mace

ANNUAL REPORT 2017

INSPIRING OUR SPIRIT OF ADVENTURE

CONTENTS

ABOUT
MACE

A BETTER PERSPECTIVE

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

We are living in a world that is developing fast. Property and infrastructure projects and programmes are becoming more complex. The drive for sustainable development is ever more pressing.

To create cities and communities that solve these challenges, we must look at solutions from all angles, innovating together to identify the best course of action.

Our people give us that perspective, with their experience, confidence, drive and commitment to always go the extra mile. Together we strive to build more efficiently, more sustainably, more intelligently and more economically – to create cities and communities that do not just function, but inspire.

ABOUT MACE

For nearly 30 years our adventurous spirit has driven us to do things better and drive change through our industry. We have helped shape cities around the world.

We champion people, as individuals or teams. Our people constantly strive for better, inspiring each other and clients to innovate. We challenge convention, apply a can-do attitude and are committed to quality and service excellence.

We employ an open and collaborative approach with our partners. This gives us a better perspective on how we can deliver cost-effective and beneficial outcomes for all stakeholders on every project, no matter how complex or challenging it is.

We strive to find better ways to deliver for our clients, communities and the construction industry. We constantly challenge the status quo, make the seemingly impossible possible, and will always do so.

OUR SERVICES AND SECTORS

SERVICES

Develop

- **Development**
- **Development management**

Consult

- **Project & programme management**
- **Cost consultancy**
- **Advisory services**
  - Strategic advisory services
  - Architecture, engineering and design services
  - Building surveying
  - BIM

Construct

- **Contracting**
- **Construction management**
- **Fit out**
- **Specialist services**
  - Logistics
  - MEP
  - Secure works
  - Façades

Operate

- **Facilities management consultancy**
- **Helpdesk services**
- **Managed services**

SECTORS

- **Arts and culture**
- **Commercial**
  - Corporate real estate
  - Mixed-use development
  - Offices
  - Retail
- **Defence and security**
- **Nuclear, energy and utilities**
- **Health and education**
  - Health and social care
  - Education
- **Hotels and residential**
  - Hotels
  - Residential and student accommodation
- **Industrial, technology and biopharm**
  - Industrial and manufacturing
  - Technology
  - Research and biopharmaceuticals
- **Leisure and sport**
- **Public buildings and estates**
- **Regeneration**
- **Transport**
  - Highways
  - Aviation
  - Rail
  - Ports

OUR INTERNATIONAL PRESENCE

Headcount includes consultants and temporary employees

Headcount
5,726

UK

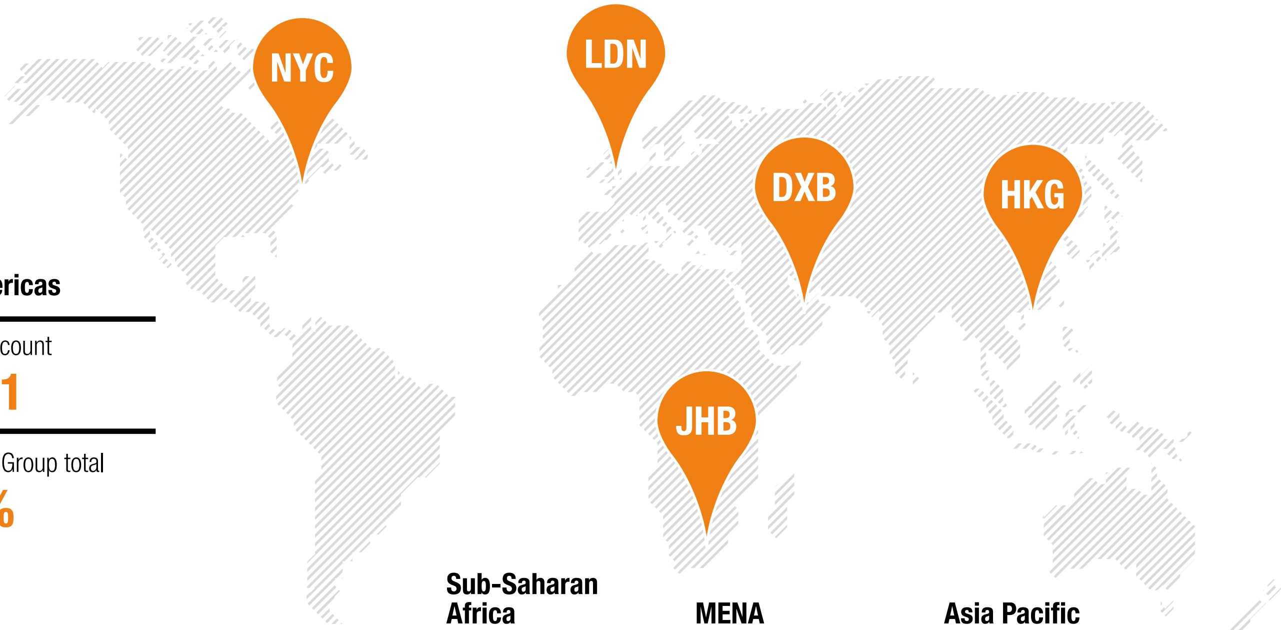
Headcount
3,845

% of Group total
67%

Mainland Europe

Headcount
518

% of Group total
9%



Americas

Headcount
191

% of Group total
3%

Sub-Saharan Africa

Headcount
173

% of Group total
3%

MENA

Headcount
680

% of Group total
12%

Asia Pacific

Headcount
319

% of Group total
6%

2017 AT A GLANCE

GROUP PERFORMANCE

Total Group turnover

£1.97bn

▲ **0.3%** increase in 2017

International turnover

£665m

▲ **29%** increase in 2017

Group pre-tax profit

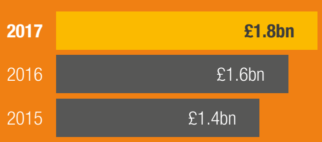
£23m

▲ **115%** increase in 2017

DEVELOPMENT

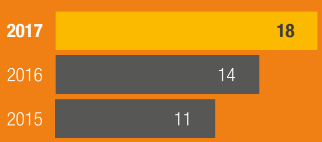
Gross Development Value under management

£1.8bn



Development headcount

18



Development is an integral part of the wider Mace business. Our skills range from deal origination, land acquisition, securing planning, raising project finance and procuring teams whose combined experience help deliver financially sound schemes, and consistently strong performance.

In addition to our own development portfolio, we are development manager/partner for landowners across the UK.

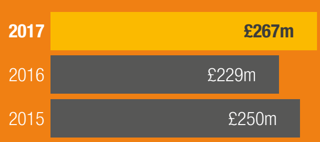
All headcounts include consultants and temporary workers

CONSULTANCY

Consultancy turnover

£267m

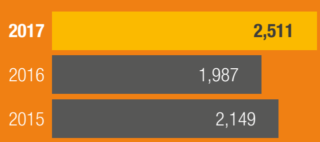
14% of Group total



Consultancy headcount

2,511

44% of Group total



Our consultants live and breathe each project, while our Group Board and senior management team have been praised for the way they lead from the top, taking personal ownership and making our promises to clients a reality.

With a growing Mace presence that spans our five global hubs, we oversee work for world-leading organisations across the public and private sectors. Our Consultancy business is also responsible for some of the largest infrastructure-led regeneration programmes – helping to shape cities around the world.

Total Group headcount

5,726

▲ 13% increase in 2017

RIDDOR injury frequency rate

0.09

▲ 29% increase in 2017

Value to society

£449m

▲ 15% increase in 2017

CONSTRUCTION

Construction turnover

£1.63bn

83% of Group total

2017	**£1.63bn**
2016	£1.67bn
2015	£1.42bn

Construction headcount

1,842

32% of Group total

2017	**1,842**
2016	1,402
2015	1,347

From contracting to construction management and everything in between, our construction business has given rise to some of our most recognised and celebrated projects.

As fast paced and inspiring as it is to deliver gravity defying towers and improve nationally treasured landmark buildings, we are just as committed to our work on smaller yet equally rewarding projects. From towers to police stations, our success is founded on finding a better way of delivering for our clients.

FACILITIES MANAGEMENT (MACRO)

Macro turnover*

£120m

3% of Group total

2017	**£120m**
2016	£94m
2015	£93m

* includes costs recharged to clients

Macro headcount

982

17% of Group total

2017	**982**
2016	766
2015	719

In over 30 countries Mace's facilities management business, Macro, has handled the running of client properties freeing up time for them to concentrate on their core business.

Macro offers a complete facilities management service for companies anywhere in the world, handling the running of their estate.

We support clients to build new premises, optimise their existing properties or handle everyday maintenance and services.

OUR PROJECT ACHIEVEMENTS
DEVELOP



Top left: **The Depot**, Exeter, UK
Top right: **Hoyle Street**, Sheffield, UK
Bottom: **Westway Place**, Oxford, UK

OUR PROJECT ACHIEVEMENTS
CONSULT

Top left: **Opera District**, Dubai, UAE
Top right: **Pan American Games**, Lima, Peru
Bottom: **Buckingham Palace**, London, UK

OUR PROJECT ACHIEVEMENTS
CONSTRUCT

Clockwise from top left: **One Angel Court**, London, UK, **Highpoint**, London, UK, **1 New Oxford Street**, London UK, **Chiltern Place**, London, UK

OUR PROJECT ACHIEVEMENTS
OPERATE

Top: **Umm Al Emarat Park**, Abu Dhabi
Bottom left: **Emirates Air Line**, London
Bottom right: **Standard Chartered Bank**, Worldwide

OUR PEOPLE

"I LOOK FORWARD TO THE CHALLENGE AND DEVELOPING RADICAL, INNOVATIVE SOLUTIONS"

Jonathan Toms
Project Director, Consultancy, Netherlands

"I'VE BEEN AFFORDED A WEALTH OF RESPONSIBILITY AND GUIDANCE TO HELP ACCELERATE MY LEARNING AND ROAD TO CHARTERSHIP"

Lungelo Gcwabaza
Assistant, Cost Consultancy, UK

"I KEEP LEARNING EVERY DAY AT MACE"

Sandra Yencho
Senior Project Manager, Consultancy, North America

"IF IT WASN'T FOR THE SUPPORT OF THE SENIOR TEAM THERE IS NO WAY I WOULD BE WHERE I AM NOW"

Paige Hooper
Construction Manager, Construction, UK

"THIS IS A GREAT INDUSTRY WITH THE VERY BEST PEOPLE. WE CAN MAKE A DIFFERENCE!"

Martin Coyd
Head of Health and Safety, Construction, UK

"RESPONSIBILITY CAN BE GAINED VERY QUICKLY AND YOU PICK UP A LOT OF KNOWLEDGE AS YOU GO ALONG"

Sian Mullings
Apprentice, Consultancy, UK

EXECUTIVE CHAIRMAN'S STATEMENT

STEPHEN
PYCROFT

> WE HAVE ALWAYS BEEN PROUD OF OUR REPUTATION FOR DELIVERING SOME OF THE WORLD'S MOST COMPLEX PROJECTS AND PROGRAMMES

2017 can best be described as one of the most volatile and unpredictable that I can recall. Ongoing Brexit negotiations, continuing skills shortages, pre-recession levels of construction activity and the impact of the tragic events at the Grenfell Tower disaster, have continued to have a ripple effect on an already nervous industry.

These challenges have led the entire sector to think of better ways of delivering for our clients, whether it be new technologies, a push for a more skilled workforce or modern methods of construction. We also cannot ignore the impact the demise of Carillion had on our industry in early 2018, and will continue to have on how we do business in the future.

There is no doubt that 2016 was a challenging year for us; however, 2017 saw the company return to a position of strength. Our cash balances are the highest they have ever been. By the end of 2017 we had secured over 80% of our work for 2018, and 30% of our company-wide turnover is now generated by our international businesses, something which will become hugely important to us as we continue our expansion plans. Perhaps most importantly, our people have also been given more opportunities than ever to thrive and achieve their highest potential, making us one of the best companies in the industry to work for.

In 2013 we set ourselves targets for 2020 with goals to become one of the top ten UK contractors and a leading international programme manager; trusted to deliver the most complex projects and programmes on a global scale. We have already achieved a number of our targets but, as a company, we are always challenging ourselves to improve, and have worked hard to develop and launch our new five year 2022 business strategy which will ensure we remain a resilient, responsible and innovative business; one that creates real opportunities for our people and one that they can be proud to work for.

Our Group Board is committed to supporting our people to deliver this strategy and as a result, we recently welcomed Mandy Willis to the Group Board as Director for Corporate Strategy. Mandy brings her considerable knowledge of financing, tax, corporate strategy and governance to the role, and her appointment will ensure greater oversight on maintaining strong sustainable growth.

At the end of 2017 we also announced that our Chief Operating Officer for International, Marcus Burley, was stepping down and I would like to take this opportunity to thank him personally for his 20 years' service to Mace. Marcus was instrumental in driving our global development and expansion plans, which involved some of our groundbreaking international projects such as Jumeirah Beach Residence, the Mall of the Emirates and the early phase of the Dubai Expo 2020.

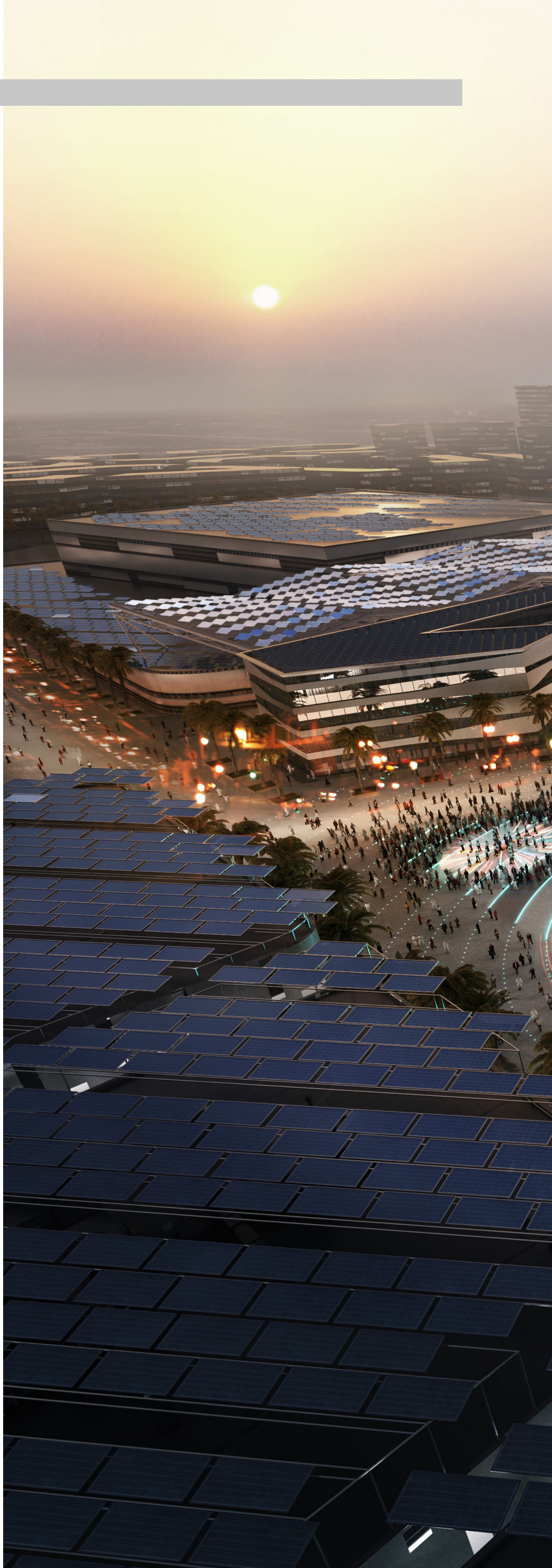
Looking forward to our new global development and expansion plans, we have identified four priorities that will help us deliver our 2022 business strategy. The first is our commitment to engaging, developing and inspiring our people. We know that our people are critical to the success of achieving our targets over the next five years. For that reason we will work to provide opportunities for them to develop in an inclusive and diverse environment, while improving our approach to flexible working and career development.

