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Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

(formerly Cape Industrial Services Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

John Walsh
Padraig Somers

REGISTERED OFFICE

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

BANKERS

HSBC Bank plc
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

INDEPENDENT AUDITORS

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

ALTRAD SERVICES LIMITED

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ALTRAD SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their Strategic Report for the year ended 31 August 2021.

Principal activities

The Company provides a wide range of critical industrial services including access solutions, refractory linings, environmental services, insulation, specialist coating, fire protection and associated services focused on the energy and natural resource sectors.

Review of the business and future developments

The Company's trading performance has improved over the year to 31 August 2021, although turnover decreased to £193,198,000 (2020: £198,867,000), gross profit increased to £27,337,000 (2020: £20,322,000). Profit before tax excluding exceptional costs has increased to £19,226,000 (2020: £2,416,000). After exceptional items there is a profit before tax of £13,450,000 (2020: loss of £1,418,000). The increase in profitability has primarily been caused by the recovery from the Covid-19 pandemic.

The Company derives the majority of its revenue from maintenance activities much of which is generated from long term framework agreements. Working capital is closely managed with regular reviews of trade and other receivables. In the future, directors anticipate moderate but stable revenue growth across maintenance contracts which are in relatively mature markets, with growth opportunities arising from the nuclear new build sector and cross-selling initiatives across the Altrad Group.

Principal risks and uncertainties

The Board of Altrad Investment Authority (the ultimate parent company) 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 principal risks and uncertainties facing the Group are broadly grouped as: external, competitive, operational and commercial, and financial. The risks and uncertainties facing Altrad Services Limited ("ASL") are considered to be consistent with the Group. While these risks are summarised below, further details and the Group's mitigating actions can be found in Altrad Investment Authority's Annual Report, which does not form part of these financial statements.

External
Altrad Investment Authority's business is diverse and operations in certain locations may be affected by factors outside the Group's control. These include changes to political, economic and environmental conditions in existing and new territories.

Coronavirus
There remains ongoing uncertainty around the impact of the global pandemic caused by Covid-19 on the global economy. The directors remain concerned about the impact on employees, suppliers and customers of the Group and are continually assessing the impacts. However, the directors believe the Company is well placed to trade through the uncertain times caused by the Covid-19 pandemic.

The safety of employees is our first priority and is at the forefront of our response to the pandemic. The directors have taken active measures to ensure the to ensure the Company's people remain safe and healthy which has included the implementation of safety measure and there are regular health and safety meetings to ensure compliance with the measures introduced.

The Company provides essential services for our customers and the continuation of those services remains a key priority. Contingency plans have been implemented in consultation with our clients on whose sites we operate. And we are implementing a range of measures to mitigate operational and commercial risks as they emerge.

Principal risks and uncertainties (continued)

Business sustainability is also kept under continual review and the Company has sufficient liquidity, and support available from the wider group should it be required.

Whilst this outcome is deemed unlikely by the directors, the directors acknowledge the general uncertainty created by Covid-19 and as such have obtained a written confirmation of financial support from its ultimate parent undertaking, Altrad Investment Authority SAS (125 rue du Mas de Carbonnier, 34000 Montpellier, France) for a period of 12 months from the date of signing these financial statements. The directors have made relevant enquiries of the group which indicates that Altrad Investment Authority is in a strong financial position with sufficient amounts of liquid assets available, and are therefore satisfied that the ultimate parent undertaking has adequate resource to provide support to the Company if it is needed.

Ukraine Conflict
The Company continues to monitor the ongoing tragic conflict in the Ukraine and the resulting impact on international relationships, to understand the potential effects upon the Company. The Company's immediate direct financial exposure to the impact from the conflict is limited as we have no trading relationships with either the Ukraine, Russia or Belarus, and we do not expect there to be a material impact on trade or the valuation of the Company's assets going forward.

Brexit
In the UK the economic climate has also been influenced by the potential impact of Brexit since the UK's decision to leave the EU in 2016. Based on the results of the trade negotiations and given that the Company's business is significantly UK based, both interms of customers and supply chains, the Board remains confident that there will be minimal disruption to the business, and at this time no significant risk factors have been identified which would materially impact the Company.

Competitive
Altrad Investment Authority operates mainly in the energy and natural resources sectors and the Group's earnings depend on a stable long-term demand for oil, gas and electricity. In addition, losing certain key clients with which the Group has several contracts could have an adverse effect on ASL's revenues.

Operational and commercial
Health and safety
Many of Altrad Investment Authority's operating environments have associated health and safety risks and failure to maintain the highest safety standards on site could result in injury to our employees, damage to the environment and a loss of clients, as well as damage to ASL's reputation. The Company is maintaining a provision in respect of lodged and future industrial disease claims for which the Board of Directors of Cape plc believes the Group to be liable, arising on alleged exposure to previously manufactured asbestos products (see note 19).

Contract and project performance
The terms and conditions of the Company's contracts, as well as the actual project performance by Altrad Investment Authority subsidiaries, could expose it to cost overruns resulting in adverse financial performance.

Financial
The Company has limited exposure to foreign exchange and interest rate risks albeit these are routinely monitored by experienced finance, tax and treasury teams at Group level.

Credit risk is managed by the Company. Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company has an established credit policy under which each new customer is analysed for credit worthiness before the company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, and in some cases bank references.

Section 172(1) statement

Altrad Services Limited is a subsidiary of the Altrad Group and its board operates as part of the Altrad Group. As part of the wider Altrad Group, 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 world's 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 who truly cares. Our apprentice and graduate intake provides our next generation of people who can take on complex challenges and make a difference in the world through innovation, creativity and teamwork.

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

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

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

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

ALTRAD SERVICES LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Section 172(1) statement (continued)

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

John Walsh
Director

Date: 26 May 2022

Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

Introduction

The Wates Corporate Governance Principles for Large Private Companies serves as the framework to demonstrate how Directors have had regard for the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 when performing their duties, including how Directors have engaged with and considered the interests of stakeholders including UK employees, suppliers, customers and those in a principal business relationship with the Company. Reporting against the Wates Principles is included in the Corporate Governance Statement below.

Corporate Governance Statement

For the year ended 31 August 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies. The Directors have set out below an explanation of how the Wates Principles have been applied during the year.

Principle 1 - Purpose and Leadership

The Directors of Altrad Services Limited together with a wider management team ("the Leadership team") sets the Company's purpose and strategy, and are accountable to the Altrad Group ("Altrad") based in Montpellier, France.

Altrad is a world leader in the provision of Industrial Services, and is made up of 42,000 people distributed across 50 countries operating across Europe, the Middle East, Africa, Asia and the Pacific. Altrad's strategy is to bring value to its customers by providing diversified, high-quality services, with high ethical and safety standards, in several sectors, and a long-term vision of the market and its prospects. Altrad's activities range from project engineering to plant maintenance in sectors as varied as oil and gas (28% of sales), electrical energy (11%), process industries (25%) and construction (36%), including the manufacture of wheelbarrows and concrete mixers as well as scaffolding, for both sale and rental.

The Company together with its Altrad affiliates are the UK's leading provider of support services. It enhances the lives of millions by supporting some the nation's most vital energy generating assets. It uses its ingenuity to get ahead, solving the nation's infrastructure challenges through innovation, creativity and teamwork.

