

Company Registration Number: 08057308

**Annual Report and
Consolidated Financial Statements**

Mace Finance Limited

31 December 2021

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Mace Finance Limited

Consolidated Financial Statements
Year ended 31 December 2021

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Company information

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Company registration number	08057308

Mace Finance Limited

Strategic report Year ended 31 December 2021

The Mace Group is an international development, consultancy, construction and facilities management company founded on exceptional people, a commitment to service excellence and a deep-rooted entrepreneurial spirit. The Mace Group comprises Mace Finance Limited and its subsidiaries.

Overview headlines

In 2021 we delivered profitable performance. Key highlights of Mace Finance Limited ("the Company") and its subsidiaries ("the Group") results are:

- Group revenue of £1.9bn (2020: £1.7bn).
- Profit before taxation of £38.3m (2020 restated: £16.7m).
- Consultancy revenue increased by 7.1% to £366m (2020: £342m).
- International activities contributed £485m (2020: £483m) to Group revenue.
- Construction contributed £1.5bn (76%) of revenue (2020: £1.2bn - 71%).
- £382m (2020: £447m) of construction work was undertaken on schemes where Mace is employed under a construction management contract. Mace has no contractual arrangement with the supply chain on these schemes. This amount is not included in our Group revenue.
- Net cash position of £127m (2020: £25m).
- Cash balances net of overdrafts were £127m at the year-end (2020: £245m).
- External borrowing decreased to £nil (2020: £216m) as the Group used proceeds from realised development schemes and surplus operational cash to deleverage.
- Expenditure on research & development amounted to £48m (2020: £35m).
- 71% of revenue targeted for 2022 was secured by end 2021, and at May 2022 85% of revenue targeted for 2022 was secured.
- The Mace Foundation made donations of £320k (2020: £278k) to charitable causes in 2021.
- The overall tax charge for 2021 is £7.6m (2020: £4.9m) which is an effective tax rate of 20% (2020 restated: 29%) of profit on ordinary activities.
- At the end of the year the average time taken for the Company to pay invoices was 29 days (2020: 30 days) and 94% of invoices, including those in dispute, were paid within 60 days (2020: 92%).

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 innovate with a focus on service excellence to deliver the highest quality services to our clients.

In Q1 2021, arising from the impact experienced from the COVID-19 pandemic to our markets and the services we offer, we developed and launched a new strategy for the Group. This new strategy is a purpose led strategy "to redefine the boundaries of ambition". This new strategy supersedes our 2022 Strategy and establishes new target from 2021 to 2026.

Our new strategy builds on the Mace's existing strengths as a global, diverse and resilient business. Our previous 2022 strategy provided a strong foundation for our growth and success over the last few years. COVID-19 and wider societal and economic changes impacted our lives and businesses in many ways, and we felt it necessary to accelerate the launch our new strategy before 2022.

We are reporting in 2021 against our new 2026 strategic targets.

Underpinning our new strategy are three strategic priorities:

- **Pursue a sustainable world** – Accelerate the built environment's response to the climate emergency;
- **Grow together** – Engage, develop and inspire our people, partners and communities; and
- **Deliver distinctive value** – Service excellence, innovation and industry transformation.

Mace Finance Limited

Strategic report (continued) Year ended 31 December 2021

Key Performance Indicators

We have established new ambitious growth targets for the new 2026 Strategy, and our 2021 performance will be the first year to measure against these new targets:

	2026 Target	2021	2020
Pursue a sustainable world			
Corporate carbon reduction	10% annually	12,276 tonnes	13,884 tonnes
Client carbon reduction	1 million tonnes	35,165 tonnes	*
Biodiversity net gain	500 hectares	14 hectares	*
Grow together			
Accident frequency rate (per 100,000 hours worked)	0.04	0.06	0.07
Reduce gender pay gap	10% annually	31.2%	34.7%
Reduce ethnicity pay gap	10% annually	24.2%	24.4%
Employee engagement score**	85%	86%	86%
Value to society	£700m	£535.8m	£468.5m
Deliver distinctive value			
Good days at work**	90	84	84
Client satisfaction score	85%	88%	87%
Profit growth (profit on ordinary activities before taxation)	20% annually	129%	-13%
Research and development investment	3.5% of revenue	2.5%	2.0%

*Initiative started in 2021.

**The 2020 staff satisfaction survey was delayed due to the COVID-19 pandemic and performed in February 2021. The next survey will be completed in September 2022.

The progress made in the year in regard to the target KPIs is explored in more detail in the business review below.

Business Review

Mace Finance Limited's consolidated profit before tax on ordinary activities in 2021 was £38.3m (2020 restated: £16.7m). If pre-tax profit attributable to non-controlling interests is excluded the profit before tax amounted to £38.0m (2020 restated: £16.5m). Since it was founded in 1990, Mace has made a profit in each and every year, 2021 being the 31st consecutive year of making a profit. Group revenue was £1.93bn (2020: £1.73bn).

The Group comprises of four operating divisions, called Engines for Growth. These are Develop, Consult, Construct and Operate. These operating divisions are supported by Group & Commercial Services which provide Corporate Governance, Risk and Assurance, Legal & Commercial Services, Finance, Information Technology, Marketing & Communications, Procurement and Human Resource expertise.

Develop

Our Develop business manages and delivers regeneration and development projects. From mixed-use schemes¹ to town centre regeneration, the Group has delivered several projects over the last ten years and our current projects, including development management projects, have a gross development value (GDV) of more than £1.6 billion. These schemes include:

Botley/Oxford: Mace holds a 50% JV interest in this mixed-use development project in West Oxford. The development comprises two phases: phase 1 reached Practical Completion in 2020 and is now operational while Phase 2 is yet to commence construction. Phase 1 comprises 261 student rooms let from September 2020, 20 build to rent ('BTR') apartments which were let from October 2020, a 123-bed hotel let to Premier Inn which opened in May 2021 and 15 commercial retail units. Phase 1 also includes a new local community facilities including a library. Phase 2 will comprise 150 residential BTR apartments and 7 commercial retail units. The Botley development is financed by £68m of external development debt, which is non-recourse to Mace, and a £86m (2020: £79m) shareholder loan from Mace. At the year end, following a RICS "red book" valuation of the development project, the directors have provided a further £10m (2020: £15.5m provision) against the shareholder loan and accrued interest.

SG1: SG1 is a development agreement between Mace Development and Stevenage Borough Council for the regeneration of the town centre. Outline planning was secured in 2020 on the entire scheme which will represent a £500 million GDV² providing 1,860 new homes, shops, restaurants, a health centre, library, primary school, sport, leisure and cultural facilities. The development will be progressed in phases, with phase 1 achieving detailed planning consent in 2020. At the end 2021, no external debt was raised or secured on this development.

¹ Mixed-use schemes are a type of urban development that blends residential, commercial, cultural, institutional, or entertainment uses into one space.

² GDV, being gross development value, being an estimate of the market value of the development once it is complete.

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Strategic report (continued) Year ended 31 December 2021

Greenwich Square: This development is reaching its conclusion, the Group have developed, over two phases, 686 new residential homes, a new community buildings and retail/leisure amenities. Phase 1 completed in 2016 and phase 2 completed in 2020. Phase 2 comprises 325 residential units of which 239 are private apartments and 86 are "affordable" homes which have been sold to L&Q. Only twelve apartments in phase 2 remained unsold by the year end, two of which remain unsold at the time of signing. All external debt raised on the development scheme was repaid by 30 September 2020.

Cardiff & Exeter student accommodation: Mace developed a portfolio of 1,359 student rooms in the cities of Cardiff and Exeter which it sold in February 2021 to a JV of Ares Fund management/Generation Estates for £157.5m. Simultaneous with the sales to Ares/Generation, the external debt on this portfolio was transferred with the properties, releasing Mace from any future obligation under the external debt facilities.

Mace Develop were awarded student accommodation developer of the year 2021 for its developments at Cardiff & Exeter and Botley/Oxford.

Consult

The Consult core services comprise project and programme delivery management, PMO services and cost consultancy and commercial management alongside a range of advisory services, including digital and data, design and engineering, strategic advisory, sustainability and net zero carbon solutions. Consult operates across five global hubs, in sectors ranging from large-scale regeneration and infrastructure, to healthcare, corporate real estate, housing and luxury hospitality. With a worldwide reach spanning the UK and Europe, the Americas, the Middle East, Asia Pacific and Sub-Saharan Africa.

Our Consult business grew revenues by 7.1% to £366m (2020: £342m) and headcount grew from 2,616 in 2020 to 3,496 in 2021.

Our portfolio spans three core divisions: property and corporate real estate, infrastructure, and international markets. We leverage the latest innovation, regional expertise and global best practice to continuously improve and advance infrastructure delivery, advising on critical public services and works of cultural importance; driving growth in developing countries and delivering some of the world's most technically complex and inspiring programmes of work. Our approach draws on decades of hands-on experience in successfully delivering outcomes-focused projects across the public and private sector.

Within the UK, during 2021, our property business has continued to grow across both private and public sectors by securing some key strategic wins within our defined sectors for growth. We set our 2026 growth strategy during 2021 that sees us build on our existing sectors but also focus growth, notably in healthcare, pharma and life sciences, data centres and global infrastructure. As part of this we have established a clear focus in supporting our clients with the drive to Net Zero and have secured commissions across most sectors during 2021.

Work includes delivery partner appointments with the Ministry of Justice, a technical advisor appointment to the Department of Education and the completion of large-scale and innovative diagnostic facilities, the Rosalind Franklin Laboratory, as part of the UK Government's ongoing response to the COVID-19 pandemic. We were also named as a supplier on Crown Commercial Service's Construction Professional Services framework (RM6165) and Management Consultancy framework Three (RM6187).

Building on our strong UK infrastructure presence, we secured renewed framework extensions with all Consultancy strategic infrastructure clients during the period. This includes National Highways, Network Rail, National Grid, TfL and a commercial delivery partner role with the UK's Ministry of Defence. We also secured the commercial partner for Lower Thames Crossing with JV partner, T&T, and secured new work across the Associated British Ports' UK portfolio. We were successfully appointed as project management partner by major transport operator, Abellio.

Within our International Consult business, we have grown and diversified our portfolio of sectors, services and geographies. In August 2021 we acquired a controlling interest in Tenman (TPM) and created a new partnership known as "MaceTPM" and now have operations in the Philippines, Singapore, Macau and Vietnam. TPM is fully integrated within Mace's fast-growing Mace Consult business and its Asia Pacific hub.

Elsewhere, the Consult business was selected as delivery partner alongside the UK Government with the Government of Peru to support the construction of 75 new public schools in Peru. As the Official Program Delivery Management Provider for Expo 2020 Dubai, Mace (alongside JV partner, Jacobs) completed the delivery of major infrastructure and public realm spaces, the transformation of a 438-hectare site into the largest event ever held in the Arab world. The Expo 2020 Dubai site comprises of over 192 pavilions, mixed-use facilities and state-of-the-art innovation and digital technologies. We also secured retail commissions with major global corporate real estate clients in the US.

Mace's consultancy business was awarded the 'Social Impact of the Year' for its work delivering The Nightingale Hospital at the ExCel in London, 'Mega Project of the Year' for its work on Expo 2020 Dubai and 'Global Project Controls Professional of the Year' awards. Mace's diversity networks across Consult continued to make exceptional progress, driving cross-collaboration and creating a safe environment for colleagues to speak up.

Construct

The Construct Engine provides services including contracting, construction management, and fit out and specialist services. The largest quantity of our projects are located in central London but we have operations spanning four European countries.

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Strategic report (continued) **Year ended 31 December 2021**

Construct contributed £1.5bn of revenue in 2021 reflecting 76% of the Group's revenue (2020: £1.2bn - 71%). This reflects growth in strategic sectors including commercial offices and major projects. In addition to this, the Construct Engine continued with construction management projects throughout the year, the most significant of which being Battersea Power Station, and the AstraZeneca global headquarters in Cambridge. Overall, the construction value of these construction management projects was £382m (2020: £447m); this value is not included in our revenues.

Our portfolio spans six core divisions: Data centres & technology, major projects, commercial offices & residential, public sector, aviation, and interiors. The scope of the Construct Engine also includes our innovative off-site manufacturing business called Mace Tech.

During the year a number of large projects were completed, these include One Crown Place, East Village N06 and 1 Grosvenor Square.

Over the year we have also progressed several iconic major projects including 40 Leadenhall. This 34-storey building is just under 1 million square ft making it one of the largest schemes to ever receive planning permission in the City of London. We have successfully trialled new innovative MEP technology on this project, as well as using off-site manufacturing to improve productivity and efficiency.

Paddington Square reached its highest construction point in 2021. This flagship 18-storey building will become London's new quarter for work, retail and dining with bright and flexible commercial workspaces, 'The Exchange' a 15,000 square ft occupier club and terrace, as well as four floors of retail and London's highest rooftop restaurant.

Our data centre business had a particular focus in 2021 on the CLN 5/6 data centres in Clonee, Ireland for Meta and the AMS 13/14 in the Netherlands for Microsoft. Mace Interiors progressed some iconic new offices for some world leading brands, including TikTok. Our aviation business has started building again at Heathrow, with 13 projects committed over the next two years.

We were successfully appointed to the P23 Framework in partnership with Willmott Dixon allowing us to bid for more projects in the healthcare sector diversifying the sectors we work in. We have also continued to win more work in the life sciences sector with us successfully winning the L & G Campus in Oxford.

The Construct Engine continued to be recognised as a leading contractor winning a number of awards in 2021, including Construction News Contractor of the Year for projects over £500m; and a RIBA London and National award for a project for the London School of Economics.

Operate

The Operate division's core business offering is facilities management, overseeing a wide range of premises on behalf of clients, including commercial offices, industrial units, warehousing, research facilities, government buildings, cultural landmarks, schools and other education facilities, acting as either a managing agent or principal contractor. In support of this, along with delivering operational support services the division provides strategic consultancy services around the workplace environment and sustainability agenda.

The Operate business works across a number of sectors including financial services, oil and gas, education, retail, pharmaceutical, professional services, manufacturing and production. Given the nature of the global frameworks these are not concentrated within any one jurisdiction and are spread over a number of blue-chip clients.

During 2021 the revenue of our facilities management business was £110m (2020: £114m) with headcount decreasing to 830 (2020: 972). This reduction in revenue and head count reflects the impact COVID-19 continues to have on the business.

COVID-19

Despite COVID-19 continuing to affect the lives of citizens around the world, particularly through the mutation of new variants, the impact on the Mace Group has remained largely limited in 2021 and so far in 2022. The Mace Group, throughout its operations in all its Engines, has established strong resilience to the threats faced by the virus.

The business continued to operate risk management strategies during 2021 to limit adverse impact from lockdowns experienced in the UK and elsewhere in the world. These risk management strategies will continue to be deployed until the threat from COVID-19 recedes.

War in Ukraine

The situation in Ukraine creates further uncertainty. Risk management of the threats posed by the conflict are actively being taken by the Group, including the threats of:

- Higher inflation on staff costs and materials;
- Shortage of skilled labour; and
- Material shortages and interruptions to global supply chains.

It is very likely that there will be delays in the winning of some future work by the Construct Engine and any impending materials shortages and inflation could delay the completion of some projects which in turn could have an adverse impact on the profitability of those projects.

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Strategic report (continued) **Year ended 31 December 2021**

Other matters

Due to foreign exchange fluctuations the Group made a retranslation loss in equity of £2.3m in 2021 (2020: loss of £1.6m). The overall tax charge for 2021 is £7.6m (2020: £4.9m) which is an effective tax rate of 20% (2020 restated: 29%) of profit on ordinary activities. This effective tax rate is reconciled to the UK corporation tax rate of 19% in note 12.

The Mace Group supports the prompt payment of suppliers and subcontractors subject to receiving appropriate invoices for undisputed amounts. The Company continues to report payment performance statistics under the Government's Duty to Report scheme. Our latest 2021 reporting under the scheme showed that the Company's average time taken to pay invoices was 29 days and 94% of invoices, including those in dispute, were paid within 60 days.

By the end of 2021, our employee headcount had increased to 6,054 (2020: 5,386). This increase reflects the growth in revenue and activity experienced in the Consult Engine.

Employee engagement scores remain high with the 2021 being 86%. We remain confident that our Engines for Growth plans and actions to invest in and develop our people will enable us to continue the improvement path towards our new targets for 2026.

The Directors engages the organisation Route2 to calculate the Group's Value to Society with reference to a Total Capital Impact calculation. Our contribution to society was quantified as £535.8m in 2021, an increase of 14.4% on 2020.

In 2021 our RIDDOR reportable accident frequency rate marginally improved to 0.06 (0.07 2020) albeit there was a small increase in the overall number of reportable incidents to 25 (22 in 2020). Our lost time to injuries per 100,000 hours worked also marginally reduced to 0.20 (0.24 in 2020). Taking into consideration the impacts and constraints of COVID-19 throughout 2021 where none of the RIDDOR incidents related to workplace COVID-19 infections, this is a good result in an unusual year. Again in 2021 we have avoided any life-threatening incidents but we are not complacent and the Group continues to seek continuous improvement in our health and safety controls and practice.

Looking to the future

Our pipeline for 2022 was already 71% secured by the end of 2021 (2021: 77%), with opportunities in both the UK and International markets, with revenue for the Group budgeted to be £2.15bn for 2022. At the date of signing, forecasted revenue for 2022 is expected to be lower than budget, whilst maintaining broadly the budgeted margin.

Cash flow and financing

The Group's cash position at the end of December 2021, net of overdraft was £127m (2020: £245m).

The Group's external debt position, excluding overdrafts and lease liabilities, at the end of December 2021 was £nil (2020: £219m). There were no external debt facilities outstanding on Mace's development projects and the Corporate Bond issued by Mace Group in 2017 was fully repaid by December 2021.

Cash inflows from Group operating activities, before changes in working capital, were £78.2m in the year (2020 restated: £88.3m). The Group made £123m of net repayments in borrowings in the year (2020: £98m of net new borrowings).

Shareholders' funds

Shareholders' funds decreased from £37.1m to £29.3m. This movement arises from:

- £30.7m from profit after tax for the year;
- (£3.4m) from dividends paid in the year;
- (£34.9m) from the redemption and cancellation of shares;
- £1.7m from share based payment awards issued;
- (£0.07m) from the disposal of non-controlling interest;
- £0.6m from the acquisition of subsidiary;
- (£0.09m) from the remeasurement of the defined benefit obligation; and
- (£2.3m) of currency translation differences to the exchange reserve in equity.

Risks and Uncertainties

Our strategy is designed to reduce risk and build a sustainable and profitable business with reliable income streams and increasing margins. 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 Board, using analysis of the likelihood of risk occurring and the business impact of such risk, has determined that the principal business risks, in no particular order, to be as follows:

Principal risk	Potential business impact	Mitigation
1. Major project delivery failure		
Not meeting the contractual, legal or client expectations about the timing, cost, quality or safety requirements of a project either because of adverse bidding and contractual arrangements, or not controlling the project or development effectively. During the past two years this risk has been exacerbated by the impact of COVID-19 and Brexit on the Group's operations. The viability of our supply chain and the supply, availability and cost of materials are matters which are being managed in detail.	<p>Significant financial losses including, breach of contract claims and liquidated damages from the client and legal claims from the supply chain. Loss of market reputation leading to losing new and repeat clients. Diversion of resources (cash and people) to dealing with legal proceedings rather than building business.</p> <p>The business continued to operate risk management strategies during 2021 to limit adverse impacts from COVID-19 lockdowns experienced in the UK and elsewhere in the world. These risk management strategies will continue to be deployed until the threat from COVID-19 recedes.</p> <p>Cost inflation has made some Develop and Construct schemes challenging, and uncertainty has made growth challenging for Operate which is still affected by COVID-19.</p> <p>Delays are being experienced in the time it takes for projects to go from initial contract (pre-construction service agreement) award through to starting on site. The uncertain post Brexit economic environment also heightens the risks of delays in signing up new work.</p>	<p>Early identification of issues and proactive management to resolve. Focus on selective bidding achieving realistic programmes and margins, mobilisation, design control, commercial terms and contract management, supply chain management, quality of delivery and service excellence and sharing of best practice (knowledge management including lessons learnt). Since 2020, we have embedded a Service Excellence and Quality process for all projects based on gateway reviews, to identify issues for resolution at the earliest possible juncture, which we have continued to employ during the reporting period. Effective engagement with clients/employers has been essential to ensure the business continues to mitigate the impact of delays to the delivery of projects and cost overruns due to effects from COVID-19 and Brexit.</p> <p>Risk management of the threats posed by COVID-19 and Brexit on the Group's operations are actively being taken by the Group, including the threats of:</p> <ul style="list-style-type: none"> - Shortage of skilled labour through our supply chain partners; and - Material shortages and interruptions to global supply chains; and - Higher inflation on staff costs and our supply chain where raw material and energy prices have increased.
2. Major supplier failure		
The collapse of one of our supply chain partners that has a significant role in the successful delivery of our projects. During the past two years this risk has been exacerbated by the impacts of COVID-19 and Brexit. Our supply chain has additionally had to adapt to the adverse cash flow impacts from the implementation by UK HM Treasury in March 2021 of the Reverse Charge regime for VAT.	Project disruption, potential additional costs through delivery delays, and reputational damage. Current inflation experienced in 2021 and H1 2022 on supply chain materials will make the impact of this risk higher.	Actively managing relationships with our supply chain, ensuring appropriate levels of due diligence and checks to their financial strength. Ensuring good breadth of supply chain partners to control volumes of work. Early identification of problems and robust knowledge and understanding of contract position. Enhanced supply chain analysis and more regular internal reporting of concerns has been implemented since March 2021, due to COVID-19, and continues as Business as Usual in order to identify and act upon potential concerns with our supply chain.
3. Health and safety issues		
The occurrence of major health and safety incidents – including fatalities – on projects.	Project disruption, significant fines and reputational damage. Potential custodial sentences for senior employees. Impact on mental health of employees who witness incidents.	High standards of health, safety and wellbeing are embedded in everything we do. It is a central part of our culture, and one of our four key values is "Safety first – going home safe and well". Fostering a culture where health and safety remains a priority. Focus on health and safety training, the role of supervisors, best practice, knowledge sharing and working with our suppliers to embed Mace standards. The implementation of new procedures to tackle evolving risks on site. Mental health training and support for employees.

Principle risk	Potential business impact	Mitigation
4. Failure to win the right work		
Inability to win work either by negotiation or by competitive tender.	Reduced revenue and profit. Less work generally could lead to poor staff utilisation, redundancies and/or staff leaving. Failure to secure good quality work could lead to employee demotivation as well as delivery issues.	Long term business development planning. Senior management review of bidding processes, cost budgeting and programme estimation to ensure Mace are realistically competitive and that Mace price complex projects and programmes for the risk involved. Seeking to move into new sectors and/or geographies to expand opportunities to win new work. Investment in innovation and build upon mature relationships and genuine partnerships with our clients and suppliers.
5. Retention and attraction of employees		
Significant challenges in both attracting and recruiting the right people and retaining our people to deliver projects for our clients or to support Mace's corporate activity.	Inability to deliver on our promises to our clients. Loss of skills, expertise or corporate knowledge when employees leave.	Competitive salaries and fair grading structures, incentivisation arrangements and open promotion opportunities together with a first-class development and learning programme for employees. Development of an employee value proposition. Increased focus on gender, ethnicity, inclusion and diversity.
6. Market fluctuations including the effects of the materials inflation		
Macroeconomic and industry sector changes affect confidence and/or investment levels, reducing the pipeline of available work and the pausing or cancellation of new or current assignments. Furthermore, cost inflation driven by excess demand and shortages in the supply of skilled labour and materials, and additionally by the impact of the economic sanctions on Russia.	Reduced revenue and profits. Possible reductions in staff headcount and other costs. The impacts of COVID-19 have heightened this risk as a result of constraints in supply chain and inflationary pressures.	Diversification into new sectors, markets and major programmes, together with the ability to adjust the workforce level and costs if revenue decreases. Innovate to become a contractor of choice during a changing market. New contracts will reflect latest supply chain inflation and contracts going forward are likely to include inflation protection for the Company. Active management of our materials logistics and supply chain management.
7. Cyber security incident or IT system failure plus data misuse/loss		
Major business disruption caused by a cyber security incident, IT failure or breach of the data protection/GDPR regime.	Major impact on the ability to effectively work for days or even weeks. Disruption to projects or clients. Significant fines or failure to comply with relevant legislation.	Move away from legacy systems to cloud technology, ensuring appropriate patches and revisions are in place together with an effective cyber security and Mace-wide data protection regime. Security screening for all employees and enhanced checks for those operating in secure client environments. Maintain ISO27001 Information Management accreditation.
8. Environmental damage		
Major environmental damage as a result of a Mace project.	Significant financial penalties, combined with reputational damage, which could affect our future ability to win work.	Responsible business strategy that includes best practice environmental practices and monitoring. The assurance of our projects to ensure they are meeting Mace standards.
9. Regulatory or statutory non-compliance		
Action taken against the business for failing to put in place effective arrangements to mitigate risk of breaches of legislation/regulation e.g. Modern Slavery Act, Bribery Act, corporate criminal offence or retrospective changes to legislation/regulations e.g. Building Safety.	Custodial sentences for senior employees. Reputational damage. Being prohibited from bidding on certain pieces of work. Significant financial penalties to the business.	Compliance training for all employees on existing and upcoming issues, rigorous policies and a clear disciplinary process for breach of the Code of Ethics of the business. Horizon scanning to look ahead for legislative and regulatory change. Top-down commitment to a culture of ethical behaviour demonstrated in promotion of, and adherence to corporate compliance policies.
10. Major client failure		
The failure of one of our clients that we have a current project with.	Project(s) disruption, potential loss of secured income, potential inability to cash flow the supply chain on the project.	Early identification and reporting of problems and robust knowledge and understanding of contract position. Ensuring we have a diverse client portfolio.
11. Inadequate insurance, financial liquidity and funding		
Inability to secure adequate insurance, raise funding and meet operational liquidity needs.	Insurance coverage could impact the type and quantity of business we are able to undertake. Funding and liquidity could impact the ability of the Group to meet its commitments.	Thorough and prolonged procurement exercises to obtain insurance coverage. Enhanced controls in the business should lead to lower levels of claims. The procurement of new 3 year committed liquidity facilities in January 2022 in order to provide liquidity credit lines. Optimise the accessibility of cash with the implementation of a new global cash management platform during 2022. The realisation of Mace's equity investment held with the Botley joint venture.

