



# Andrews Sykes Group plc

## Interim Financial Statements 2020



# Contents

1	Summary of Results	
2	Chairman's Statement	
4	Consolidated Income Statement	
5	Consolidated Balance Sheet	
6	Consolidated Cash Flow Statement	
7	Consolidated Statement of Comprehensive Total Income	
8	Notes to the Consolidated Interim Financial Statements	

# Summary of Results

	6 months ended 30 June 2020 Unaudited £'000	6 months ended 30 June 2019 Unaudited £'000
Revenue from continuing operations	<b>33,480</b>	34,974
EBITDA* from continuing operations	<b>11,781</b>	11,435
Operating profit	<b>7,000</b>	6,918
Profit for the financial period	<b>6,070</b>	5,449
Basic earnings per share (pence)	<b>14.39p</b>	12.92p
Special interim dividend declared per equity share (pence)	<b>23.70p</b>	-
Second interim dividend declared per equity share (pence)	<b>11.90p</b>	11.90p
Cash and cash equivalents	<b>32,096</b>	23,770
Net funds	<b>16,770</b>	8,329

\* Earnings Before Interest, Taxation, Depreciation, profit on the sale of property, plant and equipment, Amortisation and non-recurring items.

# Chairman's Statement

## Overview

Andrews Sykes' trading continues to be resilient as sectors in which we trade show ongoing demand, despite the unprecedented challenge in the form of the coronavirus pandemic. We continue to be thankful and proud of our team members as they respond as essential service providers.

The group's revenue for the 6 months ended 30 June 2020 was £33.5 million, a decrease of £1.5 million compared with the same period in 2019. However, the operating profit for the period was £7.0 million compared with £6.9 million in 2019, an increase of £0.1 million, reflecting a favourable business mix. Overall, net funds increased by £4.7 million from £12.1 million as at 31 December 2019 to £16.8 million as at 30 June 2020.

## Operations review

Our main hire and sales businesses in Europe had mixed fortunes. Turnover at Andrews Sykes Hire in the UK improved by 4.8% compared with the same period in 2019. However, our businesses in the rest of Europe were significantly affected by a combination of the coronavirus pandemic and mild weather. Consequently, the combined operating profit for these businesses in the first half was £1.0 million below the level achieved in 2019.

Andrews Air Conditioning and Refrigeration, our UK air conditioning installation business, was particularly affected by the coronavirus pandemic as our engineers were not allowed access to certain customer sites in order to carry out their work. This business returned a small operating loss in the first half, £0.2 million below the profit returned in 2019.

Khansaheb Sykes, our business based in the UAE, had a difficult start to the period due to the coronavirus pandemic and reduced demand during Ramadan. The operating profit of Khansaheb Sykes decreased by £0.1 million compared with the first half of 2019.

Unallocated overheads and central expenses reduced by £0.2 million in the period compared with 2019 resulting in an improvement of £0.1 million in operating profit to £7.0 million in 2020 (2019: £6.9 million).

## Profit for the financial period and Earnings per Share

Profit before tax was £7.2 million compared with £6.8 million in the same period last year. This increase is attributable to the £0.1 million improvement in operating profit, a net foreign exchange gain on inter-company balances of £0.4 million (2019: £Nil) due to the weakening of Sterling compared with the Euro and the UAE Dirham, and a net increase of £0.1 million in interest charges.

The total tax charge for the period decreased by £0.2 million to £1.1 million (2019: £1.3 million), an effective tax rate of 16.1% (2019: 19.4%), mainly due to prior year tax credits and an overall lower effective tax rate applicable to subsidiaries operating abroad.

Profit after tax was £6.1 million (2019: £5.5 million). Basic earnings per share increased by 1.47 pence, or 11.4%, to 14.39 pence (2019: 12.92 pence) reflecting this increase in profit.

## Dividends

The final dividend of 10.50 pence per ordinary share for the year ended 31 December 2019 was approved by members at the AGM held on 16 June 2020. Accordingly, on 19 June 2020 the company made a total dividend payment of £4.43 million which was paid to shareholders on the register as at 29 May 2020.