Principle 2 - Leadership composition

Although the parent company is not listed on a stock exchange, Altrad's commitment to the principles of good governance to guarantee economic performance, exemplary administration and management, trust and transparency has led it to opt for a governance model that respects the principles of the *Autorité des Marchès Financiers* (French financial markets authority). The foundations of this governance system are transparency of financial information, risk management in accordance with the highest standards, and ethical rules, strengthening the independence of directors in relation to the President and providing shareholders with the best information and the greatest possible visibility.

The Company's Leadership team comprises of a Chief Executive Officer, Finance Director, Director of Business Development & Strategy, two Managing Directors, Human Resources Director and a Commercial Director. The Leadership team has a diverse range of skills, expertise and over 175 combined years of experience in the oil & gas, petrochemical, nuclear and conventional and renewable power generation markets. The Leadership team size and composition is regarded as appropriate to the Company's large yet focused business.

The members of the Leadership team have equal voting rights when making decisions, except the CEO, who has a casting vote. All members have access to the advice and services of Altrad's Legal Counsel and may, if they wish, take professional advice at the Company's expense.

The Company is committed to creating an ever-more inclusive environment, thereby fostering a more diverse workforce with a greater breadth of experience and perspective including at the most senior levels. The Company has demonstrated its commitment to this area by establishing a UK Diversity and Inclusiveness committee in 2020 who set the strategy in this area, and who report to the leadership team throughout the year.

ALTRAD SERVICES LIMITED

CORPORATE GOVERNANCE REPORT (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Principle 3 – Leadership responsibilities

Each member of the Leadership team understands what they are accountable and responsible for and reports on a monthly basis. The Leadership team is further supported by an Operating Committee that meets monthly. The Leadership team, whilst ultimately retaining responsibility for UK decision making, ensures delegated decision makers are individuals with the most experience and relevant knowledge.

All members of the Leadership team are required to consider any conflicts or potential conflicts and declare them via an ethics and integrity portal as a minimum annually. Altrad operates a zero-tolerance approach to unethical business conduct and as a leading global organisation has a responsibility in the global fight against bribery and corruption. Altrad's business ethics and integrity framework provide a structured and effective means of managing ethical risks through controls, systems, training and audit programmes.

Principle 4 - Opportunity and Risk

To ensure Altrad achieves its purpose, the Leadership team actively pursues opportunities, both reinvestment and development to fuel organic growth, and acquiring carefully selected businesses to bolster the Company's core operations or expand into complementary sectors. Altrad's mergers & acquisitions team identify acquisition targets and the potential synergies available and, in tandem with the Leadership team, performs comprehensive commercial, financial and legal due diligence.

The Company published it's five year plan, "Altrad 2026 Strategy" in the year which is available to download on its website https://www.altradservices.com/our-approach/?section=strategy . By 2026, the Company and its affiliates will have grown by 75% in size and will continue to be the leading provider of support services in the UK. The growth journey will be driven by three strategic elements; ***Retain*** via client satisfaction and key account management; ***Develop*** by strategic bid management, organic growth and new skills & capabilities; ***Acquire*** through strategic partnerships and acquisitions.

Risk management involves an acceptance of a reasonable degree of risk, which no entrepreneurial business is without, within a governance framework that manages the risks to reduce the potential impact. Key business risks are monitored through the Company's matrix organisational structure with several levels of control and management. While Altrad maintains a global risk governance framework, the Company also has its individual risk management plan. This duplication enables a holistic, Group approach in combination with localised, country or market-specific assessments.

The Company monitors and acts to mitigate risks on a weekly basis as required, whilst working within the Group formal risk framework. Within the Company, there is both a responsibility towards and a dependency on the people within the business. Their safety and wellbeing are the number one focus. The business is unequivocally committed to achieving excellence in safety, including supporting an environment and culture where this remains the number one priority throughout our operations. The Company defines safety as a condition of being; an output of performance which is driven through senior leadership responsibility and accountability. The Company's leaders commit to inspire, enable and challenge in order to ensure complete dedication to the people within the business. This has been continually demonstrated during the current Covid-19 pandemic, and these beliefs, behaviours and attitudes are integral to the Company's safety model and intrinsically linked to accomplishing optimal safety performance.

Principle 5 - Remuneration

Altrad oversees the remuneration of the Leadership team, with market rate salaries to ensure retention coupled with short and long term incentive plans which are aligned to Altrad's purpose and the interests of stakeholders at both a UK and Group level.

The Leadership team oversees the remuneration of the Company's people with certain changes requiring oversight and sign off by Altrad. A large proportion of the Company's people are paid in line with industry standards.

The Company is committed to creating a culture of excellence that not only enables employees to reach their full potential but also enables the Group to live up to its ambitions.

Principle 6 - Stakeholder Relationships and Engagement

Business relationships: The Company works with some of the world's most respected companies and prides itself on its commitment to understand their needs, working collaboratively to deliver value-enhancing solutions. The Company builds strong, sustainable relationships with its clients and suppliers, which are essential to the long-term success of the business. Key relationships are managed via a structured key account management process (KAM) process which encourages regular communication and promotes continuous improvement activities.

People: The Company provides an inclusive environment where its 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. The Company celebrates the importance of having a diverse workforce, and its rich diversity helps build the skills, ideas and behaviours which characterise its people. The Company provides its people with the opportunity to build progressive careers, within an environment that values ingenuity, creativity and ambition.

Apprentices and graduates: The Apprentice and Graduate programmes provide opportunities to make a real impact within a Company that truly cares. The intake from these programmes provides the 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 Company values highly the skills and experience gained in uniform – the capabilities that result are key assets in addressing client's toughest challenges. From a strong work ethic to strong leadership skills, and a focus on teamwork, the Company has many roles that fit these desirable qualities.

Ex-offenders: The Company treats all of its people with respect, regardless of their past experiences. The business wants its people to learn from their past and create a better future. Through a programme of learning and development, structured to meet their needs, the Company offers 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 that any of the people within the Company become disabled whilst in service, the business strives to support their needs with every effort being made to continue their employment. This may include adapting work environments, transfers to alternative duties, or if required, retraining to undertake new roles.

People engagement: The true value of the business resides within its people – as such, there are regular and various means and media used for communication. An intranet site is maintained that provides the Company's people with the latest information, using applications that provide instantaneous news updates. There is 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 the business's teams.

Culture and values: The Company is defined by its values; they drive the business to succeed and underpin its conduct and approach. The values are at the forefront of every decision that is made, and define the behaviours of the Company's people. Values of Respect, Solidarity, Courage, Humility and Conviviality, drive the business to be the best it can. In the collective, the Company's people and values form its corporate culture, which serve the best interests of its shareholders, its clients, its people, its suppliers and other stakeholders – ensuring the long-term success of the business.

Sustainability and Community: The Company understands the importance of creating a sustainable future; it runs throughout the strategy, it's part of the business's culture and it's central to its day to day operations. The Company is committed to making positive impacts for its people, its clients and the wider business. As the Company continues to evolve its sustainability strategy, challenges are set for the business, its people and its 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. The Company contributes to the development of the

Principle 6 - Stakeholder Relationships and Engagement (Continued)

communities in which it works through a number of initiatives ranging from job creation and volunteering opportunities through to sourcing materials from local suppliers where possible. The Company takes pride in supporting a number of community and charitable based projects to make sure it makes a positive contribution to its local communities.

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

ALTRAD SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 August 2021.

