

Company's Registered Number: 40203

**CAPE INTERMEDIATE HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**



Company's Registered Number: 40203

**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 2020**

The director presents his strategic report and the audited financial statements for the year ended 31 August 2020.

**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**

The directors are naturally concerned about the impact of the COVID-19 pandemic on the investments of the company. 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.

**Section 172(1) statement**

The directors have acted in a way they consider, in good faith, promotes the success of the Company for the benefit of its members as a whole, and in doing so have given regard (amongst other matters) to:

**Business relationships**

We work with some of the worlds most respected companies and we pride ourselves on our commitment to understand their needs, working collaboratively to deliver value-enhancing solutions. We build strong, sustainable relationships with our clients and with our suppliers, which is essential to the long-term success of our business. We manage our key relationships via a structured key account management process (KAM) process which encourages regular communication and promotes continuous improvement activities.

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2020- (continued)**

**Section 172(1) statement (continued)**

**Our people**

We provide an inclusive environment where our people can bring their whole self to work, feel connected and have the space they need to grow – giving everyone an opportunity to reach their full potential. We celebrate the importance of having a diverse workforce and our rich diversity helps build the skills, ideas and behaviours which characterise our people. We provide our people with the opportunity to build progressive careers, within an environment that values ingenuity, creativity and ambition.

**Apprentices and graduates**

Our Apprentice and Graduate programme provides our people with opportunities to make a real impact within a company who truly cares. Our apprentice and graduate intake provides our next generation of people who can take on complex challenges and make a difference in the world through innovation, creativity and teamwork.

**Military and Veterans**

The skills and experience gained in uniform are highly valued at the Company – they are key assets in facing our client's toughest challenges. Former members of the military provide skills that are highly valued by the Company. From a strong work ethic, to strong leadership skills and a focus on teamwork, the Company has roles that fit these desirable qualities.

**Ex-offenders**

The Company treats all of its people with respect, regardless of their past experiences - we want our people to learn from their past and create a better future. Through a programme of learning and development, which is structured to meet their needs, we offer the support and guidance ex-offenders need to thrive.

**Disabled employees**

The Company encourages the employment of disabled people and provides a fair and encouraging approach to any such employment applications. In the event any of our people become disabled whilst in the service of the Company – we strive to support their needs and every effort is made to continue their employment. This may include adapting their work environments, transferring them to alternative duties, or if required, retraining them to undertake new roles.

**People engagement**

The true value of the Company resides within our people – as such, we communicate regularly and via various media. We maintain an intranet site that provides employees with the latest company information and utilise the Altrad App to allow them to see updates and news instantaneously. We utilise a structured schedule of internal communication, which includes regular one-to-one meetings, townhall meetings, operational and management meetings facilitating two-way conversations and the sharing of ideas throughout our teams.

**Culture and values**

Our values define who we are, they drive us to succeed and underpin our approach to business. They are at the forefront of every decision we make, and they define the behaviours of our people. Our values of Respect, Solidarity, Courage, Humility and Conviviality, drive us to be the best we can be. In the collective, our people and our values form our corporate culture, which serve the best interests of our shareholders, our clients, our people, our suppliers and other stakeholders – ensuring the long-term success of our business.

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**STRATEGIC REPORT (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**Sustainability and Community**

We understand the importance of creating a sustainable future; it runs throughout our strategy, it's part of our culture and it's central to our day to day operations. We are committed to making positive impacts for our people, our clients and our wider business. As we continue to evolve our sustainability strategy, we set challenges for our business, our people and our clients to improve, working together to create a better tomorrow for everyone. The Company has committed to a range of corporate social responsibility (CSR) and environmental performance targets, which includes becoming carbon neutral by 2030 or sooner. We contribute to the development of the communities we work in through a number of initiatives ranging from job creation and volunteering opportunities through to sourcing materials from local suppliers where possible and we also take pride in supporting a number of community and charitable based projects to make sure we make a positive contribution to our local communities.

**Shareholders**

The management team are committed to and openly engage with the Company's shareholders through regular meetings and effective dialogue. The shareholders are actively engaged in understanding our strategy, culture, people and the performance of our shared objectives for the short, mid and longer terms.

On behalf of the Board

R Oren  
Director

Date: 24/5/2021

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**DIRECTOR'S REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2020**

The director presents his report and the audited financial statements of the Company for the year ended 31 August 2020.

**Results and dividends**

The profit for the year of £11.5 million (2019: £0.5 million) has been transferred to reserves.

A dividend of £8m was approved by the director and paid during the year (2019: £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.