Post the period end, on 28 August 2020 the company paid a special interim dividend of 23.7 pence per ordinary share, or £10.0 million in total, to shareholders on the register as at 7 August 2020. This dividend was paid out of the group's substantial brought forward cash reserves accumulated from previous years trading, a proportion of which were surplus to the group's requirements and were therefore returned to shareholders.

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 a second interim dividend for 2020 of 11.90 pence per ordinary share which in total amounts to £5.0 million. This will be paid on 6 November 2020 to shareholders on the register as at 9 October 2020. The ordinary shares will go ex-dividend on 8 October 2020.

## Outlook

Whilst certain of the group's business operations continue to be affected by the coronavirus pandemic, for example the performance of our air conditioning business in July and August suffered as occupation levels of our customers' offices remained low as people continued to work from home, demand for cooling equipment was buoyant and pumps in the UK continues to perform in line with last year's levels. Management remain optimistic that the business will improve as the economy recovers but are mindful that we live in uncertain times and circumstances can change very quickly.

**JG Murray**  
*Chairman*

29 September 2020

# Consolidated Income Statement

## For the six months ended 30 June 2020 (unaudited)

	6 months ended 30 June 2020 £'000	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>33,480</b>	34,974	77,246
Cost of sales	(14,544)	(15,535)	(32,244)
<b>Gross profit</b>	<b>18,936</b>	19,439	45,002
Distribution costs	(5,541)	(5,762)	(11,996)
Administrative expenses	(6,395)	(6,759)	(13,708)
<b>Operating profit</b>	<b>7,000</b>	6,918	19,298

<b>EBITDA*</b>	<b>11,781</b>	11,435	28,519
Depreciation and impairment losses	(3,785)	(3,697)	(7,203)
Depreciation of right-of-use assets	(1,328)	(1,098)	(2,538)
Profit on the sale of plant and equipment and right-of-use assets	332	278	520
<b>Operating profit</b>	<b>7,000</b>	6,918	19,298
Finance income	84	61	146
Finance costs	(38)	(46)	(88)
Interest charge on right-of-use lease obligations	(238)	(157)	(526)
Inter-company foreign exchange gains and losses	427	(16)	(270)
<b>Profit before taxation</b>	<b>7,235</b>	6,760	18,560
Taxation	(1,165)	(1,311)	(3,541)
<b>Profit for the financial period</b>	<b>6,070</b>	5,449	15,019

There were no discontinued operations in either of the above periods.

### Earnings per share from continuing operations

Basic and diluted (pence)	14.39p	12.92p	35.61p
<b>Dividends per equity share paid during the period (pence)</b>	<b>10.50p</b>	11.90p	23.80p
<b>Dividends per equity share paid after the period end (pence)</b>	<b>23.70p</b>	-	-
<b>Proposed dividend per equity share (pence)</b>	<b>11.90p</b>	11.90p	10.50p

\* Earnings Before Interest, Taxation, Depreciation, profit on the sale of property, plant and equipment, Amortisation and non-recurring items.

# Consolidated Balance Sheet

## As at 30 June 2020 (unaudited)

	30 June 2020 £'000	30 June 2019 £'000	31 December 2019 £'000
<b>Non-current assets</b>			
Property, plant and equipment	24,092	24,046	24,561
Right-of-use assets	11,506	11,387	11,515
Prepayments	43	44	44
Deferred tax asset	660	435	254
Retirement benefit pension surplus	479	1,286	1,963
	<b>36,780</b>	<b>37,198</b>	<b>38,337</b>
<b>Current assets</b>			
Stocks	7,353	5,969	6,333
Trade and other receivables	19,126	20,115	21,333
Overseas tax (denominated in Euros)	187	278	-
Cash and cash equivalents	32,096	23,770	27,880
	<b>58,762</b>	<b>50,132</b>	<b>55,546</b>
<b>Current liabilities</b>			
Trade and other payables	(14,882)	(11,444)	(12,942)
Current UK tax liabilities	(630)	(1,104)	(1,440)
Overseas tax (denominated in euros)	-	-	(234)
Bank loans	(493)	(493)	(493)
Right-of-use lease obligations	(2,411)	(2,141)	(2,279)
	<b>(18,416)</b>	<b>(15,182)</b>	<b>(17,388)</b>
<b>Net current assets</b>	<b>40,346</b>	<b>34,950</b>	<b>38,158</b>
<b>Total assets less current liabilities</b>	<b>77,126</b>	<b>72,148</b>	<b>76,495</b>
<b>Non-current liabilities</b>			
Bank loans	(2,994)	(3,487)	(3,490)
Right-of-use lease obligations	(9,427)	(9,320)	(9,482)
	<b>(12,421)</b>	<b>(12,807)</b>	<b>(12,972)</b>
<b>Net assets</b>	<b>64,705</b>	<b>59,341</b>	<b>63,523</b>
<b>Equity</b>			
Called-up share capital	422	422	422
Share premium	13	13	13
Retained earnings	59,390	54,363	59,447
Translation reserve	4,634	4,297	3,395
Other reserves	246	246	246
<b>Total equity</b>	<b>64,705</b>	<b>59,341</b>	<b>63,523</b>