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Strategic report (continued)

Year ended 31 December 2021

12. Business model disruption/inefficiency caused by a failure to innovate and investment in technology		
Failure to keep ahead of our competitors in terms of innovation and operational effectiveness and failure to meet the needs of the market, resulting in the business being uncompetitive.	Failure to win work and failure to be competitive.	Allow for the identification and development of innovative concepts and initiatives in order to remain operational efficient and competitive, in line with the 2026 Business Strategy.
13. Fraud		
A fraud by an employee, JV partner, supplier or client which results in financial loss for the business.	Financial misstatement of actuals and/or of forecasts which result in a loss of value and/or breach of lenders covenants.	Financial control, particularly segregation of duties in being applied to key financial processes, including banking processes. Regular management review of management accounts.
14. Poor internal governance or non-compliance		
Poor decision making or a lack of compliance of covenants, rules, regulations, contract conditions and/or laws.	Failure to make sensible and timely decisions and/or failure to be compliant.	Governance structure includes delegations to committees and individual roles.
15. New pandemic		
Major business disruption caused by a new pandemic affecting the ability of our employees to undertake their work for a period of time.	Major impact on our ability to serve our clients, causing delay, and financial exposure to contract losses and claims from clients and suppliers due to the foreseeable nature of a pandemic.	New operational ways of working, including social distancing have been incorporated into our operational practices. The use of digital tools such as Zoom and Teams have proven to be effective means to continue to collaborate and communicate at work.

Post balance sheet events

Share transactions

After the year end, the following share based transactions have occurred:

- 50,000 Ordinary shares were purchased by the Company and cancelled;
- 50,000 Ordinary shares (part-paid) were allotted to an Executive;
- 600,000 Treasury shares were cancelled by the Company; and
- Restrictions were lifted on 100,000 Ordinary shares which in a previous period had been awarded to an Executive.

Procurement of new committed liquidity facilities

On 28 January 2022 Mace Finance Limited procured two new 3 year committed liquidity facilities. These facilities are Environmental Social and Governance (ESG) linked facilities and incentivise the Group to further reduce its use of carbon, increase its use of renewable energy and improve its safety performance. The two facilities are:

- £10m unsecured revolving credit facility (RCF) from BBVA; and
- £50m unsecured Export Development Guarantee (EDG) loan facility provided by JP Morgan and with the support from the UK Export Finance.

Both facilities are guaranteed by the Company and the material subsidiaries of the Company.

Alignment of staff employment to Engine

We have wanted to align the employment of our people to the division they work for. During 2021, we ensured each Engine of Growth (Division of Mace) has a top legal entity:

- Mace Develop Limited;
- Mace Consult Limited;
- Mace Construct Limited;
- Mace Operate Limited.

On 1 April 2022, reflecting the Engine that our people work for, we moved the employment of more than 3,500 of our people from the Company to the top company of their respective engines being either Mace Develop Limited, Mace Consult Limited or Mace Construct Limited, all of which are subsidiaries of the Company. We have redeployed staff in Mace Develop Limited to Mace Consult Limited and Mace Construct Limited.

Disposal of subsidiary

On 15 August 2022, the Group disposed of Mace Macro Technical Services LLC for consideration of £0.8m resulting in a gain on disposal of £0.6m.

War in Ukraine

Mace has assessed whether the situation in the Ukraine will have an effect on the business and has specifically looked at the risks and uncertainties facing the business. Given the nature of the business and its geographical location and customer base, the impact is not expected to be material or significant.

Appointment of interim Chief Financial Officer

Richard Bienfait, Mace's Chief Financial Officer, resigned in August 2022 and stepped down from his role with immediate effect. Richard left Mace to pursue other opportunities.

A search for a permanent CFO is being undertaken.

Mace Finance Limited

Strategic report (continued) Year ended 31 December 2021

Post balance sheet events (continued)

Termination of construction project

In February 2022, a contract for an overseas construction project was cancelled by the client through a termination for convenience. This termination occurred in February 2022 and is a non-adjusting post balance sheet event under IAS10. The termination has however resulted in the local entity, Mace International Construction (Belgium) BV, no longer being considered a going concern under IAS1 because it is no longer actively trading. This does not have a material effect on the Group's financial statements overall and does not therefore impact the going concern status of the Group overall. The range of potential outcomes from the termination and ongoing negotiations is large and uncertain so it is not currently possible to estimate them accurately for disclosure here.

Section 172 Companies Act 2006

The directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006.

Mace

The Directors have met formally as an Executive Board on a quarterly basis this past year and less formally at the Directors "Start of the Week" meeting. The Directors are careful to ensure that in their decision-making process they manage both the expectations of the shareholders (the majority being both Directors and Shareholders in Mace Finance Limited) and the expectations of other stakeholders.

To support this, our decision-making process is guided by our Governance Structure contained in the Corporate Governance section of the report. It is a transparent, informative and inclusive process with recommendations being made by the sub-Boards through to the Main Executive Board.

The Group launched the new 2026 Business Strategy in early 2021. The strategy outlines our new drive to be a purpose-led business and sets out exactly how it will help Mace emerge over the next five years as an even bolder, stronger, and more resilient company. This new strategy reflects our new purpose to - redefine the boundaries of ambition - it shows the world that we are bold, confident, and focused, ready to lead from the front and take on new challenges - driving improvements and change for people, economies, and societies.

The Board has focused their decision making on three key priorities:

Pursue a Sustainable World

Accelerate the built environment's response to the climate emergency

Grow Together

Engage, develop and inspire our people, clients, partners and communities

Deliver Distinct Value

Service excellence, innovation and industry transformation

Each of those priorities and associated targets have been agreed to ensure that we are meeting the needs of our stakeholders and taking account of our how our activities impact them. This is reflected in our focus on being a responsible business, where we measure our performance based on the wellbeing of our people, our impact on the environment and how effectively we generated social value for the communities and regions we work in.

These purpose and priorities were developed in partnership with Mace's people through direct engagement and going forward will provide a clear framework through which we engage with all of Mace's stakeholders – from our people to our supply chain, clients and beyond.

Stakeholder interests and key Board decisions

2021 was a successful year despite the ongoing impact of COVID-19 and other unique threats and opportunities. The Board continues to see the importance of operating under a governance framework which does more to both better protect and enable organisational effectiveness and decision making so that we avoid duplication of work, reduce cost, and all our people can become an unstoppable force for good. To this end an external consultant was engaged on a fulltime basis throughout 2021 to review and advise on developing and improving the current programme. This resulted in a revised framework which was launched in the last quarter of 2021 and implemented from January 2022. The Board has effectively considered the impact of decision-making on key stakeholder groups in the daily management of the business and long-term strategic vision setting.

Our processes for decision making demonstrates our successful application of Section 172 Companies Act 2006. From the initial assessments and the decision making by the Board in March 2021, and at subsequent points in the year, the Board directly took decisions addressing the needs of various stakeholders.

In discharging its Section 172 duties, the Board has adopted a strategic approach to stakeholder engagement. While the Board has overall responsibility for managing relationships with all our stakeholders, it delegates some of the practical responsibilities for engaging with stakeholders to the divisional CEO's and their teams in order to provide a more hands on approach.

Strategic report (continued)
Year ended 31 December 2021

Following are some examples of Stakeholder engagement undertaken by the Group:

Our engagement with Employees:	The results were:
<p>Our ambition at Mace is to ensure that we are always in close dialogue with our colleagues, and that our approach to internal communication is always led by openness and transparency.</p> <p>Mace continued its stance of being as transparent and open as possible with our colleagues throughout 2021. This included:</p> <ul style="list-style-type: none"> - Embedding a number of new communication channels and tools <ul style="list-style-type: none"> o Digital collaboration channels, including Teams and Yammer o A regular drumbeat of wellbeing content to mitigate the impact of remote working and the mental health challenges associated with COVID-19 o Regular video updates from the CEO o Quarterly all staff briefing sessions with Engine CEOs o A series of more than 100 internal virtual events in different formats - Carrying out an extensive process to embed Mace's new business strategy, purpose and priorities. - Direct/impacted people communications, managing the impact of several decisions that were made during the year to directly impacted colleagues. - In 2021 we continued with a regular 'pulse' survey of our employees to measure their general engagement and wellbeing. - Virtual mid-year and end of year communications sessions delivered live across the globe to the majority of our people. - Following the decision taken in Q4 2020 to award a limited number of bonuses for 2020 these were paid in March 2021 and in addition a number of incremental salary awards were also made. - The Board also recognised the competitive pressures in the work place and in response placed considerable focus on recruitment and retention of staff throughout the year. - In the UK, we introduced a new 'best in practice' personal contract for all colleagues, which we embedded through a voluntary programme. This included the abolition of Mace's probation period and a number of other changes. 	<p>The outcome of these engagement approaches resulted in:</p> <ul style="list-style-type: none"> - A consistently high level of colleague engagement and satisfaction, with our 2021 colleague engagement and wellbeing survey showing that 86% of our colleagues are engaged. - Maintaining an exceptional standard of operational resilience to the impact of COVID-19 continued to have on our business. - A successful transition to majority remote working, with minimal impact on the productivity and output of teams across the business. - The acceptance of Mace's revised UK personal contract by the vast majority of all UK colleagues within a three-month window.
Our engagement with Customers:	The results were:
<p>Mace works hard to ensure that we are consistently engaging with all of our customers, both on an operational level and a corporate one; sharing best practice and knowledge with our clients and always working to ensure that our relationships are open and collaborative.</p> <p>As with our people, we continued the initiatives taken during COVID-19 and in particular enhancing our existing approach with our customers. This included:</p> <ul style="list-style-type: none"> - Embedding a 'collaboration first' approach to managing any contractual risks and impacts associated with the continued difficult operational environment, minimising any resulting contractual or legal challenges. - Delivery of a series of COVID-19 insight papers designed to engage and support our customers and clients and help to shape their response to the pandemic. - Regular customers surveys with our strategic clients to ensure that our service delivery remained consistently exceptional across the year. - The measurement of how our strategic and key clients and others are accessing Mace's resources through our website. <p>The promotion of effective customer relationship management (CRM) across the organisation, using digital tools and careful planning to ensure that we're managing our client relationships successfully.</p>	<ul style="list-style-type: none"> - Continuing to deliver a high quality, safe and responsible service to our clients across each of Mace's four engines. - Reviews by the board of each customer survey carried out across Mace encourages the sharing of best practice and a prompt address for any clear issues or concerns. - A genuinely collaborative and open approach to managing the operational risks we collectively faced throughout COVID-19, ensuring that we were able to keep our people, our supply chain and our clients safe and well. - Our client and customer base remained consistently engaged and informed throughout 2021, resulting in significant repeat business orders.

Mace Finance Limited

Strategic report (continued)
Year ended 31 December 2021

Our engagement with the Supply Chain:	The results were:
<p>As one of the world's largest and most diverse management and construction companies, Mace aims to be a leader of best practice and a champion in its industry.</p> <p>A central focus point for the Mace Group, is providing supply chain solutions and managing risk associated with the procurement of Contractors / Consultants / Suppliers.</p> <p>This included:</p> <ul style="list-style-type: none"> - Mace took a proactive leadership role in shaping the industry's response to COVID-19 through the UK's Construction Leadership Council, including managing the significant impact of COVID-19 on materials supply in the UK which continued throughout 2021. - The introduction of regular supply chain briefings delivered virtually to Mace's strategic supply chain to ensure that they were informed and engaged with our response to the market challenges they faced; and had the opportunity to feedback to Mace about how we operate. - Sharing all information received from Build/UK/BEIS with the Supply Chain. - Procurement Director was personally available to assist with any issues the supply chain had with regard to material availability and then work to unblock the with the manufacturers. - Adopting a 'collaboration first' approach to managing any contractual risks and impacts associated with 2021's difficult operational environment, minimising any resulting contractual or legal challenges. - A steady drumbeat of broader supply chain engagement via email on a wide array of issues, including the impact of Brexit changes and materials challenges. - Detailed support to our project teams to develop a comprehensive and detailed understanding of how our supply chain was operating, including labour levels, materials sources and productivity across our sites to manage any delivery challenges. - Throughout the year there was a constant drive to collect cash from clients and manage down debtors and accrued income, while ensuring we continued to pay promptly our suppliers. 	<ul style="list-style-type: none"> - A consistently high standard of delivery across our supply chain of services directly to Mace and to our clients. - A hugely resilient and effective response to the challenges of COVID-19, ensuring that Mace was able to keep our people and our supply chain safe and then return to work as productively as possible. - Supporting our partners through numerous other challenges, including changes in regulation. - Better engagement and buy in from the supply chain allowing us to work together to deliver through the pandemic. - Assisted the supply chain navigate all options on offered to them. - Provided the supply chain with complete visibility and access to the Procurement Director and the Procurement team. - Evidenced our commitment to our supply chain particularly during COVID-19 and supply chain issues. - Achieved a great rapport and respect from the supply chain through the assistance provided and the solutions delivered. - Prompt payment helped support our supply chain in a financially unstable period.
Our engagement with Financial Institutions:	The results were:
<p>Transparency with investors is an important factor in our ongoing relationships and we share on a regular basis our operational and financial performance as well as the threats and opportunities which could affect our business, the transparency continued throughout 2021. This included:</p> <ul style="list-style-type: none"> - The CFO held individual and group engagement sessions with banks and financial institutions, surety providers, credit insurers, insurers, and key clients when requested and these engagement sessions covered a range of financially related matters including past and prospective performance. - The CFO on a six-monthly basis meets with these Stakeholders to provide a financial update. - Adhering to bond covenant requirements. - Presentation of annual budgets and strategic plans 	<ul style="list-style-type: none"> - The highly effective management of Mace's financial resilience throughout 2021, including responding to market changes following the impact of COVID-19. - Financial stakeholders gained a much better understanding of the financial and operational performance of the business. - Ongoing covenant compliance was achieved.

<p>Our engagement with local communities</p> <p>As contractors and consultants, the work we do has a direct impact on hundreds of thousands of people across the globe each year, and we are committed to ensuring that we engage closely with those communities.</p> <p>To ensure we are communicating effectively and supporting our local communities we:</p> <ul style="list-style-type: none"> - Operate an established team of community engagement managers, each of whom take responsibility for a number of different Mace projects. - Direct engagement and communication with local residents about major disruption that might be caused by the construction works we are delivering on behalf of our clients. - Work closely with local community organizations and our clients to identify opportunities to use local labour on our projects. - Build a pipeline of young apprentices and graduates across our business that are drawn from a diverse range of communities. - Provide each Mace team member with a volunteering day each year, and proactively identify opportunities for them to support good local causes across the globe. - Many of our projects also provide ad-hoc support and engagement with their local communities, including school visits. 	<p>What were the results:</p> <ul style="list-style-type: none"> - The successful maintenance of good relationships with the communities around our major projects; ensuring that we are working effectively with them to minimize disruption. - Effective mitigation of the risk of disruption to our projects and programmes that could be generated through local community campaigning or challenge. - Positive feedback from clients who are pleased with how we are engaging with the local communities surrounding their projects. - Supporting the use of local labour on our projects and site in the UK. - We were able to ensure that our net zero carbon strategy and 2021-2026 Pursue a Sustainable World business priority/KPIs are aligned with emerging policy/market changes and are representative of industry-leading commitments.
<p>Our engagement with Government and Industry stakeholders.</p> <p>As a responsible business and a leading private UK company, Mace is committed to working with our peers and our government stakeholders to improve our entire industry.</p> <p>To communicate and engage with our peers and government, we:</p> <ul style="list-style-type: none"> - Take an active role in trade associations and senior industry leadership bodies such as the Construction Leadership Council and Build UK. - Take an active role in engaging with local, regional and national Government, including working directly on behalf of central government departments and local authorities in the UK and beyond. - Support and play a leadership role for non-governmental regional business groups, such as the Northern Powerhouse Partnership, London First and others. - Take part in cross-sector working groups and activity. 	<p>What were the results:</p> <ul style="list-style-type: none"> - A detailed understanding of the issues and threats facing our sector, peers, clients and suppliers that was able to directly inform board decision making. - The maintenance of effective relationships with Government, regulatory bodies and other key organisations that enables us to share knowledge and improve best practice across our industry. - Maintaining a high-quality reputation amongst our public sector partners that ensures we are able to keep retaining and winning new work and clients. - Effective horizon scanning through industry groups of the issues and risks that are likely to affect our business, and confidence that those groups are working on our behalf to ensure our interests are represented.

Signed on behalf of the Board of Directors


Mark Reynolds
Chief Executive Officer
22 September 2022

Mace Finance Limited

Corporate Governance Report Year ended 31 December 2021

The Group being subject to The Companies (Miscellaneous Reporting) Regulations 2018, has applied for year ended 31 December 2021, the Wates Corporate Governance Principles for Large Private Companies (the "Principles") as an appropriate framework when making a disclosure about the Mace Group's corporate governance arrangements.

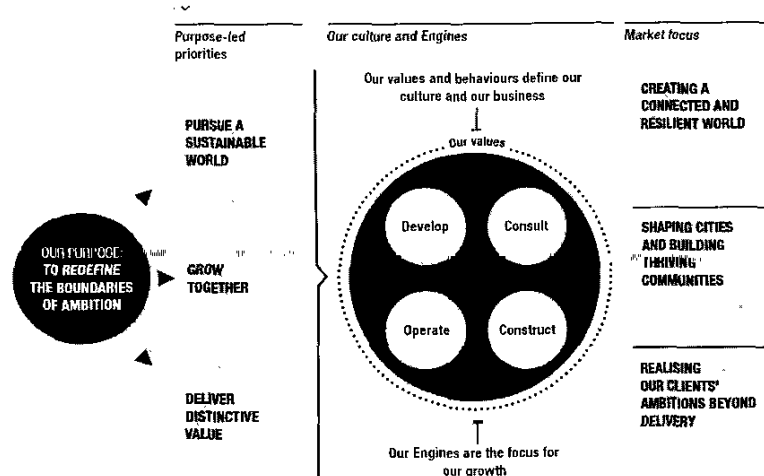
Following the launch of the Group's exciting growth plans in January 2021 and detailed in the 2026 business strategy the Mace Executive Board ("MEB"), over the course of the year, placed considerable resource to further develop its corporate governance. To this end work was undertaken to review the current corporate governance framework to check suitability against the 2026 plans and to identify any areas that could be further clarified or simplified as the business readied itself for 2022. An external consultant was engaged on a fulltime basis to review and advise on developing and improving the current programme. The result of this work was to achieve a governance framework which will ensure our governance programme continues to mature and support our 2026 Business Strategy. A focus of the MEB throughout 2022 will be on embedding the framework and ensuring we have a well-tuned governance programme.

Purpose and leadership

Our Purpose: The new 2026 Business Strategy launched in 2021 outlines our ambitious plans for the next five years as - a **purpose-led business** - that is committed to being diverse and inclusive, and to leaving a positive impact on people and communities globally.

This new strategy reflects our new purpose to - **redefine the boundaries of ambition** - it shows the world that we are bold, confident and focused, ready to lead from the front and take on new challenges - driving improvements and change for people, economies and societies.

The MEB recognises the key role Mace will play in helping the world adapt to the rapid and transformative changes happening right now and understands how important our culture and the business engines are key to that role and the need for the engines to operate under a governance framework which does more to both better protect (manage risk) and enable organisational effectiveness and decision making (driving value and margin through performance) so that we avoid duplication of work, reduce cost, and all our people can become an unstoppable force for good.



Our values: safety first, client focus, create opportunity, integrity – permeate through everything we do. Together with our clear vision and mission, our values guide our behaviours and foster a culture of innovation and service excellence. These have helped us forge cooperative long-term partnerships and relationships with clients and suppliers that are increasingly focused on great mutual outcomes rather than transactional rewarding arrangements.

Being a Responsible Business continued to be a key focus area for the leadership in 2021 and the MEB's commitment to this permeates throughout the business.

In support, the MEB continued its focus on the implementation of the Code of Ethics and the six-monthly certification requirement whereby employees are required to confirm their adherence to the Code and underlying policies. In addition to this a new Code of Conduct was rolled out to our suppliers/subcontractors which clearly sets out the behaviours expected by Mace of all its suppliers/subcontractors in the conducting business. Safecall continued as our external whistleblowing service provider.

Our behavioural framework Behaviours for Success, which includes Act Inclusively which focuses on treating people with respect,

Mace Finance Limited

Corporate Governance Report (continued) **Year ended 31 December 2021**

in a fair and consistent manner was included in the employee appraisal programme and provided a framework for employees to conduct a self-assessment and identify those areas which required further development. Continued focus was placed on the developing and implementing of a culture which seeks to embrace diversity and inclusion.

In 2021 Mace met the carbon reduction pathway target (to reduce corporate carbon emissions by 10% per year vs our 2020 baseline) and continues to offset any residual emissions through procurement of Gold Standard offsets with Carbon Footprint Limited.

The Board is firmly committed to the principles of tax transparency and the implementation of measures globally to prevent the facilitation of tax evasion. As part of our increased focus on governance, procedures and a programme of improvement to align with the annual Senior Accounting Officer (SAO) certification, a clean SAO certificate was issued during the year. Mace has been a Fair Tax Mark accredited business since November 2021. This is the gold standard of responsible tax conduct, demonstrating our commitment to responsible tax conduct and tax transparency.

As a global business operating within four distinct industry sectors: developments consultancy, construction, and facilities management, our exposure to risk is mitigated as a result of the strong diversification of our portfolio. Our Risk and Audit Committee, has a delegated authority of the MEB and provides assurance that the business is fulfilling its corporate governance duties. Due to the continued impact of COVID-19 lockdowns and travel restrictions in 2021, our internal Compliance & Audit team ran a restricted programme of internal audits. In total 71 internal audits were undertaken equating to 71 audit days. The External management system certification ran across 7 ISO standards, 27 assessments undertaken across 17 Mace locations totalling 77 audit days.

To support the Board's target to achieve a workforce which reflects society we have a Diversity and Inclusion Steering Committee (DISC) who are responsible for driving positive change. This is chaired by our Inclusion Manager and members of the committee are drawn from across the business to ensure we consider a variety of perspectives.

Mace's continued to embed the Diversity and Inclusion Strategy setting targets around recruitment, a reduction in the gender pay gap and other measures to drive forward this agenda at Mace. These targets were then reviewed and refreshed in the 2026 Business Strategy, with an ambitious target set to reduce our gender pay gap and ethnicity pay gap by 10% year on year to 2026. Some improvements have been made in relation to the ethnicity pay gap and work continues to ensure we meet our 2026 targets on gender and ethnicity pay gaps.

Purpose and leadership:

Continued response to COVID-19

The effects of the COVID-19 pandemic had some continued impact, primarily for the Operate engine. With an earlier than planned launch of the 2026 Business Strategy in January 2021 the leadership set out its strategy to build on Mace's existing strengths and ensure its resilient for the future. The Leadership continued throughout 2021 to respond quickly to the challenges faced and have prioritised protecting the business and stakeholders.

War in Ukraine

The military conflict in the Ukraine resulted in various stakeholders seeking clarification of any potential risk for the Company in respect of the countries involved and any supply chain risks. The business was able to identify and respond quickly following the actions taken by the leadership firstly during COVID-19 to protect the supply chain and secondly throughout 2021 it had taken the decision to liquidate a number of entities in Eastern Europe which included Belarus.

Board composition

The Board comprises of nine statutory directors. Stephen Pycroft resigned from the role of Chairman on 31 December 2021. He continues to hold the role of Statutory Director of Mace Finance Limited and attends the quarterly meetings of the MEB. Mark Castle was appointed as a Director on 1 April 2022. Richard Bienfait, Mace's Chief Financial Officer, resigned on 31 August 2022 and stepped down from his role with immediate effect.

The MEB comprises of the executive directors, the independent non-executive director and senior management. The MEB together represent the knowledge, experience and expertise required to run an organisation as large and diverse as the Mace Group. Membership of the Board and the MEB is listed below.

Both the Board and MEB recognise there is still work to be done to improve the diversity of the Board and is committed to increasing diversity amongst the senior leadership team which will also reflect the Company's diversity and inclusion targets.