**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.

**COVID-19**

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

**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.

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**DIRECTOR'S REPORT (continued)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**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: 24/05/2021

**CAPE INTERMEDIATE HOLDINGS LIMITED**

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

**Opinion**

We have audited the financial statements of Cape Intermediate Holdings Limited for the year ended 31 August 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity, and the related notes 1 to 14, 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 2020 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. 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.

**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 contained within the annual report.

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.

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 course of 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 themselves. 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 6, 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: 25 May 2021

**CAPE INTERMEDIATE HOLDINGS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

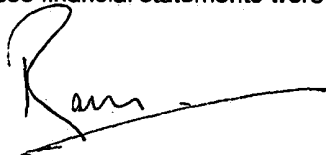
	Note	2020 £m	2019 £m
Administrative expense		(0.6)	(0.3)
<b>Loss on ordinary activities before interest and taxation</b>		<b>(0.6)</b>	<b>(0.3)</b>
Interest receivable and similar income	3	2.4	2.1
Interest payable and similar charges	3	(1.1)	(1.9)
Income from fixed asset investments		8.0	-
<b>Profit/Loss on ordinary activities before taxation</b>		<b>8.7</b>	<b>(0.1)</b>
Tax credit on loss on ordinary activities	4	2.8	0.6
<b>Profit on ordinary activities after taxation</b>		<b>11.5</b>	<b>0.5</b>
<b>Total comprehensive income for the period</b>		<b>11.5</b>	<b>0.5</b>

All results relate to continuing operations.

**CAPE INTERMEDIATE HOLDINGS LIMITED****STATEMENT OF FINANCIAL POSITION****AT 31 AUGUST 2020**

	Note	2020 £m	2019 £m
<b>Fixed assets</b>			
Investments	5	111.7	111.7
<b>Total fixed assets</b>		<b>111.7</b>	<b>111.7</b>
<b>Current assets</b>			
Receivables: amounts recoverable within one year	6	108.6	117.5
Deferred taxation	7	0.1	0.1
<b>Total current assets</b>		<b>108.7</b>	<b>117.6</b>
<b>Current liabilities</b>			
Payables: amounts falling due within one year	8	(54.8)	(67.2)
Provisions	9	(0.1)	(0.1)
<b>Total current liabilities</b>		<b>(54.9)</b>	<b>(67.3)</b>
<b>Net current assets</b>		<b>53.8</b>	<b>50.3</b>
<b>Net assets</b>		<b>165.5</b>	<b>162.0</b>
<b>Capital and reserves</b>			
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	123.1	119.6
<b>Total shareholders' funds</b>		<b>165.5</b>	<b>162.0</b>

These financial statements were approved and signed by the Director on 24th May 2021.



Rarr Oren  
Director

**CAPE INTERMEDIATE HOLDINGS LIMITED****STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 August 2020

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 September 2019		29.5	11.9	1.0	119.6	162.0
Profit for the year		-	-	-	11.5	11.5
Dividends paid					(8.0)	(8.0)
At 31 August 2020	11	29.5	11.9	1.0	123.1	165.5

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
At 31 August 2019	11	29.5	11.9	1.0	119.6	162.0

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**1. Accounting policies**

**a) 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 2020**

**1. Accounting policies (continued)**

**Going Concern- (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

**Changes to accounting policies and disclosures**

The Company has applied the following standards for the first time for reporting periods commencing on or after 1 September 2019:

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over income tax treatments;
- IFRS 9 (amendments) – Prepayment features with negative compensation;
- IAS 28 (amendments) – Long term interests in joint ventures;
- IAS 19 (amendments) – Plan amendments, curtailment or settlement;
- Annual improvements to IFRSs 2015-17 Cycle; amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.

Their adoption has not had any material impact on the disclosure or on the amounts reported in the financial statements.

**New and amended standards and interpretations not yet adopted**

The following standards and interpretations in issue which may have an effect for the Company, have not yet been adopted by the Company:

	Effective dates
Amendments to references to conceptual framework in IFRS standards	1 January 2020
Amendments to IFRS 3 Business Combinations	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Company is currently assessing the impact of these standards and plans to adopt the new standards on the required effective date.

**b) 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.

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**1. Accounting policies (continued)**

**c) 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.

**d) Fixed asset investments**

Investments are held at cost less impairment.