Change of name

The company changed its name from Cape Industrial Services Limited to Altrad Services Limited on 1 June 2021.

Principal activities

The Company provides a wide range of critical industrial services focused on the energy and natural resource sectors.

Results for the year

Revenue for the period was £193,198,000 (2020: £198,867,000). The profit for the year of £13,381,000 (2020: £1,009,000) has been transferred to reserves.

Dividends

No dividends were paid during 2021 (2020: £nil).

Directors

The following persons served as Directors during the year and up to the date of signing the financial statements:

- P Somers
- J A Walsh

The directors had no beneficial interests in the shares of the company.

Going concern

The directors have a reasonable expectation that Altrad Services Limited will continue in operational existence for the foreseeable future having received a letter of support from Altrad Investment Authority SAS. This letter confirms continuing support for 12 months from the date of signing these financial statements. 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 Altrad Services Limited over the next 12 months. This has enabled Altrad Services Limited continued adoption of the going concern basis in preparing its financial statements.

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

Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Coronavirus

At the date of signing these financial statements, the directors have considered the effect of the Coronavirus pandemic on the company with the information available to it, and do not believe it will affect the company's ability to continue for the foreseeable future. As with most businesses there will be short term practical difficulties which we have addressed and are managing. However, a number of our clients operate in 'essential' industries and as a result we have continued to generate turnover from a significant number of contracts. See note 1a for further details.

Qualifying third party indemnity provisions

As permitted by the Companies Act 2006, all directors are covered by indemnities from the 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.

Streamlined Energy and Carbon Reporting

The below table shows the Company's UK energy usage and greenhouse emissions as follows:

UK Green house gas emissions and energy use data for the period 1 September 2020 to 31 August 2021	2020/21
Energy consumption used to calculate emissions (kWh)	6,581,175
Energy consumption break down (kWh):	
* gas	161,033
* electricity	398,944
* transport fuel	6,021,199
Scope 1 emissions in metric tonnes CO2e	
Gas consumption	29.6
Owned transport	1,364.5
Total Scope 1	1,394.2
Scope 2 emissions in metric tonnes CO2e	
Purchased electricity	93.0
Scope 3 emissions in metric tonnes CO2e	
Business travel in employee owned vehicles	149.0
Total gross emissions in metric tonnes CO2e	1,636.2
Intensity ratio Tonnes CO2e per £1,000 of revenue	0.008

Streamlined Energy and Carbon Reporting (continued)

Quantification and reporting methodology

We have followed the 2020 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO_2e per employee and also gross emissions in metric tonnes CO_2e per £1,000 of revenue

Measures taken to improve energy efficiency

We are in the process of installing smart meters across our biggest consuming sites and we continue to use great video conferencing technology to prevent travel to sites. Whilst this has been driven by the Covid pandemic we are reviewing where we can continue this working practice post lock event

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.

So far as each director is aware:

- there is no relevant audit information of which the Company's auditor is 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 he/she ought to have taken as a director (taking account of their individual capacity) in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom laws 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 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;
- 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 FRS101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the 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, in which case there should be supporting assumptions or qualifications as necessary.

ALTRAD SERVICES LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 31 AUGUST 2021

Directors' responsibilities (continued)

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.

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.

For and on behalf of the Board of Directors

John Walsh
Director

Date: 26 May 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALTRAD SERVICES LIMITED

FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the financial statements of Altrad Services Limited for the year ended 31 August 2021 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 28, 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 2021 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 of 12 months from when the financial statements are authorised for issue.

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.

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 13, 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.

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 Altrad Services 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 considered there to be a fraud risk around revenue recognition, particularly, in respect of contracts with existing or potential commercial disputes and risks around recoverability of revenue recognised. We used data analytics tools to perform a correlation analysis between revenue, amount recoverable on contract, receivables and cash. Using the correlation, we tested that the flow of transactions is in line with our expectations and identified and tested unusual and unexpected journals which could be evidence of management override of controls. We verified the underlying data driving our correlation analysis by tracing a sample of cash transactions, selected at random throughout the year, to bank statements to verify the cash entries represent real cash receipts. We tested the post year end billing of amount recoverable on contract and performed ageing analysis of the balance as at year end. Further, in respect of material contracts, we have obtained an understanding of the terms of contract and performed month wise gross margin analysis to identify any potential upside or downside to revenue recognised. We have also reviewed the project cost report to identify any potential loss-making contracts.
- In addition, 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. In addition, we completed procedures to conclude on compliance of the disclosures in the financial statements with the requirements of the relevant accounting standards and UK legislation.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ALTRAD SERVICES LIMITED

FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

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.

Jamie Dixon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
Date: 26 May 2022

ALTRAD SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

		2021			2020		
	Notes	Business Performance £'000	Exceptional Items £'000	Total £'000	Business Performance £'000	Exceptional Items £'000	Total £'000
Turnover	3	**193,198**	-	**193,198**	198,867	-	198,867
Cost of sales		**(166,039)**	-	**(166,039)**	(178,545)	-	(178,845)
Gross profit		27,159	-	27,159	20,322	-	20,322
Administrative expenses		**(11,137)**	-	**(11,137)**	(20,985)	-	(20,985)
Other income	5	**845**	-	**845**	7,182	-	7,182
Other operating expenses	4,26	**(3,919)**	**(4,278)**	**(8,197)**	(7,835)	(1,638)	(9,473)
Profit /(Loss) on ordinary activities before Interest and Taxation	2	**12,948**	**(4,278)**	**8,670**	(1,316)	(1,638)	(2,955)
Income from other fixed asset investments		**4,245**	-	**4,245**	2,114	-	2,114
Interest receivable and similar Income	9	**4,612**	-	**4,612**	5,084	-	5,084
Interest payable and similar charges	9	**(2,758)**	**(1,498)**	**(4,256)**	(3,466)	(2,196)	(5,662)
Profit / (loss) before tax		**19,047**	**(5,776)**	**13,271**	2,416	(3,834)	(1,418)
Tax	10	**(1,129)**	**1,097**	**(32)**	1,699	728	2,427
Profit / (loss) for the period		**17,918**	**(4,679)**	**13,239**	4,115	(3,106)	1,009

Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Profit for the period		**13,239**	1,009
Other comprehensive expense			
Currency translation differences		**(63)**	(171)
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods		**(63)**	(171)
Other comprehensive income /(expense) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit pension plan	22	**332**	(1,853)
Tax effect of movements in retirement benefit asset	22	**(73)**	352
Net other comprehensive income /(expense) not to be reclassified to profit or loss in subsequent periods		**259**	(1,501)
Other comprehensive income /(expense) for the period, net of tax		**196**	(1,672)
Total comprehensive income /(expense) for the period		**13,435**	(663)

Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Issued share capital £'000	Retained earnings £'000	Total equity £'000
At 1 September 2020		10,000	(13,257)	(3,257)
Profit for the year		-	1,009	1,009
Other comprehensive expense		-	(1,672)	(1,672)
Total comprehensive expense for the year		-	(663)	(663)
At 31 August 2020		10,000	(13,920)	(3,920)
Profit for the period		-	13,239	13,381
Other comprehensive income		-	196	196
Total comprehensive income for the year		-	13,435	13,577
At 31 August 2021		10,000	(485)	9,657

