

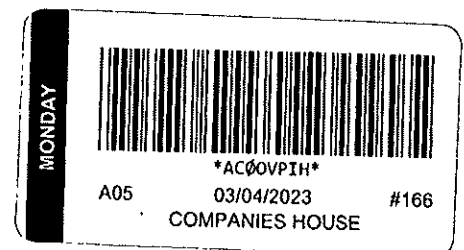
Company's Registered Number: 00040203

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CAPE INTERMEDIATE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022



Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

R Oren

REGISTERED OFFICE

Building 2
Fields End Business Park Davey Road
Thurnscoe
Goldthorpe
Rotherham
England
S63 0JF

BANKERS

HSBC Bank PLC
8 Canada Square
Canary Wharf
London
E14 5HQ

INDEPENDENT AUDITORS

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

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The director presents his strategic report and the audited financial statements for the year ended 31 August 2022.

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

In the early days of the pandemic, the Company developed and implemented a plan of safety measures, designed with the aim of mitigating the impact of Covid 19 by ensuring both the safety of our employees and the continued provision of essential services for our customers, who mainly operate in the critical infrastructure sector.

This planning has enabled us to maintain our people's safety, retain workforce confidence and to minimise the impact of Covid-19 on our business.

Whilst these safety measures have now, to a large extent, been demobilised during the latter part of the period, we remain vigilant of the residual risk of Covid-19, particularly the fact that it continues to have unpredictable impacts in some countries. The Directors are confident that should the external environment necessitate, the Company would be able to respond appropriately and rapidly to any resurgence of Covid-19 to minimise any future impact on the business.

Inflation

Towards the later part of the period, the Company has been exposed to the rapidly rising inflation rates that have been seen globally as a result of Geopolitical factors, including but not limited to the conflict in Ukraine.

Due to the nature of the company; being a holding company for the main trading entities in the Cape Group, a large proportion of the costs incurred are passed onto other Group companies. The Group is largely protected from rising inflation rates with strong indexation arrangements in most contracts. The timing of such clauses becoming effective may cause a lag between the impact of rising costs being experienced and any increase in revenue. However, the Directors believe that these contractual provisions limit the impact of this risk.

The Company is conscious of the financial pressures its people are facing and has implemented a cost-of-living plan to assist employees during these turbulent times.

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Principal risks and uncertainties (Continued)

Ukraine Conflict

The Company's immediate direct financial exposure to the impact from the conflict in Ukraine is limited as the Company has no trading relationships with either Ukraine, Russia or Belarus.

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.

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 that 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 by the Company – they are key assets in facing our client's toughest challenges. 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.

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

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.

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: 10 March 2023

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The director presents his report and the audited financial statements of the Company for the year ended 31 August 2022.

Results and dividends

The profit/(loss) for the year of £6.3 million (2021: Loss £13.0 million) has been transferred to reserves.

A dividend of £7.5 million was approved by the director and paid during the year (2021: £1m).

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 directors have a reasonable expectation that the Company will continue in operational existence for the going concern period assessed until 31 March 2024, having received a letter of support from Altrad Investment Authority SAS. The directors have reviewed the resources of Altrad Investment Authority SAS and have concluded there is sufficient scope and headroom in its resources to adequately support the Company until 31 March 2024. This has enabled the Company's continued adoption of the going concern basis in preparing its financial statements.

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

Qualifying third party indemnity provisions

As permitted by the Companies Act 2006, the director is covered by indemnities from the ultimate parent undertaking. The director is 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.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 directors must not approve the financial statements unless they are 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.

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

DIRECTOR'S REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2022

Statement of directors' responsibilities (Continued)

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- in respect of the financial statements, state whether applicable UK Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 them to ensure that the Company financial statements comply with the Companies Act 2006. They are 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

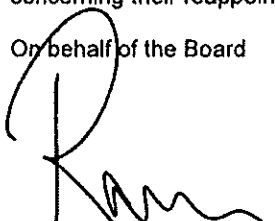
Disclosure of information to auditors

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: 10 March 2023

Company's Registered Number: 00040203

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 2022 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 17 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period when the financial statements are authorised for issue until 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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.

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CAPE INTERMEDIATE HOLDINGS LIMITED

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

Other information (continued)

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 this gives rise to 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 5, 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.

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.

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulations in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to the operations including General Data Protection Regulation.
- We understood how Cape Intermediate Holdings Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated our enquiries by reviewing supporting documents, including board meeting minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered the risk of management override, specifically as a result of manual journals posted at the yearend. We incorporated data analytics into our audit approach to assist into our targeted review of manual journals including segregation of duties, and journals indicating large or unusual transactions based on our understanding of the business. We have tested specific transactions back to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved understanding of entity level controls and inquiry with management and those charged with governance.

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.

DocuSigned by:
Tehseen Ali
A376997A86854EE...

