Annual Report and Accounts

for the year ended 31 August 2019

for

SUMMERWAY CAPITAL PLC

Registered No. 11545912

SUMMERWAY CAPITAL PLC

Contents of the Financial Statements
For the year ended 31 August 2019

SUMMERWAY CAPITAL PLC

Company Information
For the Year Ended 31 August 2019

DIRECTORS, SECRETARY AND ADVISERS

Directors	Alexander Anton Benjamin Shaw Mark Farmiloe David Firth
Company Secretary	Cheryl Warren
Registered Office	Fleetworks 26 Farringdon Street London EC4A 4AB
Registered Number	11545912
Nominated Adviser and Broker	Nplus1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Auditor	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Solicitors to the Company	Fox Williams LLP 10 Finsbury Square London EC2A 1AF
Principal Bankers	Barclays Bank Plc Level 4, 1 Snowhill, Queensway, Birmingham, B4 6GN
Registrar	Link Market Asset Services Limited 34 Beckenham Road Beckenham Kent BR3 4TU

SUMMERWAY CAPITAL PLC

Group Strategic Report
For the year ended 31 August 2019

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to present the financial results for Summerway Capital PLC ("Summerway") for the period ended 31 August 2019, being the first full year since the Company's incorporation on 31 August 2018. Summerway Capital floated on the AIM market of the London Stock Exchange on 19 October 2019.

As an investing company (as defined by the AIM Rules for Companies), the Company's investing policy is to acquire companies or businesses which the Directors believe have the potential for strategic, operational and performance improvement so as to enhance Shareholder value in the wider household and consumer goods sector. The political backdrop of 2019 and the resulting uncertainty on the financial markets caused us to act with caution. At the time of writing, post the December election, there is increased certainty and consequently we are already seeing more interesting opportunities.

BUSINESS REVIEW

Summerway was established in August 2018 and upon its admission to AIM on 19 October 2018, the Company raised £6.08 million before expenses through the issue of 6,080,000 shares at a price of £1.00 per share. Since admission, the Company has actively pursued its investment strategy.

During the period the costs associated with the admission to the London Stock Exchange were £347,454 (5.7% of the funds raised) and the costs of operating the Company were £166,542 (2.7% of funds raised).

Summerway recorded an accounting loss of £191,320 and the loss per share was 3.6p and had cash reserves at the end of the period of £5,647,837 with no debt financing.

The Directors continue to actively consider and review a number of investment opportunities and acquisition targets. Although the Board has evaluated a number of potential acquisition targets, it has not yet identified a suitable investment opportunity and as such, it has not yet substantially implemented its investing policy. Given the period of time since its admission to AIM, the Company is seeking shareholder approval of its ongoing investing policy. Further details of the investing policy resolution are set out in the Company's notice of annual general meeting, which accompanies this document.

FUTURE DEVELOPMENTS

We will continue to evaluate acquisition and investment opportunities. The Board is committed to keeping operating costs to a 'bare' minimum until such time as a deal has been concluded. I hope to be able to announce Summerway's first investment in the coming twelve months.

KEY PERFORMANCE INDICATORS

The Board seeks to maximise share value by investing in businesses with high growth potential. When an investment has been identified, the Board will assess it against a number of KPI's to assess its suitability.

RISK MANAGEMENT

In order to execute the Group's strategy, the Group will be exposed to both financial and non-financial risks. The Board has overall responsibility for the Group's risk management and it is the Board's role to consider whether those risks identified by management are acceptable within the Group's strategy and risk appetite. The Board therefore regularly reviews the principal risks and considers how effective and appropriate the controls that management has in place to mitigate the risk exposure are and will make recommendations to management accordingly.

Financial Risk Management

The directors consider the Group to be exposed to the following financial risks:

a. Price risk: the price paid for securities is subject to market movement that will have an impact on the operations of the Group.
b. Cash flow interest rate risk: the Group has significant cash balances which exposed it to movement in the market interest rates
c. Liquidity risk: the Group manages its cash requirements in order to maximise interest income.

Given the relatively small size and operation of the Group in the period, the directors have not delegated the responsibility of risk monitoring to a sub-committee of the board, but will closely monitor the risks on a regular basis. The directors consider their exposure in the financial period to have been low.

Non-financial Risk Management

The non-financial risk factors have not materially changed from those set out in the Summerway's Admission Document dated 19 October 2018.

ON BEHALF OF THE BOARD

Alexander Anton
Chairman
28 January 2020

SUMMERWAY CAPITAL PLC

Corporate Governance Report
For the year ended 31 August 2019

CHAIRMAN'S STATEMENT

As Chairman, my role includes upholding the highest standards of corporate governance throughout the Group, particularly at the Board level. It therefore gives me great pleasure to introduce our Governance Statement.

The Principles of Corporate Governance

As a Board we aim to deliver the highest standards of corporate governance and recognise its importance in supporting our strategic goals and long-term success. We reviewed our corporate governance framework on incorporation in 2018 and deemed it appropriate to adopt the Quoted Companies Alliance Code ("QCA Code").