Our second priority is to achieve stable and sustainable growth. In Development, this means being very selective in our investments. With Consultancy, securing major projects and programmes and in Construction managing risk through selective bidding. Lastly in our Operate business, this means winning long-term facilities management contracts on a global basis.

Our third priority is innovation. We have always challenged the status quo, made the seemingly impossible possible, and will always do so. Making innovation a formal priority will allow us to place even greater emphasis on becoming more efficient, agile and productive in order to drive greater value for our clients and our partners.

Our innovation strategy, launched in 2017, is a key enabler of those plans, and in just 12 months has allowed us to push our business model in new directions. We have innovated further in digital technology; introduced products and solutions for construction; impacted our operational life cycle performance and effected some lean and continuous improvements across our projects and our business.

The fourth and final priority is our pledge to be a responsible business. We understand that the impact we have on our people and our environment is important and, since 2015, have made tremendous strides with our sustainability vision, not simply meeting our corporate targets, but actually exceeding them.



Our next step in realising this vision was the launch of our responsible business strategy in 2017. Taking learning from all corners of the business and ambitions from across the industry, we have now focused our efforts across three pillars: wellbeing and opportunity; quality of environment; and resource efficiency.

An important part of our commitment to being a responsible business is to be world-leading in our approach to health, safety and wellbeing. This is strengthened by our core value: 'Safety first – no compromise' which we ensure permeates through everything we do, including our relationships with clients, our partners, our suppliers and the communities in which we work. Our commitment is clear but we know that there is a lot more we can do to be truly world-leading, so we continue to maximise the opportunity for excellent performance by minimising hazards, managing risks and by promoting continued improvement everywhere we work and with everyone we come into contact with.

Lastly I would like to take a moment to thank our people who are critical to the successful implementation of our plans over the next five years. Their continued hard work and passion for providing an exceptional service to our clients is undoubtedly the secret of our success, and without them we would not be the company we are today; one that sets the benchmark for others to emulate and for us to be proud of.


Dubai Expo 2020, Dubai

CHIEF EXECUTIVE'S STATEMENT

MARK REYNOLDS Q&A

"WE ARE ACTIVELY DEVELOPING OUR LEADERSHIP TEAMS AND OUR PROCESSES, AND ARE PROACTIVELY VIGILANT ABOUT OUR RISK MANAGEMENT

MARK, HOW DID MACE PERFORM IN 2017?

2017 was a year of rebuilding. Following on from challenges and the lessons from 2016, we implemented a number of strategic initiatives that placed greater focus on operational controls and management of both our clients' and our own risks.

Turnover for the year remained constant at £1.97bn with profits before tax more than doubling to £23m. This reflects our strategy to focus on margin and risk management. Although our profits are not yet back at pre-2016 levels, we are back on the right track and have worked hard to contain issues which caused problems previously.

Our plans to increase the amount of work we do overseas and become a global exporter of construction services continued to go well with the amount of international work increasing by 29% to £665m.

We also spoke up during the year on issues that are crucial to the future of our industry, including skills, infrastructure investment and the need to increase productivity. Mace is proud to use its platform to highlight and contribute to solving these industry challenges.

WHAT ARE THE TRENDS THAT YOU CAN SEE AFFECTING OUR INDUSTRY?

It is impossible to reflect on 2017 without mentioning the Grenfell Tower tragedy. So many lives were sadly cut short by what happened at Grenfell Tower. The Inquiry and the Government have a duty to the victims to ensure that something like this never happens again.

At the start of 2018, we also saw the demise of Carillion. The downfall of such a large company in our sector reminds us of the importance of sustainable margins and careful risk management from bidding right through to project completion.

Some are suggesting that we are starting to come to the end of the current property cycle in the UK, that is why it is so important that Mace continues to diversify across a variety of sectors and on long-term projects and programmes both in the UK and internationally.

It is well known that across the developed world the construction industry has a productivity problem with output per worker remaining broadly flat over the last couple of decades. In 2017 we launched our innovation strategy, and we plan to invest 3% per annum of our turnover over the next five years into innovation with an ambition to radically improve productivity and deliver greater levels of service excellence for our clients. It is my belief that across the construction sector we need to agree a consistent way of measuring productivity, as we did with health and safety, and then share learning across projects and between companies so we can all improve and drive up efficiency.

The introduction of the Apprenticeship Levy is a catalyst for all companies to increase the number of apprentices we employ. We remain committed to attracting the very best people to our industry and training them with the skills needed for the future. In 2017 we produced a Mace Insights report, Moving to Industry 4.0, which looked at how roles will change with technological advancement and how training needs to change. In this report we outlined how we see skills changing and the opportunities the digital revolution will offer our sector.

COULD YOU UPDATE US ON HOW EACH OF MACE'S FOUR BUSINESS DIVISIONS PERFORMED?

Our Development business is involved in schemes with Gross Development Value totalling over £1.8bn, a significant increase on 2016. As development manager for Northern & Shell, we completed the demolition work on the 15 acre Westferry Printworks site in London's Docklands. Once complete the project will provide much needed new homes, a waterfront promenade, community facilities and a new secondary school.

We also grew our student accommodation offer, from three to four developments, by acquiring a new site in Sheffield which will provide over 650 beds. And we completed our Highpoint development which created nearly 500 new homes in London.

The effort we have put in to growing our Consultancy business continued to bear fruit. Turnover grew by 17% to £267m in 2017. We made investments overseas with the creation of MMQSMace in South Africa and MaceYMR in East Africa by acquiring significant stakes in local companies.

CHIEF EXECUTIVE'S STATEMENT

MMQSMace has already started to make an impact with the successful appointment to provide technical advice on new rolling stock and conduct two feasibility studies for a possible new station and revenue generation for Gautrain.

Our position as one of the world's experts in the aviation sector was cemented as we were awarded the contract to deliver the new pier and terminal at Amsterdam's Schiphol airport. We continued our work to deliver the third runway at Heathrow Airport in London and were appointed to deliver 20,000 square metres of retail and commercial lounge space at Muscat International Airport in Oman.

Our expertise and innovation in the property sector were rewarded with major appointments to the UK's Education Funding and Standards Agency and Ministry of Justice. On both programmes we will be fully considering the application of modern methods of construction which boosts productivity, improves quality and delivers better value for taxpayers.

We cemented our position in the defence sector with an appointment by Defence Equipment and Support, an arm's length body of the UK's Ministry of Defence, as part of the Paragon consortium. The ten year contract as its commercial delivery partner will bring additional resources, expertise and innovation to the organisation.

As testament to our excellent reputation and our expertise in managing the most sensitive and high profile projects, we were appointed to two of the most prestigious projects in the UK: the ten year Buckingham Palace reservicing programme and the refurbishment of the Manchester Town Hall which will safeguard and repair the Grade I listed building for future generations. Both of these iconic projects are instantly recognisable and important parts of Britain's heritage. We are extremely proud to be working on both of them.

Our Construction business focused on selective bidding and introduced greater operational controls that realised margin improvement while maintaining turnover. There were a number of significant project wins and milestones over the year. Particularly of note was our construction management appointment to take over Phase 2 of the Battersea Power Station project. This is currently one of the largest private projects in the world and will require a great deal of skill to overcome the complexities involved in restoring such an iconic Grade II listed landmark into a vibrant new destination for London that incorporates homes, offices, shops, events spaces and restaurants.

The Science and Technology Facilities Council appointed Mace to build two new major research facilities which will ensure the UK remains a world-leader for space technology.

Building on our 15 year relationship with Sellar Properties at London Bridge, we were also appointed to Shard Place under a construction management contract, the third in the trilogy of major projects in the Shard Quarter and the final jewel in the crown. This long-term enduring relationship, which includes The Shard and the News Building, demonstrates our commitment to delivering for our clients, providing better outcomes and a high-quality product.

Together with our client Knight Dragon we celebrated the topping out of the first phase of Greenwich Peninsula's Upper Riverside regeneration project on the bank of the River Thames. Over the coming years the £8.4bn transformation programme will create nearly 16,000 new homes, schools, offices, health services and a new film studio.

Our international technology team successfully completed data centre projects across three European countries for two of the largest global technology companies. This demonstrates our expertise in the delivery of complex and technologically advanced buildings for strategic clients wherever they are in the world.

Our facilities management business, Macro, celebrated its 15th birthday in style, with turnover increasing substantially from £94m to £120m.

There was also growth in the amount of facilities management work coming from overseas. In particular, with the Ministry of Education and Higher Education in Qatar, Standard Chartered Bank and Citrix, which saw us expand into 11 new countries.

IN 2016, YOU SAID MACE NEEDED TO STRENGTHEN ITS APPROACH TO MANAGING RISK AND LEARN FROM SOME MISTAKES. WHAT HAS BEEN DONE SINCE THEN?

Since 2013 we have delivered exceptional growth. Our revenues have nearly doubled from just over £1bn to nearly £2bn at the end of 2017 with £665m – nearly a third of our revenue – delivered through our international activities. In the process we have delivered iconic projects all over the world for globally recognised clients and continue to enhance our reputation as a world-leading consultancy and construction company.

For any rapidly growing company there are always a number of business challenges and lessons to learn. Like others in our industry, we have in the past, sometimes, accepted contract conditions that were onerous, accepted responsibility for designs that were incomplete and on some occasions did not fully control the performance of our supply chain.

We have worked hard to contain these issues and proactively used what we have learnt to introduce faster, more frequent and rigorous progress reporting tools, independent reviews and early warning systems. We are also actively developing our leadership teams and our processes, and are proactively vigilant about our risk management and internal governance.

CHIEF EXECUTIVE'S STATEMENT

MACE'S PEOPLE ALLOW YOU TO GIVE A BETTER PERSPECTIVE ON CLIENTS' CHALLENGES. WHAT HAPPENED IN 2017 TO SUPPORT AND DEVELOP MACE'S PEOPLE?

Following the introduction of the Apprenticeship Levy we recruited 49 apprentices in 2017, an increase of 36% on 2016. We also increased the number of graduates we employ to 66, taking the total number on our Graduate Development Programme to 137, with 40% being female.

> "WE ARE PROUD THAT WE REMAIN A PRIVATELY OWNED BUSINESS AND THAT WE CONTINUE TO GROW ORGANICALLY"

Our Mace Manager training programme saw its first full year of operation. Training modules range from getting started in management, recruiting the right people to dynamic delegation and coaching. This suite of courses are delivered right around the world and provide a strong foundation for our line managers.

We also continued our Executive Development programmes with the world-renowned business school at Imperial College London. In addition, over 100 people have so far taken part in our Women of the Future programme which looks to improve the promotion potential of our most talented women.

The total number of people we employ, including consultants and temporary employees, rose by 13% to 5,726 at year end, with a third of employees being women.

PURSUIT OF A BETTER WAY IS MACE'S MISSION. WHAT DID MACE DO TO INNOVATE OVER THE LAST YEAR?

In 2017 we launched our first ever innovation strategy which set the direction for us over the next five years and we appointed a new Director of Innovation. We also launched an internal ideas gathering tool called Wazoku which allows any of our employees from right across the world to submit their ideas of what we can do better. Nearly 200 individual ideas were submitted with the most popular ones being reviewed by myself and colleagues on our Innovation Board.

We also saw the UK's first 'rising factory' making its way up our East Village project for clients Delancey and Qatari Diar. The method sees a manufacturing approach brought to site, which improves quality, productivity, safety and is better for the environment. Importantly it achieved record rates of production, completing a floor (including walls, columns, stairs, bathroom pods, utility cupboards and cladding) in less than 40 hours.

ONE OF MACE'S VALUES FOCUSES ON HEALTH AND SAFETY. HOW DID MACE PERFORM IN 2017?

With over 1,000 live projects across 50 countries, maintaining the highest standards of health and safety in every jurisdiction requires significant dedication and energy. We owe all of those on our sites a moral duty to do all we can to improve safety standards and wellbeing.

2017 saw us hold our first ever Wellbeing Week which involved a series of activities on-site and in our offices around the world. These ranged from organised walks to mindfulness sessions. In partnership with experts Robertson Cooper we also conducted our first ever wellbeing survey to take the company's pulse and see what further could be done to improve the wellbeing and mental health of our employees.

Our efforts to reduce health and safety incidents has given rise to 27% more observations being made and over 75,000 preventative actions being taken in 2017, this resulted in a reduction of first aid incidents by 6% and lost time incidents on site dropping by 21%.

Despite these very positive statistics, our Accident Frequency Rate rose from 0.07 in 2016 to 0.09 in 2017. But importantly, the severity of these incidents went down.

WHAT ARE YOU DOING TO MAKE SURE MACE IS IN GOOD SHAPE FOR THE FUTURE?

We are proud that we remain a privately owned business and that we continue to grow organically rather than through a series of major acquisitions. We have always been profitable and we have made a commitment to invest in innovation and to develop groundbreaking solutions to improve productivity, efficiency and deliver greater levels of service excellence.

Our pipeline of future work at December stood at £6.5bn, with 83% of work for 2018 already secured at the end of 2017. So Mace has a very strong looking future order book which will provide career defining opportunities for our people.

In 2016 I mentioned that we would be building on our 2020 business plan and extending it to 2022. We conducted in-depth market research, spoke with external advisors and held a series of internal engagement workshops to develop our new five year 2022 business strategy. We launched the strategy at the end of 2017.

