

RNS Number : 8968A  
 Andrews Sykes Group PLC  
 28 September 2022

**27 September 2022**

**ANDREWS SYKES GROUP PLC**  
 ("Andrews Sykes" or "the Company" or "the Group")

**Half Year Results**  
**Unaudited results for the six months ended 30 June 2022**

**Summary of Results**

	Unaudited six months ended 30 June 2022 £000	Unaudited six months ended 30 June 2021 £000
Revenue from continuing operations	37,903	35,693
EBITDA* from continuing operations	13,181	12,402
Operating profit	8,489	7,955
Profit for the financial period	6,477	6,239
Cash and cash equivalents	34,430	24,717
Net funds	21,741	9,673
	(pence)	(pence)
Basic earnings per share	15.36	14.79
Interim dividend declared per equity share	11.90	11.90
Special dividend declared per equity share	16.60	-

\* Earnings before interest, taxation, depreciation, profit on the sale of property, plant and equipment, amortisation and non-recurring items

**Enquiries**

**Andrews Sykes Group plc**  
 Carl Webb, Managing Director  
 Ian Poole, Finance Director and Company Secretary

T: +44 (0)1902 328 700

**Houlihan Lokey UK Limited (Nominated Advisor)**  
 Tim Richardson

T: +44 (0)20 7484 4040

**CHAIRMAN'S STATEMENT**

**Overview**

The Group's revenue for the 6 months ended 30 June 2022 (the "period") was £37.9 million, an increase of £2.2 million compared with the same period in 2021 and a record for the first half year. Operating profit for the period was £8.5 million compared with £8.0 million in 2021, an increase of £0.5 million, reflecting the increased revenue. Overall, net funds increased by £5.2 million from £16.5 million as at 31 December 2021 to £21.7 million as at 30 June 2022.

**Operations review**

Revenue at Andrews Sykes Hire in the UK continues to grow and improved by 2.1% compared with the same period in 2021. Our businesses in the rest of Europe experienced a very strong increase in revenue, improving 16.8% compared to the same period in 2021. This result was driven by an exceptional performance from our Italian subsidiary, Nolo Climat, with revenues 92.9% up on the same period in 2021 with the early and prolonged high summer temperatures seen in Italy increasing demand in our cooling products. Consequently, the combined operating profit for the UK and European hire businesses in the period was £1.0 million above the level achieved in 2021.

Climat Location in France has continued to struggle with revenues 12.0% lower than the same period in 2021. As a result, the decision has been made to restructure the business in France and restructuring costs, including depot closures and redundancy, of £0.5m have been incurred during the period. We are confident that once completed, the restructuring will right-size the French operation and lead to profitable future growth.

Andrews Air Conditioning and Refrigeration, our UK air conditioning installation business, has traded broadly in line with last year. Whilst revenue increased 3.7% in the period compared to the first six months of 2021, it still remains 33.1% lower than the corresponding period in 2019. Operating profit decreased by £0.1m as compared to first half of 2021 as a continuing struggle to recruit and retain engineers negatively impacted results.

Khansaheb Sykes, our business based in the UAE, has continued to experience a difficult trading environment but pleasingly recorded revenue growth of 5.8% versus the first half of 2021. Despite this revenue increase and a favourable exchange rate between the Dirham and Sterling, operating profit is comparable to the first half of 2021 and continues to be depressed by increased historic bad debt charges.

#### **Profit for the financial period and Earnings per Share**

Profit before tax for the period was £8.5 million compared with £7.6 million in the same period last year. This £0.9m increase is attributable to the £0.5 million improvement in operating profit, a net foreign exchange gain on inter-company balances of £0.2 million (2021: loss of £0.1m) due to the weakening of Sterling compared with the Euro, and a net increase of £0.1 million in interest receivable resulting from the full repayment of the £3.0 million loan outstanding as at 31 December 2021 and higher interest received on cash deposits.

The total tax charge for the period increased by £0.7 million to £2.1 million (2021: £1.3 million), an effective tax rate of 24.0% (2021: 17.5%). The increase in the overall effective rate of tax is driven by a lower level of capital allowances claimed in the UK, coupled with higher profits generated in Italy which has a higher tax rate than in the UK.

Profit after tax in the period was £6.5 million (2021: £6.2 million). Basic earnings per share increased by 0.57 pence, or 3.9%, to 15.36 pence (2021: 14.79 pence) reflecting this increase in profit.