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

Date: 10 March 2023

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £m	2021 £m
Administrative income/(expense)		0.1	(0.8)
Other operating expenses		(1.5)	(14.5)
Loss on ordinary activities before interest and taxation		(1.4)	(15.3)
Interest receivable and similar income	4	2.5	2.4
Interest payable and similar charges	4	(1.3)	(1.2)
Income from fixed asset investments		6.5	1
Profit/(loss) on ordinary activities before taxation		6.3	(13.1)
Tax credit on ordinary activities	5	-	0.1
Profit/(loss) on ordinary activities after taxation		6.3	(13.0)
Total comprehensive income/(expense) for the period		6.3	(13.0)

All results relate to continuing operations.

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED**STATEMENT OF FINANCIAL POSITION****AT 31 AUGUST 2022**

	Note	2022 £m	2021 £m
Fixed assets			
Investments	6	96.0	97.2
Total fixed assets		96.0	97.2
Current assets			
Debtors: Amounts falling due within one year	7	122.7	115.5
Deferred taxation	8	0.1	0.2
Total current assets		122.8	115.7
Current liabilities			
Creditors: Amounts falling due within one year	9	(66.5)	(61.3)
Provisions	10	(2.0)	(0.1)
Total current liabilities		(68.5)	(61.4)
Net current assets		54.3	54.3
Net assets		150.3	151.5
Capital and reserves			
Called up share capital	11	29.5	29.5
Share premium account		11.9	11.9
Special reserve		1.0	1.0
Profit and loss account	12	107.9	109.1
Total shareholders' funds		150.3	151.5

These financial statements were approved and signed by the Director on 10 March 2023.


Ran Oren
Director

Company's Registered Number: 00040203

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

For the year ended 31 August 2022

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 September 2021		29.5	11.9	1.0	109.1	151.5
Profit for the year		-	-	-	6.3	6.3
Dividends paid					(7.5)	(7.5)
At 31 August 2022	11	29.5	11.9	1.0	107.9	150.3

For the year ended 31 August 2021

	Note	Share capital £m	Share premium £m	Special reserve £m	Profit and loss account £m	Total equity £m
At 1 September 2010		29.5	11.9	1.0	123.1	165.5
Profit for the year		-	-	-	(13.0)	(13.0)
Dividends paid					(1.0)	(1.0)
At 31 August 2021	11	29.5	11.9	1.0	109.1	151.5

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

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 SAS.

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 Altrad Investment Authority SAS. 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

The directors have a reasonable expectation that the Company will continue in operational existence for the going concern period assessed until 31 March 2024, having received a letter of support from Altrad Investment Authority SAS. The directors have reviewed the resources of Altrad Investment Authority SAS and have concluded there is sufficient scope and headroom in its resources to adequately support the Company until 31 March 2024. This has enabled the Company's continued adoption of the going concern basis in preparing its financial statements.

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

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2022****1. Accounting policies (continued)****Changes to accounting policies and disclosures****New and amended standards adopted by the Company:**

The Company has applied the following standards for the first time for reporting periods commencing on or after 1 September 2021:

- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant & Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Deferred Tax related Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023

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 Altrad Investment Authority SAS.

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 if applicable.

Company's Registered Number: 00040203

CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

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.

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CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2022****3. Profit on ordinary activities after taxation**

The Company made a profit after tax of £6.3m during the year (2021: Loss £13m).

The auditor's remuneration, incurred by the Company has been borne by Cape plc.

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. Cape Intermediate Holdings had no employees in the current or prior year.

4. Interest

	2022	2021
	£m	£m
Interest receivable from Group undertakings	2.5	2.4
Interest payable to group undertakings	(1.3)	(1.2)

5. Tax on profit on ordinary activities

	2022	2021
	£m	£m
Current tax:		
UK Corporation tax at 19% (2021: 19%)	-	-
Foreign tax	-	-
Adjustments in respect of previous years	-	-
Current tax credit on profit on ordinary activities	-	-
Deferred tax:		
Origination and reversal of timing differences	-	(0.1)
Adjustments in respect of previous years	-	-
Impact of change in law and rates	-	-
Deferred tax (credit) on profit on ordinary activities	-	(0.1)
Tax credit on profit on ordinary activities	-	(0.1)

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	2021
	£m	£m
Profit/(loss) on ordinary activities before tax	6.3	(13.1)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	1.2	(2.5)
Effects of:		
Items not deductible for tax purposes	0.1	2.8
Transfer pricing	0.1	-
Adjustments in respect of previous periods	-	-
Non-taxable income	(1.2)	(0.2)
Irrecoverable ACT written back	(0.1)	(0.1)
Movement on deferred tax not provided	(0.1)	(0.1)
Total tax credit reported in the income statement	-	(0.1)

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CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2022****6. Fixed asset investments**

Subsidiary undertakings	£m
Cost	
At 1 st September 2021	381.3
Disposals during the year	(15.7)
At 31st August 2022	365.6
Impairments	
At 1 st September 2021	(284.1)
Disposals during the year	14.5
At 31st August 2022	(269.6)
Net book value	
At 1 st September 2021	97.2
At 31st August 2022	96.0

During the year the Company disposed of its entire shareholding in DBI Industrial Services Limited.