**e) 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.

**f) 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.

**g) 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.

**h) 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.

**i) 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.

**j) 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.



**CAPE INTERMEDIATE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2020****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**

	2020 £m	2019 £m
Interest receivable from Group undertakings	2.4	2.1
Interest payable to group undertakings	(1.1)	(1.9)

**4. Tax on profit/(loss) on ordinary activities**

	2020 £m	2019 £m
<b>Current tax:</b>		
UK Corporation tax at 19% (2019: 19%)	-	0.2
Foreign tax	(2.6)	(0.5)
Adjustments in respect of previous years	(0.2)	(0.2)
<b>Current tax credit on profit on ordinary activities</b>	<b>(2.8)</b>	<b>(0.5)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	0.1
Adjustments in respect of previous years	-	(0.2)
Impact of change in law and rates	-	-
<b>Deferred tax charge/(credit) on profit on ordinary activities</b>	<b>-</b>	<b>(0.1)</b>
<b>Tax credit on profit on ordinary activities</b>	<b>(2.8)</b>	<b>(0.6)</b>

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £m	2019 £m
<b>Profit/(Loss) on ordinary activities before tax</b>	<b>8.7</b>	<b>(0.1)</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	1.6	-
Effects of:		
Adjustments in respect of previous periods	(0.2)	(0.4)
Non-taxable income	(1.5)	-
Items not deductible for tax purposes	-	0.4
Difference in tax rates	-	-
Irrecoverable ACT written back	(0.1)	-
Movement on deferred tax not provided	-	-
Movement in tax provision	(2.6)	(0.6)
<b>Total tax credit reported in the income statement</b>	<b>(2.8)</b>	<b>(0.6)</b>

**CAPE INTERMEDIATE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2020****5. Fixed asset investments**

<b>Subsidiary undertakings</b>	<b>£m</b>
<b>Cost</b>	
At 1 <sup>st</sup> September 2019	381.3
<b>At 31<sup>st</sup> August 2020</b>	<b>381.3</b>
<b>Impairments</b>	
At 1 <sup>st</sup> September 2019	(269.6)
<b>At 31<sup>st</sup> August 2020</b>	<b>(269.6)</b>
<b>Net book value</b>	
At 1 <sup>st</sup> September 2019	111.7
<b>At 31<sup>st</sup> August 2020</b>	<b>111.7</b>

The Company's principal investments are:

<b>Company name</b>	<b>Nature of business</b>	<b>Country of registration</b>
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**

	<b>2020 £m</b>	<b>2019 £m</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	107.6	117.5
Tax debtors	1.0	-
<b>Total receivables</b>	<b>108.6</b>	<b>117.5</b>

**CAPE INTERMEDIATE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2020****7. Deferred taxation**

	2020 £m	2019 £m
Deferred taxation asset comprises:		
Tax losses	0.1	0.1
<b>Total deferred taxation asset</b>	<b>0.1</b>	<b>0.1</b>
<b>Net deferred taxation asset</b>		
<b>At 1 September</b>	<b>0.1</b>	<b>-</b>
Amount (debited)/credited to profit and loss	-	0.1
<b>At 31 August</b>	<b>0.1</b>	<b>0.1</b>

**8. Payables: amounts falling due within one year**

	2020 £m	2019 £m
Bank overdrafts	10.7	16.9
Amounts owed to Group undertakings	43.5	47.6
Accruals	0.6	0.5
Other payables	-	2.2
<b>Total amounts falling due within one year</b>	<b>54.8</b>	<b>67.2</b>

The amounts owed to Group undertakings are unsecured and will be repaid as and when agreed between the applicable parties. Interest is paid on the balance at a rate of 2.95%.

**9. Provisions for liabilities**

	1 Sept 2019 £m	Provisions charged £m	Provisions released £m	Provision utilised £m	31 Aug 2020 £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.

**CAPE INTERMEDIATE HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2020****10. Called up share capital**

Authorised, allotted, called up and fully paid	At 31 Aug 2020 Number	At 31 Aug 2020 £m	At 31 Aug 2019 Number	At 31 Aug 2019 £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.

**11. Capital and reserves**

	Share capital £m	Share premium account £m	Special reserve £m	Profit and loss account £m	Total £m
At 1 September 2019	29.5	11.9	1.0	119.6	162.0
Profit for the year	-	-	-	11.5	11.5
Dividends paid				(8.0)	(8.0)
At 31 August 2020	29.5	11.9	1.0	123.1	165.5

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 August 2020 of £123.1 million (31 August 2019: £119.6 million) is £110.5 million (31 August 2019: £110.5 million) that is not distributable.

**CAPE INTERMEDIATE HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

**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.

**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 2020**

**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 2020, a top up of £2.0m was made to the Scheme (31 Aug 2019: £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 2020**

**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. 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.