Mace Finance Limited

Corporate Governance Report (continued) Year ended 31 December 2021

Board

Mark Reynolds – Chairman & Chief Executive Officer
Jonathan Mark Holmes – Deputy Chairman
Richard Bienfait – Chief Financial Officer (resigned 31 August 2022)
Stephen Jeffery – Chief Technical Officer
Gareth Lewis – CEO Construct
Jason Millett – CEO Consult
Lee Penlington – Commercial Director
Mandy Willis – Director of Strategy
Mark Castle – Director (resigned 1 April 2021)
Mark Castle – Non-Executive Director (appointed 1 April 2022)
Stephen Pycroft – Director

MEB

Mark Reynolds – Chairman
Michelle Barkess
Richard Bienfait (resigned 31 August 2022)
Amanda Baldwin
Jonathan Mark Holmes
Andrew Jackson
Stephen Jeffery
Gareth Lewis
Jason Millett
Carolyn Pate
Lee Penlington
Mandy Willis

Members of the MEB who are not statutory directors are: Michelle Barkess (Chief Information Officer), Amanda Baldwin (Chief People Officer), Andrew Jackson (Chief Operating Executive) and Carolyn Pate (Company Secretary).

Director responsibilities

The MEB met quarterly in 2021 and in addition met less formally during the weekly operational meetings.

The Mace business comprises four operating divisions called Engines for Growth. These are Develop, Consult, Construct and Operate, each has its own CEO who is responsible for delivering the business plan for their respective division. Each engine has its own Board chaired by the respective divisional CEO or the Group CEO. These sub-boards meet on a quarterly basis and sit under the authority of the MEB. These operating divisions are supported by Group & Commercial Services which provide Corporate Governance, Risk and Assurance, Legal & Commercial Services, Finance, Information Technology, Marketing & Communications, Procurement and Human Resource expertise.

During the past year the directors have sought to carry their duties as required under S172 of the Companies Act 2006 (the Act) as referred to in the Strategic Report.

Underpinning our new strategy are three strategic priorities:

In 2021 the focus of the Board was in embedding the new three strategic priorities which underpin the new 2026 Business Strategy. Focusing on these three priorities helped the Company better focus efforts, strategies and action plans to meet the plan.

For each priority, KPI's were agreed and progress measured at each quarterly meeting. The standing items on the main Board agenda during the past year included health, safety & wellbeing, financial performance, operations update, opportunities & risk report and responsible business.

Opportunity and risk

As part of the priority to achieve stable and sustainable growth the Board set a target to achieve a robust risk management programme in 2021. The Risk and Audit Board has been set up to oversee the achievements of stable and sustainable growth; the terms of reference are monitored by the MEB quarterly.

The Risk and Audit Board monitors and reviews the development and delivery of the Group Risk and Audit strategy, ensuring its plans are aligned to and enable delivery of the 2026 Business Strategy and to mitigate the business' principal risks, as identified in the Strategic Report.

The Risk and Audit Board reports on a quarterly basis to the MEB to which it will refer recommendations for decisions which are outside of its delegated authority.

Remuneration

Key objectives of the Board whilst operating within the principles of good governance are to:

- Assess executive remuneration and reward packages for the individual executive directors;
- Determine the remuneration of the Chair, the executive directors and the Group management team;
- Determine the total remuneration packages for these individuals including any compensation on termination of office;
- Approve any and all annual bonus arrangements and share awards, including the performance targets that apply.

Executive remuneration is structured to drive both accountability and performance, creating long-term value for all stakeholders. In determining the remuneration, the performance of the business during the financial year is taken into consideration, together with future strategy. Pay levels are commensurate with external pay levels.

Performance is continually under review and remuneration packages revised appropriately.

Mace Finance Limited

Corporate Governance Report (continued) **Year ended 31 December 2021**

Stakeholders

Mace's engagement with our internal and external stakeholders is at the heart of our success as a business, and during 2021 we worked hard to ensure that we communicated openly and transparently with our stakeholders. Our objective is that as much of our communication both inside and outside of the organisation is an open dialogue; that we're always authentic and that we are open to new ideas and best practice from outside Mace.

By far our most important stakeholder group is our Mace colleagues, of whom we are extremely proud. The continuing impact of COVID-19 where many people had to change how they worked and overcame huge challenges to ensure that Mace was able to remain resilient, it was more important than ever that we engaged with our people in an open and transparent way.

Our internal communications strategy relies on a broad range of channels to engage directly with our colleagues, including our intranet, regular events, emails, and direct engagement to create an open conversation across the organisation. We carry out annual engagement and wellbeing surveys to measure engagement and run regular internal campaigns to promote information about topics that are important to our people, including sustainability, mental health and diversity and inclusion.

In order to help manage the impact of COVID-19 on how our people work and their mental wellbeing and health, a number of communication channels, including regular leadership videos and briefings, introduced new digital collaboration tools; all-company briefings continued throughout the year.

Mace also supports a series of employee-run network groups, including Pride at Mace, Women at Mace, the Ethnic Diversity Inclusion Network, the Mace Military Network, Enabled at Mace and Parents at Mace. Throughout 2021, these groups played a key role in working with Mace's corporate team to engage with important groups of our colleagues; share information and best practice and engaging on important policy and operational decision making.

Externally, our core stakeholder audiences are our clients, our strategic supply chain, insurers, bond providers, investors, industry organisations, public sector bodies, including both local and national government, and the communities we work in.

The demands of 2021 meant that we worked hard to ensure that our core stakeholder groups were kept informed and updated about how we were responding to the challenges we face and how that would impact the work we do for or with them. We communicate with those audiences through a wider variety of channels, both as part of our day-to-day delivery and wider communications channels and campaigns. This includes promoting Mace's work through media and social media, provide regular updates to our clients about our work and carry out regular customer surveys.

Of particular note is Mace's role in helping to lead and shape the wider industry's response to key issues and challenges. Our Group Chairman and CEO Mark Reynolds worked closely with key industry and Government stakeholders to ensure that construction continued to be able to operate effectively and safely in the UK. Across the organisation – from the legal team to the procurement team and into the operational units of the business, many people helped to contribute to individual elements of this response.

External reporting

In addition to our Annual Report we publish information regularly in the public domain. This includes our business payment practices and performance under the Duty to Report requirements which are filed at Companies House. In addition, we produce our Annual Business Review, which is published on our website, alongside our Annual Report. We published our third Gender Pay Gap statistics in April 2021. Mace Limited is required to publish payment practices and performance statistics twice a year in accordance with Duty to Report.

External auditors

Following the appointment by the Group of Mazars LLP as auditors on 4th May 2021, Mazars were appointed to conduct the 2021 audit.

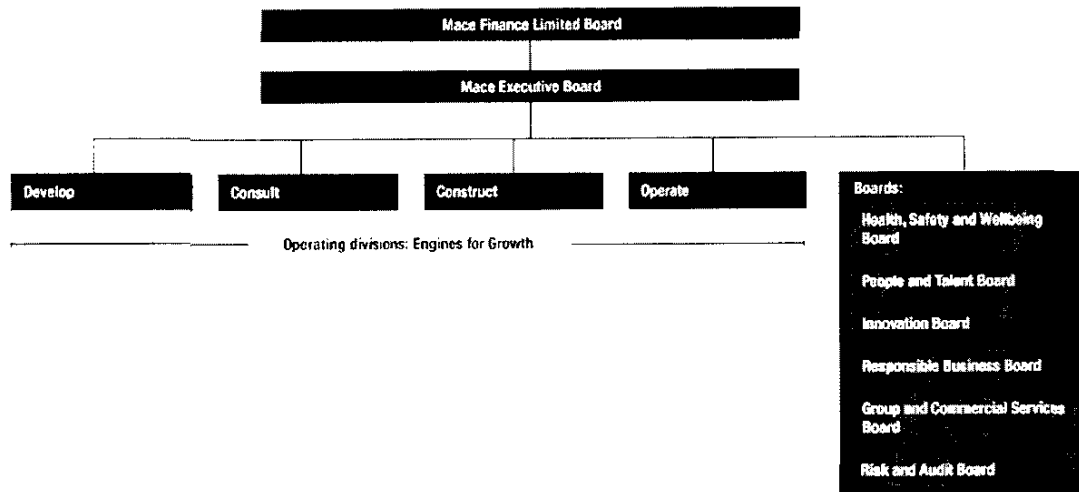
As a private company, the Group is not subject to external restrictions in terms of non-audit work provided by the external auditors, but for good governance has chosen to implement its own policy in relation to the level of their remuneration and the extent of their non-audit services.

Mace Finance Limited

Corporate Governance Report (continued) Year ended 31 December 2021

Sub-Boards

The MEB sponsored throughout 2021 a series of sub-boards, which consist of the following:



Health, Safety and Wellbeing Board

The Health, Safety and Wellbeing Board operates to monitor and review the development and delivery of the Group health, safety and wellbeing strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Reviewing and monitoring the Group health, safety and wellbeing strategy to ensure it is aligned to the delivery of the 2026 Business Strategy;
- Developing and monitoring the scorecard of key measures as agreed with the MEB;
- Setting the health, safety and wellbeing policies for the Mace Group;
- Provide direction and guidance to the HS&W team on changes to the strategy and plans to ensure delivery of programmes and initiatives remain on track. Support the HS&W team in developing roll-out strategies that will gain maximum traction across the business;
- Evaluation of the budget and investment in the health, safety and wellbeing agenda, and
- Champion the broad health, safety and wellbeing agenda within business units and across the wider Group, to achieve a consistent approach to corporate challenges.

Grow Together Board (previously as "People and Talent Board")

The Grow Together Board acts to ensure the delivery of the Group HR strategy. Responsibilities include but are not limited to:

- Reviewing and monitoring the Group HR strategy to ensure it is aligned to the delivery of the 2026 Business Strategy;
- Developing and monitoring a scorecard of key measures agreed with the MEB and reviewed on a quarterly basis;
- Setting the HR Policies for the Mace Group;
- Providing direction and guidance to the HR team on changes to the HR strategy and plans to ensure delivery of programmes and initiatives remain on track. Support the HR team in developing roll-out strategies that will gain maximum traction across the business, and
- Identify developments (from other institutions and organisations) that could be considered best practice, considering and adapting these, as appropriate for possible introduction at Mace.

Innovation Board

The Innovation Board operates to monitor and review the development and delivery of the Group Innovation strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Setting the Innovation Policies for the Mace Group for approval by the MEB;
- Provide direction and guidance to the Innovation team on changes to the Innovation strategy and plans to ensure delivery of programmes and initiatives remain on track. Support the Innovation team in developing roll-out strategies that will gain maximum traction across the business;
- Identify developments (from other institutions and organisations) that could be considered best practice, considering and adapting these, as appropriate for possible introduction at Mace, and
- Champion the broad Innovation agenda within business units and across the wider Group, to achieve a consistent approach to corporate challenges.

Corporate Governance Report (continued)
Year ended 31 December 2021

Responsible Business Board

The Responsible Business Board was commissioned to lead the Group in the development and delivery of the Responsible Business Strategy. Responsibilities include but are not limited to:

- Providing direction and guidance to the Responsible Business team on the Responsible Business strategy and plans to ensure delivery of programmes and initiatives remain on track;
- Identifying developments (from other institutions and organisations) that could be considered best practice, considering and adapting these;
- Championing the broad Responsible Business agenda within business units and across the wider Group, to achieve a consistent approach to corporate challenges, and
- Commissioning of working groups, establishing appropriate objectives in accordance with the 2026 Business Strategy and monitoring progress for the duration of the working group.

Group and Commercial Services Board

The Group and Commercial Services Board operates to monitor and review the development and delivery of the Group and Commercial Services strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Setting the Group and Commercial Services Policies for the Mace Group for approval by the MEB;
- Provide direction and guidance to the Group and Commercial Services teams on changes to the strategy and plans to ensure delivery of programmes and initiatives remain on track. Support the Group and Commercial Services team in developing roll-out strategies that will gain maximum traction across the business;
- Identify developments (from other institutions and organisations) that could be considered best practice, considering and adapting these, as appropriate for possible introduction at Mace;
- Evaluation of the budget and investment in the Group and Commercial Services agenda, and
- Champion the broad Group and Commercial Services agenda within business units and across the wider Group, to achieve a consistent approach to corporate challenges.

Risk and Audit Board

The Risk and Audit Board acts to monitor and review the development and delivery of the Risk and Audit strategy. Responsibilities include but are not limited to:

- Monitoring a scorecard of key measures set by the MEB;
- Setting the Risk and Audit Policies for the Mace Group under the authority of the MEB;
- Supporting the Risk and Audit team in developing roll-out strategies that will gain maximum traction across the business;
- Commissioning of working groups, establishing appropriate objectives in accordance with the 2026 Business Strategy and monitoring progress for the duration of the working group, and
- Pre-screening and making recommendations to the MEB regarding corporate proposals which fundamentally affect future corporate strategy, culture, organisation, debt/capital raises and items of significant business risk.

Mace Finance Limited

Directors' report Year ended 31 December 2021

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 2021.

Principal activity

The Group 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 £38.3m (2020: £16.7m). Mace Finance Limited has paid dividends of £3.4m (2020: £1.2m). Dividends were fully paid in the year and no further dividend is proposed for the year.

Strategic report

The Group is required by section 414A of the Companies Act 2006 to present a Strategic report in the Annual Report. 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:

Richard Bienfait (resigned 31 August 2022)
Mark Castle (resigned 1 April 2021)
Jonathan Mark Holmes
Stephen Jeffery
Clare Lewis (resigned 4 May 2021)
Gareth Lewis
Jason Millett
Lee Penlington
Stephen Pycroft
Mark Reynolds
Mandy Willis

Post year end, Mark Castle was appointed as Non-Executive Director on 1 April 2022.

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.

Energy and carbon emissions

Mace has been a member of the RE100 Climate Group since 2017 this commits Mace to procure 100% power from renewable sources by 2022. Through our Electricity Supply and New Connections contract with Npower and Ecotricity we have procured 85% renewable or REGO backed electricity. Through our partnership with Ecotricity we have consumed as much 'green' gas as possible (there is a limited amount and demand outstrips supply) and offsets the remaining CO2e through – the following projects:

- Dagachu Hydropower project, Bhutan, CDM ref 2746
- Valdivia Biomass to power project, Chile, CDM ref 1787
- Maharashtra Biomass to power project, India, CDM ref 4078

This statement of energy use and carbon emissions complies with the "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2)". The statement below covers energy use and associated greenhouse gas emissions relating to gas, electricity, diesel and business travel via private vehicles, an intensity ratio and information relating to energy efficiency actions. The Scope for this report excludes emissions from international and joint arrangements, included in the scope are emissions from Mace Group UK only operations.

Mace Finance Limited

Directors' report Year ended 31 December 2021

Current reporting year (January 2021 – December 2021)

Reporting Year (UK Operations only Excludes JA's)	2021	2020	Change	Units
Total energy use covering electricity, gas, diesel and transport	40,193,612	38,441,722	+5%	kWh
Total emissions generated through combustion of gas	1,032	384	+168%	tCO2e
Total emissions generated through use of purchased electricity	3,929	3,751	+5%	tCO2e
Total emissions generated through use of other fuels	3,396	3,925	-13%	tCO2e
Total emissions generated through business travel	1,191	1,664	-28%	tCO2e
Total gross emissions	9,548	9,724	-2%	tCO2e
Intensity ratio (total gross emissions)	4.94	5.62	-12%	Per £m Revenue

Explanation of Energy Consumption

The figures above show an increase of 5% in energy use from 2020 to 2021. This increase is due to offices returning to normal and people working under normal conditions, the Winchester Region moved into a new larger office which uses gas as the primary heating fuel.

- **Gas:** The 168% increase in gas consumption is due to increased use of offices and three large projects with decentralised energy systems that were commissioned in 2021.
- **Electricity:** The 5% increase in electricity use across offices and sites mostly due to projects working normal hours and offices reopening for staff. There were no forced shutdowns of construction projects in 2021 whereas we did suffer a shutdown in 2020.
- **Other Fuels:** The 13% decrease in consumption of other fuels is due to the phasing out of the use of diesel and diesel generators on our construction sites.
- **Business Travel:** The introduction of 'Agile Working' and continued periods of Government guidance to work from home has decreased business travel by 28% year on year.

As a result, year on year gross emissions have decreased by 2% and when compared with the intensity metric of 'Revenue' emissions have reduced by 12% year on year.

Energy efficiency

In January 2020 Mace launched its Net Zero Strategy and a behaviour change initiative called 'Steps without Footprints'. The report 'Steps without Footprints one year on details the 2020 journey and future targets - Report: Steps Without Footprints - One Year On | Mace (macegroup.com). In December 2021 Mace launched the 'Environmental, Social and Governance Report 2020' <https://www.macegroup.com/about-us/financial-performance/annual-reports/environmental-social-and-governance-report-2020>. In the report Mace commits to Building a Better Future by:

- **Transforming our impact on society and planet:** Evolving the way we do business to ensure that the way we operate is sustainable, ethical and robustly governed. Our ESG strategy links to Mace's strategic priorities, connecting every element of what we do to our purpose.
- **Value2Society:** Creating shared value sits at our heart. Supporting communities and generating opportunities to deliver better outcomes for society. It's what we do because it's the right thing to do. Over the last few years, we have increased our Value2Society, but there is always more that we can do and our new target of £700m by 2026 will see us add advanced value by bringing further benefits to those whom our projects touch, now and in the future.
- **Carbon Emissions:** Globally we have reduced our Scope 1, 2 and 3 carbon emissions by 51%. We will continue secure annual verification of our net zero position with a target to reduce our corporate carbon footprint by 10% each year.

To become net zero Mace committed to significantly reduce carbon emissions associated with:

- Energy use – the electricity, gas and diesel we purchase.
- Embodied carbon – from manufacturing and transporting the materials used in the buildings we develop and own.
- Business travel – our flights, trains, taxis, cars and hotel accommodation.
- Water and waste – the water we use and waste we send to landfill.

Having achieved Net Zero in both 2020 and 2021, Mace is committed to a Net Zero future, this involves the continued reduction of energy use, business travel and on-site diesel. Mace recognises climate change is global issue and has committed to reducing its environmental impact and assisting its clients to reduce their impact on the environment and has committed to a 2026 target to reduce 1m tonnes of client carbon.

Mace Finance Limited

Directors' report (continued) **Year ended 31 December 2021**

In 2021 Mace committed to

- LED lighting on construction sites, in site offices and canteens.
- Lighting upgrades where necessary
- Reduction in business travel achieved through availability of video conferencing and introduction of the Agile Working Policy.
- Reducing on-site diesel for energy generation by using hybrid generation and securing early grid connections.
- Continued use of Demand Logic in the head office building to optimise the building conditions and highlight areas of energy wastage.

The following energy efficiency measures are under consideration for implementation during 2022.

- Continue to source energy efficient site accommodation.
- Continue to update heating and controls in all offices, site accommodation canteens, and drying rooms.
- Continue to reduce business travel by use of video conferencing and agile working.
- Continue research and development of new methods of construction.
- Continue to reduce embodied carbon
- Investigate ways to reduce energy use and emissions from ICT.
- Reduce waste and use of landfill.
- Work with our supply chain to reduce emissions.
- Implement ESOS Phase 2 findings where appropriate.

Methodology used in the calculation of disclosures

Methodology for the data in this report has followed the format of the Mace ESOS Reports and in compliance with Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2).

Any estimations used for data use the Pro-rata calculation technique. This is used in the case where there are data gaps, as the billing period covers more than the reporting year and needs to be quantified using a proportional method based on meter readings. The consumption for a billing period is broken down into a daily consumption and multiplied into monthly consumption to cover the data gap.

Intensity ratio calculated using posted revenue for the 2021 year

- Tonnes of CO₂e per £m revenue

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 Directors continue to adopt the going concern basis in preparing the accounts.

At the end of 2021 and at the date that these financial statements were signed, the Group continues to comfortably meet the covenant requirements of the Group's banking facilities.

The Directors have carried out an assessment on the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has involved a review of forecasts based on the Group's 2026 Business Strategy, which reflects the impact of the 12 months of trading preceding the balance sheet date. In addition, the base case projections take into account unaudited actual results for the first four months of 2022 and updated to the latest management accounts available as of July 2022. Other significant post balance sheet events which are included in the base case scenarios are included in the notes to the accounts. The directors have also considered the strength of the Group's forward order book which amounted to £2.8bn at 31 December 2021.

The Directors have also considered the likelihood of the principal risks and consequent impact these might have on the Group as well as mitigations that are in place or being planned to be in place which are detailed in the Strategic Report.

The Directors have stress-tested the base case projections, which include cash and profit, against a range of scenarios identified as being unlikely but plausible based on the Group's risk assessment procedures, being;

- Delays in investment payback.
- Elimination of a material proportion of 2022 and 2023 Construct revenues as clients delay/take longer to make decisions.
- A material cost increase for Construct from failure of a key sub-contractor including liquidated damages.
- Inflationary increases in the cost of construction.
- Delay in the receipt of revenue from key customers.
- Delay of the repayment of the amounts owed on major Develop projects.

Mace Finance Limited

Directors' report (continued) **Year ended 31 December 2021**

In each of the severe but plausible downside scenarios modelled by the Directors, the Group continues to retain sufficient headroom on liquidity. Through these downside scenarios, the Group is still expected to remain within its banking covenants through the going concern assessment period.

Based on the above and having made appropriate enquiries, the directors consider it reasonable to assume that the Group and the Company have adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

Events after the reporting date

Details of significant events after the reporting date can be found in the Strategic Report and in note 32.

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. The directors ensure that employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. 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

Investment in research and development is the key to driving our industry forward, and in 2021 we invested £48m (2020: £35m) which included development of our High-Rise Solution capability (seeking to further reduce time during construction by 25%, vehicle movement by 40% and construction waste by 75%), development of new construction elements, temporary works processes, and making substantial improvements in mechanical and electrical services.

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 s418 of the Companies Act 2006.

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


Carolyn Pate
Group Company Secretary

22 September 2022

Mace Finance Limited

Directors' responsibilities statement Year ended 31 December 2021

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Corporate Governance 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit or loss for that period.

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 Group financial statements have been prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006;
- state whether the Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 members of Mace Finance Limited Year ended 31 December 2021

Opinion

We have audited the financial statements of Mace Finance Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the following:

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Company Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Company Statement 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 the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with 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 and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Evaluating the directors' method to assess the Group's and the Parent Company's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Mace Finance Limited

Independent auditor's report to the members of Mace Finance Limited (continued) Year ended 31 December 2021

Other information

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

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

- 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 light of the knowledge and understanding of the Group and the Parent Company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 26, 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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the Parent Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, Bribery Act and Modern Slavery Act, Health and Safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19, General Data Protection Regulation (GDPR), Building Act and Regulations and Fire Safety Act.

Independent auditor's report to the members of Mace Finance Limited (continued)
Year ended 31 December 2021

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the Parent Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the completeness, accuracy and cut off) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

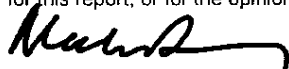
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.



William Neale Bussey (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
22 September 2022

Mace Finance Limited

Consolidated statement of comprehensive income
Year ended 31 December 2021

	Note	2021 £000s	Restated 2020 £000s
Group revenue	4	1,933,017	1,730,512
Cost of sales	4	(1,733,335)	(1,582,367)
Gross profit	4	199,682	148,145
Administrative expenses	4	(156,983)	(125,223)
Other income	7	3,892	5,362
Fair value on financial assets measured at FVPL (inc. derivatives)	4	(2,052)	3,809
Operating profit before exceptional items	4	44,539	32,093
Exceptional items	11	(12,527)	(17,080)
Operating profit	4	32,012	15,013
Share of profit of associates and joint ventures	18	2,999	5,776
Profit/(loss) on disposal of a subsidiary	16	6,070	(13)
Profit on ordinary activities before interest	4	41,081	20,776
Finance income	8	5,102	11,599
Finance costs	8	(7,911)	(15,635)
Profit on ordinary activities before taxation	4	38,272	16,740
Income tax expense	12	(7,604)	(4,911)
Profit from continuing operations		30,668	11,829
Profit for the year attributable to:			
Owners of the parent		30,359	11,622
Non-controlling interest		309	207
		30,668	11,829
Other comprehensive income			
<i>Items that will or may be classified to profit and loss:</i>			
Exchange differences on re-translation of foreign subsidiaries		(2,311)	(1,622)
Remeasurement of defined benefit obligation		(91)	-
Total comprehensive income for the year		28,266	10,207
Total comprehensive income for the year attributable to:			
Owners of the parent		27,957	10,129
Non-controlling interest		309	78
		28,266	10,207

The notes on pages 36 to 87 form part of these financial statements.