The QCA Code aims to apply the key elements of the UK Corporate Governance Code and other relevant governance guidance to the needs of small and medium-sized listed PLCs and therefore we continue to consider that the QCA Code is the most appropriate governance code for the Group and we remain committed to applying the QCA Code in a way which best serves our stakeholders. We explain further below how we adhere to the ten principles of the QCA Code.

The Board has collective responsibility for setting the strategic aims and objectives of the Group. These aims are articulated in the Chairman's statement in the Annual Report.

Delivering growth

The Company was incorporated in August 2018 as an opportunistic acquisition company, focusing on companies with exceptional management teams in the wider household and consumer goods sector, including retail and consumer brands, and target acquisitions with an enterprise valuation of between £20m and £100m. The Company has yet to complete its first platform acquisition, however continues to undertake a rigorous search for potential investee businesses and assets, with the aim of identifying an entity which the Directors consider offers the potential for attractive returns for shareholders. Pending completion of the first platform acquisition, the Directors will continue to engage with shareholders to ensure it understands the needs and expectations of its shareholder base, and to maintain ongoing support for its investing strategy.

Risk management

As the Company has yet to complete its first acquisition, it has limited financial statements and/or historical financial data, and limited trading history. As such, the Company is subject to the risks and uncertainties associated an early stage investment company, including the risk that the Company will not achieve its investment objectives and that the value of an investment could decline and may result in the partial or complete loss of capital invested. The past performance of investee companies or assets managed by the Directors is not necessarily a guide to future business, results of operations, financial condition or prospects of the Company.

In order to mitigate against these risks, the Directors undertake thorough due diligence on acquisition targets, to a level considered reasonable and appropriate by the Company on a case by case basis, including the potential commission of third-party specialist reports as appropriate. Following completion of each acquisition, it is intended that investee companies or assets will be managed by the Directors and assisted by the Company's professional advisers. In order to further mitigate against the risk of a decline in performance of investee companies or assets, the Company will consider partnering with exceptional executive management teams with relevant sector knowledge and expertise.

Maintaining a Dynamic Management Framework

As Chairman, I consider both the operation of the Board as a whole and the performance of individual Directors regularly. An internal evaluation of the Board, undertaken by myself, has been carried out this year in one on one meetings.
Given the current stage of operations of the Company, the Directors consider that the balance of experience, skills and personal qualities of the Board is sufficient for its stage of development. Upon completion of the Company's first acquisition, the Board will reassess its composition and balance of skills, experience and diversity, such to ensure ongoing compliance with QCA Code Principle 6.

Building Trust
Responsibility for the overall leadership of the Group and setting the Group's values and standards sits with the Board. As the Company is an investing company and yet to complete its first platform acquisition, it has limited operations and few employees. The Directors intend to seek to acquire businesses with a corporate culture based on sound ethical values and behaviours, and to continue to promote such values and behaviours following completion of the acquisition.

Throughout the year, the Board has continued to review governance and the Group's corporate governance framework. We reviewed our governance against the QCA Code in June 2019 and will do so annually as required by AIM Rule 26.

Alexander Anton
Chairman
28 January 2020

BOARD STRUCTURE AND OPERATION

The Board comprises three Executive Directors and one Independent Non-Executive Director. It is considered that this gives the necessary mix of industry specific and broad business experience for the effective governance of the Group.

There are certain matters specifically reserved for the Board for its decision, including approvals of major expenditure, investments and key policies. The Board operates formally through meetings of the full Board, and informally through regular contact between Directors. The agenda for the board meetings is prepared by the Company Secretary in consultation with the Chairman of the Board. All Directors participate in the key areas of decision making and no material decisions are made without the consultation of the Board.

The Board is responsible to shareholders for the proper management of the Group. A Statement of Directors' Responsibilities in respect of the financial statements is set out on page 12. The Non-Executive Director has a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, the Directors have full and timely access to all relevant information. The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board.

Each of the Directors submit themselves for re-election at the Annual General Meeting in accordance with the Company's Articles of Association. The Non-Executive Director is appointed under fixed term contract of no more than one year. The Directors who served during the year, and a brief biography of each, is set out below.

Alexander Anton (Chairman), aged 60

Previously Mr Anton was Chairman of The Queen's Club and led the complex members' buy-out of the club and business from the LTA for £35m in 2007 and a non-executive of Victoria PLC. Mr Anton is the founder of Legacy Portfolio, a business that provides solutions for corporate lease liability portfolios.

Benjamin Shaw *(Director), aged 51*

Benjamin Shaw is currently Managing Partner of Romana Capital LLP, (previously Marwyn International LLP) and a founding partner of Sealark LLP.

Mr Shaw has worked extensively in private equity and investment management. He co-founded the Marwyn Group, based in London and Jersey, an award winning fund management and advisory business that has created a portfolio of listed businesses, developed in partnership with leading institutional investors.

During Mr Shaw's time at Marwyn (www.marwyn.com), portfolio companies raised an aggregate of c. $2.5 billion of funding through a combination of Marwyn's own capital and active co-investment program, delivering c. 30% annual investment returns. Marwyn originated 14 sector specific investment strategies in the period and completed the acquisition of over 65 businesses pursuant to these strategies. Significant companies in the Marwyn portfolio in the period included Entertainment One plc (ETO), Advanced Computer Software plc (ASW) and Breedon Aggregates plc (BREE).

