Independent auditor's report to the members of Cape plc

Our opinion on the financial statements
In our opinion:

- Cape plc's group financial statements and parent company financial statements (the 'financial statements') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited
Cape plc's financial statements comprise:

Group	Parent company
Consolidated statement of financial position as at 31 December 2015	Statement of financial position as at 31 December 2015
Consolidated income statement for the year ended 31 December 2015	Statement of comprehensive income for the year ended 31 December 2015
Consolidated statement of comprehensive income for the year ended 31 December 2015	Statement of changes in equity for the year ended 31 December 2015
Consolidated statement of changes in equity for the year ended 31 December 2015	Cash flow statement for the year ended 31 December 2015
Consolidated cash flow statement for the year ended 31 December 2015	Related notes 1 to 12 to the financial statements
Related notes 1 to 39 to the consolidated financial statements	

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Overview of our audit approach

Risks of material misstatement	– Industrial disease claim valuation (IDC)
	– Goodwill impairment (and other intangible assets where indicators are present)
	– Revenue recognition
	  – Construction contract (IAS 11) accounting
	  – Time and materials (IAS 18) accounting
	– Taxation: specific key judgements and potential exposures
	  – Uncertain tax positions
	  – Deferred tax asset recoverability

Audit scope	– We performed an audit of the complete financial information of 13 components and audit procedures on specific balances for a further 17 components. – The components where we performed full or specific audit procedures accounted for 98% of profit before tax, 95% of revenue and 85% of total assets.
Materiality	– Overall Group materiality of £1.57m which represents approximately 4.1% of adjusted pre-tax profit.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Industrial disease claim valuation Refer to the Audit Committee report on page 62; accounting policies on page 95; and notes 28 and 35 of the consolidated financial statements (pages 125 and 131)		
As at 31 December 2015, Cape plc holds a provision of £95.5m (31 December 2014: £98.5m) in relation to the IDC liability. The valuation of this liability has been designated a significant risk due to the inherent complexities associated with estimating the liability; including the process, methodology, judgement and degree of estimation involved determining underlying assumptions and analysis/use of data available as inputs. Legal precedent in this area continues to evolve and new developments and types of claims give rise to inherent uncertainty in both the future level of related claims and of the costs arising from such claims. If any such claim were to be successful, it might lead to additional future claims against the Group which may result in additional liability above that recognised currently. Note 35 discloses certain specific product liability claims from Aviva plc and RSA Group. An adverse decision of the court could have a material impact on the Group and level of provision required. Due to the level of judgement involved in determining this position and associated outcome we have concluded that this represents a key risk.	We obtained the updated IDC actuarial papers and calculations, which were prepared by management and their external actuarial advisors using a roll-forward technique from the last full triennial valuation. Our EY IDC actuarial specialist and the audit team discussed these findings with management and their external advisors and undertook a comprehensive assessment of the papers and calculations, including thorough challenge of key assumptions, the range of estimates and the sensitivities applied to the model and their assessment of reserve uncertainty. We corroborated estimates and explanations where possible to market data and assessed the competence and objectivity of the specialists utilised in this area of the audit. We challenged management's assessment of the best estimate of the liability within the range calculated by the actuarial advisors. This included determining the risks posed by changes in the claims and legal environment as well as management's view of macro assumptions such as inflation rates and a risk-free discount rate appropriate to the expected length of the liability. To address the product liability claims, we held discussions with management, group legal counsel and our EY specialist as well as inspecting all relevant Board papers and legal advice received by management. We used this information to form a conclusion on whether any change to the provision is required. We completed independent testing of the current period actual claims data in order to validate the reasonableness of claims forecast data used in the full triennial valuation. We corroborated our understanding and results through discussions with in-house and externally appointed legal professionals. We verified that the disclosures made in note 28 and 35 to the Group financial statements are compliant with IAS 37. In addressing this risk area, audit procedures were performed by the Group audit team which covered 100% of the risk amount.	We are satisfied that the process adopted by management and assumptions used are reasonable and the level of provision as at 31 December 2015, as determined by management's actuarial advisors, is within an acceptable range. We noted that the methodology used to determine key assumptions and calculate the liability is reasonable and consistent with the prior year. With regards to legal developments including product liability claims, management have concluded that any potential future liability is not probable at the balance sheet date and cannot be accurately estimated at this time and as such, there is no basis to recognise a provision. They have however concluded that it is necessary to disclose a contingent liability. We concur with this position and that appropriate disclosures have been made.

Risk	Our response to the risk	What we concluded to the Audit Committee
Goodwill impairment (and other intangible assets where indicators are present) Refer to the Audit Committee report on page 62; accounting policies on page 95; and note 15 of the consolidated financial statements (page 110)		
Cape plc has a goodwill asset balance in the balance sheet amounting to £118.0m at 31 December 2015 (2014: £127.2m). Under IFRS, as adopted by the EU, management must assess goodwill for impairment at least annually. Due to the degree of estimation involved in calculating the expected future cash flows from the cash-generating units (CGU) and determining appropriate long-term growth rates and discount rates specific to each CGU we have identified a key risk regarding impairment of the goodwill balance.	We understood management's process for preparing the annual goodwill impairment test and identified controls over the data and assumptions used. We challenged the appropriateness of key assumptions used by management in the value-in-use calculation, namely: cash flow forecasts, discount rates and long-term growth rate. We assessed the historical accuracy of budgets and we used our EY internal specialist to assist us with our consideration of the discount rate and long-term growth rate. This audit work involved corroboration of the assumptions to internal forecasts or market data and discussion with local audit teams and management to support the cash flows. We verified the appropriate allocation of assets, liabilities and post-tax cash flows to the Group's cash-generating units and challenged management on the assumptions used in building up the budgets that formed the basis of the underlying cash flow forecasts. We performed sensitivity analysis as part of our assessment of key assumptions (disclosed in note 15 to the group financial statements) and available headroom. We ensured that the disclosures made in note 15 to the group financial statements are in line with IAS 36. In addressing this risk area, audit procedures were performed by the Group audit team, with support provided by component teams over regional cash flow forecasts, which covered 100% of the risk amount.	From the procedures performed, we conclude that the methodology used by management is in accordance with the requirements of the standard and the key assumptions and cash flows applied are reasonable and within an acceptable range. Management has recorded an £8.8m impairment of goodwill for the Asia CGU. This has arisen primarily due to the competitive climate in the region reducing management's future cash flow assumptions. Our sensitivity analysis showed that the remaining CGUs have sufficient headroom to allow for any downside variances during the upcoming years' budgets before any impairment is seen. The disclosures prepared by Cape in relation to their impairment review are thorough and highlight the key assumptions used in numerical form.

Risk	Our response to the risk	What we concluded to the Audit Committee
Revenue recognition Refer to the Audit Committee report on page 62; accounting policies on page 95; and notes 5 and 21 of the consolidated financial statements (pages 101 and 118)		
Construction contract (IAS 11) accounting		
Cape plc has a number of construction contracts whose revenue recognition can be dependent on a high level of judgement over the percentage of completion, based on their best estimate of the costs to complete. There is a risk for the Group in managing the recognition of revenue through incorrect estimation of stage of completion; principally costs to complete as a result of inaccurate estimates made by management. Additionally this may result in management inaccurately assessing the completion/profitability of a contract. There is also a risk that management may influence the significant judgements and estimates in respect of revenue recognition in order to achieve performance targets to meet market expectations or bonus targets.	We assessed the contract acceptance and authorisation procedures to confirm that there were appropriate levels of review and approval based on the size and risk of contracts. We understood the contract and other related contractual provisions to understand the nature and scope of the arrangements with the customer. We assessed the cost variation reports as at the reporting date and tested the report for appropriateness and accuracy which included a robust assessment of the rigour of management's cost to complete calculation including corroboration with operational staff. We assessed costs to complete, including contingency provisions, by challenging project personnel to justify the basis of their cost estimates in light of our understanding of the project. We also understood from these operational staff any identified uncertainties in their cost estimates and the estimated range of possible outcome. We corroborated this understanding through attendance of management contract meetings. We assessed the costs incurred to date recorded on the balance sheet for existence and recoverability by examining underlying invoices, signed contracts/statements of work/variation orders, certifications of work and proof of subsequent payment. We assessed material variation orders and the appropriateness of recognition of additional revenue or cost. We assessed any contract claims made by Cape by corroborating to written evidence to ensure they were appropriately accepted by the customer. We ensured that the disclosures made in note 21 to the Group financial statements are compliant with IAS 11. We performed full and specific scope audit procedures over this risk area in five locations, which covered 95% of the risk amount.	As a result of our procedures performed we have not identified any material misstatements in relation to this risk. We note the following key judgements involved which have been covered through our procedures: In MENA there is a loss making contract which is 99.82% completed at the balance sheet date. Based on the results of the procedures performed on the contract, we conclude that the provision for estimated future losses for this project at 31 December 2015, is not materially misstated and the percentage of completion is reasonable. In Australia, the Wheatstone contract is 31.8% completed at the balance sheet date. This is a significant contract for the Group and based on the results of the procedures performed we conclude that the percentage of completion determined by management is reasonable.
Time and materials accounting		
A significant proportion of Cape plc's revenue is service revenue recognised on a time (multiplied by agreed rate) and materials basis. There is often a time lag between these revenues being recorded and billed and as such revenue is accrued at period ends. Due to this time lag there is a risk of overstatement of revenue recognised on these contracts. There is also a risk that management may influence the significant judgements and estimates in respect of revenue recognition in order to achieve performance targets to meet market expectations or bonus targets.	We assessed the contract acceptance and authorisation procedures to confirm that there were appropriate levels of review and approval based on the size and risk of contracts. We understood the contract and other related contractual provisions to understand the nature and scope of the arrangements with the customer. We performed transaction testing on both costs and revenue to verify the transactions to underlying invoices, signed contracts/statements of work/variation orders, certifications of work and proof of subsequent payment. We obtained the underlying calculations for the accruals made at year end and agreed these to signed contracts/statements of work/variation orders, certifications of work and subsequently raised invoices where possible. We assessed variation orders and the appropriateness of recognition of additional revenue or cost. We performed full and specific scope audit procedures over this risk area in 16 locations, which covered 95% of the risk amount.	As a result of our procedures performed we have not identified any material misstatements in relation to this risk.

Risk	Our response to the risk	What we concluded to the Audit Committee
Taxation: specific key judgements and potential exposures Refer to the Audit Committee report on page 62; accounting policies on page 95; and notes 12, 20 and 35 of the consolidated financial statements (pages 106, 116 and 131)		
Uncertain tax positions		
HMRC have raised an inquiry with regard to the UK tax consequences of a transfer of intellectual property (IP) to Singapore in 2011. Specifically, HMRC has challenged the accounting treatment adopted in the audited financial statements and the resultant gain. An unfavourable outcome could have a material impact on the financial statements affecting current and deferred taxation balances. Due to the level of judgement involved in determining this position and associated outcome we have concluded that this represents a key risk.	We engaged our international tax specialists to advise us on the tax technical issues in order to form a view on this risk. We obtained and inspected all advice sought by management on this matter, any communication from HMRC and any other information during the current year to make our assessment. We considered the impact of judgements in similar cases on Cape's position and disclosure. In addressing this risk area, audit procedures were performed by the Group audit team.	Management have concluded that at this stage there is no basis to recognise a tax liability in line with the relevant accounting standards. They have, however, concluded that it is necessary to disclose a contingent liability. As a result of the procedures performed we concur with management's position and have ensured that the disclosure is appropriate and in line with our results.
Deferred tax asset recoverability		
There are material deferred tax assets recognised as at the balance sheet date. These assets primarily relate to tax losses and are recognised on the basis that there will be taxable profit within the Group to utilise these losses. The assets are primarily in Australia.	We challenged the profitability forecasts used by management for recoverability testing to ensure consistency with the Board approved forecasts used for goodwill impairment and going concern assessments. We assessed the historical forecasting accuracy of management as a factor in determining the reliability of profitability forecasts. In addressing this risk area, audit procedures were performed by the Group audit team, with support provided by component teams over regional cash flow forecasts, which covered 100% of the risk amount.	We are satisfied there is sufficient certainty over the ability of the Group to utilise these losses and that recognition of the related deferred tax assets is appropriate.

The above risk areas are consistent with those in the prior year with the exception of *Asset impairment and existence: Scaffold assets*, as this was considered to be an area of audit focus for the 2015 audit. This change was made following our risk assessment which considered the nature of the assets and concluded that whilst the risk has a higher likelihood of occurrence; it is within the lower end of the range of magnitude of potential misstatement on the consolidated financial statements. As such we consider it no longer constitutes a significant proportion of our audit effort or strategy.

The scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 124 reporting components of the Group, we selected 25 components covering entities within the UK, MENA, and Asia Pacific which represent the principal business units within the Group.

Of the 25 components selected, we performed an audit of the complete financial information of 13 components (full scope components) which were selected based on their size or risk characteristics. For the remaining twelve components (specific scope components), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 98% (2014: 83%) of the Group's adjusted PBT measure used to calculate materiality, 95% (2014: 94%) of the Group's revenue and 85% (2014: 89%) of the Group's total assets.

For the current year, the full scope components contributed 123% (2014: 133%) of the Group's adjusted PBT measure used to calculate materiality, 91% (2014: 89%) of the Group's revenue and 64% (2014: 73%) of the Group's total assets. The profit before tax coverage of 123% represents ten components having a positive contribution of 138% offset by three components having a negative contribution of 14%.

The specific scope component contributed -25% (2014: -54%) of the Group's adjusted PBT measure used to calculate materiality, 4% (2014: 5%) of the Group's revenue and 21% (2014: 15%) of the Group's total assets. The profit before tax coverage of -25% represents six components having a positive contribution of 10% offset by six components having a negative contribution of 35%. The audit scope of all specific scope components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

We also instructed three locations to perform analytical procedures over their reported income statement and statement of financial position (review scope). These components contributed 10% of the Group's adjusted PBT measure used to calculate materiality, 1% of the Group's revenue and 2% of the Group's total assets.

The remaining 96 components, together representing -7% of total Group adjusted profit before tax, 3% of revenue and 13% of total assets, were subjected to other procedures, namely:

- Aggregated analytical review procedures designed to respond to any potential risks of material misstatement to the group financial statements;
- Specific bank confirmations for five components to increase our coverage of the consolidated cash balance.

Each of these locations represents an average of 0% of the total Group adjusted profit before tax.

We also obtained an understanding of the Group-wide entity level controls over all components, including the level of Chief Executive, Chief Financial Officer and other Group management visits, oversight and review, and the scope of the annual internal audit programme and the results of those visits.

Involvement with component teams

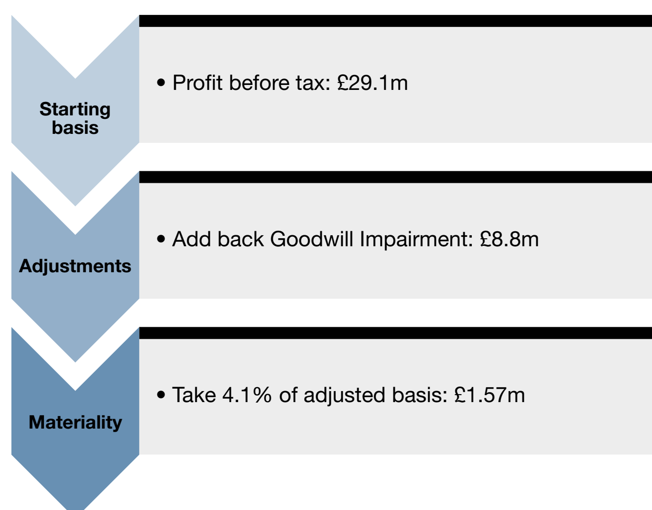
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 13 full scope components, audit procedures were performed on three of these directly by the primary audit team. For the twelve specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team continued to follow a programme of planned visits that has been designed to ensure that the senior members of the audit team including the Engagement Partner or his designate visit all full scope components. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in the UK, MENA and Australia. These visits involved discussing the audit approach with the component team and any issues arising from their work, reviewing key working papers and challenging conclusions on significant risk and judgement areas and attending meetings with local management. In addition, the Group audit team attended, in person or by call, all planning and closing meetings for each full and specific scope location which included the component team's discussion of fraud and error.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the group financial statements.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
We have used an earnings based measure as our basis for materiality. We determined materiality for the Group to be £1.57 million (2014: £1.59 million), which is approximately 4% (2014: 4%) of adjusted profit before tax. We believe that adjusted pre-tax profit is a key performance measure for the Group and is also a key metric used by the Group in the assessment of the performance of management. The adjustments that we consider to be unusual or exceptional are those that do not typically recur in each reporting cycle and therefore, this differs to the adjustments that management present in note 8 to the accounts. We therefore, considered this measure to be the most appropriate performance metric on which to base our materiality calculation as we considered that to be the most relevant performance measure to the stakeholders of the entity. The Group audit team has audited each non-recurring item identified.



During the course of our audit, we reassessed initial materiality and as the actual profit of the Group did not differ significantly we retained materiality at £1.57m.

Performance materiality
On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2014: 50%) of our planning materiality, namely £0.79m (2014: £0.79m). We have set performance materiality at this percentage due to our consideration of past misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.08m to £0.51m (2014: £0.08m to £0.55m).

Reporting threshold
We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.08m (2014: £0.08m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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

Respective responsibilities of directors and auditor
As explained more fully in the directors' responsibilities statement set out on page 81, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Opinion on other matters
In our opinion:

- the information given in the strategic report and directors' governance report are consistent with the financial statements;
- the information given in the corporate governance statement set out on pages 52 to 81 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements; and
- the part of the directors' remuneration report to be described as audited has been properly prepared in accordance with the basis of preparation described therein.

