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Mace Limited
Report and Financial Statements

31 December 2014

Company Number: 2410626

Mace Limited

Strategic Report

On 6 January 2014 Mace Finance Limited became the ultimate parent company of Mace Limited following the acquisition of Mace Group Limited as part of a management buyout which facilitated the succession of a new generation of leaders of the company.

2014 was another successful year for Mace. Turnover and profit both continued to rise; the company created over 600 additional jobs around the world and we continued to deliver high quality, innovative projects for our clients.

Overview headlines

- Growth across all of our strategic hubs – London, New York, Hong Kong, Dubai, Johannesburg
- Turnover up 27% to £1.49bn (2013: £1.18bn)
- Pre-tax profit increased 7% to £34.9m (2013: £32.35m)
- UK consultancy and international divisions contributed £287m (19%) of turnover (2013: £276m)
- UK construction division continued to perform well, contributing £1.2bn (81%) of turnover, up from £904m in 2013
- Cash balances were £101m at the year end (2013: £142m)
- 98% of turnover target for 2015 secured by end 2014
- Created over 350 new permanent jobs, taking employee numbers to 4,160 at year end
- 38% reduction in lost time health and safety incidents on site
- The Mace Foundation made donations to charitable causes equal to 1% of 2014 pre-tax profit

The pursuit of a better way is at the heart of everything we do. We know that to achieve our ambitious targets for 2020 we need to continue to lead from the front, with pioneering approaches and championing continuous improvement delivering the highest quality services to our clients helping them achieve their business goals.

During 2014 we continued to find a better way of delivering our clients' projects and programmes. We had a number of successful project completions during the year, including:

- Construction of the World Conservation and Exhibitions Centre at the iconic British Museum, which provides world class facilities for visitors and researchers taking conservation, scientific research and collection management to a new level of international excellence. This involved a 60,000 cubic metre, six-storey deep basement excavation, immediately adjacent to the Museum's existing galleries. At £135m it was one of the largest redevelopment projects in the Museum's rich 260 year history.
- As project manager, we completed the meticulous recreation of the famous Coronation Street Set, including 54,000 cobbles, at MediaCityUK in Manchester.
- Our international team completed Phase 3 of the Hong Kong Science Park, which provides a vibrant regional hub for innovation and growth. The project went on to win the highly-commendable 'Grand Award' at the Green Building Awards 2014.
- 2014 saw exhilarating sporting action by 71 nations of the Commonwealth in Glasgow. Building on our expertise from the London 2012 Olympic and Paralympic Games, Mace was charged with converting the Hampden Park stadium into the world class athletics venue it became.
- Overlooking Cape Town's harbour sits No 1 and No 2 Silo, a 22,000 square metre mixed-use development of office space and residential accommodation, on the Victoria and Alfred Waterfront. Mace acted as project manager and principal agent overseeing the whole project from feasibility to construction and completion. In a first-ever achievement for a South African building, the project was awarded a 6 Star 'As Built' rating by the Green Building Council of South Africa (GBCSA).
- Mace provided strategic programme and project management services for Porsche Cars North America's new headquarters in Atlanta, Georgia. The award-winning complex stands at 450,000 square feet and is located on a 27 acre brownfield site near the Hartsfield-Jackson International Atlanta Airport.

Looking to the future

As we look forward to Mace's 25th anniversary year, we reflect on where Mace has come from and are

Strategic Report (continued)

excited about the opportunities the future. We continue to find a better way. We continue to invest in our people and communities. We continue to grow and we continue to go the extra mile for our clients.

Our pipeline for 2015 is already 98% secured, with opportunities in both the UK and international markets. We look forward to growing our presence in the pharmaceutical sector, a relatively new market for us, where we have extended our relationships with GlaxoSmithKline and Roche. Our investment business continues to expand with over £1bn of assets under management helping to support the group's wider 2020 vision.

We have no doubt that 2015 will be another year of success for the group as we continue to deliver to the highest standards for our clients. Mace finishes 2014 in its strongest ever position reflecting on the past, but eager and ready for the challenges of the future.

Risks and uncertainties

Our strategy is designed to reduce risk and build a sustainable and profitable business with predictable income streams and increasing margins. The key risks to the business include:

Health and safety

Embedded in everything we do is safety, it's part of our culture. Safety first. Second nature was established three years ago to help us be the best in the industry when it comes to safety. Since then, we have developed a suite of training to lay the foundations of a safe and healthy culture across our business. We launched our Safety first. Second nature awards which recognise and reward safety excellence among our people, clients and supply chain partners.

The rollout of our bespoke safety reporting and observation tool YellowJacket continued, which is now available as a mobile app as well as online, making it even easier to report safety observations. Over the last year we saw an increase of 17% in the number of observations recorded, a good indication that the improvements to the system are converting into increased usage.

In 2014 we won 11 highly respected Gold Awards from the Royal Society for the Prevention of Accidents (RoSPA) and our Technology and Renewable Energy team won the highly sought after Sword of Honour from the British Safety Council for their excellent work on Project Fox.