Mr Shaw has worked extensively in the leisure, media and technology sectors, as well as the energy sector. Mr Shaw has broad UK and international, private and listed company board level experience.

Mark Farmiloe *(Director), aged 39*

Mr Farmiloe is a qualified solicitor and has 15 years' experience of working in corporate finance. During his career, Mr Farmiloe has executed numerous public and private acquisitions, fundraisings, restructurings and strategic reviews and has worked in a wide range of sectors including transport, retail, services, resources, utilities and real estate in the UK and internationally.

Mr Farmiloe started his career at Jones Day where he primarily focused on public and private M&A. He subsequently worked at Gleacher Shacklock LLP as an investment banker.

David Firth (*Independent Non-Executive Director and chairman of the remuneration committee and audit committee) aged 59*

David is a Fellow of the Institute of Chartered Accountants in England and Wales and is a highly experienced PLC board member. He is a non-executive director of Parity Group Plc, an IT services and consultancy business where he is chairman of its audit and remuneration committees. He is also a non-executive director of Best of the Best plc, an organizer of weekly competitions to win cars and other luxury prizes, where he is chairman of its audit committee. He was Finance Director of Penna Consulting plc from 1999 to 2016 and has held a number of board positions in public companies over the past 30 years across various sectors including HR consultancy and recruitment, IT services, financial markets, motor retailing and advertising. David is considered to be independent for the purposes of the QCA Code Principle 5.

Training and Development
Directors are encouraged to continue their ongoing professional development.

Time Commitment
The time commitment expected of the Non-Executive Director is set out in their letters of appointment. The nature of the role makes it difficult to place a specific time commitment however, a minimum of two days per month is what the Company anticipates as reasonable for the proper performance of duties. Directors are expected to attend all Board and Committee meetings.

The Board has established an Audit Committee and Remuneration Committee, each of which have written terms of reference. Given the size of the Board there is no separate Nominations Committee, and all Board members participate in the appointment of new Directors.

Board Evaluation
At present, the Board Evaluation process is limited to an ongoing informal evaluation of the performance of the Board and individual directors undertaken by the Chairman. This will be replaced by a formal, annual evaluation process once the Company undertakes its first acquisition.

AUDIT COMMITTEE REPORT
The Audit Committee members are David Firth and Mark Farmiloe. The Committee Chairman, David Firth, has extensive financial experience and is a Chartered Accountant.

The Audit Committee meets as often as it deems necessary but, in any case, at least twice a year. These meetings are scheduled at appropriate intervals in the reporting and audit cycle.

Although only members of the Committee have the right to attend meetings, standing invitations are extended to the Executive Directors who attend meetings as a matter of practice. The external auditors also usually attend and have the opportunity to meet with the Committee without the executive management present.

Duties

The main duties of the Audit Committee are set out in its Terms of Reference and include the following:

- To monitor the integrity of the financial statements of the Company, including its annual and half-year reports;
- To review and challenge where necessary the consistency of and any changes to accounting policies, the methods used to account for significant or unusual transactions and whether the Company has followed appropriate accounting standards and

made appropriate estimates and judgements, taking into account the views of the external auditor, and all material information presented with the financial statements;

- To keep under review the effectiveness of the Company's internal control and risk management systems and to review and approve the statements to be included in the Annual Report concerning internal controls and risk management;

- To regularly review the need for an internal audit function;

- To consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Company's external auditor;

- To oversee the relationship with the external auditor including approval of their remuneration, approval of their terms of engagement, annual assessment of their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

- To meet regularly with the external auditor and at least once a year, without management present to discuss any issues arising from the audit;

- To review and approve the Audit Plan and review the findings of the audit.

The principal areas of focus for the Committee during the year included the following items:

- Review of internal controls;

- Review of the external auditors' report and significant issues from the audit report;

- Review of the Annual Report and financial statements;

- Approval of the management representation letter;

- Review of the independence of the auditors, review of auditors' fees and engagement letter.

Role of the external auditors

The Audit Committee monitors the relationship with the external auditors, RSM UK Audit LLP, to ensure that the auditors' independence and objectivity are maintained. The Committee assesses the independence of the external auditors and the effectiveness of the external audit process before making recommendations to the Board in respect of their appointment or reappointment. In assessing independence and objectivity, the Committee considers the level and nature of services provided by the external auditors as well as confirmation from the external auditors that they have remained independent within the meaning of the APB Ethical Standards of Auditors.

The Committee's assessment of the external auditors' independence took into consideration the non-audit services provided during the year. The Committee concluded that the nature and extent of the non-audit fees did not compromise the independence of the auditors. Having reviewed the auditors' independence and performance, the Audit Committee is recommending that RSM UK Audit LLP be reappointed as the Company's auditors at the next Annual General Meeting.

Internal audit

The Group has assessed the need for an internal audit function and it is considered that in light of the existing control environment within the business, there is currently no requirement for a separate internal audit function.

Audit process

The external auditors prepare an Audit Plan for their review of the full year financial statements. The Audit Plan sets out the scope of the audit, areas to be targeted and audit timetable. Following their review, the auditors present their findings to the Audit Committee for discussion. No major areas of concern were highlighted by the auditors during the year.