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the Annual Report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the Annual Report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Jersey) Law 1991	We are required to report to you if, in our opinion: – proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or – the parent company financial statements are not in agreement with the accounting records and returns; or – we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: – the directors' statement in relation to going concern, set out on page 80, and longer-term viability, set out on page 25; and – the part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: – the directors' confirmation in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; – the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; – the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and – the directors' explanation in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Kevin Harkin
for and on behalf of Ernst & Young LLP
Reading
15 March 2016

1. The maintenance and integrity of the Cape plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

Consolidated income statement for the year ended 31 December 2015

	Note	2015 Business performance £m	2015 Exceptional and other items £m	2015 Total £m	Restated* 2014 Business performance £m	Restated* 2014 Exceptional and other items £m	Restated* 2014 Total £m
Revenue from continuing operations	5	**711.4**	**–**	**711.4**	690.5	–	690.5
Operating profit before other items		**49.7**	**–**	**49.7**	52.3	–	52.3
Other items	8	**–**	**(3.4)**	**(3.4)**	–	(11.7)	(11.7)
Operating profit before exceptional items	6	**49.7**	**(3.4)**	**46.3**	52.3	(11.7)	40.6
Share of post-tax result of joint ventures	18	**2.8**	**–**	**2.8**	–	–	–
Exceptional items	8	**–**	**(9.2)**	**(9.2)**	–	(0.9)	(0.9)
Operating profit	6	**52.5**	**(12.6)**	**39.9**	52.3	(12.6)	39.7
Finance income	11	**0.1**	**0.3**	**0.4**	0.8	0.5	1.3
Finance costs	11	**(7.9)**	**(3.3)**	**(11.2)**	(7.6)	(3.4)	(11.0)
Net finance costs		**(7.8)**	**(3.0)**	**(10.8)**	(6.8)	(2.9)	(9.7)
Profit before tax		**44.7**	**(15.6)**	**29.1**	45.5	(15.5)	30.0
Income tax (expense)/credit	12	**(8.0)**	**(0.1)**	**(8.1)**	(9.2)	1.8	(7.4)
Profit from continuing operations		**36.7**	**(15.7)**	**21.0**	36.3	(13.7)	22.6
(Loss) from discontinued operations	8,13	**(0.3)**	**(4.9)**	**(5.2)**	(1.3)	(10.9)	(12.2)
Profit for the year		**36.4**	**(20.6)**	**15.8**	35.0	(24.6)	10.4
Attributable to:							
Owners of Cape plc				**15.5**			10.4
Non-controlling interests				**0.3**			–
				15.8			10.4

Earnings per share attributable to the owners of Cape plc

	Note	2015 Pence	2015 Total Pence	2014 Pence	2014 Total Pence
Basic					
Continuing operations		**30.0**	**17.1**	30.0	18.7
Discontinued operations		**(0.3)**	**(4.3)**	(1.1)	(10.1)
Total operations	14	**29.7**	**12.8**	28.9	8.6
Diluted					
Continuing operations		**29.9**	**17.0**	30.0	18.7
Discontinued operations		**(0.3)**	**(4.3)**	(1.1)	(10.1)
Total operations	14	**29.6**	**12.7**	28.9	8.6

* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made to reclassify the results of discontinued operations.

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £m	2014 £m
Profit for the year		**15.8**	10.4
Other comprehensive income/(expense)			
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods			
Currency translation differences		**3.2**	(0.1)
Net other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods		**3.2**	(0.1)
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods:			
Re-measurement of defined benefit pension plan	19	**(0.8)**	(4.9)
Tax effect	20	**–**	–
		(0.8)	(4.9)
Movement in restriction of retirement benefit asset in accordance with IFRIC 14	19	**0.9**	4.0
Movement in restriction of interest income in accordance with IFRIC 14	19	**0.4**	–
Tax effect	20	**(0.1)**	1.0
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**0.4**	0.1
Other comprehensive income for the year		**3.6**	–
Total comprehensive income for the year		**19.4**	10.4
Attributable to:			
Owners of Cape plc		**19.0**	10.2
Non-controlling interests		**0.4**	0.2
		19.4	10.4

Consolidated statement of financial position at 31 December 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	15	**138.6**	148.1
Investment property	16	**2.0**	2.0
Property, plant and equipment	17	**80.2**	77.3
Investments accounted for using the equity method	18	**2.8**	–
Derivative financial assets	25	**–**	0.2
Deferred tax assets	20	**20.7**	24.3
Restricted deposits	23	**9.0**	9.0
Total non-current assets		**253.3**	260.9
Current assets			
Inventories	21	**12.7**	15.0
Trade and other receivables	22	**198.8**	200.3
Cash and cash equivalents	23	**81.4**	78.0
Restricted deposits	23	**23.3**	20.9
Assets directly associated with disposal group held for sale	13	**1.0**	2.6
Total current assets		**317.2**	316.8
Total assets		**570.5**	577.7
Equity			
Share capital	30	**30.3**	30.3
Share premium account		**1.0**	1.0
Special reserve	30	**1.0**	1.0
Other reserves	30	**9.6**	9.5
Translation reserve	30	**99.4**	96.3
Retained (losses)		**(14.9)**	(13.4)
Equity attributable to equity holders of the parent		**126.4**	124.7
Non-controlling interests		**2.9**	2.8
Total equity		**129.3**	127.5
Liabilities			
Non-current liabilities			
Borrowings	24	**190.2**	177.1
Retirement benefit obligations	19	**13.3**	12.4
Deferred tax liabilities	20	**5.4**	7.5
Provision for industrial disease claims	28	**90.2**	93.5
Other provisions	28	**2.7**	2.9
Total non-current liabilities		**301.8**	293.4
Current liabilities			
Borrowings	24	**0.1**	–
Derivative financial instruments	25	**–**	0.2
Trade and other payables	26	**120.8**	124.3
Current income tax liabilities	27	**6.0**	7.6
Provision for industrial disease claims	28	**5.3**	4.7
Other provisions	28	**5.5**	17.7
Liabilities directly associated with disposal group held for sale	13	**1.7**	2.3
Total current liabilities		**139.4**	156.8
Total liabilities		**441.2**	450.2
Total equity and liabilities		**570.5**	577.7

The consolidated financial statements on pages 90 to 135 were approved by the Board of Directors on 15 March 2016 and signed on its behalf by:

Joe Oatley Chief Executive

Michael Speakman Chief Financial Officer

Consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital £m	Share premium account £m	Special reserve £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total attributable to parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2015	**30.3**	**1.0**	**1.0**	**9.5**	**96.3**	**(13.4)**	**124.7**	**2.8**	**127.5**
Profit for the year	–	–	–	–	–	15.5	15.5	0.3	15.8
Other comprehensive (expense)/income:									
Currency translation differences	–	–	–	–	3.1	–	3.1	0.1	3.2
Re-measurement of defined benefit pension plan	–	–	–	–	–	(0.8)	(0.8)	–	(0.8)
Movement in restriction of retirement benefit asset in accordance with IFRIC 14	–	–	–	–	–	0.9	0.9	–	0.9
Movement in restriction of interest income in accordance with IFRIC 14	–	–	–	–	–	0.4	0.4	–	0.4
Tax effect on retirement benefit asset	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Total comprehensive income for the year	–	–	–	–	3.1	15.9	19.0	0.4	19.4
Transactions with owners									
Dividends	–	–	–	–	–	(17.0)	(17.0)	–	(17.0)
Transfer to disposal group liabilities	–	–	–	–	–	–	–	(0.3)	(0.3)
Share options									
– value of employee services	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
– deferred tax on options	–	–	–	0.1	–	–	0.1	–	0.1
	–	–	–	0.1	–	(17.4)	(17.3)	(0.3)	(17.6)
At 31 December 2015	**30.3**	**1.0**	**1.0**	**9.6**	**99.4**	**(14.9)**	**126.4**	**2.9**	**129.3**

for the year ended 31 December 2014

	Share capital £m	Share premium account £m	Special reserve £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total attributable to parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2014	30.3	1.0	1.0	9.3	96.6	(7.6)	130.6	2.6	133.2
Profit for the year	–	–	–	–	–	10.4	10.4	–	10.4
Other comprehensive (expense)/income:									
Currency translation differences	–	–	–	–	(0.3)	–	(0.3)	0.2	(0.1)
Re-measurement of defined benefit pension plan	–	–	–	–	–	(4.9)	(4.9)	–	(4.9)
Movement in restriction of retirement benefit asset in accordance with IFRIC 14	–	–	–	–	–	4.0	4.0	–	4.0
Tax effect on retirement benefit asset	–	–	–	–	–	1.0	1.0	–	1.0
Total comprehensive income/(expense) for the year	–	–	–	–	(0.3)	10.5	10.2	0.2	10.4
Transactions with owners									
Dividends	–	–	–	–	–	(16.9)	(16.9)	–	(16.9)
Share options:									
– value of employee services	–	–	–	–	–	0.6	0.6	–	0.6
– deferred tax on options	–	–	–	0.2	–	–	0.2	–	0.2
	–	–	–	0.2	–	(16.3)	(16.1)	–	(16.1)
At 31 December 2014	30.3	1.0	1.0	9.5	96.3	(13.4)	124.7	2.8	127.5

Consolidated cash flow statement for the year ended 31 December 2015

	Note	2015 £m	Restated* 2014 £m
Operating activities			
Cash generated from operating activities – continuing operations	32a	**51.6**	44.7
Interest received		**0.1**	0.8
Interest paid		**(7.0)**	(7.2)
Tax paid		**(9.3)**	(8.4)
Net cash flows from operating activities – continuing operations		**35.4**	29.9
Net cash flows from operating activities – discontinued operations	32a	**0.3**	1.2
Net cash flows from operating activities		**35.7**	31.1
Investing activities			
Continuing operations			
Proceeds from sale of property, plant and equipment		**2.9**	1.3
Purchase of property, plant and equipment	17	**(20.1)**	(15.3)
Purchase of intangibles	15	**–**	(0.1)
Net transfer to restricted funds	32b	**(5.8)**	(0.6)
Acquisition of subsidiaries net of cash acquired	34	**(0.2)**	(30.2)
Loans (to) joint ventures		**(1.0)**	(3.6)
Cash paid into escrow for deferred consideration		**–**	(2.1)
Net cash used in investing activities – continuing operations		**(24.2)**	(50.6)
Discontinued operations			
Proceeds from sales of assets held for sale		**–**	3.6
Net cash realised from investing activities – discontinued operations		**–**	3.6
Financing activities			
Continuing operations			
Repayment of facility		**–**	(130.6)
Settlement of debt arising on acquisition	34	**(5.3)**	–
Drawing on borrowings	33	**13.2**	167.9
Finance lease principal payments		**–**	(0.1)
Dividends paid to shareholders		**(17.0)**	(16.9)
Net cash flows used in financing activities – continuing operations		**(9.1)**	20.3
Net cash flows used in financing activities – discontinued operations		**–**	–
Net foreign exchange difference		**1.0**	–
Net increase in cash and cash equivalents	33	**3.4**	4.4
Cash and cash equivalents at 1 January		**78.0**	73.6
Cash and cash equivalents at 31 December	23	**81.4**	78.0

* Certain amounts shown here do not correspond to the 2014 consolidated financial statements and reflect adjustments made to reclassify the results of discontinued operations and the presentation of cash flows relating to joint ventures as detailed in note 2.

1 Corporate information
The consolidated financial statements of Cape plc and its subsidiaries, collectively 'the Group', for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 15 March 2016. Cape plc, 'the Company' or 'the Parent', is a limited company incorporated in Jersey and domiciled in Singapore and Jersey whose shares are publicly traded on the London Stock Exchange. The registered office is located at 47 Esplanade, St Helier, Jersey JE1 0BD.

The Group is principally engaged in the provision of critical industrial services focussed on the energy and natural resources sectors.

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

Basis of preparation
The consolidated financial statements have been prepared in accordance with the Companies (Jersey) Law 1991 and International Financial Reporting Standards as adopted by the European Union (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 'Group specific accounting measures' and note 4 'Significant judgements and estimates'.

Changes to accounting policies and disclosures
a) New and amended standards and interpretations adopted by the Group
Several new standards and amendments apply for the first time in 2015, however they do not have a significant impact on the annual financial statements of the Group. These new standards and amendments are listed below:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (early adopted)
- Annual Improvements to IFRSs 2010-2012 Cycle (early adopted)
- Annual Improvements to IFRSs 2011-2013 Cycle

Except as noted above, the Group has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

b) New standards and interpretations not yet adopted
The following standards and interpretations in issue which will have an effect for the Group, have not been adopted by the Group:

	Effective dates
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

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

c) Prior period adjustments
As a result of the discontinuation of operations in Hong Kong during 2015, the prior period figures in the consolidated income statement have been restated, together with any associated notes.

The comparative amounts in the consolidated cash flow statement for the year ended 31 December 2014 have been restated to include loans to joint ventures of £3.6 million within investing activities.

Basis of consolidation
a) Subsidiaries
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries (including special purpose entities) as at 31 December 2015. Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investment and the ability to use its power to affect those variable returns. Control is re-assessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the Group's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

2 Summary of significant accounting policies (continued)
Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated upon consolidation. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated upon consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All subsidiary undertakings have year-end dates of 31 December.

b) Changes in ownership interest in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

d) Joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The consolidated financial statements incorporate a share of the results, assets and liabilities of joint ventures using the equity method of accounting, whereby the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment. A joint venture is an entity established to engage in economic activity which the Group jointly controls with its fellow venturers. Losses in excess of the consolidated interest in joint ventures are not recognised except where the Group has a constructive commitment to make good those losses. The results of joint ventures acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Impairment of goodwill
Goodwill is tested whenever there is an event which indicates that the carrying amount may not be recoverable or, as a minimum, annually, for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to the appropriate cash-generating unit for the purpose of impairment testing. Any impairment is recognised immediately through the consolidated income statement and is not subsequently reversed. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Going concern
After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Foreign currencies
a) Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Sterling which is the parent company's functional and presentational 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 consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within operating profit. All other foreign exchange gains and losses are included in operating profit. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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.

c) Group companies
The results and financial position of all Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities are translated at the closing exchange rate at the date of the statement of financial position
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expenses are translated at the rate on the dates of the transaction)
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recognised in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate, with exchange differences arising recognised in other comprehensive income.

Property, plant and equipment
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'. Certain land and buildings are held at previous revalued amounts less accumulated depreciation as these amounts have been taken as their deemed cost at the date of transition to IFRS in accordance with the exemption under IFRS 1 'First-time Adoption of IFRS'.

2 Summary of significant accounting policies (continued)
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.

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 Group assesses at each reporting date whether its property, plant and equipment may be impaired. If any such indication exists, the Group 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 acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets arising from business combinations with finite lives is recognised in the consolidated income statement as an 'other item' (see note 3a). The following useful life is applied:

- software – amortised on a straight line basis over three years
- trademarks – amortised on a straight line basis over 20 years
- design library – amortised on a straight line basis over 20 years
- supply agreement – amortised on a straight line basis over three years
- order book – amortised on a straight line basis over two years
- customer relationships – amortised on a straight line basis over ten years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Investment property
The Group applies the cost model in accounting for investment property. The investment property relates to land held at cost less any provision for impairment.

Leases
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 Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Finance 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 Group 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 Group for compensation arising from alleged exposure to products previously manufactured which contained asbestos. Where the Group has deemed that it is appropriate to do so, settlement has been made. Provision has been made for the costs which the Group 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 36) and other industrial disease claims.

Contingent consideration arising on a business combination is initially measured at its fair value. Contingent consideration arrangements classified as liabilities arising from a business combination should be subsequently measured at fair value through profit or loss.

Inventories
Inventories which include raw materials and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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
The revenue recognition policy in relation to construction contracts and maintenance contracts is shown below. 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
Construction contracts relate to services provided to customers undertaking construction projects either on a short or long term basis.

2 Summary of significant accounting policies (continued)
For short-term contracts, revenue is recognised where persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be reliably measured and collection of the related receivable is reasonably assured.

Revenue on long-term contracts is recognised under the percentage of completion method, based upon the percentage of costs to date compared to the total estimated contract costs, contractual milestones or performance. An expected loss on the construction contract is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent that contract costs are probable of being recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

Maintenance contracts
Revenues from maintenance contracts are recognised where persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be reliably measured and collection of the related receivable is reasonably assured.

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.

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.

Assets held for sale and discontinued operations
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.

The losses and cash flows that relate to the businesses that have been classified as held for sale and which meet the definition of discontinued operations as per IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’ are presented separately from continuing operations within the consolidated income statement and consolidated cash flow statement.

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

Defined contribution pension schemes
A defined contribution pension scheme is a scheme to which the Group 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.

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

The Group operates gratuity schemes in certain overseas countries. These are accounted for in accordance with IAS 19 ‘Employee Benefits’ and accounting follows the same principles as for a defined benefit 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 Group has an unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position.

2 Summary of significant accounting policies (continued)
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.

Foreign exchange movements on foreign currency denominated borrowings are recognised within operating profit. 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 Group's loans and receivables comprise of 'trade and other receivables' in the consolidated statement of financial position.

Trade receivables
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 payables
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, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position unless a cash pooling arrangement is in place.