From the internal consultation exercise we ran, we identified four priorities which are key to delivering our strategy. These are:

- Engage, develop and inspire our people
- Achieve stable and sustainable growth
- Drive innovation to improve service excellence
- Be a responsible business

Alongside our vision, mission and values, these four priorities will guide the decisions we make over the next five years. Beneath each of them are a range of carefully selected KPIs to track our progress.

“MACE HAS A VERY STRONG LOOKING FUTURE ORDER BOOK WHICH WILL PROVIDE CAREER DEFINING OPPORTUNITIES FOR OUR PEOPLE”

Mace will continue to be agile, entrepreneurial and deliver with passion. We want our people to feel an immense sense of pride in our achievements. If we succeed in delivering our plans we will become even more resilient – admired, respected and hopefully set new benchmarks for our industry.

I am incredibly proud to lead, along with my Group Board colleagues, a company that is unlike any other. A global company characterised by people and projects that set and advance the benchmarks of our industry.

Our strategy is clear and the Mace Group Board and I are committed to supporting our fantastic people to deliver it.

GROUP FINANCE DIRECTOR'S STATEMENT
DENNIS HONE

Mace's profit before tax in 2017 was £23.0m up from £10.7m in 2016. This was Mace's 27th consecutive year of making a profit – a record that we are rightly proud of. While this is a welcome increase in profit, there is no denying that 2017 has been a challenging year for the construction industry.

Mace is organised into four business divisions covering Development, Consultancy, Construction and Facilities Management (Operate). These business divisions are supported by Group Services who provide Corporate Governance, Risk and Assurance, Legal & Commercial Services, Finance, Information Technology, Marketing & Communications, Procurement and Human Resource expertise.

Until recently, Mace has been free of any corporate debt, but based on the success of earlier development projects, and to enable us to grasp the opportunity of existing schemes and future projects, during 2017 Mace issued corporate bonds amounting to £160m. These bonds are due for repayment by 23 March 2022. This changes the risk profile of our business and the Group Board are determined to manage overall debt within acceptable ranges as our Development business grows.

Our Development business is now involved with schemes with a gross development value of over £1.8bn. We are increasing our development management fee work and we started construction of our student accommodation sites in Exeter and Cardiff while also acquiring a new site in Sheffield. It is the Group Board's objective that through development management fees, rents from completed developments and judicious asset disposals, our Development business will make a consistent contribution to annual profits.

Our Consultancy business grew turnover by 17% to £267m in 2017 and increased headcount from 1,987 to 2,511. Importantly we have made investments overseas with the creation of MMQSMace in South Africa and MaceYMR in Kenya.

Construction contributed £1.63bn (83%) of Group turnover in 2017. The project losses that impacted on our results in 2016 continued to adversely impact our financial results in 2017, as our challenging projects achieved practical completion and commercial negotiations continued during the year. We believe that we have fully provided for the impact of these schemes and that we have a prudent but IFRS (International Financial Reporting Standards) 15 compliant approach to profit recognition across our portfolio of projects. The Construction business achieved a number of significant construction management appointments over the year and these contributed to an increase in construction employees rising from 1,402 to 1,842.

Overseas we continued to successfully deliver major data centres. The planned diversification to more construction management and international projects, together with the range of activities and services we provide, is a natural hedge against changing market conditions and exchange rate movements.

During 2017 our facilities management business, Macro, saw turnover – excluding items charged back to clients – increase to £55m from £49m the previous year, with headcount increasing to 982 from 766. This reflects growth in the amount of overseas work.

> **"MACE'S 27TH CONSECUTIVE YEAR OF MAKING A PROFIT – A RECORD THAT WE ARE RIGHTLY PROUD OF"**

The Group Board has continued to invest in both technology and employee training and development, to improve our resilience and increase our productivity as we continue to grow. The overhead cost of administrative expenses was £109.2m in 2017 (2016: £108.6m). The Group Board has been bearing down on costs and seeking efficiencies, and administrative expenses have only risen by circa £2m since 2013, whereas turnover has increased from £1.18bn to £1.97bn (67%) over the same period. Administrative expenses currently represent around 5.5% of total expenditure, down from 7.2% five years ago.

The demise of Carillion in early 2018 has brought into sharp focus the low margins and risk profile of many of the companies operating in the construction sector. While it is understandable that clients will seek to bear down on development costs and transfer risk to the supply chain, the failure of Carillion illustrates that significant residual risk will always remain with the client if they enter into contractual arrangements that ultimately prove to be undeliverable.

Mace continues to advocate that there should be direct constructive dialogue between the client and the proposed contractor during the bid process and finalisation of contractual arrangements to mitigate risk and ensure there is a joint understanding and agreement regarding programme, price and the risks involved.

Mace is, however, in a very different position to Carillion. We have no PFI contracts, we do not have a defined benefit pension scheme or any pension liabilities and our international construction activities are focused in jurisdictions that adhere to normal contractual payment terms and obligations.

Mace is a privately owned and led business and the Group Board ensure that there is a fair distribution of profits with significant reinvestment in systems improvement such as Oracle, employee training and development, and innovation. The Group Board are reviewing our risk management framework and actively review major projects including those with reputational risks and regularly review the risk appetite of our business divisions.

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

The conclusion of challenging projects together with an almost full order book for 2018, gives us confidence that we will see a further increase in Mace's profit before tax in 2018. We recognise however that there remains uncertainty as to the level of schemes that will come forward for delivery over the next few years as developers and funders recalibrate their appraisals to reflect changing economic circumstances and associated risk profiles. Mace is therefore working towards increased profits over the next few years, as our challenging projects unwind and our Consultancy business grows both in the UK and internationally. But like many others in the sector we are cognisant that we are not yet fully out of the woods.

GROUP FINANCE DIRECTOR'S STATEMENT
DENNIS HONE

Many commentators are speculating that we are nearing the end of the current property cycle and that this could lead to cheaper prices and more competition in the sector. This in turn could lead to more single stage fixed price tenders once again being issued by clients. We strongly believe this form of procurement and contractual arrangement introduces disproportionate risk for the tier one contractor and their supply chain. Our response is to be more selective regarding the schemes we will bid for, ensuring that margin suitably reflects the risks involved. With uncertainty in the economy we believe that no contractor should buy work just to keep the workforce engaged and to supplement short term cash flow nor should there be an acceptance of potentially undeliverable programmes at cheapest cost. This is a time to ensure there remains a relentless focus on quality and risk management. Mace's mission is to continuously pursue a better way and this means we will continue to seek to work for enlightened clients who value our approach and our investment in innovation, so that we can deliver better solutions and outcomes.

On the wider economic front there are encouraging signs for the UK's construction sector regarding the retention of overseas labour as we move to exit the European Union, and potentially as a result of the construction sector deal recently announced. However, this encouragement has to be tempered by the poor implementation of the Apprenticeship Levy, where too few courses are accredited and the administration has been bureaucratic, leading to a nationwide reduction in the number of apprentices in training at a time when skills shortages are emerging. Mace is also still paying the CITB Levy in addition to the Apprentice Levy which is a tax on labour.

There is understandably a heightened sector focus on risk awareness, management and mitigation from clients, funders, bond providers, banks and professional advisors. There are also clients and our own employees who are seeking assurance that Mace operates ethically and responsibly.

During 2017 we launched our responsible business strategy focusing on wellbeing, environmental quality, resource efficiency and shared value. Using external consultants we have determined a monetary value as to our contribution to society and we will use this as a benchmark against which to measure future performance. While we recognise that there are good ethical and commercial reasons to operate responsibly, we also know that to galvanise our workforce we need to focus on issues such as reducing the use of single-use plastics, improving air quality and using energy from renewable sources.

"2017 WAS A YEAR OF IMPROVEMENT AND CONSOLIDATION AS WE DEALT WITH CHALLENGING PROJECTS WHILE GROWING AND EXPANDING OUR CONSULTANCY AND DEVELOPMENT BUSINESSES"

2017 was a year of improvement and consolidation as we dealt with challenging projects while growing and expanding our Consultancy and Development businesses. We recognise that market uncertainties, clients bearing down on cost and an increased focus on risk means that there are new challenges for our sector to face. We believe that a clear focus on winning work with globally recognised clients who value our expertise, expanding our activities on a risk based approach, stronger governance and cash management, while investing in people, technology and innovation, will lay the foundations for controlled growth and increase margins in the future.

Battersea Power Station
London, UK

MACE GROUP BOARD

Left to right: **Mark Castle**, Deputy COO for Construction; **Mandy Willis**, Group Director for Corporate Strategy; **Gareth Lewis**, COO for Construction; **Lee Penlington**, Group Commercial Director; **Mark Reynolds**, Chief Executive.

Left to right: **Jason Millett**, COO for Consultancy; **Stephen Pycroft**, Executive Chairman; **Mark Holmes**, COO for Consultancy; **Dennis Hone**, Group Finance Director; **David Grover**, COO for Development.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

OVERVIEW

Strong, transparent and accountable governance, together with assurance reviews and risk management, safeguard the health of Mace. They provide a platform to enable the company to maintain its agility and enhance its entrepreneurial spirit.

The Mace Group Board is collectively responsible for the direction and oversight of the operations of the company both in the UK and internationally. The Board believes that good governance includes clarity of roles and responsibilities, strategic risk management, the utilisation of distinct skills and effective processes.

The Board is focused on our long-term strategy, mitigation of principal business risks and how we can continue to meet our clients' ambitions, by structuring our business across six boards – Development, Consultancy, Construction, Operate, Commercial Services and Group Services. Alongside these six operational boards we have five cross-cutting boards focusing on People and Talent, Risk and Audit, Health and Safety Leadership, Innovation and Responsible Business that are all chaired by Group Board Directors.

GOVERNANCE

The Group Board has overall responsibility for oversight of risk and for maintaining a robust risk management and mitigation framework. The Risk and Audit Committee provides a detailed focus on principal business risks and reviews the effectiveness of risk management and internal control processes and procedures within Mace. The Group Board reviews principal business risks on no less than an annual basis with a primary focus on risks that could significantly impact the viability of the Group, its future performance, solvency and liquidity, to ensure effective mitigations are in place.

RISK APPETITE

The Group Board regularly review risk appetite taking into account principal business risks which may change from time to time. Our risk appetite considers our current exposure to different markets and the levels of risk we have in respect to types of projects, geographies and sectors.

INCIDENT AND CRISIS MANAGEMENT

The Group Board has oversight of our incident and crisis management processes and procedures and for ensuring these are tested and remain fit for purpose. The Group Board reviews our procedures to support staff working overseas and on our challenging projects.

SENIOR MANAGEMENT RESPONSIBILITIES

Senior management and operational directors are responsible for identification, assessment and mitigation of risks within their functional areas and business units. They are responsible for ensuring all employees comply with Mace policies and procedures, understand the importance of effective risk management, use risk registers and report risk changes on a timely basis. They are also responsible for bringing any changes in the severity of risk to the attention of the Risk and Audit Committee and the Group Board.

RISK MANAGEMENT FRAMEWORK

The Group Board operates a three lines of defence risk management framework as follows:

First line – senior management – identify, monitor and mitigate operational risks while ensuring operational controls are effective and there is compliance with Mace policies and procedures.

Second line – Assurance – aggregate risk information, provide guidance and training, escalate risks to the Group Board, horizon scan for risk changes in the external world and through audit reviews of major process controls, and seek process improvements.

Third line – Group Board – supported by the Risk and Audit Committee and external audit reports, has oversight of risk management and controls.

The Group Board, utilising analysis of the likelihood of risk occurring and the business impact of such risk, has determined the principal business risks which are set out in the grid below.

Of the business risks identified we think that it is particularly useful to highlight three of them and outline our mitigation measures:

MAJOR PROJECT DELIVERY FAILURE

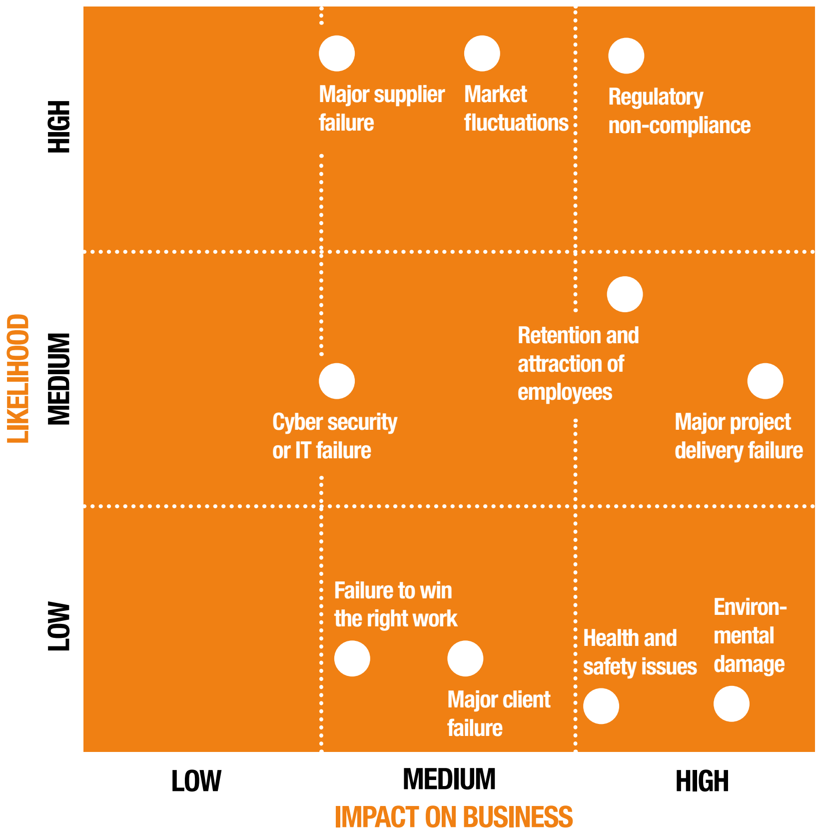
Mitigation: early identification of issues and proactive management to resolve them. A focus on selective bidding achieving realistic programmes and margins, mobilisation, design control, commercial terms and contract management, supply chain management, quality of delivery and service excellence, and sharing of best practice (knowledge management including lessons learnt).

MAJOR SUPPLIER FAILURE

Mitigation: actively managing relationships with our supply chain ensuring appropriate levels of vetting and checks into their financial strength. Ensuring a good breadth of supply chain partners to control volumes of work. Early identification of problems and robust knowledge and understanding of contract position.

OCCURRENCE OF MAJOR HEALTH AND SAFETY INCIDENT

Mitigation: 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.



2022
BUSINESS STRATEGY

OUR 2022 BUSINESS STRATEGY

In 2017 we launched a new business strategy that will provide opportunities for our people and ensure we remain a resilient business. The five year strategy builds on the progress which was made by implementing our 2020 business plan.