Company's Registered Number: 3337119

ALTRAD SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 AUGUST 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Tangible assets	11	**8,685**	12,898
Right of use assets	13	**1,017**	1,615
Intangible assets	12	**4,031**	3,090
Investments	14	**5,995**	5,995
Deferred tax assets	20	**14,883**	14,604
Amounts owed by Group undertakings	18	**86,643**	73,020
Total non-current assets		**121,254**	111,222
Current assets			
Inventories	15	**560**	889
Trade and other receivables	16	**67,954**	67,924
Cash and cash equivalents		**15,248**	41,831
Total current assets		**83,762**	110,644
Total assets		**205,016**	221,866
Current liabilities			
Creditors: Amounts falling due within one year	17	**(62,370)**	(76,877)
Lease liabilities	13	**(408)**	(769)
Provision for industrial disease claims	19, 23	**(11,901)**	(21,856)
Other provisions	19	**(1,175)**	(1,175)
Total current liabilities		**(75,854)**	(100,677)
Net current assets		**7,908**	9,967
Total assets less current liabilities		**129,162**	121,189
Non-current liabilities			
Creditors: Amounts falling due after more than one year			
Retirement benefit obligation	22	**(3,745)**	(4,527)
Lease liabilities	13	**(621)**	(855)
Provision for industrial disease claims	19, 23	**(115,115)**	(119,556)
Other provisions	19	**(166)**	(171)
Total non-current liabilities		**(119,647)**	(125,109)
Net assets /(liabilities)		**9,515**	(3,920)
Capital and reserves			
Called up share capital	21	**10,000**	10,000
Profit and loss account		**(485)**	(13,920)
Total shareholders' funds /(deficit)		**9,515**	(3,920)

These Financial Statements on pages 18 to 53 were approved by the board of directors and signed on its behalf by:

John Walsh
Director

Date: 26 May 2022

1. Accounting policies

Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Altrad Services Limited (the "Company") for the year ended 31 August 2021 were authorised for issue by the board of directors on May 2022 and the balance sheet was signed by the director on behalf of the board of Altrad Services Limited, a Company incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The financial statements contain information about Altrad Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included with its subsidiary undertakings in the consolidated financial statements of Cape plc. The financial statements of Cape plc can be obtained from the Company Secretary by writing to 47 Esplanade, St. Helier, Jersey, JE1 0BD.

The principal accounting policies adopted by the Company are set out below.

a) Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company has taken advantage of the following disclosure exemptions under FRS 101.

- IFRS 7 'Financial Instruments: Disclosures;
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The requirements of paragraph 38 of IAS 1 'Presentation of financial statements' regarding comparative information requirements in respect of:
  - Paragraph 79 (a) (iv) of IAS 1;
  - Paragraph 73 (e) of IAS 16 'Property, plant and equipment;
  - Paragraph 118 (e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1 'Presentation of financial statements';
  - 10 (d) statement of cash flows;
  - 10 (f) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);

1. Accounting policies (continued)

a) Basis of preparation (continued)

  - 40A-D (requirements for a third statement of financial position);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- IAS 7 'Statement of cash flow';
- The requirements of paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements of paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The disclosure of related party transactions with other wholly owned members of the group headed by Cape plc.

Going Concern

The directors have a reasonable expectation that Altrad Services Limited will continue in operational existence for the foreseeable future having received a letter of support from Altrad Investment Authority SAS. This letter confirms continuing support for 12 months from the date of signing these financial statements. 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 Altrad Services Limited over the next 12 months. This has enabled Altrad Services Limited continued adoption of the going concern basis in preparing its financial statements.

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

1. Accounting policies (continued)

a) Basis of preparation (continued)

Changes to accounting policies and disclosures

The Company has applied the following standards for the first time for reporting periods commencing on or after 1 September 2020:

- The Conceptual Framework for Financial Reporting;
- IFRS 3 (amendments) – Business Combinations;
- IAS 1 and IAS 8 (amendments) – Definition of material;
- IFRS 16 (amendments) – Covid 19-Related Rent Concessions.

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
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and 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
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2023
Interest Rate Benchmark Reform - Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

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

b) Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Investments
Investments in subsidiaries and joint ventures are held at historical cost less any provision for impairment.

1. **Accounting policies (continued)**

b) Significant accounting policies (continued)

Foreign currencies
a) Functional and presentational currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

b) Transactions and balances
Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within operating profit.

Non-monetary items that are measured in terms of their historic cost in a foreign currency are translated using the exchange rates at the date of their initial transaction.

Tangible assets
Property, plant and machinery and fixtures and fittings are stated at cost net of accumulated depreciation and any provision for impairment. Cost comprises purchase cost together with any incidental costs of acquisition. Interest is capitalised on qualifying assets as defined by IAS 23 'Borrowing Costs'.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives with the exception that no depreciation is provided on freehold land. The assets' residual values and useful economic lives are reviewed, and adjusted as appropriate, at the date of each statement of financial position. The following useful economic life is applied:

- freehold buildings – 50 years
- leasehold land and buildings – the shorter of 50 years and the period of the lease
- plant and machinery – 3 to 15 years
- fixtures and fittings – 3 to 10 years.
- right of use assets – the shorter of the assets useful economic life and the lease period on a straight line basis

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating profit before other items in the consolidated income statement. When re-valued assets are sold, the amounts included in other reserves are transferred to retained earnings.

The Company assesses at each reporting date whether its property, plant and equipment may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Intangible assets
Intangible assets relate to software, are valued initially at cost and are amortised over their useful economic life, which is generally three years.

1. Accounting policies (continued)

b) Significant accounting policies (continued)

Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Leases held under IFRS 16

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index rate, and amounts expected to be paid on residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease payments is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases that are considered low value (i.e. below £5,000). Lease payments on short term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Leases previously held under IAS 17

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets; and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all of the risks and rewards of ownership are classified as finance leases. Finance

1. Accounting policies (continued)

b) Significant accounting policies (continued)

leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each finance lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases is depreciated over the term of the lease or the useful economic life, if shorter.

Provisions
Provisions are recognised when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation applying a pre-tax discount rate that reflects current risks specific to the liability. Where there is appropriate insurance in place, the benefit of any insurance reimbursement is recognised only when virtually certain.

There is a history of claims being made against the Company for compensation arising from alleged exposure to products previously manufactured which contained asbestos. Where the Company has deemed that it is appropriate to do so, settlement has been made. Provision has been made for the costs which the Company is expected to incur in respect of lodged and future industrial disease claims to the extent that such costs can be reliably estimated.

The provision includes the cost of claims that are made under the Scheme of Arrangement (see note 23) and other industrial disease claims (see note 19 for details of the industrial disease claims provision).

Inventories
Inventories which include raw materials and consumables are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses. Allowance is made for obsolete and slow moving items based on annual usage.

Revenue recognition
Revenue is recognised in accordance with IFRS 15 – Revenue from Contracts with Customers. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group. Claims on customers are claims made for work outside of contractual terms and, as such, are only recognised in revenue once accepted by the customer.

Construction contracts
The Company has adopted IFRS 15 using a modified retrospective approach of adoption with the date of initial application being 1 January 2018.

The Company's revenue streams are not considered particularly complex in nature. IFRS 15 requires the identification of separate performance obligations within the contract. For those contracts where the Company provides a single discipline within a maintenance contract, the identification of the performance obligations has not had an impact on the revenue recognition, as maintenance contracts are accounted for on an earned value basis.