Restricted funds, being cash balances held for the purpose of settling tax liabilities and the costs of industrial disease claims made under the Scheme of Arrangement (see note 36) are excluded from cash and cash equivalents for the purpose of the consolidated cash flow statement.

Accounting for derivative financial instruments and hedging activities
The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at their fair value.

The fair value of interest rate swaps is determined by reference to market values of similar instruments.

For the purpose of hedge accounting, hedges are classified as:

- net investment hedges when hedging the exposure to changes in the value of the Group's interests in the net assets of foreign operations
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Group formally designates and documents the relationship between the hedging instrument and the hedged item at the inception of the transaction, as well as its risk management objectives and strategy for undertaking various hedge transactions. The documentation also includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of the hedging instruments in offsetting the exposure to changes in the fair value of the hedge or the cash flows attributable to the hedged risk.

The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

a) Net investment hedges
For net investment hedges, the gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Gains and losses accumulated in equity are included in the consolidated income statement when the foreign operation is partially disposed of or sold.

b) Cash flow hedges
For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the consolidated income statement. Amounts taken to equity are transferred to the consolidated income statement when the hedged transaction affects the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

Fair value measurement
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Refer to note 25 (e) for further details.

Share capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share based payments
The Group issues equity settled share based payments to certain employees which must be measured at fair value and recognised as an expense in the consolidated income statement with a corresponding increase in equity. The fair values of these payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the Group's estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met.

2 Summary of significant accounting policies (continued)
At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. When the options vest, the Company issues new shares which are then held in an employee benefit trust account until the options are exercised. Proceeds received on the exercise of share options, if any, are credited to share capital and share premium. Where the exercise price of an option is lower than par value of the issued share the difference is funded by debiting the Company's retained earnings.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash settled transaction.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to and regularly reviewed by the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

Financial risk factors
The Group'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 Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange, interest rate and credit risks, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

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

	Year ended 31 December 2015		Year ended 31 December 2014	
	Closing	Average	Closing	Average
AUD	**2.03**	**2.09**	1.91	1.83
USD	**1.48**	**1.51**	1.56	1.65

3 Group specific accounting measures
To be able to provide readers with clear, meaningful and consistent presentation of financial performance, the Group reflects its underlying financial results in the 'business performance' column within the consolidated income statement. Business performance excludes 'Other items' and 'Exceptional items', which are considered non-operational in their nature and which are reported separately in a different column within the consolidated income statement.

a) Other items
Other items are those items which the directors believe are relevant to the understanding of the results for the year and which are excluded from the adjusted measures. Other items include administration expenses, financial incomes and financial costs associated with industrial disease claims and certain post-acquisition charges, including amortisation of acquired intangibles arising from business combinations.

b) Exceptional items
Exceptional items are those items which are of a non-recurring nature and, in the judgement of the directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include significant write-downs of goodwill and other assets, significant changes in asset values as a result of changes in accounting estimates, business acquisition costs and restructuring costs.

4 Significant judgements and estimates
Certain of the Group's accounting policies described in note 2 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.

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

(i) Revenue recognition and assessment of long-term contract performance
The Group 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 Group 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 Group 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 Group'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. 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 19.

b) 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. A provision for onerous contracts of £3.1 million is recorded at 31 December 2015 (2014: £9.7 million).

4 Significant judgements and estimates (continued)

(ii) Impairment of goodwill

Goodwill is tested at least annually for impairment. This requires estimation of the value in use of the cash-generating units to which the goodwill is allocated. Calculation of value in use requires estimation of expected future cash flows from each of the cash-generating units and also to determine a suitable discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was £118.0 million (2014: £127.2 million).

(iii) Provision for industrial disease claims

To the extent that such costs can be reliably estimated as at 31 December 2015, 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 on alleged exposure to previously manufactured asbestos products, notwithstanding the matters disclosed under note 35 'Industrial disease claim provision and contingent liabilities'. The most recent full actuarial valuation was performed in 2013 and the next full valuation is scheduled to be completed in early 2017 in respect of the period up to 31 December 2016. 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 which, relying on appropriate legal advice, it does not believe to have legal merit and which are, accordingly not provided for.

During 2015, changes in macroeconomic conditions necessitated a revision to the discount rate and inflation rate assumptions, giving rise to a decrease in the amount of the provision of £0.6 million (2014: increase of £8.2 million) with an equivalent credit to profit or loss (2014: charge). The value of the provision at 31 December 2015 is £95.5 million (2014: £98.2 million). See note 28 for details of movements on the provision during the year.

(iv) Income tax

Group entities 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.

5 Segment information

Management has determined the operating segments based on the reports reviewed by the Board (Chief Operating Decision Maker 'CODM') that are used to make strategic decisions. The CODM considers the business from a geographic perspective and the Group reports three regional segments and a central support function. The main profit measure used by the CODM in its review is adjusted operating profit.

Each regional segment derives its revenues from the provision of critical industrial services focussed on the energy and natural resources sectors. No operating segments have been aggregated.

The segment information for the year ended 31 December 2015 is as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Continuing operations					
Revenue	**395.8**	**174.6**	**141.0**	**–**	**711.4**
Adjusted operating profit /(loss) before joint ventures	**31.7**	**22.0**	**2.6**	**(6.6)**	**49.7**
Share of post-tax profit from joint ventures	**2.8**	**–**	**–**	**–**	**2.8**
Adjusted operating profit/(loss) after franchise fees	**34.5**	**22.0**	**2.6**	**(6.6)**	**52.5**
Other and exceptional items					**(12.6)**
Net finance costs					**(10.8)**
Profit before tax					**29.1**

2014 Restated	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Continuing operations					
Revenue	388.5	175.6	126.4	–	690.5
Adjusted operating profit /(loss) before joint ventures	38.5	16.6	1.6	(4.4)	52.3
Share of post-tax profit from joint ventures	–	–	–	–	–
Adjusted operating profit/(loss) after franchise fees	38.5	16.6	1.6	(4.4)	52.3
Other and exceptional items					(12.6)
Net finance costs					(9.7)
Profit before tax					30.0

Segmental adjusted operating profit/(loss) in the table above is shown after charging franchise fees. Adjusted operating profit before franchise fees is set out in note 7.

There were no significant sales between segments in either year.

5 Segment information (continued)
Other segment items included in the consolidated income statement are as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Depreciation (excluding discontinued operations)	5.2	6.5	4.2	–	15.9
Amortisation	3.4	–	–	–	3.4

2014	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Depreciation (excluding discontinued operations)	5.0	6.3	6.7	0.1	18.1
Amortisation	2.6	–	–	–	2.6

The geographical origin of revenue based on location of the entity is analysed as follows:

	Note	2015 £m	Restated 2014 £m
Continuing operations			
United Kingdom		385.7	378.4
Australia		113.6	96.7
Abu Dhabi		34.6	39.5
Qatar		54.6	56.6
Kingdom of Saudi Arabia		70.0	63.2
Singapore		0.8	2.9
Rest of the world		52.1	53.2
Revenue from continuing operations		711.4	690.5
Discontinued operations	13	5.3	10.3
Total revenue		716.7	700.8

The strategic report section in this Annual Report provides an analysis of revenues between maintenance support services (being services to plant operators to assist with their maintenance and production support activities) and construction support services (being services to engineering and contracting companies to support major construction projects). This split in customer base and revenue does not represent an operating segment as multi-discipline services are provided to all customers and as such the segmental analysis is only presented by geographic segments.

Revenue from continuing operations derived from maintenance support services was £474 million (67%) (2014: £478 million (69%)) and revenue derived from construction support services was £237 million (33%) (2014: £212 million (31%)).

Revenue from the largest client represented 12% of total revenue (2014: 15%) relating to activity across all geographic segments and the top ten clients represented 45% of revenue (2014: 42%).

The segment assets and liabilities at 31 December 2015 and capital expenditure for the year are as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Unallocated £m	Group £m
Assets – continuing	174.5	162.6	74.4	23.6	134.4	569.5
Assets directly associated with disposal group held for sale (note 13)	0.2	–	0.8	–	–	1.0
Total assets	174.7	162.6	75.2	23.6	134.4	570.5
Non-current assets included in total assets						
Goodwill and intangibles – continuing	61.6	48.3	28.6	0.1	–	138.6
Other – continuing	35.5	30.9	18.4	0.2	29.7	114.7
Total – continuing	97.1	79.2	47.0	0.3	29.7	253.3
Non-current assets – discontinued operations	–	–	–	–	–	–
Total non-current assets	97.1	79.2	47.0	0.3	29.7	253.3
Liabilities – continuing	59.2	55.6	23.5	102.4	198.7	439.4
Liabilities – discontinued operations	–	0.1	–	–	–	0.1
Liabilities directly associated with disposal group held for sale (note 13)	0.5	–	1.2	–	–	1.7
Total liabilities	59.7	55.7	24.7	102.4	198.7	441.2
Capital expenditure – property, plant and equipment (note 17)	8.5	9.1	2.5	–	–	20.1

Included within Asia Pacific's total non-current assets of £47.0 million (2014: £65.8 million) is £2.1 million (2014: £2.1 million) that is located in Singapore. The geographical origin of non-current assets held by the Group has not been disclosed as the necessary information is not available and the cost to develop it would be excessive.

5 Segment information (continued)
Liabilities of discontinued operations of £0.1 million (2014: £0.3 million) relate to liabilities held in India. Assets and liabilities held for sale in both 2015 and 2014 relate to the discontinuation of operations in Hong Kong and Kazakhstan respectively.

The segment assets and liabilities at 31 December 2014 and capital expenditure for the year are as follows:

2014	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Unallocated £m	Group £m
Assets – continuing	120.8	115.6	82.3	124.0	132.4	575.1
Assets directly associated with disposal group held for sale (note 13)	2.6	–	–	–	–	2.6
Total assets	123.4	115.6	82.3	124.0	132.4	577.7
Non-current assets included in total assets						
Goodwill and intangibles – continuing	59.5	47.1	41.4	0.1	–	148.1
Other – continuing	29.8	25.3	24.4	–	33.3	112.8
Total – continuing	89.3	72.4	65.8	0.1	33.3	260.9
Non-current assets – discontinued operations	–	–	–	–	–	–
Total non-current assets	89.3	72.4	65.8	0.1	33.3	260.9
Liabilities – continuing	59.2	55.1	27.4	115.7	190.2	447.6
Liabilities – discontinued operations	–	0.3	–	–	–	0.3
Liabilities directly associated with disposal group held for sale (note 13)	2.3	–	–	–	–	2.3
Total liabilities	61.5	55.4	27.4	115.7	190.2	450.2
Capital expenditure – property, plant and equipment (note 17)	8.3	2.9	3.9	0.2	–	15.3

Segment assets consist primarily of property, plant and equipment, investments, intangible assets, inventories and trade and other receivables. Segment liabilities consist of operating liabilities.

Unallocated assets and liabilities comprise:

		2015		2014	
	Note	**Assets £m**	**Liabilities £m**	Assets £m	Liabilities £m
Deferred tax	20	**20.7**	**5.4**	24.3	7.5
Current tax	27	**–**	**6.0**	–	7.6
Cash	23	**81.4**	**–**	78.0	–
Restricted funds: current	23	**23.3**	**–**	20.9	–
Restricted funds: non-current	23	**9.0**	**–**	9.0	–
Current borrowings	24	**–**	**–**	–	–
Non-current borrowings	24	**–**	**187.3**	–	174.9
Derivatives	25	**–**	**–**	0.2	0.2
Total unallocated		**134.4**	**198.7**	132.4	190.2

6 Operating profit

	Note	**2015 £m**	Restated 2014 £m
Analysis of operating profit			
Continuing operations			
Revenue		**711.4**	690.5
Cost of sales		**(587.9)**	(575.3)
Gross profit		**123.5**	115.2
Operating expenses		**(73.8)**	(62.9)
Operating profit before joint ventures and other items and exceptional items		**49.7**	52.3
Other items	8a	**(3.4)**	(11.7)
Exceptional items	8b	**(9.2)**	(0.9)
Share of post-tax result of joint ventures	18	**2.8**	–
Operating profit		**39.9**	39.7

Cost of sales consists principally of direct labour, materials and other direct costs which include foreign exchange gains and losses and operating lease payments.

6 Operating profit (continued)
The following items have been charged to the consolidated income statement:

	Note	2015 £m	Restated 2014 £m
Employee benefit expense (excluding discontinued operations)	9	**442.3**	406.6
Depreciation (excluding discontinued operations)	17	**15.9**	18.1
Amortisation	15	**3.4**	2.6
Operating lease payments including hire of plant and machinery		**11.7**	13.4
Foreign exchange (gains)		**(0.5)**	(1.6)
(Gain)/loss on disposal of property, plant and equipment	32a	**(0.4)**	0.1
Auditors' remuneration	10	**1.3**	1.5

7 Adjusted measures
The Group seeks to present a measure of underlying performance which is not impacted by exceptional or other items, both considered non-operational in nature. These measures are described as 'adjusted' and are used by management to measure and monitor performance. Other items and exceptional items have been excluded from the adjusted measures:

	Note	2015 £m	Restated 2014 £m
Profit before tax		**29.1**	30.0
Other items	8a	**3.4**	11.7
Exceptional items	8b	**9.2**	0.9
Interest income on restricted funds	11	**(0.3)**	(0.5)
Unwind of discount on provision for industrial disease claims	11	**3.3**	3.4
Adjusted profit before tax		**44.7**	45.5
Operating profit		**39.9**	39.7
Other items	8a	**3.4**	11.7
Exceptional items	8b	**9.2**	0.9
Adjusted operating profit		**52.5**	52.3
Adjusted operating profit margin		**7.4%**	7.6%
Adjusted operating profit		**52.5**	52.3
Depreciation – continuing operations	17	**15.9**	18.1
Adjusted EBITDA		**68.4**	70.4
Net debt		**76.6**	69.2
Unamortised borrowing arrangement costs		**2.0**	2.9
Restricted funds	23	**32.3**	29.9
Less: cash transferred to assets of disposal group held for sale	13	**(1.0)**	(1.0)
Adjusted net debt		**109.9**	101.0
Finance costs		**(11.2)**	(11.0)
Unwind of discount on provision for industrial disease claims		**3.3**	3.4
Adjusted finance costs		**(7.9)**	(7.6)

Certain central operations and management are based in the Group's International Headquarters (IHQ) in Singapore with responsibility for management and development of non-UK intellectual property. Franchise agreements facilitate the charging of franchise fees from IHQ to the Group's non-UK trading businesses with such costs being reported through segment operating profit.

7 Adjusted measures (continued)
The segmental adjusted operating profit before franchise fee charges is as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Revenue	**395.8**	**174.6**	**141.0**	**–**	**711.4**
Adjusted operating profit/(loss) before joint ventures	**31.7**	**25.4**	**6.9**	**(14.3)**	**49.7**
Share of post-tax result of joint ventures	**2.8**	**–**	**–**	**–**	**2.8**
Adjusted operating profit/(loss)	**34.5**	**25.4**	**6.9**	**(14.3)**	**52.5**

2014 Restated	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Revenue	388.5	175.6	126.4	–	690.5
Adjusted operating profit/(loss) before joint ventures	38.5	21.1	6.8	(14.1)	52.3
Share of post-tax result of joint ventures	–	–	–	–	–
Adjusted operating profit/(loss)	38.5	21.1	6.8	(14.1)	52.3

8 Other items and exceptional items
a) Other items

	Note	2015 £m	2014 £m
Continuing operations			
In operating profit:			
Amortisation of intangibles arising on business acquisitions	15	**3.4**	2.6
Post-acquisition management compensation		**0.2**	0.7
Actuarial (credit)/charge to provision for industrial disease claims		**(0.6)**	8.2
Other industrial disease claims expenses		**0.4**	0.2
Other items from continuing operations included within operating profit		**3.4**	11.7

b) Exceptional items

	Note	2015 £m	2014 £m
(i) Continuing operations			
Acquisition related costs	34	**0.4**	0.9
Impairment of goodwill		**8.8**	–
Exceptional items from continuing operations included within operating profit		**9.2**	0.9

	Note	2015 £m	2014 £m
(ii) Discontinued operations			
In loss from discontinued operations:			
Impairment of goodwill	13	**3.4**	6.1
Impairment of investment in joint venture	13	**–**	0.8
Impairment of assets held for sale	13	**1.8**	2.8
Other	13	**0.4**	–
(Release)/charge of provision for exit costs	13	**(0.7)**	1.2
Exceptional items included within loss from discontinued operations		**4.9**	10.9

9 Employee benefit expense

	Note	2015 £m	Restated 2014 £m
Wages and salaries		**398.5**	366.5
Social security costs		**29.6**	28.1
Share options granted and awarded to directors and employees	30	**(0.4)**	0.6
Pension costs – defined contribution plans	19	**13.2**	9.2
Pension costs – defined benefit plans	19	**–**	(0.7)
Other employee benefit costs	19	**1.4**	2.9
Total (excluding discontinued operations)		**442.3**	406.6

The average monthly number of employees (including executive directors) in 2015 was 16,462 (2014: 16,995). The remuneration paid to directors of the Group is disclosed in note 37 'Related party transactions' and the directors' remuneration report on pages 65 to 67.

10 Auditor's remuneration

	2015 £m	2014 £m
Fees paid to the Company's auditor and associates for:		
The audit of the parent company and the consolidated financial statements	**0.4**	0.5
The audit of the Company's subsidiary company financial statements	**0.7**	0.8
Tax compliance and advisory services	**0.2**	0.2
Total	**1.3**	1.5

Included in the 2015 total balance is an amount of £0.1 million relating to negotiated over runs for the 2014 audit which has been allocated to the audit of the parent company and the consolidated financial statements (2014: £0.3 million of over runs for the 2013 audit, of which £0.2 million was allocated to the audit of the parent company and the consolidated financial statements and the remaining £0.1 million to the audit of the Company's subsidiary company financial statements).