OUR ENGINES FOR GROWTH

We will build on our achievements by developing and strengthening our four core business divisions:

DEVELOP

Our **Development** priority is to **expand our development management offer in the UK** by **securing partnering opportunities**. We will invest equity in schemes that meet our hurdle return rates and that offer potential for long-term asset holding.

CONSULT

We will significantly grow our **Consultancy** business by **securing major infrastructure projects** and **framework agreements globally, expand our work** with corporate real estate clients and **invest in our international business** in North America, India and Australia. We will develop **new service offers** including integrator and delivery partner models.

CONSTRUCT

Our **Construction** business will **maintain its reputation as an industry leader** delivering complex projects. Specifically we will **manage our risks** through selective bidding and developing **long-term relationships** under appropriate contract conditions that recognise the value we create.

OPERATE

Our **Operate** (facilities management) business will secure **long-term contracts** with global financial, commercial, industrial and pharmaceutical clients and **lead on workplace innovation** and **real estate utilisation**. We will continue to invest in the UK, US and MENA markets.

OUR PRIORITIES

While finalising our approach we engaged with over 200 current and future leaders within Mace in a consultation process that was led by the Group Board.

During the scoping of the business strategy it became clear that there are four priorities that are crucial to the future success of Mace.

Our four priorities and the specific strategies will provide the focus to achieve our growth ambitions.

- **Engage, develop and inspire our people**
- **Achieve stable and sustainable growth**
- **Drive innovation to improve service excellence**
- **Be a responsible business**

KEY TARGETS

To track our progress over the next five years, and to provide focus, underneath each of these four priorities we have a series of targets.

By 2022 we want to achieve the following:

Engage, develop and inspire our people

STAFF TURNOVER REDUCED TO
10%

STAFF SATISFACTION INCREASED TO
90%

Achieve stable and sustainable growth

MARGIN
2.5+%

REVENUE TARGET
£2.2bn

FIVE YEAR CUMULATIVE PROFIT
£180m

Drive innovation to improve service excellence

INNOVATION FUNDING
3%
of turnover

SERVICE EXCELLENCE
20%
year-on-year improvement

Be a responsible business

ACCIDENT FREQUENCY RATE REDUCED TO
0.05

LOST TIME INJURY
0.21
(per million hours worked)

ANNUAL CONTRIBUTION TO SOCIETY IN 2022
£500m
source: value2society

OUR BUSINESS MODEL

The breadth of our service offer and depth of our experience means our people bring a unique perspective, and every project and programme is an opportunity to challenge ourselves, innovate and find a better way to deliver.

OUR VISION, MISSION AND VALUES

Our vision is to be the industry leader in shaping cities and building sustainable communities

Our mission is to continuously pursue a better way

Our values are...

SAFETY FIRST.
NO COMPROMISE.

CLIENT FOCUS.
DELIVER ON OUR PROMISE.

CREATE OPPORTUNITY.
FOR OUR PEOPLE TO EXCEL.

INTEGRITY.
ALWAYS DO THE RIGHT THING.

OUR RELATIONSHIPS

Our people
From experienced specialists, the Group Board to graduates, our people are at the heart of our business and are critical to our success. They bring a better perspective to our clients' most complex challenges with the passion, dedication and commitment to always go the extra mile.

Our clients
Our client relationships are incredibly valuable to us and our mission has always been to find a better way to deliver for them. We are committed to helping our clients deliver their goals and aspirations. We see ourselves as a true partner; always looking for ways to be smarter, leaner and more cost-effective. We recognise that every project and programme is unique.

Our suppliers
We have taken care to build our relationships with our supply chain partners around shared values. Our suppliers are an extension of our business and pivotal to the service we provide to our clients – ensuring safety and consistency on every project.

Our commitments
We understand the impact we have on people and our environment. We champion responsible business behaviours, with a dedication to the future at the heart of every service we offer. Whether controlling our carbon footprint, investing in responsibly sourced materials, showcasing health and safety excellence or creating social value for our clients, our people continue to progress industry best practice.

Our communities
Our vision is to be the industry leader in helping to shape cities and build sustainable communities. We aim to create a positive legacy from our projects and programmes and through the Mace Foundation.

OUR ENGINES FOR GROWTH

Develop
With over £1.8bn of assets under our management, our Development business uses our development management capability to invest in schemes that provide the opportunity for long-term asset holding. We have an established pipeline of student and residential units consisting of private for sale, private rented sector and social housing, as well as mixed-use schemes that include hotel, retail, leisure and commercial office space.

Consult
Our Consultancy business continues to create modern smart cities for future generations by securing major infrastructure projects and programmes, framework agreements with global corporate real estate clients and a growing investment in our international business. We also deliver programme, project and cost management services for a wide range of sectors such as global events, schools, mixed-use developments, workplaces, energy and leisure.

Construct
Our Construction business has an industry-leading reputation for delivering complex projects, something we maintain by developing long-term relationships that recognise the value we create. In five years we have become a top 10 UK contractor, built and fitted out commercial offices, new homes and cloud data centres, supported the expansion of all the UK's major airports, and delivered multiple schools and higher education facilities for the UK Government and many of the leading UK universities.

Operate
Our Operate business, Macro, continues to secure long-term facilities management contracts with global clients, deliver workplace innovation and maximise real estate utilisation. Macro has secured several long-term contracts with leading financial, commercial, industrial and pharmaceutical clients across the world.

OUR PRIORITIES

Engage, develop and inspire our people
Our people are at the heart of our business and are critical to the success of achieving our strategy over the next five years. We will work to provide opportunities for our people to develop in an inclusive and diverse environment, and will improve our approach to flexible and agile working and career development.

Achieve stable and sustainable growth
This means focusing on the right opportunities and clients. We not only want to improve our margins in our mature markets, but also have selective growth in new sectors and geographies using our unique capabilities to achieve controlled revenue growth to £2.2bn and a margin of at least 2.5% by 2022.

Drive innovation to improve service excellence
Our mission has always been to find a better way to deliver for our clients, and as a result we have found ever more innovative ways to make their aspirations a reality. But our strategy demands we go further than that. We want to drive innovation to improve service excellence by investing in innovation to create new and more efficient methods of delivery that benefit our clients.

Be a responsible business
Mace is a responsible business. We understand the impact we have on people and our environment is important. In 2017 we launched our responsible business strategy, enabling us to take an active role as influencers and continue to improve our industry. Our strategy specifically looks at the areas of wellbeing and opportunity, quality of environment, using resources efficiently and delivering shared value.

OUR ENGINES FOR GROWTH

OUR ENGINES FOR GROWTH
DEVELOPMENT

Student accommodation has changed considerably over the last ten years, with sociable communal areas, contemporary design, on-site services and modern technology. As demand for this new way of living has increased, so too has our presence in the market.

In 2017 we progressed three of our student accommodation development sites across the UK and, seeing an opportunity in Sheffield, secured land for a fourth.

Joseph Kane, Associate Director for Development, moved from our Consultancy division to Development in 2017 and was integral in taking the Sheffield site forward through acquisition and into design.

“I’ve worked in different roles on regeneration schemes throughout my career and moving into the development team has given me the opportunity to take on the direct client role which has been really enjoyable.

“On Hoyle Street, in Sheffield, we’ve benefited from working with a fantastic team that has really shared our aspirations for the site – everyone involved has had a ‘can-do’ attitude and a commitment to finding the best solution.

“The mixed-use site will blend student accommodation with residential – creating a sustainable living offer for those moving from education into work. It will make a real contribution to the transformation of the area while maintaining its interesting historical character.”

OUR ENGINES FOR GROWTH
CONSULTANCY

There are few buildings in the world as iconic as Buckingham Palace. Instantly recognisable as the headquarters of the British Royal Family, it is also a working building, hosting over 500,000 visitors, almost 100,000 guests and attracting over 15 million tourists every year.

In 2017 we were appointed to a framework giving us the opportunity to second senior staff into the programme management office to deliver essential works over the next decade that will see the Palace made 'fit for purpose' for the next 50 years.

Drawing on over 20 years of programme, project and construction management experience, plus more recently running Mace's Western Europe business unit, global accounts and secure fit-out businesses, Barbara Welch was appointed by the Royal Household as Programme Director to lead this once-in-a-lifetime programme. The programme is being delivered wing by wing over a 10-year period, keeping the Palace fully operational during the works.

"Buckingham Palace is a unique building but it still relies on the nuts and bolts to keep it functioning and a lot of them haven't been updated for decades. The work that we're carrying out is on a grand scale and we're doing it in a working palace. The challenges that it presents cannot be underestimated."

OUR ENGINES FOR GROWTH
CONSTRUCTION

It does not get much more exciting or challenging than the complete transformation of Battersea Power Station on the south bank of the River Thames. Innovation is at the heart of what we do and projects of this scale and complexity are what excite our people.

In 2017 we took over the construction management of Phase 2 – transforming the Main Power Station and building a subterranean energy centre and basement space along with a six acre public riverside park.

Lucynda Jensen, Associate Director in Construction, is leading the delivery of the 150,000 square meter Main Energy Centre and basement spaces.

“The Main Energy Centre, when commissioned, will provide power to the entire Battersea development, plus neighbouring sites – providing heating, hot water, electricity and cooling; essentially saving thousands of tonnes of Co2 each year.

“Working on a project like Battersea is fantastic with so many technical challenges to solve and innovations in engineering, it keeps my day varied – which keeps it exciting.

“It’s fantastic to be involved in something that holds so much history. Being a part of it is a huge challenge and an experience I will never forget.”

Lucynda Jensen
Associate Director, Construction


mace
Safety first. Second

OUR ENGINES FOR GROWTH
OPERATE

Nestled in the heart of the city, Umm Al Emarat Park is one of the oldest and largest urban parks in Abu Dhabi. Following an extensive two-year renovation programme that began in 2013, the gates reopened to reveal a modern oasis with attractions for all ages and interests.

Since 2015, Macro has managed the operation of the entire 145,000 square meter park, welcoming almost double the number of expected visitors, upholding exceptionally high standards of cleanliness and safety, and attaining two consecutive international green flag awards.

Abdessalem Khabir, Portfolio Director for Macro, leads the team that keeps Umm Al Emarat Park fully operational and constantly exceeding expectations.

"Umm Al Emarat Park is a must see for locals and tourists. From its stylish amphitheatre, tranquil gardens and animal sanctuary, it has firmly cemented its role as a regular destination for the city's residents and a place of interest for tourists.

"In 2017 we welcomed over 900,000 visitors – 94% of whom were 'very satisfied' with cleanliness, safety, staff knowledge and service – increased revenue by 50% and scored 100% against our service level agreement.

"The entire team is incredibly proud of the value that our vast range of services have bought to the park's success."

THE ENTIRE TEAM IS INCREDIBLY PROUD OF THE VALUE THAT OUR VAST RANGE OF SERVICES HAVE BOUGHT TO THE PARK'S SUCCESS

Abdessalem Khabir
Portfolio Director, Macro

OUR FOUR PRIORITIES

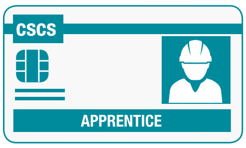
OUR PRIORITIES
ENGAGE, DEVELOP AND INSPIRE OUR PEOPLE

5,726

EMPLOYEES (INCLUDING CONSULTANTS AND TEMPORARY WORKERS)

40%

OF GRADUATE INTAKE WERE FEMALE



49

APPRENTICES IN 2017

56%

OF WOMEN OF THE FUTURE PARTICIPANTS HAVE BEEN PROMOTED

Every day, Mace's people achieve extraordinary things for our clients. Without them Mace simply would not be the leading global company that it is today. Time and again, our clients tell us that it is our people and their perspectives that make the difference. We want to provide career defining opportunities for our people to excel and develop in a diverse, inclusive and supportive environment.

In 2017, Mace continued to invest in the expertise, resilience and diversity of our people; as well as strengthening our pipeline of emerging talent. Our total number of employees increased to 5,726, a slight upward trend that our 2022 business strategy expects to continue.

OUR TALENT PIPELINE

At graduate level, we had our highest ever number of female graduates, more than 40% of our 66 new graduates. This is the result of three years of work to build out a more diverse talent pipeline.

Following the introduction of the Apprenticeship Levy by the UK Government in 2017, we invested in a significant expansion of Mace's apprenticeship programme. We employed 49 apprentices in the year – an increase of 36% – in a wider range of sectors and locations than ever before. By 2022 we aim to increase the number of apprentices to 125.

Our focus on emerging talent was recognised by a host of different awards in 2017, including: 'Top Company for Graduates to Work in Construction and Civil Engineering', 'Top Apprenticeship Employer in Central London' and being ranked 23rd in the 'Top 100 Undergraduate Employer' list. This is our third annual placement in the list and we are now the highest ranked employer in our sector.

DEVELOPING OUR PEOPLE

Two cohorts of our talent development programmes completed in July 2017. We will, once again, open candidate selection in 2018 for a new set of future Mace leaders.

The Mace Manager programme – originally introduced in 2016 – saw its first full year of operation. The programme is designed to improve line management across Mace, increasing staff engagement, productivity and improving retention. The programme won the 'Excellence in Learning and Development' award at the Construction Investing in Talent Awards in November 2017.

Although the project-driven nature of the construction sector leads to a particularly mobile workforce, we consider our current retention levels to be too low and are working to improve them. We are looking to achieve a regretted leaver rate of 10% or less by 2022.

DIVERSITY AND INCLUSION

We are keenly aware of the importance of a diverse workforce, both for ourselves and the construction sector more generally. We are working on a diversity and inclusion strategy and will look to engage with relevant communities across Mace to remove any internal barriers that may exist.

We want our people to be able to connect with each other through informal networks to help colleagues benefit from their experience and provide broad support in challenging situations. We recognise our people as individuals with lives outside of work.

In terms of gender diversity, the third cohort of our female talent development programme, Women of the Future, ran throughout 2017. Every person who took part would recommend the programme to their colleagues and 56% of participants have been promoted since taking part.

In April 2018, all large companies in the UK were required to publish their Gender Pay Gap Report, a statutory measure designed to improve transparency and encourage equality. Mace's mean gender pay gap for the year 2016/17 was just under 37% with a mean bonus gap of 53%.

These results are not good enough and demonstrate the need to do more.

IMPROVING OUR SYSTEMS AND PROCESSES

We introduced the first modules of our new Human Capital Management (HCM) system, including new self-service portals for employees and managers in 2017.

Mace engaged new benefits and health insurance providers to provide one of the most attractive benefit packages in our sector. We continue to review the employment offering for our people to ensure it meets the needs of our employees.

