

Company's Registered Number: 40203

CAPE INTERMEDIATE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

CAPE INTERMEDIATE HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

R F Allan

REGISTERED OFFICE

Drayton Hall
Church Road
West Drayton
Middlesex
UB7 7PS

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS

Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
Berkshire
RG1 1YE

CAPE INTERMEDIATE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his strategic report for the year ended 31 December 2016.

Review of the business and future activities

The Company operated as a non-trading holding company throughout the year and is not expected to trade in the foreseeable future.

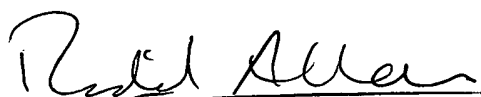
Principal risks and uncertainties

The Board of the Company's parent, Cape plc, manages risks at a group level and is committed to enhancing the group's risk management capability. Risk is assessed formally at business segment level through risk workshops and via the maintenance of risk registers. The updating of the risk registers is a continuous process involving the identification, evaluation and management of risks by individual managers. This enables the early identification of key risks and the taking of action to mitigate the likelihood of loss.

The Company does not trade but has material investments in subsidiaries and intercompany receivables due from fellow subsidiary undertakings. The principal risks and uncertainties facing the Company are therefore the ability of its subsidiaries to generate sufficient cash to support the underlying value of the Company's investments and the recoverability of intercompany receivables. Refer to note 6 for further details.

The Company continues to receive claims in connection with historical alleged exposure to asbestos. This is mitigated by the Company being part of the Cape Scheme of Arrangement, a court sanctioned scheme established to provide recompense for individual claimants in respect of asbestos-related industrial diseases contracted as a result of Cape's historic use of asbestos in manufacturing processes and who are unable to recover under insurance policies. The Cape Scheme also provides a structural protection for the Group's trading stakeholders.

On behalf of the Board



Richard Allan
Director
27 June 2017

CAPE INTERMEDIATE HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents his report and the audited financial statements of the Company for the year ended 31 December 2016.

Results and dividends

The loss for the year of £244.7 million (2015: profit of £2.9 million) has been transferred to reserves. This loss includes an amount of £245.5 million relating to the impairment of investments held and has been transferred to non-distributable reserves.

No dividends were paid during the year (2015: £nil).

Directors

The following persons served as directors during the year and up to the date of this report:

M Connick (appointed 6 January 2017, resigned 13 March 2017)
J M Oatley (resigned 6 January 2017)
M J Speakman (resigned 6 January 2017)
R F Allan (appointed 1 February 2017)

The directors had no beneficial interests in the shares of the Company and were not remunerated for their services.

Qualifying third party indemnity provisions

As permitted by the Companies Act 2006, all directors are covered by indemnities from the ultimate parent undertaking. The directors are indemnified in respect of proceedings which may be brought by third parties and such indemnification was in place throughout the year and up to the date of approval of these financial statements. Neither these indemnifications nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly.

The Company has not made any qualifying indemnity provisions.

Going concern

The Company's business activities, together with the risks that are likely to affect its financial position are described in the Strategic Report on page 2.

The Company is part of a group that has considerable financial resources and long term contracts with a number of customers across different geographic areas. Consequently the director believes that the Company is well placed to manage its business risks in the coming years.

After making enquiries, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the annual report and accounts.

CAPE INTERMEDIATE HOLDINGS LIMITED

DIRECTOR'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law, the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

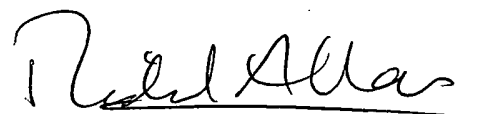
Disclosure of information to auditors

So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as information needed by the Company's auditors in connection with preparing their report. The director has taken all the steps (such as making enquiries of the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors Ernst & Young LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Richard Allan
Director
27 June 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPE INTERMEDIATE HOLDINGS LIMITED

We have audited the financial statements of Cape Intermediate Holdings Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of director and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPE INTERMEDIATE HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Ernst & Young LLP

Kevin Harkin [Senior Statutory Auditor]
For and on behalf of Ernst & Young LLP
Chartered Accountants and Statutory Auditors
Reading