11 Finance income and costs

	Note	2015 £m	2014 £m
Interest income:			
Short-term bank deposits		**0.1**	0.1
Interest on pension assets		**–**	0.7
Interest on restricted funds (included in other items)		**0.3**	0.5
Finance income		**0.4**	1.3
Interest expense:			
Bank borrowings		**(7.7)**	(7.4)
Finance leases		**(0.2)**	(0.2)
Unwind of discount on provision for industrial disease claims (included in other items)	28	**(3.3)**	(3.4)
Finance costs		**(11.2)**	(11.0)
Net finance costs		**(10.8)**	(9.7)

12 Income tax

	2015 £m	Restated 2014 £m
Current tax:		
UK	**2.1**	1.5
Overseas	**6.8**	6.2
Adjustments in respect of prior years	**(1.1)**	(0.4)
Deferred tax:		
UK	**1.0**	0.5
Overseas	**(0.2)**	(0.7)
Adjustments in respect of prior years	**(0.5)**	0.3
Income tax expense	**8.1**	7.4

12 Income tax (continued)
The difference between the actual tax charge and the charge that would have arisen using Jersey's standard corporate income tax rate of 0% (2014: 0%) is explained in the table below:

	2015 £m	Restated 2014 £m
Profit before tax	29.1	30.0
Tax calculated at the standard rate of corporate income tax in Jersey of 0% (2014: 0%)	–	–
Adjustments in respect of prior year	(1.6)	(0.1)
Share option charge	–	0.1
Effect of different overseas tax rates	6.1	5.5
Goodwill write-off	1.8	–
Unrelieved overseas tax	2.2	0.2
Deferred tax asset not recognised in respect of losses	(0.3)	0.3
Tax in respect of joint ventures	(0.6)	0.1
Expenses non-deductible	1.1	2.2
Income not taxable	(0.8)	(0.8)
Change in tax rates	0.2	(0.1)
Tax charge	8.1	7.4

Included within the tax charge of £8.1 million (2014: £7.4 million) is a tax charge of £0.1 million (2014: credit of £1.8 million) 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 location and the nature of the cost.

Factors affecting current and future tax charges
As a Group involved in worldwide operations, Cape is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different jurisdictions, tax rates imposed and tax regime reforms. Legislation has been enacted in the UK to reduce the standard rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. Any UK deferred tax balances have therefore been measured at an appropriate rate depending on when the deferred tax balance is expected to unwind.

13 Discontinued operations and assets held for sale
Analysis of the result of discontinued operations and the result recognised on the re-measurement of assets and liabilities of the disposal group is as follows:

	2015 £m	Restated 2014 £m
Revenue	5.3	10.3
Expenses	(5.6)	(11.9)
(Loss) before tax of discontinued operations	(0.3)	(1.6)
Deferred income tax (charge)/credit	(0.2)	0.3
Exclude: share of loss attributable to non-controlling interest	0.2	–
(Loss) after tax of discontinued operations before exceptional items	(0.3)	(1.3)
Exceptional items:		
Impairment of goodwill	(3.4)	(6.1)
Impairment of investment in joint venture	–	(0.8)
Impairment of assets held for sale	(1.8)	(2.8)
Other	(0.4)	–
Release/(charge) of provision for exit costs	0.7	(1.2)
(Loss) after tax of discontinued operations after exceptional items	(5.2)	(12.2)

Discontinued operations in 2015 and 2014 primarily relate to the planned termination of operations in Hong Kong and Kazakhstan respectively.

13 Discontinued operations and assets held for sale (continued)
The major classes of assets and liabilities directly associated with the disposal group classified as held for sale are split as follows:

Assets directly associated with disposal group held for sale	Note	2015 £m	2014 £m
Property, plant and equipment	17	–	1.8
Investment held in joint venture	18	–	0.8
Trade and other receivables		1.8	2.6
Cash		1.0	1.0
Goodwill	15	3.4	6.1
Assets directly associated with disposal group held for sale before impairment		6.2	12.3
Impairment of assets associated with disposal group held for sale		(5.2)	(9.7)
Assets directly associated with disposal group held for sale after impairment		1.0	2.6

Liabilities directly associated with disposal group held for sale	2015 £m	2014 £m
Trade and other payables	(1.2)	(1.1)
Liabilities directly associated with disposal group held for sale before impairment	(1.2)	(1.1)
Provision for exit costs	(0.5)	(1.2)
Liabilities directly associated with disposal group held for sale after impairment	(1.7)	(2.3)
Net (liabilities)/assets of disposal group held for sale	(0.7)	0.3

The net liabilities (2014: net assets) of the disposal group classified as held for sale of £0.7 million (2014: £0.3 million asset) at 31 December 2015 is stated after the Group recognised an impairment charge of £5.1 million (2014: £9.7 million) on those assets and the recognition of a provision for exit costs of £0.5 million (2014: £1.2 million).

14 Earnings per ordinary share
Basic earnings per share (EPS) for the year equals the profit after tax attributable to the Company's ordinary shareholders of £15.5 million (2014: profit of £10.4 million) divided by the weighted average number of issued ordinary shares of 121,072,777 (2014: 121,040,516).

When the Group makes a profit from continuing operations, diluted EPS equals the profit attributable to the Company's ordinary shareholders divided by the diluted weighted average number of issued ordinary shares. When the Group makes a loss from continuing operations, diluted EPS equals the loss attributable to the Company's ordinary shareholders divided by the basic (undiluted) weighted average number of issued ordinary shares. This ensures that EPS on losses is shown in full and not diluted by unexercised share options or awards.

Share options and awards are considered dilutive when the average share price during the year is higher than the average exercise price of the option or award and attainment of attaching performance criteria can be determined with appropriate certainty. Out of the 1,237,636 options granted in the current period, 1,040,113 options are not considered dilutive.

	2015 Shares	2014 Shares
Basic weighted average number of shares	121,072,777	121,040,516
Adjustments:		
Weighted average number of outstanding share options	563,679	61,245
Diluted weighted average number of shares	121,636,456	121,101,761

The basic weighted average number of shares excludes shares that the Company holds in an employee benefit trust. The weighted average number of shares held in the trust during the year was 31,160 (2014: 63,421).

14 Earnings per ordinary share (continued)

	2015		Restated 2014	
	Earnings £m	EPS pence	Earnings £m	EPS pence
Basic earnings/(loss) per share				
Continuing operations	20.7	17.1	22.6	18.7
Discontinued operations	(5.2)	(4.3)	(12.2)	(10.1)
Basic earnings per share	15.5	12.8	10.4	8.6
Diluted earnings/(loss) per share				
Continuing operations	20.7	17.0	22.6	18.7
Discontinued operations	(5.2)	(4.3)	(12.2)	(10.1)
Diluted earnings per share	15.5	12.7	10.4	8.6
Adjusted basic earnings per share – continuing operations				
Earnings from continuing operations	20.7	17.1	22.6	18.7
Amortisation of intangibles	3.4	2.8	2.6	2.1
Post-acquisition management compensation	0.2	0.2	0.7	0.6
Exceptional items	9.2	7.5	0.9	0.8
Industrial disease related costs and interest income	2.8	2.3	11.3	9.3
Tax effect of adjusting items	0.1	0.1	(1.8)	(1.5)
Adjusted basic earnings per share	36.4	30.0	36.3	30.0
Adjusted diluted earnings per share – continuing operations				
Earnings from continuing operations	20.7	17.0	22.6	18.7
Amortisation of intangibles	3.4	2.8	2.6	2.1
Post-acquisition management compensation	0.2	0.2	0.7	0.6
Exceptional items	9.2	7.5	0.9	0.8
Industrial disease related costs and interest income	2.8	2.3	11.3	9.3
Tax effect of adjusting items	0.1	0.1	(1.8)	(1.5)
Adjusted diluted earnings per share	36.4	29.9	36.3	30.0

The adjusted earnings per share calculations have been calculated after excluding the impact of amortisation of intangibles, non-recurring costs, exceptional items, industrial disease claims related costs and interest income and the tax impact of these items.

15 Intangible assets

	Note	Goodwill £m	Trademarks £m	Supply agreements £m	Other customer-related intangibles £m	Other £m	Total £m
Cost							
At 1 January 2014		243.5	–	–	–	5.7	249.2
Acquired through business combination		20.1	6.8	2.6	13.8	–	43.3
Additions		–	–	–	–	0.1	0.1
Exchange adjustments		(0.5)	–	–	–	–	(0.5)
Transfer to assets held for sale	13	(6.1)	–	–	–	–	(6.1)
At 31 December 2014		257.0	6.8	2.6	13.8	5.8	286.0
Acquired through business combination	34	2.3	–	–	3.1	–	5.4
Disposals		–	–	–	–	(0.1)	(0.1)
Exchange adjustments		(7.1)	–	–	–	–	(7.1)
Transfer to assets held for sale	13	(3.4)	–	–	–	–	(3.4)
At 31 December 2015		**248.8**	**6.8**	**2.6**	**16.9**	**5.7**	**280.8**
Amortisation and impairment							
At 1 January 2014		129.8	–	–	–	5.5	135.3
Amortisation charge		–	0.3	0.7	1.5	0.1	2.6
At 31 December 2014		129.8	0.3	0.7	1.5	5.6	137.9
Amortisation charge		–	0.3	0.9	2.1	0.1	3.4
Impairment		8.8	–	–	–	–	8.8
Disposals		–	–	–	–	(0.1)	(0.1)
Exchange adjustments		(7.8)	–	–	–	–	(7.8)
At 31 December 2015		**130.8**	**0.6**	**1.6**	**3.6**	**5.6**	**142.2**
Net book amount:							
At 1 January 2014		113.7	–	–	–	0.2	113.9
At 31 December 2014		127.2	6.5	1.9	12.3	0.2	148.1
At 31 December 2015		**118.0**	**6.2**	**1.0**	**13.3**	**0.1**	**138.6**

Impairment tests for goodwill

As required by IAS 36 'Impairment of assets', the Group tests goodwill for impairment on an annual basis. The recoverable amounts of each cash-generating unit (CGU) is based on a value in use calculation.

£8.8 million of goodwill was impaired in the year in relation to the Asia CGU, reflecting a downward revision in the shorter-term cash flow projections in light of current market conditions.

Each CGU's value in use was calculated by taking the Group's five-year cash flow forecasts and then applying a long-term growth rate to the periods beyond the fifth year, discounted back using a pre-tax discount rate. These present values were then compared to the combined carrying value of the CGUs' assets (goodwill, intangible assets and property, plant and equipment). The key assumptions used in preparing the discounted cash flows were as follows:

EBITDA and cash flow projections

EBITDA and capital expenditure in the five-year forecast commenced with the most recently approved annual budget, years two to five were prepared on a country by country basis by considering past performance, long-term market share and estimates of market growth by sector. All cash flows associated with future capital expenditure that would enhance the performance of the CGUs were then removed from the discounted cash flows. Cash flow projections were calculated in real rather than nominal terms.

Discount rate

The discount rate reflects the estimated post-tax rate of return that would be expected from a rational investor over the period of the forecast, which is then adjusted to a pre-tax discount rate by reference to the Group's five-year cash tax forecast. The post-tax discount rate was calculated using the Capital Asset Pricing Model approach, with the risk free rate based on UK Government gilts, the beta derived via weekly observations over a five-year period and the risk premium based on a consistent long-term average return on shares. Adjustments were then made to the discount rate of each CGU to reflect different risks associated with those CGUs (both specific risk premiums and in respect of local risk free rates). The pre-tax discount rates applied are set out in the table below.

Long-term growth rates

Long-term growth rates were also applied to each CGU separately. Considerations to derive the growth rates included long-term GDP growth and projected growth rates in the supply and demand for energy. The long-term growth rates applied are also set out below.

15 Intangible assets (continued)
Given the current uncertainty surrounding market conditions, management have taken a prudent view on the real long-term growth rates applied to the cash flow projections for the purpose of impairment testing, as indicated below. Management are of the opinion that over the short to medium term, actual growth rates will be in excess of those used in the projections.

The assumptions used in the value-in-use calculations were as follows:

	Goodwill £m	Discount rate	Long-term growth rate	Headroom £m
UK	18.9	10.2%	–	101.4
MENA	48.2	11.1%	–	173.6
Australia	19.2	11.4%	–	9.5
Asia	9.3	13.0%	–	–
Motherwell Bridge	20.1	9.7%	–	77.1
Cape Engineering Services	2.3	10.0%	–	13.0
	118.0			374.6

Sensitivities
The table below discloses what changes in the key assumptions would cause the carrying value of the CGUs to exceed their recoverable amounts:

	Discount rate to reach impairment	Long-term growth rate to reach impairment
UK	35.1%	Note*
MENA	36.2%	Note*
Australia	14.9%	(6.3%)
Asia	–	–
Motherwell Bridge	25.9%	(45.4%)
Cape Engineering Services	38.4%	Note*

* Note: while the level of headroom is significant, it is not practicable to calculate.

Sensitivities were also applied to the five-year EBITDA compound annual growth rates, again there was sufficient headroom in each of the CGUs with flat or negative growth rates still providing headroom.

16 Investment property
The investment property is an area of freehold land with a carrying value of £2.0 million (2014: £2.0 million) being cost less provision for impairment and a fair value of £3.4 million (2014: £2.8 million). There are no accumulated impairment losses. No significant rent is received from the property.

The Group has determined that the highest and best use of the freehold land is its current use.

The fair value of the investment property is based upon a valuation as at 31 December 2015 performed by an accredited independent valuer, who is a specialist in valuing investment properties. A valuation model in accordance with the RICS Appraisal and Valuations Standards Manual has been applied.

17 Property, plant and equipment

During the year ended 31 December 2015, the Group acquired assets with a cost of £20.1 million (2014: £15.3 million) and received proceeds from asset sales of £2.9 million (2014: £1.3 million) as shown in the consolidated cash flow statement representing the actual cash outflow.

	Note	Land and buildings £m	Fixtures and fittings £m	Plant and machinery £m	Assets under course of construction £m	Total £m
Cost						
At 1 January 2014		19.8	9.4	167.4	–	196.6
Exchange adjustments		0.2	–	3.0	–	3.2
Additions		–	0.9	14.1	0.3	15.3
Acquired through business combination		1.7	–	0.6	–	2.3
Disposals		(0.8)	(0.2)	(18.4)	–	(19.4)
Transfer to assets held for sale	13	–	–	(5.9)	–	(5.9)
At 31 December 2014		20.9	10.1	160.8	0.3	192.1
Exchange adjustments		–	–	2.8	–	2.8
Additions		0.6	0.6	18.1	0.8	20.1
Reclassification		(0.2)	–	–	0.2	–
Acquired through business combination	34	0.5	–	0.1	–	0.6
Disposals		(0.7)	(1.4)	(9.7)	–	(11.8)
At 31 December 2015		**21.1**	**9.3**	**172.1**	**1.3**	**203.8**
Accumulated depreciation and impairment						
At 1 January 2014		4.4	8.1	102.8	–	115.3
Exchange adjustments		0.1	(0.1)	2.4	–	2.4
Charge for the year		0.9	0.8	16.6	–	18.3
Impairment loss		–	–	0.1	–	0.1
Disposals		(0.2)	(0.1)	(16.9)	–	(17.2)
Transfer to assets held for sale	13	–	–	(4.1)	–	(4.1)
At 31 December 2014		5.2	8.7	100.9	–	114.8
Exchange adjustments		0.1	0.2	2.0	–	2.3
Charge for the year		1.1	0.8	14.0	–	15.9
Disposals		(0.3)	(1.3)	(7.8)	–	(9.4)
At 31 December 2015		**6.1**	**8.4**	**109.1**	**–**	**123.6**
Net book amount						
At 1 January 2014		15.4	1.3	64.6	–	81.3
At 31 December 2014		15.7	1.4	59.9	0.3	77.3
At 31 December 2015		**15.0**	**0.9**	**63.0**	**1.3**	**80.2**

Included within the depreciation charge for the year of £15.9 million (2014: £18.3 million) is an amount of £nil (2014: £0.2 million) relating to discontinued operations. The remaining £15.9 million (2014: £18.1 million) relating to continuing operations has been charged to cost of sales in the consolidated income statement.

Exchange adjustments relate to the translation of assets held by foreign operations into the presentation currency.

The Group leases property, plant and equipment under finance lease agreements. At 31 December 2015, the net carrying amount of property, plant and equipment includes the following amounts held under finance lease: plant and machinery £0.6 million (2014: £0.7 million) and land and buildings £1.8 million (2014: £1.5 million). Additions during the year include £nil of plant and machinery under finance leases.

18 Investment in joint ventures

The Group holds interests in several joint ventures that are accounted for using the equity method. The Group's principal joint ventures are set out below. All have share capital consisting solely of ordinary shares which are indirectly held and their country of incorporation is also the principal place of operation. The joint ventures' activities are to provide critical industrial services focussed on the energy and natural resource sectors, which are aligned to the Group's strategy.