Overall we have performed well over the last year against industry standards with a 38% reduction in lost time incidents on site. However, we can always do better, by continuing our work towards reaching our 2020 goal of a 0.01% accident frequency rate.

Delivery risk

Delivery of our projects on time, within budget, to the pre-requisite quality while making an appropriate return is paramount to our future success. The performance of our programmes and projects is monitored and action is taken when targets are not being met. This is managed at a business level and within our Group governance structure.

Economic uncertainties

We operate across a number of market sectors in the UK and around the world and are affected by national and international macro-economic conditions as well as by the investment and spending cycles that exist in many industries. Our broad spread of activities across numerous market sectors, and a focus on opportunities that can offer longer-term visibility of income, helps us to mitigate our exposure to short and medium-term economic uncertainties.

Currency and exchange rate risks

Due to our geographical spread we are exposed to changes in national economic conditions, exchange rate fluctuations and local trading restrictions. However, we employ local people and suppliers, and have established local operating companies in each of our global hubs so that exposure to exchange rate changes is limited and knowledge of the local business environment is strengthened.

Strategic Report (continued)

Political instability

A significant number of the longer-term opportunities that are attractive exist in emerging and rapidly growing economies around the world. These include economies in the Middle East and Africa, sub-

Saharan Africa and Asia which have the potential for rapid political change. We investigate and monitor the geo-political factors of the markets in which we operate to anticipate potential instability and to diversify operations to the extent that our exposure to political risks is limited. We recognize that the human impact of political change can be significant and remain cautious to factors that might affect the welfare or safety of our people and their families.

Environmental risks

Construction operations can create environmental hazards and nuisances which can range from pollution threats to noise vibration and contamination. This is a highly regulated area in which failures can lead to prosecution. We consider ourselves to be a good and considerate operator, at all times taking the appropriate steps to train our directors and employees in best practice relating to environmental management. A full-time sustainability director is responsible for ensuring that the projects in which we are involved not only meet environmental and sustainability requirements but set the standard for sustainable development and construction.

Threat of competition

As a global business with interests in a wide range of construction marketplaces the threat of competition is both inevitable and dynamic. Competitors migrate towards areas in which there are profitable, high-volume opportunities to be won and the benefits of technical or operational advances made by one provider can quickly become normalized as others move to adopt these innovations. Although recognized as a market-leader and innovator, we understand that our long-term defence against increasing competition must be built upon mature relationships and genuine partnerships with our clients and suppliers.

Security and confidentiality

We recognise that threats to our clients and our business can arise from matters as diverse as trespass, fraud, intellectual property theft, national security and terrorism. We are an ISO27001 Information Management registered company, and therefore we manage our projects and programmes in a way that is commensurate with our clients' security environments, controlling the information to avoid breaches of confidentiality or data security. Basic security screening is carried out for all our people, with additional checks being undertaken for those who operate in more secure client environments.

We constantly review our control and monitoring processes and systems to minimise all our risks. In addition to this, we have a detailed and comprehensive business recovery plan that is reviewed and tested regularly.

Signed by order of the directors



Eloise Mangan
Group Company Secretary

29 May 2015

Mace Limited

Directors' Report

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 December 2014.

Results and dividends

The consolidated profit for the year after taxation amounted to £34.9m (2013: £32.4m). The directors have paid dividends of £7.6m (2013: £16.4m). No further dividend is proposed.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the group and the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the company's financial statements.

Financial risk management objectives and policies

The board considers the group's key elements of financial risk to be interest rate risk and credit risk. The board has reviewed and agreed the policies in these areas, and are satisfied with the controls in place. The Group's exposure to other financial risks such as price risk, liquidity and cash flow risk are considered to be low. The Board therefore considers the information relating to their financial management and policies to be immaterial for the assessment of the assets, liabilities, financial position and profit and loss of the group. The situation will be monitored closely and the Board will react as, and if, there is need to.

Directors

The directors who held office during the year were:

Mark Castle	Lee Penlington
Amy Chapman	Stephen Pycroft
David Grover	Mark Reynolds
Mark Holmes	Matthew Turner (resigned 3 March 2014)
Dennis Hone (appointed 12 December 2014)	David Vaughan (resigned 12 December 2014)
Katherine Knight (resigned 31 May 2014)	David Williams
Gareth Lewis	Mandy Willis (appointed 3 October 2014)
Jason Millett	Ian Wylie (non-executive)
Rob Owen	

Branches

The company has branches registered in the Republic of Ireland and Moscow in the Russian Federation.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee consultation

Arrangements exist to keep all employees informed on matters of concern to them and information on group performance and prospects is disseminated widely.

Mace Limited

Directors' Report (continued)

Employees are encouraged to be concerned with the performance and efficiency of the group and various profit sharing and bonus schemes operate to emphasise and reinforce this.

Research and Development

The company engages in research and development activities on projects on an ongoing basis in the course of delivering innovative solutions to our clients.