28 June 2017

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2016**


	Note	2016 £m	2015 £m
Administrative income/(expenses)		0.4	(3.2)
Other operating (expenses)	2	(245.5)	(0.1)
(Loss) on ordinary activities before interest and taxation		(245.1)	(3.3)
Income from fixed asset investments		2.5	6.0
Interest receivable and similar income	4	1.5	1.3
Interest payable and similar charges	4	(1.5)	(1.1)
(Loss)/profit on ordinary activities before taxation		(242.6)	2.9
Tax (charge) on (loss)/profit on ordinary activities	5	(2.1)	-
(Loss)/profit on ordinary activities after taxation		(244.7)	2.9
Other comprehensive income			
<i>Other comprehensive expense to be reclassified to profit or loss in subsequent periods:</i>			
Currency translation differences		-	-
Total comprehensive (expense)/income for the year		(244.7)	2.9

All results relate to continuing operations.

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AT 31 DECEMBER 2016**

	Note	2016 £m	2015 £m
Fixed assets			
Investments	6	127.2	372.7
		127.2	372.7
Current assets			
Receivables: amounts recoverable within one year	7	94.6	20.1
Receivables: amounts recoverable after more than one year	7	35.1	91.8
		129.7	111.9
Current liabilities			
Payables: amounts falling due within one year	9	(22.9)	(6.5)
Provision for liabilities	11	(1.3)	(1.7)
Net current assets		105.5	103.7
Total assets less current liabilities		232.7	476.4
Payables: amounts falling due after more than one year	10	(49.9)	(48.9)
Pension deficit	14	(0.3)	(0.3)
Net assets		182.5	427.2
Capital and reserves			
Called up share capital	12	29.5	29.5
Share premium account	15	11.9	11.9
Special reserve	15	1.0	1.0
Profit and loss account	15	140.1	384.8
Total shareholders' funds		182.5	427.2

These financial statements were approved and signed by the Director on 27 June 2017.



Richard Allan
Director

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2016**

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 January 2016		29.5	11.9	1.0	384.8	427.2
(Loss) for the year		-	-	-	(244.7)	(244.7)
Other comprehensive income		-	-	-	-	-
Total comprehensive (expense) for the year		-	-	-	(244.7)	(244.7)
At 31 December 2016	15	29.5	11.9	1.0	140.1	182.5

For the year ended 31 December 2015

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 January 2015		29.5	11.9	1.0	381.9	424.3
Profit for the year		-	-	-	2.9	2.9
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	2.9	2.9
At 31 December 2015	15	29.5	11.9	1.0	384.8	427.2

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In preparing these financial statements, the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital
- a statement of cash flows
- the effect of future accounting standards not yet adopted
- the disclosure of the remuneration of key management personnel; and
- the disclosure of related party transactions with other wholly owned members of the group headed by Cape plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Cape plc. These financial statements do not include certain disclosures in respect of:

- share based payments;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value)
- fair value measurement (other than certain disclosures requires as a result of recording financial instruments at fair value); and
- impairment of assets.

The financial statements of Cape plc can be obtained as described in note 19. Cape Intermediate Holdings Limited is a private company and is incorporated and domiciled in the UK.

The financial statements of the Company were authorised for issue by the Director on 27 June 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in Sterling, which is the functional currency of the Company and rounded to the nearest £m.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Consolidated financial statements

The financial statements contain information about Cape Intermediate Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Cape plc.

Income from fixed asset investments

Income from fixed asset investments is recognised in the income statement as part of other income when the Company's right to receive payments is established.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Fixed asset investments

Investments are held at cost less impairment.

Use of estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimation is contained in individual accounting policies

Key sources of estimation uncertainty that could cause an adjustment to be required to the carrying amount of asset or liabilities within the next accounting period are:

- review of carrying value of fixed asset investments;
- estimation of liabilities for pension and other post retirement costs;
- liabilities in relation to central provisions; and
- recoverability of deferred tax assets.

Provisions

Provisions for liabilities are made where the timing or amount of settlement is uncertain. A provision is recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Current taxation

Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted and are expected to apply to the accounting period.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, tax in the future. Resultant deferred taxation assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted, or where there are deferred tax liabilities against which the assets can be recovered. Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

Borrowings

Borrowings are recognised initially at the amount of the consideration received after deduction of issue costs. Issue costs together with finance costs are charged to the profit and loss account over the term of the borrowings and represent a constant proportion of the balance of capital repayments outstanding.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Cash at bank and in hand

Cash at bank and in hand include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Share based payments

The Company's parent company operates three share based incentive schemes. The Cape group issues equity settled share based payments to certain employees which must be measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity in the ultimate parent company. The fair values of these payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the group's estimate of the number of awards which will lapse, either due to employees leaving the group prior to vesting or due to non-market based performance conditions not being met.