# Consolidated Cash Flow Statement

## For the six months ended 30 June 2020 (unaudited)

	6 months ended 30 June 2020 £'000	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	14,448	7,530	22,917
Interest paid	(274)	(201)	(609)
Net UK corporation tax paid	(1,619)	(1,300)	(2,227)
Overseas tax paid	(814)	(1,233)	(1,559)
<b>Net cash inflow from operating activities</b>	<b>11,741</b>	<b>4,796</b>	<b>18,522</b>
<b>Investing activities</b>			
Sale of property, plant and equipment	382	382	685
Purchase of property, plant and equipment	(2,128)	(2,812)	(6,207)
Interest received	57	43	100
<b>Net cash outflow from investing activities</b>	<b>(1,689)</b>	<b>(2,387)</b>	<b>(5,422)</b>
<b>Financing activities</b>			
Loan repayments	(500)	(500)	(500)
Capital repayments for right-of-use lease obligations	(1,245)	(1,030)	(2,296)
Equity dividends paid	(4,428)	(5,019)	(10,038)
<b>Net cash outflow from financing activities</b>	<b>(6,173)</b>	<b>(6,549)</b>	<b>(12,834)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,879</b>	<b>(4,140)</b>	<b>266</b>
Cash and cash equivalents at the beginning of the period	27,880	27,862	27,862
Effect of foreign exchange rate changes	337	48	(248)
<b>Cash and cash equivalents at end of the period</b>	<b>32,096</b>	<b>23,770</b>	<b>27,880</b>
<b>Reconciliation of net cash flow to movement in net funds in the period</b>			
Net increase/(decrease) in cash and cash equivalents	3,879	(4,140)	266
Net cash outflow from the decrease in debt	1,745	1,530	2,796
Non-cash movements re new right-of-use lease obligations	(1,171)	(1,134)	(2,593)
Non-cash movements re costs of raising loan finance	(4)	(4)	(7)
Non-cash movements re termination of right-of-use lease obligations	160	-	-
<b>Increase/(decrease) in net funds during the period</b>	<b>4,609</b>	<b>(3,748)</b>	<b>462</b>
Opening net funds at the beginning of period	12,136	23,381	23,381
Transitional adjustment for right-of-use assets at start of period	-	(11,363)	(11,699)
Effect of foreign exchange rate changes	337	48	(248)
Effect of foreign exchange rate changes on right-of-use lease obligations	(312)	11	240
<b>Closing net funds at the end of period</b>	<b>16,770</b>	<b>8,329</b>	<b>12,136</b>



# Consolidated Statement of Comprehensive Total Income (CSOCTI)

## For the six months ended 30 June 2020 (unaudited)

	6 months ended 30 June 2020 £'000	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
<b>Profit for the financial period</b>	<b>6,070</b>	5,449	15,019
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified to profit and loss:</b>			
Currency translation differences on foreign currency operations	1,243	(2)	(906)
Foreign exchange differences on IFRS 16 adjustments	(5)	-	1
Related deferred tax	1	-	-
<b>Items that will never be reclassified to profit and loss:</b>			
Remeasurement of defined benefit liabilities and assets	(2,098)	(96)	559
Related deferred tax	399	16	(106)
<b>Other comprehensive income for the period net of tax</b>	<b>(460)</b>	(82)	(452)
<b>Total comprehensive income for the period</b>	<b>5,610</b>	5,367	14,567

# Notes to the Consolidated Interim Financial Statements

## For the six months ended 30 June 2020 (unaudited)

### 1 General information

#### **Basis of preparation**

These interim financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act 2006.

