086	5,711,086	5,711,086
Capital redemption reserve		49,500	49,500	49,500
Accumulated losses		(278,050)	(114,766)	(191,320)
Total Equity		**5,543,836**	**5,707,120**	**5,630,566**

SUMMERWAY CAPITAL PLC

Consolidated Statement of Changes in Equity
For the six months ended 29 February 2020

	Notes	Share capital	Deferred shares	Share Premium reserve	Capital Redemption reserve	Accumulated losses	Total equity
		£	£	£	£	£	£
Balance as at 31 August 2018		-	-	-	-	-	-
Issue of initial shares		50,000	-	-	-	-	50,000
Shares split		(49,500)	49,500	-	-	-	-
Cancellation of deferred shares		-	(49,500)	-	49,500	-	-
Issue of shares		60,800	-	6,019,200	-	-	6,080,000
Share issue costs		-	-	(308,114)	-	-	(308,114)
Loss for the period		-	-	-	-	(114,766)	(114,766)
Balance as at 28 February 2019		61,300	-	5,711,806	49,500	(114,766)	5,707,120
Loss for the period		-	-	-	-	(76,554)	(76,554)
Balance as at 31 August 2019		61,300	-	5,711,806	49,500	(191,320)	5,630,566
Loss for the period		-	-	-	-	(86,730)	(86,730)
Balance as at 29 February 2020		**61,300**	**-**	**5,711,806**	**49,500**	**(191,320)**	**5,543,836**

SUMMERWAY CAPITAL PLC

Consolidated Statement of Cash Flows
For the six months ended 29 February 2020

	Note	Six months ended 29 February 2020	Six months ended 28 February 2019	Year ended 31 August 2019
		£	£	£
Cash flows from operating activities				
Operating loss		(97,904)	(118,046)	(205,882)
Adjustments to reconcile loss before income tax to operating cash flows:				
Increase in other receivables	7	(8,442)	(71,178)	(15,670)
(Decrease)/increase in trade and other payables	9,10	(5,251)	52,037	32,941
Bank interest received		11,175	3,280	14,562
Net cash used in operating activities		**(100,423)**	**(133,907)**	**(174,049)**
Cash flows from financing activities				
Proceeds from issue of share capital	8	-	6,130,000	6,130,000
Share issue costs		-	(308,114)	(308,114)
Net cash generated from financing activities		**-**	**5,821,886**	**5,821,886**
Net increase in cash and cash equivalents		(100,423)	5,687,979	5,647,837
Cash and cash equivalents at beginning of the period		5,647,837	-	-
Cash and cash equivalents at the end of the period		**5,547,414**	**5,687,979**	**5,647,837**

SUMMERWAY CAPITAL PLC
Notes to the Financial Statements
For the six months ended 29 February 2020

1. GENERAL INFORMATION

Summerway Capital plc is an investing company (for the purposes of the AIM Rules for Companies) and is incorporated in England and Wales and domiciled in the United Kingdom (company number: 11545912). It is a public limited company and the address of the registered office is Fleetworks, 26 Farringdon Street, London EC4A 4AB. The Company is the parent company of Summerway Subco Limited (company number: 11565845). The activity of the Company is the acquisition and subsequent development of businesses which are either headquartered in the UK, or that have substantial operations in the UK. The Company is principally focused on opportunities in the wider household and consumer goods sector, including retail and consumer brands, particularly where there is an opportunity to introduce operational and performance improvements, including new technologies and associated operating and value leverage.

2. BASIS OF PREPARATION

These Interim Condensed Consolidated Financial Statements for the six months ended 29 February 2020 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as adopted by the EU that are expected to be applicable to the financial statements for the year ended 31 August 2020 and on the basis of the accounting policies to be used in those financial statements. The Interim Condensed Consolidated Financial Statements do not include all the information required for full annual financial statements and accordingly, whilst the Interim Condensed Consolidated Financial Statements have been prepared in accordance with the recognition and measurement principles of IFRS, it cannot be construed as being in full compliance with IFRS.

These Interim Condensed Consolidated Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS
The Group applied standards, amendments and interpretations which are effective for annual periods commencing on or after 1 September 2018. There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The most significant of these are:

IFRS 16 - Leases (effective for periods commencing on or after 1 January 2019);
IFRIC 23 - Uncertainty over Income Tax Positions (effective for periods commencing on or after 1 January 2019);
Annual improvements to IFRSs 2015 - 2017 Cycle (IFRS 3 - Business Combinations, IFRS 11 - Joint Arrangements, IAS 12 - Income Taxes and IAS 23 - Borrowing Costs) (effective for periods commencing on or after 1 January 2019).

