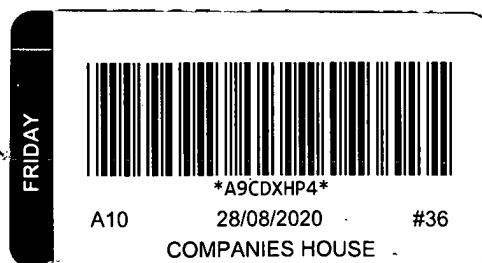


Company's Registered Number: 40203

CAPE INTERMEDIATE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



CAPE INTERMEDIATE HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

R Oren

REGISTERED OFFICE

Office 1
First Floor
2, The Future Works
Brunel Way
Slough,
SL1 1FQ

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

CAPE INTERMEDIATE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The director presents his strategic report and the audited financial statements for the year ended 31 August 2019.

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 Altrad Group 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 ("the Scheme"), 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.

COVID-19

Since the year end there has been an outbreak of COVID-19 which has developed into a global pandemic. There is understandably a lot of uncertainty around the impact of the virus on the global economy. The directors are naturally concerned about the impact on the investments of the company. In light of the impact of COVID-19, management have reviewed the company's investments, and have come to the conclusion that no impairments are required, given the investments cater to 'essential' industries and as a result they have continued to generate turnover from a significant number of key contracts.

The directors acknowledge the general uncertainty provided by COVID-19 and as such have obtained a written confirmation of financial support from its ultimate parent undertaking, Altrad Investment Authority (125 rue du Mas de Carbonnier, 34000 Montpellier, France) for a period of at least 12 months from the date of approval of these financial statements. The Directors have made relevant enquiries of Group which indicates Altrad Investment Authority is in a strong financial position with sufficient amounts of liquid assets available, are therefore satisfied that the ultimate parent undertaking has adequate resources to provide support to the company if it is needed.

On behalf of the Board


Ran Oren
Director

Date: 13.08.2020

CAPE INTERMEDIATE HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The director presents his report and the audited financial statements of the Company for the year ended 31 August 2019.

Results and dividends

The profit for the year of £0.5 million (eight-month period to 31 August 2018: loss of £1.1 million) has been transferred to reserves.

No dividends were paid during the year (eight-month period to 31 August 2018: £nil).

Directors

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

R Oren

The director had no beneficial interests in the shares of the Company and was not remunerated for his 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 period 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.

Coronavirus

At the date of signing these financial statements, the directors have considered the impact of COVID-19, on company's investments, and have come to the conclusion that no impairments are required, given the investments cater to 'essential' industries and as a result they have continued to generate turnover from a significant number of key contracts

CAPE INTERMEDIATE HOLDINGS LIMITED

DIRECTOR'S REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2019

Statement of directors' responsibilities

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 period. 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



Ran Oren
Director

Date: 13.08.2020

CAPE INTERMEDIATE HOLDINGS LIMITED

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

Opinion

We have audited the financial statements of Cape Intermediate Holdings Limited for the year ended 31 August 2019 which comprise the Statement of Comprehensive Income, the Statement of changes in equity, the Statement of Financial Position and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 August 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Notes 1 and 14 of the financial statements, which describe the economic and social consequences the company is facing as a result of COVID-19 which is impacting consumer demand. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

CAPE INTERMEDIATE HOLDINGS LIMITED

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

CAPE INTERMEDIATE HOLDINGS LIMITED

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Tehseen Ali (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date 13/08/2020

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 AUGUST 2019**

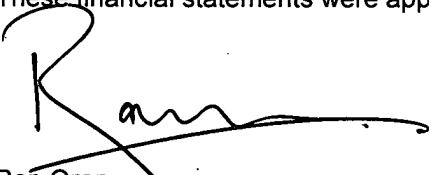
	Note	12 months to 31 Aug 2019 £m	8 months to 31 Aug 2018 £m
Administrative expense		(0.3)	(0.8)
Loss on ordinary activities before interest and taxation		(0.3)	(0.8)
Interest receivable and similar income	3	2.1	0.5
Interest payable and similar charges	3	(1.9)	(1.3)
Loss on ordinary activities before taxation		(0.1)	(1.6)
Tax credit on loss on ordinary activities	4	0.6	0.5
Profit/(loss) on ordinary activities after taxation		0.5	(1.1)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period		0.5	(1.1)

All results relate to continuing operations.