Mace Finance Limited

**Consolidated statement of financial position
As at 31 December 2021**

		31 December	Restated 31 December	Restated 31 December
		2021	2020	2019
	Note	£000s	£000s	£000s
Non-current assets				
Property, plant and equipment	13	22,956	24,009	28,782
Intangible assets	14	166,225	149,703	145,861
Deferred tax asset	12	8,121	8,021	4,486
Investments in joint ventures	18	1,341	2,676	3,072
Other investments	18	12,998	10,116	8,600
Trade and other receivables	19	1,199	1,798	1,900
		<u>212,840</u>	<u>196,323</u>	<u>192,701</u>
Current assets				
Trade and other receivables	19	466,844	378,374	392,129
Development loan to joint venture	20	60,352	63,602	57,917
Development work in progress	20	12,543	182,588	239,550
Asset of a disposal group classified as held for sale	25	932	-	-
Derivative assets		-	748	-
Current tax assets		8,046	1,927	8,096
Restricted cash		237	-	-
Cash at bank		166,731	258,714	202,281
		<u>715,685</u>	<u>885,953</u>	<u>899,973</u>
Current liabilities				
Trade and other payables	21	(716,135)	(697,622)	(628,893)
Provisions	22	(12,483)	-	(29,188)
Liabilities of a disposal group classified as held for sale	25	(776)	-	-
Financial liabilities	23	(2,320)	-	(1,544)
Current tax liabilities		(13,261)	(5,389)	(8,390)
Lease liabilities & borrowings	24	(45,212)	(118,204)	(134,098)
		<u>(790,187)</u>	<u>(821,215)</u>	<u>(802,113)</u>
Net current (liabilities)/assets		<u>(74,502)</u>	<u>64,738</u>	<u>97,860</u>
Total assets less current liabilities		<u>138,338</u>	<u>261,061</u>	<u>290,561</u>
Non-current liabilities				
Trade and other payables		-	-	(10,831)
Provisions	22	(83,663)	(84,315)	(6,134)
Financial liabilities	23	(6,416)	-	-
Lease liabilities & borrowings	24	(17,777)	(139,529)	(241,784)
Deferred tax liabilities	12	(1,227)	(159)	-
Net assets		<u>29,255</u>	<u>37,058</u>	<u>31,812</u>
Capital and reserves				
Called up share capital	26	2	2	2
Share based payment		12,401	10,735	9,803
Own shares		(21,957)	(850)	(1,228)
Accumulated reserves		36,938	25,483	21,430
Equity shareholders' funds		<u>27,384</u>	<u>35,370</u>	<u>30,007</u>
Non-controlling interests		1,871	1,688	1,805
		<u>29,255</u>	<u>37,058</u>	<u>31,812</u>

These financial statements of Mace Finance Limited (company number 08057308) were approved by the directors, authorised for issue on 22 September 2022, and are signed on their behalf by:


Mark Reynolds
Chief Executive Officer


Mandy Willis
Director of Strategy

The notes on pages 36 to 87 form part of these financial statements.

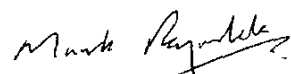
Mace Finance Limited

**Company statement of financial position
As at 31 December 2021**

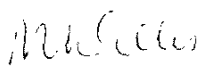
		31 December 2021	31 December 2020
	Note	£000s	£000s
Non-current assets			
Deferred tax asset	12	938	35
Investments in subsidiaries	18	146,111	141,604
Trade and other receivables	19	2,800	2,800
		<u>149,849</u>	<u>144,439</u>
Current assets			
Trade and other receivables	19	4,682	5,993
Current tax assets		2,260	1,798
Cash at bank		1,440	819
		<u>8,382</u>	<u>8,610</u>
Current liabilities			
Trade and other payables	21	(117,769)	(91,302)
Net current liabilities		<u>(109,387)</u>	<u>(82,692)</u>
Total assets less current liabilities		<u>40,462</u>	<u>61,747</u>
Net assets		<u>40,462</u>	<u>61,747</u>
Capital and reserves			
Called up share capital	26	2	2
Share based payment		12,401	10,735
Own shares		(17,449)	(850)
Retained earnings		45,508	51,860
Equity shareholders' funds/(deficit)		<u>40,462</u>	<u>61,747</u>

A separate profit and loss account for the Company (company number 08057308) is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £10.3m (2020: £3.9m) and total comprehensive income was £10.3m (2020: £3.9m).

These financial statements were approved by the directors, authorised for issue on 22 September 2022 and are signed on their behalf by:



Mark Reynolds
Chief Executive Officer



Mandy Willis
Director of Strategy

The notes on pages 36 to 87 form part of these financial statements.

Mace Finance Limited

Consolidated statement of cash flows
Year ended 31 December 2021

	Note	Year ended 31 December 2021 £000s	Restated Year ended 31 December 2020 £000s
Cash flows from operating activities	28	54,276	180,524
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(7,005)	(6,078)
Acquisition of subsidiaries	15	(6,001)	(167)
Disposal of subsidiaries	16	8,816	-
Acquisition of investments	18	(2,882)	-
Dividends from joint ventures	18	4,406	5,821
Proceeds from disposals of fixed asset		-	1,081
Change in cash within assets held for sale	25	(254)	-
Net cash (used in)/generated from investing activities		(2,920)	657
Cash flows from financing activities			
Dividends paid to company shareholders		(3,375)	(1,225)
Share redemption		(34,915)	(4,500)
Increase in borrowings		-	8,407
Repayment of borrowings and lease liabilities		(126,610)	(109,740)
Net cash movement from financing activities		(164,900)	(107,058)
Net (decrease)/increase in cash		(113,544)	74,123
Cash at bank and bank overdrafts at beginning of year		244,649	169,971
Effects of currency translation on cash at bank and bank overdrafts		(4,169)	555
Cash at bank and bank overdrafts at end of year		126,936	244,649
Cash at bank and bank overdrafts		2021	2020
		£000s	£000s
Cash at bank		166,731	258,714
Restricted cash		237	-
Bank overdrafts		(40,032)	(14,065)
		126,936	244,649

The notes on pages 36 to 87 are an integral part of these consolidated financial statements.

Mace Finance Limited

Consolidated statement of changes in equity
Year ended 31 December 2021

	Foreign Exchange Reserve £000s	Share Capital £000s	Own Shares £000s	Share Based Payments £000s	Retained Earnings £000s	Attributable to Owners £000s	Non- Controlling Interest £000s	Total £000s
Equity shareholders' funds as at 31 December 2019	(1,917)	2	(1,228)	9,803	29,063	35,723	1,805	37,528
Restatement (note 31)	-	-	-	-	(5,717)	(5,717)	-	(5,717)
Equity shareholders' funds as at 31 December 2019 (restated)	(1,917)	2	(1,228)	9,803	23,346	30,006	1,805	31,811
Profit after tax for the year (restated)	-	-	-	-	11,622	11,622	207	11,829
Retranslation loss	(1,493)	-	-	-	-	(1,493)	(129)	(1,622)
Total comprehensive income for the year (restated)	(1,493)	-	-	-	11,622	10,129	78	10,207
Acquisition of non-controlling interest	-	-	-	-	-	-	(167)	(167)
Dividends paid	-	-	-	-	(1,197)	(1,197)	(28)	(1,225)
Repurchase of shares	-	-	-	-	(4,500)	(4,500)	-	(4,500)
Cancellation of shares	-	-	-	-	-	-	-	-
Distribution of shares from the employee benefit trust	-	-	378	-	(378)	-	-	-
Share based payment awards issued	-	-	-	932	-	932	-	932
Equity shareholders' funds as at 31 December 2020 (restated)	(3,410)	2	(850)	10,735	28,893	35,370	1,688	37,058
Profit after tax for the year	-	-	-	-	30,359	30,359	309	30,668
Remeasurement of defined benefit scheme	-	-	-	-	(91)	(91)	-	(91)
Retranslation loss	(2,273)	-	-	-	-	(2,273)	(38)	(2,311)
Total comprehensive income for the year	(2,273)	-	-	-	30,268	27,995	271	28,266
Acquisition of subsidiary	-	-	-	-	-	-	624	624
Disposal of non-controlling interest	-	-	-	-	-	-	(69)	(69)
Dividends paid	-	-	-	-	(2,732)	(2,732)	(643)	(3,375)
Repurchase of shares (note 26)	-	-	(21,107)	-	(13,808)	(34,915)	-	(34,915)
Cancellation of shares (note 26)	-	-	-	-	-	-	-	-
Amortisation of share based payment awards	-	-	-	1,666	-	1,666	-	1,666
Equity shareholders' funds as at 31 December 2021	(5,683)	2	(21,957)	12,401	42,621	27,384	1,871	29,255

The notes on pages 36 to 87 are an integral part of these consolidated financial statements.

Mace Finance Limited

Company statement of changes in equity
Year ended 31 December 2021

	Share Capital £000s	Own Shares	Share Based Payments	Retained Earnings £000s	Attributable to Owners £000s	Total £000s
Equity shareholders' funds as at 31 December 2019	2	(1,228)	9,803	54,027	62,604	62,604
Profit after tax for the year	-	-	-	3,908	3,908	3,908
Total comprehensive income for the year	-	-	-	3,908	3,908	3,908
Dividends paid	-	-	-	(1,197)	(1,197)	(1,197)
Repurchase of shares	-	-	-	(4,500)	(4,500)	(4,500)
Cancellation of shares	-	-	-	-	-	-
Distribution of shares from the employee benefit trust	-	378	-	(378)	-	-
Share based payment awards issued	-	-	932	-	932	932
Equity shareholders' funds as at 31 December 2020	2	(850)	10,735	51,860	61,747	61,747
Profit after tax for the year	-	-	-	10,278	10,278	10,278
Total comprehensive income for the year	-	-	-	10,278	10,278	10,278
Dividends paid	-	-	-	(2,822)	(2,822)	(2,822)
Repurchase of shares	-	(16,599)	-	(13,808)	(30,407)	(30,407)
Cancellation of shares	-	-	-	-	-	-
Amortisation of share based payment awards	-	-	1,666	-	1,666	1,666
Equity shareholders' funds as at 31 December 2021	2	(17,449)	12,401	45,508	40,462	40,462

The notes on pages 36 to 87 are an integral part of these consolidated financial statements.

Mace Finance Limited

Notes to the financial statements Year ended 31 December 2021

1. Accounting policies

General information

Mace Finance Limited (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 Directors' Report.

The functional currency of the parent is pounds sterling because that is the currency of the primary economic environment in which the Group operates. Pounds sterling is also the presentation currency of the Company and Group. The amounts stated are denominated in thousands (£'000).

Basis of preparation

These consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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, in conformity with the requirements of the Companies Act 2006, relevant to its operations and effective on 1 January 2021.

The separate financial statements of the Company are presented as required by the Act. The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2021 the Company reported under FRS 101 as issued by the Financial Reporting Council, which does not result in any change in the amounts presented because the Company's accounting policies under FRS101 are consistent with those described in the Group's consolidated financial statements under IFRS.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard:

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets
- the requirements of IAS 8 to disclose the details of standards issued but not yet effective and the likely impact
- the disclosure requirements of IFRS 7 Financial Instruments, other than those required by law
- In addition to the application of FRS 101, the Company has taken advantage of Section 408 of the Act and consequently its statement of comprehensive income (including the profit and loss account) is not presented as part of these financial statements
- Where required, equivalent disclosures are given in the consolidated financial statements.

Going concern

The Directors continue to adopt the going concern basis in preparing the Group's 2021 financial statements.

The Directors have carried out an assessment on the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has involved a review of forecasts based on the Group's 2026 Business Strategy, which reflects the impact of the 12 months of trading preceding the balance sheet date. In addition, the base case projections take into account unaudited results for the first four months of 2022 and updated to the latest management accounts available as of July 2022. Other significant post balance sheet events which are included in the base case scenarios are included in the notes to the accounts. The directors have also considered the strength of the Group's forward order book which amounted to £2.8bn at 31 December 2021.

The Directors have also considered the likelihood of the principal risks and consequent impact these might have on the Group as well as mitigations that are in place and detailed in the Directors' Report.

The Directors have stress-tested the base case projections, which include cash and profit, against a range of scenarios identified as being unlikely but plausible based on the Group's risk assessment procedures, being;

- Delays in investment payback.
- Elimination of a material proportion of 2022 and 2023 Construct revenues as clients delay/take longer to make decisions.
- A material cost increase for Construct from failure of a key sub-contractor including liquidated damages.
- Inflationary increases in the cost of construction.
- Delay in the receipt of revenue from key customers.
- Delay of the repayment of the amounts owed on major Develop projects.

In the severe but plausible downside scenarios modelled by the Directors, the Group continues to retain sufficient headroom on liquidity. Through these downside scenarios, the Group is still expected to remain within its banking covenants through the going concern assessment period.

Notes to the financial statements
Year ended 31 December 2021

1. Accounting policies (continued)

Going concern (continued)

Based on the above and having made appropriate enquiries, the directors consider it reasonable to assume that the Group and the Company have adequate resources to continue for the foreseeable future and, for this reason, have continued to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

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

The power over relevant activities, 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. All subsidiaries of the Group are included within the consolidated financial statements and were exempt from the requirements of audit under section 479A of the Companies Act 2006.

Changes to accounting policies as a result of new standards issued and effective

Changes to accounting policies as a result of new standards issued and effective do not have a material impact on the consolidated financial statements.

IFRIC Agenda Decision - Configuration or customisation costs in a cloud computing arrangement

During the year, the Group updated its policy on IAS 38 Intangible Assets following the International Financial Reporting Interpretations Committee's ("IFRIC") interpretation on accounting for configuration or customisation costs in cloud computing or software as a service ("SaaS") arrangement. The interpretation resulted in a charge of £1,945,000 to administration expenses as an "other expense" in the period ended 31 December 2021. As a result of the change in accounting policy following the IFRIC's agenda decision in relation to SaaS arrangements, the prior period comparatives have been restated to derecognise previously capitalised SaaS related costs as intangible assets amounting to £7,900,000. This amount has been recorded as prior year adjustments.

Standards and interpretations issued 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 2021. 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.

Revenue and margin recognition

Revenue is measured under IFRS 15 at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services in the normal course of business, net of discounts, VAT and other sales related tax. Revenue is recognised in the period in which the performance obligations are satisfied. Margin is calculated by reference to total project revenue less costs incurred to deliver the services. The different types of contract types are described below with reference to our operating engines:

Construct contracts

A significant percentage of the Group's revenue is derived from construction contracts. The majority of contracts are considered to contain only one performance obligation for the purposes of recognising revenue. While the scope of works may include a number of different components, in the context of construction activities these are usually highly interrelated and produce a combined output for the customer.

Contracts are typically satisfied over time. For fixed price construction contracts, progress is measured through a valuation of the works undertaken by a professional quantity surveyor, including an assessment of any elements for which a price has not yet been agreed, such as changes in scope. For cost reimbursable contracts, progress is measured based on the costs incurred to date as a proportion of the estimated total cost and an assessment of the final contract price payable.

Variations to the original contract sum are not included in the estimated total contract price until the customer has agreed the revised scope of work. Where the scope has been agreed but the corresponding change in price has not yet been agreed, only the amount that is considered highly probable not to reverse in the future is included in the estimated total contract price. Where delays to the programme of works are anticipated and liquidated damages would be contractually due, the estimated total contract price is reduced accordingly. This is only mitigated by expected extensions of time or commercial resolution being achieved where it is highly probable that this will not lead to a significant reversal in the future.

In order to recognise the profit over time, it is necessary to estimate the total costs of the contract. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any acceleration or delays to the programme or changes in the scope of works and the expected cost of any rectification works during the defect's liability period. Once the outcome of a construction contract can be estimated reliably, margin is recognised in the income statement in line with the corresponding stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the income statement. Uninvoiced amounts relating to construction contracts are presented in the statement of financial position as contract assets.

Notes to the financial statements (continued)
Year ended 31 December 2021

1. Accounting policies (continued)

Revenue and margin recognition (continued)

Consult contracts

Consult contracts include those for project and programme management, cost consultancy and advisory services. Contracts can have multiple performance obligations depending on the nature of the services being provided. These can be clearly distinguished as they are typically separately identifiable deliverables or services with a fee specifically attributable to them. Almost all consultancy projects are deemed to be delivered over time, in accordance with the benefits being transferred to the client over time, unless there is a distinct deliverable, and the fee is contingent on the delivery of the finished product.

The most common type of contract for consultancy services are time and materials. Satisfaction of the performance obligations are measured using the input method, whereby they are based on direct labour hours, time elapsed or resources consumed, and therefore revenue is recognised over time as the services are delivered with reference to these inputs. These types of contracts are often service agreements with call offs in the forms of task orders which act as a variation or extension to the original agreement. Depending on the specifics of the call offs, they may be treated as one performance obligation or they may be treated as separate, and revenue is therefore recognised accordingly. Where there is more than one performance obligation, contract costs are recorded separately in order to calculate the expected margin attributable to each.

Some consultancy contracts are fixed fee or fixed hourly rate. Satisfaction of the performance obligations are measured using outputs such as scope deliverables or conditional milestones reached and therefore revenue is recognised over time as the services are delivered with reference to the extent to which these outputs or conditions are being completed or met.

Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal will not be required when the uncertainties determining the level of variable consideration are subsequently resolved.

If contracts contain an element of risk and reward, an estimate of the risk is included in the contract cost price as soon as it's deemed probable, while anticipated reward and performance bonuses are only recognised at the point that they are agreed by the customer.

Operate contracts

Operate contracts include fees for facilities management, helpdesk and consultancy services. Due to the diversity of services delivered, the division uses different types of contracts to suit the different delivery and pricing arrangements.

Fixed price, cost plus and guaranteed maximum price contracts may be used and are all typically accounted for as a single performance obligation. Even when a contract includes an array of different service lines, they are considered to form a single performance obligation, matching the intent of the contract.

For fixed price contracts, the Group typically receives payments from the customer based on a contractual schedule of value that reflects the timing, performance of service delivery and achievement of key performance indicators (KPI's). Cost plus contracts will include contractual entitlement to bill clients based on costs incurred plus an agreed mark up or at an agreed charge out rate. Guaranteed maximum price contracts will also be billed based on a cost-plus basis but capped at the agreed contractual price. In the event that a guaranteed maximum price contract reaches the capped amount, this is the maximum amount of revenue that can be recognised, unless increased following change control. During the duration of these contracts these are subject to change, following an agreed change control process, where such changes shall alter the price up or down. In all instances, revenue is recognised over time in accordance with the contract and un-invoiced amounts are presented as accrued income.

Develop contracts

The Develop engine delivers development management as a service and development of real estate assets. Contracts for development management services are typically treated as having one performance obligation but may be priced based on time and materials, a fixed fee or a variable fee based on total project cost. Revenue is calculated on the same basis as the consult contracts detailed above. Develop contracts may include performance obligations delivered at a point in time, in which case revenue is recognised at the point, otherwise they will be treated as being delivered over time in accordance with typical ongoing service type contracts.

Revenue deriving from the sale of land or property is recognised when control has been passed 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. Sale of goods revenue is recognised at legal completion in respect of the total proceeds of building and development. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the property, net of discounts and VAT. Cost of sales is also recognised at legal completion, when the goods are sold, and until then the costs are recorded within Development WIP on the balance sheet.

Income from leases where a member of the Mace Group is a lessor is covered in the accounting policy for leases.

Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered. Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered. Where costs are capitalised, they are amortised over the shorter of the period for which revenue and profit can be forecast with reasonable certainty and the duration of the contract except where the contract becomes loss making. If the contract becomes loss making, all capitalised costs related to that contract are immediately expensed.

Where work has been carried out, but applications have not been applied for or certified, the value of the work is recognised as a contract asset until the right payment becomes unconditional. This differs to classification as contract receivables which relate to accrued income for work performed where the right to payment is unconditional.

Notes to the financial statements (continued)
Year ended 31 December 2021

1. Accounting policies (continued)

Government grants

Government grants are accounted for in accordance with IAS 20 Government Grants and recognised when there is reasonable assurance that the conditions will be met. Grants are recorded in other income and matched to cost other than where expenditure has already been incurred, in which case they are recorded in the profit and loss immediately. Where government grants are repaid to clients, this is recorded as a reduction in revenue. Where government loans have not yet been approved as grants, these are reported as a loan balance within loans and borrowings on the balance sheet. No government grants have been received in relation to assets.

Other income/ expense

Other income/ expense, as disclosed on the face of the Consolidated statement of comprehensive income, are items that due to their material and/or non-recurring nature have been classified separately to draw them to the attention of the readers of the financial statements and facilitates comparison with prior periods to assess trends in financial performance more readily. The Group applies judgement in identifying the significant nonrecurring items of income and expense that are recognised as other income/expense.

Divisional information

IFRS 8 requires an entity whose debt or equity securities are publicly traded to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the different business activities in which it engages and the different economic environments in which it operates. Although Mace is not required to report segmental information, divisional information has been included in these financial statements to provide more detail on the financial results of the main operating divisions or engines. Operating divisions are reported in a manner consistent with the internal reporting provided to the Board. The Executive Board is responsible for allocating resources and assessing performance of the operating divisions.

Disaggregation of revenue:

Material differences in risk between the different revenue streams have been captured by the Group's operating divisions as this best depicts how the nature, timing and amount of revenue and cash flows are affected by economic factors. Therefore, the Group has presented disaggregation in line with the divisional analysis as shown in note 4.

Assets and liabilities held for sale

Assets and liabilities are classified as held for sale if it is highly probable that they will be realised through sale rather than continued use. These assets or disposal groups are recognised at the lower of their carrying amounts or fair values less costs to sell. Any impairment loss of a disposal group is firstly attributed to goodwill and then to the remaining assets and liabilities on a proportional basis, with the exception that no loss is attributed to financial assets, deferred tax assets, assets in connection with employee benefits or investment property that continues to be measured based on the Group's other accounting policies. Impairment losses on the first-time classification as held for sale and any subsequent impairment losses are recognised in profit or loss.

Intangible assets held for sale and property, plant and equipment are no longer amortised or depreciated and any investments recognised using the equity method are no longer equity accounted.

Discontinued operations

A discontinued operation is a part of the Group that has either been sold or has been categorised as held for sale, and which:

- represents a major line of business or a geographical area of operations,
- is part of a single coordinated plan to dispose of a separate, major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

If an operation is classified as a discontinued operation, the consolidated statement of comprehensive income as well as the data relating to it for the comparative year is adjusted so that it was as if the operation had been discontinued from the start of the comparative year.

Goodwill and other intangible assets

Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

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 or future economic benefits from 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.

Software is recognised as an intangible asset. It is recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis. The estimated useful lives for the Group's finite life intangible assets are 3, 5 or 10 years depending on the expected useful economic life of the software. Amortisation is recognised in administrative expenses. Amortisation of intangible assets commences once the asset is in the condition and location to be used as intended by management. Assets under construction, such as the assets associated with the implementation of the company's ERP system are not amortised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation of tangible fixed assets commences once the asset is in the condition and location to be used as intended by management. Assets under construction, such as assets associated with the implementation of the company's ERP system are not depreciated.

Notes to the financial statements (continued)
Year ended 31 December 2021

1. Accounting policies (continued)

Property, plant and equipment (continued)

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 basis:

Right of use assets	Over the period of the lease, to the break clause assumption
Leasehold improvements	Over the period of the lease on a straight-line basis, to the first break clause
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

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.

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 scrapping 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 property, plant & equipment and intangible assets excluding goodwill

Property, plant and equipment and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable, or where there is any indication that an impairment loss recognised in a previous period either no longer exists or has decreased. When a review for impairment is conducted, the recoverable amount of an asset or a cash generating unit is determined as the higher of fair value less costs to sell and value-in-use.

The value in use estimate is calculated using discounted cash flows and reviews in conjunction with the carrying amounts of tangible and intangible assets. 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.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Group's expectations of the likelihood of lease extension or break options being exercised. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications. The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Group and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use asset is subsequently depreciated in accordance with the Group's accounting policy on property, plant and equipment. The right-of-use asset is also reviewed for impairment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability. Where a lease is for a term of less than 12 months or the lease is of a low value, the lease cost is recorded as an expense in the income statement when the cost is incurred.

Where the Company is a lessor, rental income from operating leases is recognised on a straight-line basis over the term of the lease. Lease income is recognised in revenue where it is part of the core operations of the business, otherwise it is recognised in other income.

Retirement benefit costs

The Group contributes to the personal pension plans of certain employees on a defined contribution basis. 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.

Post-employment benefits

In some areas where Mace operates, there is a legal requirement to pay an end of service benefit to employees at the end of their employment, where they have completed at least one year of employment. The obligation is accounted for as a defined benefit post-employment benefit with the expected liability accrued over the term of employment. Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity compensation plans

Executive directors and senior management have been granted share options under the Group share option scheme for equity in the ultimate parent company, Mace Finance Limited. 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.

Notes to the financial statements (continued)
Year ended 31 December 2021

1. Accounting policies (continued)

Equity compensation plans (continued)

The total amount to be expensed is determined by reference to the fair value of the options or the 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 ultimate parent company requests the EBT to award the shares. The proceeds received net of any directly attributable transactions costs are retained by the EBT.

The financial statements of the EBT have been consolidated into the Group financial statements of the ultimate parent company, Mace Finance Limited.

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.

Development work in progress

Development work in progress is held in relation to Develop contracts. Development work in progress is initially stated at cost and then held as the lower of this initial amount and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing work in progress to its present value. Cost also includes interest incurred on external borrowings funding the projects, where these are qualifying assets under the IAS 23 requirements for capitalisation of borrowing costs. Net realisable value represents the estimated selling price less all estimated costs of completion to be incurred.

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) Financial assets at amortised cost

Trade and other receivables are initially recognised at their transaction price and are subsequently measured at amortised cost less any allowance for expected credit losses. Interest recognised on overdue trade receivables is recognised as other income, within operating profit.

Impairment of financial assets:

The Group recognises lifetime expected credit losses for trade receivables, contract assets and loans to joint ventures. The expected credit losses on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as anticipated future trading conditions at the reporting date.

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.

Notes to the financial statements (continued)
Year ended 31 December 2021

1. Accounting policies (continued)

Financial instruments (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, if it is a measurement adjustment in terms of IFRS 3. Subsequent changes to the value of contingent consideration are reflected in the statement of comprehensive income.

