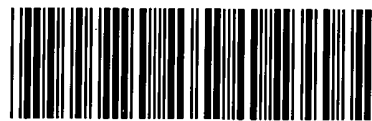


Company's Registered Number: 5445427

CAPE CLAIMS SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

SATURDAY



A75TZ6P5

A07

12/05/2018

#374

COMPANIES HOUSE

CAPE CLAIMS SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Lord M Desai
C R Pond

REGISTERED OFFICE

Drayton Hall
Church Road
West Drayton
Middlesex
UB7 7PS

BANKERS

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS

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

CAPE CLAIMS SERVICES LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

Review of the business and future developments

In order to provide for the long term financing of the future asbestos-related claims likely to be made successfully against the Cape plc group of companies ('Cape Group'), Cape Intermediate Holdings Limited, Cape plc and 12 of its subsidiaries ('Scheme Companies') put in place the Creditor Scheme of Arrangement ('Scheme'), details of which are set out in note 16. The Scheme became effective in relation to the Scheme Companies on 14 June 2006.

The Company undertakes to settle all of the Scheme Claims brought against the Scheme Companies within the Cape Group. In particular, pursuant to a guarantee dated 14 March 2006, the Company has undertaken (subject to certain conditions) to make payment of the Scheme Claims of the Scheme Companies.

During the year, the Company has paid an amount relating to scheme claims of £3,937,258 (2016: £3,880,372) and has received interest of £268,000 (2016: £365,000). The profit for the year of £159,000 (2016 loss of £428,000) has been transferred to reserves.

The directors expect the Company to continue operating as a claims settlement entity for the foreseeable future.

Principal risks and uncertainties

The Board of Cape plc manages risks at a group level and is committed to enhancing the Cape 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 has large cash deposits in UK banks and the principal risk to the Company is third party risk regarding the financial security of those banks and the security of the Company's deposits.

On behalf of the Board



Christopher R Pond
Director

17 April 2018

CAPE CLAIMS SERVICES LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The directors do not recommend the payment of a dividend (2016: £nil).

The profit for the year of £159,000 (2016 loss of £428,000) has been transferred to reserves.

Directors and directors' interests

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

Lord M Desai
C R Pond

The directors had no beneficial interests in the shares of the Company. Two of the directors (2016: two) were remunerated by the Company for their services.

Qualifying third party indemnity provisions

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

The Company has not made any qualifying indemnity provisions.

Going concern

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

The Company is part of a group that has strategic objectives focused on long term growth, has long term contracts with customers in a number of different geographic areas. Consequently, the directors believe that the Company is well placed to prosper in the coming years.

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

CAPE CLAIMS SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable 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.

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;
- 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 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 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.

Disclosure of information to auditors

So far as each 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. Each director has taken all the steps (such as making enquiries of other directors and 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



Christopher R Pond
Director

17 April 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPE CLAIMS SERVICES LIMITED

We have audited the financial statements of Cape Claims Services Limited for the year ended 31 December 2017 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

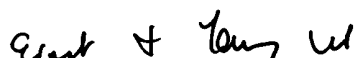
As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable 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.

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.



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

19 April 2018

CAPE CLAIMS SERVICES LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
Turnover		188	413
Administrative expenses		(297)	(1,206)
Operating (loss)	2	(109)	(793)
Interest receivable and similar income	6	268	365
Profit/(loss) on ordinary activities before taxation		159	(428)
Tax on profit on ordinary activities	7	-	-
Profit/(loss) on ordinary activities after taxation	14	159	(428)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		159	(428)

All results relate to continuing operations.

CAPE CLAIMS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Note	2017 £000	2016 £000
Non-current assets			
Restricted deposits	9	-	3,500
Current assets			
Debtors: Amounts falling due within one year	8	14,277	10,754
Restricted deposits	9	12,501	24,539
Restricted cash	9	30,986	13,716
		57,764	49,009
Current liabilities			
Creditors: Amounts falling due within one year	10	(49,594)	(44,498)
Net current assets		8,170	4,511
Creditors: Amounts falling due after one year	11	-	-
Net assets		8,170	8,011
Capital and reserves			
Called up share capital	13	1	1
Profit and loss account	14	8,169	8,010
Total shareholders' funds	15	8,170	8,011

These financial statements were approved by the Board of Directors on 17 April 2018 and signed on its behalf by:



Christopher R Pond
Director

CAPE CLAIMS SERVICES LIMITED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2017**

	Note	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017		1	8,010	8,011
Profit for the year	14	-	159	159
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	159	159
At 31 December 2017		1	8,169	8,170

For the year ended 31 December 2016

	Note	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016		1	8,438	8,439
(Loss) for the year	14	-	(428)	(428)
Other comprehensive income		-	-	-
Total comprehensive (expense) for the year		-	(428)	(428)
At 31 December 2016		1	8,010	8,011

CAPE CLAIMS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 Cape plc.

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

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

Cape Claims Services 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 £'000.