#### **Dividends**

The final dividend of 12.50 pence per ordinary share for the year ended 31 December 2021 was approved by members at the AGM held on 14 June 2022. Accordingly, on 17 June 2022 the Company made a total dividend payment of £5.27 million which was paid to shareholders on the register as at 27 May 2022.

The board continues to adopt the policy of returning value to shareholders whenever possible. The Group remains profitable, cash generative and financially strong. Accordingly, the board has decided to declare an interim dividend of 11.90 pence per ordinary share which in total amounts to £5.0 million.

In addition to the interim dividend, the board has assessed the company's ongoing cash requirements and has concluded that, as a result of the company's robust cash generation, a portion of the current cash reserves are surplus to the company's requirements. The board has therefore decided to return this surplus capital to Andrews Sykes shareholders by way of a special dividend of 16.60 pence per ordinary share which in total amounts to £7.0 million. Both the interim and special dividends will be paid on 4 November 2022 to shareholders on the register as at 7 October 2022.

#### **Outlook**

The second half of the year has started resiliently with record temperatures in the UK and Europe positively impacting demand for the Group's air conditioning units and chillers. This increased summer demand leads management to be optimistic over the full year results. In the longer term, management remains optimistic that the business will continue to improve but are mindful of the current economic climate and the impact that heightened energy prices, inflation and recession risk can pose to the business and customer demand.

**JG Murray**  
**Chairman**  
**27 September 2022**

**Consolidated Income Statement**  
*for the six months ended 30 June 2022*

	Note	Unaudited six months ended 30 June 2022 £000	Unaudited six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
<b>Revenue</b>	2	<b>37,903</b>	35,693	75,219
Cost of sales		(15,338)	(15,064)	(29,001)
<b>Gross profit</b>		<b>22,565</b>	20,629	46,218
Distribution costs		(6,846)	(6,386)	(14,066)
Administrative expenses		(7,230)	(6,412)	(10,759)
Other operating income		-	124	151
<b>Operating profit</b>		<b>8,489</b>	7,955	20,074
<b>EBITDA*</b>		<b>13,181</b>	12,402	28,946
Depreciation and impairment losses		(3,444)	(3,399)	(6,628)
Depreciation of right-of-use assets		(1,528)	(1,622)	(3,111)
Profit on the sale of plant and equipment and right-of-use assets		280	574	867
<b>Operating profit</b>		<b>8,489</b>	7,955	20,074
Finance income	3	316	7	24
Finance costs	3	(278)	(401)	(599)
<b>Profit before tax</b>		<b>8,527</b>	7,561	19,499
Tax expense	4	(2,050)	(1,322)	(3,959)
<b>Profit for the period from continuing operations attributable to equity holders of the Parent Company</b>		<b>6,477</b>	6,239	15,540
<b>Earnings per share from continuing operations:</b>				
Basic and diluted	5	<b>15.36p</b>	14.79p	36.85p
<b>Dividend per equity share paid during the period</b>		<b>12.50p</b>	11.50p	23.40p
<b>Proposed dividend per equity share</b>		<b>11.90p</b>	11.90p	12.50p
<b>Proposed special dividend per equity share</b>		<b>16.60p</b>	-	-

\* Earnings before interest, taxation, depreciation, profit on sale of property, plant and equipment, amortisation and non-recurring items.

**Consolidated Statement of Comprehensive Total Income**  
*for the six months ended 30 June 2022*

	Unaudited six months ended 30 June 2022 £000	Unaudited six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
--	--	--	---

<b>Profit for the period</b>	<b>6,477</b>	6,239	15,540
<b>Other comprehensive income</b>			
Currency translation differences on foreign currency operations	<b>926</b>	(640)	(954)
Net other comprehensive income/ (expense) that may be reclassified to profit and loss	<b>926</b>	(640)	(954)
Re-measurement of defined benefit pension assets and liabilities	<b>2,567</b>	2,476	4,430
Related deferred tax	<b>(898)</b>	(619)	(1,551)
Net other comprehensive income that will not be reclassified to profit and loss	<b>1,669</b>	1,857	2,879
Other comprehensive income for the period net of tax	<b>2,595</b>	1,217	1,925
<b>Total comprehensive income for the period attributable to equity holders of the Parent Company</b>	<b>9,072</b>	7,456	17,465