Subsidiaries are all entities over which the Group has control. This is usually where the Group has a shareholding of more than 50% but there can be other aspects of the arrangement that can give rise to control. Even though the Group holds 49% of the share capital of Macro Qatar LLC, the investment is classified as a subsidiary since 3 of the 5 directors of the subsidiary are appointed by the Group and Mace are responsible for appointing the general manager who has a wide range of duties to control the operations of the Company. 60% of the subsidiary's profits are distributable to the Group.

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. Joint arrangements in legal entities are classified as joint ventures and are equity accounted for. An equity investment is initially recorded at cost and is subsequently adjusted to reflect the share of the net profit or loss.

Where the joint arrangement is not structured through a separate vehicle these are classified as joint operations. This applies to most of the unincorporated joint arrangements in note 33 other than Dubai Expo 2020, which is structured through a separate vehicle so is treated as a joint venture and amounts are recognised in relation to interest in the joint operation. This includes recognising assets and liabilities based on its share of any assets and liabilities held jointly, recognising revenue from the sale of its share of the output of the joint operation and share of any expenses incurred jointly.

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) Other investments

This category includes an investment in Finsbury Tower that is an equity investment carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income as part of operating profit.

e) 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.

f) Other borrowings

Interest bearing borrowings are recorded at fair value (which is typically equivalent to the proceeds received) net of direct issue costs and subsequently measured at amortised cost. 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.

g) 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.

The Company has guaranteed the liabilities of certain subsidiaries included within note 34.

h) Equity instruments

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

i) 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. As the Group has not adopted hedge accounting, fair value of derivative contracts are recognised as fair value through profit and loss.

j) Operating cycle

The statement of financial position classifies the Group and Company's assets liabilities as either current or non-current. In respect of the Group/Company's construction business, contract related balances are typically classified as current when management expect these to be settled within its normal operating cycle. Management have determined that the normal operating cycle for the construction business is 37 months, being the typical length of a construction contract.

Notes to the financial statements (continued)
Year ended 31 December 2021

1. Accounting policies (continued)

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.

Provisions

Provisions for insurance liabilities retained in the Group's captive insurance arrangements, legal claims, defects and warranties and other onerous commitments are recognised at the best estimate of the expenditure required to settle the Group's liability. Provisions are recognised when: i) the Group has a present legal or constructive obligation as a result of a past event; ii) it is probable that an outflow of resources will be required to settle the obligation; and iii) the amount of the obligation can be estimated reliably.

Contingent liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will only be confirmed by future uncertain events that are not wholly within the Group's control, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be reliably measured. If the outflow of economic resources is not considered remote, contingent liabilities are disclosed but not recognised in the financial statements.

Contingent assets

Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity.

It is probable that these amounts will be recognised in future periods when the uncertainty over their recoverability has been removed. The amounts of such claims are disclosed as contingent assets but not recognised in the financial statements. Insurance claims are recognised under IAS 37 when the economic benefit arising from the claims is virtually certain.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Use of non-GAAP measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS, the Generally Accepted Accounting Principles ('GAAP') under which the Group reports. The Group believes that operating profit before exceptional items provides additional useful information on underlying trends to the users of the financial statements. This non-GAAP measure is used by the Group for internal performance analysis. The term 'exceptional items' and 'operating profit before exceptional items' are not a defined term under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. The separate reporting of non-recurring exceptional items, which are presented as exceptional within their relevant income statement category, helps provide an indication of the Group's underlying business performance. The principal items which are included as exceptional items are non-trading, items included in operating profit such as profits and losses on the disposal, closure or impairment of subsidiaries, joint ventures, associates, joint operations and investments which do not form part of the Group's operating activities. The term 'operating profit before exceptional items' refers to the relevant measure being reported for continuing operations excluding exceptional items.

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, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Estimates and judgements are continually made and based on historic experience and 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.

Notes to the financial statements (continued)
Year ended 31 December 2021

2. Significant accounting estimates and judgements and key sources of uncertainty

Sources of estimation uncertainty:

a) Estimates of cost to complete and contract provisions

To determine the margin that the Group is able to recognise on its construction contracts in the reporting period, the Group has to allocate total costs of the construction contracts between the proportion completing in the period and the proportion to complete in a future period. The assessment of the of total cost to be incurred and the final contract value requires a degree of estimation.

The estimation of final contract value includes assessments of the recovery of variations which have yet to be agreed with the client, but which meet the criteria set out in the Group's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future. At the reporting date, unagreed variations accounted for 0.15% (2020: 0.05%) of total contract revenue.

The largest component of the cost to complete are the agreed subcontract sums; the stage of completion of which are assessed and verified as part of the contract process. These amounts have a low level of estimation uncertainty and typically make up the bulk of the cost to complete. However, the cost to complete may also include provisional sums and provisions for cost, both of which require estimation and judgement in order to establish the appropriate amount to recognise.

Provisional sums arise when no subcontract has been entered into at the contract date and so estimates of the likely cost are required for the purposes of establishing cost to complete, until such time that subcontracts are entered into and the ultimate cost can be determined. Generally provisional sums are purposely a minor component of the overall contract value, due to the inherent risk of entering into contracts without having certainty of the outturn cost.

Contract provisions are made in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and are measured at the best estimate of the expenditure required to settle obligations present at the reporting date. Contract provisions may include estimates of remediation works that could be required where defects are present or where insurance claims have been made. The assessment of this cost is based on best estimates made by experienced senior management, on an individual contract basis and with reference to relevant contract provisions and insurance excess premiums. Where the cost cannot be reliably measured, and the likelihood of incurring the cost only considered possible rather than probable, estimated amounts are disclosed as contingent liabilities, more details of which are disclosed in note 22.

Recoveries of these amounts from insurers or third parties are treated as a deduction of cost rather than revenue and are only recognised when recovery is deemed to be virtually certain. Management mitigates the degree of uncertainty by ensuring estimates of recovery are produced by suitably qualified individuals and are subject to thorough review by senior management. Insurance recoveries that are considered probably recoverable but not virtually certain are only disclosed as contingent assets. Details of contingent assets recognised in the year in relation to insurance matters are disclosed in note 22.

b) Valuation of development work in progress and loan to joint venture

The key 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, but reliance is placed on third party valuations as the best estimate of the market value at the balance sheet date. These valuations are compared against the carrying amount of the asset. Where carrying amount is lower than the net realisable value, write-downs of land and work in progress may be necessary. The same estimations extend to the carrying amount of the loan to joint venture as the repayment of loan is dependent on the valuation of its development work in progress. The balance of work in progress assets and loan to joint venture at the balance sheet date were £12.5m and £60.4m (2020 restated: £182.6m and £63.6m).

c) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the Cash Generating Units to which the goodwill has been allocated. The value 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 five 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 14 together with an assessment of the impact of reasonably possible sensitivities.

d) Fair value of investments

The investment in Finsbury Tower is valued at fair value using a discounted cash flow approach, the inputs of which are determined using forecasts where management judgement is applied in relation to assumptions on the timing for completion and exiting the investment, as well as the rental yields used for determining the value of the return on investment. A £3.5m undiscounted return on investment assumed is based on the expected rate of return and assuming realisation of the investment in 2022, factoring in the potential for delays with a project of this scale. A change in the assumptions with 5% lower exit yield could increase the return up to a further £1.8m. A 5% increase in the exit yield assumption would reduce the return by £1.7m. Earlier completion or further delays to completion would also impact the value of the investment. The movements on investments in the year, including fair value adjustments, are presented in the investment note 18.

Judgements made in applying accounting policies:

e) Exceptional items

Exceptional items are reported separately in order to calculate adjusted results, as the Group believes these adjusted measures provide additional useful information on continuing performance and trends. Judgement is required in determining whether an item should be classified as an exceptional item or included within adjusted results. The definition of exceptional items is outlined in note 1.

Notes to the financial statements (continued)
Year ended 31 December 2021

2. Significant accounting estimates and judgements and key sources of uncertainty (continued)

f) Contingent liabilities and contingent assets

Provisions are made using the directors' best judgements and estimates of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the Directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as contingent liabilities. At 31 December 2021 the Mace Limited Company and Group had no contingent liabilities in relation to claims (2020: £nil).

The Group discloses contingent assets in relation to claims against third-parties for the reimbursement of costs on construction contracts. As at 31 December 2021, there were 6 ongoing matters that are disclosed as contingent assets (2020: 5). Under IAS 37 these amounts may only be recognised when the economic benefit arising from the claims is virtually certain.

g) Assets and liabilities held for sale and applying the definition of a disposal group

The held for sale assets and liabilities held at the year-end relate to an investment in subsidiary that is not a major line of business or geographical area of operations for the Group and was not acquired exclusively with the view to resale. It is therefore not classified as a discontinued operation.

At the end of the prior year there was the intention by management to dispose of the entities that owned the assets in relation to the Cardiff and Exeter student accommodation development. The purpose of the transaction was to dispose of the development work in progress assets that these entities hold, along with the operations in relation to these developments. This is part of the normal course of business of the Group, so it was not considered appropriate to separate these out in the income statement and cash flow as discontinued, nor to separate the assets and liabilities as held for sale on the balance sheet. The main item on the balance sheet was the development work in progress assets and it was doubtful whether it would be helpful to users for such items to be removed from inventories. The Cardiff and Exeter project was just one project within the develop operations of the Group, so this was not a disposal a separate major line of business.

Notes to the financial statements (continued)
Year ended 31 December 2021

3. Financial risk management

General

The Group has exposure to the following risks from its contracts with clients and suppliers and its use of financial instruments:

- a) Interest rate risk
- b) Credit risk
- c) Revenue liquidity risks
- d) 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 that arise directly from its operations and its acquisitions.

a) Interest rate risk

During the year the Group has repaid the corporate bond and disposed of its investment in the special purpose vehicles that held the assets and the senior debt facility of a portfolio of purpose-built student accommodation (PBSA) rooms in Cardiff and Exeter.

There was no external debt held at the balance sheet date. On 28 January 2022 Mace Finance Limited procured two new 3 year committed liquidity facilities. These facilities are ESG-linked facilities. These two facilities are:

- £10m unsecured revolving credit facility (RCF) from BBVA; and
- £50m unsecured Export Development Guarantee (EDG) loan facility provided by JP Morgan and with the support from the UK Export Finance.

Both facilities are guaranteed by the Company and the material subsidiaries of the Company.

The interest rate basis for both liquidity facilities is SONIA plus a margin, and therefore the interest rate is variable. There is a commitment fee payable on undrawn but committed amounts of between 35% and 40% of the margin charged. The interest rate margin chargeable is between 2.0% and 2.25%. The margin will vary depending on the carbon reduction, increased use of renewable energy and safety performance of the Group, measured by the three KPI measures which are embedded in the facility documents; the variability being up to plus or minus 5 basis points.

b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other current assets with the exception of cash and cash equivalents, which are predominantly held with Barclays plc, in respect of which, the credit risk arising from these assets is considered low. The maximum exposure to credit risk at the reporting date is the book value of each class of receivable listed in note 20.

The directors do not consider the Group to have any significant concentration of risk in respect of trade receivables, contract assets or contract receivables at the balance sheet date. The diversified operating model of the Group is intended to safeguard the business from risk and consequently receivables are spread across a wide range of clients, geographies and sectors.

The amount of trade receivables presented in the consolidated balance sheet are net of allowances for doubtful receivables, estimated by management based on past default experience and their assessment of the current and future economic environment. Management will provide for specific trade receivables if they become aware of factors which may indicate credit risk. Management also review the aged trade receivables analysis at the end of each reporting period and assess the balances for impairment using the following provision matrix:

Age of debt	UK trade receivables provision	Overseas trade receivables provision
0-60 days overdue	0%	0%
60-90 days overdue	10%	0%
90-120 days overdue	25%	10%
120-180 days overdue	50%	25%
181-270 days overdue	75%	50%
271-365 days overdue	100%	75%
Over 365 days overdue	100%	100%

The Group policy requires provisions to be booked in line with the matrix, but exceptions will be made where specific agreement for late or alternate repayment is in place, or if management believe that the credit risk associated with the counterparty is low due to other known circumstances. Overseas debt is subject to an adjusted scale, to account for the differing cultural conditions faced when operating internationally. The provisioning determined by the matrix may also be adjusted for known or anticipated future events. At the end of the year, the provisioning matrix was unadjusted for future events as the directors believe that the strong trading performance of the Group during the COVID-19 pandemic and the improving situation indicated a return to normalized trading conditions in the period in which the receivables fall due. Accordingly, provisions for expected credit losses booked in line with the matrix and adjusted for known or anticipated factors amounted to £4.3m (2020: £3.1m) in respect of total overdue trade receivables of £47.9m (2020: £24.1m). The ageing of the debt is included in note 19.

Notes to the financial statements (continued)
Year ended 31 December 2021

3. Financial risk management (continued)

Due to the nature of the Group's operations, some contracts entitle clients to hold retentions in respect of projects in progress or completed projects. Retentions held by clients at 31 December 2021 were £104m (2020: £81m). The Group manages the collection of retentions throughout the duration of a project and during its post completion project monitoring procedures to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly. At the reporting date £41m of retentions held by clients were due in more than one year under the terms of the respective contracts. Unlike trade receivables, the ageing of these balances is not an indicator of impairment and hence recoverability has been assessed based on the individual characteristics of the contract counterparty and the nature of the project, as well as the current and future anticipated trading conditions. Accordingly, the directors believe that no significant credit provision is required on these balances.

The directors always estimate the loss allowance on trade receivables, contract assets and contract receivables at an amount equal to lifetime expected credit losses.

Credit risk also arises for the Company by virtue of the receivables due from related parties, being other Group companies. The assessment of credit risk in regard to these receivables is performed on a regular basis, specifically with reference to the future viability of the entity's ability to repay the amounts owed. In the event that the entity is unlikely to generate sufficient cash to repay the amount owed, the Company will impair or write off the amount in the reporting period. Credit risk in regard to related parties is managed carefully as part of the Group's wider capital risk management policy.

Of the amounts owed by related parties, the receivable owed by the Botley joint venture attracts the highest concentration of credit risk, due to the size of the investment. At the balance sheet date, the Group was owed £85.8m (2020: £79.1m) by the Botley group of companies, which represented shareholder loans and accrued and interest. Following a RICS "red book" valuation, the directors have provided £25.5m (2020: £15.5m) against the loans and interest.

At the reporting date, there were no trade and other receivables which have had renegotiated terms that would otherwise have been past due.

c) 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 following table summarises the maturities of the Group's undiscounted financial liabilities at the reporting date, based on contractual payment dates.

31 December 2021				
£000s				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	86,594	-	-	86,594
Contract liabilities: purchase retentions	43,754	38,757	-	82,511
Bank overdrafts	40,032	-	-	40,032
Lease liabilities	5,180	21,051	1,446	27,677
<i>Derivative financial assets:</i>				
Derivative contracts – payments	25,803	1,636	-	27,439
Derivative contracts – receipts	(24,363)	(1,565)	-	(25,928)
Total	177,000	59,879	1,446	238,325

31 December 2020				
£000s				
	Less than 1 year	1 to 5 years	More than 5 years	Total
Trade and other payables	139,214	-	-	139,214
Contract liabilities: purchase retentions	51,360	25,977	1	77,338
Bank overdrafts	14,484	-	-	14,484
Amounts owed to directors	6,500	-	-	6,500
Directors' loans	2,893	-	-	2,893
Limited recourse finance	94,321	-	-	94,321
Corporate bond (including accrued interest)	2,597	120,000	-	122,597
Lease liabilities	4,963	18,659	6,406	30,028
<i>Derivative financial assets:</i>				
Derivative contracts – payments	32,349	27,437	-	59,786
Derivative contracts – receipts	(32,682)	(27,852)	-	(60,534)
Total	315,999	164,221	6,407	486,627

Notes to the financial statements (continued)
Year ended 31 December 2021

3. Financial risk management (continued)

d) 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 2021 would have decreased equity and profit or loss by the following amounts:

	2021 £000s		2020 £000s	
	Profit or loss	Equity	Profit or loss	Equity
Qatari Rial	(52)	(1,172)	(61)	(1,258)
United Arab Emirates Dirham	(210)	(982)	348	(682)
Peruvian Nuevo Sol	(558)	(722)	(107)	(165)
Euro	(745)	(694)	(478)	(422)
Danish Krone	(96)	(677)	(496)	(621)
United States Dollar	(353)	(593)	(326)	(3,255)
Indian Rupee	(16)	(307)	(10)	(351)

A ten per cent weakening of sterling against these currencies would have an opposite effect. A common analysis basis has been applied for both 2021 and 2020. 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.

At 31 December 2021, the Group held EUR 136.1m, DKK 94.2m, USD 9.4m, CHF 7.9m and AED 16.8m and some smaller foreign currency balances in cash at bank. A ten per cent strengthening of sterling against these currencies at 31 December 2021 would have resulted in losses of £10.4m, £1.0m, £0.6m, £0.5m, £0.3m respectively.

Capital management

The Group'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 divisions 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 2021 the Group had no external debt (2020: £216.3m).

The Group is funded by ordinary shares, retained profits, and external borrowing. There were no external borrowings held at the end of the year. After the year end the Group entered into two new banking facilities and details of this are included in the post balance sheet event note 32. During the year the corporate bond was repaid and the debt facility for the development project for the purpose-built student accommodation in Cardiff and Exeter transferred out of the Group with the sale of the entity that held the loan, as part of the disposal of the development. The Group 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, consultancy and facilities management typically requiring working capital, and construction typically being cash generative. The economic cycle of each business is different. The new liquidity facilities are subject to covenants over interest cover and gearing, both of which were comfortably met at the signing date.

The Group manages its capital taking these differing requirements into account.

Fair values

The investment in Finsbury Tower (note 18: other investments), represents an investment in 8.1% of the ordinary shares which have no voting rights. As there is no control or significant influence in this investment it is classified as an equity investment under IFRS 9 and held at fair value.

The valuation as at 31 December 2021 is based on a level 3 hierarchy, given there is no observable inputs for the asset in 2021. The valuation was based on a discounted cash flow approach, referencing an estimated yield from the investment to the Group which is expected to be what a similar market participant would achieve from the investment.

The investment has been reviewed and revalued at the year end there is no difference between carrying value and fair value at 31 December 2021. There is no difference between the book value and fair value of other financial assets and liabilities due to the short-term nature of these instruments.

Contingent consideration was recognised in 2021 in relation to the acquisition of the Tenman subsidiaries. More detail on the acquisition can be found in note 15.

The valuation at acquisition (6 August 2021) was based on a level 3 hierarchy, given there is no observable inputs for the liability. The contingent consideration is based on meeting revenue and EBITDA targets, so the valuation was based on a discounted cash flow approach, referencing the expected performance for years 2021-2026.

The expected contingent consideration was reviewed and revalued at the year end based on latest forecasts and a reduction in the financial liability of £207k was recognised through fair value through profit and loss.

Interest is charged on the financial liability. The closing balance is disclosed in the financial liabilities note 23.

Notes to the financial statements (continued)
Year ended 31 December 2021

3. Financial risk management (continued)

Financial assets/(liabilities) – derivative financial assets/(liabilities)

The fair value of forex options, forward contracts and interest rate caps are given below. These derivatives 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 IFRS 13.

	2021 £000s	2020 £000s
Forex forward contracts: Group & Company	(1,511)	748

As the Group has not adopted hedge accounting, fair value of derivative contracts are recognised as fair value through profit and loss. A fair value loss of £2.3m (2020: £2.3m gain) was recognised in the year in relation to derivatives.

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

	2021 £000s	2020 £000s
Financial assets		
Financial assets at fair value	12,998	10,116
Financial assets at amortised cost	520,892	373,959
Cash and cash equivalents	166,731	258,714
Financial liabilities		
Borrowings measured at amortised cost	40,032	244,708
Current financial liabilities measured at amortised cost	606,343	559,860

Prepayments and accrued income 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.

Assets and liabilities classified as held for sale are excluded from the analysis above.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

4. Divisional analysis

Revenue

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

	2021 £000s	2020 £000s
Continuing operations:		
UK & Europe	1,885,861	1,652,030
Middle East North Africa	95,654	88,017
Asia	16,539	11,069
Sub-Saharan Africa	9,169	5,943
America	41,539	31,453
Intercompany trading	(115,745)	(58,000)
Total revenue	1,933,017	1,730,512

General

For management purposes the Group is organised into four operational divisions and Group and Commercial Services, which includes corporate overheads and support as shown in the table below. These divisions are the basis on which the Group reports information to the Board. Limited secondary information is presented for the operating divisions of consultancy and other services, primarily for risk management purposes.

The Board assesses the performance of the divisions 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 divisions such as restructuring costs, legal expenses and goodwill impairments resulting from any isolated, non-recurring event.

	Construct £000s	Consult £000s	Operate £000s	Develop £000s	Group & Commercial Services £000s	Total £000s
2021						
Group revenue	1,469,355	366,351	110,162	36,332	246	1,982,446
Costs recharged to clients	-	-	(49,429)	-	-	(49,429)
Total Group revenue	1,469,355	366,351	60,733	36,332	246	1,933,017
Cost of sales	(1,356,274)	(288,809)	(51,416)	(34,820)	(2,016)	(1,733,335)
Gross profit	113,081	75,542	9,317	1,512	(1,770)	199,682
Administrative expenses	(55,825)	(44,872)	(7,549)	(3,601)	(45,136)	(156,983)
Other income	981	2,301	1	-	609	3,892
Fair value on financial assets measured at FVPL	(2,052)	-	-	-	-	(2,052)
Operating profit before exceptional items	56,185	34,971	1,769	(2,089)	(46,297)	44,539
Exceptional items	-	-	-	(9,983)	(2,544)	(12,527)
Operating profit	56,185	34,971	1,769	(12,072)	(48,841)	32,012
Share of operating profit of JVs	-	3,002	-	(3)	-	2,999
Profit on disposal of a subsidiary	-	-	102	5,968	-	6,070
Profit on ordinary activities before interest	56,185	37,973	1,871	(6,107)	(48,841)	41,081
Net finance costs receivable/(payable)	(80)	(560)	(67)	343	(2,445)	(2,809)
Profit before tax from continuing operations	56,105	37,413	1,804	(5,764)	(51,286)	38,272

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

4. Divisional analysis (continued)

	Construct	Consult	Operate	Develop	Group & Commercial Services	Total
2020 (restated)	£000s	£000s	£000s	£000s	£000s	£000s
Group revenue	1,232,379	341,975	113,565	98,416	(357)	1,785,978
Costs recharged to clients	-	-	(55,466)	-	-	(55,466)
Total Group revenue	1,232,379	341,975	58,099	98,416	(357)	1,730,512
Cost of sales	(1,169,380)	(268,676)	(51,085)	(93,737)	511	(1,582,367)
Gross profit	62,999	73,299	7,014	4,679	154	148,145
Administrative expenses	(32,836)	(51,549)	(7,656)	4,291	(37,473)	(125,223)
Other income	2,091	2,467	236	4	564	5,362
Fair value on financial assets measured at FVPL	2,292	-	-	-	1,517	3,809
Operating profit before exceptional items	34,546	24,217	(406)	8,974	(35,238)	32,093
Exceptional items	-	-	-	(15,492)	(1,588)	(17,080)
Operating profit	34,546	24,217	(406)	(6,518)	(36,826)	15,013
Share of operating profit of JVs	-	5,685	-	91	-	5,776
Loss on disposal of a subsidiary	-	(13)	-	-	-	(13)
Profit on ordinary activities before interest	34,546	29,889	(406)	(6,427)	(36,826)	20,776
Net finance costs receivable/(payable)	(68)	(315)	(130)	(1,612)	(1,911)	(4,036)
Profit before tax	34,478	29,574	(536)	(8,039)	(38,737)	16,740

A further analysis of the Group's Construct revenue is as follows:

	2021 £000s	2020 £000s
Continuing operations:		
Fixed Price & Cost Reimbursement	1,389,327	1,153,319
Construction Management	80,028	79,060
Total revenue	1,469,355	1,232,379

Inter-divisions sales are carried out at open market rates. Income from three major clients in relation to construction projects amounted to 23% (2020: 25%) of total Group revenue during 2021.

Key balance sheet items by division:

2021 balance sheet

	Construct	Consult	Operate	Develop	Group Services	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Goodwill	52,240	77,672	3,940	7,240	-	141,092
Development WIP & loan to joint venture	-	-	-	72,895	-	72,895
Contract assets	104,817	-	-	-	-	104,817
Contract receivables	59,377	45,977	11,141	-	105	116,600
Contract liabilities	(159,242)	(29,072)	(6,183)	(1,240)	(90)	(195,827)
Assets of a disposal group classified as held for sale	-	-	932	-	-	932
Liabilities of a disposal group classified as held for sale	-	-	(776)	-	-	(776)

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

4. Divisional analysis (continued)

2020 balance sheet

	Construct £000s	Consult £000s	Operate £000s	Develop £000s	Total £000s
Goodwill	52,240	67,784	4,036	7,240	131,300
Development WIP & loan to joint venture	-	-	-	245,577	245,577
Contract assets	89,686	-	-	-	89,686
Contract receivables	27,542	24,234	9,948	253	61,977
Contract liabilities	(189,303)	(19,552)	(6,659)	(3,109)	(218,623)
External borrowings	-	(1,962)	-	(214,321)	(216,283)

5. Revenue

At the end of the period there was revenue still to be recognised on construction projects where performance obligations were unsatisfied due to the nature of the long-term contracts, where revenue is recognised over time.