The information for the 12 months ended 31 December 2019 does not constitute the group's statutory accounts for 2019 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2019 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 29 September 2020, have not been audited or reviewed by the auditors.

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.

#### **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 Accounting policies

These interim financial statements have been prepared on a consistent basis and in accordance with the accounting policies set out in the group's Annual Report and Financial Statements 2019.

### 3 Revenue

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

	<b>6 months ended 30 June 2020 £'000</b>	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
<b>Continuing operations</b>			
Revenue outside the scope of IFRS 15 and recognised as lease income in accordance with IFRS 16:			
Hire	<b>29,185</b>	30,042	67,411
Revenue recognised at a point in time in accordance with IFRS 15:			
Sales	<b>3,161</b>	2,863	5,782
Maintenance	<b>560</b>	957	1,876
Installation and sale of units	<b>574</b>	1,112	2,177
<b>Group consolidated revenue from the sale of goods and provision of services</b>	<b>33,480</b>	34,974	77,246

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

	<b>6 months ended 30 June 2020 £'000</b>	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
United Kingdom	<b>20,903</b>	20,886	45,711
Rest of Europe	<b>6,891</b>	8,147	18,305
Middle East and Africa	<b>5,686</b>	5,941	13,230
	<b>33,480</b>	34,974	77,246

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

# Notes to the Consolidated Interim Financial Statements continued

## For the six months ended 30 June 2020 (unaudited)

### 4 Taxation

	<b>6 months ended 30 June 2020 £'000</b>	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
<b>Current tax</b>			
UK corporation tax at 19% (30 June 2019 and 31 December 2019: 19%)	<b>901</b>	731	2,020
Adjustments in respect of prior periods	<b>(92)</b>	(185)	(211)
	<b>809</b>	546	1,809
Overseas tax	<b>382</b>	508	1,390
Adjustments to overseas tax in respect of prior periods	<b>(20)</b>	(1)	25
Total current tax charge	<b>1,171</b>	1,053	3,224
<b>Deferred tax</b>			
Deferred tax on the origination and reversal of temporary differences	<b>(6)</b>	73	137
Adjustments in respect of prior periods	<b>-</b>	185	180
Total deferred tax (credit)/charge	<b>(6)</b>	258	317
<b>Total tax charge for the financial period attributable to continuing operations</b>	<b>1,165</b>	1,311	3,541

## 4 Taxation (continued)

The tax charge for the financial period can be reconciled to the profit before tax per the income statement multiplied by the effective standard annualised corporation tax rate in the UK of 19% (30 June 2019 and 31 December 2019: 19%) as follows:

	<b>6 months ended 30 June 2020 £'000</b>	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
Profit before taxation from continuing and total operations	<b>7,235</b>	6,760	18,560
Tax at the UK effective annualised corporation tax rate of 19% (30 June 2019 and 31 December 2019: 19%)	<b>1,375</b>	1,284	3,526
Effects of:			
Expenses not deductible for tax purposes	<b>64</b>	72	150
Utilisation of overseas trading losses	<b>(9)</b>	(12)	-
Effects of different tax rates of subsidiaries operating abroad	<b>(184)</b>	(110)	(188)
Overseas tax losses not recognised	<b>31</b>	29	59
Effect of change in rate of corporation tax	<b>-</b>	49	-
Adjustments to tax charge in respect of previous periods	<b>(112)</b>	(1)	(6)
Total tax charge for the financial period	<b>1,165</b>	1,311	3,541

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%, the reduction in the UK corporation tax rate to 17% that was to be effective from 1 April 2020 was reversed on 11 March 2020. There are currently no plans announced to change the rate of UK corporation tax from its current rate.

Deferred tax has been calculated based on the rates that the directors anticipate will apply when the temporary timing differences are expected to reverse.