### **Consolidated Balance Sheet**

At 30 June 2022

	Unaudited 30 June 2022 £000	Unaudited 30 June 2021 £000	31 December 2021 £000
<b>Non-current assets</b>			
Property, plant and equipment	<b>20,091</b>	21,761	20,877
Right-of-use assets	<b>12,125</b>	11,594	12,423
Prepayments	-	42	-
Deferred tax assets	-	7	-
Defined benefit pension scheme surplus	<b>9,392</b>	3,606	6,137
	<b>41,608</b>	37,010	39,437
<b>Current assets</b>			
Stocks	<b>5,205</b>	7,821	5,660
Trade and other receivables	<b>18,749</b>	18,584	19,796
Current tax asset	-	268	-
Cash and cash equivalents	<b>34,430</b>	24,717	32,443
	<b>58,384</b>	51,390	57,899
<b>Current liabilities</b>			
Trade and other payables	<b>(14,178)</b>	(14,726)	(13,587)
Current tax liabilities	<b>(485)</b>	-	(265)
Bank loans	-	(2,995)	(3,000)
Right-of-use lease obligations	<b>(2,625)</b>	(2,539)	(2,602)
	<b>(17,288)</b>	(20,260)	(19,454)
<b>Net current assets</b>	<b>41,096</b>	31,130	38,445
<b>Total assets less current liabilities</b>	<b>82,704</b>	68,140	77,882
<b>Non-current liabilities</b>			
Right-of-use lease obligations	<b>(10,064)</b>	(9,510)	(10,332)
Deferred tax liability	<b>(3,124)</b>	-	(1,959)
Provisions	<b>(2,096)</b>	-	(1,971)
	<b>(15,284)</b>	(9,510)	(14,262)

Net assets	67,420	58,630	63,620
<b>Equity</b>			
Called up share capital	422	422	422
Share premium	13	13	13
Retained earnings	62,845	54,667	59,971
Translation reserve	3,894	3,282	2,968
Other reserve	246	246	246
<b>Total equity</b>	<b>67,420</b>	<b>58,630</b>	<b>63,620</b>

**Consolidated Cash Flow Statement**  
for the six months ended 30 June 2022

	Unaudited six months ended 30 June 2022 £000	Unaudited six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
<b>Operating activities</b>			
<b>Profit for the period</b>	<b>6,477</b>	<b>6,239</b>	<b>15,540</b>
Adjustments for:			
Tax charge	2,050	1,322	3,959
Finance costs	278	401	599
Finance income	(316)	(7)	(24)
Profit on disposal of property, plant and equipment and right-of-use assets	(280)	(574)	(867)
Depreciation of property, plant and equipment	3,444	3,399	6,628
Depreciation of right-of-use assets	1,528	1,621	3,111
Difference between pension contributions paid and amounts recognised in the Income Statement	(628)	(625)	(1,194)
Decrease/ (increase) in inventories	639	65	(635)
Decrease/ (increase) in receivables	1,669	(1,500)	(2,653)
Increase in payables	330	2,534	2,322
Movement in provisions	125	-	1,112
<b>Cash generated from continuing operations</b>	<b>15,316</b>	<b>12,875</b>	<b>27,898</b>
Interest paid	(278)	(284)	(574)
Corporation tax paid	(1,553)	(2,694)	(3,735)
<b>Net cash inflow from operating activities</b>	<b>13,485</b>	<b>9,897</b>	<b>23,589</b>
<b>Investing activities</b>			
Disposal of property, plant and equipment	302	722	1,173
Purchase of property, plant and equipment	(2,380)	(2,794)	(2,530)
Interest received	256	-	9
<b>Net cash outflow from investing activities</b>	<b>(1,822)</b>	<b>(2,072)</b>	<b>(1,348)</b>
<b>Financing activities</b>			
Loan repayments	(3,000)	(500)	(500)
Capital repayments for right-of-use lease obligations	(1,471)	(1,547)	(2,951)
Equity dividends paid	(5,272)	(4,850)	(9,869)
<b>Net cash outflow from financing activities</b>	<b>(9,743)</b>	<b>(6,897)</b>	<b>(13,320)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,920</b>	<b>928</b>	<b>8,921</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>32,443</b>	<b>24,012</b>	<b>24,012</b>
Effect of foreign exchange rate changes	67	(223)	(490)
<b>Cash and cash equivalents at the end of the period</b>	<b>34,430</b>	<b>24,717</b>	<b>32,443</b>

