



# Andrews Sykes Group plc

## Interim Financial Statements 2021

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# Summary of Results

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000
Revenue from continuing operations	<b>35,693</b>	33,480
EBITDA* from continuing operations	<b>12,402</b>	11,781
Operating profit	<b>7,955</b>	7,000
Profit for the financial period	<b>6,239</b>	6,070
Cash and cash equivalents	<b>24,717</b>	32,096
Net funds	<b>9,673</b>	16,770
	<b>(pence)</b>	(pence)
Basic earnings per share	<b>14.79</b>	14.39
Special interim dividend declared per equity share	-	23.70
Interim dividend declared per equity share	<b>11.90</b>	11.90

\* 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 2021 (the "period") was £35.7 million, an increase of £2.2 million compared with the same period in 2020. Operating profit for the period was £8.0 million compared with £7.0 million in 2020, an increase of £1.0 million, reflecting the increased revenue. Overall, net funds increased by £2.0 million from £7.7m million as at 31 December 2020 to £9.7 million as at 30 June 2021.

## Operations review

Our main hire and sales businesses in Europe all reported improved revenues in the period. Revenue at Andrews Sykes Hire in the UK improved by 6.1% compared with the same period in 2020. Our businesses in the rest of Europe experienced a significant rebound in revenue, improving 28.8% compared to the same period in 2020, on the back of reduced covid restrictions and increased business activities. Consequently, the combined operating profit for the UK and European hire businesses in the period was £1.4 million above the level achieved in 2020.

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. Whilst revenue increased 20.5% in the period compared to the first six months of 2020, it still remains 34.5% lower than the corresponding period in 2019. Tight cost control has meant this business generated a profit of £0.2m in the period as compared to a small loss in the first half of 2020.

Khansaheb Sykes, our business based in the UAE, continued to experience a difficult trading environment during the period due to the coronavirus pandemic and reduced demand during Ramadan. Revenue was 28.2% lower than the first half of 2020 and operating profit decreased by £0.7 million compared with the first half of 2020.

## Profit for the financial period and Earnings per Share

Profit before tax for the period was £7.6 million compared with £7.2 million in the same period last year. This £0.4m increase is attributable to the £1.0 million improvement in operating profit, a net foreign exchange loss on inter-company balances of £0.1 million (2020: gain of £0.4m) due to the strengthening 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 increased by £0.1 million to £1.3 million (2020: £1.2 million), an effective tax rate of 17.5% (2020: 16.1%), mainly due to the lower profit generated by Khansaheb, on which no tax is payable, increasing the overall effective tax rate.

Profit after tax in the period was £6.2 million (2020: £6.1 million). Basic earnings per share increased by 0.40 pence, or 2.8%, to 14.79 pence (2020: 14.39 pence) reflecting this increase in profit.

## Dividends

The final dividend of 11.50 pence per ordinary share for the year ended 31 December 2020 was approved by members at the AGM held on 15 June 2021. Accordingly, on 18 June 2021 the Company made a total dividend payment of £4.85 million which was paid to shareholders on the register as at 28 May 2021.

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. This will be paid on 5 November 2021 to shareholders on the register as at 8 October 2021. The ordinary shares will go ex-dividend on 7 October 2021.

## Outlook

Whilst certain of the Group's business operations continue to be affected by the coronavirus pandemic, for example the performance of Khansaheb remains depressed compared to historical levels, demand in Europe has increased and the pumps business in the UK continues to perform in line with last year's levels and

above pre pandemic levels. Management remains optimistic that the business will continue to improve as the economy recovers fully but are mindful that we live in uncertain times and circumstances can change very quickly.

