

Company Registration Number: 8057308

Parent company accounts of  
4228706 - Mace Group Ltd.

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**Mace Finance Limited**

**Financial statements**

**31 December 2017**

**Mace Finance Limited**

**Financial statements**

**Year ended 31 December 2017**

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## **Mace Finance Limited**

### **Company information**

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<b>Directors</b>	Marcus Burley (resigned 31 December 2017) Mark Castle David Grover Jonathan Holmes Dennis Hone CBE Clare Lewis (appointed 4 June 2018) Gareth Lewis Jason Millett Lee Penlington Stephen Pycroft Mark Reynolds Mandy Willis (appointed 2 January 2018)
<b>Secretary</b>	Carolyn Pate
<b>Registered office</b>	155 Moorgate London EC2M 6XB
<b>Domiciled</b>	United Kingdom
<b>Auditor</b>	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB
<b>Bankers</b>	Barclays Bank plc London Corporate Banking Level 28 1 Churchill Place London E14 5HP
<b>Company registration number</b>	8057308

## Mace Finance Limited

### Strategic report

#### Year ended 31 December 2017

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Mace Finance Limited is an international consultancy and construction company founded on exceptional people, a commitment to service excellence and a deep-rooted entrepreneurial spirit.

The directors of Mace Finance have pleasure in presenting their strategic report for the year ended 31 December 2017.

In preparing this strategic report, the directors have complied with section 414C of the Companies Act 2006. This report has been prepared for the Group as a whole and therefore gives greatest emphasis to those matters which are significant to Mace Finance and its subsidiary undertakings when viewed as a whole.

#### Overview headlines

In 2017 we delivered our 27<sup>th</sup> consecutive year of growth. Although it was a challenging year for the Construction industry, turnover remained steady and the Company continued to deliver high quality, innovative projects for our clients.

- Group revenue of £1.972bn (2016: £1.966bn).
- Pre-tax profit before share based payment charge increased to £17.3m (2016: £4.9m).
- Construction contributed £1.63bn (83%) of turnover, (2016: £1.67bn - 85%).
- Consultancy turnover increased by 17% to £267m (2016: £229m).
- International activities contributed £665m (2016: £517m) to Group revenue.
- Cash balances were £193m at the year-end (2016: £117m).
- 83% of turnover target for 2018 secured by end 2017.
- The Mace Foundation made donations of £525k to charitable causes in 2017.
- The overall tax charge for 2017 is £5.4m (2016: £2.6m) which is an effective tax rate of 32% (2016: 53% of loss) of profit on ordinary activities.

The pursuit of a better way is at the heart of everything we do. We know that to achieve our ambitious targets we need to continue to be innovative with a focus on service excellence to deliver the highest quality services to our clients. In the last year we continued to strengthen our market presence and integrated service capability. We were rewarded with significant new work across the infrastructure, property, commercial office and data centre sectors.

#### Key Performance Indicators

Management consider the following key performance indicators for the business:

	2017	2016
• Revenue (increase year on year %)	-	14%
• Gross margin %	7%	6%
• Overall reportable accidents	32	23
• Accident frequency rate	0.09	0.07
• Direct employee headcount at year end	5,042	4,504
• Creditor payment period (days)	45	42
• Research and development investment spend (£million)	49	42

## **Mace Finance Limited**

### **Strategic report (continued)**

**Year ended 31 December 2017**

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#### **Business Review**

Mace's profit before tax on ordinary activities and share based payment in 2017 was £17.3m (2016: £4.9m). Group revenue remained steady at £1.972bn (2016: £1.966bn) despite the challenges faced by the construction industry during the year.

Management information and reporting is focussed on geographical segments, but also organised into four business divisions covering Development, Consultancy, Construction and Facilities Management activities. These business divisions are supported by Group Services who provide Corporate Governance Risk and Assurance, Legal & Commercial Services, Finance, Information Technology, Marketing & Communications, Procurement and Human Resource expertise.

Our Development Management business is now involved with schemes with a development value of over £1.8bn. In 2017 we were appointed as the Development Manager for Northern and Shell and have completed the demolition work on the 6 hectare Westferry Printworks site in London Docklands. The site will provide 700 new homes, a waterfront promenade and a new secondary school for 1,200 pupils. We moved into construction on our student accommodation sites in Exeter and Cardiff and acquired a new site in Sheffield which will provide around 500 student beds and housing for rent. During 2017 Mace issued corporate bonds amounting to £160m. These bonds are due for repayment by 23 March 2022 and were issued to primarily fund our expanding development business.

Our consultancy business grew turnover by 17% to £267m in 2017 (2016: £229m) and headcount increased to 2,511 (2016: 1,987). Importantly we have made investments overseas with the creation of MMQS Mace in South Africa and Mace YMR in Kenya by acquiring a significant stake in local companies. We believe that these investments will help grow our sub-Saharan consultancy business. Our position as one of the world's experts in the aviation sector was enhanced as we were awarded the contract to deliver the new pier and terminal at Amsterdam's Schiphol Airport and we continued our work to deliver the third runway at London Heathrow Airport. We took our first steps into the defence sector being appointed as the commercial delivery partner for Defence equipment and support. We are also working on two major UK heritage projects namely the ten year re-servicing of Buckingham Palace and the safeguarding and repair of Manchester Town Hall, and overseas we continue to work on the exciting Dubai Expo 2022 project and the 2019 Pan American games in Lima, Peru.

Construction contributed £1.63bn (83%) of Group turnover in 2017 (2016: £1.67bn - 85%). The project losses on the Nova development at Victoria, London, significantly impacted on our results in 2016 and continued to adversely impact our financial results in 2017 as the scheme achieved practical completion and commercial negotiations continued during the year. The construction business achieved a number of significant construction management appointments over the year including the programme management of the Battersea Power Station project and Shard Place. The Greenwich Peninsula Upper Riverside residential project celebrated its topping out in 2017 and in Bracknell we completed the £140m retail and leisure town centre transformation project which will create 3,500 new jobs. In London we completed the Highpoint development of nearly 300 new homes and we have continued our construction management work on the new Tottenham Hotspur Stadium. Overseas we continued to successfully deliver data centres for Microsoft and Facebook. Construction headcount increased to 1,842 (2016:1,402). This reflects the increased level of construction management schemes being undertaken where the value of work managed is not included in turnover.

## **Mace Finance Limited**

### **Strategic report (continued)**

#### **Year ended 31 December 2017**

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During 2017 our facilities management business, Macro, celebrated its 15th Birthday with turnover increasing to £55m in 2017 (2016: £49m) and headcount increasing to 982 (2016: 766). This impact reflects growth in the amount of overseas work with appointments for the Ministry of Education in Qatar, the integrated facilities management contract with Standard Chartered Bank and by working with Citrix in Costa Rica.

We continued our investment in both technology and employee training and development, to improve our resilience and increase our productivity as we continue to grow.

Due to foreign exchange fluctuations we made a retranslation loss of £1.3m in 2017 (2016: gain of £4.4m). This had a negative impact on retained earnings as shown in the statement of changes in equity. The overall tax charge for 2017 is £5.4m (2016: £2.6m) which is an effective tax rate of 32% (2016: 53%) of profit on ordinary activities. This effective tax rate is higher than the UK corporation tax rate as losses in certain jurisdictions cannot be offset against profits in other jurisdictions.

Mace supports the prompt payment of suppliers and subcontractors subject to receiving appropriate invoices for undisputed amounts. During 2017 the average time to pay an invoice from receiving the invoice was 45 days (2016: 42 days)

#### **Looking to the future**

Our pipeline for 2018 was already 83% secured by the end of 2017, with opportunities in both the UK and International markets. Our Developments business continues to expand with nearly £1.8bn of assets under management helping to support the Group's wider 2022 Business Strategy. We believe that 2018 will be another year of success for the Group as our main challenging projects come to an end and profits grow to around £30m before taxation.

#### **Risks and Uncertainties**

Our strategy is designed to reduce risk and build a sustainable and profitable business with reasonably predictable income streams and increasing margins. It is the Group's policy not to speculate in derivative financial instruments. Details of the financial risk management objectives and policies of the Group, together with its exposure to material financial risks, are set out in note 3 to the financial statements. The key risks to the business include:

##### **(a) Health, safety and wellbeing risks**

Embedded in everything we do is safety, it's part of our culture and one of our four key values is "Safety first no compromise". We have developed a suite of employee training, to lay the foundations of a safe and healthy culture across our business, with new and revised training modules launched during the year throughout the business. Our third annual Safety First awards ceremony saw more of our people, clients and supply chain partners recognised and rewarded for their safety excellence. In 2017 we held our first ever wellbeing week. We will continue to focus on occupational health and wellbeing including a Mental Health Awareness week.

In 2017 our accident frequency rate increased to 0.09 with the number of RIDDOR injuries on our projects also increasing to 32 (2016: 23). This is clearly a disappointing result and we have identified key areas and suppliers where accidents are more prevalent and have determined key actions with the supply chain to improve health and safety practices. Positively, in 2017 we have avoided any life threatening or serious incidents but we are not complacent and the Group continues to seek continuous improvement in our health and safety controls and practice.

## **Mace Finance Limited**

### **Strategic report (continued)**

**Year ended 31 December 2017**

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#### ***(b) 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. In the current climate, where clients are demanding ever shorter delivery programmes and more fixity on cost, the performance of our programmes and projects is monitored closely and action is taken when targets are not being met. This is managed at a business level and within our Group governance structure. In 2017 we embedded a Service Excellence and Quality process for all projects based on gateway reviews, to identify issues for resolution at the earliest possible juncture.

#### ***(c) 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, trade conditions and political volatility as well as by the investment and spending cycles that exist in many industries. Our broad spread of activities across numerous market sectors and communities, and a focus on development, construction, consultancy and facilities management opportunities that can offer longer-term income, helps us to mitigate our exposure to short and medium-term economic uncertainties. The Group remains concerned about the terms on which the UK will leave the European Union and the potential consequential impact on labour, construction activity and services within the UK economy.

#### ***(d) 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, wherever possible we employ local people and suppliers, and have established local operating companies in most of the jurisdictions in which we work, so that exposure to exchange rate changes is mitigated and knowledge of the local business environment is strengthened.

#### ***(e) Liquidity risk***

See note 3 (f)

#### ***(f) Political instability***

A significant number of the attractive longer-term opportunities and framework agreements with clients are in emerging and rapidly growing economies around the world. These include economies in the Middle East and North 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 with the aim of limiting our exposure to political risks. We recognise 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.