David Firth
Chairman of the Audit Committee
28 January 2020

REMUNERATION COMMITTEE

The Remuneration Committee, comprises of the Non-Executive Director – David Firth and Alexander Anton. It is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors. The Board itself determines the remuneration of the Non-Executive Directors. The Report of the Remuneration Committee is set out on page 9.

BOARD MEETING ATTENDANCE

Directors' attendance at scheduled Board meetings is show below:

	Board Meeting	Remuneration	Audit
Alexander Anton	5/5	1/1	
Benjamin Shaw	5/5		
Mark Farmiloe	5/5		1/1
David Firth	5/5	1/1	1/1

Further ad hoc Board meetings were held during the year.

INTERNAL FINANCIAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The Group maintains a comprehensive process of financial reporting. The annual budget is reviewed and approved by then Board before being formally adopted. Other key procedures that have been established and which are designed to provide effective control are as follows:

Management structure – The Board meets regularly to discuss all issues affecting the Group.

Investment appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board, where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant deficiencies have come to light during the period and no weaknesses in internal financial control have resulted in any material losses, or contingencies which would require disclosure, as recommended by the guidance for directors on reporting on internal financial control.

RELATIONS WITH SHAREHOLDERS

The Chairman is the Group's principal spokesperson with investors, fund managers, the press and other interested parties. As well as the Annual General Meeting with shareholders, the executive directors may give formal presentations at investor road shows following the announcement of interim and full year results

This year's Annual General Meeting will be held on 27 February 2020. Notice of the Annual General Meeting has been sent to shareholders separately.

SUMMERWAY CAPITAL PLC

Report of the Remuneration Committee
For the year ended 31 August 2019

This report does not constitute a Directors' Remuneration Report in accordance with the Directors' Remuneration Regulations 2007, which do not apply to the Company as it is not fully listed. This Report sets out the Company's policy on Directors' remuneration, including emoluments, benefits and other share-based awards made to each Director.

REMUNERATION COMMITTEE

The members of the Committee are David Firth (Chairman of the Committee) and Alexander Anton.

Details of the remuneration of each Director are set out below.

No Director plays a part in any discussion about his own remuneration.

REMUNERATION POLICY

The Remuneration Committee is responsible for considering all material elements of remuneration policy, the remuneration and incentivisation of Directors and senior management and to make recommendations to the Board on the framework for executive remuneration and its cost. The role of the Remuneration Committee is to keep under review the Company's remuneration policies to ensure that the Company attracts, retains and motivates the most qualified talent who will contribute to the long-term success of the Company.

PENSION ARRANGEMENTS

There were no contributions to any Directors' pension scheme during the year.

EXECUTIVE DIRECTORS' CONTRACTS

Each Executive Director entered into a service agreement with the Company on 12 October 2018. Under the terms of these agreements, each director will be paid a salary of £1,000 per month, or such other rate as maybe agreed from time to time, which is subject to an annual review by the Company.

Each Executive Director's service agreement is terminable on twelve months' written notice served by either. The Company may terminate a service agreement at any time by making a payment in lieu of the notice period (or, if applicable, the remainder of the notice period) in an amount equivalent to the salary and may also place an Executive Director on garden leave during all or part of the notice period. In the event an Executive Director is guilty of gross misconduct or in certain other specified circumstances, the Company may terminate the agreement with immediate effect and without notice or payment in lieu thereof.

The terms of each Executive Director service agreement contain certain restrictive covenants applicable for a term of either twelve months following termination in respect of non-competition, non-solicitation of customers, non-dealing with customers, non-interference with suppliers and non-poaching of key employees. In addition, each Executive Director will be required to keep information about the Company confidential and to assign to the Company any intellectual property made by him in the course of his employment.

NON-EXECUTIVE DIRECTOR

Pursuant to a letter of appointment dated 12 October 2018, David Firth was appointed Non-executive Director of the Company as of 12 October 2018 and on an ongoing basis. Mr Firth is entitled to an aggregate annual fee of £18,000 per annum, including in respect of any service on any Board committee.

Mr Firth's letter of appointment is terminable on three months' notice without entitlement to any compensation (save for any accrued but unpaid fees as at such termination date and any termination payment due) at any time by written notice from either the Company or Mr Firth. Otherwise, Mr Firth must stand for re-election at the Company's annual general meeting at least every three years. If Mr Firth is not re-elected by the Shareholders at any time and for any reason, Mr Firth's appointment will terminate automatically with immediate effect and without compensation.

DIRECTORS' REMUNERATION

	Salary	*Bonus*	*Benefits in kind*	*Pension*	*31 August 2019 Total*
Director	£	£	£	£	£
Alexander Anton	11,000	-	-	-	11,000
Benjamin Shaw	11,000	-	-	-	11,000
Mark Farmiloe	11,000	-	-	-	11,000
David Firth	16,500	-	-	-	16,500

Subsidiary Incentive Scheme

The Directors believe that the success of the Company will depend to a high degree on the future performance of key employees in executing the Company's growth strategy. The Company has therefore established equity-based incentive arrangements which are, and will continue to be, an important means of retaining, attracting and motivating key employees and contractors, and also for aligning the interests of the Directors with those of Shareholders.