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

b) 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.

c) Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of services for other Cape Group companies. Turnover is shown net of value added tax, rebates and discounts.

d) Scheme payments

The Company pays amounts due to third parties for damages and legal costs relating to asbestos related diseases for the scheme companies. The scheme companies are disclosed in note 17. No provision is made for future costs relating to asbestos disease claims, as the liability to pay damages and costs does not transfer to the Company until amounts payable are agreed.

CAPE CLAIMS SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017****1. Accounting policies (continued)****e) 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.

f) Restricted cash and deposits

Restricted cash and deposits comprise instant access deposit accounts, short-term deposits and long-term fixed-term deposits, all at UK banks. The funds are restricted for use primarily in settling the Cape Group's asbestos-related liabilities. Restricted deposits maturing 12 months after the year end are classified as non-current.

2. Operating loss

The auditor's remuneration for 2017 and 2016 incurred by the Company has been borne by the parent company.

3. Segment reporting

The Company's activities consist solely of the provision of services for Cape Group companies within the United Kingdom.

4. Directors' emoluments

	2017	2016
	£000	£000
Aggregate emoluments	60	60

The emoluments above relate to the two directors (2016: 2).

5. Employees

The average number of employees employed by the Company (including directors) during the year was as follows:

	2017	2016
Management	2	2

The only employees are the two directors paid by the Company.

CAPE CLAIMS SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017****5. Employees (continued)**

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	60	60
Social security costs	6	6
	66	66

6. Interest receivable and similar income

	2017	2016
	£000	£000
Bank interest receivable	268	365

7. Tax on profit on ordinary activities

	2017	2016
	£000	£000
Current tax:		
UK corporation tax at 19.25% (2016: 20%)	-	-
Adjustments in respect of previous periods	-	-
Tax charge on profit on ordinary activities	-	-

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit/(loss) on ordinary activities before tax	159	(428)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	31	(86)
Effects of:		
Group relief	(31)	86
Current tax charge for the year	-	-

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

CAPE CLAIMS SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017****8. Debtors: Amounts falling due within one year**

	2017 £000	2016 £000
Amount owed by Cape Group undertakings	14,064	10,362
Social security and other taxes	18	144
Prepayments and accrued income	195	248
	14,277	10,754

9. Restricted funds

	2017 £000	2016 £000
Restricted cash	30,986	13,716
Restricted deposits accessible:		
- within three months	9,001	19,039
- between three months and one year	3,500	5,500
- between one and five years	-	3,500
	43,487	41,755

Restricted funds comprise instant access deposit accounts, short-term deposits and long-term fixed-term deposits, all at UK banks. The funds are restricted for use primarily in settling the Cape Group's asbestos-related liabilities.

10. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Other creditors	99	529
Amounts owed to Group undertakings	49,495	43,969
	49,594	44,498

11. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Amounts owed to Group undertakings	-	-

These amounts will be repaid as and when agreed between the applicable parties.

12. Deferred tax

There is no potential asset/liability to deferred taxation arising on timing differences between the treatment of items for financial statements and taxation purposes at 31 December 2017 (2016: £nil).

CAPE CLAIMS SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2017****13. Called up share capital**

	2017 £000	2016 £000
Authorised, allotted and fully paid:		
999 Ordinary shares of £1 each (2016: 999)	1	1
1 plc Scheme share of £1 (2016: 1)	-	-
	1	1

plc Scheme share

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.

14. Profit and loss account

	2017 £000	2016 £000
At 1 January	8,010	8,438
Profit/(loss) for the financial year	159	(428)
At 31 December	8,169	8,010

15. Reconciliation of movement in shareholders' funds

	2017 £000	2016 £000
Profit/(loss) for the year	159	(428)
Net increase/(decrease) to shareholders' funds	159	(428)
Shareholders' funds at 1 January	8,011	8,439
Shareholders' funds at 31 December	8,170	8,011

CAPE CLAIMS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

16. 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-documents, the Articles of Association of Cape Intermediate Holdings Limited ("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 £40 million 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 £40 million 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 £5.2 million was made to the Scheme (2016: £13.0 million);
- (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;

CAPE CLAIMS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

16. The Scheme of Arrangement (continued)

- (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; and
- (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.
- (o) In support of the above, on 6 May 2011 CIH, Cape plc and CCS entered into a new Guarantee and Funding Agreement whereby Cape plc agreed to make certain additional funding available to CIH in connection with CIH's commitments under the Funding Agreement, as well as to guarantee all present and future payment obligations of Cape plc and CCS under the Funding Agreement. In addition, a Scheme Share in Cape plc (referred to in paragraph (j) above) was issued to the Scheme Shareholder which has similar rights to the Scheme Shares in CIH and CCS and which will afford the Scheme Shareholder substantially the same rights to those provided by the Scheme Shares in CIH and CCS.

CAPE CLAIMS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2017

17. Ultimate parent undertaking

The immediate parent undertaking is 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.