The Group does not currently expect any material impact of the above standards or any other standards issued by the IASB, but not yet effective.

4. ADMINISTRATION EXPENSES

	Period ended 29 February 2020	Period ended 28 February 2019	Year ended 31 August 2019
	£	£	£
Group expenses by nature			
One-off costs related to the listing	-	39,340	39,340
Staff related costs	27,000	22,500	51,978
Office costs	19,498	17,604	35,660
NOMAD, registrar and Stock Exchange costs	22,309	17,552	38,834
Audit, accountancy and professional costs	21,659	14,770	31,993
Other expenses	7,438	6,280	8,077
	97,904	**118,046**	**205,882**

5. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Period ended 29 February 2020	Period ended 28 February 2019	Year ended 31 August 2019
Loss attributable to the owners of the Company	£ (86,730)	£ (114,766)	£ (191,320)
Weighted average number of ordinary shares in issue	6,130,000	4,508,667	5,313,781
Basic and diluted loss per share	(1.41) p	(2.55) p	(3.60) p

6. INVESTMENTS

Principal subsidiary undertakings of the Group

The Company directly owns the ordinary share capital of its subsidiary undertakings as set out below:

The issued share capital of the subsidiary comprises 1 A ordinary share of £0.01 and 999,999 B ordinary shares of £0.012.

Subsidiary	Nature of business	Country of incorporation	Proportion of A ordinary shares held by Company	Proportion of B ordinary shares held by Company
Summerway Subco Limited	Incentive vehicle	England and Wales	100%	0%

The address of the registered office of Summerway Subco Limited (the "Subsidiary") is Fleetworks, 26 Farringdon Street, London EC4A 4AB. The subsidiary was incorporated on 12 September 2018 and prepares its own financial statements for the period ended 30 September each year.

The A ordinary shares have full voting rights, full rights to participate in a dividend and full rights to participate in a distribution of capital.

The B ordinary shares do not have voting rights. No dividends shall be declared in relation to any of the B ordinary shares without the consent of the Parent company. The B ordinary shares are not to be redeemed and are not liable to be redeemed.

The B ordinary shares have been issued to the Directors to facilitate the Subsidiary Incentive Scheme. Further details of the Subsidiary Incentive Scheme can be found on pages 42 and 43 of the Company's Placing and Admission document published on 16 October 2018.

7. OTHER RECEIVABLES

All receivables are current. There is no material difference between the book value and the fair value of receivables.

	As at 29 February 2020	As at 28 February 2019	As at 31 August 2019
	£	**£**	**£**
Amounts falling due within one year			
Prepayments	18,550	14,848	10,027
Other receivables	5,562	56,330	5,643
	24,112	**71,178**	**15,670**

8. CALLED UP SHARE CAPITAL

	As at 29 February 2020	As at 28 February 2019	As at 31 August 2019
	£	**£**	**£**
Issued			
6,130,000 ordinary shares of 1p each	61,300	61,300	61,300

On incorporation on 31 August 2018 the issued share capital of the Company consisted of 50,000 ordinary shares of £1 each.
On 12 October 2018 each ordinary share of £1.00 each in the capital of the Company was sub-divided into 1 ordinary share of £0.01 each and 1 deferred share of £0.99 each.
On 19 October 2018 Alexander Anton and Benjamin Shaw each gifted 16,667 deferred shares of £0.99 each and Mark Farmiloe gifted 16,666 deferred shares of £0.99 each arising on the sub-division of the ordinary shares of £1.00 each referred to above held by them to the Company for cancellation and the Board resolved to cancel all such gifted deferred shares.
On 19 October 6,080,000 ordinary of £0.01 each were issued pursuant to a placing at a price of £1 per share and, together with the existing ordinary shares, 6,130,000 ordinary shares were admitted to trading on AIM.

9. TRADE AND OTHER PAYABLES

There is no material difference between the book value and the fair value of the trade and other payables.