On 12 October 2018, the Subsidiary was incorporated to implement the Subsidiary Incentive Scheme for the Executive Directors of the Company in order to further align their interests directly with those of Shareholders.

Under the Subsidiary Incentive Scheme, participants are only rewarded if a predetermined level of Shareholder value is created over a three-year period, a five-year period, or upon a change of control of the Company (whichever occurs first), which is calculated by reference to the growth in market capitalisation of the Company, following adjustments for the issue of any new Ordinary Shares and taking into account dividends and capital returns.

Participants will be entitled to 10 per cent. of the shareholder value created, subject to such shareholder value having increased by 13.5 per cent. per annum compounded over a period of between three and five years from 19 October 2018 or following a change of control of the Company or the Subsidiary. The Subsidiary Incentive Scheme is now closed, and the Directors do not anticipate making any further grants under the Subsidiary Incentive Scheme.

Further details of the terms of the Subsidiary Incentive Scheme can be found on pages 42 and 43 of the Company's Placing and Admissions document published on 16 October 2018 and in notes 5 and 18 of these financial statements.

APPROVAL

The report was approved by the Board of Directors and authorised for issue on 28 January 2020 and signed on its behalf by:

David Firth
28 January 2020

Report of the Directors
For the year ended 31 August 2019

The Directors of Summerway Capital PLC present their report for the year ended 31 August 2019. Particulars of important events affecting the Company and its subsidiary and likely future developments may be found in the Strategic Report on pages 2 to 3.

DIRECTORS

The Directors during the year and summaries of their experience are set out on pages 5 to 6. The Directors who held office during the year and their beneficial interest in the share capital of the Company at 31 August 2019 were as follows:

	31 August 2019
Alexander Anton	1,100,000
Benjamin Shaw	500,000
Mark Farmiloe	50,000
David Firth	-

DIVIDENDS

No dividends were paid during the year or declared as at the date of this report.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 16. The Company's share capital consists of one class of ordinary share, which does not carry rights to fixed income. As at 31 August 2019, there were 6,130,000 ordinary shares of 1p each in issue. Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) has, on a show of hands, one vote. On a poll, each shareholder present in person or by proxy has one vote for each share held.

Other than the general provisions of the Articles (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

On 19 October 2018 the entire ordinary shareholding of the company was admitted to AIM, a market regulated by The London Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 27 January 2020, the Company had been advised of the following notifiable interests (whether directly or indirectly held) in its voting rights (other than the Directors' interests, already disclosed).

Name	*Shareholding*	*Percentage*
Whitehall Associated S.A.	1,000,000	16.3%
Trevor Fenwick	750,000	12.2%
Stephen Heath	500,000	8.2%
David Sanger	500,000	8.2%
Simon Andrews	200,000	3.3%
Paludum Commercial Corp	200,000	3.3%
WH Ireland	200,000	3.3%

POLITICAL CONTRIBUTIONS
The Company has made no political contributions during the year.

CHARITABLE DONATIONS
The Company has made no Charitable donations during the year.

DISCLOSURE IN THE STRATEGIC REPORT

The Company has chosen, in accordance with Section 414C of the Companies Act 2006, to set out the following information in the Group Strategic Report which would otherwise be required to be contained in the Report of the Directors:

- Outlook
- Risk management, including financial risk management and non-financial risk management.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITOR

The auditor, RSM UK Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Alexander Anton
Director
28 January 2020

Opinion
We have audited the financial statements of Summerway Capital plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group and Parent Company key audit matters

Treatment of share capital, including share issue costs
Refer to Note 5 in respect of critical judgements and estimates applied by the Directors and note 16, Share Capital for a summary of equity transactions that have occurred in the period.

The risk
A number of share transactions have occurred during the Group and Company's initial reporting period including initial shares issued on incorporation, division and cancellation of ordinary and deferred shares and a significant equity raise following admission to AIM,

raising £6.1m less total costs of £347,454. There is a risk that share transactions may not be disclosed correctly and management judgement is required to split costs associated with the AIM listing and associated share issue between profit and loss and equity and as a result the matter was considered to be one of most significance in the group audit and therefore determined to be a key audit matter.

Our response

We have obtained all legal documentation to support share transactions that have occurred during the year and ensured that these have all been disclosed adequately in the financial statements. We have checked the costs incurred in connection with the AIM listing and share issue to underlying supporting invoices and challenged the appropriateness of the recognition of these costs in both profit and loss (£39,340) and against share premium within equity (£308,114).

Valuation and presentation of incentive shares liability

Refer to page 10 for a description of the Incentive Scheme, note 5 in respect of critical judgements and estimates applied by the Directors and note 18, non-current liabilities for a summary of the accounting treatment applied.

The risk

The Group has implemented a management incentive scheme through the issue of non-voting B shares in the Subsidiary undertaking to the Directors. This scheme represents a potential future liability to the Group if certain performance targets are met in a three- or five-year period from the Groups admission on AIM. The liability is estimated at £12,000 as at 31 August 2019. Management judgement is required to determine the appropriate classification of this liability in the financial statements and for assessing the value of the liability at each reporting date and as a result the matter was considered to be one of most significance in the group audit and therefore determined to be a key audit matter.