	Country of incorporation	% interest held
SOCAR Cape LLC	Azerbaijan	49%
Ship Support Services Limited	UK	50%
Olio Cape Sdn BHD	Malaysia	49%

18 Investment in joint ventures (continued)

The aggregated impact of joint ventures on the consolidated financial statements is as follows:

	2015 £m	2014 £m
Carrying amount at 1 January	–	0.7
Share of post-tax result of joint ventures	2.8	0.4
Disposal	–	(0.3)
Transfer to assets held for sale (note 13)	–	(0.8)
Carrying amount at 31 December	2.8	–

During 2015, the Group disposed of its interest in the Resa-Cape Joint Venture. In 2014, the Group disposed of its interest in Cape Civmec Insulation Group and transferred its investment in Cape Caspian LLP to assets held for sale (note 13). Under the equity method of accounting the Group does not recognise its share of post-tax losses from a joint venture to the extent that these cumulative losses exceed the carrying amount of the investment in that joint venture. The share of post-tax results reported above excludes the net contribution from loss making joint ventures of £nil (2014: £nil). The cumulative value of such unrecognised losses at the statement of financial position date is £nil (2014: £2.0 million).

Summarised financial information for the joint ventures, as reconciled to the consolidated financial statements of the Group, is as follows:

Carrying amount of investment	2015 £m	2014 £m
Current assets	31.3	33.5
Non-current assets	11.6	4.7
Current liabilities	(37.4)	(42.2)
Non-current liabilities		–
Equity	5.5	(4.0)
Proportion attributable to Group	2.8	(2.0)
Less cumulative losses unrecognised	–	2.0
Carrying amount of the investment	2.8	–

Share of post-tax result	2015 £m	2014 £m
Post-tax result of joint ventures	9.6	0.8
Proportion attributable to Group	4.8	0.4
Less: losses previously unrecognised	(2.0)	–
Share of post-tax result before transfer to discontinued operations	2.8	0.4
Less: profits transferred to discontinued operations	–	(0.4)
Share of post-tax result for continuing operations	2.8	–

The joint ventures had no contingent liabilities at 31 December 2015 (2014: none) whilst they had capital commitments of £nil at 31 December 2015 (2014: £8.3 million).

19 Retirement benefit obligations

The Group operates a final salary defined benefit scheme and a defined contribution scheme for employees within the UK and provides pensions for employees of overseas companies in accordance with local requirements and practices. 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 latest full valuation of the defined benefit scheme was assessed by independent qualified actuaries as at 6 April 2013 using the projected unit method. The valuation showed that the assets of the main defined benefit scheme had a market value of £173.2 million and was 98% funded. Included within the assets balance is an amount of £117.8 million in respect of insurance policies covering pensioner liabilities. The next full valuation is due to be prepared as at 6 April 2016.

Some of the Group's overseas subsidiary undertakings operate leaving indemnity schemes as required by local laws and regulations. These schemes are unfunded. The provision for leaving indemnities is based on the number of years' service and the current salary of the employee.

The pension expense in the year for the defined contribution pension scheme is £3.1 million (2014: £2.7 million). The expense equalled the Group contributions to the scheme.

19 Retirement benefit obligations (continued)
The Group incurred an expense in the year for non-Group operated defined contribution schemes of £10.1 million (2014: £6.5 million).

The defined benefit scheme disclosures of the Group in this note also include figures relating to a small scheme held by a subsidiary undertaking.

	2015 £m	2014 £m
Consolidated statement of financial position:		
Pension benefit assets	**0.5**	–
Pension benefit liabilities	**(0.3)**	(0.3)
	0.2	(0.3)
Leaving indemnities	**(13.5)**	(12.1)
	(13.3)	(12.4)
Consolidated income statement charge for:		
Leaving indemnities charged through cost of sales	**1.4**	2.9
	1.4	2.9

	2015 £m	2014 £m
Re-measurement of net defined benefit obligations recognised in the consolidated statement of comprehensive income in the year (before tax)	**(0.8)**	(4.9)
Cumulative re-measurement gains and losses recognised in the consolidated statement of comprehensive income (before tax)	**(55.8)**	(55.0)

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

	2015 £m	2014 £m
Present value of funded obligations	**(133.6)**	(136.9)
Fair value of plan assets	**144.9**	148.7
	11.3	11.8
Restriction of surplus	**(11.2)**	(12.1)
Net asset/(liability) in the consolidated statement of financial position	**0.1**	(0.3)

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 December 2015 (2014: £nil). This has also resulted in the interest income being restricted to £nil in 2015.

The amounts recognised in the consolidated income statement are as follows:

	2015 £m	2014 £m
Interest expense	**5.3**	5.3
Interest income on plan assets	**(4.9)**	(6.0)
Restriction of interest income in accordance with IFRIC 14	**(0.4)**	–
Total	**–**	(0.7)

The actual return on plan assets was £1.7 million (2014: £14.1 million).

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

	2015 £m	2014 £m
Beginning of year	**148.7**	139.6
Interest income on plan assets	**5.3**	6.0
Re-measurement of plan assets	**(3.6)**	8.1
Employer contributions	**0.1**	0.2
Benefits paid	**(5.6)**	(5.2)
End of year	**144.9**	148.7

19 Retirement benefit obligations (continued)

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

	2015 £m	2014 £m
Beginning of year	**136.9**	123.8
Interest expense	**4.9**	5.3
Actuarial gain – experience adjustments	**–**	(0.3)
Actuarial losses – changes in financial assumptions	**(1.2)**	13.9
Actuarial gain – changes in demographic assumptions	**(1.6)**	(0.6)
Past service costs	**0.2**	–
Benefits paid	**(5.6)**	(5.2)
End of year	**133.6**	136.9

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	**3.80%**	3.58%
Future salary increases	**4.40%**	4.35%
Future pension increases	**2.95%**	2.95%
CPI Inflation rate	**2.40%**	2.15%
RPI Inflation rate	**3.25%**	3.23%
Post retirement mortality rate	**1.00%**	1.00%

A quantitative sensitivity analysis for these significant assumptions as at 31 December 2015 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	**23.8**	**(29.0)**	**(1.0)**	**0.9**	**(16.7)**	**14.8**	**(6.2)**	**5.6**
Impact on plan assets	**(11.3)**	**12.9**	**–**	**–**	**11.0**	**(9.7)**	**(2.0)**	**1.8**
Impact on net pension asset	**12.5**	**(16.1)**	**(1.0)**	**0.9**	**(5.7)**	**5.1**	**(8.2)**	**7.4**

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 valuation prepared to 6 April 2013, 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 December 2014 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	(25.9)	(1.0)	0.9	(16.7)	14.1	(4.4)	3.9
Impact on plan assets	(11.8)	14.4	–	–	9.8	(8.5)	(2.2)	1.9
Impact on net pension asset	8.2	(11.5)	(1.0)	0.9	(6.9)	5.6	(6.6)	5.8

Mortality rate

Assumptions regarding future mortality experience are set 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:

	2015	2014
Male	**23.5**	22.9
Female	**25.6**	25.1

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:

	2015	2014
Male	**25.2**	24.6
Female	**27.3**	26.8

19 Retirement benefit obligations (continued)
Pension benefits
Plan assets are comprised as follows:

	2015 £m	2014 £m
Quoted		
Diversified growth funds	26.1	26.1
Index-linked gilts	6.4	6.6
Fixed interest gilts	1.3	1.4
Bonds	5.3	6.0
Equities	13.6	14.5
	52.7	54.6
Unquoted		
Insurance annuities	87.8	90.1
Property	4.0	3.9
Cash	0.4	0.1
	92.2	94.1
Total	144.9	148.7

Risk exposure to the Group
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 Group is also exposed to equity market risk. More than 60% 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.

20 Deferred income tax
Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The net movement on the deferred income tax account is as follows:

	Note	2015 £m	2014 £m
At 1 January		16.8	19.5
Exchange adjustments		(0.8)	(0.3)
Consolidated income statement charge:			
– Continuing operations		(0.4)	–
– Discontinued operations		(0.1)	0.2
– Acquisition of subsidiary	34	(0.2)	(3.8)
Tax credited/(charged) directly to the consolidated statement of changes in equity		0.1	0.2
Tax credited/(charged) directly to the consolidated statement of comprehensive income		(0.1)	1.0
At 31 December		**15.3**	**16.8**

20 Deferred income tax (continued)
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2015 £m	2014 £m	**2015 £m**	2014 £m	**2015 £m**	2014 £m
Property, plant and equipment	**5.2**	5.4	**(1.1)**	(3.3)	**4.1**	2.1
Other	**0.3**	0.5	**(4.1)**	(4.2)	**(3.8)**	(3.7)
Retirement benefits	**–**	–	**(0.1)**	–	**(0.1)**	–
Derivative financial instruments	**–**	0.1	**–**	–	**–**	0.1
Provisions	**4.7**	6.8	**–**	–	**4.7**	6.8
Employee share options	**0.5**	0.4	**(0.1)**	–	**0.4**	0.4
Tax losses carried forward	**10.0**	11.1	**–**	–	**10.0**	11.1
	20.7	24.3	**(5.4)**	(7.5)	**15.3**	16.8

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets/(liabilities)	**Accelerated capital allowances £m**	**Provisions £m**	**Tax losses £m**	**Pension £m**	**Hedging £m**	**Share options £m**	**Other £m**	**Total £m**
At 1 January 2015	**2.1**	**6.8**	**11.1**	**–**	**0.1**	**0.4**	**(3.7)**	**16.8**
(Charged)/credited to the consolidated income statement	**1.8**	**(1.9)**	**(0.7)**	**–**	**(0.1)**	**(0.1)**	**0.5**	**(0.5)**
Credited directly to consolidated statement of changes in equity	**–**	**–**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
(Charged) directly to consolidated statement of comprehensive income	**–**	**–**	**–**	**(0.1)**	**–**	**–**	**–**	**(0.1)**
Exchange differences	**0.1**	**(0.2)**	**(0.7)**	**–**	**–**	**–**	**–**	**(0.8)**
Acquisition of subsidiary	**0.1**	**–**	**0.3**	**–**	**–**	**–**	**(0.6)**	**(0.2)**
At 31 December 2015	**4.1**	**4.7**	**10.0**	**(0.1)**	**–**	**0.4**	**(3.8)**	**15.3**
Deferred tax assets	**5.2**	**4.7**	**10.0**	**–**	**–**	**0.5**	**0.3**	**20.7**
Deferred tax liabilities	**(1.1)**	**–**	**–**	**(0.1)**	**–**	**(0.1)**	**(4.1)**	**(5.4)**
At 31 December 2015	**4.1**	**4.7**	**10.0**	**(0.1)**	**–**	**0.4**	**(3.8)**	**15.3**

Deferred tax assets/(liabilities)	Accelerated capital allowances £m	Provisions £m	Tax losses £m	Pension £m	Hedging £m	Share options £m	Other £m	Total £m
At 1 January 2014	2.9	4.9	11.7	(0.9)	0.1	0.2	0.6	19.5
(Charged)/credited to the consolidated income statement	(0.9)	1.1	(0.3)	(0.1)	–	–	0.3	0.1
Credited directly to the consolidated statement of changes in equity	–	–	–	1.0	–	0.2	–	1.2
Exchange differences	0.1	–	(0.3)	–	–	–	–	(0.2)
Acquisition of subsidiary	–	0.8	–	–	–	–	(4.6)	(3.8)
At 31 December 2014	2.1	6.8	11.1	–	0.1	0.4	(3.7)	16.8
Deferred tax assets	5.4	6.8	11.1	–	0.1	0.4	0.5	24.3
Deferred tax liabilities	(3.3)	–	–	–	–	–	(4.2)	(7.5)
At 31 December 2014	2.1	6.8	11.1	–	0.1	0.4	(3.7)	16.8

The Group has a deferred tax asset of £9.0 million (2014: £10.7 million) relating to Australian tax losses. The Group fully expects to offset these losses against future profits following successful contract wins in Australia and therefore no de-recognition is deemed necessary.

Deferred taxation has not been provided in the event of the distribution of the un-appropriated profits or reserves of certain overseas subsidiary undertakings as the Group does not currently intend to make such distributions.

20 Deferred income tax (continued)
At the date of the statement of financial position, the Group has unrecognised tax losses of £27.1 million (2014: £27.6 million) available for offset against future profits, subject to agreement with the tax authorities. The losses carried forward in certain entities can only be utilised against future profits of those entities. No deferred tax asset has been recognised in respect of these losses as there is uncertainty in respect of their future recoverability.

There are no income tax consequences attached to the payment of dividends in either 2015 or 2014 by the Group to its shareholders. There is no expiry date on tax losses recognised.

Legislation has been enacted in the UK to reduce the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. Any UK deferred tax balances have therefore been measured at an appropriate rate depending on when the deferred tax balance is expected to unwind.

21 Inventories

	2015 £m	2014 £m
Materials	5.4	5.2
Work in progress	7.0	9.5
Finished goods	0.3	0.3
	12.7	15.0

The cost of inventories recognised as an expense has been charged to cost of sales in the consolidated income statement and amounted to £117.4 million (2014: £112.3 million).

	2015 £m	2014 £m
Contract revenue recognised as revenue in the period	109.0	130.1

	2015 £m	2014 £m
Gross amounts due from customers for contract work (presented as an asset within amounts receivable on contracts and work in progress)	14.6	16.8
Gross amounts due to customers for contract work (presented as a liability within payments received on account)	(7.3)	(6.4)
	7.3	10.4

	2015 £m	2014 £m
Contract costs incurred and recognised profits (less recognised losses to date)	234.3	295.2
Less progress billings	(227.0)	(284.8)
	7.3	10.4

Advances received as at 31 December 2015 amounted to £7.3 million (2014: £6.4 million). Customer retentions as at 31 December 2015 amounted to £11.0 million (2014: £11.1 million). Trade receivables arising from construction contracts are all due for settlement within one year.

22 Trade and other receivables

	2015 £m	2014 £m
Trade receivables	123.0	131.7
Less: provision for impairment of trade receivables	(8.0)	(9.8)
Trade receivables – net	115.0	121.9
Amounts recoverable on contracts	59.4	56.9
Receivables from joint ventures	7.4	6.4
Other receivables	10.2	11.0
Prepayments	6.8	4.1
	198.8	200.3

The fair values of trade and other receivables equal the carrying amounts, as the impact of discounting is not material.

Receivables from joint ventures are repayable on demand and bear no interest.

As at 31 December 2015, trade receivables of £8.0 million (2014: £9.8 million) were individually impaired and fully provided for. The individually impaired receivables mainly relate to contracts within the MENA region. The calculation of impairment was based on the Group's accounting policy in respect of trade receivable balances together with any specific circumstances relating to the balance. See below for the movements in the provision for impairment of receivables.

22 Trade and other receivables (continued)
Provision for impairment of trade receivables:

	2015 £m	2014 £m
At 1 January	**9.8**	11.0
Provisions charged	**4.3**	3.8
Provisions utilised	**(1.8)**	(2.2)
Provisions released	**(4.6)**	(3.1)
Exchange adjustments	**0.3**	0.3
At 31 December	**8.0**	9.8

Provisions for impaired receivables are included in cost of sales in the consolidated income statement. Amounts charged to the provision of impairment of trade receivables are generally written off when there is no expectation of recovery.

As at 31 December 2015, trade receivables of £82.5 million (2014: £87.8 million) were neither past due nor impaired.

As at 31 December 2015, trade receivables of £32.4 million (2014: £31.6 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2015 £m	2014 £m
Less than 3 months	**25.0**	20.8
3 to 6 months	**4.2**	5.8
7 to 12 months	**1.7**	2.6
Over 12 months	**1.5**	2.4
	32.4	31.6

As at 31 December 2015, trade receivables of £3.1 million (2014: £5.3 million) were past due and partially impaired. The ageing analysis of these receivables is as follows:

	2015 £m	2014 £m
Less than 3 months	**–**	2.1
3 to 6 months	**1.9**	0.8
7 to 12 months	**0.9**	1.5
Over 12 months	**0.3**	0.9
	3.1	5.3

As at 31 December 2015, trade receivables of £5.0 million (2014: £7.0 million) were past due and fully impaired. The ageing analysis of these receivables is as follows:

	2015 £m	2014 £m
Less than 3 months	**–**	0.1
3 to 6 months	**–**	–
7 to 12 months	**1.7**	1.0
Over 12 months	**3.3**	5.9
	5.0	7.0

The impaired receivables mainly relate to contracts within the MENA region. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

23 Cash, cash equivalents and restricted deposits

	2015 £m	2014 £m
Cash and cash equivalents	**81.4**	78.0
Restricted deposits: non-current	**9.0**	9.0
Restricted deposits: current	**23.3**	20.9
Total restricted deposits	**32.3**	29.9

Restricted current deposits include £0.2 million (2014: £0.6 million) held for the settlement of a tax liability. The balance of the restricted deposits relate to funds that are restricted for use in settling industrial disease claims under the Scheme of Arrangement that was put in place in 2006 to provide for the long-term financing of asbestos-related industrial disease claims. The key features of the Scheme of Arrangement are set out in note 36.

24 Borrowings

	2015 £m	2014 £m
Non-current:		
Finance leases	**2.9**	2.2
Bank loans	**187.3**	174.9
Total non-current borrowings	**190.2**	177.1
Current:		
Finance leases	**0.1**	–
Bank loans	**–**	–
Total current borrowings	**0.1**	–
Total borrowings	**190.3**	177.1

Bank borrowings
The Group's bank loans of £187.3 million (2014: £174.9 million) are stated net of unamortised issue costs of £2.0 million (2014: £2.9 million).