Directors' indemnity insurance

The company provides a directors' and officers' insurance policy which was in place during the year and remains in force at the date of this report.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. Applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware: There is no relevant audit information of which the company's auditor is unaware; and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Strategic Report

The business review, risks and uncertainties, and future outlook are located in the strategic report.

Mace Limited

Directors' Report (continued)

Auditor

Chantrey Vellacott DFK LLP has merged its practice with Moore Stephens LLP and now practices as Moore Stephens LLP. Moore Stephens LLP will be appointed as auditor for the ensuing year in accordance with Chapter 2 of Part 16 of the Companies Act 2006.

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'Eloise Mangan', is written over the printed name.

Eloise Mangan
Group Company Secretary

29 May 2015

Mace Limited

Independent Auditor's Report to the shareholders of Mace Limited

We have audited the financial statements of Mace Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Mace Limited

Independent Auditor's Report to the shareholders of Mace Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Moore Stephens LLP

**PAUL FENNER (Senior Statutory Auditor)
for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London**

29 May 2015

Mace Limited

Consolidated Profit and Loss Account

Year ended 31 December 2014

	Notes	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
Turnover: Group and share of joint ventures		1,507,357	1,183,404
Less: Share of joint ventures' turnover		<u>(20,905)</u>	<u>(2,256)</u>
Group turnover	2	1,486,452	1,181,148
Cost of sales		<u>(1,357,874)</u>	<u>(1,043,580)</u>
Gross profit		128,578	137,568
Administrative expenses		<u>(96,122)</u>	<u>(107,085)</u>
Operating profit	4	32,456	30,483
Joint ventures and associates			
Share of operating profit	5	<u>13</u>	<u>590</u>
Profit on disposal of development asset	8	<u>2,600</u>	<u>1,000</u>
Profit on ordinary activities before interest		35,069	32,073
Net interest (payable)/receivable	9	<u>(209)</u>	<u>277</u>
Profit on ordinary activities before taxation		34,860	32,350
Tax on profit on ordinary activities	10	<u>(5,196)</u>	<u>(8,550)</u>
Profit on ordinary activities after taxation		29,664	23,800
Minority interest		<u>-</u>	<u>(287)</u>
Profit for the year		29,664	23,513

Statement of Total Recognised Gains and Losses

	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
Retained profit for the year	<u>29,664</u>	<u>23,513</u>
Exchange differences on translation of foreign subsidiaries	<u>(891)</u>	<u>-</u>
Total recognised profit relating to the year	28,773	23,513

None of the group's activities was acquired or discontinued during the above two financial years. There is no difference between the results reported above and their historical cost equivalents.

The notes on pages 13 to 26 form part of the financial statements.

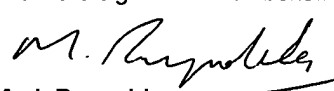
Mace Limited

Consolidated Balance Sheet

As at 31 December 2014

		At 31 December 2014 £000s	At 31 December 2013 £000s
	Notes		
Fixed assets			
Intangible assets	12	5,267	4,325
Tangible assets	13	22,039	19,065
Investments			
Share of joint venture and associates gross assets		33,976	1,605
Less share of joint venture and associates gross liabilities		(33,939)	(1,523)
Investors share of net assets		37	82
Other investments		20,893	1,547
Total investments	14	20,930	1,629
		48,236	25,019
Current assets			
Current asset investment	15	35,000	-
Work in progress	16	14,191	5,325
Debtors	17	319,227	236,715
Cash at bank and in hand		101,066	142,030
		469,484	384,070
Current liabilities			
Creditors: amounts falling within one year	18	(455,898)	(369,732)
Net current assets		13,586	14,338
Total assets less current liabilities		61,822	39,357
Long term liabilities			
Creditors: amounts falling due after one year	19	(15,160)	(13,791)
Net assets		46,662	25,386
Capital and reserves			
Called up share capital	20	979	979
Share premium account	21	17	17
Capital redemption reserve	22	60	60
Other reserves	22	65	65
Profit and loss account	22	45,726	24,565
Equity shareholders' funds	23	46,847	25,686
Minority interest		(185)	(300)
		46,662	25,386

The financial statements were approved by the board of directors and authorised for issue on 29 May 2015 and were signed on their behalf by:


Mark Reynolds
 Chief Executive Officer


Dennis Hone
 Group Finance Director

Company registration number: 2410626
 The notes on pages 13 to 26 form part of the financial statements

Mace Limited

Year ended 31 December 2014

Company Balance Sheet

		At 31 December 2014 £000s	At 31 December 2013 £000s
	Notes		
Fixed assets			
Tangible assets	13	16,284	14,913
Investments	14	28,868	8,659
		<u>45,152</u>	<u>23,572</u>
Current assets			
Current asset investment	15	35,000	-
Work in progress	16	5,774	5,080
Debtors	17	247,084	195,386
Cash at bank and in hand		<u>45,054</u>	<u>76,431</u>
		<u>332,912</u>	<u>276,897</u>
Current liabilities			
Creditors: amounts falling within one year	18	<u>(336,236)</u>	<u>(271,778)</u>
Net current (liabilities)/assets		<u>(3,324)</u>	<u>5,119</u>
Total assets less current liabilities		<u>41,828</u>	<u>28,691</u>
Long term liabilities			
Creditors: amounts falling due after one year	19	<u>(15,039)</u>	<u>(13,943)</u>
Net assets		<u>26,789</u>	<u>14,748</u>
Capital and reserves			
Called up share capital	20	979	979
Share premium account	21	17	17
Capital redemption reserve	22	60	60
Profit and loss account	22	<u>25,733</u>	<u>13,692</u>
Equity shareholders' funds	23	<u>26,789</u>	<u>14,748</u>