For those multi-disciplinary construction contracts, under IFRS 15, revenue must be recognised separately for each performance obligation identified. The nature of the multi-disciplinary construction contracts is such that each discipline provided is highly interdependent upon the others and, as a result, could be classed as one performance obligation, therefore there has been no material impact on the recognition of IFRS 15.

1. Accounting policies (continued)

b) Significant accounting policies (continued)

Taxation
Current tax 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 in accordance with IAS 12 – Taxation, and IFRIC 23 – Uncertainty over Income Tax treatments.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits
The Company operates both defined benefit and defined contribution pension schemes.

Defined contribution pension schemes
A defined contribution pension scheme is a scheme to which the Company makes fixed contributions with no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to settle its post-employment benefits. The pension expense for defined contribution schemes represents contributions payable in the year.

Defined benefit pension schemes
The liability recognised in the consolidated statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the period end date less the fair value of the plan assets. The defined benefit scheme is closed to new participants. The defined benefit obligation is calculated tri-annually by independent actuaries using the projected unit method and this valuation is updated at the date of the statement of financial position. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Current and past service costs and finance costs are charged to operating profit. In addition, interest on the net defined benefit pension obligation is recognised in profit or loss calculated using the discount rate used to measure the pension obligation. Actuarial gains and losses arising from new valuations and from updating the latest actuarial valuation to reflect conditions at the date of the statement of financial position are recognised in full in the consolidated statement of comprehensive income.

The pension schemes' deficits or surpluses (to the extent that any surpluses are considered recoverable) are recognised in full and presented on the face of the consolidated statement of financial position.

1. Accounting policies (continued)

b) Significant accounting policies (continued)

Under IFRIC 14 the recoverability of a surplus must be assessed against the minimum funding requirements of the pension scheme.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Issue costs together with finance costs are charged to the consolidated income statement 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 twelve months after the date of the statement of financial position.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the date of the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise of 'trade and other receivables' in the consolidated statement of financial position.

Trade debtors

Trade receivables are initially recognised and carried at fair value and subsequently measured at amortised cost, less any provision for impairment. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Trade creditors

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with banks.

Share capital

Ordinary shares are classified as equity.

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency, cash flow interest rate and fair value interest rate risks), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

1. Accounting policies (continued)

b) Significant accounting policies (continued)

Foreign exchange
The Company is exposed to foreign currency risk in two key currencies. The movements in exchange rates against Sterling for these two currencies are detailed below:

	2021		2020	
	Closing	Average	Closing	Average
USD	1.38	1.36	1.33	1.27
EUR	1.16	1.14	1.12	1.11

c) Significant judgements and estimates

Certain of the Company's accounting policies described in note 1 section b require critical accounting estimates that involve subjective judgements and the use of assumptions, some of which may relate to matters that are inherently uncertain and susceptible to change.

Judgements
Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

(i) Revenue recognition of maintenance contracts and assessment of long-term contract performance
The Company generally accounts for maintenance contracts on a time and material basis, this method requires accurate estimates of materials consumed and other judgements. The Company generally accounts for long-term construction contracts using the percentage of completion method as performance of the contract progresses. This method requires judgement to determine accurate estimates of the extent of progress towards contract completion and may involve estimates of the total contract costs, remaining costs to completion, total revenues, contract risks and other judgements.

(ii) Carrying value of property, plant and equipment
Assessing whether property, plant and equipment may be impaired requires a review for indicators of impairment and, where such indicators exist, an estimate of the asset's recoverable amount by reference to value in use. Management are required to exercise significant judgement in reviewing for and identifying asset indicators of impairment and subsequently calculating value in use.

(iii) Trade and other receivables
The Company provides for likely non-recovery of receivables to the extent that the carrying value is more than the present value of expected future cash flows. Assessing the value of the provision requires significant management judgement and review of individual receivables based upon individual customer creditworthiness, current economic trends and analysis of historical bad debts.

(iv) Deferred tax assets
The Company recognises deferred tax assets on all applicable temporary differences where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the amount of deferred tax that can be recognised based on the magnitude and likelihood of future taxable profits.

(v) Defined benefit pension plans
The cost and the obligation of the Company's defined benefit pension plan is based on a number of selection assumptions. These include the discount rate, inflation rate, salary growth, longevity and expected return on the assets of the plan.

1. Accounting policies (continued)

c) Significant judgements and estimates (continued)

Differences arising from actual experience or future changes in assumptions will be reflected in future periods. The effect of changing these assumptions is described in note 22.

Estimates

The key assumptions affected by future uncertainty that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are:

(i) Onerous contracts

Provision is made for future losses on long-term contracts where it is considered that the contract costs are likely to exceed revenues in future years. Estimating future losses involves assumptions of contract performance targets and likely levels of future cost escalation over time.

(ii) Income tax

The company can be subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of required tax provisions on the basis of professional advice and the nature of current discussions with the tax authority concerned.

2. Profit / (loss) on ordinary activities before investment income, interest and taxation

	2021 £000	2020 £000
Profit / (loss) on ordinary activities before investment income, interest and taxation is stated after charging:		
Services provided by the company's auditors		
- Fees payable for audit of the company's Financial Statements	**127**	123
Cost of inventories recognised as expenses	**15,685**	13,054
Depreciation on tangible fixed assets:		
- owned assets	**4,983**	3,856
- right of use assets	**900**	897
Amortisation of intangible assets	**922**	393

3. Revenue

a) Disaggregation of revenue

Revenue from external customers is derived from maintenance and construction support services. These are not split out as multi-discipline services are provided to all customers. Disaggregation of revenue below is therefore shown by location of the revenue-generating entity:

	2021 £000	2020 £000
UK	**193,198**	198,867
Total Revenue from continuing operations	**193,198**	198,867
Timing of revenue recognition:		
At a point in time	**193,198**	198,867
Over time	-	-
	193,198	198,867

3. Revenue (continued)

b) Assets and Liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	2021 £000	2020 £000
Amounts recoverable on contracts	**16,130**	18,251
Loss Allowance	**-**	-
Total Contract Assets	**16,130**	18,251
Payments received on account	**6,114**	8,132
Total Contract Liabilities	**6,114**	8,132

Amounts recoverable on contracts represents the gross amounts due from customers for contract work. Payments received on account represents gross amounts due to customers for contract work.

(i) Significant changes in contract assets and liabilities:
During the accounting period there have not been any significant changes to contract assets and liabilities.

(ii) Revenue recognised in relation to contract liabilities
The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2021 £000	2020 £000
Revenue recognised that was included in payments received on account at the beginning of the period	**8,132**	7,149
Revenue recognised from performance obligations satisfied in prior periods	**-**	-

4. Other operating income / (expenses)

	2021 £000	2020 £000
IDC provision (charged) to the Income Statement	**(4,668)**	(3,231)
IDC - other expenses	**-**	(200)
Pension past service costs	**(206)**	-
Restructuring costs	**(1,173)**	(3,847)
Scaffolding depreciation	**(1,335)**	-
Other expenses	**(814)**	(2,195)
Other operating (expense) included in profit from ordinary activities	**(8,196)**	(9,473)

5. Other income

	2021 £000	2020 £000
Government grants	**623**	7,182
Research and development expenditure credit	**222**	-
Other income	**845**	7,182

During the year the Company has received Government grants under the Job Retention Scheme as a result of the Covid-19 pandemic for operations in the United Kingdom as part of a Government initiative to provide immediate financial support to businesses. There are no unfulfilled conditions or other contingencies attached to these grants. The Company did not benefit directly from any other forms of Government assistance. Access to the grants has been made possible by retaining these staff.

