

Company's Registered Number: 394232

CAPE SPECIALIST COATINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

SATURDAY



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09/06/2018
COMPANIES HOUSE

CAPE SPECIALIST COATINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents his strategic report for the year ended 31 December 2017.

Review of the business and future events

The Company did not trade during 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.

On behalf of the Board



R Oren
Director

16/5/18

CAPE SPECIALIST COATINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The director presents his report and the unaudited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The Company did not trade in the year.

Directors

The current directors and those who served as directors during the year are as follows:

V George (resigned 17 January 2017)
M Hooper (resigned 17 January 2017)
M Connick (appointed 17 January 2017, resigned 13 March 2017)
R F Allan (appointed 1 February 2017, resigned 29 March 2018)
R Oren (appointed 29 March 2018)

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

Qualifying third party indemnity provisions

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

The Company has not made any qualifying indemnity provisions.

Registered office

Drayton Hall, Church Road
West Drayton, Middlesex, UB7 7PS

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 1.

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

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

CAPE SPECIALIST COATINGS LIMITED

DIRECTOR'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of director's responsibilities

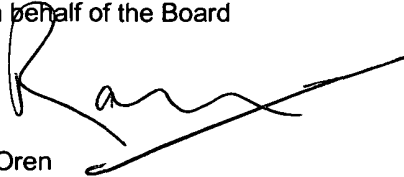
The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 (FRS 102). 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 102, 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 102 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 proper 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.

On behalf of the Board



R Oren
Director

16/5/18

CAPE SPECIALIST COATINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AT 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> £	<u>2016</u> £
<u>Current Assets</u>			
Debtors: Amounts falling due within one year	3	1	1
Net Assets		1	1
<u>Capital and Reserves</u>			
Called up share capital	4	1	1
Total shareholders' funds		1	1

The Company was dormant throughout the year ended 31 December 2017.

For the year ended 31 December 2017 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006.

Members have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

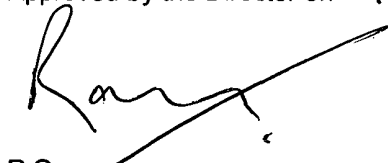
The director acknowledges his responsibility for:

- ensuring the Company keeps accounting records which comply with section 386; and
- preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 395, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

Approved by the Director on

16/5/18

and signed by:



R Oren
Director

CAPE SPECIALIST COATINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2017****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 applicable accounting standards in the United Kingdom.

These financial statements comply with FRS 102.

2. Profit on ordinary activities before interest and taxation

The Company did not trade during the current or preceding financial year and has made neither a profit or loss nor any other recognised gain or loss.

There were no employees of the Company during the year (2016: nil). The directors were not remunerated for their services to the Company during the year (2016: nil).

3. Debtors: Amounts falling due within one year

	2017 £	2016 £
Amounts falling due within one year:		
Amounts owed by Group undertakings	1	1
	1	1

The amounts owed by Group undertakings are unsecured.

4. Called up share capital

	2017 £	2016 £
Called up, issued and fully paid:		
1 (2016: 1) Ordinary share of £1 each	1	1
	1	1

CAPE SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

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

- (a) While Scheme creditors retain their rights against Scheme companies, and may bring proceedings against Scheme companies for declaratory relief to determine whether they have a claim and, if so, of what amount, their rights, subject as provided in sub paragraphs (k) and (m) below are only enforceable against CCS under the terms of the Scheme guarantee;
- (b) CCS was funded in the first instance with a sum of £40m which represented what was considered to be a sufficient sum to discharge CCS's liabilities to Scheme creditors payable over at least 8 years from 1 January 2006. The use of these funds is restricted to the payment of established Scheme claims and Scheme creditor costs;
- (c) The sum of £40m was not calculated by reference to an estimate of the likely amount of Scheme claims. It simply represented the aggregate of the amount that Cape was able to raise from its shareholders and the level of debt which Cape could reasonably maintain for the purposes of the Scheme. Of fundamental importance to the Scheme are the provisions as to topping up of that sum described below;
- (d) Every three years an assessment of the projected Scheme claims against Scheme companies payable by CCS over the following nine years is undertaken, by reference to which there will be established the Funding Requirement;
- (e) In the event that an assessment reveals a shortfall between the Scheme assets and the Funding Requirement, Cape will top up CCS's funding over the following three years provided that sufficient cash is available, Cape's obligation being limited to 70 per cent of the Cape Group's consolidated adjusted operational cash flow (including, for example, adjustments to take account of acquisitions, an element of capital expenditure and repayment of borrowing facilities). During 2017, a top up of £5.2m was made to the Scheme (2016: £13.0m);

CAPE SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

5. The Scheme of Arrangement (continued)

- (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;
- (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

CAPE SPECIALIST COATINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

5. The Scheme of Arrangement (continued)

- (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.

6. Ultimate parent company

The Company is a wholly owned subsidiary of Cape Intermediate Holdings Limited, a company registered in England and Wales.

On 8 September 2017, Altrad Group announced that the offer to acquire Cape plc became unconditional. As of that date, the ultimate parent undertaking and controlling party changed from Cape plc to 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.