The financial statements were approved by the board of directors and authorised for issue on 29 May 2015 and were signed on their behalf by:



Mark Reynolds
Chief Executive Officer

Dennis Hone
Group Finance Director

Company registration number: 2410626
The notes on pages 13 to 26 form part of the financial statements

1 Accounting Policies

1.1. Turnover

Turnover reflects both long-term contract activity and invoiced consultancy work. In respect of long-term contracts and contracts for ongoing services, turnover represents the value of work done in the year, excluding VAT and trade discount, and includes amounts not invoiced. Income arising from consultancy services is recognised when a right to consideration has been obtained through performance.

1.2. Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards and legislation, except as disclosed in note 5.

1.3. Basis of consolidation

The group reports its interests in subsidiaries using the acquisition method of consolidation and combines all of the assets, liabilities, income and expenditure within the equivalent items in the consolidated financial statements on a line-by-line basis.

The minority interests in the net assets of the consolidated subsidiaries are identified separately from the group's equity and consist of the amount of those interests at the date of the original business combination plus their share of changes since that date.

A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control whereby the strategic and operating policy decisions require the unanimous consent of the parties sharing control. The arrangements the group has entered into involve the establishment of a separate entity in which each party has an interest. The group reports its interest using the gross equity method. To certain joint ventures, the group charges staff and overhead costs excluding any profit element for its staff deployed. In these instances, the directors believe that the group's share of joint venture profits earned from its role should be included in group turnover and operating profit to reflect the true substance of the group's operational and contractual arrangements with the respective joint ventures.

Investments in associated undertakings are carried in the consolidated balance sheet at the group's share of their net assets at the date of acquisition and their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of amortisation. The group's share of the results is included within the consolidated profit and loss account.

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control is passed.

The company has guaranteed the liabilities of certain subsidiaries included within Note 25. Where the company has guaranteed the liabilities of the subsidiaries and they are included within the consolidated financial statements, the subsidiaries are exempt from the requirements of audit under section 479A of the Companies Act 2006.

1.4. Depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Notes to the Financial Statements (continued)

Year ended 31 December 2014

	% per annum	Method
Freehold property	5	Straight line
Computer equipment	33	Straight line
Plant, motor vehicles and equipment	10 – 20	Straight line
Leasehold improvements	Over the life of the lease	

1.5. Impairment

Impairment reviews are carried out when necessary in respect of all tangible and intangible fixed assets and investments and provisions made as appropriate.

1.6. Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired.

The cost of acquisitions comprises the fair value of the initial consideration, deferred consideration paid or accrued and professional and other costs directly associated with the acquisition.

Amortisation of goodwill occurs over the period in which the investment will generate value. This has been estimated by the directors as 10 years of the useful economic life over which the group expects to derive economic benefits from the assets.

1.7. Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

1.8. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets or liabilities are recognised, on a full provision basis, for all material timing differences between the recognition of gains and losses in the financial statement and their recognition in the tax computations.

1.9. Pension schemes

The group participates in the group defined contribution pension scheme for staff, the assets of which are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable

1.10. Short-term work-in-progress and long term contracts

Short-term work-in-progress is valued at the lower of cost and net realisable value. Cost includes staff costs plus attributable overhead. Net realisable value is based upon the directors' estimate of future revenues to be generated. Amounts recoverable on long term contracts and deferred income are stated at cost plus attributable profits less foreseeable losses and progress payments received and receivable and are disclosed under debtors. Cost comprises direct labour and attributable overhead. Attributable profit is that proportion of the total profit currently estimated to arise over the duration of a contract which may reasonably be attributed to work carried out at the balance sheet date.

Foreseeable losses are all losses currently expected to arise on contracts in progress, irrespective of their stage of completion at the balance sheet date.

Notes to the Financial Statements (continued)

Year ended 31 December 2014

Progress payments received in excess of the value of work executed on individual contracts are included in creditors under the heading payments received on account.

1.11. Foreign currencies

(i) Company

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of transaction. All differences are taken to the profit and loss account. Differences arising on transactions of a longer term financing nature are recognised in the statement of total recognised gains and losses.

(ii) Group

The financial statements of overseas subsidiary undertakings are translated at the rates of exchange ruling at the balance sheet date. The exchange differences arising on the re-translation of opening net assets are recognised in the statement of total recognised gains and losses.