## **Mace Finance Limited**

### **Strategic report (continued)**

**Year ended 31 December 2017**

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#### ***(g) 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 responsible and considerate business taking the appropriate steps to train our directors and employees in best practice relating to environmental management. One of our primary 2022 business strategy priorities is to be a responsible business. A full-time Responsible Business Director is responsible for overseeing that our projects not only meet environmental and sustainability requirements but set the standard for sustainable development and construction.

#### ***(g) Threat of competition***

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

#### ***(h) Security and confidentiality***

We recognise that threats to our clients and our business can arise from matters as diverse as trespass, fraud, intellectual and data property theft and loss, national security, cyber 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 information, to as far as possible 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. Our IT systems and software are subject to regular review and key operational systems are regularly updated with supplier patches and new revisions. We developed and implemented an appropriate plan to ensure we were compliant with the new General Data Protection Regulations that came in force on 25 May 2018.

#### ***(i) Modern slavery***

We have updated our business policies and processes to ensure, as far as possible, that modern slavery is not occurring within our supply chain. In early 2018 we published our second Modern Slavery & Human Trafficking Policy Statement. We have developed online training and supporting procurement and supervision guidance to help our employees understand modern slavery and the risks it poses to our business, and also how we can take an active role to identify and eliminate modern slavery from our supply chains.



**Mace Finance Limited**

**Strategic report (continued)**

**Year ended 31 December 2017**

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**(j) Gender pay**

We published our Gender Pay Gap statistics in March 2018. We recognise that in common with a number of construction based companies there is a wide gap between median and average pay of male and female employees. We believe that gender pay could impact the decisions of people choosing an employer and clients seeking a contractor or a consultant. We are therefore putting measures in place to increase the number of women we recruit and to ensure that there is no bias in promotion decisions. We intend to focus more strongly on inclusion and diversity as we believe diverse teams not only better reflect our clients and the areas where we work, but also lead to better ideas and decision making in line with our mission to continually pursue a better way of delivering client's requirements.

We constantly review our control and monitoring processes and systems to minimise all our risks.

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'M. Reynolds', with a long horizontal flourish extending to the right.

**Mark Reynolds**  
**Chief Executive Officer**

**20 September 2018**

## **Mace Finance Limited**

### **Directors' report**

#### **Year ended 31 December 2017**

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The directors present their annual report on the affairs of the Group, together with audited financial statements and auditor's report, for the year ended 31 December 2017.

#### **Principal activity**

Mace is an international consultancy and construction group whose principal activities continue to be construction delivery, project and programme management, cost consultancy and facilities management. In addition the Group has made certain investments in property development projects.

#### **Results and dividends**

The consolidated profit for the year before taxation amounted to £17.2m (2016: loss of £4m). Mace Finance has paid dividends of £4.5m (2016: £6.5m) to the ultimate parent company. No further dividend is proposed.

#### **Strategic report**

The Group is required by section 414A of the Companies Act 2006 to present a Strategic report in the Annual Report. This can be found on pages 4 to 9. The Strategic Report contains, where appropriate, an indication of the directors' view on likely future developments in the business of the Group.

#### **Directors**

The directors who held office during the year were:

Marcus Burley (resigned 31 December 2017)  
Mark Castle  
David Grover  
Mark Holmes  
Dennis Hone  
Gareth Lewis  
Jason Millett  
Lee Penlington  
Stephen Pycroft  
Mark Reynolds

#### **Financial instruments**

Further information regarding the Group's financial instruments related policies and a consideration of its liquidity and other financing risks are in note 3 to the financial statements.

## **Mace Finance Limited**

### **Directors' report (continued)**

**Year ended 31 December 2017**

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#### **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.

#### **Going concern**

The Group has considerable financial resources, with cash of £193m at 31 December 2017 and in addition long-term contracts and a diverse range of customers and suppliers across its business activities.

After making appropriate enquiries and taking into account the bond issue on 23 March 2017, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the notes to the financial statements.

#### **Employees**

The directors recognise that employees are fundamental to the Group's success and are committed to the involvement and development of employees at all levels. The directors wish to ensure that Mace is a diverse and inclusive Group that respects employee's protected characteristics including race, religion, sexual orientation and any disabilities.

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

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

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.

The directors would like to thank all our employees for their hard work during the year.

#### **Research and development**

The Group has invested £49m (2016: £42m) in research and development activities on projects in the course of seeking and delivering innovative solutions for our clients.

**Mace Finance Limited**

**Directors' report (continued)**

**Year ended 31 December 2017**

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**Disclosure of information to auditors**

Each of the persons who is a director as at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**Auditors**

Moore Stephens LLP will be reappointed as auditor in accordance with Chapter 2 of Part 16 of the Companies Act 2006.

The financial statements are approved by the Board and signed by order of directors.



**Carolyn Pate**  
**Group Company Secretary**

**20 September 2018**

## **Mace Finance Limited**

### **Directors' responsibilities statement**

**Year ended 31 December 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 the financial statements may differ from legislation in other jurisdictions.

## **Mace Finance Limited**

### **Independent auditor's report to the shareholders of Mace Finance**

#### **Year ended 31 December 2017**

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We have audited the financial statements of Mace Finance Limited and its subsidiaries (the "group") for the year end which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. 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, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

- In our opinion, based on the work undertaken in the course of the audit:

## **Mace Finance Limited**

### **Independent auditor's report to the shareholders of Mace Finance (continued)**

**Year ended 31 December 2017**

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- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 by the parent company, or 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 certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

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



**PAUL FENNER (Senior Statutory Auditor)**  
for and on behalf of **MOORE STEPHENS LLP**  
Chartered Accountants and Statutory Auditor  
London  
21 September 2018

**Mace Finance Limited**

**Consolidated statement of comprehensive income**

**Year ended 31 December 2017**

		Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Continuing Operations	Notes		
<b>Revenue: Group and share of joint ventures</b>		<b>2,036,888</b>	<b>2,041,055</b>
Less: Costs recharged to clients		(65,140)	(44,778)
Less: Share of joint ventures' revenue		-	(30,429)
<b>Group revenue</b>	<b>4</b>	<b>1,971,748</b>	<b>1,965,848</b>
Cost of sales		(1,836,066)	(1,847,843)
<b>Gross profit</b>		<b>135,682</b>	<b>118,005</b>
Administrative expenses		(114,057)	(113,056)
<b>Operating profit before share based payment</b>	<b>5</b>	<b>21,625</b>	<b>4,949</b>
<b>Share based payment</b>		<b>(76)</b>	<b>(9,012)</b>
Operating profit/(loss)		21,549	(4,063)
<b>Joint ventures and associates</b>			
Share of operating profit after tax		153	987
Profit on disposal of an interest in a development asset	17	247	2,032
<b>Profit on ordinary activities before interest</b>		<b>21,949</b>	<b>(1,044)</b>
Net finance costs payable	6	(4,769)	(2,972)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>17,180</b>	<b>(4,016)</b>
Income tax expense	9	(5,429)	(2,577)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>11,751</b>	<b>(6,593)</b>
<b>Other comprehensive income:</b>			
Exchange/(gains) on re-translation of foreign subsidiaries		(1,296)	4,432
<b>Total comprehensive income/(loss) for the year</b>		<b>10,455</b>	<b>(2,161)</b>

The notes on pages 22 to 60 form part of these financial statements



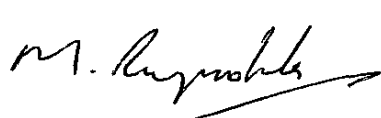
**Mace Finance Limited**

**Consolidated statement of financial position**

**As at 31 December 2017**

		Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
	Notes		
<b>Non-current assets</b>			
Tangible assets	10	20,509	21,385
Intangible assets	11	136,869	128,412
<b>Investments</b>			
Investments in joint ventures	12	2,405	2,195
Other investment	13	46,764	9,818
<b>Total investments</b>	13	49,169	12,013
<b>Total non-current assets</b>		206,547	161,810
<b>Current assets</b>			
Trade and other receivables	14	470,914	366,951
Current asset investment	15	10,000	35,000
Development work in progress	16	107,975	22,516
Other work in progress		1,333	907
Cash and cash equivalents		192,650	117,427
		782,872	542,801
<b>Current liabilities</b>			
Trade and other payables	18	(706,574)	(610,279)
<b>Net current assets</b>		76,298	(67,478)
<b>Total assets less current liabilities</b>		282,845	94,332
<b>Non-current liabilities</b>			
Trade and other payables	19	(195,333)	(25,354)
<b>Net assets</b>		87,512	68,978
<b>Capital and reserves</b>			
Called up share capital	20	56,766	44,820
Share based payment		9,088	9,012
Profit and loss account		21,261	15,301
<b>Equity shareholders' funds</b>		87,115	69,133
Non-controlling interests		397	(155)
		87,512	68,978

These financial statements were approved by the directors, authorised for issue on 20 September 2018 and are signed on their behalf by:



**Mark Reynolds**  
Chief Executive Officer



**Dennis Hone**  
Group Finance Director

The notes on pages 22 to 60 form part of these financial statements

**Mace Finance Limited**

**Company statement of financial position**

**As at 31 December 2017**


	Notes	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
<b>Non-current assets</b>			
Investments	13	138,804	138,804
		<u>138,804</u>	<u>138,804</u>
<b>Current assets</b>			
Trade and other receivables	14	516	594
Cash and cash equivalents		-	768
		<u>516</u>	<u>1,362</u>
<b>Current liabilities</b>			
Cash and cash equivalents		(3,206)	-
Trade and other payables	18	(40,898)	(45,517)
		<u>(43,588)</u>	<u>(44,155)</u>
<b>Net current liabilities</b>		<u>(43,588)</u>	<u>(44,155)</u>
<b>Total assets less current liabilities</b>		<u>95,216</u>	<u>94,649</u>
<b>Non-current liabilities</b>			
Trade and other payables	19	(2,500)	(19,000)
		<u>(2,500)</u>	<u>(19,000)</u>
<b>Net assets</b>		<u>92,716</u>	<u>75,649</u>
<b>Capital and reserves</b>			
Called up share capital	20	56,766	44,820
Share based payment		9,088	9,012
Profit and loss account		<u>26,862</u>	<u>21,817</u>
<b>Equity shareholders' funds</b>		<u>92,716</u>	<u>75,649</u>

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 £9.6m (2016: £2.7m).

These financial statements were approved by the directors, authorised for issue on 20 September 2018 and are signed on their behalf by:



**Mark Reynolds**  
Chief Executive Officer



**Dennis Hone**  
Group Finance Director

The notes on pages 22 to 60 form part of these financial statements.