LOOKING FORWARD

At Mace, our ambition is to be the employer of choice for everyone in the construction and consultancy sector. This means we need to build on our already phenomenal brand to ensure we are engaging with our existing and potential employees on the issues they care about.

We are clearly doing something right – we recently celebrated our 11th year in Building Magazine's 'Good Employers' Guide – but there is always more to do.

We will continue to invest in our infrastructure, bringing online the remaining modules of the HCM system giving us access to far more detailed data on our performance.

One of our targets from the 2022 business strategy is to achieve a staff satisfaction rate of at least 90% in our independently run employee engagement survey. As part of our efforts to achieve this we are working on an 'Employee Value Proposition' which makes clear the promise between employer and employee.

2018 should see us make good progress towards the plans set out in our 2022 business strategy.

OUR PRIORITIES
ACHIEVE STABLE AND SUSTAINABLE GROWTH

2.5%
MARGIN BY 2022

£180m
CUMULATIVE PROFIT BY 2022

£2.2bn
TURNOVER BY 2022

£665m
INTERNATIONAL TURNOVER IN 2017

During 2017 we laid the foundations for achieving stable and sustainable growth. We will seek to improve margins in our mature markets, achieve controlled growth in new sectors and geographies and intend to secure major projects and programmes while managing risk effectively.

ECONOMIC OUTLOOK

The International Monetary Fund has indicated that it expects some market correction in the medium-term due to overly generous asset valuations. Global volumes of debt are also widely regarded to be reaching unsustainable levels.

It remains to be seen what the long-term impact of the USA's spending and tax reforms will be, although this is likely to stimulate growth in the short to medium term. In Europe and in the UK the main concern is, understandably, Brexit.

Over the next few years worldwide growth is currently expected to stay steady at just over 3%, with a modest slowdown in the annual output of advanced economies. However, growth in emerging economies is expected to remain strong in the coming years, with an average growth of 5% up to the end of 2022. We therefore believe that our five hub strategy will continue to serve us well over the next five years.

2017 REVIEW

During 2017 we increased our international turnover to £665m and our overall consultancy turnover to £267m. In addition, the amount of work done under construction management arrangements also increased to over £500m. We have been pursuing growth in all three of these areas to manage our risk profile, diversify our offer to clients and to make Mace more resilient to changes in the world economy.

We have been increasingly investing in development schemes and during the course of 2017 we issued a five year bond to the sum of £160m to facilitate this. We recognise that as we take on limited recourse funding on a scheme by scheme basis, our overall levels of debt will rise and will peak at around £300m in 2019.

We now have major schemes under our control in Cardiff, Exeter, Oxford, Sheffield and Greenwich and we are focused on successfully completing these and realising our investments to meet our corporate and limited recourse funding liabilities.

This level of development commitments mean we will be judicious about future equity scheme investments until we are certain about the conclusion of current projects. However, we fully intend to expand our development management service offer to more clients.

Our Consultancy business has successfully secured major transport projects and we will continue to target aviation, rail and global event opportunities. We see strong opportunities to grow our Consultancy business in North America, India, Australia and working with global clients we will move into new jurisdictions around the world.

Our Construction business continues to grow even in the current uncertain economic climate.

Turnover for 2017 of £1.97bn was similar to 2016, against a backdrop of many forecasters predicting a fall in construction activity. We are, however, already forecasting that turnover will increase to £2.2bn in 2018 as we continue to expand our overseas international construction activities, primarily in the data centre market. We recognise we need to be selective in our bidding and work with clients who recognise the value we can create for them under appropriate contract conditions and sensible programmes.

LOOKING FORWARD

The effective management of risk through early identification and applying appropriate mitigation measures is key to ensuring Mace achieves stable and sustainable growth. This is why we started a comprehensive review of our risk management framework in 2017.

This looked to ensure we have appropriate processes and procedures in place and that there is clarity of roles and responsibilities from the Group Board through to each area of project delivery. The effective management and mitigation of risk provides an opportunity for Mace to enhance its reputation as the partner of choice for complex projects and programmes.

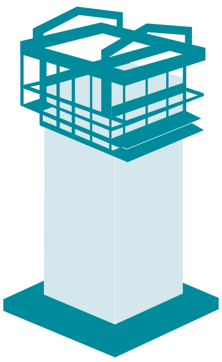
The impact on our balance sheet of increasing our debt profile can already be seen. Our net asset position has not grown as much as we had planned in the last few years due to the completion of challenging projects that have impacted overall profits. We believe that our major projects are now in a less volatile commercial position and this should lead to steady growth in our net asset position over the coming years. We aim to achieve a profit margin of 2.5% and cumulative profit of £180m by 2022.

Achieving stable and sustainable growth is dependent on delivering our other three priorities. We are conscious that earnings growth is outstripping inflation and there is a skills shortage. Our focus on being an inclusive employer that invests in our people is designed to retain and develop our employees so that we continue to deliver quality projects for our clients.

The construction industry seems to be at a crucial point; with low margins, uncertainty in the market and skill shortages. We believe firms that innovate, become more productive and deliver service excellence will be the ones which thrive in the future.

2017 saw Mace successfully deal with difficult project completions and commercial issues while laying the foundations for future stable and sustainable growth. Diversification of our offer, selective bidding, and innovation to drive service excellence are at the heart of our plans.

OUR PRIORITIES
DRIVE INNOVATION TO IMPROVE SERVICE EXCELLENCE



18

STOREYS IN

18

WEEKS DELIVERED BY THE RISING FACTORY

R&D

2.49%

OF REVENUE INVESTED IN RESEARCH AND DEVELOPMENT

MORE THAN

200

NEW IDEAS GENERATED THROUGH OUR INNOVATION PLATFORM

FIVE KPIS HAVE BEEN IDENTIFIED AROUND PROJECT DELIVERY AND QUALITY, AND OUR AMBITION IS TO IMPROVE THESE BY

20%

YEAR ON YEAR

Our mission has always been to find a better way to deliver for our clients, and as a result we have always strived to find ever more innovative ways to make their aspirations a reality.

Mace's 2022 business strategy demands that we go further than that, and one of our four priorities is to drive innovation to improve service excellence.

As Mace grows, our influence increases and it becomes even more important that we continue to be a thought leader who can influence our supply chain, clients, government and the wider industry.

Both of these aspects of how we work – service excellence and innovation – have been an integral part of our heritage since we were founded in 1990.

In 2017, we decided to review how we worked and launched two new strategies to enhance our capabilities and make sure that we were doing everything we could to innovate and deliver service excellence.

INNOVATION

The launch of Mace's first innovation strategy in 2017 marked the beginning of a journey to capture the use of new technologies and processes, share and promote new ways of working and embed a more open approach towards new thinking at every level.

From industry-leading work on 'design for manufacture' construction for the UK Government to the use of drones to survey completed building façades faster and safer than ever before, Mace is changing how we build to deliver better results for our clients.

In London, Mace's rising factory allowed us to build 18 stories in 18 weeks on both towers of our East Village project in Stratford, London. We are consolidating our learnings from that project and will be announcing the next evolution of how we build high-rise buildings later this year.

2017 saw us launch a new ideas management platform, challenging all Mace people to share their ideas and examples of new technology and techniques in use. Since launch, our employees have used the platform to share and vote on nearly 200 new ideas.

The first wave of those new ideas are now being implemented and we are supporting this with a new knowledge management platform, a new database of building components and improvements to the 'Mace Way' guidance.

INNOVATION STRATEGY 2017

The innovation strategy focuses our thinking across four primary areas.

1– DIGITAL TECHNOLOGY

Continue to unlock knowledge and insight, share information, collaborate and add real value to any project.

2– ASSEMBLE

Move from one-off examples of brilliance to a more consistent deployment of solutions in which we influence the design, procurement, manufacturing and assembly of products that integrate all aspects of construction.

3– OPERATE

Continue to collect and analyse data to inform our decisions and operations, and look for opportunities to improve the efficiency with which we use resources.

4– LEAN AND CONTINUOUS IMPROVEMENT

Build on our existing strong relationships with the supply chain and test, trial and pro-actively share our lessons learned.

Our core measure for innovation is the percentage of our overall revenue being directed into research and development. In 2017, we achieved 2.49%, a sizeable proportion that we are proud of – but in 2018 we are looking to grow that to 2.6% and by 2022 we want to be investing more than £66m every year.

SERVICE EXCELLENCE

Mace has been committed to providing excellent services to our clients since our inception.

Our ambition is that every Mace project should be delivered without any snags or defects at practical completion, and that every contract should be closed out promptly once our work is finished.

That ambition requires everyone at Mace – from the Group Board to project teams and the supply chain to change how they think about the work they do.

It means embedding quality reviews at every stage of delivery and planning how we will hand over our projects from day one rather than the industry practice of leaving that conversation until the final phases of a scheme.

Our procedures and processes have been updated to reflect new requirements around service excellence and then cascaded from business unit directors down to our teams on the ground. This includes reviewing handover documentation and providing more certainty to clients on time and cost.

We now have a dedicated aftercare team and new data around the common causes of defects. The latter will enable us to challenge poor design and avoid repetitive workmanship issues.

To help drive the necessary behaviour change, we are reviewing our training programmes. The key to success will be to treat quality with the same rigour as we do health, safety, and wellbeing.

OUR PRIORITIES
BE A RESPONSIBLE BUSINESS

£449m
VALUE TO SOCIETY

64%
RENEWABLE POWER

42/50 **CCS AVERAGE SCORE**

Our commitment to be a responsible business doing more for our clients, employees, and the communities in which we work is cemented in our 2022 business strategy.

Where we have an impact on people and the environment, we strive to improve how we work; and where we identify opportunities for change, we work closely with industry colleagues to share learning.

In 2017 we launched a responsible business strategy. Taking learning from all corners of the business, and ambitions from across the industry, we focused our efforts across three pillars: wellbeing and opportunity, quality of environment and resource efficiency.

Early in 2017 we carried out a benchmarking exercise to understand how we should measure social value and set ourselves a target of achieving a £500m contribution to society by 2022. Understanding our value to society was our first step in identifying where we could go further. In 2017 that value was independently calculated as £447m by the Route2 consultancy company.

Since 2014 we have invested 2% or more of our annual revenue in research and development to help us innovate and become more productive. In 2017 the knowledge spill-over to society from our work was valued at £34m. Social return on investment from our community and pro-bono work programme grew to £11m, and our apprenticeship schemes contributed £5m.

Careful use of resources remains central to the plans. Despite reducing our carbon footprint by 60% in recent years we have pledged to go further. In November we joined RE100, making a bold commitment that as a business we will procure all of our power from renewable sources by 2022. At the end of 2017, 64% of our power was from renewable sources, with the remainder largely being attributable to diesel-generated power.

As cities and towns expand, parks, green roofs and street trees will become ever more vital. In a bid to promote healthier living, reduce the impacts of climate change and improve air quality, we pledged to deliver 100 hectares of green infrastructure over five years. As a kick-start, in 2017 we delivered 5.5 hectares of new biodiverse habitats through volunteering.

To fulfil our commitment to creating a clean and healthy work environment, and to eliminate exposure to respiratory hazards on-site, we launched a 'clean construction' standard to promote best practice and draw comparisons with the internationally recognised WELL Building Certification. We also introduced innovative methods of monitoring air quality and reduced our use of diesel.

For a second consecutive year Heathrow Airport awarded us 'Most Responsible Supplier', and we won three Globes of Honour. For the third year running we scored the maximum 'three trees' rating by the World Wide Fund for Nature for our work in sourcing sustainable timber.

Improving our own actions and outcomes is just one part of our commitment. Being a responsible business is as much about us as it is about those with whom we work. In the last year we more than doubled the number of our suppliers registered on the Supplier Ethical Data Exchange (SEDEX) platform and supported global training where we identified risks associated with products and services that we use.

LOOKING FORWARD

Our responsible business ambitions will support the business to grow. By assessing, piloting and deploying new technologies, products, partnerships and new ways of working we will grow responsibly.

To maintain an industry leading position we will embed tried and tested models, develop new principles and standards and investigate industry solutions that need time and effort to develop.

WELLBEING AND OPPORTUNITY

Our team at Marlborough School delivered 12 wellbeing events over the year, including blood pressure tests, cholesterol and blood glucose screening, nutrition workshops, sunscreen and skin protection advice, and sessions raising awareness around noise, dust and vibration on site.

RESOURCE EFFICIENCY

At UCL's New Student Centre, we worked with our ground source heat pump subcontractor to develop a borehole drilling method that uses 50% less water. We also commissioned innovative techniques that use over 80% less water, harvest rainwater and uses water-efficient site accommodation.

QUALITY OF ENVIRONMENT

We installed the UK's first air purification units on a construction site by applying them to our site hoarding along Tottenham Court Road, London to filter and produce two million litres of clean air every 24 hours.

OUR PRIORITIES
BE A RESPONSIBLE BUSINESS

0.09
RIDDOR INJURY FREQUENCY RATE

5.6
LOST TIME INCIDENCE RATE (-21%)

75,434
YELLOWJACKET ACTIONS (+14%)

32
RIDDOR INJURIES

HEALTH, SAFETY AND WELLBEING

The health, safety and wellbeing of our people is our top priority. Driven by Mace's 'Safety first – no compromise' value – we are clear that our employees and supply chain should go home safe and well at the end of every day – no exceptions.

For over two decades we have continuously built on our safety culture to protect our people, seeking new ways to improve our practices and working with the industry to raise the bar both nationally and internationally.

With over 1,000 live projects across 50 countries, maintaining the highest standards of health and safety in every jurisdiction requires significant dedication and energy. In 2017 we further embedded our safety standards and guidance across the business – recording significant improvement in many areas. Our specialised health and safety training programme reached nearly 5,000 employees across the world and 10,000 supply chain personnel attended our 'Safety First' training.

In 2017 we took action to promote physical and mental wellbeing. In partnership with business psychology experts, Robertson Cooper, we surveyed all our employees to learn what we can do better, and we held our first ever Wellbeing Week which saw us host a series of activities on site and across our offices.

To tackle the stigma around mental wellbeing we delivered training to over 160 people, introduced 70 wellbeing ambassadors across our business, launched a powerful video called 'starting the conversation' and held an awareness day to encourage people to talk about mental health.

We also launched a new drugs and alcohol policy and campaign alongside our supply chain partners as part of our commitment to making Mace one of the safest and healthiest places to work. The campaign 'You decide' was about doing the right thing for our people, encouraging them to look after themselves and their colleagues.

We are proud to reward those who champion our commitment to health, safety and wellbeing, and for the fourth year running we rolled out the red carpet for our 'Safety First. Second Nature Awards'. Celebrating the different parts of our business, individuals and teams from Mace and our supply chain were commended for their outstanding contribution to making our sites safer, healthier, being innovative and setting the bar internationally.