**JG Murray**

*Chairman*

27 September 2021

# Consolidated Income Statement

## for the six months ended 30 June 2021

		Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
	Note			
<b>Revenue</b>	2	<b>35,693</b>	33,480	67,259
Cost of sales		<b>(15,064)</b>	(14,544)	(28,184)
<b>Gross profit</b>		<b>20,629</b>	18,936	39,075
Distribution costs		<b>(6,386)</b>	(5,541)	(12,136)
Administrative expenses		<b>(6,412)</b>	(7,242)	(12,183)
Other operating income		<b>124</b>	847	1,630
<b>Operating profit</b>		<b>7,955</b>	7,000	16,386
<b>EBITDA*</b>		<b>12,402</b>	11,781	26,089
Depreciation and impairment losses		<b>(3,399)</b>	(3,785)	(7,183)
Depreciation of right-of-use assets		<b>(1,622)</b>	(1,328)	(3,014)
Profit on the sale of plant and equipment and right-of-use assets		<b>574</b>	332	494
<b>Operating profit</b>		<b>7,955</b>	7,000	16,386
Finance income	3	<b>7</b>	511	116
Finance costs	3	<b>(401)</b>	(276)	(669)
<b>Profit before tax</b>		<b>7,561</b>	7,235	15,833
Tax expense	4	<b>(1,322)</b>	(1,165)	(2,813)
<b>Profit for the period from continuing operations attributable to equity holders of the Parent Company</b>		<b>6,239</b>	6,070	13,020
<b>Earnings per share from continuing operations:</b>				
Basic and diluted	5	<b>14.79p</b>	14.39p	30.87p
<b>Dividend per equity share paid during the period</b>		<b>11.50p</b>	10.50p	46.10p
<b>Dividend per equity share paid after the period end</b>		<b>-</b>	23.70p	-
<b>Proposed dividend per equity share</b>		<b>11.90p</b>	11.90p	11.50p

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

# Consolidated Statement of Comprehensive Total Income

## for the six months ended 30 June 2021

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
<b>Profit for the period</b>	<b>6,239</b>	6,070	13,020
<b>Other comprehensive income</b>			
Currency translation differences on foreign currency operations	(640)	1,239	527
Net other comprehensive (expense)/ income that may be reclassified to profit and loss	(640)	1,239	527
Re-measurement of defined benefit pension assets and liabilities	2,476	(2,098)	(1,980)
Related deferred tax	(619)	399	376
Net other comprehensive income/(expense) that will not be reclassified to profit and loss	1,857	(1,699)	(1,604)
Other comprehensive income/ (expense) for the period net of tax	1,217	(460)	(1,077)
<b>Total comprehensive income for the period attributable to equity holders of the Parent Company</b>	<b>7,456</b>	5,610	11,943

# Consolidated Balance Sheet

## At 30 June 2021

	Unaudited 30 June 2021 £'000	Unaudited 30 June 2020 £'000	31 December 2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	21,761	24,092	22,774
Right-of-use assets	11,594	11,506	12,463
Prepayments	42	43	42
Deferred tax assets	7	660	704
Defined benefit pension scheme surplus	3,606	479	498
	<b>37,010</b>	<b>36,780</b>	<b>36,481</b>
<b>Current assets</b>			
Stocks	7,821	7,353	8,048
Trade and other receivables	18,584	19,126	17,274
Current tax asset	268	187	-
Cash and cash equivalents	24,717	32,096	24,012
	<b>51,390</b>	<b>58,762</b>	<b>49,334</b>
<b>Current liabilities</b>			
Trade and other payables	(14,726)	(14,882)	(12,290)
Current tax liabilities	-	(630)	(1,161)
Bank loans	(2,995)	(493)	(493)
Right-of-use lease obligations	(2,539)	(2,411)	(2,656)
	<b>(20,260)</b>	<b>(18,416)</b>	<b>(16,600)</b>
<b>Net current assets</b>	<b>31,130</b>	<b>40,346</b>	<b>32,734</b>
<b>Total assets less current liabilities</b>	<b>68,140</b>	<b>77,126</b>	<b>69,215</b>
<b>Non-current liabilities</b>			
Bank loans	-	(2,994)	(2,998)
Right-of-use lease obligations	(9,510)	(9,427)	(10,193)
	<b>(9,510)</b>	<b>(12,421)</b>	<b>(13,191)</b>
<b>Net assets</b>	<b>58,630</b>	<b>64,705</b>	<b>56,024</b>
<b>Equity</b>			
Called up share capital	422	422	422
Share premium	13	13	13
Retained earnings	54,667	59,390	51,421
Translation reserve	3,282	4,634	3,922
Other reserve	246	246	246
<b>Total equity</b>	<b>58,630</b>	<b>64,705</b>	<b>56,024</b>