**Mace Finance Limited**

**Consolidated statement of cash flows**

**Year ended 31 December 2017**

	<b>Note</b>	<b>Year ended 31 December 2017 £000s</b>	<b>Year ended 31 December 2016 £000s</b>
<b>Cash (outflows)/inflows from operating activities</b>	<b>22</b>	<b>(55,903)</b>	<b>19,662</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(4,745)	(4,933)
Purchase of share in associates		(117)	(647)
Acquisition of goodwill		(7,711)	-
Proceeds of fixed asset and disposals		83	50
Distribution from joint venture		-	565
Proceeds on disposal of investments		247	3,812
<b>Net cash used in investing activities</b>		<b>(12,243)</b>	<b>(1,153)</b>
<b>Cash flows from financing activities</b>			
Net dividends paid		(4,495)	(6,461)
Payment to non-controlling interest		-	(103)
Repayment of loan notes		(25,509)	(24,351)
Increase in borrowings		172,491	4,882
<b>Net cash generated/(used) in financing activities</b>		<b>142,487</b>	<b>(26,033)</b>
Net increase/(decrease) in cash		74,341	(7,524)
Cash and cash equivalents at beginning of year		117,427	122,829
Effects of currency translation on cash and cash equivalents		882	2,122
<b>Cash and cash equivalents at end of year</b>		<b>192,650</b>	<b>117,427</b>
<b>Reconciliation of changes in liabilities arising from financing liabilities</b>			
		<b>2017 £000s</b>	<b>2016 £000s</b>
Repayment in year		(4,828)	(16,872)
New loans		177,319	21,700
		<b>172,491</b>	<b>4,828</b>

The notes on pages 22 to 60 are an integral part of these consolidated financial statements.

**Mace Finance Limited**

**Company statement of cash flows**

**Year ended 31 December 2017**

	<b>Note</b>	<b>Year ended 31 December 2017 £000s</b>	<b>Year ended 31 December 2016 £000s</b>
<b>Cash inflows from operating activities</b>	<b>22</b>	<b>11,330</b>	<b>14,255</b>
<b>Net cash (used)/generated in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(4,495)	(6,461)
Dividends received		14,700	16,310
Repayment of loan notes		(25,509)	(23,401)
<b>Net cash used in financing activities</b>		<b>(15,304)</b>	<b>(13,552)</b>
Net (decrease)/increase in cash		(3,974)	703
Cash and cash equivalents at beginning of year		768	65
<b>Cash and cash equivalents at end of year</b>		<b>(3,206)</b>	<b>768</b>

The notes on pages 22 to 60 are an integral part of these consolidated financial statements.

**Mace Finance Limited**

**Statements of changes in equity**

**Year ended 31 December 2017**

<b>Group</b>	<b>Other Reserves £000s</b>	<b>Share based payment £000s</b>	<b>Share capital £000s</b>	<b>Retained earnings £000s</b>	<b>Total £000s</b>
Equity shareholders' funds as at 1 January 2016	(5,550)	-	44,820	29,473	<b>68,743</b>
Profit after tax for the year	-	-	-	(6,593)	<b>(6,593)</b>
Retranslation gain	4,432	-	-	-	<b>4,432</b>
Share based payment	-	9,012	-	-	<b>9,012</b>
Dividends paid	-	-	-	(6,461)	<b>(6,461)</b>
Equity shareholders' funds as at 1 January 2017	(1,118)	9,012	44,820	16,419	<b>69,133</b>
Profit after tax for the year	-	-	-	11,751	<b>11,751</b>
Retranslation loss	(1,296)	-	-	-	<b>(1,296)</b>
Share based payment	-	76	-	-	<b>76</b>
Share issue	-	-	24,946	-	<b>24,946</b>
Share capital reduction	-	-	(13,000)	-	<b>(13,000)</b>
Dividends paid	-	-	-	(4,495)	<b>(4,495)</b>
<b>Equity shareholders' funds as at 31 December 2017</b>	<b>(2,414)</b>	<b>9,088</b>	<b>56,766</b>	<b>23,675</b>	<b>87,115</b>

<b>Company</b>	<b>Share based payment £000s</b>	<b>Share capital £000s</b>	<b>Retained earnings £000s</b>	<b>Total £000s</b>
Equity shareholders' funds as at 1 January 2016	-	44,820	25,552	<b>70,372</b>
Profit after tax for the year	-	-	2,726	<b>2,726</b>
Share based payment	9,012	-	-	<b>9,012</b>
Dividends paid	-	-	(6,461)	<b>(6,461)</b>
Equity shareholders' funds as at 1 January 2017	9,012	44,820	21,817	<b>75,649</b>
Profit after tax for the year	-	-	9,540	<b>9,540</b>
Share based payment	76	-	-	<b>76</b>
Share issue	-	24,946	-	<b>24,946</b>
Share capital reduction	-	(13,000)	-	<b>(13,000)</b>
Dividends paid	-	-	(4,495)	<b>(4,495)</b>
<b>Equity shareholders' funds as at 31 December 2017</b>	<b>9,088</b>	<b>56,766</b>	<b>26,862</b>	<b>92,716</b>

The notes on pages 22 to 60 are an integral part of these consolidated financial statements.

## **Mace Finance Limited**

### **Notes to the financial statements**

**Year ended 31 December 2017**

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#### **1. Accounting policies**

##### **General information**

Mace Finance (the "Company") is a private limited company incorporated, and domiciled in England and Wales. The address of the registered office is 155 Moorgate, London, EC2M 6XB. The principal activities of the Group and the Company are detailed in the director's report.

The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. The amounts stated are denominated in thousands (£'000).

##### **Basis of accounting**

These consolidated financial statements have been prepared in accordance with EU adopted International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), IFRS Interpretations Committee (IFRS IC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Group has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRS IC, and endorsed by the EU, relevant to its operations and effective on 1 January 2017.

##### **Basis of consolidation**

The Group financial statements incorporate the results of Mace Finance, its subsidiary undertakings and the Group's share of the results of joint ventures. Subsidiaries are all entities over which the Group has control.

The exposure or right to variable returns from its involvement with an investee, and the ability to influence those returns, are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed to the income statement. The identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date, irrespective of any non-controlling interest. The excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group. The Company has guaranteed the liabilities of certain subsidiaries included within note 27. Where the Company has guaranteed the liabilities of the subsidiary and they are included within the consolidated financial statements the subsidiaries were exempt from the requirements of audit under section 479A of the Companies Act 2006.

## **Mace Finance Limited**

### **Notes to the financial statements (*continued*)**

**Year ended 31 December 2017**

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#### **1. Accounting policies (*continued*)**

##### **Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales related tax.

##### **(a) Construction contracts**

Revenue arises from the increase in the value of work performed on construction contracts and on the value of services provided during the year. Where the outcome of a long-term contract can be reliably estimated and it is probable that the contract will be profitable, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Stage of completion is assessed by reference to the proportion of contract costs incurred for the work performed to date relative to the estimated total costs. Variations and claims are included in revenue where it is probable that the amount, which can be measured reliably, will be recovered from the client. When the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable those costs will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction work in progress is stated at cost plus profit recognised to date less a provision for foreseeable losses and less amounts to be billed, and is included in amounts recoverable on contracts. Cost includes all expenditure related directly to specific projects and an appropriate allocation of fixed and variable overheads based on normal operating capacity. Amounts valued and billed to clients are included in trade receivables. Where cash received from customers exceeds the value of work performed, the amount is included in credit balances on long term contracts.

##### **(b) Other revenue**

Revenue from other services contracts is recognised when the service is provided. Revenue from the sale of land is recognised when the significant risks and rewards of ownership have been transferred to the buyer, the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the Group.

## Mace Finance Limited

### Notes to the financial statements (*continued*)

Year ended 31 December 2017

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#### 1. Accounting policies (*continued*)

##### **Goodwill**

Goodwill is initially recognised and measured as set out below.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU) expected to benefit from the synergies of the combination. CGUs to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

##### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated so as to write off the cost of a tangible asset less its estimated residual value over the estimated useful economic life of that asset on the following bases:

Leasehold improvements	over the period of the lease
Plant, motor vehicles and equipment	10% to 20% per annum on a straight line basis
Computer equipment	33% per annum on a straight line basis
Freehold property	5% per annum on a straight line basis
IT systems	10% per annum on a straight line basis

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. IT systems are depreciated over 10 years as major systems improvements are only made infrequently and the useful life of the system will be at least 10 years.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

##### **Impairment of tangible and intangible assets excluding goodwill**

At each reporting date, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.



## **Mace Finance Limited**

### **Notes to the financial statements (*continued*)**

**Year ended 31 December 2017**

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#### **1. Accounting policies (*continued*)**

##### **Retirement benefit costs**

The Group contributes to the personal pension plans of certain employees of the Group. The assets of these schemes are held in independently administered funds. The pension cost charged in the financial statements represents the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates prevailing in the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## **Mace Finance Limited**

### **Notes to the financial statements (*continued*)**

**Year ended 31 December 2017**

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#### **1. Accounting policies (*continued*)**

##### **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that the Group will be required to settle that obligation and the amount can be reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the time value of money is material).

##### **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

##### **(a) Loans and receivables**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade receivables do not carry any interest and are stated at their initial value reduced by appropriate allowances for estimated irrecoverable amounts. Provisions against trade receivables and amounts recoverable on contracts are made when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the assets's carrying amount and the present value of estimated future cash flows. Individually significant balances are reviewed separately for impairment based on the credit terms agreed with the customer. Other balances are reviewed in aggregate.

##### **(b) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less at inception. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

## **Mace Finance Limited**

### **Notes to the financial statements (*continued*)**

**Year ended 31 December 2017**

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#### **1. Accounting policies (*continued*)**

##### **(c) Investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment. Any contingent consideration is recognised as an accrual at the acquisition date and is measured at the present value of the expected settlement using a pre-tax discount rate that reflects current market assessment of the time value of money. The increase in the accrual due to the passage of time is recognised as an interest expense. Any change to the value of contingent consideration identified within 12 months from the acquisition date is reflected in the original cost of the investment. Subsequent changes to the value of contingent consideration are reflected in the statement of comprehensive income in the Group accounts.

Where the Company or its subsidiaries has significant influence over an entity, normally being more than 20% and less than 50%, then that investment is classified as an associate and is equity accounted for.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may have suffered an impairment loss. If any such indication exists the Company makes an estimate of the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use represents the discounted net present value of expected future cash flows. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income of the Company.