Our commitment to preventing accidents and ill-health at work was further celebrated in June 2017 at the RoSPA awards. We received nine gold awards and one silver award across our business units. For our infrastructure and aviation, logistics and MEP business units, the awards marked an amazing five years or more of consistently achieving RoSPA's gold standard.

Our efforts to reduce incidents has given rise to 27% more observations being made and over 75,000 preventative actions being taken in 2017. This resulted in a 6% reduction of first aid incidents and 21% fewer lost time incidents.

Despite these very positive statistics, we did see the number of RIDDOR injuries rise from 23 to 32, however the severity of these reduced from those that occurred in 2016. The reasons behind this was due to a number of factors; including the complexity of certain projects, having more people working on our sites and the stages at which the projects were at. We recognise that there is a need to build on our culture by identifying and embedding learning, and sharing best practice, and are committed to improving our health and safety performance.

LOOKING FORWARD

2018 will see us move towards a new system that will improve how we manage risk and understand the wellbeing of our people, develop advanced standards and do more to prevent accidents, incidents and wellbeing issues.

To be world-leading in our approach we will focus on training, the role of supervisors, best practice, knowledge sharing and how we work more closely with our suppliers to embed Mace standards.

Thank you to all Mace colleagues, partners, supply chain and clients for your commitment to making our business and our industry safer and healthier, and for supporting us in our pursuit to increase our value to society.

MACE FOUNDATION

In 2012 we launched the Mace Foundation, which helps us to support the communities where we work. Each year Mace gives 1% of our pre-tax profits to the Foundation, which then makes donations to our charity partners or match-funds the charitable efforts of our employees.

We actively encourage Mace employees to support the Foundation's objectives through volunteering days and fundraising activities. Since its formation, the Foundation has been driving forward our ambition to make a real and sustainable difference to the lives of people – generating opportunities for us to support disadvantaged individuals and enhance communities.

While the Mace Foundation is a separate independent charity to Mace, it is a key part of our commitment to being a responsible business. It has three strategic aims:

1. Communities: Recognising Mace's responsible business strategy, the Foundation is dedicated to supporting the communities where Mace makes an impact.
2. Education and employment: Mace and the Mace Foundation are committed to inspiring young people, by helping to break down the barriers to employment.
3. Health and wellbeing: Making a difference to the lives of people impacted by health and wellbeing issues by helping to improve awareness, and to support research and care programmes.

Since the Mace Foundation was launched five years ago it has donated £2.15m to help disadvantaged people and communities where Mace makes an impact. This is something that everyone at Mace is extremely proud of.

In 2017, our Mace Foundation ambassadors around the world have been making an even bigger impact with local charities – especially in the United Arab Emirates and South Africa.

We continued to inspire the next generation into the construction industry through our work with the Construction Youth Trust and the Institution of Civil Engineers, and Mace employees have spoken to over 2,000 secondary school students through our Foundations For Your Future programme. Mace's employees raised an impressive £162,500 for the Foundation in 2017 which includes £30,000 from Mace's charity raffle.

Our Charity of the Year for 2017 was Alzheimer's Research UK. We kicked off the partnership with a global awareness campaign which confronts some of the misunderstandings around dementia. We then started our fundraising efforts in earnest. Employees took part in a host of fundraising challenges including skydives, marathons, cycling, pub quizzes, football matches, scuba diving, golf days, obstacle courses, bake offs and the Three Peaks challenge. Over 60 Mace employees took part in Running Down Dementia over the summer months, topping the corporate leadership boards in distance run and funds raised. In total a staggering £86,565 was raised to help fight dementia in the UK, with £11,000 raised for international Alzheimer's charities.

Following an employee vote, our 2018 Charity of the Year is Macmillan Cancer Support. The Mace Foundation has already donated £15,000 to launch the partnership which is enough to fund over 500 Macmillan nursing hours across the UK. Over the course of 2018, our employees, clients and supply chain will once again step up to raise funds for this important charity and increase awareness of the support available.


Alzheimer's Research UK
The Power to Defeat

ANNUAL ACCOUNTS

DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2017

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

Principal activity

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

Results and dividends

The consolidated profit for the year before taxation amounted to £23.0m (2016: £10.7m). Mace Limited has paid dividends of £14.7m (2016: £16.3m) to the ultimate parent company. No further dividend is proposed.

Strategic report

The Group is required by section 414A of the Companies Act 2006 to present a Strategic report and this is included in our annual accounts as submitted to Companies House. Within this published document the preceding Annual Report forms the strategic report and includes, 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:

Mark Castle
Amy Chapman
David Grover
Jonathan Holmes
Dennis Hone CBE
Gareth Lewis
Jason Millett
Lee Penlington
Stephen Pycroft
Mark Reynolds
David Williams (resigned 20 June 2017)
Mandy Willis
Ian Wylie

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.

Directors' indemnity insurance

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

Going concern

The Group has considerable financial resources, with cash of £196m at 31 December 2017 and in addition long-term contracts and a diverse range of customers and suppliers across its business activities.

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

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

Employees

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

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

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

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

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

Research and development

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

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.

Auditors

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

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

Carolyn Pate
Group Company Secretary

01 June 2018

DIRECTORS' RESPONSIBILITIES STATEMENT
YEAR ENDED 31 DECEMBER 2017

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MACE LIMITED
YEAR ENDED 31 DECEMBER 2017

We have audited the financial statements of Mace Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Company Statement of Cash Flows, 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

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

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MACE LIMITED
YEAR ENDED 31 DECEMBER 2017

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

Use of our report

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

Moore Stephens LLP

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

London
01 June 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2017

Continuing Operations	Notes	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Revenue: Group and share of joint ventures		**2,036,888**	2,041,055
Less: Costs recharged to clients		**(65,140)**	(44,778)
Less: Share of joint ventures' revenue		**-**	(30,429)
Group revenue	**4**	**1,971,748**	1,965,848
Cost of sales		**(1,836,066)**	(1,847,843)
Gross profit		**135,682**	118,005
Administrative expenses		**(109,163)**	(108,562)
Operating profit	**5**	**26,519**	9,443
Joint ventures and associates			
Share of operating profit before tax		**153**	987
Profit on disposal of an interest in a development asset	**17**	**247**	2,032
Profit on ordinary activities before interest		**26,919**	12,462
Net finance costs payable	**6**	**(3,907)**	(1,730)
Profit on ordinary activities before taxation		**23,012**	10,732
Income tax expense	**9**	**(6,100)**	(3,775)
Profit on ordinary activities after taxation		**16,912**	6,957
Other comprehensive income:			
Exchange differences on re-translation of foreign subsidiaries		**(1,296)**	4,428
Total comprehensive income for the year		**15,616**	11,385

The notes on pages 80 to 116 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Non-current assets			
Tangible assets	10	**20,509**	21,385
Intangible assets	11	**22,062**	13,606
Investments			
Investments in joint ventures	12	**2,405**	2,195
Other investment	13	**46,765**	9,818
Total investments	13	**49,170**	12,013
Total non-current assets		**91,741**	47,004
Current assets			
Trade and other receivables	14	**537,368**	432,647
Current asset investment	15	**10,000**	35,000
Development work in progress	16	**107,976**	22,516
Other work in progress		**1,333**	907
Cash and cash equivalents		**195,817**	116,623
		852,494	607,693
Current liabilities			
Trade and other payables	18	**(688,697)**	(587,107)
Net current assets		**163,797**	20,586
Total assets less current liabilities		**255,538**	67,590
Non-current liabilities			
Trade and other payables	19	**(192,833)**	(6,353)
Net assets		**62,705**	61,237
Capital and reserves			
Called up share capital	20	**1,000**	1,000
Profit and loss account		**61,308**	60,392
Equity shareholders' funds		**62,308**	61,392
Non-controlling interests		**397**	(155)
		62,705	61,237

These financial statements were approved by the directors, authorised for issue on 01 June 2018, and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer

Dennis Hone
Group Finance Director

The notes on pages 80 to 116 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Non-current assets			
Tangible assets	10	**16,386**	16,282
Investments	13	**54,740**	17,793
		71,126	34,075
Current assets			
Trade and other receivables	14	**422,348**	277,393
Current asset investment	15	**10,000**	35,000
Work in progress		**831**	5,577
Cash and cash equivalents		**111,351**	38,036
		544,530	356,006
Current liabilities			
Trade and other payables	18	**(421,082)**	(359,391)
Net current assets/(liabilities)		**123,448**	(3,385)
Total assets less current liabilities		**194,574**	30,690
Non-current liabilities			
Trade and other payables	19	**(180,256)**	(6,353)
Net assets		**14,318**	24,337
Capital and reserves			
Called up share capital	20	**1,000**	1,000
Profit and loss account		**13,318**	23,337
Equity shareholders' funds		**14,318**	24,337

A separate profit and loss account for the Company is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £4.7m (2016: £8.9m).

These financial statements were approved by the directors, authorised for issue on 01 June 2018 and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer

Dennis Hone
Group Finance Director

The notes on pages 80 to 116 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Cash flows from operating activities	21	**(55,435)**	6,600
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,693)**	(4,933)
Purchase of share in associates		**-**	(647)
Acquisition of investments		**(11,947)**	-
Acquisition of goodwill		**(6,878)**	-
Proceeds of fixed asset and disposals		**55**	50
Distribution from joint venture		**-**	565
Proceeds on disposal of investments		**247**	3,812
Net cash used in investing activities		**(23,216)**	(1,153)
Cash flows from financing activities			
Net dividends paid to ultimate parent company		**(14,700)**	(16,310)
Payment to non-controlling interest		**-**	(107)
Increase in borrowings		**172,545**	4,828
Net cash generated/(used) in financing activities		**157,845**	(11,589)
Net increase/(decrease) in cash		**79,194**	(6,142)
Cash and cash equivalents at beginning of year		**116,623**	122,765
Cash and cash equivalents at end of year		**195,817**	116,623

Reconciliation of changes in liabilities arising from financing liabilities	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Opening loans on 1 January	**4,828**	-
Repayment in year	**(4,828)**	(16,872)
New borrowings	**177,373**	21,700
	172,545	4,828

The notes on pages 80 to 116 are an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2017

	Notes	Year ended 31 December 2017 £000s	Year ended 31 December 2016 £000s
Cash flows from operating activities	21	**(86,727)**	6,680
Purchase of property, plant and equipment		**(4,475)**	(4,421)
Dividends received from subsidiary undertakings		**15,292**	20,448
Acquisition of investments		**(11,947)**	-
Net cash (used)/generated in investing activities		**(1,130)**	16,027
Cash flows from financing activities			
Dividends paid		**(14,700)**	(16,310)
Increase in borrowings		**175,872**	-
Net cash generated/(used) in financing activities		**161,172**	(16,310)
Net increase in cash		**73,315**	6,397
Cash and cash equivalents at beginning of year		**38,036**	31,639
Cash and cash equivalents at end of period		**111,351**	38,036

The notes on pages 80 to 116 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2017

Group	Share capital £000s	Retained earnings £000s	Total £000s
Equity shareholders' funds as at 1 January 2016	1,000	65,317	**66,317**
Profit after tax for the year	-	6,957	**6,957**
Retranslation gain	-	4,428	**4,428**
Dividends paid	-	(16,310)	**(16,310)**
Equity shareholders' funds as at 1 January 2017	1,000	60,392	**61,392**
Profit after tax for the year	-	16,912	**16,912**
Retranslation loss	-	(1,296)	**(1,296)**
Dividends paid	-	(14,700)	**(14,700)**
Equity shareholders' funds as at 31 December 2017	**1,000**	**61,308**	**62,308**

Company	Share capital £000s	Retained earnings £000s	Total £000s
Equity shareholders' funds as at 1 January 2016	1,000	30,743	**31,743**
Profit after tax for the year	-	8,904	**8,904**
Dividends paid	-	(16,310)	**(16,310)**
Equity shareholders' funds as at 1 January 2017	1,000	23,337	**24,337**
Profit after tax for the year	-	4,681	**4,681**
Dividends paid	-	(14,700)	**(14,700)**
Equity shareholders' funds as at 31 December 2017	**1,000**	**13,318**	**14,318**

The notes on pages 80 to 116 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

General information

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

Basis of accounting

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

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

Basis of consolidation

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

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

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

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

Revenue

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

(a) Construction contracts

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

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

(b) Other revenue

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

Goodwill

Goodwill is initially recognised and measured as set out below.

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

Property, plant and equipment

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

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

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

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

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

Impairment of tangible and intangible assets excluding goodwill

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

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

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

Provisions

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

Financial instruments

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

(a) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

(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.

(c) Investments

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

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

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

(d) Trade and other payables

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

(e) Other borrowings

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

(f) Financial liabilities and equity

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

(g) Equity instruments

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

Operating leases

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

Segment information

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

Foreign currencies

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

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

Derivative financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet 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.

Standards and interpretations in issue but not yet effective

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

(a) IFRS 9 Financial Instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

(b) IFRS 15 – Revenue from contracts with customers

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

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

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

(c) IFRS 16 – Leases

The standard is effective for periods beginning on or after 1 January 2019, but can be applied before that date if the Company also applies IFRS 15 Revenue from contracts with customers. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 replaces the typical straight-line operating lease expense for those leases applying IAS 17 with a depreciation charge for lease assets (included within operating costs) and an interest expense on lease liabilities (included within finance costs).

The Directors continue to assess the impact of IFRS 16. IFRS 16 Leases was issued by the IASB in January 2016 and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 Leases and will eliminate the classification of leases as either operating leases or finance leases and, instead, introduce a single lessee accounting model. We have carried out an impact assessment of IFRS 16 and believe the impact to be a capitalisation of around £30m.