# Notes to the Consolidated Interim Financial Statements continued

## For the six months ended 30 June 2020 (unaudited)

### 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.

	6 months ended 30 June 2020	
	Continuing earnings £'000	Number of Shares
Basic earnings/weighted average number of shares	6,070	42,174,359
Basic earnings per ordinary share (pence)	14.39p	

	6 months ended 30 June 2019	
	Continuing Earnings £'000	Number of Shares
Basic earnings/weighted average number of shares	5,449	42,174,359
Basic earnings per ordinary share (pence)	12.92p	

	12 months ended 31 December 2019	
	Continuing Earnings £'000	Number of Shares
Basic earnings/weighted average number of shares	15,019	42,174,359
Basic earnings per ordinary share (pence)	35.61p	

#### Diluted earnings per share

There were no dilutive instruments outstanding at 30 June 2020 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 2020 were as follows:

	Paid during the 6 months ended 30 June 2020	Total dividend paid £'000
	Pence per share	
Final dividend for the year ended 31 December 2019 paid to members on the register as at 29 May 2020 on 19 June 2020	<b>10.50p</b>	<b>4,428</b>

The above dividend was charged against reserves during the 6 months ended 30 June 2020.

On 23 July 2020 the directors declared a special interim dividend of 23.7 pence per ordinary share which in total amounts to £9,995,000. This was paid on 28 August 2020 to shareholders on the register as at 7 August 2020 and will be charged against reserves in the second half of 2020.

On 29 September 2020 the directors declared an interim dividend of 11.90 pence per ordinary share which in total amounts to £5,019,000. This will be paid on 6 November 2020 to shareholders on the register as at 9 October 2020 and will also be charged against reserves in the second half of 2020.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2019 were as follows:

	Paid during the 6 months ended 30 June 2019	Total dividend paid £'000
	Pence per share	
Final dividend for the year ended 31 December 2018 paid to members on the register as at 31 May 2019 on 21 June 2019	11.90p	5,019

The above dividend was charged against reserves during the 6 months ended 30 June 2019.

# Notes to the Consolidated Interim Financial Statements **continued**

## For the six months ended 30 June 2020 (unaudited)

### 6 Dividend payments (continued)

Dividends declared and paid on ordinary one pence shares during the 6 months ended 31 December 2019 were as follows:

	Paid during the 12 months ended 31 December 2019	Total dividend paid £'000
	Pence per share	
Final dividend for the year ended 31 December 2018 paid to members on the register as at 31 May 2019 on 21 June 2019	11.90p	5,019
Interim dividend declared on 26 September 2019 and paid to shareholders on the register as at 11 October 2019 on 8 November 2019	11.90p	5,019
	23.80p	10,038

The above dividends were charged against reserves during the 12 months ended 31 December 2019.

### 7 Retirement benefit obligations – Defined benefit pension scheme

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.

As at 30 June 2020 the group had a net defined benefit pension scheme surplus, calculated in accordance with IAS 19 (revised) using the assumptions as set out below, of £479,000 (30 June 2019: £1,286,000; 31 December 2019: £1,963,000). 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 2016, a revised schedule of contributions and recovery plan was agreed with the pension scheme trustees in October 2017. In accordance with this schedule of contributions, which was backdated to be effective from 1 January 2017, the group made additional contributions during 2017 to remove the funding deficit in the group scheme calculated as at 31 December 2016 of £710,000 and this was eliminated by 31 December 2017.



## 7 Retirement benefit obligations – Defined benefit pension scheme (continued)

The next formal triennial funding valuation is due as at 31 December 2019. This is currently being worked upon and, subject to unforeseen circumstances, should be presented to the board of directors in the Autumn. A draft funding valuation was presented for discussion in the Summer and the group made a one-off contribution of £600,000 in late May 2020 to largely eliminate the indicative funding deficit as at 31 December 2019. In addition, the group has continued to make regular monthly contributions of £10,000 per month during 2020 and therefore the group anticipates that total contributions to the defined benefit pension scheme during 2020 will be at least £720,000.