##### **(d) Trade and other payables**

Trade and other payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

##### **(e) Other borrowings**

Interest-bearing bank and other loans are recorded at the fair value of the proceeds received net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for at amortised cost and on an accruals basis in the statement of comprehensive income using the effective interest method. Interest is added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

##### **(f) Financial liabilities and equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### **(g) Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

##### **Operating leases**

Amounts due under operating leases are charged to the statement of comprehensive income in equal annual instalments over the period of the lease.

## **Mace Finance Limited**

### **Notes to the financial statements (continued)**

**Year ended 31 December 2017**

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#### **1. Accounting policies (continued)**

##### **Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The main Group Board is responsible for allocating resources and assessing performance of the operating segments.

##### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the reporting date. Exchange differences arising from foreign currency transactions are reflected in the income statement.

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the reporting date. Trading profits or losses are translated at average rates prevailing during the accounting period. Differences on exchange arising from the retranslation of net investments in overseas subsidiary undertakings at the year-end rates are recognised in other comprehensive income. All other translation differences are reflected in the income statement.

##### **Derivative financial instruments**

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes party to the contractual provision of the instrument. The Group uses derivative financial instruments to manage its exposure to foreign exchange risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

##### **Share based payments**

##### **Equity compensation plans**

Executive directors and senior management have been granted share options under the Group share option scheme. They have also been granted shares on both restricted and unrestricted terms in return for service. At the grant date, the fair value of the options or the shares is measured, and recognised over the period until the options vest or the shares become unrestricted as an employment expense, with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The total amount to be expensed is determined by reference to the fair value of the options or shares granted (a) including any market performance conditions; (b) excluding the impact of any non-market performance vesting conditions, such as profitability levels, sales growth targets and continuing service; and (c) including the impact of any non-vesting conditions, such as any savings requirements.

Non-market performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on meeting non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The shares awarded and the shares subject to options have already been issued and are held by an Employee Benefit Trust. When the options are exercised, the Company requests the EBT to award the shares. The proceeds received net of any directly attributable transaction costs are retained by the EBT.

**Standards and interpretations in issue but not yet effective**

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 31 December 2017. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application other than the following:

**(a) IFRS 9 Financial Instruments**

The standard is effective for periods beginning on or after 1 January 2018.

The standard makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets whereby financial assets are recognised at either fair value through profit and loss, fair value through the comprehensive income statement or measured at amortised cost. On adoption of the standard, the Group will have to re-determine the classification of its financial assets based on the business model for each category of financial asset. This is not considered likely to give rise to any significant adjustments other than reclassifications.

The principal change to the measurement of financial assets measured at amortised cost or fair value through the comprehensive income statement is that impairments will be recognised on an expected loss basis compared to the current incurred loss approach. As such, where there are expected to be credit losses these are recognised in profit or loss. For financial assets measured at amortised cost the carrying amount of the asset is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income the loss allowance is recognised in the comprehensive income statement and does not reduce the carrying amount of the financial asset.

Most financial liabilities will continue to be carried at amortised cost, however, some financial liabilities will be required to be measured at fair value through profit or loss, for example derivative financial instruments, with changes in the liabilities' credit risk recognised in the comprehensive income statement.

**1. Accounting policies (continued)**

**(b) IFRS 15 – Revenue from contracts with customers**

The standard has been developed to provide a comprehensive set of principles in presenting qualitative and quantitative information on the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around the following steps in recognising revenue:

1. Identify the contract with the customer;
2. Determine the transaction price;
3. Allocate the transaction price; and
4. Recognise revenue when a performance obligation is satisfied.

On application of the standard the disclosures are likely to increase. The effective date is periods beginning on or after 1 January 2018. The standard includes principles on disclosing the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, by providing qualitative and quantitative information. Based on the detailed impact assessment of all the transactions affecting the current financial year and future known transactions, the Group concluded that the adoption of IFRS 15 will not have a material impact on the Group's reported results. However, we will continue to assess new transactions as they arise to the date of adoption.

**(c) IFRS 16 – Leases**

The standard is effective for periods beginning on or after 1 January 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs).

The Directors continue to assess the impact of IFRS 16. We have carried out an impact assessment of IFRS 16 and believe the impact to be a capitalisation of around £30m.

**2. Significant accounting estimates and judgements**

**Sources of uncertainty**

The preparation of the financial statements requires the Group to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historical experiences and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

**Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affects the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually made and based on his historic experience and other factors based on other factors, including expectations of future events that are believed to be reasonable in the circumstances. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The directors believe the following to be key areas of estimation and judgement

**(a) Revenue and profit recognition**

The estimation techniques used for revenue and profit recognition in respect of construction contracts require forecasts to be made of the outcome of long-term contracts which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defects liabilities and changes in costs.

**(b) Valuation of land and work in progress**

The key judgements and estimates in determining the net realisable value of land and work in progress are:

- an estimation of costs to complete; and
- an estimation of the remaining revenues.

These assessments include a degree of uncertainty and therefore if the key judgements and estimates change unfavourably, write-downs of land and work in progress may be necessary.

**(c) Provisions**

Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the amount and timing of liabilities judgement is applied and re-evaluated at each reporting date.

**(d) Recoverable value of recognised receivables**

The recoverability of trade and other receivables is regularly reviewed in the light of available economic information specific to each receivable and provisions are recognised for balances considered to be irrecoverable.

**(e) Goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the Cash Generating Units (CGU) to which the goodwill has been allocated. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate in order to calculate the net present value. Cash flow forecasts for the next three years are based on the Group's budgets and forecasts. Other key inputs in assessing each CGU are revenue growth, operating margin and discount rate. The assumptions are set out in note 11 together with an assessment of the impact of reasonably possible sensitivities.

## Mace Finance Limited

### Notes to the financial statements (*continued*)

Year ended 31 December 2017

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#### 2. Significant accounting estimates and judgements (*continued*)

##### (f) *Taxation*

The Group is subject to tax in a number of jurisdictions and judgement is required in determining the overall provision for income taxes. The Group provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures. Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

##### (g) *Research and development*

Included within administration expenses are research and development tax credits which are estimated based on qualifying spend incurred during the year.

#### 3. Financial instruments

##### **General**

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Interest rate risk
- Credit risk
- Capital risk
- Revenue liquidity risks, foreign currency and exchange rate risk

The Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Group Assurance function which is responsible for developing and monitoring the Group's risk management strategy and policies. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group and Company operate within financial risk policies and procedures approved by the Board. It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Group's and Company's financial instruments principally comprise bank borrowings, cash and cash equivalents, receivables and payables, and foreign exchange forward contracts and put options that arise directly from its operations and its acquisitions.

##### (a) *Market risk*

The Group is exposed to land and property values via, in the main, their effect on demand for the Group's services. The potential impact on carrying amounts in the Group's statement of financial position is not material. The Group is exposed to commodity and materials price risk in respect of contracts which require the Group to contract for the provision of materials some years prior to the date of supply. This risk is managed through purchasing policies and contract arrangements with major suppliers.

##### (b) *Interest rate risk*

The Group has no significant long term borrowings with the exception of the corporate bond which has a fixed rate of interest. There is little interest rate risk associated with its short term financing transactions. From time to time, some of the Group's cash resources are placed on short term fixed deposit of up to one year to take advantage of preferential rates. Otherwise cash resources are held in current floating rate accounts.



**(c) Credit risk**

The Group has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers. It is Group policy to deposit short term cash investments with major institutions.

Based on historic default rates the Group policy is to record no impairment for amounts overdue up to three months as substantially all amounts have been recoverable in full, except in exceptional specific circumstances. Where amounts are overdue more than three months an allowance is made for credit losses, initially based on the specific circumstances of the customer and an estimate of the expected cash flows to be received based on past experience. If amounts are outstanding for longer periods the allowance is increased until over time the full amount outstanding is provided for. Once it has been established that an amount will prove irrecoverable it is released from the credit allowance account and written-off against the balance of trade receivable.

**(d) Capital risk management**

The Board's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence. Similar policies apply also to individual business segments so as to minimise demands for routine trading activities on finance obtained at Group level. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies. The capital structure of the Group consists of cash and cash equivalents, equity and debt. At 31 December 2017 the Group had debt of £177m (2016: £4.9m).

The Group is funded by ordinary shares, retained profits and the Bond issued in 2017 for the sum of £160m. The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The capital requirements of the Group's divisions differ, with property development typically requiring equity and debt, and construction and consultancy typically being cash generative but the economic cycle of each business is different. The Group manages its capital taking these differing requirements into account. On 23 March 2017 the Group issued a 5 year bond amounting to £160 million. The facility provides finance for the development business. The Bond is subject to covenants over interest cover and gearing. The Bond issue and development non-recourse funding have changed the capital risk profile of the Group and this risk is managed through the Development Board, chaired by the Chief Executive, who have oversight of all developments.

**(e) Revenue risk**

Income from three major clients in relation to our major construction projects amounted to 41% (2016: 28%) of total Group revenue during 2017.

**(f) Liquidity risk**

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure there are sufficient resources for working capital requirements. The Corporate bond is repayable in 5 years and the director's loan in 1 year.

The table on the next page summarises the maturities of the Group's undiscounted non-derivative financial liabilities at the reporting date based on contractual payment duties.

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**3. Financial risk management (continued)**

	<b>2017 £000s</b>		<b>2016 £000s</b>	
	<b>Less than 1 year</b>	<b>1 to 5 years</b>	<b>Less than 1 year</b>	<b>1 to 5 years</b>
Trade and other payables	194,044	-	207,098	-
Loan notes	16,500	2,500	25,509	19,000
Shareholder loan	15,872	-	-	-
<b>Total</b>	<b>226,416</b>	<b>2,500</b>	<b>232,607</b>	<b>19,000</b>

**(g) Foreign 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.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A ten per cent strengthening of sterling against the following currencies at 31 December 2017 would have decreased equity and profit or loss by the following amounts:

	<b>2017 £000s</b>		<b>2016 £000s</b>	
	<b>Profit or loss</b>	<b>Equity</b>	<b>Profit or loss</b>	<b>Equity</b>
Euro	(1,311)	(1,143)	(1,232)	(45)
USD	(464)	(3,858)	(622)	(2,994)

A ten per cent weakening of sterling against these currencies would have an opposite effect. A common analysis basis has been applied for both 2017 and 2016. This analysis assumes that all other variables, particularly interest rates, remain unchanged. The sensitivity is regarded as being representative of the position throughout the year.