Further details can be found in the financial statements of the ultimate parent company, details of which are provided in note 19 to these financial statements.

The expense of these schemes that is attributable to employees of Cape Intermediate Holdings Limited has been recognised in the profit and loss account with a corresponding credit in retained earnings (treated as a capital contribution from the parent company).

Pensions

The Cape group operates two major pension schemes in the UK, one is a defined benefit scheme and the other is a defined contribution scheme. The assets of the schemes are held separately from those of the Company in independently administered funds.

(a) Defined benefit plan

The Company's defined benefit scheme is now closed to new entrants. There were no charges to the profit and loss account in respect of the scheme during the year (2015: nil).

(b) Defined contribution plan

Payments to the defined contribution plan are charged to the profit and loss account as an expense as they fall due.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****2. Profit / (loss) on ordinary activities before interest and taxation**

	2016 £m	2015 £m
(Loss) on ordinary activities before interest and taxation is stated after (charging)/crediting:		
(Charge)/release of impairment provision	-	(0.1)
Impairment of investments in subsidiary undertakings (note 6)	245.5	-
	245.5	(0.1)

Audit fees for 2016 and 2015 are borne and recognised in the ultimate parent company.

3. Employees and Directors

Employment costs, including Director's emoluments consists of:

	2016 £m	2015 £m
Wages and salaries	-	1.9
Social security	-	0.2
Other pension costs	-	0.2
	-	2.3

In July 2015, all employees of the Company were transferred to Cape Industrial Services Group Limited.

Directors' emoluments

The directors were not remunerated for their services to the Company during the year. No director accrued retirement benefits under the group's defined benefit pension scheme during the current or previous year. No directors (2015: none) exercised share options during the year.

4. Interest

	2016 £m	2015 £m
Interest receivable and similar income		
Interest receivable from group undertakings	1.5	1.3
Interest payable and similar charges		
Interest payable to group undertakings	(1.5)	(1.1)

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****5. Tax on (loss)/profit on ordinary activities**

	2016 £m	2015 £m
Current tax:		
UK corporation tax at 20% (2015: 20.25%)	2.3	(0.1)
Current tax charge on profit on ordinary activities	2.3	(0.1)
Deferred tax:		
Origination and reversal of timing differences	0.1	0.1
Adjustments in respect of previous years	(0.3)	-
Deferred tax charge on profit on ordinary activities	(0.2)	0.1
Tax charge on profit on ordinary activities	2.1	-

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 £m	2015 £m
(Loss)/profit on ordinary activities before tax	(242.6)	2.9
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(48.5)	0.6
Effects of:		
Adjustments in respect of previous periods	(0.3)	-
Items not deductible for tax purposes	49.1	-
Non-taxable income	(0.5)	(1.2)
Group relief	-	0.6
Increase in tax provision	2.3	-
Total tax charge for the year	2.1	-

Legislation has been enacted in the UK to reduce the corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****6. Fixed asset investments**

	Subsidiary undertakings £m
Cost	
At 1 January 2016	381.3
Additions	-
At 31 December 2016	381.3
Impairments	
At 1 January 2016	(8.6)
Impairment charge in the year	(245.5)
At 31 December 2016	(254.1)
Net book value	
At 31 December 2016	127.2
At 31 December 2015	372.7

The Company's principal investments are:

Company name	Nature of the business	Country of incorporation
DBI Industrial Services Limited	Holding company	United Kingdom
Cape Industrial Services Limited	Industrial Services	United Kingdom
Cape Environmental Onshore Services Limited	Industrial Cleaning Services	United Kingdom
Cape Environmental Offshore Services Limited	Industrial Cleaning Services	United Kingdom
Cape Claims Services Limited	Claims settlements	United Kingdom

The Company holds 100% of the ordinary share capital of its principal subsidiaries.