The time bands below present the likely consideration value of secured contracts but may be subject to future modifications that impact the amount and/or timing of revenue recognition.

Aggregate amount of the transaction price allocated to construction contracts that are partially or fully unsatisfied at the year-end:

	2021 £000s	2020 £000s
Due in less than one year	1,091,650	1,212,340
Due in one to five years	769,997	890,923
Total revenue	1,861,647	2,103,263

6. Operating profit & EBITDA

	2021 £000s	Restated 2020 £000s
The operating profit is stated after charging:		
Depreciation of owned assets	3,160	3,555
Depreciation of right of use assets	3,230	3,075
Impairment of fixed assets	6	-
(Loss)/profit on disposal of fixed assets	-	(100)
Amortisation of intangible assets	2,409	405
Research and development costs	48,000	34,551
Share based payments	(1,666)	(932)
Employee benefit expense	523,400	398,430
Short term lease rentals:		
Land and buildings	521	2,306
Motor vehicles	146	39
Profit on ordinary activities before interest*	51,383	20,776
Depreciation and impairment of property, plant and equipment	6,396	6,630
Amortisation of intangible assets	2,409	405
EBITDA	60,188	27,811

*The Group use profit before interest and tax as the basis for calculating EBITDA. Including profit/loss from joint ventures and associates is considered appropriate given the Group has a number of joint ventures as part of its operations.

Notes to the financial statements (continued)
Year ended 31 December 2021

6. Operating profit & EBITDA (continued)

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

	2021 £000s	2020 £000s
Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts	760	462
UK	110	88
Overseas	130	150
	1,000	700
Other fees:		
Tax services	-	-
Other services	-	-
	1,000	700

7. Other income

	Group 2021 £000s	2020 £000s
Government grants	2,123	4,909
Property income	229	194
Insurance income	246	-
Interest from overdue receivables	703	-
Royalty income	-	259
Other income	591	-
	3,892	5,362

During 2020 Mace received government grants to support the business with the impact of COVID-19. The main grant being £4.8m for the UK Government Job Retention Scheme. £1.1m of this was repaid to clients because it related to employees whose salary cost is recharged to clients. There were also similar COVID-19 support grants from other international governments.

There were some further amounts received for government grants in 2021 but the majority of Group government grants for 2021 relates to forgiveness of a US Government loan. USD 2.7m US Government loan was received in 2020 to support business needs during the period of the pandemic. The US government loan was recorded in short term loans and borrowings as at 31 December 2020. An application was submitted in 2021 to grant forgiveness of the loan and this was approved on 14 June 2021. This was recognised in other income in 2021 to cover payroll expenses that were incurred over the period of 24 weeks from the grant date, as required in the conditions of the loan.

There are no unfulfilled conditions and contingencies in relation to the government grants and they were recognised in other income to match the cost of salaries for employees.

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

8. Interest

	2021	2020
	£000s	£000s
Bank and other interest receivable	119	110
Interest receivable from joint venture	4,983	11,489
Total interest receivable	5,102	11,599
Bond and other interest payable	(5,853)	(13,953)
Interest charge on financial liabilities	(276)	-
Interest on post-employment benefit obligation	(167)	-
Interest expense for lease arrangements	(1,615)	(1,682)
Total interest payable	(7,911)	(15,635)

Interest is charged on intercompany loans at a rate-based interest levels in the market, at the time the loan is taken out.

9. Directors' remuneration

The total amount of directors' remuneration in respect of their qualifying services are as below:

	2021	2020 (Restated)
	£000s	£000s
Remuneration for management services (including benefits)	6,387	6,114
Performance related remuneration	1,098	1,362
Pension contributions	16	30
	7,501	7,506

Pension contributions were made in respect of 3 directors (2020: 3).

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

	2021	2020
	£000s	£000s
Remuneration for management services (including benefits)	886	674
Share based payments	1,502	932
	2,388	1,606

The Directors are considered to be the only key management personnel.

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

10. Staff costs and numbers

	2021	2020
	£000s	£000s
Staff costs were as follows:		
Aggregate gross wages and salaries	456,308	346,513
Employer's social security costs	37,497	30,343
Other pension costs	29,830	24,444
	<u>523,635</u>	<u>401,300</u>

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

Corporate support services	311	353
Project delivery staff	<u>5,315</u>	<u>5,024</u>
	<u>5,626</u>	<u>5,377</u>

The total number of direct employees as at the reporting date was:	<u>6,054</u>	<u>5,396</u>
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11. Exceptional items

	2021	Restated 2020
	£000s	£000s
Provision on loan to joint venture	(9,983)	(15,492)
Software expense (note 31)	<u>(2,544)</u>	<u>(1,588)</u>
Exceptional loss	<u>(12,527)</u>	<u>(17,080)</u>

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

12. Tax on profit on ordinary activities

	2021	Restated 2020
	£000s	£000s
(a) Analysis of Group charge in year		
Current tax		
UK corporation tax at 19.00% (2020: 19.00%)	-	729
Group relief payment	(115)	(5)
Adjustments in respect of previous periods	(1,022)	469
	(1,137)	1,193
Foreign tax	8,225	7,301
Adjustments in respect of previous periods	672	(114)
Total current tax expense	7,760	8,380
Deferred tax		
Origination and reversal of temporary differences	1,157	(2,586)
Impact of deferred tax rate movements on opening asset/liability	(1,732)	(423)
Adjustments in respect of previous periods	419	(461)
Total deferred tax expense	(156)	(3,469)
Total tax (note 12(b))	7,604	4,911

(b) Factors affecting Group tax charge for year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19.00%). The differences are explained below:

Profit on ordinary activities before tax	38,272	16,740
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	7,272	3,181
<i>Effects of:</i>		
Expenses/(income) not deductible/(taxable) for tax purposes	2,340	437
Non-taxable dividend income	-	(15)
Non-taxable profit on disposal of investments	(2,538)	-
Group income	-	48
Temporary differences not recognised in deferred tax	927	(65)
Group relief surrendered/(claimed)	(115)	-
Increase in tax losses not recognised in deferred tax	20	130
Non-taxable foreign branch income	(1)	(9)
Different rates of tax on overseas earnings	1,383	2,360
Research and development expenditure charge/(credits)	32	(615)
Impact of deferred tax rate movements	(1,785)	(435)
Adjustments to tax charge in respect of previous years – UK taxation	(603)	175
Adjustments to tax charge in respect of previous years - overseas taxation	672	(281)
Current tax charge for the year (note 12(a))	7,604	4,911

Changes in tax rates

In the UK Budget on 3 March 2021, the Chancellor announced the intention to increase the UK corporate tax rate from the current rate of 19% to 25%, effective from 1 April 2023. As this change had been substantively enacted at the balance sheet date, the impact of this change has been reflected in the deferred tax assets and liabilities of the UK Group where the timing differences are expected to reverse after 1 April 2023.

Notes to the financial statements (continued)
Year ended 31 December 2021

12. Tax on profit on ordinary activities (continued)

Group

	Fixed asset temporary differences	Short-term temporary differences	Losses carried forward	Total
	£000s	£000s	£000s	£000s
Deferred tax assets				
At 1 January 2020	1,253	2,205	1,028	4,486
(Charged)/credited to:				
- Profit and loss	177	2,938	513	3,628
- Equity	(8)	-	(85)	(93)
At 31 December 2020	1,422	5,143	1,456	8,021
(Charged)/credited to:				
- Profit and loss	(106)	(1,490)	1,820	224
- Equity	-	(69)	(55)	(124)
At 31 December 2021	1,316	3,584	3,221	8,121

Deferred tax reported in equity relate to foreign exchange movements on deferred tax held in subsidiaries whose functional currency is not the Group presentational currency (GBP). This movement is included in the retranslation gain/loss reported in the consolidated statement of changes in equity.

Group

	Fixed asset temporary differences	Short-term temporary differences	Losses carried forward	Total
	£000s	£000s	£000s	£000s
Deferred tax liabilities				
At 1 January 2020	-	-	-	-
Charged/ (credited) to:				
- Profit and loss	-	159	-	159
At 31 December 2020	-	159	-	159
Charged/ (credited) to:				
- Profit and loss	-	68	-	68
Acquisition of subsidiary companies	1,000	-	-	1,000
At 31 December 2021	1,000	227	-	1,227

Company

	Fixed asset temporary differences	Short-term temporary differences	Losses carried forward	Total
	£000s	£000s	£000s	£000s
Deferred tax assets				
At 1 January 2020	-	-	-	-
(Charged)/credited to:				
- Profit and loss	-	35	-	35
At 31 December 2020	-	35	-	35
(Charged)/credited to:				
- Profit and loss	-	443	460	903
At 31 December 2021	-	478	460	938

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

13. Property, plant and equipment

Group

	Freehold property £000s	Property right of use assets £000s	Leasehold improvements £000s	Computer equipment & IT systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost						
At 1 January 2020	2,325	32,015	12,136	14,233	1,805	62,514
Exchange differences	(98)	(119)	(16)	(134)	(29)	(396)
Additions	-	976	-	1,752	79	2,807
Reclassification	-	-	-	(72)	72	-
Disposals	(973)	-	(331)	(3,088)	(305)	(4,697)
At 31 December 2020	1,254	32,872	11,789	12,691	1,622	60,228
Exchange differences	12	(46)	(7)	(17)	(16)	(74)
Acquisition of subsidiary companies	-	-	-	53	43	96
Additions	-	3,098	718	2,182	65	6,063
Reclassification as asset held for sale	-	-	(3)	(28)	(35)	(65)
Reclassification	-	-	110	-	(110)	-
Disposals	-	(3,625)	(305)	(4,852)	(27)	(8,809)
At 31 December 2021	1,266	32,299	12,302	10,029	1,542	57,439
Depreciation and impairment						
At 1 January 2020	393	16,731	5,009	10,167	1,432	33,732
Exchange differences	(19)	(48)	(28)	(331)	(1)	(427)
Charge for the year	50	3,075	771	2,625	109	6,630
Disposals	-	-	(331)	(3,087)	(298)	(3,716)
At 31 December 2020	424	19,758	5,421	9,374	1,242	36,219
Exchange differences	4	(35)	1	(6)	(14)	(50)
Charge for the year	48	3,230	783	2,212	117	6,390
Acquisition of subsidiary companies	-	-	-	20	22	42
Reclassification as asset held for sale	-	-	(3)	(27)	(34)	(64)
Reclassification	-	-	107	-	(107)	-
Disposals	-	(2,876)	(303)	(4,849)	(26)	(8,054)
At 31 December 2021	476	20,077	6,006	6,723	1,200	34,483
Net book value						
At 31 December 2021	790	12,222	6,296	3,306	342	22,956
At 31 December 2020	830	13,114	6,368	3,317	380	24,009
At 31 December 2019	1,932	15,284	7,127	4,066	373	28,782

The Group had capital commitments of £0.9m at 31 December 2021 (2020: £0.5m).

The Company did not own any property, plant and equipment.

Notes to the financial statements (continued)
Year ended 31 December 2021

14. Intangible assets

Group	Computer Software	Assets under construction	Goodwill	Customer relationships	Brand	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Cost						
At 1 January 2020	4,932	14,756	133,411	-	-	153,099
Adjustment (note 31)	-	(4,344)	-	-	-	(4,344)
At 1 January 2020 (restated)	4,932	10,412	133,411	-	-	148,755
Transfer	96	(96)	-	-	-	-
Additions (restated)	23	4,224	-	-	-	4,247
At 31 December 2020 (restated)	5,051	14,540	133,411	-	-	153,002
Additions	2,397	1,642	-	-	-	4,039
Acquisition of subsidiaries	-	-	9,888	4,800	300	14,988
Reclassification	14,540	(14,540)	-	-	-	-
Reclassification to asset held for sale (note 25)	-	-	(96)	-	-	(96)
At 31 December 2021	21,988	1,642	143,203	4,800	300	171,933
Amortisation and impairment						
At 1 January 2020	1,022	-	2,111	-	-	3,133
Adjustment (note 31)	(239)	-	-	-	-	(239)
At 1 January 2020 (restated)	783	-	2,111	-	-	2,894
Charge for the year (restated)	405	-	-	-	-	405
At 31 December 2020 (restated)	1,188	-	2,111	-	-	3,299
Charge for the year	2,167	-	-	200	42	2,409
At 31 December 2021	3,355	-	2,111	200	42	5,708
Net book value						
At 31 December 2021	18,633	1,642	141,092	4,600	258	166,225
At 31 December 2020 (restated)	3,863	14,540	131,300	-	-	149,703
At 31 December 2019 (restated)	4,149	10,412	131,300	-	-	145,861

The balance of assets under construction at the start of 2021 consisted of the costs associated with the rollout of Oracle Fusion across the business as part of a new ERP system implementation. A significant proportion of the business went live with the ERP system on 1 January 2021 so the assets under construction were transferred to computer software, and amortisation started from this date. The balance in assets under construction at the end of the year relates to other software not yet in use at 31 December 2021.

The addition to goodwill relates to the acquisition in relation to the MaceTpm partnership. More details are included in the acquisition note 15. Goodwill in relation to Mace Macro Technical Services LLC was reclassified to assets held for sale in the year. More information is included in the held for sale note 25.

The carrying amount of goodwill is allocated to the CGUs as follows:

	2021	2020
	£000s	£000s
Construct	52,240	52,240
Consult	77,672	67,784
Develop	7,240	7,240
Operate	3,940	4,036
	141,092	131,300

The recoverable amount of each CGU has been determined by estimating its value in use by reference to the present value of forecast revenue and the residual profits. The forecasts were prepared for commercial purposes and rely on specific assumptions and projections on a CGU by CGU basis, using management's detailed knowledge and expectations of the outcome of each CGU. The projections were primarily prepared using historic performance indicators, secured order book values and a comparison of the secured order book to historic trends. Following a strategic review of the business in early 2021, the forecasts have been prepared on the basis of a five year strategy from 2022 to 2026 and subsequently the 2022 forecast is updated to align with the Group's budget. Terminal value is calculated based on the latest 2026 forecast with an assumed 2% growth rate.

The forecasts are discounted using CGU specific post-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGU. The post-tax discount rate used as the starting point is based on the estimated weighted average cost of capital, which has then been adjusted for a number of factors to determine the discount rate, 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 analysis has been done primarily on the goodwill attributed to each of the CGUs but also incorporates other intangible and tangible assets

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Notes to the financial statements (continued) Year ended 31 December 2021

14. Intangible assets (continued)

Construct CGU: A discount rate of 10.5% has been applied to the Construct CGU.

Consult CGU: A discount rate of 10.25% has been applied to the Consult CGU.

Develop CGU: A discount rate of 7.5% has been applied to the Develop CGU.

Operate CGU: A discount rate of 10.5% has been applied to the Operate CGU.

Analysis at both Mace Limited and Mace Finance Limited using the 2026 Business Strategy forecasts does not indicate any need for impairment based on the goodwill carrying values as at 31 December 2021. Therefore, the Directors consider that no impairment or further adjustment of the goodwill, other intangibles or tangible asset carrying value is necessary.

The Company did not own any intangible assets.

15. Acquisitions

On 6 August 2021, Mace announced a new strategic partnership in South East Asia, known as 'MaceTpm' being a partnership between Mace and Tenman Tpm. In forming this partnership, Mace Consultancy (Asia Pacific) Ltd, a subsidiary of Mace Limited, acquired a 100% ownership of two Tenman Tpm entities based in Hong Kong and a Tenman Tpm entity based in the Philippines for a £14.7m consideration, £1.8m of this was contingent consideration at acquisition and £5.4m was deferred consideration at the year end. Goodwill of £9.9m was recognised on acquisition of the business. This partnership will be fully integrated within Mace's Consult Engine and part of the Asia Pacific global hub, with operations in the Philippines, Singapore, Macau and Vietnam.

Goodwill represents the expected synergies from the strategic fit of the acquisition and the value of the expertise in the workforce.

	2021
	£'000
Cash outflow in relation to the acquisition is presented below:	
Acquisition cost	(14,695)
Less deferred and contingent consideration	7,157
Cash acquired	1,823
Transaction costs	(286)
Net cash outflow from acquisition of subsidiaries	(6,001)

	£'000
Amounts recognised as at the acquisition date for each major class of assets and liabilities assumed:	
Non-current assets	5,153
Current assets	3,057
Cash & cash equivalents	1,823
Current liabilities	(3,602)
Non-current liabilities	(1,000)
Net assets acquired	5,431

Acquired receivables:	Trade debtors	Prepayments	Other debtors	Total
	£'000	£'000	£'000	£'000
Gross contractual amounts receivable	3,813	105	164	4,082
Best estimate at the acquisition date of the contractual cash flows not expected to be collected	(1,025)	-	-	(1,025)
Fair value of receivables	2,788	105	164	3,057

	2021
	£'000
Revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the year ending 31 December 2021:	
Revenue	3,233
Net profit	448

	£'000
Revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the period to 31 December 2021:	
Revenue	8,808
Net profit	1,677

16. Disposal

On 22 February 2021, the Group disposed of its 100% interest in the entities in relation to the Cardiff and Exeter development, within the Develop business, for gross consideration of £12.6m. These entities have not been classified as a discontinued operations as they do not represent a major operation or geographical area of operations for the Group. Disposing of entities was the structure of the arrangement to dispose of the completed development assets that entities held.

On 16 December 2021, the Group disposed of its 65% interest in the Owners Association Management Business, within the Operate Business, for a gross consideration of £0.3m. This entity has not been classified as discontinued operations as it does not represent a major operation or geographical area of operations for the Group.

	Cardiff & Exeter Student Accommodation*	Mace Macro Owners Association Management Co.	Total
	£000s	£000s	£000s
<i>The gain on disposal is analysed as follows:</i>			
Proceeds	12,619	281	12,900
Net asset disposed (see below)	(5,451)	(139)	(5,590)
Transaction costs	(1,200)	(40)	(1,240)
Gain on disposal	5,968	102	6,070
Income tax expense on gain on disposal	-	-	-

The current year net cash flow effect of the disposal is analysed as follows:

	£000s	£000s	£000s
Proceeds	12,619	281	12,900
Less proceeds receivable	-	(136)	(136)
Less intercompany balances settled	-	(31)	(31)
Cash disposed	(2,657)	(41)	(2,698)
Transaction costs	(1,200)	(40)	(1,240)
Adjusted for transaction costs payable	-	21	21
Net disposal proceeds received	8,762	54	8,816

The major classes of assets and liabilities disposed are as follows:

	£000s	£000s	£000s
Development work in progress	145,978	-	145,978
Trade and other receivables	3,170	246	3,416
Cash	2,657	41	2,698
Trade and other payables	(52,032)	(73)	(52,105)
Short term borrowings	(94,322)	-	(94,322)
Non-controlling interest	-	(75)	(75)
Net assets disposed	5,451	139	5,590

* The legal entities disposed of as part of the Cardiff and Exeter student accommodation disposal included the following:

Graduation Exeter and Cardiff (Jersey) Limited
Graduation Exeter Retail Management Limited
Graduation Cardiff Retail Management Limited
Graduation Cardiff Management Limited
Graduation Exeter Management Limited
Mace Developments (Cardiff) Limited
Mace Developments (Exeter) Limited
Graduation Exeter (Phase 2) Limited

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Notes to the financial statements (continued) Year ended 31 December 2021

17. Joint arrangements

The Group has investments in a number of joint arrangements that are classified as joint ventures or joint operations, depending on the nature of the investment, as described in the accounting policies note 1.

Joint ventures

The following represents the total results of joint ventures in which Mace has a part share:

	Dubai Expo 2020		Botley		Mace Engenharia E Servicos Ltda		Other joint ventures and joint operations		Total	
	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s	2021 £000s	2020 £000s
Non-current assets	-	-	-	-	70	15	31	67	101	82
Current assets	2,636	3,238	133,920	146,822	4,136	5,755	2,474	2,097	143,166	157,912
Cash and cash equivalents	107	5,970	3,322	2,564	3,607	1,556	339	759	7,375	10,849
Current liabilities	(1,601)	(5,241)	(88,823)	(82,015)	(6,726)	(6,192)	(2,403)	(1,511)	(99,553)	(94,959)
Non-current liabilities	-	-	(69,848)	(68,181)	-	-	(2)	(45)	(69,850)	(68,226)
Total	1,142	3,967	(21,429)	(810)	1,087	1,134	439	1,367	(18,761)	5,658
Revenue	18,919	34,648	3,581	606	3,226	-	10,455	12,366	36,181	47,620
Expenses	(12,350)	(23,267)	(1,283)	(243)	(2,781)	(224)	(10,280)	(11,931)	(26,694)	(35,665)
Depreciation & amortisation	-	-	-	-	-	-	(4)	(6)	(4)	(6)
Interest expense	-	-	(6,945)	(972)	-	-	(1)	-	(6,946)	(972)
Income tax	-	-	-	-	-	-	(21)	(2)	(21)	(2)
Profit/(loss) for the year	6,569	11,381	(4,647)	(609)	445	(224)	149	427	2,516	10,975

Dubai Expo 2020 is a joint venture within the Consult operations formed for the exclusive purpose of acting as Programme Management Consultant to provide programme delivery management services for the Expo 2020 event, operating in Dubai. This was postponed due to COVID-19, and consequently ran from October 2021 to March 2022. Mace has joint control with a 49% profit share and net asset agreement. The arrangement is created as a separate vehicle so classified as a joint venture with the equity method of accounting applied.

Botley includes the Develop joint ventures Botley Developments (Holdings) Limited which owns BDC Phase 2 Ltd and The Botley Development Company Limited. These are separate legal entities, so the arrangement is classified as a joint venture of which Mace Ltd has 50% joint control with another party and has equal voting rights. The equity method of accounting has been applied.

The purpose of the Botley Development (Holdings) Limited is to undertake the development of the site in Oxford. The JV operates from the UK and is an entity registered in England and Wales. The Botley Development Company Limited has raised its own development debt finance, which has security over the assets. Botley Development (Holdings) Limited has raised shareholder debt finance from Mace Finance Limited.

Mace Engenharia E Servicos Ltda is a company incorporated under Angolan law with a registered office in Luanda. It has two shareholders, Mace - Consultoria e Gestao de Projectos e Construção, Lda which holds a 47% share, and Engiservices Engenharia e Servicos Lda, which holds a 53% share. This company embodies an exclusive partnership agreement between the parties to provide professional engineering services under the Mace brand in Angola. It is part of the Consult operations of Mace. Under the Shareholders' Agreement there is joint control and all forms of decision making require unanimous agreement between the shareholders. The arrangement is classified as a joint venture, and the equity method of accounting has been applied.

Joint operations

Mace Dragados JV is an unincorporated joint operation within the Consult operations formed for the exclusive purpose of contracting with the client for the HS2 project in the UK. Mace Limited, a wholly owned subsidiary of the Company, has joint control, along with Dragados SA, and recognises a 50% share of income and expenses in the consolidated income statement and 50% share of assets and liabilities in the balance sheet. Both parties in the arrangement are jointly and severally liable under the HS2 contract.

Joint arrangements are listed in note 33.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

18.	Investments	Joint ventures & associates	Other investments	Total
	Group	£000s	£000s	£000s
	Cost less provisions			
	At 31 December 2020	2,676	10,116	12,792
	Exchange differences	72	-	72
	Additions	-	2,882	2,882
	Share of post-acquisition profit after tax	2,999	-	2,999
	Dividends received	(4,406)	-	(4,406)
	At 31 December 2021	1,341	12,998	14,339

Additions to other investments relates to additional contributions by City Fringe in the investment in Finsbury Tower. The equity was raised in proportion to the existing equity subscription, so the Mace share in the investment remained at 8.1%.

Company	Subsidiaries
	£000s
Cost less provisions	
At 31 December 2020	141,604
Additions	4,507
At 31 December 2021	146,111

The employee benefit trust is consolidated into the accounts of Mace Finance Limited and made an investment in a newly incorporated entity, Clove Investments Holdings Limited in the year. The addition in 2021 relates to this investment.

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

19. Trade and other receivables

	Group		Company	
	2021	Restated 2020	2021	2020
	£000s	£000s	£000s	£000s
Amounts falling due after more than one year:				
Employee benefit trust loan	-	-	2,800	2,800
Prepayments	1,199	1,798	-	-
	1,199	1,798	2,800	2,800
Amounts falling due within one year:				
Trade receivables	167,119	151,287	-	-
Contract assets	104,817	89,686	-	-
Contract receivables	116,600	61,977	-	-
Amounts owed by subsidiary undertakings	-	-	2,274	3,231
Amounts owed by joint ventures and associates	1,726	3,154	-	-
Loans to directors	1,496	1,990	1,496	1,969
Loan receivable	1,250	900	-	-
Loan interest receivable	314	41	-	-
Cash collateral	1,975	-	-	-
Other debtors	54,224	46,129	777	793
Other taxation and social security receivables	7,005	12,875	135	-
Prepayments	10,318	10,335	-	-
	466,844	378,374	4,682	5,993

Retentions will be collected in the normal operating cycle of the Group and are therefore shown in current receivables. £41.2m (2020: £40.5m) of the retention receivable is due in more than one year.

The reason for the increase in contract assets from 2020 to 2021 is due to an increase in sales retentions across construction projects. The value of the sales retention depends on the stage of the project at the balance sheet date and the size of the project.