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AT 31 AUGUST 2019**

	Note	31 Aug 2019 £m	31 Aug 2018 £m
Fixed assets			
Investments	5	111.7	111.7
		111.7	111.7
Current assets			
Receivables: amounts recoverable within one year	6	117.5	159.8
Deferred taxation	7	0.1	-
		117.6	159.8
Current liabilities			
Payables: amounts falling due within one year	8	(67.2)	(109.9)
Provisions	9	(0.1)	(0.1)
		(67.3)	(110.0)
Net current assets		50.3	49.8
Net assets		162.0	161.5
Capital and reserves			
Called up share capital	10	29.5	29.5
Share premium account	11	11.9	11.9
Special reserve	11	1.0	1.0
Profit and loss account	11	119.6	119.1
Total shareholders' funds		162.0	161.5

These financial statements were approved and signed by the Director on 13 / 8 / 2020.


 Ran Oren
 Director

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 August 2019**

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 September 2018		29.5	11.9	1.0	119.1	161.5
Profit for the year		-	-	-	0.5	0.5
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	0.5	0.5
At 31 August 2019	12	29.5	11.9	1.0	119.6	162.0

For the eight-month period ended 31 August 2018

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 January 2018		29.5	11.9	1.0	120.2	162.6
(Loss) for the period		-	-	-	(1.1)	(1.1)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the period		-	-	-	(1.1)	(1.1)
At 31 August 2018	12	29.5	11.9	1.0	119.1	161.5

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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 Altrad Investment Authority.

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.

Cape Intermediate Holdings Limited is a private company and is incorporated and domiciled in the UK.

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.

Going Concern

Across the globe, the general uncertainty surrounding the dangers and impact of COVID-19 is creating significant disruptions in supply chains and economic activity and is having an adverse impact across the majority of industries across the world. The impact of COVID-19 has led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

In light of the impact of COVID-19, management have reviewed the company's investments, and have come to the conclusion that no impairments are required, given the investments cater to 'essential' industries and as a result they have continued to generate turnover from a significant number of key contracts.

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the company will have adequate resources to continue in operation for at least 12 months from the signing of these financial statements.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

The directors acknowledge the general uncertainty provided by COVID-19 and as such have obtained a written confirmation of financial support from its ultimate parent undertaking, Altrad Investment Authority (125 rue du Mas de Carbonnier, 34000 Montpellier, France) for a period of at least 12 months from the date of approval of these financial statements. The Directors have made relevant enquiries of Group which indicates Altrad Investment Authority is in a strong financial position with sufficient amounts of liquid assets available, are therefore satisfied that the ultimate parent undertaking has adequate resources to provide any support to the company if it is needed.

The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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 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.

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;
- 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.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019****1. Accounting policies (continued)****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.

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.

2. Employees and Director

The director was not remunerated for his 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.

3. Interest

	12 months to 31 Aug 2019 £m	8 months to 31 Aug 2018 £m
Interest receivable and similar income		
Interest receivable from group undertakings	2.1	0.5
Interest payable and similar charges		
Interest payable to group undertakings	(1.9)	(1.3)

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019****4. Tax on (loss) on ordinary activities**

	12 months to 31 Aug 2019 £m	8 months to 31 Aug 2018 £m
Current tax:		
UK corporation tax at 19% (2018: 19%)	0.2	0.2
Foreign tax	(0.5)	(1.2)
Adjustments in respect of previous years	(0.2)	0.2
Current tax (credit) on profit on ordinary activities	(0.5)	(0.8)
Deferred tax:		
Origination and reversal of timing differences	0.1	-
Adjustments in respect of previous years	(0.2)	0.3
Deferred tax (credit)/charge on profit on ordinary activities	(0.1)	0.3
Tax (credit) on profit on ordinary activities	(0.6)	(0.5)