**Consolidated Statement of Changes in Equity**  
for the six months ended 30 June 2022

	Share capital	Share premium	Translation reserve	Capital redemption reserve	UAE legal reserve	Netherlands capital reserve	Retained earnings	Attributable to equity holders of the parent
	£000	£000	£000	£000	£000	£000	£000	£000
At 31 December 2020	422	13	3,922	158	79	9	51,421	56,024
Profit for the period	-	-	-	-	-	-	6,239	6,239
Other comprehensive (expense)/income for the period net of tax	-	-	(640)	-	-	-	1,857	1,217
Total comprehensive (expense)/income	-	-	(640)	-	-	-	8,096	7,456
Dividends paid	-	-	-	-	-	-	(4,850)	(4,850)
Total of transactions with shareholders	-	-	-	-	-	-	(4,850)	(4,850)
At 30 June 2021	422	13	3,282	158	79	9	54,667	58,630
Profit for the period	-	-	-	-	-	-	9,301	9,301
Other comprehensive (expense)/income for the period net of tax	-	-	(314)	-	-	-	1,022	708
Total comprehensive (expense)/income	-	-	(314)	-	-	-	10,323	10,009
Dividends paid	-	-	-	-	-	-	(5,019)	(5,019)
Total of transactions with shareholders	-	-	-	-	-	-	(5,019)	(5,019)
At 31 December 2021	422	13	2,968	158	79	9	59,971	63,620
Profit for the period	-	-	-	-	-	-	6,477	6,477
Other comprehensive income for the period net of tax	-	-	926	-	-	-	1,669	2,595
Total comprehensive income	-	-	926	-	-	-	8,146	9,072
Dividends paid	-	-	-	-	-	-	(5,272)	(5,272)
Total of transactions with shareholders	-	-	-	-	-	-	(5,272)	(5,272)
At 30 June 2022	422	13	3,894	158	79	9	62,845	67,420

## Notes to the Interim Financial statements

### 1 General information and accounting policies

These interim financial statements have been prepared in accordance with the recognition and measurement principles of international accounting standards in conformity with the requirements of the Companies Act 2006.

The information for the 12 months ended 31 December 2021 does not constitute the Group's statutory accounts for 2021 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2021 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These interim financial statements,

which were approved by the Board of Directors on 27 September 2022, have not been audited or reviewed by the auditors.

### Basis of preparation

The interim financial statement has been prepared using the historical cost basis of accounting except for:

- (i) Properties held at the date of transition to IFRS which are stated at deemed cost;
- (ii) Assets held for sale which are stated at the lower of (i) fair value less anticipated disposal costs and (ii) carrying value;
- (iii) Derivative financial instruments (including embedded derivatives) which are valued at fair value; and
- (iv) Pension scheme assets and liabilities calculated at fair value in accordance with IAS 19

The annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

### Accounting policies

The principal accounting policies applied in preparing the interim Financial Statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006 and are consistent with the policies set out in the Annual Report and Accounts for the year ended 31 December 2021.

No new standards or interpretations issued since 31 December 2021 have had a material impact on the accounting of the Group.

### Functional and presentational currency

The financial statements are presented in pounds Sterling because that is the functional currency of the primary economic environment in which the group operates.

## 2 Revenue

An analysis of the Group's revenue is as follows:

	Unaudited six months ended 30 June 2022	Unaudited six months ended 30 June 2021	Year ended 31 December 2021
	£000	£000	£000
<b>Continuing operations</b>			
Revenue outside the scope of IFRS 15 and recognised as lease income in accordance with IFRS 16:			
Hire	33,772	31,627	67,734
Revenue recognised at a point in time in accordance with IFRS 15:			
Sales	2,739	2,709	4,630
Maintenance	665	752	1,368
Installation and sale of units	727	605	1,487
<b>Group consolidated revenue from the sale of goods and provision of services</b>	<b>37,903</b>	<b>35,693</b>	<b>75,219</b>

The geographical analysis of the Group's revenue by origination is:

Unaudited six months ended 30 June 2022	Unaudited six months ended 30 June 2021	Year ended 31 December 2021
		£000

	£000	£000	
United Kingdom	23,225	22,743	47,917
Rest of Europe	10,365	8,874	19,442
Middle East and Africa	4,313	4,076	7,860
	<b>37,903</b>	35,693	75,219

The geographical analysis of the Group's revenue by destination is not materially different to that by origination.