Our response

We have reviewed the Group's Management Incentive Scheme published in the AIM admission document and considered the underlying terms and performance criteria therein. We have challenged the presentation and classification of the initial liability recognised in respect of the Management Incentive Scheme and deem the classification as a non-current liability to be consistent with the characteristics and likely timing of settlement under the scheme.

Where assumptions have been made by management to estimate the fair value of the Incentive Scheme liability at the reporting date we have challenged these and audited the underlying basis for the estimates made by management at the year end. We have assessed the recognition against the accounting standards criteria.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the group and parent company financial statements as a whole was calculated as £19,100, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £1,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit was scoped to ensure that we obtain sufficient and appropriate audit evidence in respect of the Group financial statements of Summerway Capital plc, including a full statutory audit of the Group, parent company and subsidiary. Our audit was based on Group, parent company and subsidiary component materiality and an assessment of risk at Group level.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Watts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London, EC4A 4AB

28 January 2020

SUMMERWAY CAPITAL PLC

Consolidated Statement of Comprehensive Income
For the year ended 31 August 2019

	Note	Year ended 31 August 2019
		£
Administrative expenses	7	(205,882)
Operating loss		**(205,882)**
Finance income	9	14,562
Finance income		**14,562**
Loss before income tax		**(191,320)**
Income tax	11	-
Net loss for the period		**(191,320)**
Total other comprehensive income		-
Total comprehensive loss		**(191,320)**
Attributable to:		
Owners of the Company		(191,320)
Loss per ordinary share		
Basic and diluted loss per share attributable to ordinary equity holders of the Company	13	(3.60)p

The Company's activities derive from continuing operations.

The notes form part of these financial statements

SUMMERWAY CAPITAL PLC

Consolidated Statement of Financial Position
As at 31 August 2019

	Note	As at 31 August 2019
		£
Assets		
Current assets		
Cash and cash equivalents		5,647,837
Other receivables	15	15,670
Total current assets		**5,663,507**
Total assets		**5,663,507**
Current liabilities		
Trade and other payables	17	20,941
		20,941
Non-current liabilities		
Incentive shares	18	12,000
		12,000
Total liabilities		**32,941**
Net Assets		**5,630,566**
Capital and reserves attributable to equity holders of the parent		
Share capital	16	61,300
Share premium reserve		5,711,086
Capital redemption reserve		49,500
Accumulated losses		(191,320)
Total Equity		**5,630,566**

The financial statements were approved by the Board of Directors on 28 January 2020 and were signed on its behalf by:

……………………………..
Director

The notes form part of these financial statements

SUMMERWAY CAPITAL PLC

Company Statement of Financial Position
As at 31 August 2019

	Note	As at 31 August 2019
		£
Assets		
Non-current liabilities		
Investment in subsidiary undertaking	14	-
Current assets		
Cash and cash equivalents		5,647,837
Other receivables	15	15,670
Total current assets		**5,663,507**
Total assets		**5,663,507**
Liabilities		
Current liabilities		
Trade and other payables	17	32,941
Total liabilities		**32,941**
Net Assets		**5,630,566**
Capital and reserves attributable to equity holders of the parent		
Share capital	16	61,300
Share premium reserve		5,711,086
Capital redemption reserve		49,500
Accumulated losses		(191,320)
Total Equity		**5,630,566**

The loss attributable to shareholders dealt with in the financial statements of the Company was £191,320.

The financial statements were approved by the Board of Directors on 28 January 2020 and were signed on its behalf by:

……………………………..
Director

The notes form part of these financial statements

SUMMERWAY CAPITAL PLC

Consolidated Statement of Changes in Equity
For the year ended 31 August 2019

	Notes	Share capital	Deferred shares	Share Premium reserve	Capital Redemption reserve	Accumulated losses	Total equity
		£	£	£	£	£	£
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		-	-	-	-	(191,320)	(191,320)
Balance as at 31 August 2019		61,300	-	5,711,806	49,500	(191,320)	5,630,566

Company Statement of Changes in Equity
For the year ended 31 August 2019

	Notes	Share capital	Deferred shares	Share Premium reserve	Capital Redemption reserve	Accumulated losses	Total equity
		£	£	£	£	£	£
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		-	-	-	-	(191,320)	(191,320)
Balance as at 31 August 2019		61,300	-	5,711,806	49,500	(191,320)	5,630,566

The notes form part of these financial statements

SUMMERWAY CAPITAL PLC

Consolidated Statement of Cash Flows
For the year ended 31 August 2019

	Note	Year ended 31 August 2019
		£
Cash flows from operating activities		
Operating loss		(205,882)
Adjustments to reconcile loss before income tax to operating cash flows:		
Increase in other receivables	15	(15,670)
Increase in trade and other payables	17,18	32,941
Bank interest received		14,562
Net cash used in operating activities		**(174,049)**
Cash flows from financing activities		
Proceeds from issue of share capital	16	6,130,000
Share issue costs		(308,114)
Net cash generated from financing activities		**5,821,886**
Net increase in cash and cash equivalents		5,647,837
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at the end of the period		**5,647,837**