Other income from Government grants in the year is presented below the gross profit line. However the majority of the associated payroll cost is within Cost of Sales, above the gross profit line. To aid comparison with the prior year, we have shown below the net position of the grant and associated payroll cost:

	2021 £000	2020 £000
Turnover	**193,198**	198,867
Cost of sales	**(165,860)**	(178,545)
Other income related to cost of sales	**623**	6,891
Total	**27,961**	27,213
%	**14.5%**	13.7%

6. Directors' emoluments

	2021 £000	2020 £000
The emoluments of the directors of the company were:		
Aggregate emoluments	537	394
Contributions to defined contribution pension schemes (included in the above)	12	40

No directors were remunerated by the immediate parent company, Cape Intermediate Holdings Limited, during the year (2020: nil).

No directors (2020: nil) accrued retirement benefits under the Group's defined benefit pension scheme during the year.

Highest paid director

	2021 £000	2020 £000
Aggregate emoluments	280	271
Contributions to defined contribution pension schemes (included in the above)	12	-

7. Employees

	2021 No.	2020 No.
The average monthly number of persons employed by the company (including directors) during the period was as follows:		
Female	164	186
Male	2,145	2,497
	2,309	2,683

8. Employee costs

	2021 £000	2020 £000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**116,854**	131,189
Social security costs	**12,992**	13,217
Other pension costs	**3,079**	2,507
	132,925	146,913

On 1 June 2021 all employees were transferred to Altrad Employments Services Limited, a company which is considered to be a related party. Employee benefit expenses are incurred by Altrad Employment Services Limited and recharged to the company. The average headcount for the year has reduced as a result of transferring employees to Altrad Employment Services Limited.

9. Interest

	2021 £000	2020 £000
Interest receivable and similar income		
Interest receivable from Group companies	**2,033**	1,895
Pension scheme interest receivable	**2,579**	3,177
Interest receivable from third parties	**-**	12
Interest receivable and similar income	**4,612**	5,084
Interest payable and similar charges		
Interest payable to third parties	**(81)**	(192)
Unwind of discount on IDC provision	**(1,498)**	(2,196)
Pension scheme interest payable	**(2,650)**	(3,235)
Lease interest	**(27)**	(39)
Interest payable and similar charges	**(4,256)**	(5,662)

ALTRAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

10. Tax on profit / (loss) on ordinary activities

	2021 £000	2020 £000
Current tax:		
United Kingdom		
- Corporation tax at 19% (2020: 19%)	300	(742)
- Adjustment in respect of previous years	85	24
Total current tax charge /(credit)	385	(718)
Deferred tax – United Kingdom		
- Origination and reversal of timing differences	1,655	608
- Adjustment in respect of previous years	298	(841)
- Impact of change in law and rate	(2,306)	(1,476)
Total deferred tax credit	(353)	(1,709)
Tax charge /(credit) in the income statement	32	(2,427)

Included in the tax charge of £32,000 (2020: credit of £2,427,000) is a tax credit of £1,097,000 (2020: credit of £728,000) relating to exceptional and other items. The local tax rate is applied to the underlying costs or income, however certain exceptional costs due to their very nature will not have an associated tax charge or credit. The overall effective rate applied to these costs will vary year upon year depending on the nature of the cost.

10. Tax on profit / (loss) on ordinary activities (continued)

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

	2021 £000	2020 £000
Profit /(Loss) on ordinary activities before tax	**13,271**	(1,418)
Profit /(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	**2,521**	(269)
Effects of:		
Adjustment to tax in respect of previous years	**383**	(817)
Expenses not deductible for tax purposes	**201**	537
Movement in deferred tax not recognised	**(187)**	-
Income not taxable	**(806)**	(402)
Change in tax rates	**(2,080)**	(1,476)
Total tax charge /(credit) reported in the income statement	**32**	(2,427)

Legislation has been enacted to increase the UK corporation tax rate to 25% from 1 April 2023. Deferred tax balances have been recognised at the rate at which they are expected to unwind.

ALTRAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

11. Tangible assets

	Land and buildings £000	Plant, machinery, fixtures and Fittings £000	Assets under Construction £'000	Total £000
Cost or valuation:				
At 1 September 2020	5,769	38,017	1,441	45,227
Exchange adjustments	-	(8)	-	(8)
Additions at cost	-	1,436	1,368	2,804
Transfers out to other asset classes	-	-	(1,861)	(1,861)
Disposals	(215)	(146)	-	(361)
At 31 August 2021	**5,554**	**39,299**	**948**	**45,801**
Accumulated depreciation:				
At 1 September 2020	(2,598)	(29,731)	-	(32,329)
Exchange adjustments	-	8	-	8
Charged during the year	(174)	(4,809)	-	(4,983)
Transfers out to other assets classes	-	-	-	-
Disposals	73	115	-	188
At 31 August 2021	**(2,699)**	**(34,417)**	-	**(37,116)**
Net book values:				
At 31 August 2021	**2,855**	**4,882**	**948**	**8,685**
At 31 August 2020	3,171	8,286	1,441	12,898

Notes:
The net book value of land and buildings comprises:

	2021 £000	2020 £000
Freehold	**2,290**	2,411
Short leasehold	**565**	760
	2,855	3,171

The net book value of land and buildings includes £2,855,000 (2020: £3,171,000) of depreciable assets.

12. Intangible assets

	Total software £000
Cost or valuation:	
At 1 September 2020	4,298
Additions at cost	2
Transferred in from other asset classes	1,861
At 31 August 2021	**6,161**
Accumulated depreciation:	
At 1 September 2020	(1,208)
Transferred in from other asset classes	-
Charged during the year	(922)
At 31 August 2021	**(2,130)**
Net book values:	
At 31 August 2021	**4,031**
At 31 August 2020	3,090

13. Leases

Right-of-use assets	Land & Buildings £'000	Plant & Machinery £'000	Total £'000
Asset held under finance leases (previously recognised)	-	-	-
On adoption of IFRS 16	1,124	1,194	2,318
At 1 September 2019	1,124	1,194	2,318
Additions	-	194	194
Depreciation charge for the year	(215)	(682)	(897)
At 31 August 2020	909	706	1,615
Additions	-	328	328
Disposals	-	(26)	(26)
Depreciation charge in the year	(212)	(688)	(900)
At 31 August 2021	697	320	1,017

The Company leases many assets, principally it leases office and site properties for its operations around the UK as well as many vehicles and other equipment. The leases of property are typically between 1 and 20 years in length, while leases of vehicles and equipment are typically between 1 and 4 years in length and in some cases the Company has options to purchase the assets at the end of the lease term.

13. Leases (continued)

Lease Liabilities	2021 £'000	2020 £'000
Current	408	769
Non-current	621	855
Lease Liabilities included in the statement	1,029	1,624

	2021 £'000	2020 £'000
Finance lease liability previously recognised		-
Additional lease liabilities on adoption of IFRS 16		2,253
Lease liabilities as at 1 September	1,624	2,253
Additions	118	194
Disposals	(26)	-
Payments	(883)	(862)
Interest expense	27	39
Revaluation	169	-
Lease liabilities as at 31 August	1,029	1,624

Some of the Company's leases contain extension or termination options exercisable by the Company up to one year before the end of the contract period. Where practicable, the Company seeks to include extension and termination options in new leases to provide operational flexibility. These extension and termination options are typically only exercisable by the Company and not by the lessors.