### 3 Finance income and costs

	Unaudited six months ended 30 June 2022 £000	Unaudited six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
<b>Finance income</b>			
Net interest on net defined benefit pension surplus	60	7	15
Interest receivable on bank deposit accounts	31	-	9
Inter-company foreign exchange gains	225	-	-
	<b>316</b>	7	24
<b>Finance costs</b>			
Interest charge on bank loans and overdrafts	(25)	(20)	(44)
Interest charge on right-of-use lease obligations	(253)	(264)	(530)
Inter-company foreign exchange losses	-	(117)	(25)
	<b>(278)</b>	(401)	(599)

### 4 Income tax expense

The total effective tax charge for the financial period represents the best estimate of the weighted average annual effective tax rate expected for the full financial year applying tax rates that have been substantively enacted by the balance sheet date. UK corporation tax has been provided at 19%. In the UK budget on 15 March 2021, the chancellor announced that the rate of corporation tax in the UK will increase from 19% to 25% with effect from 1 April 2023. This increase will increase the amount of corporation tax payable in the UK. Deferred tax has been calculated based on the rates that the directors anticipate will apply when the temporary timing differences are expected to reverse.

	Unaudited six months ended 30 June 2022 £000	Unaudited six months ended 30 June 2021 £000	Year ended 31 December 2021 £000
<b>Current tax</b>			
UK corporation tax at 19% (June and December 2021: 19%)	1,139	736	2,253
Adjustments in respect of prior periods	-	(21)	(657)
	<b>1,139</b>	715	1,596
Overseas tax	644	530	1,251
<b>Total current tax charge</b>	<b>1,783</b>	1,245	2,847
<b>Deferred tax</b>			
Origination and reversal of timing differences	126	386	712
Effect of tax rate change	-	(309)	(97)
Adjustments in respect of prior periods	141	-	497
<b>Total deferred tax charge/ (credit)</b>	<b>267</b>	77	1,112
<b>Total tax charge for the financial period</b>	<b>2,050</b>	1,322	3,959

### 5 Earnings per share

#### Basic earnings per share

The basic figures have been calculated by reference to the weighted average number of ordinary shares in issue and the earnings as set out below. There are no discontinued operations in any period.



	Unaudited six months ended 30 June 2022	Unaudited six months ended 30 June 2021	Year ended 31 December 2021
Weighted average number of ordinary shares	42,174,359	42,174,359	42,174,359
	£000	£000	£000
Basic earnings	6,477	6,239	15,540
	pence	pence	pence
Basic earnings per ordinary share	15.36	14.79	36.85

#### Diluted earnings per share

There were no dilutive instruments outstanding as at 30 June 2022 or either of the comparative periods and therefore there is no difference in the basic and diluted earnings per share for any of these periods. There were no discontinued operations in any period.

## 6 Dividend payments

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2022 were as follows:

	Paid during the six months ended 30 June 2022	
		Total dividend paid £000
	Pence per share	
Final dividend for the year ended 31 December 2021 paid on 17 June 2022 to members on the register as at 27 May 2022	12.50p	5,272

The above dividend was charged against reserves during the 6 months ended 30 June 2022.

On 27 September 2022 the directors declared an interim dividend of 11.90 pence per ordinary share which in total amounts to £5,019,000. In addition, a special dividend of 16.60 pence per ordinary share which in total amounts to £7,001,000 was also declared. These will be both be paid on 4 November 2022 to shareholders on the register as at 7 October 2022 and will be charged against reserves in the second half of 2022.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2021 were as follows:

	Paid during the six months ended 30 June 2021	
		Total dividend paid £000
	Pence per share	
Final dividend for the year ended 31 December 2020 paid on 18 June 2021 to members on the register as at 28 May 2021	11.50p	4,850

The above dividend was charged against reserves during the 6 months ended 30 June 2021.

Dividends declared and paid on ordinary one pence shares during the 12 months ended 31 December 2021 were as follows:

	Paid during the year ended 31 December 2021	
		Total dividend paid £000
	Pence per share	
Final dividend for the year ended 31 December 2020 paid on 18 June 2021 to members on the register as at 28 May 2021	11.50p	4,850
Interim dividend declared on 27 September 2021 and paid on 5 November 2021 to members on the register as at 8 October 2021	11.90p	5,019
	23.40p	9,869

The above dividends were charged against reserves during the 12 months ended 31 December 2021.