# Consolidated Cash Flow Statement

## for the six months ended 30 June 2021

	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
<b>Operating activities</b>			
<b>Profit for the period</b>	<b>6,239</b>	6,070	13,020
Adjustments for:			
Tax charge	<b>1,322</b>	1,165	2,813
Finance costs	<b>401</b>	276	669
Finance income	<b>(7)</b>	(511)	(116)
Profit on disposal of property, plant and equipment and right-of-use assets	<b>(574)</b>	(332)	(494)
Depreciation of property, plant and equipment	<b>3,399</b>	3,785	7,183
Depreciation of right-of-use assets	<b>1,621</b>	1,328	3,014
Difference between pension contributions paid and amounts recognised in the Income Statement	<b>(625)</b>	(591)	(470)
Decrease/ (increase) in inventories	<b>65</b>	(1,355)	(2,690)
(Increase)/ decrease in receivables	<b>(1,500)</b>	2,942	4,099
Increase/ (decrease) in payables	<b>2,534</b>	1,671	(762)
<b>Cash generated from continuing operations</b>	<b>12,875</b>	14,448	26,266
Interest paid	<b>(284)</b>	(274)	(592)
Corporation tax paid	<b>(2,694)</b>	(2,433)	(3,419)
<b>Net cash inflow from operating activities</b>	<b>9,897</b>	11,741	22,255
<b>Investing activities</b>			
Disposal of property, plant and equipment	<b>722</b>	382	619
Purchase of property, plant and equipment	<b>(2,794)</b>	(2,128)	(4,157)
Interest received	<b>-</b>	57	79
<b>Net cash outflow from investing activities</b>	<b>(2,072)</b>	(1,689)	(3,459)
<b>Financing activities</b>			
Loan repayments	<b>(500)</b>	(500)	(500)
Capital repayments for right-of-use lease obligations	<b>(1,547)</b>	(1,245)	(2,832)
Equity dividends paid	<b>(4,850)</b>	(4,428)	(19,442)
<b>Net cash outflow from financing activities</b>	<b>(6,897)</b>	(6,173)	(22,774)
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>928</b>	3,879	(3,978)
<b>Cash and cash equivalents at the start of the period</b>	<b>24,012</b>	27,880	27,880
Effect of foreign exchange rate changes	<b>(223)</b>	337	110
<b>Cash and cash equivalents at the end of the period</b>	<b>24,717</b>	32,096	24,012

# Consolidated Statement of Changes in Equity

## for the six months ended 30 June 2021

	Share capital £'000	Share premium £'000	Translation reserve £'000	Capital redemption reserve £'000	UAE legal reserve £'000	Netherlands capital reserve £'000	Retained earnings £'000	Attributable to equity holders of the parent £'000
At 31 December 2019	422	13	3,395	158	79	9	59,447	63,523
Profit for the period	-	-	-	-	-	-	6,070	6,070
Other comprehensive income/ (expense) for the period net of tax	-	-	1,239	-	-	-	(1,699)	(460)
Total comprehensive income	-	-	1,239	-	-	-	4,371	5,610
Dividends paid	-	-	-	-	-	-	(4,428)	(4,428)
Total of transactions with shareholders	-	-	-	-	-	-	(4,428)	(4,428)
At 30 June 2020	422	13	4,634	158	79	9	59,390	64,705
Profit for the period	-	-	-	-	-	-	6,950	6,950
Other comprehensive (expense)/ income for the period net of tax	-	-	(712)	-	-	-	95	(617)
Total comprehensive (expense)/ income	-	-	(712)	-	-	-	7,045	6,333
Dividends paid	-	-	-	-	-	-	(15,014)	(15,014)
Total of transactions with shareholders	-	-	-	-	-	-	(15,014)	(15,014)
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)
<b>At 30 June 2021</b>	<b>422</b>	<b>13</b>	<b>3,282</b>	<b>158</b>	<b>79</b>	<b>9</b>	<b>54,667</b>	<b>58,630</b>