The notes form part of these financial statements

SUMMERWAY CAPITAL PLC

Company Statement of Cash Flows
For the year ended 31 August 2019

	Note	Year ended 31 August 2019
		£
Cash flows from operating activities		
Operating loss		(205,882)
Adjustments to reconcile loss before income tax to operating cash flows:		
Increase in other receivables	15	(15,670)
Increase in trade and other payables	17, 18	32,941
Bank interest received		14,562
Net cash used in operating activities		**(174,049)**
Cash flows from financing activities		
Proceeds from issue of share capital	16	6,130,000
Share issue costs		(308,114)
Net cash generated from financing activities		**5,821,886**
Net increase in cash and cash equivalents		5,647,837
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at the end of the period		**5,647,837**

The notes form part of these financial statements

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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") Interpretations as issued by the International Accounting Standards Board and adopted by the European Union and in accordance with those parts of the Companies Act 2006 applicable to those companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company was incorporated on 31 August 2018 and therefore there are no comparative figures.

The financial statements are presented in Pounds Sterling. All amounts, unless otherwise stated, have been rounded to the nearest Pound.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying those accounting policies. The areas where significant judgements and estimates have been made in preparing these financial statements and their effect are disclosed in Note 5.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

3. PRINCIPAL ACCOUNTING POLICIES

2.1 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The Company and 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.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary undertakings). Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Summerway Subco Limited's accounting reference date is 30 September and so adjustments are made as necessary for inclusion in the consolidation.

2.3 GOING CONCERN

The Directors are satisfied that the Company and Group have adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2.3 SEGMENT REPORTING

The accounting policy for identifying segments is based on internal management reporting information which is reviewed by the chief operating decision maker. The Company and Group are considered to have a single business segment, being the identification and acquisition of companies or businesses.

2.4 FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

2.5 TAXATION

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the statement of financial position date.

The tax currently payable is based on the taxable profit for the year. Taxable profit/(loss) differs from the net profit/(loss) reported in the statement of comprehensive income as it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

2.6 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company and Group present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- held primarily for the purpose of trading; or
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle; or
- it is held primarily for the purpose of trading; or
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

The Company and Group classify all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 *INVESTMENTS*
Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

2.8 FINANCIAL INSTRUMENTS
Financial assets and liabilities are recognised in the Company's and Group's statement of financial position when the Company and Group becomes a party to the contractual provisions of the instrument. The Company's and Group's financial instruments comprise cash, trade and other receivables and trade and other payables.

Trade, group and other receivables
Trade receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs.

Cash and cash equivalents
The Company and Group manage short-term liquidity through the holding of cash and highly liquid interest-bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash and cash equivalents.

Impairment of financial assets
An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both. The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort.

The Group does not currently have trade receivables. For group and other receivables, the measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those receivables ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities and equity
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company and Group becomes a party to the contractual provisions of the instrument.

Trade, group and other payables
Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Derecognition of financial assets (including write-offs) and financial liabilities
A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.9 *EQUITY*

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Equity comprises the following:

- Called up share capital represents the nominal value of the equity shares;
- Share premium represents the excess over nominal value of the fair value of consideration received from the equity shares, net of expenses of the share issue;
- Capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a Company's own shares;
- Retained deficit represent accumulated net gains and losses from incorporation recognised in the Statement of Comprehensive Income

4. CAPITAL MANAGEMENT

The Company defines capital as the total equity of the Company. The objective of the Company's capital management is to ensure that it makes the maximum use of its capital to support its business and to maximise shareholder value. There are no external constraints on the Company's capital.

5. CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

The Company and Group make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual expenditure may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation and classification of incentive share scheme

As described in the Remuneration Committee's Report on page 10 the Board has implemented an incentive scheme during the year via the issue of 999,999 B shares of £0.01 in the subsidiary undertaking, to the Executive Directors of the Company at a price of £0.012 per share.

Critical judgements and accounting estimates have been exercised by management in respect of the incentive shares:

- in determining the classification of the incentive shares as a financial liability rather than equity in the statement of financial position, as the B shares issued in the subsidiary do not contain any voting rights and are not permitted to participate in any ordinary dividends declared by the Company.
- in presenting the financial liability as non-current in the statement of financial position as the valuation mechanism in the incentive share arrangement is measured over a three-year and five-year period; and
- in assessing the most appropriate valuation method to apply to estimate the fair value of the incentive share liability as at 31 August 2019. See note 18 for further details.

Allocation of share issue and listing costs

In accordance with IAS 32 – 'Financial Instruments: Presentation', incremental costs that are directly attributable to issuing new shares should be deducted from equity and costs that relate to the stock market listing (i.e. not directly attributable to issuing new shares), should be recorded as an expense in the income statement. IAS 32 states that costs relating to both share issuance and listing should be allocated between the two functions on a rational and consistent basis.