The Company assesses at lease commencement whether it is reasonably certain to exercise the extension or termination option. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or there is a significant change in circumstances.

14. Investments

Shares in subsidiary undertakings	2021 £000	2020 £000
Cost	**5,995**	5,995
Aggregate amounts provided	-	-
Disposals	-	-
Net book value	**5,995**	5,995

The company's principal investments are:

Subsidiary/associate/joint venture	Nature of the business	Country of registration
Altrad York Linings Limited (formerly York Linings International Limited) (100%)	Industrial Services	United Kingdom
Ship Support Services Limited (50%)	Industrial Services	United Kingdom
Socar Cape LLC (49%)	Industrial Services	Azerbaijan
Cape International Holdings Pte Limited (10%)	Holding company	Singapore

The shareholdings in the subsidiary undertakings are in ordinary shares and are held directly by the company. The shareholdings in the subsidiary undertakings are indicated in brackets after the company name above.

In respect of the subsidiary companies in which the company holds shares or has advanced loans, in the opinion of the directors the fair value of the total net assets of these companies is not less than the net amount at which they are stated in its balance sheet.

15. Inventories

	2021 £000	2020 £000
Raw materials and consumables	**560**	889

ALTRAD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 AUGUST 2021

16. Debtors

	2021 £000	2020 £000
Trade debtors	**19,840**	17,347
Amounts recoverable on contracts	**16,130**	18,251
Amounts owed by Group undertakings	**27,164**	22,452
Other debtors	**2,280**	6,304
Prepayments	**2,540**	3,570
	67,954	67,924

The amounts owed by Group undertakings are unsecured and will be repaid as and when agreed between the applicable parties.

17. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**(12,843)**	(8,159)
Amounts owed to Group undertakings	**(26,383)**	(15,912)
UK corporation tax payable	**(1,200)**	(787)
Taxation and social security costs	**(7,100)**	(25,492)
Payments received on account	**(6,114)**	(8,132)
Other creditors	**(162)**	(2,409)
Accruals and deferred income	**(8,568)**	(15,986)
Total current liabilities	**(62,370)**	(76,877)

The amounts owed to Group undertakings are unsecured and will be repaid as and when agreed between the applicable parties.

18. Amounts owed by/(to) group undertakings

	2021 £000	2020 £000
Amount owed by group undertakings	**86,643**	73,020

The amounts owed by and to Group undertakings are unsecured. Interest is paid at a rate of 2.95%.

19. Provisions for liabilities

	At 1 September 2020 £000	Provision Charged £000	Unwind of provision discount £000	Provision Utilised £000	Provision Released £000	At 31 August 2021 £000
IDC	141,412	6,762	1,498	(20,557)	(2,099)	**127,016**
Other	1,346	-	-	-	(5)	**1,341**
	142,758	**6,762**	**1,498**	**(20,577)**	**(2,104)**	**128,357**

Ageing of provisions

	2021			2020		
	Current £000	**Non-current £000**	**Total £000**	Current £000	Non-current £000	Total £000
IDC	**11,901**	**115,115**	**127,016**	21,856	119,556	141,412
Other	**166**	**1,175**	**1,341**	1,175	171	1,346
	12,067	**116,290**	**128,357**	23,031	119,727	142,758

Industrial disease claim provision

To the extent that such costs can be reliably estimated as at 31 August 2021, a provision has been made for the costs which the Group is expected to incur in respect of lodged and future industrial disease claims for which the Board believes the Group to be liable arising from alleged exposure to previously manufactured asbestos products, notwithstanding the matters disclosed under note 22 'Industrial disease claims provision and contingent liabilities'. The most recent full actuarial valuation was completed in August 2019 and the next full valuation is scheduled to be completed in respect of the period up to 31 August 2022. The amount of the provision is based on historic patterns of claim numbers and monetary settlements as well as published tables of projected disease incidence. Key assumptions made in assessing the appropriate level of provision include the period over which future claims can be expected, the nature of claims received, the rate at which claims will be filed, the rate of successful resolution as well as future trends in both compensation payments and legal costs. Management monitors claims received on an ongoing basis as well as any other factors which would require a change to the assumptions or trigger a full actuarial review in the current year. When determining the appropriate level of provision, the Board has considered various potential, threatened and actual claim types and has relied on appropriate legal and other professional advice.

The total industrial disease claims provision at 31 August 2021 was £127.0 million (31 August 2020: £141.4 million).

The provision for industrial disease claims is discounted at a rate of 1.06% (2020: 1.33%) being the appropriate risk-free rate as at the balance sheet date, over the term of the liabilities, being approximately 31 years.

20. Deferred tax assets

	2021 £000	2020 £000
Provided		
Accelerated capital allowances	**3,810**	3,643
Other timing differences	**1,010**	1,523
Losses	**10,063**	9,438
Net deferred tax asset	**14,883**	14,604

Net deferred taxation asset	2021 £000	2020 £000
At 1 September	**14,604**	12,543
Amount credited to profit and loss account	**352**	1,709
Amount (debited) /credited to other comprehensive income	**(73)**	352
At 31 August	**14,883**	14,604

At 31 August 2021 the company had £2.5m unrecognised tax losses (31 August 2020: £3.4m).

21. Called up share capital

	2021 £000	2020 £000
Allotted and fully paid:		
10,000,000 (2020: 10,000,000) ordinary shares of £1 each	**10,000**	10,000

22. Pensions

The Company operates defined benefit schemes and defined contribution schemes for the employees. The assets of both the defined benefit and defined contribution schemes are held in trustee administered funds. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The Company operates one final salary defined benefit scheme, the Cape plc Staff Pension and Life Assurance Scheme. The latest full valuation of the defined benefit scheme was assessed by independent qualified actuaries as at 6 April 2019 using the projected unit method. The valuation showed that the assets of the main defined benefit scheme had a market value of £159.2 million and was 97% funded. Included within the assets balance is an amount of £81.8 million in respect of insurance policies covering pensioner liabilities. The next full valuation is due to be prepared as at 6 April 2022.

Pension benefits

The amounts recognised in the statement of financial position are determined as follows:

	2021 £000	2020 £000
Present value of funded obligations	**(137,527)**	(135,836)
Fair value of plan assets	**159,246**	154,278
	21,719	18,442
Restriction of surplus	**(25,464)**	(22,969)
Net liability in the statement of financial position before any adjustment for deferred tax	**(3,745)**	(4,527)

In accordance with IFRIC 14, the Group must consider the minimum funding requirements of the pension scheme. This has resulted in the recognised surplus on the main scheme being reduced to £nil at 31 August 2021 (31 August 2020: £nil). This has also resulted in the interest income being restricted to £nil. The net liability at 31 August 2021 comprises the net present value of committed payments under the 2019 triennial valuation.