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

Sources of uncertainty

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

Critical accounting estimates and judgements

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

(a) Revenue and profit recognition

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

(b) Valuation of land and work in progress

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

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

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

(c) Provisions

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

(d) Recoverable value of recognised receivables

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

(e) Goodwill

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

(f) Taxation

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

(g) Research and development

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

3. Financial risk management

General

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

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

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

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

(a) Market risk

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

(b) Interest rate risk

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

(c) Credit risk

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

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

(d) Capital risk management

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

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

(e) Revenue risk

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

(f) Liquidity risk

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

(g) Foreign currency and exchange rate risks

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

3. Financial risk management (continued)

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

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

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

Financial liabilities – derivative financial liabilities

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

Group and Company

Current Liabilities	2017 £000s	2016 £000s
Fair value of forex on forward contract and options	**824**	673

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

	2017 £000s	2016 £000s
Financial liabilities		
Current borrowings including future interest commitments	**241,373**	4,882
Current financial liabilities measured at amortised cost	**507,088**	408,333
Financial assets		
Loans and receivables	**494,576**	407,293
Cash and cash equivalents	**195,817**	116,623

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

4. Segmental analysis

Revenue

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

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

General

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

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

2017	UK and Europe £000s	Middle East North Africa £000s	Asia £000s	Sub-Saharan Africa £000s	America £000s	Intercompany trading £000s	Total £000s
Segment revenue	2,001,502	93,199	13,955	3,411	18,403	(93,582)	**2,036,888**
Costs recharged to clients	(42,589)	(9,352)	-	(31)	(13,168)	-	**(65,140)**
Total segment revenue	1,958,913	83,847	13,955	3,380	5,235	(93,582)	**1,971,748**
Cost of sales	(1,851,810)	(63,572)	(10,665)	(2,099)	(1,502)	93,582	**(1,836,066)**
Gross profit	107,103	20,275	3,290	1,281	3,733	-	**135,682**
Administrative expenses	(87,909)	(15,990)	(1,711)	(1,640)	(1,913)	-	**(109,163)**
Operating profit	19,194	4,285	1,579	(359)	1,820	-	**26,519**
Profit on disposal of an interest in a development asset	247	-	-	-	-	-	**247**
Other items	(3,012)	(758)	(141)	342	(185)	-	**(3,754)**
Profit before tax	16,429	3,527	1,438	(17)	1,635	-	**23,012**
Segment assets							
Non-current assets	80,275	5,953	13	5,460	40	-	**91,741**
Current assets	803,954	46,095	4,702	(5,284)	3,027	-	**852,494**
Current liabilities	(662,730)	(19,851)	(2,644)	185	(3,657)	-	**(688,697)**

2016	UK and Europe £000s	Middle East North Africa £000s	Asia £000s	Sub-Saharan Africa £000s	America £000s	Intercompany trading £000s	Total £000s
Segment revenue	2,066,664	79,761	13,822	2,905	10,604	(132,701)	**2,041,055**
Costs recharged to clients	(44,778)	-	-	-	-	-	**(44,778)**
Share of revenue of joint venture and associates	(30,429)	-	-	-	-	-	**(30,429)**
Total segment revenue	1,991,457	79,761	13,822	2,905	10,604	(132,701)	**1,965,848**
Cost of sales	(1,900,197)	(59,189)	(10,735)	(2,713)	(7,710)	132,701	**(1,847,843)**
Gross profit	91,260	20,572	3,087	192	2,894	-	**118,005**
Administrative expenses	(88,516)	(14,825)	(1,933)	(1,679)	(1,609)	-	**(108,562)**
Operating profit	2,744	5,747	1,154	(1,487)	1,285	-	**9,443**
Profit on disposal of an interest in a development asset	2,032	-	-	-	-	-	**2,032**
Other items	(906)	(534)	(120)	903	(86)	-	**(743)**
Profit before tax	3,870	5,213	1,034	(584)	1,199	-	**10,732**
Segment assets							
Non-current assets	39,452	5,129	13	2,321	89	-	**47,004**
Current assets	554,964	49,195	5,245	(1,154)	(557)	-	**607,693**
Current liabilities	(559,812)	(22,999)	(2,106)	(684)	(1,506)	-	**(587,107)**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

5. Operating Profit & EBITDA

	2017 £000s	2016 £000s
The operating profit is stated after charging:		
Foreign exchange losses	**1,442**	1,011
Depreciation of tangible fixed assets	**5,568**	5,538
(Profit)/loss on disposal of fixed assets	**(13)**	118
Research and development costs	**49,000**	42,000
Operating lease rentals:		
Motor vehicles	**55**	93
Land and buildings	**5,325**	2,613
Profit on ordinary activities before interest	**26,919**	12,462
Depreciation of tangible fixed assets	**5,568**	5,538
EBITDA	**32,487**	18,000

Services provided by the Company's auditors and its associates

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

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

6. Interest

	2017 £000s	2016 £000s
Bank and other interest receivable	**44**	1,120
Bond and other interest payable	**(3,951)**	(2,850)
	(3,907)	(1,730)

7. Directors' remuneration

	2017 £000s	2016 £000s
Remuneration for management services (including benefits)	**951**	995
Performance related remuneration	**110**	225
Pension contributions	**34**	98
	1,095	1,318

Pension's contributions were made in respect of 3 directors (2016: 3).

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

	2017 £000s	2016 £000s
Remuneration for management services (including benefits)	**519**	464
Pension contributions	**10**	22
	529	486

All key management are directors of the Company.

8. Staff costs and numbers

	2017 £000s	2016 £000s
Staff costs were as follows:		
Aggregate gross wages and salaries	**314,822**	290,229
Employer's social security costs	**28,093**	26,401
Other pension costs	**20,215**	17,698
	363,130	334,328

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

	2017 £000s	2016 £000s
Corporate support services	**322**	313
Project delivery staff	**4,409**	4,118
	4,731	4,431
The total number of direct employees as at the reporting date was:	**5,042**	4,494

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

9. Tax on profit on ordinary activities

	2017 £000s	2016 £000s
(a) Analysis of charge in year		
UK corporation tax at 19.25% (2016: 20%)	**-**	(1,532)
Group relief payment	**966**	1,083
Adjustments in respect of previous years	**220**	(1)
Overseas taxation	**6,635**	5,401
Deferred tax	**(1,721)**	(1,176)
Total current tax (note 9(b))	**6,100**	3,775
(b) Factors affecting tax credit for year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:		
Profit on ordinary activities before tax	**23,012**	10,732
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	**4,430**	2,147
Effects of:		
Expenses not deductible for tax purposes	**727**	805
Temporary differences not recognised in deferred tax	**(50)**	38
Non-taxable profit on disposal of investments	**(89)**	-
Utilisation of tax losses	**(322)**	(24)
Non-taxable foreign branch income	**-**	(18)
RDEC credits	**(570)**	(139)
Different rates of tax on overseas earnings	**595**	795
Impact of deferred tax rate movements	**275**	61
Adjustments to tax charge in respect of previous years	**(41)**	110
Adjustment to tax charge in respect of previous years – overseas taxation	**1,145**	-
Current tax charge for the year (note 9(a))	**6,100**	3,775

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

	2017 £000s	2016 £000s
Deferred tax		
Opening deferred tax asset	**1,640**	465
Deferred tax income for year	**1,721**	1,175
Closing deferred tax asset	**3,361**	1,640
Analysed as:		
Fixed asset temporary differences	**1,617**	927
Short-term temporary differences	**709**	276
Loss carried forward	**1,035**	437
	3,361	1,640

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

10. Tangible non-current assets

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

Company	Leasehold improvements £000s	Computer Equipment & IT Systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost				
At 1 January 2016	10,556	19,498	264	**30,318**
Additions	328	4,075	18	**4,421**
Disposal	-	(9,053)	(42)	**(9,095)**
At 31 December 2016	10,884	14,520	240	**25,644**
Additions	68	4,385	22	**4,475**
Disposal	(433)	(3,951)	(11)	**(4,395)**
At 31 December 2017	10,519	14,954	251	**25,724**
Depreciation				
At 1 January 2016	1,977	11,919	144	**14,040**
Charge for the year	598	3,785	35	**4,418**
Disposal	-	(9,053)	(43)	**(9,096)**
At 31 December 2016	2,575	6,651	136	**9,362**
Charge for the year	675	3,664	32	**4,371**
Disposal	(433)	(3,951)	(11)	**(4,395)**
At 31 December 2017	2,817	6,364	157	**9,338**
Net book value				
At 31 December 2017	7,702	8,590	94	**16,386**
At 31 December 2016	8,309	7,869	104	16,282

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

11. Intangible assets

Group	Goodwill £000s
Cost	
At 1 January 2016	13,606
At 31 December 2016	13,606
Additions	8,456
At 31 December 2017	**22,062**

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

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

	2017 £000s	2016 £000s
Mace Macro Limited, engaged in facilities management	**4,265**	4,265
Como Group Limited, engaged in specialised fit out project work	**3,343**	3,343
Mace Cost Consultancy Limited, engaged in cost consultancy	**5,998**	5,998
2017 additions Court Orchard Limited, engaged in property development	**4,266**	-
Mace Holdings Ltd (Saudi Arabia), engaged in project management	**225**	-
Mace, Consultoria E Gestao de Projectos E Construcai, Lda (Portugal), engaged in project management	**1,286**	-
YMR (Kenya), engaged in cost consultancy & quantity surveying	**2,079**	-
MMQSMace Consultancy (Pty) Ltd	**600**	-
The major assumption used in value in use calculations is as follows: Pre-tax discount rate	**8%**	8%

Mace purchased our joint venture partners share of Court Orchard Ltd to achieve 100% ownership of the Greenwich Square development.

Mace acquired 49% of YMR Partnership Kenya to form a joint venture to develop an integrated service offering across the East Africa region.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

12. Joint ventures and associates

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

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

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

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

Joint ventures and associates are listed in note 26.

13. Investments

	Joint ventures & associates £000s	Other investments £000s	Subsidiaries £000s	Total £000s
Group				
Cost less provisions				
At 1 January 2016	592	9,818	-	**10,410**
Additions	647	-	-	**647**
Adjustment	790	-	-	**790**
Share of results	731	-	-	**731**
Distribution from joint ventures	(565)	-	-	**(565)**
At 31 December 2016	2,195	9,818	-	**12,013**
Additions	624	24,947	-	**25,571**
Disposal	-	(13,000)	-	**(13,000)**
Exchange difference	(244)	-	-	**(244)**
Adjustment	(580)	-	-	**(580)**
Transfer from current assets	-	25,000	-	**25,000**
Share of results	410	-	-	**410**
At 31 December 2017	**2,405**	**46,765**	**-**	**49,170**
Company				
Cost				
At 1 January 2016	7	10,492	10,704	**21,203**
At 31 December 2016	7	10,492	10,704	**21,203**
Additions	-	24,947	-	**24,947**
Disposals	-	(13,674)	(2,736)	**(16,410)**
Transfer from current assets	-	25,000	-	**25,000**
At 31 December 2017	7	46,765	7,968	**54,740**
Provision				
At 1 January 2016	-	527	2,883	**3,410**
At 31 December 2016	-	527	2,883	**3,410**
Disposals	-	(527)	(2,883)	**(3,410)**
At 31 December 2017	-	-	-	**-**
Net book value				
At 31 December 2017	**7**	**46,765**	**7,968**	**54,740**
At 31 December 2016	7	9,965	7,821	**17,793**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

14. Trade and other receivables

	Group		Company	
	2017 £000s	2016 £000s	2017 £000s	2016 £000s
Trade debtors	**180,793**	121,177	**79,085**	65,162
Amounts recoverable on contracts	**99,245**	89,306	**63,414**	57,299
Amounts owed by ultimate parent company	**25,052**	23,773	**26,942**	23,772
Amounts owed by immediate parent company	**41,921**	41,918	**41,921**	41,130
Amounts owed by subsidiary undertakings	**-**	-	**123,845**	-
Amounts owed by joint ventures and associates	**1,522**	256	**26**	256
Development loan	**1,502**	1,502	**1,502**	1,502
Taxation and social security receivable	**4,238**	438	**-**	-
Deferred tax	**3,361**	1,640	**2,102**	1,640
Other debtors	**23,812**	11,110	**16,875**	6,887
Prepayments and accrued income	**155,922**	141,527	**66,636**	79,745
	537,368	432,647	**422,348**	277,393

Development loan represents investment in a development project made to secure construction turnover, together with development returns. The amount outstanding relates to a project which is substantially complete and awaiting development returns. The loan is repayable upon successful completion of the project.

Debtors past and overdue

	Group		Company	
	2017 £000s	2016 £000s	2017 £000s	2016 £000s
Trade receivables not due	**143,378**	88,999	**63,354**	53,993
Trade receivables past due 1–30 days	**24,908**	20,368	**11,520**	7,749
Trade receivables past due 31–60 days	**6,971**	5,932	**2,433**	2,090
Trade receivables past due 61–90 days	**2,873**	4,166	**774**	1,146
Trade receivables past due over 90 days	**5,730**	7,122	**2,280**	422
Gross trade receivables	**183,860**	126,587	**80,361**	65,400
Bad debt provision	**(3,067)**	(5,410)	**(1,276)**	(238)
Trade debtors	**180,793**	121,177	**79,085**	65,162

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

15. Current asset investment

	2017 £000s	2016 £000s
Current asset investment	**10,000**	35,000

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

16. Development work in progress

	2017 £000s	2016 £000s
Work in progress	**70,689**	16,619
Investment in joint venture	**37,287**	5,897
	107,976	22,516

17. Profit on disposal of interests in a development assets

	2017 £000s	2016 £000s
Profit on disposal	**247**	2,032

18. Current liabilities

	Group		Company	
	2017 £000s	2016 £000s	2017 £000s	2016 £000s
Trade payables	**194,044**	207,098	**133,279**	132,483
Amounts owed to ultimate parent company	**-**	1,401	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**-**	169
Bank loan	**-**	4,882	**-**	-
Taxation and social security payable	**34,915**	37,161	**13,490**	15,932
Other creditors	**23,997**	6,670	**1,319**	413
Directors loans	**15,872**	-	**15,872**	-
Accruals and deferred income	**419,869**	329,895	**257,122**	210,394
	688,697	587,107	**421,082**	359,391

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

19. Non-current liabilities

	Group		Company	
	2017 £000s	2016 £000s	2017 £000s	2016 £000s
Payments received on account	**20,256**	6,353	**20,256**	6,353
Corporate bond	**160,000**	-	**-**	-
Bank loans for development projects	**1,501**	-	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**160,000**	-
Accruals for land	**11,076**	-	**-**	-
	192,833	6,353	**180,256**	6,353

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

20. Share capital – Group and Company

	Number of shares	Ordinary shares £000s
Ordinary Shares at 100p each	997,281	997
A Ordinary shares at 1p each	348,000	3
At 31 December 2016 and 2017	**1,345,281**	**1,000**

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

21. Notes to the cash flow statement

Group
Reconciliation of operating activities to operating cash flows

Statement of cash flows	2017 £000s	2016 £000s
Cash flows from operating activities		
Profit before finance costs	**26,919**	12,462
Adjustments for:		
Loss on disposal of fixed assets	**13**	118
Profit on disposal of investments	**(247)**	(2,032)
Share of post-tax profits of joint ventures	**(93)**	(731)
Depreciation	**5,568**	5,538
Foreign exchange – retranslation	**(1,808)**	3,876
Cash flows before changes in working capital	**30,352**	19,231
Working capital changes:		
Increase in trade and other receivables	**(104,721)**	(72,391)
Increase in work in progress	**(85,886)**	(10,032)
Increase in trade payables	**116,960**	76,193
Increase in working capital	**(73,647)**	(6,230)
Income taxes paid	**(7,498)**	(4,671)
Net finance costs	**(4,642)**	(1,730)
Net cash from operating activities	**(55,435)**	6,600

Company
Reconciliation of operating activities to operating cash flows

Statement of cash flows	2017 £000s	2016 £000s
Cash flows from operating activities		
Profit before finance costs	**3,604**	8,066
Adjustments for:		
Depreciation	**4,371**	4,418
Dividends received from subsidiary undertakings	**(15,292)**	(20,448)
Cash flows before changes in working capital	**(7,317)**	(7,964)
Working capital changes:		
(Increase)/decrease in trade and other receivables	**(144,955)**	28,476
Increase/(decrease) in trade payables	**65,175**	(161)
Decrease/(increase) in work in progress	**4,746**	(10,436)
(Increase)/decrease in working capital	**(75,034)**	17,879
Income taxes paid	**-**	(1,495)
Net finance costs	**(4,376)**	(1,740)
Net cash from operating activities	**(86,727)**	6,680

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

22. 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. While certain Group companies have overdrawn balances, at 31 December 2017 there was no net Group indebtedness to its bankers and therefore the directors consider that no contingency arises.