	As at 29 February 2020	As at 28 February 2019	As at 31 August 2019
	£	**£**	**£**
Trade payables	180	15,711	941
Accruals	14,791	21,490	19,200
Other tax and social security payables	719	2,836	800

	15,690	**40.037**	**20,941**

10. NON-CURRENT LIABILITIES

	As at 29 February 2020	As at 28 February 2019	As at 31 August 2019
	£	£	£
Incentive shares	12,000	12,000	12,000
	12,000	**12,000**	**12,000**

The incentive shares liability is estimated at fair value through profit and loss using level 3 fair value measurement techniques.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The B shares issued by the subsidiary under the incentive scheme were deemed to have an implied aggregate subscription price of £12,000, based on the nominal value per B share plus a premium. The initial subscription price of the incentive shares remains the best estimate of the fair value of the liability associated with the incentive shares as none of the criteria for potential value creation have yet been met. The fair value of the liability is assessed at each reporting date with any changes accounted for as a fair value gain or loss and recognised directly in the statement of comprehensive income.

11. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

Under the terms of their respective service agreements, the Executive Directors are each paid a salary of £1,000 per calendar month, in each case payable monthly in arrears. The Non-Executive Director is paid a monthly fee of £1,500 per calendar month.

The Directors and their connected persons hold a total of 1,650,000 ordinary shares in the Company, representing 26.9 per cent of the enlarged share capital following admission.

On 17 September 2018 the Executive Directors subscribed for, in aggregate, 999,999 B Shares in the subsidiary, Summerway Subco Limited pursuant to the Subsidiary Incentive Scheme.

Alexander Anton and Mark Farmiloe are members of VirginiaCo LLP.
Benjamin Shaw is a member of Romana Capital LLP and Sealark LLP.
VirginiaCo LLP and Romana Capital LLP are members of AFS Advisors LLP ("AFS").

The Company is party to a corporate advisory agreement dated 12 October 2018 with AFS.

Pursuant to that agreement, AFS has agreed to provide strategic and general business advice to the Company, including identifying potential investment opportunities and acquisition targets and making recommendations to the Board in respect of the acquisition and disposition of the same.

AFS will receive a transaction fee equal to 1 per cent. of the gross transaction value of any acquisition or investment undertaken by the Company during the term of the agreement or after termination of the agreement to the extent the Company completes a transaction in relation to which AFS had provided any services prior to the date notice to terminate was deemed to have been received by AFS. In addition, from legal completion of the first acquisition or investment undertaken by the Company, the Company will pay AFS a monthly retainer of £15,000. As at 29 February 2020 no charges have been incurred under the agreement as the legal of completion of the first acquisition has not happened.

Under the corporate advisory agreement, AFS agrees that it shall not (and shall procure that each associate of AFS shall not) introduce to any person other than the Company any acquisition of or investment in any company or business that would fall within the scope of the Investment Policy without offering the Company a right of first refusal in respect of the same (if applicable) or obtaining the prior written consent of the Company.

The appointment is for an initial term of eighteen months or such longer period as the Company is an investing company for the purposes of the AIM Rules for Companies. Thereafter the agreement shall be renewed automatically for successive periods of 12 months unless a party gives notice to the other party in writing that it wishes to terminate the agreement at least three months before the relevant renewal date.

Either party may terminate the agreement (without prejudice to any right of action accruing or already accrued to it) without penalty by notice in writing, inter alia, if the other party commits: (i) an act of fraud or negligence; (ii) or a material breach of the terms of the agreement, which has not been rectified within 60 business days of being requested in writing to do so (if such breach is capable of rectification).

The Company may also terminate the agreement if there is a change of control of AFS without the prior written consent of the Company.

The agreement shall terminate automatically if either party to the agreement: (i) enters into liquidation (except on terms previously approved in writing by the other party) or has a receiver appointed over that party or its assets; (ii) if an effective resolution is passed for the winding up of any party (other than for the purposes of a solvent reconstruction or amalgamation previously approved in writing by the other party); or (iii) if any party becomes insolvent or stops or threatens to stop carrying on business or payment of its material proven debts or make any arrangement with creditors generally.

The Company has given an indemnity in favour of AFS in respect of AFS' potential losses in carrying on its responsibilities under the agreement. The Agreement is governed by and construed in accordance with the laws of England.

The Company had desk rental agreements with Romana Capital LLP and Sealark LLP under which the Company paid £18,150 during the period.

The Company engaged Fraser Real Estate, a company in which Alexander Anton is an indirect shareholder to provide administrative and accounting services throughout the period. The Company paid Fraser Real Estate £3,870 during the period for the provision of these services.

The Company's Admission Document dated 19 October 2018 sets out in detail the other related parties transactions. There have been no material changes to these arrangements and transactions since the Admission Document was published.

12. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 31 August 2019 that require disclosure or adjustment in these financial statements.

END

IR KKFBPPBKDOPD