During the year ending 31 December 2017 the Group restructured its forward foreign exchange contract maturing in May 2018 reducing the principal from selling €8,000,000 to €2,000,000. As part of the restructure the Group also entered into 5 options by which it contracted to sell Euros with maturity dates ranging from April 2018 to April 2019 to take account of additional Euro exposure. The principal amount of the options were €9,000,000.

The derivatives are the only items in the Group's statement of financial position that are measured at fair value and the value is calculated as the present value of estimated cash flows based on observable yield curves corresponding to level 2 as defined in IFRS13.

The Group Generated £329,610,668 (2016: £399,590,852) of sales in Euros and £92,333,901 (2016: 66,836,085) on sales in USD in 2017.

# Mace Finance Limited

## Notes to the financial statements (*continued*)

Year ended 31 December 2017

### 3. Financial risk management (continued)

#### Financial liabilities – derivative financial liabilities

The fair value of forex options and forward contracts are given below:

#### Group and Company

Current Liabilities	2017	2016
	£000s	£000s
Fair value of forex on forward contract and options	<u>824</u>	<u>673</u>

#### Categorisation of other financial instruments and fair value of other financial assets and liabilities

	2017	2016
	£000s	£000s
<b>Financial liabilities</b>		
Current borrowings including future interest commitments	17,373	4,882
Current financial liabilities measured at amortised cost	508,209	512,516
Non-current financial liabilities measured at amortised cost	226,500	19,000
<b>Financial assets</b>		
Loans and receivables	427,601	341,343
Cash and cash equivalents	<u>192,650</u>	<u>117,427</u>

Prepayments are excluded from loans and receivables.

Statutory liabilities, deferred income and payments on account are excluded from financial liabilities measured at amortised cost.

There is no difference between the book value and fair value of other financial assets and liabilities.

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 4. Segmental analysis

#### Revenue

An analysis of the Group's revenue is as follows:

	2017 £000s	2016 £000s
<b>Continuing operations:</b>		
Construction	1,632,768	1,670,897
Consultancy	267,430	228,671
Facilities management	54,750	49,479
Developments	16,800	16,801
<b>Total revenue</b>	<b>1,971,748</b>	<b>1,965,848</b>

#### General

For management purposes the Group is currently organised into five operating hubs as shown in the table below. These divisions are the basis on which the Group reports primary segment information to the Board. Limited secondary information is presented for the operating segments of consultancy and other services, primarily for risk management purposes.

The Board assesses the performance of the hubs based on management accounts which reflect the allocation of cross charges, interest, depreciation and amortisation. The adjustments exclude the effects, if any, of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments resulting from any isolated, non-recurring event.

	UK & Europe £000s	Middle East North Africa £000s	Asia £000s	Sub- Saharan Africa £000s	America £000s	Intercompany trading £000s	Total £000s
2017							
Segment revenue	2,001,502	93,199	13,955	3,411	18,403	(93,582)	2,036,888
Costs recharged to clients	(42,589)	(9,352)	-	(31)	(13,168)	-	(65,140)
Total segment revenue	1,958,913	83,847	13,955	3,380	5,235	(93,582)	1,971,748
Cost of sales	(1,851,810)	(63,572)	(10,665)	(2,099)	(1,502)	93,582	(1,836,066)
Gross profit	107,103	20,275	3,290	1,281	3,733	-	135,682
Administrative expenses	(92,879)	(15,990)	(1,711)	(1,640)	(1,913)	-	(114,133)
Operating profit	14,224	4,285	1,579	(359)	1,820	-	21,549
Profit on disposal of an interest in a development asset	247	-	-	-	-	-	247
Other items	(3,874)	758	(141)	342	(185)	-	(4,616)
Profit before tax	10,597	3,527	1,438	(17)	1,635	-	17,180
Segment assets							
Non-current assets	195,081	5,953	13	5,460	40	-	206,547
Current assets	734,332	46,095	4,702	(5,284)	3,027	-	782,872
Current liabilities	(680,607)	(19,851)	(2,644)	185	(3,657)	-	(706,574)

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 4. Segmental analysis (continued)

	UK & Europe	Middle East North Africa	Asia	Sub- Saharan Africa	America	Intercompany trading	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<b>2016</b>							
Segment revenue	2,066,664	79,761	13,822	2,905	10,604	(132,701)	2,041,055
Costs recharged to clients	(44,778)	-	-	-	-	-	(44,778)
Share of revenue of joint venture and associates	(30,429)	-	-	-	-	-	(30,429)
<b>Total segment revenue</b>	<b>1,991,457</b>	<b>79,761</b>	<b>13,822</b>	<b>2,905</b>	<b>10,604</b>	<b>(132,701)</b>	<b>1,965,848</b>
Cost of sales	(1,900,197)	(59,189)	(10,735)	(2,713)	(7,710)	132,701	(1,847,843)
Gross profit	91,260	20,572	3,087	192	2,894	-	118,005
Administrative expenses	(102,022)	(14,825)	(1,933)	(1,679)	(1,609)	-	(122,068)
Operating loss	(10,762)	5,747	1,154	(1,487)	1,285	-	(4,063)
Profit on disposal of an interest in a development asset	2,032	-	-	-	-	-	2,032
Other items	(2,148)	(534)	(120)	903	(86)	-	(1,985)
Loss before tax	(10,878)	5,213	1,034	(584)	1,199	-	4,016
Segment assets							
Non-current assets	154,258	5,129	13	2,321	89	-	161,810
Current assets	490,072	49,195	5,245	(1,154)	(557)	-	542,801
Current liabilities	(583,154)	(22,999)	(2,106)	(684)	(1,506)	-	(610,449)

Assets and liabilities are presented in a manner consistent with that of the financial statements.

Inter-segment sales are carried out at open market rates.

Income from three major clients in relation to our major construction projects amounted to 41% (2016: 28%) of total Group revenue during 2017.

Costs recharged to clients relates to our Facilities Management business. Adjusted 2017 Facilities Management Revenue is £119,890k (2016: £94,257k).

	2017 £000s	2016 £000s
<b>Facilities Management Revenue</b>		
Revenue	54,750	49,479
Costs recharged to clients	65,140	44,778
<b>Total facilities management revenue</b>	<b>119,890</b>	<b>94,257</b>

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**5. Operating Profit & EBITDA**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
<b>The operating profit is stated after charging:</b>		
Foreign exchange losses	1,442	1,011
Depreciation of tangible fixed assets	5,568	5,538
(Profit)/Loss on disposal of fixed assets	(13)	118
Research and development costs	49,000	42,000
 <b>Operating lease rentals:</b>		
Motor vehicles	55	93
Land and buildings	5,325	2,613
 Profit on ordinary activities before interest	22,025	7,968
Depreciation of tangible fixed assets	5,568	5,538
Share based payment	(76)	(9,012)
<b>EBITDA</b>	<b>27,517</b>	<b>4,494</b>

**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:

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	64	62
UK	129	121
Overseas	46	29
	239	212
 Other fees		
Fees payable to affiliated auditors	9	9
Other services pursuant to legislation	-	58
Tax services	72	76
	320	355

# Mace Finance Limited

## Notes to the financial statements (*continued*)

Year ended 31 December 2017

### 6. Interest

	2017 £000s	2016 £000s
Bank and other interest receivable	44	1,120
Bond and other interest payable	(4,813)	(4,092)
	<u>(4,769)</u>	<u>(2,972)</u>

### 7. Directors' remuneration

	2017 £000s	2016 £000s
Remuneration for management services (including benefits)	3,617	3,493
Performance related remuneration	2,114	331
Pension contributions	7	75
	<u>5,738</u>	<u>3,899</u>

Pension's contributions were made in respect of 1 directors (2016:2).

Directors' remuneration includes the following amounts in respect of the highest paid director of Mace Finance:

	2017 £000s	2016 £000s
Remuneration for management services (including benefits)	1,371	1,397
Pension contributions	-	40
	<u>1,371</u>	<u>1,437</u>

All key management are directors of the Company.

### 8. Staff costs and numbers

Staff costs were as follows:	2017 £000s	2016 £000s
Aggregate gross wages and salaries	320,553	294,053
Employer's social security costs	28,526	26,959
Other pension costs	20,222	17,773
	<u>369,301</u>	<u>338,785</u>

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

Corporate support services	332	323
Project delivery staff	4,409	4,118
	<u>4,741</u>	<u>4,441</u>

The total number of direct employees as at the reporting date was:

	<u>5,042</u>	<u>4,504</u>
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**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**9. Tax on profit on ordinary activities**

	2017	2016
	£000s	£000s
<b>(a) Analysis of charge in year</b>		
UK corporation tax at 19.25% (2016: 20%)	-	(1,532)
Group relief payment	-	(2)
Adjustments in respect of previous years	220	41
Overseas taxation	6,635	5,245
Deferred tax	(1,426)	(1,175)
Total current tax (note 9(b))	<u>5,429</u>	<u>2,577</u>

**(b) Factors affecting tax charge for year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

Profit on ordinary activities before tax	<u>17,183</u>	<u>(4,013)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	3,308	(803)
Effects of:		
Expenses not deductible for tax purposes	742	1,009
Temporary differences not recognised in deferred tax	(50)	1,018
Non-taxable profit on disposal of investments	(89)	(27)
Utilisation of tax losses	(322)	(24)
Non-taxable foreign branch income	-	(18)
RDEC credits	(570)	(139)
Different rates of tax on overseas earnings	595	664
Impact of deferred tax rate movements	294	290
Adjustments to tax charge in respect of previous years	375	607
Adjustment to tax charge in respect of previous years – overseas taxation	<u>1,146</u>	<u>-</u>
Current tax charge for the year (note 9(a))	<u>5,429</u>	<u>2,577</u>

As a consequence of the disclaiming of capital allowances and the losses carried forward, there is a significant increase in the deferred tax asset.