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2015 £m	2014 £m	2015 £m	2014 £m
Finance leases	**2.9**	2.2	**2.9**	2.2
Bank loans	**187.3**	174.9	**184.2**	170.4
	190.2	177.1	**187.1**	172.6

The fair value of non-current borrowings includes unamortised borrowing arrangement costs.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015 £m	2014 £m
Australian dollar	**20.8**	20.2
Sterling	**169.5**	156.9
	190.3	177.1

The Group has the following undrawn borrowing facilities:

	2015 £m	2014 £m
Floating rate:		
– Expiring beyond 1 year	**105.8**	111.5

The Group has two finance leases in place (2014: one). One expires in 2032 with an effective interest rate of 7.2% whereas the other lease expires in 2098 with an effective interest rate of 3.2%.

Finance lease liabilities are payable as follows:

			Restated	Restated
	Future minimum lease payments 2015 £m	Present value of minimum lease payments 2015 £m	Future minimum lease payments 2014 £m	Present value of minimum lease payments 2014 £m
In 1 year or less	**0.2**	**0.1**	0.2	–
Between 1 and 5 years	**1.0**	**0.3**	0.9	0.1
Over 5 years	**6.2**	**2.6**	3.5	2.1
	7.4	**3.0**	4.6	2.2

24 Borrowings (continued)
Financial liabilities: Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	2015 £m	2014 £m
Current:				
Obligations under finance leases			**0.1**	–
Total current interest-bearing loans and borrowings			**0.1**	–
Non-current:				
Obligations under finance leases			**2.9**	2.2
Loans:				
£168,515,000	GBP LIBOR + 2.35	Apr-18	**168.5**	–
AUD42,100,000	AUD LIBOR + 2.35	Apr-18	**20.7**	–
£157,515,000	GBP LIBOR + 2.6	Apr-18	**–**	157.5
AUD38,100,000	AUD LIBOR + 2.6	Apr-18	**–**	20.0
Other third-party loan	5.29	May-17	**0.1**	0.3
Unamortised borrowing costs	–	–	**(2.0)**	(2.9)
Total non-current interest-bearing loans and borrowings			**190.2**	177.1
Total interest-bearing loans and borrowings			**190.3**	177.1

25 Financial instruments
Details of financial instruments are set out below.

2015	Loans and receivables £m	Fair value through income statement £m	Other financial liabilities at amortised cost £m	Total £m
Assets per the consolidated statement of financial position				
Trade and other receivables (excluding prepayments)	**192.0**	**–**	**–**	**192.0**
Derivative financial instruments	**–**	**–**	**–**	**–**
	192.0	**–**	**–**	**192.0**
Liabilities per the consolidated statement of financial position				
Borrowings (excluding finance lease liabilities)	**–**	**–**	**(187.3)**	**(187.3)**
Finance lease liabilities	**–**	**–**	**(3.0)**	**(3.0)**
Derivative financial instruments	**–**	**–**	**–**	**–**
Trade and other payables (excluding statutory liabilities)	**–**	**–**	**(100.4)**	**(100.4)**
	–	**–**	**(290.7)**	**(290.7)**

2014	Loans and receivables £m	Fair value through income statement £m	Other financial liabilities at amortised cost £m	Total £m
Assets per the consolidated statement of financial position				
Trade and other receivables (excluding prepayments)	196.2	–	–	196.2
Derivative financial instruments	–	0.2	–	0.2
	196.2	0.2	–	196.4
Liabilities per the consolidated statement of financial position				
Borrowings (excluding finance lease liabilities)	–	–	(174.9)	(174.9)
Finance lease liabilities	–	–	(2.2)	(2.2)
Derivative financial instruments	–	(0.2)	–	(0.2)
Trade and other payables (excluding statutory liabilities)	–	–	(106.0)	(106.0)
	–	(0.2)	(283.1)	(283.3)

25 Financial instruments (continued)
Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange, cash flow interest rate and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to offset certain risk exposures.

Financial risk management is carried out by the Group treasury function under policies approved by the Board. Group treasury identifies, evaluates and where appropriate uses derivative financial instruments to offset financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange, interest rate and credit risks, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. Disclosures in respect of the Group's financial risks are set out below.

a) Market risk
(i) Foreign exchange risk
The Group is exposed to foreign exchange risk on sales, purchases, and translation of assets and liabilities that are in a currency other than the functional currency of its operating units. The Group is also exposed to the translation of the functional currencies of its units to Sterling which is the reporting currency of the Group. The Group has no financial instruments to hedge foreign exchange risk.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015		2014	
	£m	**% of total**	£m	% of total
Australian dollar	**21.3**	**10.7**	25.7	12.8
Euro	**0.2**	**0.1**	2.2	1.1
Sterling	**96.1**	**48.3**	82.9	41.4
Qatari riyal	**21.2**	**10.7**	22.8	11.4
Saudi Arabian riyal	**29.9**	**15.0**	25.3	12.6
Singapore dollar	**1.4**	**0.7**	1.2	0.6
UAE dirham	**8.9**	**4.5**	12.6	6.3
US dollar	**4.9**	**2.5**	12.8	6.4
Other currencies	**14.9**	**7.5**	14.8	7.4
	198.8	**100.0**	200.3	100.0

The key foreign currencies from which revenues are derived are the Australian dollar and the US dollar. Movements in the Qatari riyal, the Saudi Arabian riyal and the UAE dirham correlate with movements in the US dollar, therefore these have been included within the US dollar sensitivity analysis below. The following tables demonstrate the sensitivity to a reasonably possible change in Sterling against these five currencies. The Group's exposure to foreign currency changes for all other currencies is not deemed material.

2015	**Change in rate**	**2015 Effect on profit before tax £m**	**2015 Effect on equity £m**
Australian dollar	**+5%**	**–**	**1.8**
Australian dollar	**-5%**	**–**	**(1.6)**
US dollar	**+5%**	**1.2**	**7.2**
US dollar	**-5%**	**(1.1)**	**(6.5)**

2014	Change in rate	2014 Effect on profit before tax £m	2014 Effect on equity £m
Australian dollar	+5%	–	1.6
Australian dollar	-5%	–	(1.8)
US dollar	+5%	(1.1)	3.0
US dollar	-5%	1.2	(3.3)

(ii) Cash flow and fair value interest rate risk
The Group's interest rate risk arises from the possible changes in interest rates on borrowings drawn under the Group's syndicated debt facility. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group reviews its interest rate exposure, taking into consideration refinancing, renewal of existing positions and alternative financing. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group's cash and bank borrowings are at floating rates of interest.

The Group has entered into transactions to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.

Management perform a sensitivity analysis on the impact of reasonable movements in interest rates on Group profit and equity. The impact of a 1% increase in interest rates was determined as an additional charge to profit and reduction in equity of £1.3 million (2014: £1.2 million).

25 Financial instruments (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions.

The Group's exposure to credit risk (see note 22 'Trade and other receivables' for additional information) is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, and in some cases bank references.

The Group's largest customer accounted for 12% of revenue in 2015 (2014: 15%).

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due (see note 24 'Borrowings' and note 26 'Trade and other payables' for additional information). The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation. The Group has estimated its anticipated contractual cash outflows including interest payable in respect of its bank borrowings and finance leases. The principal assumptions are based on conditions prevailing at the date of the statement of financial position but assume a rise in interest rate of 0.5%. These cash outflows can be analysed by maturity as follows:

2015	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Total £m
Estimated future cash outflows				
Borrowings (excluding finance leases liabilities)	7.9	8.1	215.5	231.5
Finance lease liabilities	0.1	0.1	2.8	3.0
Derivative financial instruments	–	–	–	–
Trade and other payables (excluding statutory liabilities)	100.4	–	–	100.4
	108.4	8.2	218.3	334.9

2014 Restated	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Total £m
Estimated future cash outflows				
Borrowings (excluding finance lease liabilities)	8.2	8.2	203.9	220.3
Finance lease liabilities	–	–	2.2	2.2
Derivative financial instruments	0.2	–	–	0.2
Trade and other payables (excluding statutory liabilities)	106.0	–	–	106.0
	114.4	8.2	206.1	328.7

d) Capital management

The Group's policy is to maintain a healthy capital base to sustain future growth and maximise shareholder value. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as the equity attributable to shareholders of the parent of £126.4 million (2014: £124.7 million) and adjusted net debt (this adjusted measure is defined in note 7 'Adjusted measures'). During the year, the Group complied with covenants in place under the unsecured £295 million syndicated revolving credit facility entered into on 11 February 2014. There was no breach of borrowing covenants after the year end up to the date of signing of this report.

Consistent with others in the industry, the Group monitors capital on the basis of adjusted net debt to adjusted EBITDA ratio.

	2015 Ratio	2014 Ratio
Ratio of adjusted net debt to adjusted EBITDA	1:1.6	1:1.4

e) Accounting for derivative financial instruments and hedging activities

On inception derivatives are accounted and measured at fair value and subsequently re-measured at fair value. The gain or loss on re-measurement is taken to the consolidated income statement.

The fair values of short-term deposits, loans and other borrowings with a maturity of less than one year are assumed to approximate to their book values. In the case of the bank loans and other borrowings due in more than one year, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments. The fair value of the interest rate swaps (cash flow hedges) are calculated using quoted prices in active markets for identical assets and liabilities.

At 31 December 2015 the main floating rates were GBP LIBOR and AUD LIBOR.

In 2014, the Group entered into an interest rate cap for a period of three years, terminating in February 2018. The derivative is for £70 million and gives protection to the Group against its GBP borrowings when LIBOR exceeds the strike price of 2.5%.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

25 Financial instruments (continued)
Recurring fair value measurements:

At 31 December 2015	Quoted prices in active markets (Level 1) £m	Significant other observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Assets and liabilities measured at fair value:			
Net liabilities held for sale (note 13)	–	–	(0.7)
Derivative financial liabilities	–	–	–
Derivative financial assets	–	–	–
	–	–	(0.7)
Assets and liabilities for which fair values are disclosed:			
Investment property (note 16)	–	–	3.4
Bank loans (note 24)	–	(184.2)	–
	–	(184.2)	3.4

At 31 December 2014	Quoted prices in active markets (Level 1) £m	Significant other observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m
Assets and liabilities measured at fair value:			
Net assets held for sale (note 13)	–	–	0.3
Derivative financial liabilities	–	(0.2)	–
Derivative financial assets	–	0.2	–
	–	–	0.3
Assets and liabilities for which fair values are disclosed:			
Investment property (note 16)	–	–	2.8
Bank loans (note 24)	–	(170.4)	–
	–	(170.4)	2.8

There have been no transfers between Level 1 and Level 2 during the period.

The fair value of the assets held for sale have been calculated based on the estimated realisable value on the open market, less costs to sell. This is in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

The fair value of the investment property is based upon a valuation as at 31 December 2015 performed by an accredited independent valuer, who is a specialist in valuing investment properties.

Fair values of the Group's interest-bearing borrowings and loans are determined by using a discounted cash flow method with a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

26 Trade and other payables

	2015 £m	2014 £m
Payments received on account	14.8	12.1
Trade payables	42.8	36.5
Social security and other taxes	20.4	18.3
Other payables	9.0	12.1
Accrued expenses	33.8	45.3
	120.8	124.3

27 Current income tax liabilities

	2015 £m	2014 £m
Overseas taxation	7.9	8.0
UK taxation	(1.9)	(0.4)
	6.0	7.6

28 Provisions

	Onerous contracts £m	Legal £m	Other £m	Total £m	Industrial disease claims £m	Total Group £m
At 1 January 2015	9.7	6.6	4.3	**20.6**	98.2	**118.8**
Acquired through business combinations (note 34)	–	–	0.6	**0.6**	–	**0.6**
Utilised	(5.9)	(2.9)	(1.5)	**(10.3)**	(5.4)	**(15.7)**
Charged to the income statement	1.4	–	0.7	**2.1**	–	**2.1**
Released to the income statement	(2.3)	(2.3)	(0.3)	**(4.9)**	(0.6)	**(5.5)**
Discount unwind	–	–	–	**–**	3.3	**3.3**
Foreign exchange	0.2	–	(0.1)	**0.1**	–	**0.1**
At 31 December 2015	**3.1**	**1.4**	**3.7**	**8.2**	**95.5**	**103.7**
2015						
Current provisions	2.3	1.4	1.8	**5.5**	5.3	**10.8**
Non-current provisions	0.8	–	1.9	**2.7**	90.2	**92.9**
	3.1	**1.4**	**3.7**	**8.2**	**95.5**	**103.7**
2014						
Current provisions	8.8	6.6	2.3	**17.7**	4.7	**22.4**
Non-current provisions	0.9	–	2.0	**2.9**	93.5	**96.4**
	9.7	**6.6**	**4.3**	**20.6**	**98.2**	**118.8**

Onerous contracts
A provision is made for onerous contracts where it is considered that the contract costs are likely to exceed revenues in future years. Inherent uncertainties in measuring the provision relate to estimates of the future costs expected to be incurred and of revenues expected to be received. The majority of this is expected to be settled in 2016, with the remaining balance expected to be settled in 2017.

Legal
The Group is involved in a number of legal and other disputes, including notification of possible claims. The directors, having considered the facts and circumstances of each item, including legal advice where appropriate, have established provisions to cover the costs of future settlements. Uncertainties relate to whether the Group is successful in defending any action. These are expected to be settled in 2016.

Other
Other provisions comprise of various provisions including disposal costs on businesses being divested, restructuring provisions, property related provisions and contingent consideration on acquisitions. Inherent uncertainties in measuring the provision relate to estimates of disposal costs associated with any businesses being divested, estimates of expected restructuring costs and expected property costs and estimates of contingent consideration on acquisitions. The costs are expected to be settled in 2016 and 2017.

Industrial disease claims
To the extent that such costs can be reliably estimated as at 31 December 2015, 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 on alleged exposure to previously manufactured asbestos products, notwithstanding the matters disclosed under note 35 'Industrial disease claim provision and contingent liabilities'. The most recent full actuarial valuation was performed in 2013 and the next full valuation is scheduled to be completed in early 2017 in respect of the period up to 31 December 2016. 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 which, relying on appropriate legal advice, it does not believe to have legal merit and which are, accordingly, not provided for.

The provision for industrial disease claims is discounted at 2.67% (2014: 2.5%) being the appropriate risk free rate as at the balance sheet date, over the term of the liabilities, being approximately 40 years.

The directors anticipate that, assuming no material deterioration in trading performance, the Group will be able to sufficiently fund its subsidiary Cape Claims Services Limited to satisfy all claims that will be settled under the Scheme of Arrangement and will be sufficiently funded to satisfy all other UK claims settled outside of the Scheme of Arrangement.

29 Commitments

a) Capital commitments

The Group (excluding joint ventures) had the following capital expenditure contracted for at the date of the statement of financial position but not yet incurred:

	2015 £m	2014 £m
Property, plant and equipment	**2.2**	2.9

b) Operating lease commitments

The Group enters into leases of varying terms, escalation clauses and renewal rights in respect of property and items of plant and machinery. Total obligations under non-cancellable operating lease rentals for continuing operations are due:

	2015 £m	2014 £m
In one year or less	**3.7**	5.1
Between one and five years	**4.1**	5.8
Over five years	**0.9**	1.1
	8.7	12.0

30 Share capital and reserves

Ordinary shares of 25p each	2015 Number of shares	2015 £m	2014 Number of shares	2014 £m
Authorised	**200,000,000**	**50.0**	200,000,000	50.0
Issued and fully paid:				
At 1 January	**121,103,937**	**30.3**	121,103,937	30.3
Issue of shares	**–**	**–**	–	–
Exercise of share options	**–**	**–**	–	–
At 31 December	**121,103,937**	**30.3**	121,103,937	30.3
plc Scheme share				
Authorised, issued and fully paid at 1 January and 31 December	**1**	–	1	–

As at 31 December 2015, 31,160 (2014: 31,160) shares were held in an employee benefit trust.

Special reserve

The special reserve was created in 2008 by court order upon cancellation of the share premium and retained earnings. The special reserve is not distributable and restrictions exist over its use.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

Other reserves

Other reserves relates to hedging reserves held in respect of net investment hedges.

plc Scheme Share

The plc Scheme Share is held by the Law Debenture Trust Corporation plc on behalf of the Scheme creditors.

The rights attaching to the share are designed to ensure that Scheme assets are only used to settle Scheme claims and ancillary costs and do not confer any right to receive a distribution or return of surplus capital save that the holder will have the right to require the Company to redeem the share at par value on or at any time after the termination of the Scheme.

The share carries two votes for every vote which the holders of the other classes of shares in issue are entitled to exercise on any resolution proposed during the life of the Scheme to engage in certain activities specified in the Company's Articles of Association.

The Company will not be permitted to engage in certain activities specified in the Company's Articles of Association without the prior consent of the holder of the share.

Share based payments

The Performance Share Plan (PSP) is the conditional award of ordinary shares granted at no cost to the participant employees or executive directors of the Group. Awards are made upon the terms set out in the plan and such other additional terms as the Board shall determine. Depending on the scheme, vesting of these awards is subject to Cape plc's Adjusted Diluted Earnings Per Share (DEPS) meeting the specified performance criteria over a three-year vesting period.

The final year performance criteria for the 2012 awards were: adjusted diluted EPS growth of RPI plus 3% for employees and RPI plus 5% for executive directors for the minimum of 30% of the shares awarded to vest, and EPS growth of RPI plus 10% for employees and RPI plus 12% for executive directors for all of the shares awarded to vest, calculated on an annually compounded basis. The contractual life of the award is three-years and is subject to continued employment.