1.12. Cashflow statement

The company is a wholly owned subsidiary undertaking of Mace Finance Limited, a company registered in England and Wales. Mace Finance Limited prepares consolidated financial statements which include a consolidated cashflow statement dealing with the cashflows of the group. Mace Limited is therefore not required to prepare a cashflow statement for inclusion in its own accounts.

1.13. Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. Financial assets such as cash and debtors are measured at the present value of the amounts receivable, less an allowance for the expected level of doubtful receivables. Financial liabilities such as trade creditors, loans and finance leases are measured at the present value of the obligation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.14. Investments

Investments are included stated at cost of acquisition less provisions for impairment. The carrying value is considered annually by the directors in comparison against the potential net realisable value.

1.15. Related party transactions

The company is a wholly owned subsidiary of Mace Finance Limited, the consolidated financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of Mace Finance Limited group of companies.

1.16. Research and Development

The company engages in research and development activities in the course of project delivery. The costs associated with research and development are used to substantiate claims for research and development expenditure credits. Research and development expenditure credits are accrued in line with their estimated value based on qualifying spend.

2 Group turnover

Turnover represents the value of services provided excluding VAT. Turnover analysed by class and geographical market is as follows:

	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
Class of business		
Construction services		
Fixed price	1,097,491	881,817
Fee based	25,244	21,927
International fixed price	76,521	664
	<u>1,199,256</u>	<u>904,408</u>
Consultancy services		
Project management and cost consultancy	103,993	98,636
Facilities management	86,842	76,181
International project and facilities management	96,361	101,923
	<u>287,196</u>	<u>276,740</u>
Total Group turnover	<u>1,486,452</u>	<u>1,181,148</u>
Geographical market		
United Kingdom	1,277,434	1,049,805
Europe	116,735	40,299
Asia	11,508	16,889
Middle East and Africa	62,050	59,223
Rest of the world	18,725	14,932
Total Group turnover	<u>1,486,452</u>	<u>1,181,148</u>

3 Segmental analysis

	UK £000s	Rest of the world £000s	Total £000s
Year ended 31 December 2014:			
Revenue by origin	1,277,434	209,018	1,486,452
Segment profit before tax	24,871	9,990	34,861
Segment net assets	22,606	24,056	46,662
Year ended 31 December 2013:			
Revenue by origin	1,049,805	131,343	1,181,148
Segment profit before tax	27,627	4,723	32,350
Segment net assets	9,058	16,328	25,386

Notes to the Financial Statements (continued)

Year ended 31 December 2014

4	Operating profit	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
	The operating profit is stated after charging:		
	Foreign exchange (losses)/gains	(14)	421
	Amortisation of goodwill	696	565
	Depreciation of tangible fixed assets	4,465	3,692
	Loss on disposal of fixed assets	-	18
	Research and development costs	10,750	13,056
	Operating lease rentals:		
	Motor vehicles	415	411
	Land and buildings	2,320	3,135

Services provided by the Company's auditors and its associates

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	60	53
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation:		
UK	112	107
Overseas	65	61
Other services pursuant to legislation	11	4
Tax services	35	21

5 Share of joint venture and associated operating profit/(loss)

Group turnover and operating profit have been adjusted to include profits earned from the company's role in certain joint ventures. This profit represents fees earned by Mace group staff deployed on projects for whom only cost and overhead is charged by Mace to joint ventures under the contractual agreements.

The directors believe the inclusion of these amounts in the group's turnover and operating profit reflects the true substance of the group's operational and contractual arrangements with the joint ventures as disclosed in the group's accounting policies.

If this true and fair override had not been applied, the following would have been disclosed as share of joint venture operating profits/(losses):

	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
Share of joint venture and associates operating profit/(loss) as reported	13	590
Add amounts attributed to Mace group turnover	-	1,521
Share of joint venture and associates operating profit if the true and fair override had not been applied	13	2,111

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

6	Directors' remuneration	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
	Remuneration for management services (including benefits)	967	3,400
	Pension contributions	92	367
		<u>1,059</u>	<u>3,767</u>

Pensions contributions were made in respect of 5 directors (2013: 8)

Directors' remuneration includes the following amounts in respect of the highest paid director of Mace Limited.

	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
Remuneration for management services (including benefits)	241	666
Pension contributions	19	90
	<u>260</u>	<u>756</u>

7	Staff costs and numbers	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
	Staff costs were as follows:		
	Aggregate gross wages and salaries	248,536	229,174
	Employer's social security costs	21,571	18,880
	Other pension costs	15,333	13,075
		<u>285,440</u>	<u>261,129</u>

Average monthly number of persons employed by the Group during the year:

Administration	554	401
Project staff	3,432	3,182
	<u>3,986</u>	<u>3,583</u>

The total number of employees as at the balance sheet date was: 4,160 3,806

8	Profit on disposal of development asset	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
	Profit on disposal	<u>2,600</u>	<u>1,000</u>

The above profit related to the disposal on 1 September 2014 of the group's remaining interest in Graduation Deaconess Limited, a special purpose vehicle formed for the development of Deaconess House, a student accommodation building in Edinburgh.