	2021 £000	2020 £000
The amounts recognised in the income statement are as follows:		
Service cost:		
Administrative expenses	**389**	405
Interest expenses	**2,260**	2,669
Interest income on plan assets	**(2,579)**	(3,177)
Restriction of interest income in accordance with IFRIC 14	**390**	566
Past service costs	**206**	-
Total	**666**	463
The amount recognised in the statement of comprehensive income:		
Re-measurement of net defined benefit obligation	**2,437**	(7,067)
Adjustment for restriction on the assets recognised	**(2,105)**	5,214
Movement in deferred tax	**(73)**	352
Total	**259**	(1,501)

22. Pensions (continued)

The movement in the fair value of plan assets over the year is as follows:

	2021 £000	2020 £000
Beginning of year	154,278	158,308
Interest income on plan assets	2,579	3,177
Re-measurement of plan assets	7,511	(499)
Employer contributions	1,116	814
Administrative expenses	(389)	(405)
Benefits paid	(5,849)	(7,117)
End of year	159,246	154,278

The movement in the defined benefit obligation over the year is as follows:

	2021 £000	2020 £000
Beginning of year	135,836	133,716
Interest expense	2,260	2,669
Actuarial gain – experience adjustments	-	-
Actuarial losses – changes in financial assumptions	5,074	6,568
Benefits paid	(5,849)	(7,117)
Past service costs	206	-
End of year	137,527	135,836

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	1.70%	1.70%
Future salary increases	3.90%	3.55%
Future pension increases	3.30%	3.00%
CPI Inflation rate	2.70%	2.15%
RPI Inflation rate	3.40%	3.05%
Post retirement mortality rate	1.00%	1.00%

A quantitative sensitivity analysis for these significant assumptions as at 31 August 2021 is as shown below:

Assumption	**Discount rate**		**Future salary increases**		**Future pension increases**		**Inflation rate**	
Sensitivity level	1% increase £m	1% decrease £m	1% increase £m	1% decrease £m	1% increase £m	1% decrease £m	1% increase £m	1% decrease £m
Impact on defined benefit obligation	20.2	(23.8)	(0.6)	0.5	(13.3)	11.7	(4.9)	4.4
Impact on plan assets	(9.9)	11.3	-	-	8.1	(6.9)	0.8	(0.7)
Impact on net pension asset	10.3	(12.5)	(0.6)	0.5	(5.2)	4.8	(4.1)	3.7

22. Pensions (continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation and the plan assets as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivities of changes in any of the principal actuarial assumptions are calculated in isolation holding all other assumptions constant. Limitations of the methods and assumptions used include using a roll forward approach, by using the results of the last full triennial revalutation prepared to 6 April 2019, rather than a full valuation of all assets and liabilities at the end of the current financial period.

A quantitative sensitivity analysis for these significant assumptions as at 31 August 2020 is as shown below:

Assumption	Discount rate		Future salary increases		Future pension increases		Inflation rate	
Sensitivity level	1% increase £m	1% decrease £m	1% increase £m	1% decrease £m	1% increase £m	1% decrease £m	1% increase £m	1% decrease £m
Impact on defined benefit obligation	20.0	(23.5)	(0.5)	0.4	(13.2)	11.5	(4.4)	4.0
Impact on plan assets	(10.3)	11.7	–	–	8.2	(7.2)	0.7	(0.7)
Impact on net pension asset	9.7	(11.8)	(0.5)	0.4	(5.0)	4.3	(3.7)	3.3

Mortality rate

Assumptions regarding future mortality experience are based on advice in accordance with published statistics and scheme experience.

The average remaining life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows:

	2021	2020
Male	**23.1**	23.3
Female	**24.7**	24.8

The average remaining life expectancy in years of a pensioner retiring at age 65, 20 years after the balance sheet date for the main scheme is as follows:

	2021	2020
Male	**24.1**	24.4
Female	**25.9**	26.0

22. Pensions (continued)

Plan assets are comprised as follows:

	2021 £000	2020 £000
Quoted		
Diversified growth funds	-	-
Corporate debt/bonds	**18,974**	28,406
Multi-asset credit	**12,032**	10,838
Index-linked gilts	**24,084**	10,427
Fixed interest gilts	**3,345**	3,119
Bonds	**12,083**	10,666
Equities	-	-
	70,518	63,456
Unquoted		
Insurance annuities	**81,775**	84,699
Property	**4,522**	3,847
Cash	**2,431**	2,276
	88,728	90,822
Total	**159,246**	154,278

Risk exposure to the Company

Since the pension liability is adjusted to inflation rate, the pension plan is exposed to UK inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets relating to the main scheme include investments in quoted equity shares of entities in the manufacturing and consumer products sector, the Company is also exposed to equity market risk. More than 50% of the plans assets are invested in insurance annuities. Insurance annuities effectively mitigate the risk from changing inflation rates. Any asset investment carries a counter party risk.

23. Industrial disease claim provision and contingent liabilities

The Board considers that the provision of £127.0 million for industrial disease claims as at 31 August 2021 (31 August 2020: £141.4 million) captures all expected material industrial disease scheme liabilities for which the Board believes the Group may become liable at the balance sheet date.

The Group continues to receive claims, from both individuals and insurance companies, in connection with historical alleged exposure to asbestos. Where claims are determined to have merit, the costs are provided for and claims are settled in the ordinary course, otherwise claims are defended. As legal precedent in the area of industrial disease claims continues to evolve, new developments and new types of claims give rise to inherent uncertainty in both the future level of asbestos-related disease claims and of the legal and other costs arising from such claims. If any such claims were to be successful, it might lead to future claims against the Group which may result in significant additional liability over and above that recognised under the current provision.

24. 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
Altrad Services Limited (formerly 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 from the scheme managers, Crestbridge Limited, 47 Esplanade, St. Helier, Jersey, Je1 0BD, as are the Articles of Association of Cape Intermediate Holdings Limited (CIH), Cape Claims Services Limited (CCS) and Cape plc 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 eight 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 2021 a top up of £2.0 million was made to the Scheme (2020: £2.0 million).

24 . 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 adjusted operating profit 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 confer 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.

24. 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 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.

25. Related Party Transactions

As at the year-end there was a net balance of £nil owed by joint ventures (2020: £56,728 owed to joint ventures). These amounts are unsecured, have no fixed date of repayment and are repayable on demand. Sales to joint ventures during the year amount to £nil (2020: £208,470).

26. Exceptional Items

	2021 £000	2020 £000
IDC provision credited / (charged) to the Income Statement	(3,250)	-
Pension past service cost	(206)	-
Restructuring costs	(400)	(660)
IDC unwind of provision	(1,498)	(2,196)
Covid-19 related redundancy costs	(422)	(978)
	(5,776)	(3,834)

27. Post balance sheet events

On 1 December 2021, the Company purchased the scaffolding assets of Altrad NSG Limited and Altrad Support Services Limited at a price equal to their net book value. From this date the Company will charge a rental cost for the scaffolding assets to Altrad NSG Limited and Altrad Support Services Limited.

On 1 April 2022, the Company purchased the scaffolding assets of Altrad Energy Support Services Limited at a price equal to their net book value. From this date the Company will charge a rental cost for the scaffolding assets to Altrad Energy Support Services Limited.

28. Ultimate parent undertaking

The immediate parent undertaking is Cape Intermediate Holdings Limited, a company registered in England and Wales.

The ultimate parent undertaking of Altrad Services Limited is Altrad Investment Authority SAS, a company registered in France. Copies of the financial statements of Altrad Investment Authority SAS can be obtained from the Company Secretary, 125 Rue du Mas de Carbonnier, 34000 Montpellier, France.