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	12 months to 31 Aug 2019 £m	8 months to 31 Aug 2018 £m
(Loss) on ordinary activities before tax	(0.1)	(1.6)
(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	-	(0.3)
Effects of:		
Adjustments in respect of previous periods	(0.4)	0.5
Items not deductible for tax purposes	0.4	0.5
Movement in tax provision	(0.6)	(1.2)
Total tax (credit) for the period ending 31 Aug 2019/2018	(0.6)	(0.5)

Any deferred tax balances have been recognised at the rate at which they are expected to unwind.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019****5. Fixed asset investments**

Subsidiary undertakings		£m
Cost		
At 1 September 2018		381.3
At 31 August 2019		381.3
Impairments		
At 1 September 2018		(269.6)
At 31 August 2019		(269.6)
Net book value		
At 31 August 2019		111.7
At 31 August 2018		111.7

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.

6. Receivables

	At 31 Aug 2019 £m	At 31 Aug 2018 £m
Amounts falling due within one year		
Amounts owed by Group undertakings	117.5	159.8
	117.5	159.8
Total receivables	117.5	159.8

7. Deferred taxation

	At 31 Aug 2019 £m	At 31 Aug 2018 £m
Deferred taxation asset comprises:		
Tax losses	0.1	-
	0.1	-
Net deferred taxation asset		
At 1 September/January	-	0.3
Amount (debited)/credited to profit and loss account	0.1	(0.3)
At 31 August	0.1	-

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019****8. Payables: amounts falling due within one year**

	At 31 Aug 2019 £m	At 31 Dec 2018 £m
Bank overdrafts	16.9	11.7
Amounts owed to Group undertakings	47.6	95.3
Accruals	0.5	0.5
Other payables	2.2	2.5
Total amounts falling due within one year	67.2	110.0

Creditor balances are unsecured.

9. Provisions for liabilities

	1 Sept 2018 £m	Provisions charged £m	Provisions released £m	Provision utilised £m	31 Aug 2019 £m
Provisions	0.1	-	-	-	0.1

The provision held relates to expected costs to be incurred on the investment property held in another group undertaking company.

10. Called up share capital

Authorised, allotted, called up and fully paid	At 31 Aug 2019 Number	At 31 Aug 2019 £m	At 31 Aug 2018 Number	At 31 Aug 2018 £m
Ordinary shares of 25p each At 31 August	117,989,741	29.5	117,989,741	29.5
plc share scheme of £1 each At 31 August	1	-	1	-

In order to protect the interests of creditors under the Scheme, a special voting share exists in the Company. The rights attaching to the share are designed to ensure that Scheme assets are only used to settle Scheme claims and ancillary costs and impose restrictions on dividends and other distributions by the Company.

The 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.

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2019****11. Capital and reserves**

	Share capital £m	Share premium account £m	Special reserve £m	Profit and loss account £m	Total £m
At 1 January 2018	29.5	11.9	1.0	120.2	162.6
Loss for the period	-	-	-	(1.1)	(1.1)
At 31 August 2018	29.5	11.9	1.0	119.1	161.5
Profit for the year	-	-	-	0.5	0.5
At 31 August 2019	29.5	11.9	1.0	119.6	162.0

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 August 2019 of £119.6 million (31 August 2018: £119.1 million) is £110.5 million (31 August 2018: £110.5 million) that is not distributable.

12. Contingent liabilities

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.

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13. 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.

The detailed terms of the Scheme are set out in the Scheme itself, 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;

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13. The Scheme of Arrangement (continued)

- (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 2019, a top up of £2.1m was made to the Scheme (31 Aug 2018: £2.1m);
- (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;
- (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;

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

13. The Scheme of Arrangement (continued)

- (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.

14. Post balance sheet events

The World Health Organisation ("WHO") declared COVID -19 as a pandemic on 11 March 2020 affecting multiple countries including UK. As a non-adjusting event, no adjustment has been made in respect of COVID-19 over and above what was known as at 31 August 2019. The impact of COVID-19 pandemic on the Company's operations and trading is discussed in the strategic report section on page 2 and director's report section on page 3. The basis for preparation set out in note 1 to these financial statements summarizes the situation in relation to COVID-19.

15. 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 Altrad Investment Authority SAS. Copies of the financial statements of Altrad Investment SAS can be obtained from the Company Secretary, 125 Rue du Mas de Carbonnier, 34000 Montpellier, France.