During 2016, the Company impaired its investments in Cape Industrial Services Limited and DBI Industrial Services Limited by £236.8 million and £8.7 million respectively. The total impairment of £245.5 million has been taken to the profit and loss account and against the non-distributable reserves as disclosed in note 15.

In respect of the other subsidiary companies in which the Company holds shares or has advanced loans, in the opinion of the directors the fair value of the total net assets of these companies is not less than the net amount at which they are stated in its balance sheet.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****7. Receivables**

	Note	2016 £m	2015 £m
Amounts falling due within one year			
Amounts owed by Group undertakings		88.1	11.6
Other receivables		0.5	-
Prepayments		-	0.1
UK corporation taxation		6.0	8.4
		94.6	20.1
Amounts falling due after more than one year			
Deferred taxation	8	0.2	-
Amounts owed by Group undertakings		34.9	91.8
		35.1	91.8
Total receivables		129.7	111.9

8. Deferred taxation

	Note	2016 £m	2015 £m
Deferred taxation asset comprises:			
Short-term timing differences		0.2	-
		0.2	-
Net deferred taxation asset			
At 1 January		-	0.1
Amount (debited) to profit and loss account		-	(0.1)
At 31 December		0.2	-

Deferred tax balances expected to unwind in future periods have been measured at the 19.25% corporation tax rate. At 31 December 2016, the Company had unused tax losses amounting to £nil (2015: £32.7 million) for which no deferred tax asset has been recognised.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****9. Payables: amounts falling due within one year**

	2016 £m	2015 £m
Bank overdrafts	0.8	5.0
Amounts owed to Group undertakings	20.6	0.2
Accruals	0.5	0.5
Other payables	1.0	0.8
Total amounts falling due within one year	22.9	6.5

Creditor balances are unsecured.

At the balance sheet date, outstanding pension contributions were £nil (2015: £nil).

10. Payables: amounts falling due after more than one year

	2016 £m	2015 £m
Amounts due to Group undertakings	49.9	48.9
Total amounts falling due after more than one year	49.9	48.9

Maturity of financial liabilities

	2016 £m	2015 £m
In more than five years	49.9	48.9
Total amounts falling due after more than one year	49.9	48.9

Bank loan interest is charged at LIBOR plus an adjusted margin as per the agreed terms and covenants under the syndicated credit facility.

11. Provisions for liabilities

	1 January 2016 £m	Provisions charged £m	Provisions released £m	Provision utilised £m	31 December 2016 £m
Provisions	1.7	-	-	(0.4)	1.3

The provisions relate to property dilapidations and national insurance on share options. All provisions have been classed as current.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****12. Called up share capital**

Authorised, allotted, called up and fully paid	2016 Number	2016 £m	2015 Number	2015 £m
Ordinary shares of 25p each				
At 1 January and 31 December	117,989,741	29.5	117,989,741	29.5
plc Scheme share of £1 each				
At 1 January and 31 December	1	-	1	-

plc Scheme Share

The plc Scheme Share is held by the Law Debenture Trust Corporation plc on behalf of the Scheme creditors.

The rights attaching to the share are designed to ensure that Scheme assets are only used to settle Scheme claims and ancillary costs and do not confer any right to receive a distribution or return of surplus capital save that the holder will have the right to require the Company to redeem the share at par value on or at any time after the termination of the Scheme.

The share carries two votes for every vote which the holders of the other classes of shares in issue are entitled to exercise on any resolution proposed during the life of the Scheme to engage in certain activities specified in the Company's Articles of Association.

The Company will not be permitted to engage in certain activities specified in the Company's Articles of Association without the prior consent of the holder of the share.

13. Share based payments

The number and weighted average exercise price of the share options under the EIP share awards are as follows:

Employee Incentive Plan	Weighted average exercise price 2016 (pence)	Number of share options 2016	Weighted average exercise price 2015 (pence)	Number of share Options 2015
Outstanding at 1 January	269.0	10,000	269.0	10,000
Exercised	-	-	-	-
Forfeited	-	-	-	-
Outstanding at 31 December	269.0	10,000	269.0	10,000

Until 2007 the Employee Incentive Plan (EIP) allowed the group to grant options to directors and senior employees. The EIP carries a non-market based performance criteria. The contractual life of the options is 10 years. For share options outstanding as at 31 December 2016, the weighted average remaining contractual life was 0.3 years (2015: 1.3 years). The options become exercisable on the third anniversary of the date of grant, subject to a growth in earnings per share over that period exceeding an average 3% compounded annually above the growth in the consumer price index over the same period. Exercise of an option is subject to continued employment.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2016****14. Pensions**

	2016 £m	2015 £m
Pension deficit	(0.3)	(0.3)

The Company is a member of the Cape plc funded group pension arrangements. The Company is unable to identify its share of the underlying assets and liabilities in the defined benefit scheme on a consistent and reasonable basis. Therefore the Company accounts for contributions to the scheme as if it were a defined contribution scheme.