## 7 Pensions

The Group closed the UK Group defined benefit pension scheme to future accrual as at 29 December 2002. The assets of the defined benefit pension scheme continue to be held in a separate trustee administered fund. Over recent years the Group has taken steps to manage the ongoing risks associated with its defined benefit liabilities.

As at 30 June 2022 the Group had a net defined benefit pension scheme surplus, calculated in accordance with IAS 19 using the assumptions as set out below, of £9,392,000 (30 June 2021: £3,606,000; 31 December 2021: £6,137,000). The asset has been recognised in the financial statements as the directors are satisfied that it is recoverable in accordance with IFRIC 14.

Following the triennial recalculation of the funding deficit as at 31 December 2019, a revised schedule of contributions and recovery plan was agreed with the pension scheme trustees in March 2021 and was effective from 1 January 2021. In accordance with this schedule of contributions and recovery plan, the Group will be making regular contributions of £110,000 per month for the period 1 January 2021 to 31 December 2022, and £10,000 per month for the period 1 January 2023 to 31 December 2025 or until a revised schedule of contributions is agreed, if earlier. Consequently, the Group expects to make total contributions to the defined benefit pension scheme of £1,320,000 during 2022.

#### Assumptions used to calculate the scheme surplus

The IAS 19 figures are based on a number of actuarial assumptions as set out below, which the actuaries have confirmed they consider appropriate.

	30 June 2022	30 June 2021	31 December 2021
Rate of increase in pensionable salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	3.2%	3.3%	3.5%
Discount rate	3.8%	1.8%	1.8%
Inflation assumption - RPI	3.2%	3.3%	3.5%
Inflation assumption - CPI	2.6%	2.7%	2.9%
Percentage of members taking maximum tax-free lump sum on retirement	75%	75%	75%

The demographic assumptions used for 30 June 2022, were the same as used in 31 December 2021, 30 June 2021 and the last full actuarial valuation performed as at 1 April 2020.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The mortality table used at 30 June 2022, 30 June 2021 and 31 December 2021 is 100% S3PA CMI2020 with a 1.25% per annum long term improvement for both males and females, heavy tables for males and medium tables for females.

#### Valuation

The defined benefit scheme funding has changed under IAS 19 as follows:

Funding status	Unaudited six months to 30 June 2022 £000	Unaudited six months to 30 June 2021 £000	Year to 31 December 2021 £000
Scheme assets at end of period	40,648	46,958	48,475
Benefit obligations at end of period	(31,256)	(43,352)	(42,338)
<b>Surplus in scheme</b>	<b>9,392</b>	<b>3,606</b>	<b>6,137</b>

The increase in the pension surplus since December 2021 is mainly due to a decrease in the value of liabilities as a consequence of an increase in bond yields increasing the discount rate.

## 8 Net funds and movement in financing liabilities

Unaudited six months ended 30 June 2022	Unaudited six months ended 30 June 2021	Year ended 31 December 2021
--	--	-----------------------------------

	£000	£000	£000
Cash and cash equivalents per consolidated cashflow statement	<b>34,430</b>	24,717	32,443
Bank loans at the beginning of the period	<b>(3,000)</b>	(3,491)	(3,491)
Loans repaid	<b>3,000</b>	500	500
Other non-cash changes	-	(4)	(9)
<b>Bank loans at the end of the period</b>	<b>-</b>	(2,995)	(3,000)
Right-of-use lease obligations at the beginning of the period	<b>(12,934)</b>	(12,849)	(12,849)
Capital repayments for right-of-use lease obligations	<b>1,472</b>	1,547	2,951
New right-of-use leases entered into during the period	<b>(1,204)</b>	(963)	(3,325)
Non-cash movements re: termination of right-of-use lease obligations	<b>77</b>	36	40
Foreign exchange	<b>(100)</b>	180	249
<b>Right-of-use lease obligations at the end of the period</b>	<b>(12,689)</b>	(12,049)	(12,934)
<b>Gross debt</b>	<b>(12,689)</b>	(15,044)	(15,934)
<b>Net funds</b>	<b>21,741</b>	9,673	16,509

## 9 Distribution of interim financial statements

Following a change in regulations in 2008, the Company is no longer required to circulate this half year report to shareholders. This enables us to reduce costs associated with printing and mailing and to minimise the impact of these activities on the environment. A copy of the interim financial statements is available on the Company's website, [www.andrews-sykes.com](http://www.andrews-sykes.com).

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END