	2017	2016
	£000s	£000s
<b>Deferred tax</b>		
Opening deferred tax asset	1,640	465
Deferred tax income for year	<u>1,426</u>	<u>1,175</u>
Closing deferred tax asset	<u>3,066</u>	<u>1,640</u>

**Analysed as:**

Fixed asset temporary differences	1,618	927
Short-term temporary differences	413	276
Loss carried forward	<u>1,035</u>	<u>437</u>
	<u>3,066</u>	<u>1,640</u>



**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**10. Tangible non-current assets**

**Group**

	<b>Freehold property</b>	<b>Leasehold improvements</b>	<b>Computer Equipment &amp; IT Systems</b>	<b>Plant, motor vehicles &amp; equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
At 1 January 2016	2,060	11,893	25,874	1,546	41,373
Exchange differences	421	78	411	159	1,069
Additions	-	455	4,338	140	4,933
Disposals	-	(96)	(9,131)	(242)	(9,469)
At 31 December 2016	2,481	12,330	21,492	1,603	37,906
Exchange differences	(223)	98	(117)	(68)	(310)
Additions	-	73	4,657	76	4,806
Disposals	-	(480)	(4,029)	(11)	(4,520)
At 31 December 2017	2,258	12,021	22,003	1,600	37,882
<b>Depreciation</b>					
At 1 January 2016	174	2,674	16,068	851	19,767
Exchange differences	40	31	289	157	517
Charge for the year	48	789	4,571	130	5,538
Disposals	-	(30)	(9,130)	(141)	(9,301)
At 31 December 2016	262	3,464	11,798	997	16,521
Exchange difference	(25)	(35)	(162)	(69)	(291)
Charge for the year	50	904	4,449	165	5,568
Disposals	-	(433)	(3,951)	(41)	(4,425)
At 31 December 2017	287	3,900	12,134	1,052	17,373
<b>Net book value</b>					
<b>At 31 December 2017</b>	<b>1,971</b>	<b>8,121</b>	<b>9,869</b>	<b>548</b>	<b>20,509</b>
At 31 December 2016	2,219	8,866	9,694	606	21,385

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 11. Intangible assets

Group	Goodwill £000s
<b>Cost</b>	
At 1 January 2016	128,412
At 31 December 2016	128,412
Additions	8,457
<b>At 31 December 2017</b>	<b>136,869</b>

	Court Orchard £000s	Mace Holdings £000s	Portugal £000s	YMR Kenya £000s	MMQS £000s	Total £000s
<b>Net assets acquired</b>						
Tangible assets	-	3	-	58	-	61
Debtors	9,040	472	28	444	-	9,984
Cash	-	697	1	121	-	819
Creditors	(9,047)	(1,397)	(249)	(97)	-	(10,790)
Net assets	(7)	(225)	(220)	526	-	74
Goodwill	4,266	225	1,286	2,079	600	8,456
Consideration	4,259	-	1,066	2,605	600	8,530
<b>Satisfied by</b>						
Cash consideration	4,259	-	1,066	2,605	600	8,530

Goodwill on consolidation represent the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries at the date of acquisition. The carrying amount of intangible assets is allocated to the CGUs as follows:

	2017 £000s	2016 £000s
Mace Limited – Construction	45,890	45,890
Mace Limited – Consultancy	54,695	54,695
Mace Limited – Other	14,221	14,221
Mace Macro Limited, engaged in facilities management	4,265	4,265
Como Group Limited, engaged in specialised fit out project work	3,343	3,343
Mace Cost Consultancy Limited, engaged in cost consultancy	5,998	5,998

#### 2017 additions

Court Orchard Limited, engaged in property development	4,266	
Mace Holdings Ltd (Saudi Arabia), engaged in project management	225	-
Mace, Consultoria E Gestao de Projectos E Construcal, Lda (Portugal), engaged in project management	1,287	-
YMR (Kenya), engaged in cost consultancy & quantity surveying	2,079	-
MMQSMace Consultancy (Pty) Ltd	600	-

The major assumption used in value in use calculations is as follows:

Pre-tax discount rate	8%	8%
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Mace purchased our joint venture partners share of Court Orchard Ltd to achieve 100% ownership of the Greenwich Square development. Mace acquired 49% of YMR Partnership Kenya to form a joint venture to develop an integrated service offering across the East Africa region.

## Mace Finance Limited

### Notes to the financial statements (*continued*)

Year ended 31 December 2017

#### 11. Intangible assets (*continued*)

The directors estimate discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risk specific to the CGU. The pre-tax discount rate is based on a number of factors including the risk free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections.

The value in use cash flows are based upon management approved forecasts for a period of five years ended 31 December 2022. These forecasts were prepared for a commercial purpose and rely on specific assumptions and projections on a project by project basis using management's detailed knowledge and expectations of the outcome of each project.

No account has been taken of cash flows forecast after 2022.

The results of the value in use calculations for each CGU shows they all exceeds their carrying amount in both the current and prior years.

A sensitivity has been applied in each case where forecast income is reduced by 20% in each of the forecast years.

#### 12. Joint ventures and associates

Movement in interests in joint ventures can be summarised as follows:

	2017 £000s	2016 £000s
Share of net assets brought forward	2,195	592
Share of post-acquisition profit after tax	410	731
Additions	624	647
Exchange differences	(244)	-
Adjustment	(580)	790
Distributions from joint ventures	-	(565)
Share of net assets carried forward	2,405	2,195

The following represents the total results of joint venture and associate tangible fixed assets, current assets and creditors due within one year in which Mace has a part share:

	2017 £000s	2016 £000s
Non-current assets	93	648
Current assets	52,977	50,959
Cash and cash equivalents	4,663	16,414
Creditors	(55,500)	-
<b>Total</b>	<b>2,233</b>	<b>68,021</b>
Revenue	9,074	67,517
Expenses	(8,298)	(62,442)
Interest expense	1	(910)
Income tax	(91)	(1,115)
<b>Profit for the year</b>	<b>686</b>	<b>3,050</b>

Joint ventures and associates are listed in note 26.

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**13. Investments**

	Joint ventures & associates	Other investments	Total
Group	£000s	£000s	£000s
<b>Cost less provisions</b>			
At 1 January 2016	592	9,818	10,410
Additions	647	-	647
Adjustment	790	-	790
Share of results	731	-	731
Distribution from joint ventures	(565)	-	(565)
At 31 December 2016	2,195	9,818	12,013
Additions	658	24,946	25,604
Disposal	-	(13,000)	(13,000)
Adjustment	(541)	-	(541)
Transfer from current assets	-	25,000	25,000
Share of results	93	-	93
<b>At 31 December 2017</b>	<b>2,405</b>	<b>46,764</b>	<b>49,169</b>

**Company**

	£'000s
<b>Cost less provisions</b>	138,804
At 1 January 2016	-
Additions	138,804
At 31 December 2016	138,804
Additions	-
<b>At 31 December 2017</b>	<b>138,804</b>

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 14. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	£'000s	£'000s	£'000s	£'000s
Trade debtors	180,793	121,177	-	-
Amounts recoverable on contracts	99,245	89,306	-	-
Amounts owed by joint ventures and associates	1,522	256	-	-
Development loans	1,500	1,500	-	-
Taxation and social security receivable	8,115	438	516	594
Other debtors	23,812	12,750	-	-
Prepayments and accrued income	155,927	141,524	-	-
	<b>470,914</b>	<b>366,951</b>	<b>516</b>	<b>594</b>

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

### Debtors past and overdue

	Group		Company	
	2017	2016	2017	2016
	£000s	£000s	£000s	£000s
Trade receivables not due	143,378	88,999	-	-
Trade receivables past due 1-30 days	24,908	20,368	-	-
Trade receivables past due 31-60 days	6,971	5,932	-	-
Trade receivables past due 61-90 days	2,873	4,166	-	-
Trade receivables past due over 90 days	5,730	7,122	-	-
Gross trade receivables	183,860	126,587	-	-
Less bad debt provision	(3,067)	(5,410)	-	-
Trade debtors	<b>180,793</b>	<b>121,177</b>	<b>-</b>	<b>-</b>

The reduction in bad debt provision in 2017 is in part due to the reduction in trade receivables past due 60 days.

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

<b>15. Current asset investment</b>	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Current asset investment	<b>10,000</b>	<b>35,000</b>

In 2017 £24.9m of preferred shares were subscribed for and £13m redeemed. At 31 December 2017 £10m of the balance was reported as a current asset as the Company expects this amount to be redeemed during 2018.

<b>16. Development work in progress</b>	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Work in progress	<b>70,688</b>	<b>16,619</b>
Investment in joint venture	<b>37,287</b>	<b>5,897</b>
	<b>107,975</b>	<b>22,516</b>

<b>17. Profit on disposal of interests in a development assets</b>	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Profit on disposal	<b>247</b>	<b>2,032</b>

<b>18. Current liabilities</b>	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Trade payables	<b>194,044</b>	<b>207,098</b>	-	-
Bank loans	-	<b>4,882</b>	-	-
Amounts owed to subsidiary undertakings	-	-	<b>23,277</b>	<b>19,976</b>
Taxation and social security payable	<b>35,071</b>	<b>36,723</b>	-	-
Other creditors	<b>24,000</b>	<b>6,599</b>	-	-
Loan notes	<b>16,500</b>	<b>25,509</b>	<b>16,500</b>	<b>25,509</b>
Directors loan	<b>15,872</b>	-	-	-
Accruals and deferred income	<b>421,087</b>	<b>329,468</b>	<b>1,121</b>	<b>32</b>
	<b>706,574</b>	<b>610,279</b>	<b>40,898</b>	<b>45,517</b>

See note 24 for information relating to the directors loan.

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 19. Non-current liabilities

	Group		Company	
	2017	2016	2017	2016
	£000s	£000s	£000s	£000s
Payments received on account	20,256	6,354	-	-
Corporate bond	160,000	-	-	-
Bank loans for development projects	1,501	-	-	-
Loan notes	2,500	19,000	2,500	19,000
Accruals for land	11,076	-	-	-
	<b>195,333</b>	<b>25,354</b>	<b>2,500</b>	<b>19,000</b>

See note 3(d) for details of the corporate bond.

The loan notes in notes 18 and 19 were issued in part consideration for the purchase of Mace Group Limited by Mace Finance Limited on 6 January 2014. The unsecured loan notes incur a fixed interest charge of 0.5% per annum, increasing to Libor plus 3% and Libor plus 6% if repayments are in default after 6 and 12 months respectively.

Loan notes are repayable within:

	£'000s
1 year	16,500
2 years	2,500
	<b>19,000</b>

### 20. Share capital - Group and Company

	£'000s
Allotted, called up and fully paid:	
Equity shares	
10,000,000 ordinary shares of £0.0001 each	1
Non-equity shares:	
10,595,000 'A' ordinary shares of £0.001 each	1
44,818,243 preferred shares of £1.00 each	44,818
At 31 December 2016	<b>44,820</b>
Share issue	<b>24,946</b>
Share capital reduction	<b>(13,000)</b>
At 31 December 2017	<b>56,766</b>

The A Ordinary shares have no voting rights. If approved in writing by holders of not less than 80% of the ordinary shares, a dividend may be paid on the 'A' ordinary shares.