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

9 Interest	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
Bank and other interest receivable	523	615
Other interest payable	(732)	(338)
	<u>(209)</u>	<u>277</u>

10 Tax on profit on ordinary activities	Year ended 31 December 2014 £000s	Year ended 31 December 2013 £000s
(a) Analysis of charge in year		
UK corporation tax at 21.5% (2013: 23.25%)	4,982	6,523
Group relief payment	-	(567)
Share of joint ventures and associates tax charge	-	415
Adjustments in respect of previous years	(1,145)	(409)
Overseas taxation	1,562	2,588
Deferred tax	(202)	-
Total current tax (notes 10(b))	<u>5,197</u>	<u>8,550</u>

(b) Factors affecting tax credit for year

The tax assessed for the year is lower than the standard rate of corporation in the UK of 21.5% (2013: 23.25%). The differences are explained below:

Profit on ordinary activities before tax	<u>34,861</u>	<u>32,350</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	7,493	7,520
Effects of:		
Expenses not deductible for tax purposes	564	688
Non-taxable profit on disposal of development asset	(559)	(232)
Capital allowances for year less qualifying depreciation	25	154
Goodwill amortisation	-	-
Other timing differences	-	-
Utilisation of tax losses	98	1,286
Non-taxable foreign branch income	(346)	-
RDEC credits	(281)	-
Different rates of tax on overseas earnings	(515)	(457)
Adjustments to tax charge in respect of previous years	<u>(1,282)</u>	<u>(409)</u>
Current tax charge for the year (Note 10a)	<u>5,197</u>	<u>8,550</u>

Included within adjustments to the tax charge in respect of previous years is £1m relating to research and development tax credits relating to 2012 and £0.3m relating to 2013.

11 Profit attributable to members of the parent company

A separate profit and loss account for the company is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the company was £19.7m (2013: £17.8m)

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

12 Intangible fixed assets

**Group
£000s**

Goodwill

Cost

At 1 January 2014

11,968

Additions

1,638

At 31 December 2014

13,606

Amortisation

At 1 January 2014

7,643

Charge for the year

696

At 31 December 2014

8,339

Net book value

At 31 December 2014

5,267

At 31 December 2013

4,325

On 25 February 2014, Mace Limited purchased the remaining 14% minority share in Mace Cost Consultancy Limited.

13 Tangible fixed assets - Group

**Freehold
property**

**Leasehold
improvements**

**Computer
equipment**

**Plant, motor
vehicles &
equipment**

Total

£000s

£000s

£000s

£000s

£000s

Cost or valuation

At 1 January 2014

1,845

9,940

16,423

1,222

29,430

Exchange differences

113

24

71

6

214

Additions

-

1,447

5,486

352

7,285

Disposals

-

-

(225)

(83)

(308)

At 31 December 2014

1,958

11,411

21,755

1,497

36,621

Depreciation

At 1 January 2014

80

1,220

8,377

688

10,365

Exchange differences

5

-

33

15

53

Charge for the year

39

673

3,602

151

4,465

Disposals

-

-

(220)

(81)

(301)

At 31 December 2014

124

1,893

11,792

773

14,582

Net book value

At 31 December 2014

1,834

9,518

9,963

724

22,039

At 31 December 2013

1,765

8,720

8,046

534

19,065

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

Tangible fixed assets - Company	Leasehold improvements	Computer equipment	Plant, motor vehicles & equipment	Total
	£'000s	£000s	£000s	£000s
Cost or valuation				
At 1 January 2014	9,493	12,180	187	21,860
Additions	688	3,846	60	4,594
At 31 December 2014	10,181	16,026	247	26,454
Depreciation				
At 1 January 2014	896	5,959	92	6,947
Charge for the year	502	2,696	25	3,223
At 31 December 2014	1,398	8,655	117	10,170
Net book value				
At 31 December 2014	8,783	7,371	130	16,284
At 31 December 2013	8,597	6,221	95	14,913

14 Investments	Joint ventures & associates	Other investments	Subsidiaries	Total
Group	£000s	£000s	£000s	£000s
Cost less provisions				
At 1 January 2014	82	1,547	-	1,629
Additions	-	20,893	-	20,893
Disposals	-	(1,547)	-	(1,547)
Share of results	(45)	-	-	(45)
At 31 December 2014	37	20,893	-	20,930
Company				
Cost				
At 1 January 2014	7	2,256	9,296	11,559
Additions	-	19,311	1,408	20,719
At 31 December 2014	7	21,567	10,704	32,278
Provision				
At 1 January 2014	-	17	2,883	2,900
Provision in year	-	510	-	510
At 31 December 2014	-	527	2,883	3,410
Net book value				
At 31 December 2014	7	21,040	7,821	28,868
At 31 December 2013	7	2,239	6,413	8,659

Further information is in note 27 on joint ventures & associates

15 Current asset investment	At 31 December 2014	At 31 December 2013
	£000s	£000s
Current asset investment	35,000	-

On 3 January 2014 Mace Limited subscribed for the preferred share capital in Mace Capital Limited which is a special purpose vehicle created as part of the acquisition of shares in Mace Group Limited. The value of the said share subscription is £55.8m, of which £20.8m is reported in fixed assets and £35m reported above as a current assets. It is the intention of the company to procure the redemption of the shares to the value of £35m during 2015.