15. Capital and reserves

	Share capital £m	Share premium account £m	Special reserve £m	Profit and loss account £m	Total £m
At 1 January 2015	29.5	11.9	1.0	381.9	424.3
Profit for the year	-	-	-	2.9	2.9
At 31 December 2015	29.5	11.9	1.0	384.8	427.2
(Loss) for the year	-	-	-	(244.7)	(244.7)
At 31 December 2016	29.5	11.9	1.0	140.1	182.5

The special reserve was created in 2008 by court order upon cancellation of the share premium and retained earnings. The special reserve is not distributable and restrictions exist over its use.

Included in the profit and loss account reserve at 31 December 2016 of £140.1 million (2015: £384.8 million) is £126.0 million (2015: £371.5 million) that is not distributable. The movement during the year includes £245.5 million for the impairment of investments held in subsidiaries as disclosed in note 6.

16. Contingent liabilities

The Company has previously disclosed that it has been engaged in litigation funded by Aviva plc, RSA Group and Zurich Insurance Group (Insurer Litigants) in respect of historic and current payments made by them in their capacity as providers of employer liability insurance in relation to claims by employees and former employees of third-party companies arising from asbestos-related diseases (Insurer PL Litigation). The six-week trial in respect of the Insurer PL Litigation concluded on 23 February 2017, following which the director received an updated opinion from Leading Counsel which reinforced the director's view that the merits of the Group's defence are persuasive and that there are substantial evidential burdens upon the Insurer Litigants. Nonetheless, and as previously disclosed, the director was mindful that there remains a risk that the Insurer PL Claims litigation could have a material adverse impact on the Scheme, and in turn upon the Group and its stakeholders. The director therefore concluded that it was in the best interests of Cape and its shareholders to settle at the agreed level outlined below, thus removing a significant risk to the business, removing the distraction of a likely protracted appeals process and enabling management to focus on the development of the core business. On 12 March 2017, the Group reached agreement to settle the Insurer PL Claims litigation for a consideration of £18.0 million payable immediately and a deferred payment of up to £34.5 million payable in the period 2018 to 2023, enabling this litigation to be resolved outside of the court process.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16. Contingent liabilities (continued)

These payments and an additional allowance to reflect the potential of further claims of a similar nature, discounted using an appropriate discount rate, have been charged to profit or loss during the year and included in the industrial disease claims provision held as at 31 December 2016. These have been recognised in Cape Industrial Services Limited, a fellow subsidiary undertaking of the Cape Group. The settlement of the Insurer PL Claims litigation does not imply any acceptance of liability on Cape's behalf.

The Company has previously disclosed that it has been involved in litigation with Aviva plc in relation to historic insurer employer liability claims (Insurer EL Claims). On 07 April 2017, the Insurer EL Claims were settled, with the current claims being withdrawn with no admission of liability and each party bearing their own legal costs. Notwithstanding the director's continued belief in the strength of his position in relation to the trial conducted in January and February 2017 and in respect of the issues to be heard at the Court of Appeal in July 2017, and thus its recovery of all legal expenses incurred, the director has concluded that it is in the best interests of Cape and its shareholders to settle this litigation. The settlement does not require any cash consideration to be payable by the Company and will require no material change in the existing IDC provision of £172.5 million held as at 31 December 2016 in Cape Industrial Services Limited.

The Company is party to a guarantee and funding agreement along with other Cape subsidiary undertakings, for the purpose of ensuring certain additional funding continued to be made available to the company in connection of the company's existing funding commitments and that certain other obligations of CIH continued to be fulfilled under other agreements entered into.

The Company has contingent liabilities in respect of guarantees and bonds entered into in the normal course of business, in respect of which no loss is expected.