The Company's principal investments are:

Company name	Nature of business	Country of registration
Altrad Services Limited	Industrial services	United Kingdom
Altrad Environmental Onshore Services Limited	Industrial cleaning services	United Kingdom
Altrad 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.

7. Debtors: Amounts falling due within one year

	2022	2021
	£m	£m
Amounts falling due within one year:		
Amounts owed by Group undertakings	121.8	114.7
Tax debtors	0.9	0.8
Total amounts falling due within one year	122.7	115.5

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CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2022****8. Deferred taxation**

	2022 £m	2021 £m
Deferred taxation asset comprises:		
Tax losses	0.1	0.2
Total deferred taxation asset	0.1	0.2
Net deferred taxation asset		
At 1 September	0.2	0.1
Amount (debited)/credited to profit and loss	(0.1)	0.1
At 31 August	0.1	0.2

9. Creditors: Amounts falling due within one year

	2022 £m	2021 £m
Bank overdrafts	5.6	5.3
Amounts owed to Group undertakings	60.3	55.9
Accruals	0.6	0.1
Total amounts falling due within one year	66.5	61.3

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%.

10. Provisions for liabilities

	1 Sept 2021 £m	Provisions charged £m	Provisions released £m	Provision utilised £m	Provision transferred £m	31 Aug 2022 £m
Provisions	0.1	1.4	-	-	0.5	2.0

The provision held relates to overseas IDC claims received.

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CAPE INTERMEDIATE HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 AUGUST 2022****11. Called up share capital**

Authorised, allotted, called up and fully paid	At 31 Aug 2022	At 31 Aug 2022	At 31 Aug 2021	At 31 Aug 2021
	Number	£m	Number	£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.

12. Profit and loss account

	2022	2021
	£m	£m
At 1 September	109.1	123.1
Profit/(Loss) for the year	6.3	(13.0)
Dividends paid	(7.5)	(1.0)
At 31 August 2022	107.9	109.1

13. Reconciliation of movement in shareholders' funds

	2022	2021
	£m	£m
Profit/(loss) for the financial year	6.3	(13.0)
Dividends paid	(7.5)	(1.0)
Net decrease in shareholders' funds	(1.2)	(14.0)
Shareholders' funds at 1 September	151.5	165.5
Shareholders' funds at 31 August	150.3	151.5

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CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

14. Capital and reserves

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 2022 of £107.9 million (31 August 2021: £109.1 million) is £96 million (31 August 2021: £96 million) that is not distributable.

15. 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 the Company 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.

16. The Scheme of Arrangement

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

Cape Intermediate Holdings Limited
Cape Building Products Limited
Cape Calsil Systems Limited
Cape Contracts International Limited
Cape Durasteel Limited
Cape East Limited
Altrad 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;

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CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16. The Scheme of Arrangement (continued)

- (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 2022, a top up of £2.0m was made to the Scheme (31 Aug 2021: £2.0m);
- (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.

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CAPE INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

16. The Scheme of Arrangement (continued)

- (k) In the case of certain Scheme creditors (Recourse Scheme Creditors), who are those Scheme creditors whose claims are in whole or in part the subject of a contract of insurance (Recourse Scheme Claims) their rights to enforce their Recourse Scheme Claims against a relevant Scheme Company will revive in certain circumstances. These circumstances are where the relevant Scheme Company is insolvent or where there has been a specified reduction in the Payment Percentage and if the Scheme creditor was able to bring about the insolvency of the relevant Scheme Company he would be able to recover greater compensation from the FSCS ("Financial Services Compensation Scheme") or, in certain circumstances, from a solvent insurer than is available from CCS at that time under the Scheme. There will be a specified reduction if either (i) the Payment Percentage has been reduced below 100 per cent but above 50 per cent and the Scheme creditor has not been paid in full after 12 months or (ii) the Payment Percentage is reduced to 50 per cent or below
- (l) Each Scheme Company will agree to hold on trust for any Scheme creditor concerned the proceeds of any policy of insurance (or any compensation received from the FSCS) referable to that Scheme claim;
- (m) The restriction described in sub paragraph (a) above will not apply to proceedings to enforce the right to conferred under sub-paragraph (l) above;
- (n) There are provisions contained in two reimbursement agreements which preserve certain rights of proof by CCS and Cape plc respectively in any insolvency of Cape plc or any of the other Scheme companies; and
- (o) In support of the above, on 6 May 2011 CIH, Cape plc and CCS entered into a new Guarantee and Funding Agreement whereby Cape plc agreed to make certain additional funding available to CIH in connection with CIH's commitments under the Funding Agreement, as well as to guarantee all present and future payment obligations of Cape plc and CCS under the Funding Agreement. In addition, a Scheme Share in Cape plc (referred to in paragraph (j) above) was issued to the Scheme Shareholder which has similar rights to the Scheme Shares in CIH and CCS and which will afford the Scheme Shareholder substantially the same rights to those provided by the Scheme Shares in CIH and CCS.

17. 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 Authority SAS can be obtained from the Company Secretary, 16 avenue de la Gardie – 34510 Florensac - France.