### Assumptions used to calculate the scheme surplus

A qualified independent actuary has updated the results of the December 2016 (30 June 2019 and 31 December 2019: December 2016) full actuarial valuation to calculate the surplus as disclosed below:

The major assumptions used to determine the present value of the scheme's defined benefit obligation were:

	<b>30 June 2020</b>	30 June 2019	31 December 2019
	<b>%</b>	%	%
Rate of increase in pensionable salaries	<b>N/A</b>	N/A	N/A
Rate of increase in pensions in payment	<b>2.90</b>	3.20	3.00
Discount rate applied to scheme liabilities	<b>1.40</b>	2.20	2.00
Inflation assumption – RPI	<b>2.90</b>	3.20	3.00
Inflation assumption – CPI	<b>1.90</b>	2.20	2.00
Percentage of members taking maximum tax-free lump sum on retirement	<b>75</b>	75	75

From 1 January 2011, the government amended the basis for statutory increases to deferred pensions and pensions in payment. Such increases are now based on inflation measured by the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). Having reviewed the scheme rules and considered the impact of the change on this pension scheme, the directors consider that future increases to (i) all deferred pensions and (ii) Guaranteed Minimum Pensions accrued between 6 April 1988 and 5 April 1997 and currently in payment will be based on CPI rather than RPI. Accordingly, this assumption was adopted as at 31 December 2010 and subsequently.

# Notes to the Consolidated Interim Financial Statements continued

## For the six months ended 30 June 2020 (unaudited)

### 7 Retirement benefit obligations – defined benefit pension scheme (continued)

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The mortality table used at 30 June 2020 is 100% S3PA CMI2018 (30 June 2019: 110% S2NA CMI2017; 31 December 2019: 110% S2NA CMI2018) with a 1.25% per annum long term improvement for both males and females (30 June 2019 and 31 December 2019: 1.25% males and females), heavy tables for males and medium tables for females.

The assumed average life expectancy in years of a pensioner retiring at the age of 65 given by the above tables is as follows:

	<b>30 June 2020</b>	30 June 2019	31 December 2019
Male, current age 45	<b>21.0 years</b>	22.8 years	22.8 years
Female, current age 45	<b>25.0 years</b>	24.9 years	25.2 years
Male, current age 65	<b>19.6 years</b>	21.4 years	21.5 years
Female, current age 65	<b>23.5 years</b>	23.4 years	23.7 years

#### Valuations

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are inherently uncertain, were as follows:

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Total fair value of plan assets	<b>43,769</b>	44,060	43,995
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	<b>(43,290)</b>	(42,774)	(42,032)
Surplus in the scheme calculated in accordance with stated assumptions recognised in the balance sheet	<b>479</b>	1,286	1,963

## 7 Retirement benefit obligations – defined benefit pension scheme (continued)

The movement in the fair value of the scheme's assets during the period was as follows:

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Fair value of plan assets at the start of the period	<b>43,995</b>	41,036	41,036
Interest income on pension scheme assets	<b>438</b>	562	1,120
Actual return less interest income on pension scheme assets	<b>(193)</b>	3,343	3,925
Employer contributions	<b>660</b>	60	120
Benefits paid	<b>(1,062)</b>	(888)	(2,096)
Administration expenses charged in the income statement	<b>(69)</b>	(53)	(110)
Fair value of plan assets at the end of the period	<b>43,769</b>	44,060	43,995

The movement in the present value of the defined benefit obligation during the period was as follows:

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Present value of defined benefit funded at the beginning of the period	<b>(42,032)</b>	(39,680)	(39,680)
Interest on defined benefit obligation	<b>(415)</b>	(543)	(1,082)
Actuarial loss recognised in the CSOCTI calculated in accordance with stated assumptions	<b>(1,905)</b>	(3,439)	(3,366)
Benefits paid	<b>1,062</b>	888	2,096
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	<b>(43,290)</b>	(42,774)	(42,032)

# Notes to the Consolidated Interim Financial Statements continued

## For the six months ended 30 June 2020 (unaudited)

### 7 Retirement benefit obligations – defined benefit pension scheme (continued)

#### Amounts recognised in the income statement

The amounts (charged) / credited in the income statement were:

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Interest income on pension scheme assets	<b>438</b>	562	1,120
Interest expense on pension scheme liabilities	<b>(415)</b>	(543)	(1,082)
Net pension interest credit included within finance income	<b>23</b>	19	38
Scheme administration expenses	<b>(69)</b>	(53)	(110)
Net pension charge in the income statement	<b>(46)</b>	(34)	(72)

#### Actuarial gains and losses recognised in the consolidated statement of comprehensive total income (CSOCTI)

The amounts (charged) / credited in the CSOCTI were:

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Actual return less interest income on pension scheme assets	<b>(193)</b>	3,343	3,925
Experience gains and losses arising on plan obligation	-	-	211
Changes in demographic and financial assumptions underlying the present value of plan obligations	<b>(1,905)</b>	(3,439)	(3,577)
Actuarial (loss) / gain calculated in accordance with stated assumptions recognised in the CSOCTI	<b>(2,098)</b>	(96)	559

## 8 Called up share capital

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Issued and fully paid:			
42,174,359 ordinary shares of one pence each (30 June 2019 and 31 December 2019: <i>42,174,359 ordinary shares of one pence each</i> )	<b>422</b>	422	422

During the period the company did not buy back any shares for cancellation (*June 2019 and December 2019: Nil shares*).

The company did not issue any shares in the period or either of the comparative periods. No share options were granted, forfeited or expired during the periods and there were no share options outstanding at any period end.

The company has one class of ordinary shares which carry no right to fixed income.

# Notes to the Consolidated Interim Financial Statements continued

## For the six months ended 30 June 2020 (unaudited)

### 9 Cash generated from operations

	<b>6 months ended 30 June 2020 £'000</b>	6 months ended 30 June 2019 £'000	12 months ended 31 December 2019 £'000
Profit for the period attributable to equity shareholders	<b>6,070</b>	5,449	15,019
Adjustments for:			
Taxation charge	<b>1,165</b>	1,311	3,541
Finance costs	<b>38</b>	46	88
Finance income	<b>(84)</b>	(61)	(146)
Interest charge on right-of-use lease obligations	<b>238</b>	157	526
Inter-company foreign exchange (gains) and losses	<b>(427)</b>	16	270
Profit on the sale of property, plant and equipment and right-of-use assets	<b>(332)</b>	(278)	(520)
Depreciation	<b>3,785</b>	3,697	7,203
Depreciation of right-of-use assets	<b>1,328</b>	1,098	2,538
EBITDA*	<b>11,781</b>	11,435	28,519
Excess of pension contributions compared with service and administration expenses	<b>(591)</b>	(7)	(10)
Workings capital movements:			
Stocks	<b>(1,355)</b>	(2,324)	(3,834)
Trade and other receivables	<b>2,942</b>	(120)	(1,818)
Trade and other payables	<b>1,671</b>	(1,454)	60
<b>Cash generated from operations</b>	<b>14,448</b>	7,530	22,917

\* Earnings Before Interest, Taxation, Depreciation, profit on the sale of property, plant and equipment, Amortisation and non-recurring items.

## 10 Analysis of net funds and movement in financing liabilities

	<b>30 June 2020 £'000</b>	30 June 2019 £'000	31 December 2019 £'000
Cash and cash equivalents per consolidated cash flow statement	<b>32,096</b>	23,770	27,880
Bank loans:			
At the beginning of the period	<b>(3,983)</b>	(4,476)	(4,476)
Loans repaid	<b>500</b>	500	500
Other non-cash changes	<b>(4)</b>	(4)	(7)
At the of the period	<b>(3,487)</b>	(3,980)	(3,983)
Finance lease liabilities:			
At the beginning of the period	-	(5)	(5)
Leases repaid	-	5	5
At the end of the period	-	-	-
Right-of-use lease obligations:			
At the beginning of the period	<b>(11,761)</b>	-	-
Transitional adjustment for obligations at start of period	-	(11,363)	(11,699)
Capital repayments for right-of-use lease obligations	<b>1,245</b>	1,025	2,291
New right-of-use leases entered into during the period	<b>(1,171)</b>	(1,134)	(2,593)
Non-cash movements re termination of right-of-use lease obligations	<b>160</b>	-	-
Foreign exchange	<b>(312)</b>	11	240
At the of the period	<b>(11,839)</b>	(11,461)	(11,761)
Gross debt	<b>(15,326)</b>	(15,441)	(15,744)
Net funds	<b>16,770</b>	8,329	12,136

## 11 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).



St David's Court, Union Street  
Wolverhampton, WV1 3JE  
Tel: 01902 328700  
E-mail: [info@andrews-sykes.com](mailto:info@andrews-sykes.com)  
[andrews-sykes.com](http://andrews-sykes.com)

Copyright © Andrews Sykes Group plc 2020. Other brand and product names are trademarks or registered trademarks of their respective companies.