The Company has undertaken together with certain other undertakings within the Cape Group to give joint and several banking guarantees in respect of any amount due to the bank from the Company and other Group undertakings. At 31 December 2016, the amount drawn by the Group was £199,191,000 (31 December 2015: £189,210,000) in respect of borrowings. No Loss is expected to arise.

17. The Scheme of Arrangement

On 14 June 2006, the Scheme became effective and binding upon the following 13 companies:

Cape Intermediate Holdings Limited (formerly Cape Intermediate Holdings plc)
Cape Building Products Limited
Cape Calsil Systems Limited
Cape Contracts International Limited
Cape Durasteel Limited
Cape East Limited
Cape Industrial Services Limited
Cape Industries Limited
Cape Insulation Limited
Cape Specialist Coatings Limited
Predart Limited
Somewatch Limited
Somewin Limited

The Cape Scheme is a court-sanctioned scheme established to provide recompense for individual claimants in respect of asbestos-related industrial diseases contracted as a result of Cape's historic use of asbestos in manufacturing processes and who are unable to recover under insurance policies. The Cape Scheme also provides a structural protection for the Group's trading stakeholders.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17. The Scheme of Arrangement (continued)

The detailed terms of the Scheme are set out in the Scheme itself, a copy of which has been filed with the Registrar of Companies, which is also available on the Cape plc website www.capeplc.com/investors/shareholder-information/shareholder-documents, the Articles of Association of Cape Intermediate Holdings Ltd ("CIH"), Cape plc and Cape Claims Services Limited ("CCS") and a number of other ancillary agreements. The effect of the Scheme as a whole can be summarised as follows:

- (a) While Scheme creditors retain their rights against Scheme companies, and may bring proceedings against Scheme companies for declaratory relief to determine whether they have a claim and, if so, of what amount, their rights, subject as provided in sub paragraphs (k) and (m) below are only enforceable against CCS under the terms of the Scheme guarantee;
- (b) CCS was funded in the first instance with a sum of £40m which represented what was considered to be a sufficient sum to discharge CCS's liabilities to Scheme creditors payable over at least 8 years from 1 January 2006. The use of these funds is restricted to the payment of established Scheme claims and Scheme creditor costs;
- (c) The sum of £40m was not calculated by reference to an estimate of the likely amount of Scheme claims. It simply represented the aggregate of the amount that Cape was able to raise from its shareholders and the level of debt which Cape could reasonably maintain for the purposes of the Scheme. Of fundamental importance to the Scheme are the provisions as to topping up of that sum described below;
- (d) Every three years an assessment of the projected Scheme claims against Scheme companies payable by CCS over the following nine years is undertaken, by reference to which there will be established the Funding Requirement;
- (e) In the event that an assessment reveals a shortfall between the Scheme assets and the Funding Requirement, Cape will top up CCS's funding over the following three years provided that sufficient cash is available, Cape's obligation being limited to 70 per cent of the Cape Group's consolidated adjusted operational cash flow (including, for example, adjustments to take account of acquisitions, an element of capital expenditure and repayment of borrowing facilities). During 2016, a top up of £13.0m was made to the Scheme (2015: £6.2m);
- (f) Should Cape not be able to meet its top up obligation in any one year, it will be required to make good the shortfall in the next year, again subject to sufficient cash being available;
- (g) Alongside the Funding Requirement there is the Scheme Funding Requirement which will be assessed every year by reference to projected Scheme claims against Scheme companies payable by CCS over the next six years;
- (h) If at any time the ratio of the Scheme assets to the Scheme Funding Requirement (the Scheme Funding Percentage) falls below 60 per cent, CCS will have the ability to reduce the percentage (the Payment Percentage) of each established claim which it pays to Scheme creditors until such time as the Scheme Funding Percentage is restored to 60 per cent;

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17. The Scheme of Arrangement (continued)