# 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 2020 does not constitute the Group's statutory accounts for 2020 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2020 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 2021, 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 2020.

No new standards or interpretations issued since 31 December 2020 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.

# Notes to the Interim Financial Statements continued

## 2 Revenue

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

	<b>Unaudited six months ended 30 June 2021 £'000</b>	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
<b>Continuing operations</b>			
Revenue outside the scope of IFRS 15 and recognised as lease income in accordance with IFRS 16:			
Hire	<b>31,627</b>	29,185	59,598
Revenue recognised at a point in time in accordance with IFRS 15:			
Sales	<b>2,709</b>	3,161	5,162
Maintenance	<b>752</b>	560	1,348
Installation and sale of units	<b>605</b>	574	1,151
<b>Group consolidated revenue from the sale of goods and provision of services</b>	<b>35,693</b>	33,480	67,259

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

	<b>Unaudited six months ended 30 June 2021 £000</b>	Unaudited six months ended 30 June 2020 £000	Year ended 31 December 2020 £000
United Kingdom	<b>22,743</b>	20,903	40,882
Rest of Europe	<b>8,874</b>	6,891	16,077
Middle East and Africa	<b>4,076</b>	5,686	10,300
	<b>35,693</b>	33,480	67,259

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 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
<b>Finance income</b>			
Net interest on net defined benefit pension surplus	7	23	45
Interest receivable on bank deposit accounts	-	61	71
Inter-company foreign exchange gains	-	427	-
	<b>7</b>	<b>511</b>	<b>116</b>
<b>Finance costs</b>			
Interest charge on bank loans and overdrafts	(20)	(38)	(64)
Interest charge on right-of-use lease obligations	(264)	(238)	(530)
Inter-company foreign exchange losses	(117)	-	(75)
	<b>(401)</b>	<b>(276)</b>	<b>(669)</b>

# Notes to the Interim Financial Statements continued

## 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 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
<b>Current tax</b>			
UK corporation tax at 19% (June and December 2020: 19%)	736	901	2,068
Adjustments in respect of prior periods	(21)	(92)	(207)
	715	809	1,861
Overseas tax	530	382	1,023
Adjustments in respect of prior periods	-	(20)	2
<b>Total current tax charge</b>	<b>1,245</b>	<b>1,171</b>	<b>2,886</b>
<b>Deferred tax</b>			
Origination and reversal of timing differences	386	(6)	(44)
Effect of tax rate change	(309)	-	-
Adjustments in respect of prior periods	-	-	(29)
<b>Total deferred tax charge/ (credit)</b>	<b>77</b>	<b>(6)</b>	<b>(73)</b>
<b>Total tax charge for the financial period</b>	<b>1,322</b>	<b>1,165</b>	<b>2,813</b>

## 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.

	<b>Unaudited six months ended 30 June 2021</b>	Unaudited six months ended 30 June 2020	Year ended 31 December 2020
<b>Weighted average number of ordinary shares</b>	<b>42,174,359</b>	42,174,359	42,174,359
	<b>£000</b>	£000	£000
<b>Basic earnings</b>	<b>6,239</b>	6,070	13,020
	<b>pence</b>	pence	pence
<b>Basic earnings per ordinary share</b>	<b>14.79</b>	14.39	30.87

### Diluted earnings per share

There were no dilutive instruments outstanding as at 30 June 2021 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.

