

Net debt

Group net cash at 30 June 2017 was £17.7m (31 December 2016 net cash: £1.1m and 30 June 2016 net debt: £5.5m). No loans were drawn under the committed facilities at 30 June 2017, compared to £5.0m at 31 December 2016 and £7.4m at 30 June 2016. The Group continues to be able to borrow at competitive rates and therefore currently deems this to be the most effective means of funding.

Borrowing facilities

The Group is financed by a mix of cash flows from operations, short-term borrowings, longer-term loans and finance leases. The Group's funding policy aims to ensure continuity of finance at reasonable cost, based on committed and uncommitted facilities and loans from several sources over a spread of maturities.

On 3 April 2017, the Group extended the £230m Revolving Credit Facility for five years to April 2022. At 30 June 2017, the Group had the following drawings and headroom under the committed facility:

Facility	Expiry date	Facility £m	Facility utilisation £m	Facility headroom £m
£230m Revolving Credit	3 April 2022	230.0	–	230.0

Dividend

The Board has declared an interim dividend of 5.3p (2016: 5.0p) which represents an increase of 6.0% over the prior year. The interim dividend will be paid on 3 November 2017 to all shareholders on the register at the close of business on 6 October 2017.

Principal risks and uncertainties

The directors have reconsidered the principal risks and uncertainties of the Group. The outcome of the Brexit negotiations is not expected to have a material transactional impact on the Group as customers are served locally and cross-border trading is minimal. The risk of a wider macro-economic effect as a result of the UK leaving the European Union is included as an element of the Group's existing market risk. Accordingly, the directors do not consider that the principal risks and uncertainties of the Group have significantly changed since the publication of the Annual Report for the year ended 31 December 2016. The risks and associated risk management processes, including financial risks, can be found on pages 24, 25, 26, 109 and 110 of the 2016 Annual Report, which is available at www.bodycote.com. The risks referred to and which could have a material impact on the Group's performance for the remainder of the current financial year relate to:

- Markets;
- Loss of key customers;
- Competitor action;
- Safety and health;
- Service quality;
- Major disruption at a facility;
- Information technology projects;
- Regulatory and legislative compliance;
- Liquidity;
- Interest rate fluctuation; and
- Currency exchange rate fluctuation.

Going concern

As stated in note 1 to the condensed financial statements, the directors have formed a judgement, at the time of approving the condensed financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the condensed financial statements.