30 Share capital and reserves (continued)
For the 2013 award specific EPS targets for the final year of the vesting period were set to 29 pence for the minimum of 30% of the shares awarded to vest and 36 pence for all of the shares awarded to vest. The contractual life of the award is three years and is subject to continued employment.

The final year performance criteria for the 2014 awards are based on the 2013 adjusted diluted EPS growth of the Retail Price Index (RPI) plus 3% for the minimum of 30% of the shares awarded to vest, and EPS growth of RPI plus 10% for all the shares awarded to vest, calculated on an annual compounded basis. The contractual life of the award is three years and is subject to continued employment.

The final year performance criteria for the 2015 awards are based on the 2014 adjusted diluted EPS growth of the Retail Price Index (RPI) plus 3% for the minimum of 30% of the shares awarded to vest, and EPS growth of RPI plus 10% for all the shares awarded to vest, calculated on an annual compounded basis. The contractual life of the award is three years and is subject to continued employment.

The shares issued under the PSP have an exercise price of £nil and under the fair value model used by the Company are deemed to have a fair value equivalent to the share price on the day of grant less the fair value of the dividends forgone during the vesting period. Therefore, the shares granted at 19 March 2015 have a fair value of 201.5 pence (2014 restated: 273.2 pence).

The Employee Incentive Plan (EIP) allows the Group to grant options to directors and senior employees. The last tranche of this scheme was awarded in 2008. The EIP carries a non-market based performance criteria. The contractual life of the options is ten years. The options become exercisable on the third anniversary of the date of grant, subject to a growth in earnings per share over that period exceeding an average 3% compounded annually above the growth in the consumer price index over the same period. Exercise of an option is subject to continued employment.

Options are valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation for the current year are as follows:

	Employee Incentive Plan
Weighted average fair value at measurement date	80.9p
Share price at grant date	269.0p
Exercise price	269.0p
Vesting period	3 years
Expected option life	3.95 years
Risk free interest rate	2.18%
Expected share price volatility	28%

The expected share price volatility is based on historic volatility. The expected option life is the average expected period to exercise. The risk free rate of return is the yield on a five-year zero coupon UK Government bond. The assumed dividend yield is zero.

The number and weighted average exercise price of the share options under the PSP and the share awards under the EIP are as follows:

Performance Share Plan	**Number of share options 2015**	Number of share options 2014
Outstanding at 1 January	**2,352,771**	1,823,127
Exercised	**–**	(194,470)
Granted	**1,237,636**	1,091,088
Forfeited	**(246,279)**	(117,735)
Lapsed	**(286,498)**	(249,239)
Outstanding at 31 December	**3,057,630**	2,352,771

Out of the 3,057,630 outstanding PSP awards (2014: 2,352,771), nil shares were exercisable (2014: nil). Nil awards vested in 2015 (2014: nil). All PSP share options are at no cost to the participant.

Employee Incentive Plan	**Weighted average exercise price 2015 pence**	**Number of share options 2015**	Weighted average exercise price 2014 pence	Number of share options 2014
Outstanding at 1 January	**269.0**	**10,000**	269.0	85,000
Exercised	**–**	**–**	–	–
Forfeited	**–**	**–**	269.0	(75,000)
Outstanding at 31 December	**269.0**	**10,000**	269.0	10,000

All of the options outstanding at 31 December 2015 were exercisable (2014: all were exercisable). No options were exercised in the year (2014: none).

30 Share capital and reserves (continued)
Share options and awards outstanding at the end of the year have the following expiry date and exercise prices:

Performance Share Plan expiry date	2015	2014
20 April 2017	–	192,016
29 June 2017	–	96,522
31 March 2018	913,798	985,874
31 March 2019	943,980	1,078,359
19 March 2020	1,199,852	–
	3,057,630	2,352,771

On 19 March 2015, 1,237,636 share options were awarded to executive directors and employees under the Performance Share Plan which vest after three years subject to performance criteria being met (2014: 1,091,088). If the criteria are met, the awards vest at no cost to the employees and executive directors.

Employee Incentive Plan expiry dates	Exercise price per share pence	2015	2014
22 March 2017	269.0	10,000	10,000
		10,000	10,000

The total credit for the year relating to employee share based payment plans was £0.4 million (2014: charge of £0.6 million), all of which related to equity settled share based payment transactions.

At 31 December 2015, there is an amount of £0.3 million (2014: £0.4 million) included within ‘other’ provisions of £3.7 million (2014: £4.3 million) as per note 28, which relates to national insurance payable on share based payment charges.

31 Dividends per share
An interim dividend was paid on 9 October 2015 amounting to 4.5 pence per share (2014: 4.5 pence per share). Interim dividends are recognised when paid. A final dividend in respect of the year ended 31 December 2015 of 9.5 pence per share (2014: 9.5 pence per share), amounting to £11.5 million, is to be proposed at the Annual General Meeting convened for 11 May 2016, making a total dividend of 14.0 pence per share for the year (2014: 14.0 pence per share).

These consolidated financial statements do not reflect this final dividend payable.

32 Cash generated from operations

a) Reconciliation of Group profit before tax to cash generated from continuing and discontinued operations

	2015 £m	Restated 2014 £m
Cash flows from operating activities		
Continuing operations		
Profit before tax	29.1	30.0
Finance costs – net	10.8	9.7
Share of post-tax result of joint ventures	(2.8)	–
Other items	(2.1)	(0.2)
Payments made on behalf of IDC Scheme	(2.2)	(3.4)
Exceptional items – impairment of goodwill	8.8	–
Share option (credit)/ charge	(0.4)	0.6
Depreciation and amortisation	19.3	20.7
Difference between pension charge and cash contributions	0.8	1.3
(Gain)/loss on sale of property, plant and equipment	(0.4)	0.1
Decrease/ (increase) in inventories	2.7	(2.0)
(Increase) in trade and other receivables	(7.9)	(18.9)
Increase in trade and other payables	9.0	2.6
(Decrease)/increase in provisions	(13.1)	4.2
Cash generated from continuing operations	51.6	44.7
Discontinued operations		
Loss before tax	(0.3)	(1.6)
Other items	(4.9)	(10.6)
Impairment of goodwill and assets held for sale	5.2	9.7
Depreciation	–	0.2
Loss on sale of property, plant and equipment	–	0.8
Decrease in inventories	–	1.1
Decrease in trade and other receivables	1.1	2.9
(Decrease)/increase in trade and other payables	(0.8)	0.6
Cash reclassified to disposal group held for sale	(0.1)	(1.0)
Tax paid	–	(0.3)
Increase/(decrease) in provisions	0.1	(0.6)
Cash used in discontinued operations	0.3	1.2

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2015 £m	2014 £m
Net book amount	2.5	2.2
Gain/(loss) on disposal of property, plant and equipment – continuing operations	0.4	(0.1)
(Loss) on disposal of property, plant and equipment – discontinued operations	–	(0.8)
Proceeds from disposal of property, plant and equipment – continuing operations	2.9	1.3

b) Analysis of cash flows relating to restricted deposits

	2015 £m	2014 £m
At 1 January	29.9	31.3
Payment of Scheme creditors	(3.7)	(3.7)
Interest received	0.3	1.7
Receipt of funds	6.2	0.6
Transfer of funds	(0.4)	–
At 31 December	32.3	29.9

Restricted deposits include funds held to settle a tax liability and scheme cash which is used to fund industrial disease claims.

33 Reconciliation of net cash flow to movement in net debt (excluding restricted deposits)

	2015 £m	2014 £m
Net increase in cash and cash equivalents	**3.4**	4.4
Movement in obligations under finance leases	**–**	–
Repayment of revolving facility	**–**	130.6
Drawing on borrowings	**(13.2)**	(167.9)
Finance leases and borrowings on acquisition	**(0.8)**	(5.6)
Foreign exchange movements	**1.8**	(0.4)
Net movement in unamortised borrowing arrangement costs	**–**	(2.9)
Cash transferred to disposal group held for sale	**(0.1)**	1.0
Movements in adjusted net debt during the year	**(8.9)**	(40.8)
Adjusted net debt excluding restricted deposits – opening	**(101.0)**	(60.2)
Adjusted net debt excluding restricted deposits – closing	**(109.9)**	(101.0)

Adjusted net debt excluding restricted deposits is calculated by deducting current and non-current borrowings from cash and cash equivalents.

34 Business acquisitions

On 13 May 2015, the Group acquired 100% of the voting shares of Redhall Engineering Solutions Limited, a UK incorporated entity that provides a range of maintenance services including specialist pipe repair, tank repair and shutdown services to the process and downstream oil and gas industries. On 8 July 2015, the entity's name was changed to Cape Engineering Services Limited (CESL).

The Group acquired the business to supplement both its product portfolio and customer base. The acquisition has been accounted for using the acquisition method.

The fair value of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were:

	Note	Fair value recognised on acquisition £m
Assets		
Property, plant and equipment	17	**0.6**
Trade and other receivables		**6.9**
Deferred tax asset	20	**0.4**
Intangible assets	15	**3.1**
		11.0
Liabilities		
Trade and other payables		**(5.8)**
Provision	28	**(0.6)**
Borrowings		**(6.1)**
Deferred tax liabilities	20	**(0.6)**
		(13.1)
Total identifiable net liabilities at fair value		**(2.1)**
Goodwill arising on acquisition	15	**2.3**
Purchase consideration transferred		**0.2**
Analysis of cash flows on acquisition:		
Purchase consideration		**0.2**
Settlement of debt		**5.3**
Working capital contribution		**0.7**
Total cash outflow		**6.2**

The acquired intangible assets comprise customer-related intangibles of £3.1 million. At the date of acquisition, both the gross contractual value and the fair value of receivables was £6.9 million.

The consolidated financial statements include the results of CESL from the date of acquisition, contributing £27.6 million of revenue and £1.8 million to profit before tax from continuing operations of the Group. Had the acquisition taken place on 1 January 2015, it would have contributed revenue of £37.6 million and profit before tax for the Group from continuing operations of £2.1 million.

The goodwill recognised on the acquisition is attributable to the value of the assembled workforce, expected synergies and other benefits arising from combining the CESL operations into the Group. The goodwill is not deductible for income tax purposes.

Acquisition-related costs of £0.4 million have been charged to exceptional items through continuing operations. Amortisation of intangible assets acquired as part of the transaction of £0.4 million has been charged to other items through continuing operations.

35 Industrial disease claim provision and contingent liabilities

The Board considers that the provision of £95.5 million for industrial disease claims as at 31 December 2015 captures all expected material industrial disease scheme liabilities for which the Board believes the Group to be 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 claim 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.

The Group has previously disclosed an increase in the number of product liability claims experienced by the Group. In particular, Cape Intermediate Holdings Limited (CIH) has received claims from both Aviva plc and RSA Group in respect of historic and current payments made by them in their capacity as providers of employer liability insurance in relation to claims by employees and former employees of third-party companies arising from asbestos-related diseases (Insurer PL Claims). All the Insurer PL Claims relate to damages and costs paid by the relevant insurer in respect of claims arising in respect of mesothelioma disease.

35 Industrial disease claim provision and contingent liabilities (continued)
A six-week trial in respect of the Insurer PL Claims has been listed to commence on 16 January 2017. The Board has received legal advice from leading counsel that the Insurer PL Claims place very substantial evidential burdens upon the claimants, are based upon novel legal arguments and are without precedent. As a result of the legal advice received, the Board continues to believe that these Insurer PL claims are without merit and they are therefore being vigorously defended; accordingly no provision has been made. The Board has also received legal advice from leading counsel that these Insurer PL Claims would constitute scheme claims as defined in the Cape Scheme (see note 36).

Cape's potential liability in respect of the Insurer PL Claims outlined above and from any potential further claims and associated costs cannot be accurately estimated at this time. Notwithstanding that the Board believes that the Insurer PL claims do not have a realistic chance of succeeding, an adverse decision of the court could have material and continuing impacts on the Group and its stakeholders, including but not limited to the implementation of the Group's strategic plans, potentially including the Company's capacity to pay a dividend and a reduction in the percentage of each claim paid out to individual claimants under the Scheme.

During 2014, a fatality of a Cape employee was suffered at a client's offshore installation. The investigation by the enforcing authorities is ongoing. At the date of the statement of financial position no amounts have been provided in respect of this matter. It is not practicable to provide an estimate of the financial effect and there is uncertainty relating to the amount or timing of any outflow.

Cape plc is responding to an enquiry by HMRC with regard to the UK tax consequences of a transfer of intellectual property to Singapore in 2011. HMRC has challenged the accounting treatment adopted in the audited financial statements, and the gain arising thereon. Cape's analysis is that the accounting treatment applied is correct and in line with the relevant accounting standards. A recent tax tribunal determined that the accounting treatment adopted in a case which has similarities with the accounting for the transfer of the Cape intellectual property was in line with the accounting standards being applied, and that a company cannot be forced to apply a different interpretation where the treatment adopted is valid. The Board expects to successfully defend against the HMRC challenge based on tax and accounting advice received. The possible UK corporation tax liability that may arise in connection with the enquiry is up to £14 million as at 31 December 2015.

The Group is required to issue trade finance instruments to certain customers. These include tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit. At 31 December 2015, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to £59.3 million (2014: £60.7 million).

36 The Scheme of Arrangement
On 14 June 2006, the Cape Scheme became effective and binding upon the following 13 companies:

Cape Intermediate Holdings Limited (formerly Cape Intermediate Holdings plc)
Cape Building Products Limited
Cape Calsil Systems Limited
Cape Contracts International Limited
Cape Durasteel Limited
Cape East Limited
Cape Industrial Services Limited
Cape Industries Limited
Cape Insulation Limited
Cape Specialist Coatings Limited
Predart Limited
Somewatch Limited
Somewin Limited

The Cape Scheme is a court-sanctioned scheme established to provide recompense for individual claimants in respect of asbestos-related industrial diseases contracted as a result of Cape's historic use of asbestos in manufacturing processes and who are unable to recover under insurance policies. The Cape Scheme also provides a structural protection for the Group's trading stakeholders.

The detailed terms of the Scheme are set out in the Scheme itself, a copy of which has been filed with the Registrar of Companies, which is also on the Cape plc website www.capeplc.com/investors/shareholder-information/shareholder-documents, 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.

36 The Scheme of Arrangement (continued)

(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% of the 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 2015, a top up of £6.2 million was made to the Scheme (2014: £nil).

(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%, 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%.

(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%, (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% and (iii) the Payment Percentage has not at any time within the previous 40 business days been below 100%. 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% of the consolidated adjusted operating profit of the 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 Financial Services Compensation Scheme (FSCS) 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% but above 50% and the Scheme creditor has not been paid in full after 12 months or (ii) the Payment Percentage is reduced to 50% 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.

(n) There are provisions contained in two reimbursement agreements which preserve certain rights of proof by CCS and Cape plc respectively in any insolvency of Cape plc or any of the other Scheme companies.

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

37 Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Other related party transactions are disclosed below.

a) Compensation of key management

	2015 £000	2014 £000
Aggregate emoluments	**3,988**	3,996
Company contributions to defined contribution pension schemes	**82**	126
	4,070	4,122

The key management is considered to comprise of the executive and non-executive directors as well as the members of the executive committee.

Details of the executive directors' emoluments are disclosed in the directors' remuneration report on pages 65 to 77.

No directors accrued benefits under the Group's defined benefits pension scheme (2014: none).

b) Other related party transactions

As at the year-end there was a net balance of £7.4 million (2014: £6.4 million) owed by joint ventures. These amounts are unsecured, have no fixed date of repayment and are repayable on demand. Amounts owed by joint ventures are assessed for recoverability and, where necessary, provided for in line with normal commercial transactions. Revenue of joint ventures in 2015 was £20.6 million (2014: £17.8 million).