Other tax and social security was previously presented as part of the current tax asset on the balance sheet but has been reclassified to trade and other receivables in 2021, including the 2020 comparative.

Debtors past and overdue

	Group		Company	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Trade receivables not past due	124,606	130,241	-	-
Trade receivables past due 1-30 days	19,087	12,327	-	-
Trade receivables past due 31-60 days	19,437	5,803	-	-
Trade receivables past due over 60 days	8,311	5,987	-	-
Gross trade receivables	171,441	154,358	-	-
Less provision for expected credit losses	(4,322)	(3,071)	-	-
Trade debtors	167,119	151,287	-	-

Notes to the financial statements (continued)
Year ended 31 December 2021

20. Development work in progress and loan to joint venture

	2021 £000s	Restated 2020 £000s
Work in progress	6,058	4,042
Finished goods	6,485	178,546
Development work in progress	12,543	182,588
Loan to joint venture	85,827	79,094
Provision on loan to joint venture	(25,475)	(15,492)
Development loan to joint venture	60,352	63,602

Work in progress on development schemes includes £0.6m of capitalised interest during the year (2020: £9.2m). £30.4m work in progress was expensed as cost of sales in the period (2020 restated: £87.6m). Some of the work in progress was disposed of as part of the sale of the entities that owned the Cardiff and Exeter development. More details included in the disposal note 16.

21. Trade and other payables

	Group		Company	
	2021 £000s	Restated 2020 £000s	2021 £000s	Restated 2020 £000s
Amounts falling due within one year:				
Trade payables	85,160	139,214	-	-
Contract liabilities	195,827	218,623	-	-
Other creditors	29,011	4,401	40	3
Amounts due to subsidiaries	-	-	115,739	89,962
Amounts due to joint ventures and associates	124	115	-	-
Amounts owed to directors	-	6,500	-	-
Accruals for land acquisition	-	10,831	-	-
Accruals	303,550	234,177	1,738	58
Other taxation and social security payables	92,726	77,917	252	1,279
Post-employment benefit liability	9,737	5,844	-	-
	716,135	697,622	117,769	91,302

Contract liabilities includes deferred income and amounts payable on construction contracts.

Retentions will be paid in the normal operating cycle of the Group and are therefore shown in current payables.

Deferred consideration relates to the acquisition of Tenman Tpm subsidiaries. This was paid in January 2022. More details on the acquisition can be found in the acquisition note 15.

£127m of Group revenue recognised in the period (2020: £109m) was included in the contract liability balance at the beginning of the year.

Group contract liabilities have increased as a result of more income being deferred in 2021 in relation to large construction projects which are in early stages. Advance payments on these projects are deferred and the income will be recognised when further costs are incurred.

Other tax and social security was previously presented as part of the current tax liability on the balance sheet but has been reclassified to trade and other payables in 2021, including the 2020 comparative.

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

21. Trade and other payables (continued)

Reconciliation of post-employment benefit obligation:	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Post-employment benefit obligation at 1 January 2021	5,844	3,827	-	-
Reclassification	3,341	-	-	-
Change in assumptions	921	1,752	-	-
Service cost	1,718	1,964	-	-
Interest cost	197	-	-	-
Liability utilised	(2,463)	(1,485)	-	-
Actuarial loss	91	-	-	-
Exchange difference	88	(214)	-	-
Post-employment benefit obligation at 31 December 2021	9,737	5,844	-	-
*The reclassification balance in 2021 represents gratuity provisions in other entities in the Group, that were previously recognised within accruals.				
Post-employment benefit obligation remeasurement:				
Liability gain due to changes in assumptions	(412)	-	-	-
Liability experience loss arising during the year	503	-	-	-
Total actuarial loss recognised in other comprehensive income	91	-	-	-
Exchange difference	88	(214)	-	-
Total amount recognised in other comprehensive income in the year	179	(214)	-	-
Post-employment benefit obligation future cash flows:				
Expected benefits paid by the plan for the next financial year	(1,391)	(2,463)	-	-
Consult:				
Amount, timing and uncertainty of post-employment benefit obligation future cash flows:				
Sensitivity 1 - discount rate plus 0.5% - % difference in post-employment benefit obligation	-4.6%	-4.9%	-	-
Sensitivity 2 - discount rate minus 0.5% - % difference in post-employment benefit obligation	4.9%	5.3%	-	-
Sensitivity 3 - salary growth rate plus 0.5% - % difference in post-employment benefit obligation	5.2%	5.6%	-	-
Sensitivity 4 - salary growth rate minus 0.5% - % difference in post-employment benefit obligation	-4.8%	-5.3%	-	-
Post-employment benefit obligation assumptions:				
Discount rate	2.59%	2.18%	-	-
Rate of compensation increase	3.00%	3.00%	-	-
Plan duration (years)	10.12	10.66	-	-

Notes to the financial statements (continued)
Year ended 31 December 2021

21. Trade and other payables (continued)

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Operate:				
Amount, timing and uncertainty of post-employment benefit obligation future cash flows:				
Sensitivity 1 - discount rate plus 0.5% - % difference in post-employment benefit obligation	-4.5%	-4.8%	-	-
Sensitivity 2 - discount rate minus 0.5% - % difference in post-employment benefit obligation	4.9%	5.2%	-	-
Sensitivity 3 - salary growth rate plus 0.5% - % difference in post-employment benefit obligation	5.0%	5.4%	-	-
Sensitivity 4 - salary growth rate minus 0.5% - % difference in post-employment benefit obligation	-4.6%	-5.0%	-	-
Post-employment benefit obligation assumptions:				
Discount rate	2.81%	2.45%	-	-
Rate of compensation increase	3.00%	3.00%	-	-
Plan duration (years)	10.21	10.71	-	-

The assumptions used differ between Consult and Operate as they are based on the staff profile in these businesses and locations where the benefit is paid. The duration of the plan liabilities relates to the weighted average timing at which the End of Service Benefit payments are expected to occur. This is a result of the actuarial projections and depends on the profile of the membership data, mainly age, salary and service, and on the assumption, basis adopted, mainly the normal retirement age and turnover rates.

22. Provisions, contingent liabilities and contingent assets

Provisions

Provisions primarily include land overage payment and construction insurance liabilities. The construction insurance liabilities are principally legal claims and costs, where provision is made for the directors' best estimate of known legal claims, investigations and legal actions in progress.

	Group £000s	Company £000s
At 31 December 2020	78,181	-
Restatement (note 31)	6,134	-
At 31 December 2020 (Restated)	84,315	-
Unused amounts reversed	(3,313)	-
Utilised provisions	(9,712)	-
Additional provisions	24,856	-
At 31 December 2021	96,146	-

It is anticipated that amounts provided for will be utilised as follows:

	Group Restated		Company	
	2021 £000s	2020 £000s	2021 £000s	2020 £000s
Due within one year	12,483	-	-	-
Due after one year	83,663	84,315	-	-
	96,146	84,315	-	-

In relation to the amounts included in provisions, £34.1m (2020: £29.3m) of expected reimbursement is included within other debtors in note 19.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

22. Provisions, contingent liabilities and contingent assets (continued)

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 2021 there was no net Group indebtedness to its bankers and therefore the directors consider no contingency arises.

In addition to bonds for construction projects we also have a number of bonds for a variety of other purposes such as project management assignments internationally and guarantees.

Provisions are made using the directors' best judgements and estimates of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the Directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as contingent liabilities. At 31 December 2021 the Mace Finance Limited Company and Group had no contingent liabilities in relation to claims (2020: £nil).

Contingent assets

The Group had contingent assets of £15.4m (2020: £15.7m) in relation to claims against third-parties for the reimbursement of costs on construction contracts relating to 6 ongoing matters (2020: 5).

Under IAS 37 these amounts may only be recognised when the economic benefit arising from the claims is virtually certain. It is probable that these amounts will be recognised in future periods when the uncertainty over their recoverability has been removed.

23. Financial liabilities

	Group		Company	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Amounts due within one year:				
Derivatives not designated as hedging instruments:				
Foreign currency exchange contracts	1,511	-	-	-
Acquisition forward liability	692	-	-	-
Acquisition contingent liability	117	-	-	-
	<u>2,320</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts due after more than one year:				
Acquisition forward liability	4,898	-	-	-
Acquisition contingent liability	1,518	-	-	-
	<u>6,416</u>	<u>-</u>	<u>-</u>	<u>-</u>

24. Lease liabilities & borrowings

	Group		Company	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Due within one year:				
Bank overdraft	40,032	14,065	-	-
Lease liabilities	5,180	4,963	-	-
Bank loan for development projects	-	94,321	-	-
Government loan	-	1,962	-	-
Directors' loans (note 29)	-	2,893	-	-
	<u>45,212</u>	<u>118,204</u>	<u>-</u>	<u>-</u>
Due within two to five years:				
Lease liabilities	17,777	19,529	-	-
Corporate bond	-	120,000	-	-
	<u>17,777</u>	<u>139,529</u>	<u>-</u>	<u>-</u>

See the section on capital risk management in the financial risk note for further details of the corporate bond and external borrowings. Interest is charged on these borrowings at between 6-8%.

Notes to the financial statements (continued)
Year ended 31 December 2021

25. Assets and liabilities held for sale

Mace Macro Technical Services LLC entity is a subsidiary of the Group that was reclassified to held for sale on 15 June 2021, with the expectation that this would be sold within 12 months.

The held for sale assets and liabilities held at the year end relate to an investment in subsidiary that is not a major line of business or geographical area of operations for the Group and was not acquired exclusively with the view to resale. It is therefore not classified as a discontinued operation.

Assets of a disposal group classified as held for sale:

	2021	2020
	£000s	£000s
Property, plant and equipment	1	-
Intangible assets	96	-
Trade and other receivables	578	-
Current tax assets	3	-
Cash at bank	254	-
	932	-

Liabilities of a disposal group classified as held for sale:

	2021	2020
	£000s	£000s
Trade and other payables	(631)	-
Current tax liabilities	(145)	-
	(776)	-

**Statement of comprehensive income:
Mace Macro Technical Services LLC**

	2021	2020
	£000s	£000s
Revenue	3,675	4,049
Cost of sales	(3,099)	(3,454)
Gross profit	576	595
Administrative expenses	(90)	(174)
Operating profit	486	421
Finance costs	(7)	(4)
Profit on ordinary activities before taxation	479	417
Income tax	-	-
Profit	479	417

On 15 August 2022, the Group disposed of Mace Macro Technical Services LLC for consideration of £0.8m resulting in a gain on disposal of £0.6m.

26. Share capital and reserves

	2021		2020	
	Number of shares	Ordinary shares value	Number of shares	Ordinary shares value
		£000s		£000s
Group and Company:				
<i>Allotted, called up and fully paid</i>				
Ordinary shares at 0.01p each	8,800,000	1	9,500,000	1
Ordinary A shares at 0.01p each	6,840,000	1	9,960,000	1
At 31 December 2020 and 2021	15,640,000	2	19,460,000	2

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 following transactions took place during the year:

700,000 Ordinary shares were purchased and cancelled for a cost of £13,808m.

3,120,000 Ordinary A shares were purchased and cancelled for a cost of £312.

600,000 Ordinary shares were purchased for £13.524m and transferred to treasury shares.

The impact of the repurchase and cancellation of shares on equity balances is presented in the statement of changes in equity. Cancellation of shares was at nominal value.

Details of post year end share transactions are included in note 32.

Notes to the financial statements (continued)
Year ended 31 December 2021

26. Share capital and reserves (continued)

Reserves:

The foreign exchange reserve holds gains and losses on the re-translation of subsidiaries denominated foreign currencies.

Retained earnings movement relates to the profit and loss result of the year as well as distribution of dividends.

Own shares held by the Employee Benefit Trust are deducted from equity and the shares are held at historical cost until they are sold.

Equity settled share based payment transactions are recorded in the share based payment reserve.

27. Share based payments

As part of the arrangements constituting the MBO of January 2014, 1,850,000 ordinary shares were issued at par to an Employee Benefit Trust controlled by the Company. The purpose of the issue was to enable the Group to incentivise directors and eligible employees by granting them shares or options over the shares. At 31 December 2021, 1,465,889 (2020: 1,465,889) shares had been granted. Share based payment charges arising from share options, restricted share issues and unrestricted share issues relating to directors of the Company have been charged to the statement of comprehensive income and disclosed within directors' remuneration in note 9.

Share Option Scheme

The Group'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 of the Group, 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.

The right to exercise expires on the 10th anniversary of the date of the grant of the option. A further 40,000 options were granted in 2017 to 2 individuals. The fair value of the options granted was calculated using the Black Scholes Model and included the following inputs:

	2017	2014
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 was recognised over the vesting period which was estimated as 5 years. The charge in 2021 amounted to £76,977 (2020: £83,975). The prior year charge has been recognised in the current year. Since these options were granted to employees of Mace Limited, the amount was recharged as an employment cost to Mace Limited.

Unrestricted shares

In 2020, 100,000 shares owned by the EBT were awarded unconditionally to an individual for £nil consideration. The shares were valued at £6 per share based on market conditions at the time of issue. The award of these shares was accounted for as a share based payment in the year in 2020 and, as there were no conditions, the whole value was charged to the profit and loss at the date of grant. This charge, amounting to £600,000 was included in administrative expenses and as the award was made to a director, have been included in director's remuneration in note 9.

Restricted shares

In November 2014, the Company issued 434,813 restricted shares to 5 individuals for nil consideration. The restrictions denoted that, until certain conditions were met, the shares could not be voted or receive a dividend and would only participate in surplus assets on a sale with approval of the directors. The right to receive unrestricted shares expires on the tenth anniversary of the grant date of the shares. The fair value of the shares issued was determined using the same data as the options granted under the CSOP scheme dealt with above and amounted to £1.44 per share. The fair value was recognised over the period from the grant to the lifting date of the restrictions which was estimated as 5 years.

In January 2019, the ultimate company unconditionally removed restrictions on 143,925 of the shares issued in November 2014. As a result, the share based payment charge was accelerated. A further charge was recognised in profit and loss, calculated as the increase in fair value arising from the removal in restriction. This amounted to a further £0.36 per share and was wholly recognised in the 2019. The total charge in respect of all restricted share charges amounted to £109,961 which was included in administrative expenses. Of the original 2014 award, 96,963 still had restrictions at the end of 2020 and 2021.

In August 2020 and December 2020, two further tranches of restricted shares were issued for £nil consideration, valued at £6 and £18 per share respectively based on other arm's length transactions performed closest to the dates of issue. The shares are subject to the same restrictions on voting rights and dividends and subject to performance conditions relating to Group financial performance. Unlike the previous restricted awards, these awards will be accounted for at their full value at the point of issue and over the performance condition vesting period, a portion of which fell in the current year. A charge of £1,501,989 (2020: £332,386) has been included in administrative expenses and as the awards were made to a director, have been included in director's remuneration in note 9.

Details of post year end employee benefit trust transactions are included in note 32.

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

28. Notes to the cash flow statement

Group reconciliation of operating activities to operating cash flows

	2021	Restated
	£000s	2020
	£000s	£000s
Cash flows from operating activities		
Profit before finance costs	41,081	20,776
Adjustments for:		
Profit on disposal of fixed assets	6 -	(100)
Profit on lease amendments	(273)	-
Depreciation of property, plant and equipment	13 6,396	6,630
Amortisation of intangible assets	14 2,409	405
Acquisition costs	15 295	-
(Profit)/loss on disposal of investments	16 (6,070)	13
Share of net profits of joint ventures	18 (2,999)	(5,776)
Revaluation to fair value	(207)	(1,517)
Movement on provisions	34,165	74,897
Income from government grants	6 (2,100)	(3,695)
Share based payments	1,666	932
Other non-cash movements	(354)	-
Foreign exchange - retranslation	4,164	(4,236)
Cash flows before changes in working capital	78,173	88,329
Working capital changes:		
(Increase)/decrease in trade and other receivables	(88,674)	8,404
Decrease in work in progress	24,421	66,141
Increase in trade payables	57,718	42,600
Government grants and loan	144	3,695
(Increase)/decrease in working capital	(6,391)	120,840
Income taxes paid	(5,840)	(3,452)
Net finance costs	(11,666)	(25,193)
Net cash inflows from operating activities	54,276	180,524
Reconciliation of changes in liabilities arising from financing activities		
	2021	2020
	£000s	£000s
Opening financing liabilities at 1 January	242,920	345,116
Repayment of borrowings	(123,044)	(106,273)
New borrowings	-	8,407
Lease payments	(5,181)	(5,149)
Interest charge on leases	8 1,615	1,682
Net financing cash flow	116,310	(101,333)
Exchange differences on leases	(12)	(81)
Disposal of subsidiaries	(94,322)	-
Forgiveness of government loan	(1,962)	-
Lease additions	3,065	1,044
Lease disposals	(1,021)	-
Capitalised interest	151	466
Fair value movement on derivatives not designated as hedging instruments	2,259	(2,292)
Financing liabilities at 31 December	24,468	242,920

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

28. Notes to the cash flow statement

Liabilities represented by:

		2021 £'000	2020 £'000
Directors' loans	24	-	2,893
Government loan	24	-	1,962
Bank borrowings and corporate bond	24	-	214,322
Lease liabilities	24	22,957	24,491
Derivatives not designated as hedging instruments: Foreign currency exchange contracts		1,511	(748)
Financing liabilities at 31 December		24,468	242,920

Net cash reconciliation

		2021 £'000	2020 £'000
Short term lease liabilities and borrowings	24	(45,212)	(118,204)
Long term lease liabilities and borrowings	24	(17,777)	(139,529)
Less: lease liabilities		22,957	24,491
Cash at bank		166,731	258,714
Net cash		126,699	25,472

29. Related party transactions

Group	2021 £000s	2020 £000s
Transactions between the Group and its joint ventures:		
Trading transactions		
Sales	9,656	13,012
Purchases	(126)	(92)
Non-trading transactions		
Dividends received	4,406	5,821
Interest receivable	4,983	5,494

Balances between the Group and its joint ventures can be found in notes 19-21.

During the prior year, a company owned by Mark Reynolds, purchased three apartments from Mace Developments (Greenwich) Limited for £1,135,000 in aggregate.

Loans from directors

At 31 December 2020, the Group had borrowings of £2,892,503 from Jonathan Mark Holmes and Mark Reynolds, these borrowings were paid in full during the year. These loans were short term and are at commercial rates for development funding purposes.

At 31 December 2020 there was an amount of £6,500,000 owed to director recorded as part of trade and other payables. This relates to the amount owed in respect of repayment of the loan to Jonathan Mark Holmes which was paid in 2021.

Loans to directors

Directors overdrawn loan accounts included in receivables (note 19) are loans owing from directors which are repayable on exercise of their share options. S455 tax has been provided in respect of these director overdrawn loans. These loans are not interest bearing.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

30. Leases

The Group holds property leases for offices in the UK and Internationally. The most significant property lease is for the Group's head office in Moorgate, London. The Group also has short term leases for motor vehicles.

The Group acted as a lessor in the period and received rental income for student accommodation and a retail unit.

	Group		Company	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Income in relation to leasing	1,474	4,413	-	-

Maturity of lease receivables:

Lease receivables to the date of disposal are detailed below:

	Group		Company	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Due within 1 year	187	1,420	-	-
Due within 2-5 years	664	664	-	-
Due in more than 5 years	7	180	-	-
Total	858	2,264	-	-

Cash flows in relation to leases:

Cash inflow in relation to leases where Mace is the lessor	1,474	4,333	-	-
Cash outflows in relation to leases where Mace is the lessee	(5,217)	(5,073)	-	-
Net cash outflow	(3,743)	(740)	-	-

The principal element of the lease payment is included in financing activities and the interest component is included in operating activities, in the cash flow statement.

Other disclosures:

Analysis of the right-of-use assets on the balance sheet is included in the property, plant & equipment note 13.

Analysis of the lease liabilities on the balance sheet is included in the lease liabilities and borrowings note 24 and the related interest charge in the interest note 8.

The maturity analysis of the lease liabilities is presented in the financial risk management note 3.

In addition to the closing lease liability at the year end, the Group also has commitments for leases that are short term. The expense incurred in relation to these leases is disclosed in the operating profit note 6.

Commitments and future cash outflows in relation to lease expenses are expected to be in line with the annual expense disclosed for the year ending 31 December 2021, as reported in the operating profit and EBITDA note 6.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

31. Prior year and reclassification adjustments

A. Software as a Service change in accounting policy

During the year, the Group updated the accounting policy on Intangible assets following the IFRIC interpretation on accounting for configuration of customisation costs in cloud computing or software as a service arrangement (SaaS), under IAS 38. Under the new policy some of the items that were previously capitalised on balance sheet and amortised, would instead be recognised as an expense in the profit and loss. The prior period comparatives have been restated in line with the new policy.

B. Provision for overage land payment

The Develop business identified an adjustment of £6.13m relating to overage land payment in a development contract where there is an obligation for the Group to pay overage in relation to the land element on completion of the scheme. The current obligation had been underprovided and needs to be recognised as cost of sales based on the units sold and therefore this has been recorded as prior year adjustment.

* Presentation of tax balances on statement of financial position

During the year, the Group updated the accounting policy on presentation of tax balances related to other taxes and social security costs. Under the new policy, current tax asset and current tax liability represents corporation tax balances, while other taxes and social security is disclosed within trade and other receivables and trade and other payables balance. The prior period comparatives have been restated in line with the new policy.

Consolidated statement of comprehensive income

	As Previously Reported 31 December 2020 £000s	Effect of Adjustment A £000s	Effect of Adjustment B £000s	Restated 31 December 2020 £000s
Group revenue	1,730,512	-	-	1,730,512
Cost of sales	(1,580,833)	-	(1,534)	(1,582,367)
Gross profit	149,679	-	(1,534)	148,145
Administrative expenses	(125,337)	114	-	(125,223)
Other income	5,362	-	-	5,362
Fair value on financial assets measured at FVPL (inc. derivatives)	3,809	-	-	3,809
Operating profit before exceptional items	33,513	114	(1,534)	32,093
Exceptional items	(15,492)	(1,588)	-	(17,080)
Operating profit	18,021	(1,474)	(1,534)	15,013
Share of profit of associates and joint ventures	5,776	-	-	5,776
Loss on disposal of a subsidiary	(13)	-	-	(13)
Profit on ordinary activities before interest	23,784	(1,474)	(1,534)	20,776
Finance income	11,599	-	-	11,599
Finance costs	(15,635)	-	-	(15,635)
Profit on ordinary activities before taxation	19,748	(1,474)	(1,534)	16,740
Income tax expense	(4,911)	-	-	(4,911)
Profit from continuing operations	14,837	(1,474)	(1,534)	11,829
Profit for the year attributable for				
Owners of the parent	14,630	(1,474)	(1,534)	11,622
Non-controlling interest	207	-	-	207
	14,837	(1,474)	(1,534)	11,829

Notes to the financial statements (continued)
Year ended 31 December 2021

31. Prior year and reclassification adjustments (continued)

Consolidated statement of financial position

	As Previously Reported 31 December 2020 £000s	Effect of Adjustment A £000s	Effect of Adjustment B £000s	Tax Presentation £000s	Restated 31 December 2020 £000s
Non-current assets					
Property, plant and equipment	24,009	-	-	-	24,009
Intangible assets	155,305	(5,602)	-	-	149,703
Deferred tax asset	8,021	-	-	-	8,021
Investments in joint ventures	2,676	-	-	-	2,676
Other investments	10,116	-	-	-	10,116
Trade and other receivables	-	1,798	-	-	1,798
	<u>200,127</u>	<u>(3,804)</u>	<u>-</u>	<u>-</u>	<u>196,323</u>
Current assets					
Trade and other receivables	364,898	600	-	12,876	378,374
Development loan to joint venture	63,602	-	-	-	63,602
Development work in progress	181,975	-	613	-	182,588
Derivative assets	748	-	-	-	748
Current tax assets	14,803	-	-	(12,876)	1,927
Cash at bank	258,714	-	-	-	258,714
	<u>884,740</u>	<u>600</u>	<u>613</u>	<u>-</u>	<u>885,953</u>
Current liabilities					
Trade and other payables	(619,705)	-	-	(77,917)	(697,622)
Current tax liabilities	(83,806)	-	-	77,917	(5,389)
Lease liabilities & borrowings	(118,204)	-	-	-	(118,204)
	<u>(821,215)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(821,215)</u>
Net current assets	<u>63,525</u>	<u>600</u>	<u>613</u>	<u>-</u>	<u>64,738</u>
Total assets less current liabilities	<u>263,652</u>	<u>(3,204)</u>	<u>613</u>	<u>-</u>	<u>261,061</u>
Non-current liabilities					
Provisions	(78,181)	-	(6,134)	-	(84,315)
Lease liabilities & borrowings	(139,529)	-	-	-	(139,529)
Deferred tax liabilities	(159)	-	-	-	(159)
Net assets	<u>45,783</u>	<u>(3,204)</u>	<u>(5,521)</u>	<u>-</u>	<u>37,058</u>
Capital and reserves					
Called up share capital	2	-	-	-	2
Share based payment	10,735	-	-	-	10,735
Own shares	(850)	-	-	-	(850)
Accumulated reserves	34,208	(3,204)	(5,521)	-	25,483
Equity shareholders' funds	<u>44,905</u>	<u>(3,204)</u>	<u>(5,521)</u>	<u>-</u>	<u>35,370</u>
Non-controlling interests	1,688	-	-	-	1,688
	<u>45,783</u>	<u>(3,204)</u>	<u>(5,521)</u>	<u>-</u>	<u>37,058</u>