16 Work-in-progress

	Group		Company	
	At 31	At 31	At 31	At 31
	December	December	December	December
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
Work-in-progress	14,191	5,325	5,774	5,080

17 Debtors

	Group		Company	
	At 31	At 31	At 31	At 31
	December	December	December	December
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
Trade debtors	127,407	112,983	75,384	70,875
Amounts recoverable on contracts	43,061	33,577	33,842	26,369
Amounts owed by ultimate parent company	3,170	1,679	3,170	1,679
Amounts owed by immediate parent company	6,845	-	6,845	-
Amounts owed by subsidiary undertakings	-	-	45,702	34,003
Amounts owed by joint ventures and associates	256	323	256	322
Development loans	13,866	13,730	13,866	13,730
Taxation and social security receivable	7,672	2,184	2,306	-
Other debtors	6,167	7,469	2,128	3,976
Prepayments and accrued income	110,783	64,770	63,585	44,432
	319,227	236,715	247,084	195,386

Amounts owed by ultimate and immediate parent companies are due after one year.

Development loans represent investment in development projects made to secure construction turnover, together with development returns. The amount outstanding relates to projects which are substantially complete and awaiting development returns. The loans are repayable upon successful completion of the projects.

18 Creditors: amounts falling due within one year

	Group		Company	
	At 31	At 31	At 31	At 31
	December	December	December	December
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
Bank and other loans	-	86	-	-
Payments received on account	-	291	-	-
Trade creditors	146,022	96,693	100,865	67,363
Amounts owed to subsidiary undertakings	-	-	19,350	1,398
Taxation and social security payable	49,696	34,607	32,096	25,332
Other creditors	6,403	3,104	1,090	1,236
Accruals and deferred income	253,777	234,951	182,835	176,449
	455,898	369,732	336,462	271,778

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

19 Creditors: amounts falling due after one year

	Group		Company	
	31	31	31	31
	December	December	December	December
	2014	2013	2014	2013
	£000s	£000s	£000s	£000s
Payments received on account	15,160	13,971	15,039	13,943
	15,160	13,971	15,039	13,943

20 Share capital

	31	31
	December	December
	2014	2013
	£000s	£000s
Authorised:		
2,000,000 Ordinary shares of £1 each	2,000	2,000
200,000,000 'A' Ordinary shares of £0.01 each	2,000	2,000
	4,000	4,000
Allotted, called up and fully paid:		
Equity shares:		
975,888 ordinary shares of £1.00 each	976	976
348,000 'A' ordinary shares of £0.01 each	3	3
	979	979

The 'A' ordinary shares have no voting rights and do not participate in profits. Subject to a veto right of ordinary shareholders the board may pay a dividend on these shares

21 Share premium account

	At 31 December 2014	At 31 December 2013
	£000s	£000s
At 1 January and 31 December	17	17

22 Reserves

	Capital redemption reserve	Other reserves	Profit and loss account
	£000s	£000s	£000s
Group			
At 1 January 2014	60	65	24,565
Profit for the year	-	-	29,664
Exchange movements	-	-	(891)
Dividends paid	-	-	(7,612)
At 31 December 2014	60	65	45,726
Company			
At 1 January 2014	60	-	13,692
Exchange movements	-	-	(26)
Profit for the year	-	-	19,679
Dividends paid	-	-	(7,612)
At 31 December 2014	60	-	25,733

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

23 Reconciliation of movement in shareholders' funds

	Group		Company	
	31 December 2014 £000s	31 December 2013 £000s	31 December 2014 £000s	31 December 2013 £000s
Profit for the financial year	29,664	23,513	19,679	17,775
Exchange movements	(891)	(1,632)	(26)	(4)
Dividends paid	(7,612)	(16,412)	(7,612)	(16,412)
Net addition to shareholders' funds	21,161	5,469	12,041	1,359
Opening shareholders' funds	25,686	20,217	14,748	13,389
Closing shareholders' funds attributable to equity interests	46,847	25,686	26,789	14,748

24 Future commitments

At 31 December 2014 the Group had annual commitments under non-cancellable operating leases as set out below.

	At 31 December 2014 £000s	At 31 December 2013 £000s
Land and buildings		
Leases expiring:		
Within one year	381	496
Between two and five years	383	722
After five years	3,129	3,145
	3,893	4,363
Other		
Leases expiring:		
Within one year	140	56
Between two and five years	238	474
	378	530

The group has no capital commitments.

25 Contingent liabilities

The company is party to a group liability arrangement with its principal bankers providing a right of set-off of all group balances. Whilst certain group companies have overdrawn balances, at 31 December 2014 there was no net group indebtedness to its bankers and therefore the directors consider that no contingency arises.