# Notes to the Interim Financial Statements continued

## 6 Dividend payments

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	
	Pence per share	Total dividend paid £'000
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.

On 27 September 2021 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 5 November 2021 to shareholders on the register as at 8 October 2021 and will be charged against reserves in the second half of 2021.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2020 were as follows:

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

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 was charged against reserves in the second half of 2020.



Dividends declared and paid on ordinary one pence shares during the 12 months ended 31 December 2020 were as follows:

	Paid during the year ended 31 December 2020	
	Pence per share	Total dividend paid £'000
Final dividend for the year ended 31 December 2019 paid on 19 June 2020 to members on the register as at 29 May 2020	10.50p	4,428
First interim dividend declared on 23 July 2020 and paid on 28 August 2020 to members on the register as at 7 August 2020	23.70p	9,995
Second interim dividend declared on 29 September 2020 and paid on 6 November 2020 to members on the register as at 9 October 2020	11.90p	5,019
	46.10p	19,442

The above dividends were charged against reserves during the 12 months ended 31 December 2020.

## 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 2021 the Group had a net defined benefit pension scheme surplus, calculated in accordance with IAS 19 using the assumptions as set out below, of £3,606,000 (30 June 2020: £479,000; 31 December 2020: £498,000). 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 2021.

# Notes to the Interim Financial Statements continued

## 7 Pensions continued

### 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 2021	30 June 2020	31 December 2020
Rate of increase in pensionable salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	3.3%	2.9%	2.9%
Discount rate	1.8%	1.4%	1.3%
Inflation assumption - RPI	3.3%	2.9%	2.9%
Inflation assumption - CPI	2.7%	1.9%	2.3%
Percentage of members taking maximum tax-free lump sum on retirement	75%	75%	75%

The demographic assumptions used for 30 June 2021, were the same as used in 31 December 2020, 30 June 2020 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 2021, 30 June 2020 and 31 December 2020 is 100% S3PA CMI2018 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:

	Unaudited six months to 30 June 2021 £'000	Unaudited six months to 30 June 2020 £'000	Year to 31 December 2020 £'000
<b>Funding status</b>			
Scheme assets at end of period	46,958	43,769	45,018
Benefit obligations at end of period	(43,352)	(43,290)	(44,520)
<b>Surplus in scheme</b>	<b>3,606</b>	479	498

The increase in the pension surplus since December 2020 is mainly due to a decrease in the value of liabilities as a consequence of an increase in bond yields increasing the discount rate and an increase in the scheme assets due to a positive return on scheme assets.

## 8 Net funds and movement in financing liabilities

	Unaudited six months ended <b>30 June 2021 £'000</b>	Unaudited six months ended 30 June 2020 £'000	Year ended 31 December 2020 £'000
Cash and cash equivalents per consolidated cashflow statement	<b>24,717</b>	32,096	24,012
Bank loans at the beginning of the period	<b>(3,491)</b>	(3,983)	(3,983)
Loans repaid	<b>500</b>	500	500
Other non-cash changes	<b>(4)</b>	(4)	(8)
<b>Bank loans at the end of the period</b>	<b>(2,995)</b>	(3,487)	(3,491)
Right-of-use lease obligations at the beginning of the period	<b>(12,849)</b>	(11,761)	(11,761)
Capital repayments for right-of-use lease obligations	<b>1,547</b>	1,245	2,832
New right-of-use leases entered into during the period	<b>(963)</b>	(1,171)	(3,943)
Non-cash movements re: termination of right-of-use lease obligations	<b>36</b>	160	249
Foreign exchange	<b>180</b>	(312)	(226)
<b>Right-of-use lease obligations at the end of the period</b>	<b>(12,049)</b>	(11,839)	(12,849)
<b>Gross debt</b>	<b>(15,044)</b>	(15,326)	(16,340)
<b>Net funds</b>	<b>9,673</b>	16,770	7,672

## 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).



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)

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