The preferred shares are redeemable at any time by the Company at par. They have no voting rights. Dividends may be paid on the preferred shares. They have certain rights upon a return of capital to the shareholders.

During the year the Company issued 24,947,000 new preferred shares for Group capital purposes. It later redeemed 13,000,000 preferred shares at par in accordance with its articles of association.

## Mace Finance Limited

### Notes to the financial statements (*continued*)

Year ended 31 December 2017

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#### 21. Share based payments

##### a) Share option scheme

The company's share option scheme was created in 2014 for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the board of directors of the Company may grant options over shares in the company held by the EBT to eligible employees, including directors. In November 2014 options were issued over 170,187 shares to seven individuals.

No consideration was payable on the grant of an option. Options may be exercised once certain conditions have been met. These are that,

- the employee remain in employment of the group,
- the loan notes created as part of the MBO arrangement be repaid by 2019 and
- the group achieved a target EBITDA prior to the 10th anniversary of the date of the grant.

The right to exercise expires on the tenth anniversary of the date of grant of the option. A further 40,000 options were granted in December 2017 to 2 individuals.

The fair value of options granted during the period and the prior period were calculated using the Black Scholes pricing model and includes the following inputs:

	2017	2016
Exercise price	£0.78	£1.07
Expected volatility	29.05%	50.96%
Option life	5 years	5 years
Expected dividends	3.47%	8.89%
Risk-free interest rate	0.57%	1.32%

The fair value of the 2017 grant has been recognised over the vesting period which was estimated as 5 years and the charge for the year amounted to £76,311.

The total expense of £76,311 for the year has been included in administrative expenses, and where it relates to directors, has been included in their remuneration as disclosed in note 7.

In the comparative year there was a share based payment charge of £9,012,352. This resulted primarily from the unconditional award of 1,175,000 shares owned by an Employee Benefit Trust set up as part of the arrangements constituting the MBO of January 2014. This accounted for £8,225,000 of the charge and the rest arose from an accelerated charge related to the removal of restrictions on 434,813 restricted shares issued in November 2014.



**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2016**

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**22. Notes to the cash flow statement**

**Group**

**Reconciliation of operating activities to operating cash flows**

**Statement of cash flows**

	<b>2017</b> <b>£000s</b>	<b>2016</b> <b>£000s</b>
<b>Cash flows from operating activities</b>		
Profit before finance costs	<b>21,949</b>	(1,044)
<b>Adjustments for:</b>		
Loss on disposal of fixed assets	<b>13</b>	118
Profit on disposal of investments	<b>(247)</b>	(2,032)
Share of post-tax profits of joint ventures	<b>(93)</b>	(731)
Depreciation	<b>5,568</b>	5,538
Share based payment	<b>76</b>	9,012
Foreign exchange - retranslation	<b>(1,277)</b>	1,754
Cash flows before changes in working capital	<b>25,989</b>	12,615
<b>Working capital changes:</b>		
Increase in trade and other receivables	<b>(93,979)</b>	(53,971)
Increase in work in progress	<b>(85,885)</b>	(10,032)
Increase in trade payables	<b>110,975</b>	77,226
Increase in working capital	<b>(68,889)</b>	13,223
Income taxes paid	<b>(7,498)</b>	(3,204)
Net finance costs	<b>(5,505)</b>	(2,972)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(55,903)</b>	19,662

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

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**22. Notes to the cash flow statement (continued)**

**Company**

**Reconciliation of operating activities to operating cash flows**

**Statement of cash flows**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cash flows from operating activities</b>		
Profit before finance costs	<b>9,730</b>	2,805
<b>Adjustments for:</b>		
Share based payment	<b>76</b>	9,012
Dividends received from subsidiary undertakings	<b>(14,700)</b>	(16,310)
Cash flows before changes in working capital	<b>(4,894)</b>	(4,493)
<b>Working capital changes:</b>		
Decrease/(increase) in trade and other receivables	<b>78</b>	(862)
Increase in trade payables	<b>17,007</b>	20,852
Increase in working capital	<b>17,163</b>	19,990
Net finance costs	<b>(861)</b>	(1,242)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(11,330)</b>	14,255

**23. 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 2017 there was no net Group indebtedness to its bankers and therefore the directors consider that no contingency arises.

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 24. Related party transactions

Company	2017 £000s	2016 £000s
<b>Non-trading transactions</b>		
Dividends	14,700	18,317
Interest payable	(2,924)	(513)

Balances between Mace Finance and its subsidiaries can be found in note 14, 18 & 19.

#### Loans from directors

On 30 January 2017 the Company borrowed £15,871,569 from Jonathan Holmes and Mark Reynolds at commercial rates for development funding purposes. While Mace Finance has sufficient funds to repay these loans the terms of the Bond issue subordinates certain payments to owners. These loans are short term and are both fully outstanding at 31 December 2017. The outstanding balances sits as part of current liabilities at the year end.

### 25. Future commitments

At 31 December 2017 the Group had commitments under non-cancellable operating leases as set out below:

	2017 £000s	2016 £000s
<b>Land and buildings</b>		
Leases expiring:		
Within one year	5,021	3,104
Between two and five years	15,716	11,975
After five years	14,184	14,555
	<u>34,921</u>	<u>29,634</u>
<b>Other</b>		
Leases expiring:		
Within one year	58	44
Between two and five years	-	5
	<u>58</u>	<u>49</u>

The Group has no capital commitments.

## Mace Finance Limited

### Notes to the financial statements (continued)

Year ended 31 December 2017

#### 26. List of joint ventures and associate undertakings

The following is a list of joint ventures and associate entities of Group.

<b>Company</b>	<b>Country of registration/ incorporation</b>	<b>Voting rights</b>	<b>Nature of business</b>
Mace Engenharia E Servicos Ltda	Angola	47	Project management
AMA Nuclear Limited (In liquidation)	England & Wales	33	Project management
Botley DevManCo Limited	England & Wales	50	Property development
Botley Investments Limited	England & Wales	50	Property development
Botley Developments (Holdings) Limited	England & Wales	50	Property development
CLM Delivery Partner Limited	England & Wales	25	2012 Olympic delivery partner
Commercial Road Development Management Limited	England & Wales	50	Property development
Hadley Mace Holdings Limited	England & Wales	50	Property development
MPD Trinity LLP	England & Wales	33	Property development
New Burlington Developments Limited	England & Wales	50	Construction delivery
The Botley Development Company Limited	England & Wales	50	Property development
D.C.G.P. - Gestão de Projectos, Unipessoal, Lda	Portugal	49	Project management
MMQSMace Consultancy (Pty) Limited	South Africa	49	Project management
MMQS Mace (Pty) Limited	South Africa	49	Project management

#### 27. List of subsidiary undertakings

The following is a list of the direct and indirect subsidiary entities of the Group.

<b>Company</b>	<b>Country of registration/ incorporation</b>	<b>Voting rights</b>	<b>Nature of business</b>
Mace Australia Proprietary Limited Level 5 1 Chifley Square, Sydney NSW 2000 Australia	Australia	100	Project management
Mace Limited Liability Company Tolbuhina 2-313 Premise 10a Minsk 220012 Belarus	Belarus	100	Project management
Mace Macro Brazil Consultoria Em Projetos E Construcao Ltda Avenida Nações Unidas, 6917 Pinheiros, São Paulo, CEP: 05477-000	Brazil	100	Facilities management

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 27. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Macro Chile Spa Padre Mariano No 272 Office 602 Providencia Santiago Chile	Chile	100	Facilities management
Mace (China) Limited 3606 Ciro's Plaza 388 West Nanjing Road Shanghai 20003 China	China	100	Project management
Mace Zagreb d.o.o. Petrinska 42 a Zagreb 10000 Croatia	Croatia	100	Project management
Callomin Property Solutions Limited 59-61 Acropolis 3 <sup>rd</sup> floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	100	Project management
Mace Holdings Limited 59-61 Acropolis 3 <sup>rd</sup> floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	100	Holding company
Mace International Limited 59-61 Acropolis Savvides Court 3 <sup>rd</sup> floor Nicosia 2012 Cyprus	Cyprus	100	Project management
Mace Macro International Limited 59-61 Acropolis 3 <sup>rd</sup> floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	100	Facilities management
Mace Technology Denmark ApS Harbour House Sundkrogsgade 21 2100 Copenhagen Denmark	Denmark	100	Construction delivery and project management
Mace Egypt for Project Management L.L.C. 10 Al-Obour Buildings Salah Salem Road Cairo Egypt	Egypt	100	Project management
Cambridge Health Road Developments Limited*	England & Wales	70	Property development
Como Construction Limited*	England & Wales	100	Dormant
Como Group Limited*	England & Wales	100	Holding company
Como Homes Limited*	England & Wales	100	Dormant

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 27. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Voting rights	Nature of business
Como Interiors Limited*	England & Wales	100	Fit out
Court Orchard Limited*	England & Wales	100	Property development
Engage Selection Limited*	England & Wales	100	Dormant
FM24 Limited*	England & Wales	100	Facilities management
Frontier Finance Plc	England & Wales	100	Public limited company
Graduation (Exeter) Limited (In liquidation)	England & Wales	100	Development
Graduation (Hoyle St) Limited*	England & Wales	100	Development
Graduation Cardiff Management Limited*	England & Wales	100	Development
Graduation Exeter (Phase 2) Limited*	England & Wales	100	Development
Graduation Exeter Management Limited*	England & Wales	100	Development
Graduation Student Living Limited*	England & Wales	100	Development
Greenwich Square Commercial Limited*	England & Wales	100	Development
Greenwich Square Limited*	England & Wales	100	Development
Luxborough Street Properties Limited*	England & Wales	100	Development
Mace Limited*	England & Wales	100	Construction and consultancy
Mace (Moorgate) Limited*	England & Wales	100	Consultancy
Mace (New Zealand) Limited*	England & Wales	100	Consultancy
Mace (Poland) Limited*	England & Wales	100	Consultancy
Mace (Russia) Limited*	England & Wales	100	Consultancy
Mace (Slovakia) Limited*	England & Wales	100	Consultancy
Mace Angola Special Projects Limited*	England & Wales	100	Consultancy
Mace Business School Limited*	England & Wales	100	Construction
Mace Construction (International) Limited*	England & Wales	100	Construction
Mace Consultancy (Netherlands) Limited*	England & Wales	100	Consultancy
Mace Consultancy (Peru) Limited*	England & Wales	100	Consultancy
Mace Cost Consultancy Limited*	England & Wales	100	Consultancy
Mace Developments (Cardiff) Limited*	England & Wales	100	Development
Mace Developments (Exeter) Limited*	England & Wales	100	Development
Mace Developments (Greenwich) Limited*	England & Wales	100	Development
Mace Developments (Hoyle St) Limited*	England & Wales	100	Development
Mace Developments Limited*	England & Wales	100	Development
Mace Group Limited*	England & Wales	100	Holding company
Mace International (UK) Limited*	England & Wales	100	Consultancy
Mace International Overseas Limited*	England & Wales	100	Consultancy
Mace Living Limited*	England & Wales	100	Construction
Mace Macro (Asia Pacific) Limited*	England & Wales	100	Facilities management
Mace Macro (The Americas) Limited*	England & Wales	100	Facilities management
Mace Macro Africa Limited*	England & Wales	100	Facilities management
Mace Macro Europe Limited*	England & Wales	100	Facilities management