- (i) Cape plc is permitted to pay dividends provided that at the time of payment (i) the Scheme Funding Percentage in relation to the last preceding financial year was certified to be not less than 110 per cent, (ii) the Directors of Cape plc certify that they anticipate that the Scheme Funding Percentage for the current and following financial year will be not less than 110 per cent and (iii) the Payment Percentage has not at any time within the previous 40 business days been below 100 per cent. Any distribution which Cape plc proposes to make to its shareholders may not, without the consent of the Scheme Shareholder, exceed the greater of (i) 50 per cent of the consolidated operating profits of the Cape Group for the last preceding financial year and (ii) the aggregate of any permitted dividends made in the preceding financial year. This restriction therefore places a cap on the amount of dividends that Cape plc may pay in any one year;
- (j) There have been established special voting shares (the "Scheme Shares") in CCS, CIH and Cape plc which are held by an independent third party (the "Scheme Shareholder") on trust for Scheme creditors. The Scheme Shares have special rights which are designed to enable the Scheme Shareholder to protect the interests of Scheme creditors;
- (k) In the case of certain Scheme creditors (Recourse Scheme Creditors), who are those Scheme creditors whose claims are in whole or in part the subject of a contract of insurance (Recourse Scheme Claims) their rights to enforce their Recourse Scheme Claims against a relevant Scheme Company will revive in certain circumstances. These circumstances are where the relevant Scheme Company is insolvent or where there has been a specified reduction in the Payment Percentage and if the Scheme creditor was able to bring about the insolvency of the relevant Scheme Company he would be able to recover greater compensation from the FSCS ("Financial Services Compensation Scheme") or, in certain circumstances, from a solvent insurer than is available from CCS at that time under the Scheme. There will be a specified reduction if either (i) the Payment Percentage has been reduced below 100 per cent but above 50 per cent and the Scheme creditor has not been paid in full after 12 months or (ii) the Payment Percentage is reduced to 50 per cent or below;
- (l) Each Scheme Company will agree to hold on trust for any Scheme creditor concerned the proceeds of any policy of insurance (or any compensation received from the FSCS) referable to that Scheme claim;
- (m) The restriction described in sub paragraph (a) above will not apply to proceedings to enforce the right to conferred under sub-paragraph (l) above;
- (n) There are provisions contained in two reimbursement agreements which preserve certain rights of proof by CCS and Cape plc respectively in any insolvency of Cape plc or any of the other Scheme companies; and
- (o) In support of the above, on 6 May 2011 CIH, Cape plc and CCS entered into a new Guarantee and Funding Agreement whereby Cape plc agreed to make certain additional funding available to CIH in connection with CIH's commitments under the Funding Agreement, as well as to guarantee all present and future payment obligations of Cape plc and CCS under the Funding Agreement. In addition, a Scheme Share in Cape plc (referred to in paragraph (j) above) was issued to the Scheme Shareholder which has similar rights to the Scheme Shares in CIH and CCS and which will afford the Scheme Shareholder substantially the same rights to those provided by the Scheme Shares in CIH and CCS.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18. Post balance sheet events

As disclosed in note 16, the six-week trial in respect of the Insurer PL Claims litigation concluded on 23 February 2017. Subsequent to this date, the Group reached agreement to settle this litigation for a consideration of £18.0 million payable immediately and a deferred payment of up to £34.5 million payable in the period 2018 to 2023, enabling this litigation to be resolved outside of the court process. These amounts and an additional charge to reflect the potential of further claims of a similar nature, discounted using an appropriate discount rate, have been charged to profit and loss during the year and are included in the industrial disease claims provision held in Cape Industrial Services Limited, a fellow subsidiary undertaking of the Cape Group.

The Company had previously disclosed that it has been involved in litigation with Aviva plc in relation to historic insurer employer liability claims (Insurer EL Claims). On 07 April 2017, the Insurer EL Claims were settled, with the current claims being withdrawn with no admission of liability and each party bearing their own legal costs. Notwithstanding the director's continued belief in the strength of its position in relation to the trial conducted in January and February 2017 and in respect of the issues to be heard at the Court of Appeal in July 2017, and thus its recovery of all legal expenses incurred, the director has concluded that it is in the best interests of Cape and its shareholders to settle this litigation. The settlement does not require any cash consideration to be payable by the Company and will require no material change in the existing IDC provision of £172.5 million held as at 31 December 2016 in Cape Industrial Services Limited.

19. Ultimate parent undertaking

The immediate parent undertaking is Cape Holdco Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Cape plc, a company registered in Jersey, which represents both the smallest and largest group in which the results of the Company are consolidated. Copies of the annual report and financial statements of Cape plc are available from The Company Secretary, Cape plc, 47 Esplanade, St Helier, Jersey JE1 0BD.