26 Subsidiary undertakings

The following companies were the principal subsidiary undertakings at 31 December 2014:

	Country of registration/ incorporation	Class & percentage of shareholding & voting rights	Nature of business
United Kingdom			
Como Interiors Limited ¹	England & Wales	Ordinary shares 100%	Interior fit out
Mace Business School Limited	England & Wales	Ordinary shares 100%	Training services
Mace Cost Consultancy Limited	England & Wales	Ordinary shares 100%	Cost consultancy
Mace Macro Limited	England & Wales	Ordinary shares 100%	Facilities management

Mace Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2014

Mace MEP Services Limited	England & Wales	Ordinary shares 100%	Mechanical and electrical engineering construction
Mace Plus Limited ²	England & Wales	Ordinary shares 100%	Construction delivery
Mace Sustain Limited	England & Wales	Ordinary shares 100%	Health, safety & behavioural management consultancy
The People Group Limited ³	England & Wales	Dominant influence exercised	Recruitment consultancy
Europe and rest of the world			
Mace International Limited	Cyprus	Ordinary shares 100%	Holding company and project management
Mace Holdings Limited	Cyprus	Ordinary shares 100%	Holding company

¹ The equity of this subsidiary is held by Como Group Limited

² The equity of this subsidiary is held by Mace Plus Group Limited

³ The ordinary share capital of The People Group Limited is owned 100% by the Mace Limited Employee Benefit Trust ("EBT"). The EBT has implemented a long term incentive plan under which senior executives may be incentivised by the grant to them of reversionary interests over a portion of the assets of the EBT. These interests are capable of vesting on or before 31 December 2015 if specific conditions are met and were granted at £5.26 per share. In addition, Mace Limited representatives represent 66% of the board of The People Group Limited. Therefore in accordance with accounting standards and as a result of the dominant influence exercisable, the interest in The People Group Limited continues to be consolidated as a subsidiary within the group's accounts.

The company has guaranteed the liabilities of the following subsidiaries exempt from audit under section 479A of the Companies Act 2006. The company names and registered numbers (CRN) are below:

Como Construction Limited (CRN: 4643980)	Mace Business School Limited (CRN: 5601050)
Como Group Limited (CRN: 4643572)	Mace International Overseas Limited (CRN: 7463976)
Como Homes Limited (CRN: 4969652)	Mace Living Limited (CRN: 5156449)
Engage Selection Limited (CRN: 5121839)	Mace Macro (Asia Pacific) Limited (CRN: 7407865)
Graduation (Craggs) Limited (CRN: 4643980)	Mace Macro (The Americas) Limited (CRN: 6910338)
Graduation (Exeter) Limited (CRN: 8988759)	Mace Macro Europe Limited (CRN: 6897543)
Graduation Student Living Limited (CRN: 7773718)	Mace Plus Academies Limited (CRN: 5897947)
Luxborough Street Properties Limited (CRN: 8933765)	Mace Plus Group Limited (CRN: 5349265)
Mace (Albania) Limited (CRN: 8950843)	Mace Plus Limited (CRN: 5282952)
Mace (Poland) Limited (CRN: 8120932)	Mace Real Estate Limited (CRN: 3471116)
Mace (Russia) Limited (CRN: 7463976)	

27 Joint ventures and associates

The following companies were the principal joint ventures and associates at 31 December 2014:

	Country of registration/ incorporation	Class & percentage of shareholding & voting rights	Nature of business
United Kingdom			
Cambridge Heath Road Developments Limited	England & Wales	Ordinary shares 51%	Property development
Court Orchard Limited	England & Wales	Ordinary shares 57%	Property development
Doric Properties Limited	England & Wales	Ordinary B shares 50%	Property development
Hadley Mace Limited	England & Wales	Ordinary shares 50%	Property development

Mace Limited**Notes to the Financial Statements (continued)****Year ended 31 December 2014**

Vennsys Limited England & Wales Ordinary shares
15% Programme management

The following represents the aggregate share of joint venture and associate tangible fixed assets, current assets and creditors due within one year.

	At 31 December 2014	At 31 December 2013
	£000s	£m
Tangible fixed assets	15.1	0.3
Current assets	15.0	2.8
Creditors due within one year	27.6	3.3

28 Related party transactions

During the year the company billed and charged its non-wholly owned subsidiaries and joint ventures and associates the following amounts in respect of services and corporate allocations

	At 31 December 2014	At 31 December 2013
	£000s	£000s
CLM Delivery Partner Limited (Joint Venture)	-	2,141
Mace Cost Consultancy Limited	-	330
Vennsys Limited	700	825

At 31 December 2014 the amounts due (to)/from non-wholly owned subsidiaries and joint ventures and associates were:

	At 31 December 2014	At 31 December 2013
	£000s	£000s
Consulmace Lda	-	184
Mace Cost Consultancy Limited	-	(42)
Vennsys Limited	28	1,160

29 Ultimate parent undertaking

The company is a wholly owned subsidiary of Mace Group Limited and its ultimate parent is Mace Finance Limited. Both companies are incorporated in England and Wales.

A change of ownership occurred on 6 January 2014, whereby Mace Finance Limited became ultimate parent (see note 15).