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 27. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Macro Limited*	England & Wales	100	Facilities management
Mace MEP Services Limited*	England & Wales	100	Construction
Mace Plus Academies Limited*	England & Wales	100	Construction delivery
Mace Plus Group Limited*	England & Wales	100	Construction delivery
Mace Plus Limited*	England & Wales	100	Construction delivery
Mace Projects (South Africa) Limited*	England & Wales	100	Project management
Mace Sustain Limited*	England & Wales	100	Dormant
Msecure Limited*	England & Wales	100	Project management
Observatory Inspiration Limited*	England & Wales	100	Property development
The People Group Limited*	England & Wales	100	Recruitment consultancy
Mace Projets Sarl 27 Place de la Madeleine 75008 Paris France	France	100	Project management
Mace GmbH Hamburger Allee 45 60486 Frankfurt Germany	Germany	100	Project management
Mace Management Services Limited Kwakkanya Street Accra 1359 Ghana	Ghana	100	Project management
Mace Limited Room 1101 11/F East Town Building 41 Lockhart Road Wanchai Hong Kong	Hong Kong	100	Project management
Mace Project & Cost Management Private Company Limited 7th Floor 703, Vatika City Point MG Road Haryana India 122002	India	100	Project management
Mace Consultancy (Ireland) Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin 2 Ireland	Ireland	100	Project management
Mace Macro (Ireland) Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin 2 Ireland	Ireland	100	Facilities management
Mace Technology (Ireland) Limited 5th Floor, Beaux Lane House Lower Mercer Street Dublin 2 Ireland	Ireland	100	Construction delivery and project management

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**27. List of subsidiary undertakings (continued)**

Company	Country of registration/ incorporation	Voting rights	Nature of business
Cambridge Heath Road Developments (Jersey) Limited 44 Esplanade , St Helier JE4 9WG Jersey	Jersey	70	Property development
Mace Developments (Cambridge) Limited 44 Esplanade ,St Helier, JE4 9WG Jersey	Jersey	100	Property development
Graduation Cardiff (Jersey) Limited 44 Esplanade St Helier, JE4 9WG Jersey	Jersey	100	Property development
Graduation Exeter and Cardiff (Jersey) Limited ,44 Esplanade St Helier, JE4 9WG Jersey	Jersey	100	Property development
Graduation Hoyle St (Jersey) Limited ,44 Esplanade St Helier, JE4 9WG Jersey	Jersey	100	Property development
Mace Macro International Investments Limited – Jordan 720 Level 7 Waha Ammoun Building Gardens Street ,Amman, 45662 Jordan	Jordan	100	Facilities management
Mace Management Services LLP 78, Baitursynuly Street Apartment 38 ,Almalinskiy District 050022 Almaty Kazakhstan	Kazakhstan	100	Project management
Mace Management Service Limited Plot L.R. No 12081/10 Sameer Business Park Block C, Unit C1, 1 <sup>st</sup> floor Mombasa Road P.O. Box 10032-00100 ,Nairobi Kenya	Kenya	100	Project management
YMR Kenya 4th Floor, East Wing Lion Place Nairobi Kenya	Kenya	51	Consultancy
Mace Macro Luxembourg S.à r.l. 50 Esplanade ,Diekirch L-9227 Luxembourg	Luxembourg	100	Facilities management
Mace Limitada Alameda Dr. Carlos d'Assumpcao, no. 263 ,China Civil Plaza 6o. andar M e N Macau	Macau	100	Project management



# **Mace Finance Limited**

## **Notes to the financial statements (continued)**

**Year ended 31 December 2017**

### **27. List of subsidiary undertakings (continued)**

<b>Company</b>	<b>Country of registration/ incorporation</b>	<b>Voting rights</b>	<b>Nature of business</b>
Mace International Dooel Skopje Bulevar Partizanski odredi Br. 15A, Skopje 1000 Macedonia	Macedonia	100	Project management
Mace Management Services Co Limited <sup>1</sup> Corniche Bay La Gaulette 1903-02 Mauritius	Mauritius	100	Dormant
Mace d.o.o. Podgorica Ulica Seika Zaida 13/1 Podgorica Montenegro	Montenegro	100	Project management
Mace Management Services, SARL 106, Rue Abderrahman Sehraoui Casablanca, 20070 Morocco	Morocco	100	Project management
Mace - Gestao de Projectos e Construcao. Lda Avenida Armando Tivane, No 599 Bairro Central, Distrito Urbano 1 Maputo, Mozambique	Mozambique	72	Project management
Mace Management Services B.V. Zuidplein 116 Tower H, Level 14, 1077XV Amsterdam Netherlands	Netherlands	100	Construction delivery
Utemace B.V. Fellenoord 39 5600AM, Eindhoven Netherlands	Netherlands	100	Holding company
Mace Management Services Limited 1c Etim Inyang Crescent Victoria Island Nigeria	Nigeria	99	Project management
Mace International LLC PO Box 686 Muscat Governorate Mutrah, Ruwi 112 Oman	Oman	65	Project management
Mace Macro International Limited LLC Office 201, 2 <sup>nd</sup> Floor Maktabi 1, Al Khuwair PO Box 1119 Muscat, 111 Oman	Oman	70	Facilities Management
Mace Macro Pakistan (Pvt) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	100	Facilities management

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 27. List of subsidiary undertakings (continued)

Mace – Consultoria e Gestao de Projectos e Construção, Lda Rua Nova Stella No 7 2760 – 087, Caxias Portugal	Portugal	100	Project management
Mace Polska Spolka zoo Atrium Plaza Building 00-867 Warszawa Poland	Poland	100	Project management
Mace Management Services Limited Umujyi wa Kigali Gasabo, Kacyiru Rwanda	Rwanda	100	Dormant
Mace Holdings Limited Al Mousa Centre, Tower 4 Unit 435, Olaya Street PO Box 9817, Riyadh 12241 Saudi Arabia	Saudi Arabia	55	Project management
Mace Macro Saudi Arabia Limited Madd Tatweer, Olaya Main Street, 6th Floor – Office 602, Lulu Tower, PO Box 301550, Riyadh 11372, Saudi Arabia	Saudi Arabia	50	Facilities management
Macro Saudi Arabia Limited Arafat St, Al-Hamra'a, Jeddah 21424, KSA	Saudi Arabia	49	Facilities management
Mace d.o.o. Association for consulting, engineering, production, construction, trading and services, Belgrade 1/3/7 Lazarevacka Street Belgrade Savski Venac Serbia	Serbia	100	Project management
Mace Pte. Ltd 80 Robinson Road No. 02-00 Singapore 068898 Singapore	Singapore	100	Project management
Mace Projects Pty Ltd 12 Wessel Road Rivonia Gauteng 2128 South Africa	South Africa	100	Dormant
Mace Management Services (Pty) Limited 12 Wessel Road Rivonia Gauteng 2128 South Africa	South Africa	100	Project management

# Mace Finance Limited

## Notes to the financial statements (continued)

Year ended 31 December 2017

### 27. List of subsidiary undertakings (continued)

Mace Management Services S.A Paseo de la Castellana 135 Edificio Cuzco III Planta 3, 28046 Madrid Spain	Spain	100	Project management
Macro Qatar LLC Office No.3, 3rd Floor, Building No. 7 Al Hitmi Village C Ring Road Doha, P.O.BOX 31237 Qatar	State of Qatar	49	Facilities management
Management and Excellence Consultancy (Qatar) Limited 2nd Floor, Office 204 Building 63, Al Matar Street 310 Zone 27, Doha Qatar	State of Qatar	49	Project management
Mace GmbH c/o Urs Schneebeli Scheideggstrasse 66 8038 Zurich, Switzerland	Switzerland	100	Dormant
Mace Management Services AG C/O IWP Consulting GmbH Steinenring 8 4051, Basel Switzerland	Switzerland	100	Project management
Mace Syria LLC No registered office	Syria	100	Dormant
Mace Projects Sarl 5 Rue de Chypre Mutuelleville Tunisi 1002, Tunisia	Tunisia	100	Dormant
Mace Construction Management and Consultancy Services Limited Maçka Cad.Tuncer Building, No:29 D.13 Maçka, Şişli Istanbul, Turkey	Turkey	100	Project management
Mace Macro International Investments Limited Bin Shabib & Associates (BSA) LLC DIFC Building 3, 6th floor P.O. Box 262, Dubai United Arab Emirates	UAE	100	Project management
Mace Macro Owners Association Management Co Office 28, Level 3, Oasis Centre Sheikh Zayed Road ,Dubai United Arab Emirates	UAE	65	Facilities management
Mace Macro Technical Services LLC Warehouse 4, Plot 365-153 Al Qouz Dubai United Arab Emirates	UAE	100	Project management
YMR Partnership Uganda Plot 24b Akibua Road, Nakasero Ericson Building 3rd Floor Kampala Uganda	Uganda	51	Consultancy

**Mace Finance Limited**

**Notes to the financial statements (continued)**

**Year ended 31 December 2017**

**27. List of subsidiary undertakings (continued)**

Mace North America Limited 3500 Lenox Road Suite 1500 Atlanta GA 30326 United States of America	USA	100	Project management
Mace Vietnam Company Limited Floor 13, BIDV Tower, No. 194, Tran Quang Khai Street Ly Thai To Ward Hanoi City Vietnam	Vietnam	100	Project management

\* Companies are registered at head office address in the UK: 155 Moorgate, London, EC2M 6XB

✓ 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:

Mace Group Limited (CRN: 4228706)