38 Subsidiary undertakings and joint ventures
The subsidiaries which form part of the Group and joint ventures are listed below:

Name	Country of incorporation	Ownership %
Altitude Scaffolding Limited	UK	100
Cape UK Holdings Newco Limited	UK	100
Cape Industrial Services Group Limited	UK	100
Cape Intermediate Holdings Limited	UK	100
Cape UK Trading Limited	UK	100
Cape Calsil Group Limited	UK	100
Cape Engineering Services Limited	UK	100
Cape (Group Services) Limited	UK	100
Cape Overseas Limited	UK	100
Cape Treasury Limited	UK	100
Cape Admin 1 Limited	UK	100
Cape Admin 2 Limited	UK	100
Cape HoldCo Limited	UK	100
Cape Calsil Systems Limited	UK	100
Cape Calsil International Limited	UK	100
Cape East (UK) Limited	UK	100
Cape Industrial Services Limited	UK	100
Cape Industrial Services Europe Limited	UK	100
Cape Painting Contractors Limited	UK	100
Cape Claims Services Limited	UK	100
Cape Pension Trustees Limited	UK	100
Cape Defined Pension Trustees Limited	UK	100
Cape Industrial Services Holdings Limited	UK	100
Cape Contracts International Limited	UK	100
Cape Specialist Coatings Limited	UK	100
Cape Insulation Limited	UK	100
Cape Building Products Limited	UK	100
Cape Industries Limited	UK	100
Cape Durasteel Limited	UK	100
Cape East Limited	UK	100
Cape Environmental Services Offshore Limited	UK	100
Cape Environmental Services Onshore Limited	UK	100
Datadeep Limited	UK	100
DBI Industrial Services Limited	UK	100
DBI Endecon Limited	UK	100
Endecon Limited	UK	100
Joseph Nadin Scaffolding Limited	UK	100
Motherwell Bridge Limited	UK	100
MB Engineering Services Limited	UK	100
Powerplant Support Services Limited	UK	100
Predart Limited	UK	100
R.B. Hilton Limited	UK	100
Somewatch Limited	UK	100
Somewin Limited	UK	100
Ship Support Services Limited*	UK	50
YL Holdings Limited	UK	100
York Linings International Limited	UK	100
Cape Australia Holdings Pty Limited	Australia	100
Cape Industrial Services Pty Limited	Australia	100
Cape Marine and Offshore Pty Limited	Australia	100
Cape Australia Onshore Pty Limited	Australia	100
Cape (CHS) Pty Limited	Australia	100

Name	Country of incorporation	Ownership %
Concept Hire Pty Limited	Australia	100
PCH Offshore Pty Limited	Australia	100
Ridgebay Holdings Pty Limited	Australia	100
Total Corrosion Control Pty Limited	Australia	100
Cape Myanmar Company Limited	Myanmar	100
Cape Papua New Guinea Limited	Papua New Guinea	100
Cape Hong Kong Limited	Hong Kong	100
Cape Hong Kong Fuji Limited	Hong Kong	100
Cape International Holdings Pte Limited	Singapore	100
Cape East Private Limited	Singapore	100
CG Purchasing Pte Limited	Singapore	100
Cape East (Holdings) Limited	Thailand	49
Cape East (Thailand) Limited	Thailand	100
PCH (Thailand) Co Limited	Thailand	49
Cape Global Manpower Solutions Inc	Philippines	25
Cape East Philippines Inc	Philippines	100
T&H Investments & Holding Corporation	Philippines	40
PT Cape East Indonesia Limited	Indonesia	90
PT PCH Indonesia	Indonesia	100
Cape East Jusik Hoesa	Korea	100
Cape Vietnam	Vietnam	100
Cape East Sdn Bhd	Malaysia	100
Olio Cape Sdn Bhd*	Malaysia	49
Cape BVI (No1) Limited	British Virgin Islands	100
Cape Regional Services DMCC	Dubai	100
Cape East Limited W.L.L	Abu Dhabi	49
Cape East EC	Bahrain	100
Cape East & Partners LLC	Oman	65
Cape East General Contracting Company W.L.L	Kuwait	49
Cape East Limited Co W.L.L	Qatar	49
Cape Industrial Company Limited	Kingdom of Saudi Arabia	100
R.B. Hilton Saudi Arabia	Kingdom of Saudi Arabia	100
Cape International Sdn Bhd	Brunei	100
Cape Industrial Services Private Limited	India	100
Cape Industrial Services LLC	Russia	100
Cape (Sakhalin) LLC	Russia	100
Cape Cayman (No2) Limited	Cayman Islands	100
MB Operations Nigeria Limited	Nigeria	100
Cape East Libya Limited	Malta	100
Cape Libya Industrial Services, Security and Safety Joint Company	Libya	65
Cape Aislamientos SL	Spain	100
Cleton Insulation BV	Netherlands	100
Cleton Continental Europe BV	Netherlands	100
Cape East Egypt LLC	Egypt	100
Cape East Algeria SARL	Algeria	99
SOCAR-Cape LLC*	Azerbaijan	49
Cape PCH LLC	Azerbaijan	100
Cape Kazakhstan LLC	Kazakhstan	100

* Joint ventures

Where ownership percentage is less than 100%, control of subsidiaries has been established through the contractual arrangements in place with the other shareholders. Group undertakings operate principally in the countries in which they are incorporated.

Cape Claims Services Limited is the Group company against which claims made under the Scheme of Arrangement are enforceable and in which Scheme funding is accounted for. Cape International Holdings Pte Limited is 90% owned by the parent company (Cape plc) and 10% owned by Cape Industrial Services Limited.

39 Non-controlling interests
Financial information of subsidiaries that have material non-controlling interests (NCI) is provided below.

Proportion of equity interest held by Cape:

Name	Country of incorporation	2015	2014
Cape East Limited Co W.L.L	Qatar	49%	49%

Summarised income statement:

	2015 £m	2014 £m
Revenue	54.6	56.6
Cost of sales	(50.2)	(51.6)
Administrative expenses	(3.0)	(3.9)
Other expenses	(0.4)	(0.5)
Profit before tax	1.0	0.6
Income tax credit	0.1	–
Profit after tax	1.1	0.6
Profit attributable to non-controlling interest	0.3	0.2

Nil dividends were paid to the NCI in 2015 (2014: Nil). The percentage of profit attributable to NCI fluctuates annually due to the impact of foreign exchange translation.

Summarised statement of financial position:

	2015 £m	2014 £m
Non-current assets	3.8	4.2
Current assets	31.5	36.2
Current liabilities	(19.1)	(26.4)
Non-current liabilities	(4.6)	(3.8)

Accumulated balance of material non-controlling interest:

	2015 £m	2014 £m
Cape East Limited Co W.L.L	2.9	2.5

Parent company statement of comprehensive income for the year ended 31 December 2015

	2015 £m	2014 £m
Administrative expenses	(1.5)	(1.8)
Operating (loss)	(1.5)	(1.8)
Finance costs	(1.3)	(3.5)
Finance income	1.3	0.7
Investment income	5.2	72.1
Profit before tax	3.7	67.5
Tax expense	–	–
Profit for the year	3.7	67.5
Other comprehensive income for the year, net of tax	–	–
Total comprehensive income	3.7	67.5

Parent company statement of financial position at 31 December 2015

	Note	2015 £m	Restated* 2014 £m
Non-current assets			
Investments	4	**126.2**	126.6
Trade and other receivables	5	**44.1**	42.8
Total non-current assets		**170.3**	169.4
Total assets		**170.3**	169.4
Equity			
Called up share capital	7	**30.3**	30.3
Share premium account		**1.0**	1.0
Profit and loss account		**53.1**	66.8
Total equity		**84.4**	98.1
Non-current liabilities	6	**49.4**	56.8
Current liabilities	6	**36.5**	14.5
Total equity and liabilities		**170.3**	169.4

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made to reclassify amounts owed to Group undertakings as detailed in notes 5 and 6.

The financial statements on pages 136 to 143 were approved by the Board of Directors on 15 March 2016 and signed on its behalf by:

Joe Oatley Chief Executive

Michael Speakman Chief Financial Officer

Parent company statement of changes in equity for the year ended 31 December 2015

	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
At 1 January 2014	30.3	1.0	15.6	46.9
Profit for the financial year	–	–	67.5	67.5
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	67.5	67.5
Dividends	–	–	(16.9)	(16.9)
Share options:				
– proceeds from shares issued	–	–	–	–
– credit in respect of share schemes	–	–	0.6	0.6
At 31 December 2014	30.3	1.0	66.8	98.1
Profit for the financial year	**–**	**–**	**3.7**	**3.7**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**3.7**	**3.7**
Dividends	**–**	**–**	**(17.0)**	**(17.0)**
Share options:				
– charge in respect of share schemes	**–**	**–**	**(0.4)**	**(0.4)**
At 31 December 2015	**30.3**	**1.0**	**53.1**	**84.4**

Parent company cash flow statement
for the year ended 31 December 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Cash generated from operating activities	12	**17.0**	16.9
Cash generated from operating activities		**17.0**	16.9
Cash flows from investing activities			
Dividends received from subsidiaries		**–**	–
Net cash (used in)/from investing activities		**–**	–
Cash flows from financing activities			
Dividends paid		**(17.0)**	(16.9)
Proceeds from issue of share capital		**–**	–
Net cash used in financing activities		**(17.0)**	(16.9)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**–**	–

1 Summary of 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.

Basis of preparation
The parent company financial statements have been prepared in accordance with the Companies (Jersey) Law 1991 and International Financial Reporting Standards as adopted by the European Union ('IFRS'). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Changes to accounting policies and disclosures
a) New and amended standards and interpretations adopted by the Company
Several new standards and amendments apply for the first time in 2015, however they do not have a significant impact on the annual financial statements of the Company. These new standards and amendments are listed below:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (early adopted)
- Annual Improvements to IFRSs 2010-2012 Cycle (early adopted)
- Annual Improvements to IFRSs 2011-2013 Cycle

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

	Effective dates
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

The directors do not expect the adoption of these standards and interpretations to have a material impact on the Company financial statements in the period of initial application. The Company has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going concern
After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

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 by the date of the statement of financial position.

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 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 taxes 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.

1 Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share based payments

The Company issues equity settled share based payments to certain Group employees which are measured at fair value and recognised as an expense in the consolidated income statement with a corresponding increase in equity. The fair values of these payments are measured at the dates of grant using option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest, based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity. When the options are exercised, the Company issues new shares. Proceeds received on the exercise of share options are credited to share capital and share premium. The addition to the Company's investment in subsidiary undertakings is reduced on the issue of share incentives as these are recharged to the subsidiaries.

Investments

Investments in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2 Employees and directors

Employment costs, including directors' emoluments amounted to £448,205 (2014: £411,667). Details of directors' remuneration, share based payments and pension entitlements in the Remuneration Report on pages 65 to 77 form part of these financial statements. Details of material employee share based payments are given in note 30 to the consolidated financial statements. Details of the remuneration of key management personnel are given in note 37 to the consolidated financial statements.

3 Auditors' remuneration

Fees paid to the Company's auditor for:

	2015 £m	2014 £m
The audit of the parent company and the consolidated financial statements	0.5	0.5

Included in the 2015 balance is an amount of £0.1 million relating to negotiated overruns for the 2014 audit (2014: £0.2 million relating to the 2013 audit), which has been allocated to the audit of the parent company and the consolidated financial statements.

4 Investments

Subsidiary undertakings	2015 £m	Restated 2014 £m
Cost		
At 1 January	126.6	63.3
Additions	–	125.4
Adjustments*	(0.4)	0.6
Disposals	–	(62.7)
At 31 December	126.2	126.6
Net book amount		
At 31 December	126.2	126.6

*Adjustments relate to the share based payment credit of £0.4 million (2014:Charge of £0.6 million) as detailed in note 30 to the consolidated financial statements.

As part of a Group re-organisation in 2014, the Company transferred its 100% shareholding in Cape Intermediate Holdings Limited to Cape Holdco Limited and Cape International Holdings Pte Limited transferred its 100% shareholding in Cape UK Holdings Newco Limited to the Company.

Refer to note 38 for the Company's subsidiary listing as at 31 December 2015. The Company directly owns 100% of Cape UK Holdings Newco Limited and 90% of Cape International Holdings Private Limited but indirectly controls 100% through its 100% indirect shareholding in Cape Intermediate Holdings Limited.

5 Trade and other receivables

	2015 £m	2014 £m
Amounts owed by Group undertakings: non-current	**44.1**	42.8

Non-current amounts owed by Group undertakings are denominated in Sterling and are due to be repaid in 2018. Interest is received on the balance based on the average UK LIBOR rate for the year, plus a margin. At the date of the statement of financial position, £nil (2014: £nil) of amounts owed by Group undertakings were impaired. All movements in amounts owed to Group undertakings are treated as non-cash movements.

The prior year comparatives have been restated to correctly reclassify amounts owed to Group undertakings between current and non-current. The carrying value of trade and other receivables approximates fair value.

6 Liabilities

	2015 £m	Restated 2014 £m
Accruals	**0.6**	0.5
Other creditors	**0.1**	0.2
Amounts owed to Group undertakings: current	**35.8**	13.8
Total current liabilities	**36.5**	14.5
Amounts owed to Group undertakings: non-current	**49.4**	56.8
Total liabilities	**85.9**	71.3

Non-current amounts owed to Group undertakings are denominated in Sterling and Singapore dollars (SGD) and are due to be repaid in 2018. Amounts owed to Group undertakings less than one year are unsecured, have no fixed date of repayment and are repayable on demand. Interest is paid on the balance based on the UK LIBOR rate for the year, plus a margin. The amounts owed to Group undertakings denominated in Singapore dollars at 31 December 2015 is SGD 0.1 million (2014: SGD 0.4 million). All movements in amounts owed to Group undertakings are treated as non-cash movements.

The prior year comparatives have been restated to correctly reclassify amounts owed to Group undertakings between current and non-current. The carrying value of current liabilities approximates fair value.

7 Called up share capital

Ordinary shares of 25p each	2015 Number of shares	2015 £m	2014 Number of shares	2014 £m
Authorised	**200,000,000**	**50.0**	200,000,000	50.0
Issued and fully paid:				
At 1 January	**121,103,937**	**30.3**	121,103,937	30.3
Issue of shares	**–**	**–**	–	–
Exercise of share options	**–**	**–**	–	–
At 31 December	**121,103,937**	**30.3**	121,103,937	30.3
plc Scheme share				
Authorised, issued and fully paid at 1 January and 31 December	**1**	**–**	1	–

plc Scheme share
The plc Scheme share is held by the Law Debenture Trust Corporation plc on behalf of the Scheme creditors.

The rights attaching to the share are designed to ensure that Scheme assets are only used to settle Scheme claims and ancillary costs and do not confer any right to receive a distribution or return of surplus capital save that the holder will have the right to require the Company to redeem the share at par value on or at any time after the termination of the Scheme.

The share carries two votes for every vote which the holders of the other classes of shares in issue are entitled to exercise on any resolution proposed during the life of the Scheme to engage in certain activities specified in the Company's Articles of Association.

The Company will not be permitted to engage in certain activities specified in the Company's Articles of Association without the prior consent of the holder of the share.

At 31 December 2015, 31,160 (2014: 31,160) shares were held in an employee benefit trust.

8 Contingencies
The Company has contingent liabilities in respect of parent company guarantees entered into in the normal course of business, of which no loss is expected.

9 Related party transactions
Details of directors' emoluments are shown in note 37 'Related party transactions' to the consolidated financial statements and in the directors' remuneration report on pages 65 to 77.

There have been no material transactions between the Company and other related parties during the year other than what is disclosed in notes 5 and 6.

10 Dividends
An interim dividend was paid on 9 October 2015 amounting to 4.5 pence per share (2014: 4.5 pence per share). Interim dividends are recognised when paid. A final dividend in respect of the year ended 31 December 2015 of 9.5 pence per share (2014: 9.5 pence per share), amounting to £11.5 million, is to be proposed at the Annual General Meeting convened for 11 May 2016, making a total dividend of 14.0 pence per share for the year (2014: 14.0 pence per share). These financial statements do not reflect this final dividend payable.

11 Financial risk
Details of how financial risk is managed are provided in note 25 to the consolidated financial statements.

12 Cash generated from operations
Reconciliation of profit before tax to cash generated from continuing operations

	2015 £m	2014 £m
Cash flows from operating activities		
Continuing operations		
Profit before tax	**3.7**	67.5
Adjusted for non-cash items:		
Acquisition of subsidiary	**–**	(125.4)
Disposal of subsidiary	**–**	62.7
(Increase) in trade and other receivables	**(1.3)**	(42.8)
Increase in current liabilities	**14.6**	54.9
Cash generated from continuing operations	**17.0**	16.9

Financial statements

Five-year financial summary (Unaudited)

£m (unless otherwise specified)	**Year ended 31 December 2015**	Year ended 31 December 2014*	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Consolidated income statement					
Continuing operations					
Revenue	**711.4**	690.5	674.9	746.0	698.1
Operating profit before exceptional and other items	**49.7**	52.3	40.3	27.6	78.5
Share of post-tax profit/(loss) from joint ventures	**2.8**	–	0.3	0.1	(0.6)
Adjusted operating profit before exceptional and other items	**52.5**	52.3	40.6	27.7	77.9
Other items – Amortisation of intangibles	**(3.4)**	(2.6)	–	(0.3)	(0.8)
Other items – Industrial disease costs	**0.2**	(8.4)	(15.3)	(1.2)	(0.4)
Other items – Post-acquisition management compensation	**(0.2)**	(0.7)	–	–	–
Other items – Contract claims	**–**	–	–	(9.0)	–
Other items – Corporate expenses	**–**	–	–	–	(2.0)
Exceptional items	**(9.2)**	(0.9)	(14.9)	(150.4)	–
Operating profit/(loss)	**39.9**	39.7	10.4	(133.2)	74.7
Profit/(loss) before tax	**29.1**	30.0	0.4	(143.2)	61.9
Profit/(loss) from continuing operations	**21.0**	22.6	(2.3)	(162.4)	49.7
(Loss) from discontinued operations	**(5.2)**	(12.2)	(5.0)	(42.6)	–
Profit/(loss) for the year	**15.8**	10.4	(7.3)	(205.0)	49.7
Attributable to:					
Owners of Cape plc	**15.5**	10.4	(6.8)	(206.6)	47.4
Non-controlling interest	**0.3**	–	(0.5)	1.6	2.3
Consolidated statement of financial position					
Non-current assets	**253.3**	260.9	231.1	232.2	451.9
Net current assets	**177.8**	160.0	138.8	168.9	199.3
Non-current liabilities	**(301.8)**	(293.4)	(236.7)	(230.8)	(245.1)
Net assets	**129.3**	127.5	133.2	170.3	406.1
Earnings/(loss) per share	**Pence**	Pence	Pence	Pence	Pence
– Basic	**12.8**	8.6	(5.6)	(172.5)	40.2
– Diluted	**12.7**	8.6	(5.6)	(172.5)	38.8
Adjusted diluted EPS – continuing operations	**29.9**	30.0	23.3	12.7	43.8
Adjusted diluted EPS – total operations	**29.6**	28.9	19.7	9.9	43.8
Growth in adjusted diluted EPS – continuing operations	**(0.3%)**	28.8%	83.5%	(71.0%)	2.8%

* Restated – see note 2c within the Basis of preparation note of the consolidated financial statements.