Judgement has been applied by the Board in allocating the costs associated with the company's initial public offering and issue of new shares. Issue costs capitalised and deducted against share premium of £308,114 relate to specific legal and professional fees due to the company's NOMAD, legal advisors and reporting accountant fees. These are all services provided in respect of both the admission to AIM and associated share issue. As the Company was incorporated with the objective of listing on AIM, the capital base after the listing is almost entirely due to shares raised as part of the listing and thus, the full costs above have been recognised in equity as a deduction against share premium. Other costs of £39,340 have been recognised directly in profit and loss and are directly attributable to the company's listing only.

6. SEGMENTAL REPORTING

For management purposes, the Company and Group are considered to have one single business segment, being the identification and acquisition of companies and businesses. The Group comprises Summerway Capital PLC and its subsidiary company Summerway SubCo Limited. The two companies do not transact with each other. Further segment information is therefore not presented in these financial statements.

7. ADMINISTRATION EXPENSES

	Year ended 31 August 2019
	£
Group expenses by nature	
One-off costs related to the listing	39,340
Staff related costs	51,978
Office costs	35,660
NOMAD, registrar and Stock Exchange costs	38,834
Audit and accountancy costs	31,993
Other expenses	8,077
	205,882

8. EMPLOYEES AND DIRECTORS

	Group and Company *2019* £
Wages and salaries	49,500
Social security costs	-
Other pension costs	-
	49,500

The average monthly number of employees during the year, including the Directors, was 4.

Key management personnel
The Directors are currently considered to be the key management personnel of the Group. The total remuneration paid to Directors during the year was £49,500. There were no pension contributions paid on behalf of the Directors. The breakdown of Individual Director's remuneration is shown in the Report of the Remuneration Committee on page 10.

9. FINANCE INCOME

	Group and company 2019 £
Finance income:	
Deposit account interest	14,562

10. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	2019 £
Auditor's remuneration:	
Audit fees	19,200
Review of interim report	4,800
Corporate finance	30,075
	54,075

11. INCOME TAX

The Group and Company has reported a loss of £191,320 in the first reporting period since incorporation. No revenue has been generated in the period and no significant differences exist between the tax charge of £Nil recognised in these financial statements and that calculated by applying the standard rate of United Kingdom corporation tax. No deferred tax asset is recognised on these losses as at 31 August 2019 due to uncertainty over the expected timing of future profits with which to offset the losses.

12. LOSS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £191,320.

13. 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.

	Year ended 31 August 2019
Loss attributable to the owners of the Company	£ (191,320)
Weighted average number of ordinary shares in issue	5,313,781
Basic and diluted loss per share	(3.60) p

14. 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%

As the Company's total investment holding in the subsidiary is £0.01 no investment value is presented in the statement of financial position.

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 so 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 Admissions document published on 16 October 2018 and in Notes 5 and 18.

15. OTHER RECEIVABLES – GROUP AND COMPANY

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

	As at 31 August 2019
	£
Amounts falling due within one year	
Prepayments	10,027
Other receivables	5,643
	15,670

16. CALLED UP SHARE CAPITAL – COMPANY

	As at 31 August 2019
	£
Issued	
6,130,000 ordinary shares of 1p each	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 him 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 the existing ordinary 6,130,000 ordinary shares were admitted to trading on AIM.

17. TRADE AND OTHER PAYABLES – GROUP AND COMPANY

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

	Group As at 31 August 2019	Company As at 31 August 2019
	£	£
Trade payables	941	941
Accruals	19,200	19,200
Other tax and social security payables	800	800
Amounts owed to subsidiary undertakings	-	12,000
	20,941	**32,941**

18. NON-CURRENT LIABILITIES – GROUP

	As at 31 August 2019
	£
Incentive shares	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 been met as at 31 August 2019. 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. Refer to note 5 for further details of the terms of the incentive scheme.

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – GROUP AND COMPANY

Carrying amount of financial assets

The carrying amounts of financial assets by category were:

	Group As at 31 August 2019	Company As at 31 August 2019
	£	**£**
Financial assets measured at amortised cost:		
- Cash and cash equivalents	5,647,837	5,647,837
- Other receivables	5,643	5,643
	5,653,480	**5,653,480**

Carrying amount of financial liabilities

The carrying amounts of financial liabilities by category were:

	Group As at 31 August 2019	Company As at 31 August 2019
	£	**£**
Financial liabilities measured at amortised cost:		
- Trade and other payables	20,141	20,141
- Group payables	-	12,000
Financial liabilities measured at fair value through profit and loss:		
- Incentive shares liability	12,000	-
	32,141	**32,141**

The carrying amounts of financial assets and financial liabilities reasonably approximate to fair value.

Risks arising from financial instruments

Credit risk

The risk that counterparties will fail to settle amounts due to the company predominantly arises from cash and cash equivalents. Credit risk on cash and cash equivalents is limited by depositing funds with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group closely monitors its cash position to ensure that it has sufficient funds to meet the obligations of the Group as they fall due.

20. 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.

As set out on page 11 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 31 August 2019 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 £39,120 during the year.

The Company engaged Fraser Real Estate, a company in which Alexander Anton is an indirect shareholder and Mark Farmiloe is a Director, to provide administrative and accounting services throughout the period. The Company paid Fraser Real Estate £7,993 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.

21. 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.