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

31. Prior year and reclassification adjustments (continued)

Consolidated statement of cash flows

	As Reported Year Ended 31 December 2020 £000s	Effect of Adjustment A £000s	Restated Year Ended 31 December 2020 £000s
Cash flows from operating activities	182,135	(1,611)	180,524
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(7,689)	1,611	(6,078)
Acquisition of subsidiaries	(167)	-	(167)
Disposal of subsidiaries	-	-	-
Acquisition of investments	-	-	-
Dividends from joint ventures and associates	5,821	-	5,821
Proceeds from disposals of fixed asset	1,081	-	1,081
Change in cash within assets held for sale	-	-	-
Net cash used in investing activities	(954)	-	657
Cash flows from financing activities			
Dividends paid to Company shareholders	(1,225)	-	(1,225)
Share redemption	(4,500)	-	(4,500)
Increase in borrowings	8,407	-	8,407
Repayment of borrowings and lease liabilities	(109,740)	-	(109,740)
Net cash movement from financing activities	(107,058)	-	(107,058)
Net increase in cash	74,123	-	74,123
Cash at bank and bank overdrafts at beginning of year	169,971	-	169,971
Effects of currency translation on cash at bank and bank overdrafts	555	-	555
Cash at bank and bank overdrafts at end of year	244,649	-	244,649

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

31. Prior year and reclassification adjustments (continued)

Consolidated statement of financial position

	As Previously Reported 31 December 2019 £000s	Effect of Adjustment A £000s	Effect of Adjustment B £000s	Tax Presentation £000s	Restated 31 December 2019 £000s
Non-current assets					
Property, plant and equipment	28,782	-	-	-	28,782
Intangible assets	149,966	(4,105)	-	-	145,861
Deferred tax asset	4,486	-	-	-	4,486
Investments in joint ventures	3,072	-	-	-	3,072
Other investments	8,600	-	-	-	8,600
Trade and other receivables	-	1,900	-	-	1,900
	<u>201,808</u>	<u>(2,205)</u>	<u>-</u>	<u>-</u>	<u>192,701</u>
Current assets					
Trade and other receivables	393,412	475	-	(1,758)	392,129
Development loan to joint venture	57,917	-	-	-	57,917
Development work in progress	237,403	-	2,147	-	239,550
Current tax assets	6,338	-	-	1,758	8,096
Cash at bank	<u>202,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,281</u>
	<u>897,351</u>	<u>475</u>	<u>2,147</u>	<u>-</u>	<u>899,973</u>
Current liabilities					
Trade and other payables	(595,161)	-	-	(33,733)	(628,893)
Provisions	(29,188)	-	-	-	(29,188)
Financial liabilities	(1,544)	-	-	-	(1,544)
Current tax liabilities	(42,123)	-	-	33,733	(8,390)
Lease liabilities & borrowings	<u>(134,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,098)</u>
	<u>(802,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(802,113)</u>
Net current assets	<u>95,238</u>	<u>475</u>	<u>2,147</u>	<u>-</u>	<u>97,860</u>
Total assets less current liabilities	<u>290,144</u>	<u>(1,730)</u>	<u>2,147</u>	<u>-</u>	<u>290,561</u>
Non-current liabilities					
Trade and other payables	(10,831)	-	-	-	(10,831)
Provisions	-	-	(6,134)	-	(6,134)
Lease liabilities & borrowings	<u>(241,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,784)</u>
Net assets	<u>37,529</u>	<u>(1,730)</u>	<u>(3,987)</u>	<u>-</u>	<u>31,812</u>
Capital and reserves					
Called up share capital	2	-	-	-	2
Share based payment	9,803	-	-	-	9,803
Own shares	(1,228)	-	-	-	(1,228)
Accumulated reserves	<u>27,147</u>	<u>(1,730)</u>	<u>(3,987)</u>	<u>-</u>	<u>21,430</u>
Equity shareholders' funds	<u>35,724</u>	<u>(1,730)</u>	<u>(3,987)</u>	<u>-</u>	<u>30,007</u>
Non-controlling interests	<u>1,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,805</u>
	<u>37,529</u>	<u>(1,730)</u>	<u>(3,987)</u>	<u>-</u>	<u>31,812</u>

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

32. Post balance sheet events

Share transactions

After the year end, the following share based transactions have occurred:

Ordinary shares:

- On 14 March 2022 Mace Finance Limited undertook a share-buy of 50,000 ordinary shares from the EBT of £0.0001 each for an agreed consideration. The shares were subsequently cancelled.
- On 14 March 2022 Mace Finance Limited made an allotment of 50,000 ordinary shares of £0.0001 each for an agreed consideration to a Director as part of its incentive programme.
- On 18 May 2022 Mace Finance Limited undertook a disposal of 600,000 treasury shares of £0.0001 each following the share buy back which occurred on 25 January 2021.
- On 5 April 2022 having met the performance criteria under a Restricted Share Award 100,000 ordinary shares of £0.0001 each were awarded from the EBT to a Director. These were accounted for as a share based payment.
- On 31 August 2022 having met the performance criteria under a Restricted Share Award 100,000 ordinary shares of £0.0001 each were awarded from the EBT to a Director. These were accounted for as a share based payment.
- On 31 August 2022 Mace Finance Limited approved the transfer of 300,000 ordinary shares of £0.0001 each from a current Shareholder on his exit from the business to the remaining Shareholders. The shares were allocated pro-rata. Mace Finance Limited will facilitate payment by taking receipt of the consideration from the individual Shareholders and making one payment to the exiting Shareholder.

Ordinary A Shares:

- On 15 August 2022 Mace Finance Limited carried out an exercise to tidy up the shareholdings for Mace Finance Limited resulting in the share buyback and cancellation of all Ordinary-A shares classed as non-equity with no voting rights. The shares were acquired at par which resulted in an accumulated cost to the Company of £684.00. The shares were subsequently cancelled.

The issued Ordinary share capital as at 31 December 2021 was 8,800,000 ordinary shares and at the date of these statements is 8,200,000 Ordinary shares.

Procurement of new committed liquidity facilities

The ultimate parent company, Mace Finance Limited, entered into new banking arrangements in January 2022. Details are included in the financial risk management note 3.

Alignment of staff employment to Engine

We have wanted to align the employment of our people to the division they work for. During 2021, we ensured each Engine of Growth (Division of Mace) has a top legal entity:

- Mace Develop Limited;
- Mace Consult Limited;
- Mace Construct Limited,
- Mace Operate Limited.

On 1 April 2022, reflecting the Engine that our people work for, we moved the employment of more than 3,500 of our people from the Company to one of the four top legal entities for the Engines.

Disposal of subsidiary

Details of the disposal of Mace Macro Technical Services LLC are included in the held for sale note 25.

Chief Financial Officer resignation

Richard Bienfait, Mace's Chief Financial Officer, resigned in August 2022 and stepped down from his role with immediate effect. Richard left Mace to pursue other opportunities. A search for a permanent CFO is being undertaken.

War in Ukraine

Mace has assessed whether the situation in the Ukraine will have an effect on the business and has specifically looked at the risks and uncertainties facing the business. Given the nature of the business and its geographical location and customer base, the impact is not expected to be material or significant.

Termination of construction project

In February 2022 a contract for an overseas construction project was cancelled by the client through a termination for convenience. This termination occurred in February 2022 and is a non-adjusting post balance sheet event under IAS10. The termination has however resulted in the local entity, Mace International Construction (Belgium) BV, no longer being considered a going concern under IAS1 because it is no longer actively trading. This does above not have a material effect on the Group's financial statements overall and does not therefore impact the going concern status of the Group overall. The range of potential outcomes from the termination and ongoing negotiations is large and uncertain so it is not currently possible to estimate them accurately for disclosure here.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

33. List of joint ventures, joint operations and associate undertakings

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

Develop

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
BDC Phase 2 Limited*	United Kingdom	United Kingdom	50	Develop
Botley Developments (Holdings) Limited*	United Kingdom	United Kingdom	50	Develop
Botley DevManCo Limited*	United Kingdom	United Kingdom	50	Develop
Commercial Road Development Management Limited*	United Kingdom	United Kingdom	50	Develop
Mace Develop Latimer (Stevenage) LLP*	United Kingdom	United Kingdom	50	Develop
Mace Develop Latimer (Stevenage) Plot A LLP*	United Kingdom	United Kingdom	50	Develop
Mace Develop Latimer (Stevenage) Plot K LLP*	United Kingdom	United Kingdom	50	Develop
Mace Develop Latimer Limited*	United Kingdom	United Kingdom	50	Develop
MPD Trinity LLP*	United Kingdom	United Kingdom	33	Develop
The Botley Development Company Limited*	United Kingdom	United Kingdom	50	Develop
West Way Academic Residential 1 Limited*	United Kingdom	United Kingdom	50	Develop
West Way Academic Residential 2 Limited*	United Kingdom	United Kingdom	50	Develop
Westway Estate Management Limited*	United Kingdom	United Kingdom	50	Develop

Construct

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
New Burlington Developments Limited	United Kingdom	United Kingdom	50	Construct

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Engenharia E Servicos Ltda	Angola	Angola	47	Consult
MMQSMace Consultancy (Pty) Limited	South Africa	South Africa	49	Consult
MMQS Mace (Pty) Limited	South Africa	South Africa	48	Consult
CLM Delivery Partner Limited*	United Kingdom	United Kingdom	25	Consult
MWJV Limited	United Kingdom	United Kingdom	50	Consult

After the year end the following arrangement has been entered into:

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace - Jacobs Consortium	Greece	Greece	50	Consult

Notes to the financial statements (continued)
Year ended 31 December 2021

33. List of joint ventures, joint operations and associate undertakings

The following is a list of other joint arrangements that the Group participate.

Consult

Unincorporated joint arrangement	Participation share	Nature of arrangement
HS2 Euston	50%	Consult
Dubai Expo 2020	49%	Consult
Paragon	50%	Consult
Schiphol Airport (Pier Airside)	55%	Consult
TfL Integrator	50%	Consult
Highways England PDP	33%	Consult
Peru G2G	45%	Consult
Northern Estate (Programme, Project and Cost Management Services to the Corporate Officers of the House of Commons and the House of Lords)	50%	Consult
Bicentenary Education G2G	50%	Consult
HS2 Curzon Street	50%	Consult
Hellinikon	50%	Consult
Ontario Go Expansion	33%	Consult

Construct

Unincorporated joint arrangement	Participation share	Nature of arrangement
Sumner Street – Landsec	50%	Construct

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

** The legal ownership of this entity is 65%

*** The legal ownership of this entity is 70%

**** Clove Investments Holdings Limited is an indirect investment of the Company. It is a direct investment of the Mace Finance Limited Employee Benefit Trust.

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

34. List of subsidiary undertakings.

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

Develop

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Bethnal Green Regeneration Limited*	United Kingdom	United Kingdom	51	Develop
Graduation Student Living Limited*	United Kingdom	United Kingdom	100	Develop
Greenwich Square Commercial Limited*	United Kingdom	United Kingdom	100	Develop
Greenwich Square Limited*	United Kingdom	United Kingdom	100	Develop
Mace Develop Limited*	United Kingdom	United Kingdom	100	Develop
Mace Developments (Greenwich) Limited*	United Kingdom	United Kingdom	100	Develop
Mace Developments (Stevenage) Limited*	United Kingdom	United Kingdom	100	Develop
Mace Developments Limited*	United Kingdom	United Kingdom	100	Develop
Mace Estate Solutions Limited*	United Kingdom	United Kingdom	100	Develop

Construct

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace International Construction (Belgium) BV Avenue Mamix 23, fifth floor 1000 Brussels Belgium	Belgium	Belgium	100	Construct
Mace Technology Denmark ApS Harbour House Sundkrogsgade 21 2100 Copenhagen Denmark	Denmark	Denmark	100	Construct
Mace Technology (Ireland) Limited 5th Floor, Beaux Lane House Lower Mercer Street Dublin 2, Ireland	Ireland	Ireland	100	Construct
Mace Management Services B.V. Zuidplein 116 Tower H, Level 14, 1077XV Amsterdam Netherlands	Netherlands	Netherlands	100	Construct
Como Construction Limited*	United Kingdom	United Kingdom	100	Dormant
Como Group Limited*	United Kingdom	United Kingdom	100	Holding company
Como Homes Limited*	United Kingdom	United Kingdom	100	Dormant
Mace Business School Limited* (closed 15.02.2022)	United Kingdom	United Kingdom	100	Construct
Mace Construct Limited*	United Kingdom	United Kingdom	100	Construct
Mace Construct Specialist Services Limited	United Kingdom	United Kingdom	100	Construct
Mace Construction (International) Limited*	United Kingdom	United Kingdom	100	Construct
Mace Facades Limited*	United Kingdom	United Kingdom	100	Construct
Mace Interiors Group Limited*	United Kingdom	United Kingdom	100	Construct
Mace Living Limited*	United Kingdom	United Kingdom	100	Construct
Mace MEP Services Limited*	United Kingdom	United Kingdom	100	Construct
Mace Plus Academies Limited*	United Kingdom	United Kingdom	100	Construct
Mace Plus Group Limited*	United Kingdom	United Kingdom	100	Construct
Mace Plus Limited*	United Kingdom	United Kingdom	100	Construct
Mace Tech Limited*	United Kingdom	United Kingdom	100	Construct

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Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

34. List of subsidiary undertakings (continued)

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Australia Proprietary Limited S14 02' Level 14, 68 Pitt Street, Sydney NSW 2000 Australia	Australia	Australia	100	Consult and Operate
Mace Consultancy (Canada) Limited c/o ARC Information Services Inc 3-84 Castlebury Crescent Toronto, Ontario M2H 1W8 Canada	Canada	Canada	100	Consult
Mace Zagreb d.o.o. Petrinjska 42 a Zagreb 10000 Croatia	Croatia	Croatia	100	Consult
Callomin Property Solutions Limited 59-61 Acropolis Avenue 3 rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Cyprus	100	Consult
Mace Holdings Limited 59-61 Acropolis Avenue 3 rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Cyprus	100	Consult - Holding company
Mace International Limited 59-61 Acropolis Avenue Savvides Court 3 rd floor Nicosia 2012 Cyprus	Cyprus	Dubai	100	Consult
Mace Egypt for Project Management L.L.C. 10 Al-Obour Buildings Salah Salem Road 10 th Floor, Apartment 1 Cairo Egypt	Egypt	Egypt	100	Consult
Mace Projets Sarl 27 Place de la Madeleine 75008 Paris France	France	France	100	Consult
Mace GmbH Hamburger Allee 45 60486 Frankfurt Germany	Germany	Germany	100	Consult
Mace Management Service Limited Kwakkanya Street Accra 1359 Ghana	Ghana	Ghana	100	Consult
Mace Limited Room 24, Unit B, 6/F HungMou Industrial Building 62 Hung To Road Kwun Tong Hong Kong	Hong Kong	Hong Kong	100	Consult and Operate
Tencore Limited Unit 507, 5/F Chinachem Plaza 77 Mody Road Tsim Sha Tsui East Hong Kong	Hong Kong	Hong Kong	60	Consult
Tenman (HK) Limited Unit 507, 5/F Chinachem Plaza 77 Mody Road Tsim Sha Tsui East Hong Kong	Hong Kong	Hong Kong	60	Consult
Mace Project & Cost Management Private Limited 01A171 & 01A172 Platina Tower, MG Road Near Sikandarpur Metro Station, Sector 28 Gurgaon Haryana 122002 India	India	India	100	Consult
Mace Consultancy (Ireland) Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin Ireland	Ireland	Ireland	100	Consult

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

34. List of subsidiary undertakings (continued)

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Consultancy (Jersey) Limited 44 Esplanade, St Helier Jersey JE4 9WG	Jersey	Jersey	100	Consult
Mace Management Services LLP 78, Baitursynuly Street Apartment 38, Almalinskiy District 050022 Almaty Kazakhstan	Kazakhstan	Kazakhstan	100	Dormant
Mace Management Services Limited The Westwood, 9th Floor Vale Close off Ring Road Westlands Nairobi Kenya	Kenya	Kenya	100	Consult
Mace YMR Limited Liability Partnership 4th Floor, East Wing Lion Place, Nairobi Kenya	Kenya	Kenya	61	Consult
Mace Limitada Alameda Dr. Carlos d'Assumpcao, no. 263 ,China Civil Plaza 6o. andar M e N Macau	Macau	Macau	100	Consult
MaceYMR Ltd c/o Matco Limited, 11th floor, Tower 1 Nexteracom Building Ebene Cybercity Mauritius	Mauritius	Mauritius	61	Consult
Mace Management Services, SARL 106, Rue Abderrahman Sehraoui Casablanca, 20070 Morocco	Morocco	Morocco	100	Consult
Utrema B.V. Zuidplein 116, Tower H, Level 14 1077XV Amsterdam Netherlands	Netherlands	Netherlands	100	Dormant
Mace Management Services Limited 24B Amodu Tijani Close, Victoria Island, Lagos State, Nigeria	Nigeria	Nigeria	100	Consult
Mace International LLC ** PO Box 686 Muscat Governorate Mutrah, Ruwi 112 Oman	Oman	Oman	65	Consult
Mace Consult Pakistan (Private) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	Pakistan	100	Consult
Mace Consultancy (Peru) S.A.C Avenue Santo Toribio 143 San Isidro Lima, Peru	Peru	Peru	100	Consult
Tenman Project Management Inc Rooms 805-808, 8 th Floor The One Executive Office Building 5 West Avenue Brgy Nayong Kanluran Quezon City Philippines	Philippines	Philippines	40	Consult
Mace Polska Spolka zoo Al Jana Pawla II 29 00-867 Warszawa Poland	Poland	Poland	100	Consult
Mace – Consultoria e Gestao de Projectos e Construcao, Lda Rua Nova Stella No 7 2760 – 087, Caxias Portugal	Portugal	Portugal	100	Consult
Mace Management Services Limited Umuji wa Kigali Gasabo, Kacyiru Rwanda	Rwanda	Rwanda	100	Consult
Mace Arabia for Engineering Consultancy LLC The Business Gate, Unit A, Second Floor Zone C, Building 4 PO Box 12195 Riyadh, 11473 Saudi Arabia	Saudi Arabia	Saudi Arabia	100	Consult

Mace Finance Limited

Notes to the financial statements (continued)
Year ended 31 December 2021

34. List of subsidiary undertakings (continued)

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Holdings Limited Al Mousa Centre, Tower 4 Unit 435, Olaya Street PO Box 9817, Riyadh 12241 Saudi Arabia	Saudi Arabia	Saudi Arabia	55	Consult
Mace Asia Consultancy Pte Ltd 80 Robinson Road No. 02-00 Singapore 068898	Singapore	Singapore	100	Consult
Mace Project Solutions (Pty) Limited Bryanston Place Office Park 1st Floor Southview Building 199 Bryanston Drive Bryanston Gauteng 2120 South Africa	South Africa	South Africa	48	Consult
Mace Management Services (Pty) Limited Floor 2 Building 1 Waverley Office Park 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	South Africa	100	Consult
Mace Management Services S.A Paseo de la Castellana 135 Edificio Cuzco III Planta 3, 28046 Madrid Spain	Spain	Spain	100	Consult
Management and Excellence Consultancy (Qatar) Limited 2nd Floor, Office 204 Building 63, Al Matar Street 310 Zone 27, Doha Qatar	State of Qatar	State of Qatar	100	Consult
Mace GmbH c/o Urs Schneebeli Scheideggstrasse 119 8038 Zürich, Switzerland	Switzerland	Switzerland	100	Consult
Mace Management Services AG c/o OBT AG Steinengraben 42, 4051, Basel Switzerland	Switzerland	Switzerland	100	Consult
Mace Syria LLC No registered office	Syria	Syria	100	Dormant
Mace Construction Management and Consultancy Services Limited Maçka Cad. Tuncer Building, No 29 D.13 Maçka, Şişli İstanbul, Turkey	Turkey	Turkey	100	Consult
YMR Partnership Uganda Plot 24b Akibua Road, Nakasero Ericson Building 3rd Floor Kampala Uganda	Uganda	Uganda	51	Consult
Mace (New Zealand) Limited*	United Kingdom	United Kingdom	100	Consult
Mace (Russia) Limited*	United Kingdom	United Kingdom	100	Consult
Mace (Slovakia) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Angola Special Projects Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consult Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (Asia Pacific) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (Europe) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (MENA) Limited*	United Kingdom	United Kingdom	100	Consult

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

34. List of subsidiary undertakings (continued)

Consult

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Consultancy (Netherlands) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (Peru) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (Sub-Saharan Africa) Limited	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (The Americas) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Cost Consultancy Limited*	United Kingdom	United Kingdom	100	Consult
Mace International (UK) Limited*	United Kingdom	United Kingdom	100	Consult
Mace International Overseas Limited*	United Kingdom	United Kingdom	100	Consult
Mace Projects (South Africa) Limited*	United Kingdom	United Kingdom	100	Consult
Mace Sustain Limited*	United Kingdom	United Kingdom	100	Dormant
Msecure Limited*	United Kingdom	United Kingdom	100	Consult
Mace North America Limited 3500 Lenox Road Suite 1500 Atlanta GA 30326 United States of America	USA	USA	100	Consult
Mace Vietnam Company Limited Floor 13, BIDV Tower, No. 194, Tran Quang Khai Street Ly Thai To Ward Hanoi City Vietnam	Vietnam	Vietnam	100	Consult

Group services

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Clove Holdings Investments Limited****	Gibraltar	Gibraltar	N/A	Holding company, of employee benefit trust
Mace Group I.C.S Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin 2 Ireland	Ireland	Ireland	100	Dormant
City Fringe Limited*	United Kingdom	United Kingdom	100	Holding company
Frontier Finance Plc* (in liquidation)	United Kingdom	United Kingdom	100	Public limited company
Mace Group Limited*	United Kingdom	United Kingdom	100	Construct, Consult and Develop
Mace Limited*	United Kingdom	United Kingdom	100	Construct, Consult and Develop
Mace Living Solutions Limited	United Kingdom	United Kingdom	100	Living Solutions

Operate

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Macro Brazil Consultoria Em Projetos E Construcao Ltda Alameda Santos 200, Conjunto 82, Sao Paulo, 01418-00, Brazil	Brazil	Brazil	100	Operate
Mace Macro Chile Spa Padre Mariano No 272 Office 602 Providencia Santiago Chile	Chile	Chile	100	Operate
Mace (China) Limited Room C04, 17/F 2650 North Zhongshan Road Putuo District Shanghai China	China	China	100	Operate
Mace Macro International Limited 59-61 Acropolis Avenue 3 rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Dubai	100	Operate

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

34. List of subsidiary undertakings (continued)

Operate

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Macro India (FM Solutions) Private Limited 16 th Floor, Building 9, Tower A Regus Pride Business Centres Private Limited DLF Cybercity, Phase 3 Gurgaon, Haryana 122002 India	India	India	100	Operate
Mace Macro (Ireland) Limited Joyce House 22/23 Holles Street Dublin 2 Ireland	Ireland	Ireland	100	Operate
Mace Macro International Investments Limited – Jordan 720 Level 7 Waha Ammoun Building Gardens Street, Amman, 45662 Jordan	Jordan	Jordan	100	Operate
Mace Macro Luxembourg S.à r.l. 45 rue des Scillas L – 2529 Howald Luxembourg	Luxembourg	Luxembourg	100	Operate
Mace Macro International Limited LLC *** Office 201, 2 nd Floor Maktabi 1, Al Khuwair PO Box 1119 Muscat, 111 Oman	Oman	Oman	70	Operate
Mace Macro Pakistan (Pvt) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	Pakistan	100	Operate
Mace Macro Saudi Arabia Limited P.O. Box 14048 Jeddah Kingdom Saudi Arabia	Saudi Arabia	Saudi Arabia	50	Operate
Macro Saudi Arabia Limited PO Box 1001, Amir Sultan Street Jeddah 21424, KSA	Saudi Arabia	Saudi Arabia	75	Dormant
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	State of Qatar	49	Operate
Mace Macro International Investments Limited Bin Shabib & Associates (BSA) LLC DIFC Building 3, 6th floor P.O. Box 262, Dubai United Arab Emirates	UAE	UAE	100	Operate
Mace Macro Technical Services LLC Warehouse 4, Plot 365-153 Al Qouz Dubai United Arab Emirates (sold 15 August 2022)	UAE	UAE	100	Operate
FM24 Limited*	United Kingdom	United Kingdom	100	Operate
Mace (Poland) Limited*	United Kingdom	United Kingdom	100	Operate
Mace Macro (Asia Pacific) Limited*	United Kingdom	United Kingdom	100	Operate
Mace Macro (The Americas) Limited*	United Kingdom	United Kingdom	100	Operate
Mace Macro Africa Limited*	United Kingdom	United Kingdom	100	Operate
Mace Macro Europe Limited*	United Kingdom	United Kingdom	100	Operate
Mace Macro Limited*	United Kingdom	United Kingdom	100	Operate
Mace Operate (MENA) Limited*	United Kingdom	United Kingdom	100	Operate
Mace Operate Limited*	United Kingdom	United Kingdom	100	Operate

Mace Finance Limited

Notes to the financial statements (continued) Year ended 31 December 2021

34. List of subsidiary undertakings (continued)

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

** The legal ownership of this entity is 65%

*** The legal ownership of this entity is 70%

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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)