23. Related party transactions

Company	2017 £000s	2016 £000s
Transactions between the company and its subsidiaries		
Trading transactions		
Sales	**45,306**	37,754
Purchases	**104,004**	133,099
Non-trading transactions		
Dividends	**15,292**	18,317
Interest payable	**(2,924)**	(513)

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

Loans from directors

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

24. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Mace Group Limited and its ultimate parent is Mace Finance Limited. Both companies are incorporated in England and Wales. The results of the Company are included in the consolidated accounts of Mace Finance Limited, copies of which are available from Companies House.

25. Future commitments

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

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

The Group has no capital commitments.

26. List of joint ventures and associate undertakings

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

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

27. List of subsidiary undertakings

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

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Australia Proprietary Limited Level 5, 1 Chifley Square Sydney NSW 2000	Australia	100	Project management
Mace Limited Liability Company Tolbuhina 2–313, Premise 10a Minsk 220012	Belarus	100	Project management
Mace Macro Brazil Consultoria Em Projetos E Construcao Ltda Avenida Nações Unidas, 6917 Pinheiros São Paulo CEP: 05477-000	Brazil	100	Facilities management
Mace Macro Chile Spa Padre Mariano No 272 Office 602 Providencia Santiago	Chile	100	Facilities management
Mace (China) Limited 3606 Ciro's Plaza, 388 West Nanjing Road Shanghai 20003	China	100	Project management
Mace Zagreb d.o.o. Petrinjska 42 a Zagreb 10000	Croatia	100	Project management
Callomin Property Solutions Limited 59–61 Acropolis, 3rd floor, Flat 301 Nicosia 2012	Cyprus	100	Project management
Mace Holdings Limited 59–61 Acropolis, 3rd floor, Flat 301 Nicosia 2012	Cyprus	100	Holding company
Mace International Limited 59–61 Acropolis Savvides Court 3rd floor Nicosia 2012	Cyprus	100	Project management
Mace Macro International Limited 59–61 Acropolis, 3rd floor, Flat 301 Nicosia 2012	Cyprus	100	Facilities management
Mace Technology Denmark ApS Harbour House, Sundkrogsgade 21 2100 Copenhagen	Denmark	100	Construction delivery and project management
Mace Egypt for Project Management L.L.C. 10 Al-Obour Buildings Cairo	Egypt	100	Project management

Company	Country of registration/ incorporation	Voting rights	Nature of business
Cambridge Heath Road Developments Limited*	England & Wales	70	Property development
Como Construction Limited*	England & Wales	100	Dormant
Como Group Limited*	England & Wales	100	Holding company
Como Homes Limited*	England & Wales	100	Dormant
Como Interiors Limited*	England & Wales	100	Fit out
Court Orchard Limited*	England & Wales	100	Property development
Engage Selection Limited*	England & Wales	100	Dormant
FM24 Limited*	England & Wales	100	Facilities management
Frontier Finance Plc	England & Wales	100	Public limited company
Graduation (Exeter) Limited (In liquidation)	England & Wales	100	Development
Graduation (Hoyle St) Limited*	England & Wales	100	Development
Graduation Cardiff Management Limited*	England & Wales	100	Development
Graduation Exeter (Phase 2) Limited*	England & Wales	100	Development
Graduation Exeter Management Limited*	England & Wales	100	Development
Graduation Student Living Limited*	England & Wales	100	Development
Greenwich Square Commercial Limited*	England & Wales	100	Development
Greenwich Square Limited*	England & Wales	100	Development
Luxborough Street Properties Limited*	England & Wales	100	Development
Mace (Moorgate) Limited*	England & Wales	100	Consultancy
Mace (New Zealand) Limited*	England & Wales	100	Consultancy
Mace (Poland) Limited*	England & Wales	100	Consultancy
Mace (Russia) Limited*	England & Wales	100	Consultancy
Mace (Slovakia) Limited*	England & Wales	100	Consultancy
Mace Angola Special Projects Limited*	England & Wales	100	Consultancy
Mace Business School Limited*	England & Wales	100	Consultancy
Mace Construction (International) Limited*	England & Wales	100	Consultancy
Mace Consultancy (Netherlands) Limited*	England & Wales	100	Consultancy
Mace Consultancy (Peru) Limited*	England & Wales	100	Consultancy
Mace Cost Consultancy Limited*	England & Wales	100	Consultancy
Mace Developments (Cardiff) Limited*	England & Wales	100	Development
Mace Developments (Exeter) Limited*	England & Wales	100	Development
Mace Developments (Greenwich) Limited*	England & Wales	100	Development
Mace Developments (Hoyle St) Limited*	England & Wales	100	Development
Mace Developments Limited*	England & Wales	100	Development
Mace International (UK) Limited*	England & Wales	100	Consultancy
Mace International Overseas Limited*	England & Wales	100	Consultancy
Mace Living Limited*	England & Wales	100	Construction
Mace Macro (Asia Pacific) Limited*	England & Wales	100	Facilities management

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

27. List of subsidiary undertakings (continued)

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

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Technology (Ireland) Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin 2	Ireland	100	Construction delivery and project management
Cambridge Heath Road Developments (Jersey) Limited 44 Esplanade, St Helier JE4 9WG	Jersey	70	Property development
Mace Developments (Cambridge) Limited 44 Esplanade ,St Helier, JE4 9WG	Jersey	100	Property development
Graduation Cardiff (Jersey) Limited 44 Esplanade St Helier, JE4 9WG	Jersey	100	Property development
Graduation Exeter and Cardiff (Jersey) Limited, 44 Esplanade St Helier, JE4 9WG	Jersey	100	Property development
Graduation Hoyle St (Jersey) Limited ,44 Esplanade St Helier, JE4 9WG	Jersey	100	Property development
Mace Macro International Investments Limited – Jordan 720 Level 7 Waha Ammoun Building Gardens Street, Amman, 45662	Jordan	100	Facilities management
Mace Management Services LLP 78, Baitursynuly Street Apartment 38, Almalinskiy District 050022 Almaty	Kazakhstan	100	Project management
Mace Management Service Limited Plot L.R. No 12081/10 Sameer Business Park Block C, Unit C1, 1st floor Mombasa Road P.O. Box 10032-00100, Nairobi	Kenya	100	Project management
YMR Kenya 4th Floor, East Wing Lion Place Nairobi	Kenya	51	Consultancy
Mace Macro Luxembourg S.à r.l. 50 Esplanade, Diekirch L-9227	Luxembourg	100	Facilities management
Mace Limitada Alameda Dr. Carlos d’Assumpcao, no. 263, China Civil Plaza 6o. andar M e N	Macau	100	Project management
Mace International Dooel Skopje Bulevar Partizanski odredi Br. 15A, Skopje 1000	Macedonia	100	Project management

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

27. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Management Services Co Limited Corniche Bay La Gaulette 1903-02	Mauritius	100	Dormant
Mace d.o.o. Podgorica Ulica Seika Zaida 13/1 Podgorica	Montenegro	100	Project management
Mace Management Services, SARL 106, Rue Abderrahman Sehraoui Casablanca, 20070	Morocco	100	Project management
Mace - Gestao de Projectos e Construcao. Lda Avenida Armando Tivane, No 599 Bairro Central, Distrito Urbano 1 Maputo	Mozambique	72	Project management
Mace Management Services B.V. Zuidplein 116 Tower H, Level 14, 1077XV Amsterdam	Netherlands	100	Construction delivery
Utremace B.V. Fellenoord 39 5600AM, Eindhoven	Netherlands	100	Holding company
Mace Management Services Limited 1c Etim Inyang Crescent Victoria Island	Nigeria	99	Project management
Mace International LLC PO Box 686 Muscat Governatorate Mutrah, Ruwi 112	Oman	65	Project management
Mace Macro International Limited LLC Office 201, 2nd Floor Maktabi 1, Al Khuwair PO Box 1119 Muscat,111	Oman	70	Facilities Management
Mace Macro Pakistan (Pvt) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi	Pakistan	100	Facilities management
Mace – Consultoria e Gestao de Projectos e Construcao, Lda Rua Nova Stella No 7 2760 – 087, Caxias	Portugal	100	Project management
Mace Polska Spolka zoo Atrium Plaza Building 00-867 Warszawa	Poland	100	Project management
Mace Management Services Limited Umujyi wa Kigali Gasabo, Kacyiru	Rwanda	100	Dormant

Company	Country of registration/ incorporation	Voting rights	Nature of business
Macro Saudi Arabia Limited Arafat St, Al-Hamra'a, Jeddah 21424,	Saudi Arabia	49	[Dormant/Facilities management]
Mace Holdings Limited Al Mousa Centre, Tower 4 Unit 435, Olaya Street PO Box 9817 Riyadh 12241 Saudi Arabia	Saudi Arabia	55	Project management
Mace d.o.o. Association for consulting, engineering, production, construction, trading and services, Belgrade 1/3/7 Lazarevacka Street Belgrade Savski Venac Serbia	Serbia	100	Project management
Mace Pte. Ltd 80 Robinson Road No. 02-00 Singapore 068898 Singapore	Singapore	100	Project management
Mace Management Services (Pty) Limited 12 Wessel Road Rivonia Gauteng 2128 South Africa	South Africa	100	Project management
Mace Management Services S.A Paseo de la Castellana 135 Edificio Cuzco III Planta 3 28046 Madrid Spain	Spain	100	Project management
Macro Qatar LLC Office No.3, 3rd Floor, Building No. 7 Al Hitmi Village C Ring Road, Doha P.O.BOX 31237 Qatar	State of Qatar	49	Facilities management
Management and Excellence Consultancy (Qatar) Limited 2nd Floor, Office 204 Building 63, Al Matar Street 310 Zone 27 Doha Qatar	State of Qatar	49	Project management
Mace GmbH c/o Urs Schneebeli Scheideggstrasse 66 8038 Zurich	Switzerland	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2017

27. List of subsidiary undertakings (continued)

Mace Management Services AG C/O IWP Consulting GmbH Steinenring 8 4051, Basel	Switzerland	100	Project management
Mace Syria LLC No registered office	Syria	100	Dormant
Mace Projects Sarl 5 Rue de Chypre Mutuelleville Tunisi 1002	Tunisia	100	Dormant
Mace Construction Management and Consultancy Services Limited Maçka Cad.Tuncer Building, No:29 D.13 Maçka, Şişli Istanbul	Turkey	100	Project management
Mace Macro International Investments Limited Bin Shabib & Associates (BSA) LLC DIFC Building 3, 6th floor P.O. Box 262, Dubai	UAE	100	Project management
Mace Macro Owners Association Management Co Office 28, Level 3, Oasis Centre Sheikh Zayed Road ,Dubai	UAE	65	Facilities management
Mace Macro Technical Services LLC Warehouse 4, Plot 365-153 Al Qouz Dubai	UAE	100	Project management
YMR Partnership Uganda Plot 24b Akibua Road, Nakasero Ericson Building 3rd Floor Kampala	Uganda	51	Consultancy
Mace North America Limited 3500 Lenox Road Suite 1500 Atlanta GA 30326	USA	100	Project management
Mace Vietnam Company Limited Floor 13, BIDV Tower, No. 194, Tran Quang Khai Street Ly Thai To Ward Hanoi City	Vietnam	100	Project management

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

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

Cambridge Heath Road Developments Limited
(CRN: 8692442)

Como Construction Limited
(CRN: 4643980)

Como Group Limited
(CRN: 4643572)

Como Homes Limited
(CRN: 4969652)

Court Orchard Limited
(CRN:7841736)

Engage Selection Limited
(CRN: 5121839)

FM24 Limited
(CRN: 3773320)

Graduation (Hoyle Street) Limited
(CRN: 8240550)

Graduation Student Living Limited
(CRN: 7773718)

Greenwich Square Commercial Limited
(CRN: 8136122)

Luxborough Street Properties Limited
(CRN: 8933765)

Mace (New Zealand) Limited
(CRN: 9653353)

Mace (Poland) Limited
(CRN: 8120932)

Mace (Russia) Limited
(CRN: 8127292)

Mace (Slovakia) Limited
(CRN: 8950843)

Mace Business School Limited
(CRN: 5601050)

Mace Construction (International) Limited
(CRN: 9887082)

Mace Cost Consultancy Limited
(CRN: 5032803)

Mace Consultancy (Netherlands) Limited
(CRN: 10827128)

Mace Developments (Hoyle) St Limited
(CRN: 10955062)

Mace Developments (Cardiff) Limited
(CRN: 9846987)

Mace Developments (Greenwich) Limited
(CRN: 6987720)

Mace International Overseas Limited
(CRN: 7463976)

Mace International (UK) Limited
(CRN: 7094851)

Mace Living Limited
(CRN: 5156449)

Mace Macro (Asia Pacific) Limited
(CRN: 7407865)

Mace Macro (The Americas) Limited
(CRN: 6910338)

Mace Macro Europe Limited
(CRN: 6897543)

Mace MEP Services Limited
(CRN: 5726148)

Mace Plus Academies Limited
(CRN: 5897947)

Mace Plus Group Limited
(CRN: 5349265)

Mace Plus Limited
(CRN: 5282952)

Mace Projects (South Africa) Limited
(CRN: 9623284)

Mace Sustain Limited
(CRN: 5979486)

MSecure Limited
(CRN: 5072221)

Observatory Inspiration Limited
(CRN: 7841836

The People Group Limited
(CRN: 5121869)

Mace Macro Africa Limited
(CRN: 10448074)

Mace Consultancy (Peru) Limited
(CRN: 10874751)

Graduation Exeter (Phase 2) Limited
(CRN: 11115650)

Mace
155 Moorgate
London EC2M 6XB
+44 (0)20 3522 3000

www.macegroup.com
info@macegroup.com