mace

ANNUAL REPORT 2015

1 ABOUT MACE

PURSUIT OF A BETTER WAY

Mace works with clients around the world to help shape cities and build sustainable communities for the future. We are changing the way our industry operates because we believe we have found a better way of turning our clients' ambitions into reality.

We are committed to innovation and service excellence. We are proud that our constant pursuit of a better way has resonated with our clients and is embraced by our people.

As an international consultancy and construction company, we offer integrated services across the full property and infrastructure life cycle.

Our experts in programme and project management, construction delivery, cost consultancy and facilities management thrive within our collaborative and entrepreneurial culture.

We strive to find better solutions to our clients' infrastructure and property challenges. From London to Hong Kong to New York, and dozens of cities and communities in between, Mace is helping clients develop and build facilities that meet the needs of the future.

And with experience working on some of the most iconic projects in the built environment, Mace continues to help shape skylines across the world.

Our people, too, are renowned throughout the industry for always going that bit further – using their expertise and Mace's collaborative culture to create a customised service for our clients, adding greater value and building lasting relationships.

Birmingham New Street station
Birmingham, UK

2015 IN NUMBERS

MACE GROUP

Total Group turnover

£1.77bn

+18.9% increase on 2014

Group pre-tax profit

£36.2m

+4.6% increase on 2014

Total Group headcount includes consultants and temporary employees

5,036

+8.1% increase on 2014

Amount donated through the Mace Foundation

£522k

+32.5% increase on 2014

INVESTMENT

Gross Development Value of real estate investment positions

£1.4bn

2015	£1.4bn
2014	£1bn
2013	£500m

+40% increase on 2014

Investment headcount directly employed staff

11

2015	11
2014	12
2013	8

CONSULTANCY

Total Consultancy turnover

£250m

14% of Group total

MP&I **£63m**
Property **£78m**
International **£109m**

2015	£250m
2014	£196m
2013	£196m

+28% increase on 2014

Total Consultancy headcount directly employed staff

2,062

41% of Group total

MP&I **418**
Property **653**
International **991**

2015	2,062
2014	2,149
2013	2,060

−4% decrease on 2014

CONSTRUCTION

Construction turnover

£1.42bn

81% of Group total

2015	£1.42bn
2014	£1.20bn
2013	£904m

+18% increase on 2014

Construction headcount directly employed staff

1,347

27% of Group total

2015	1,347
2014	1,130
2013	983

+19% increase on 2014

MACRO (FACILITIES MANAGEMENT)

Macro turnover

£93m

5% of Group total

2015	£93m
2014	£90m
2013	£81m

+3% increase on 2014

Macro headcount directly employed staff

719

14% of Group total

2015	719
2014	630
2013	560

+14% increase on 2014

OUR INTERNATIONAL PRESENCE

Headcount includes consultants and temporary employees

Group Total

Headcount
5,036

UK

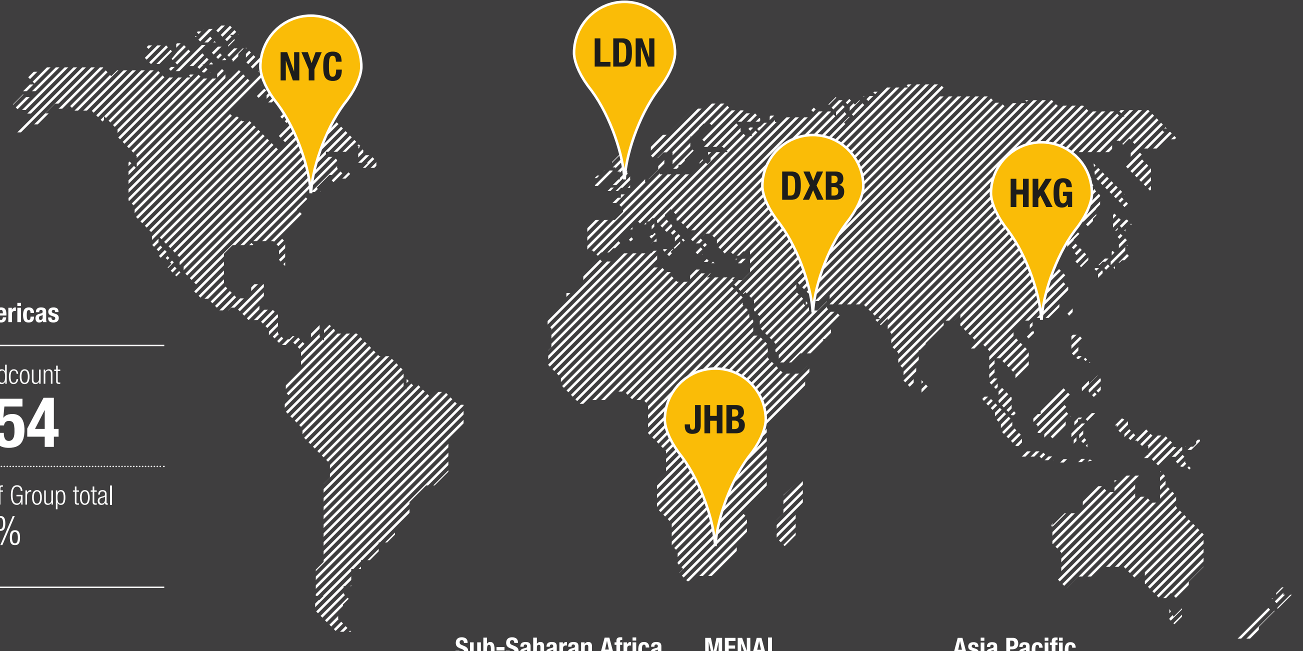
Headcount
3,571

% of Group total
71%

Mainland Europe

Headcount
427

% of Group total
8%



Americas

Headcount
154

% of Group total
3%

Sub-Saharan Africa

Headcount
139

% of Group total
3%

MENAI

Headcount
610

% of Group total
12%

Asia Pacific

Headcount
135

% of Group total
3%

OUR AWARDS

Building AWARDS 2015 WINNER

RESI Awards

2015 RICS Awards Winner

Consultants of the Year 2015 Finalist

WINNER WhatHouse? AWARDS 2015

RoSPA 2015 GOLD Award

BRITISH SAFETY COUNCIL Sword of Honour 2015 Winner

Awarded for UK Business Superbrands 2015 Quality · Reliability · Distinction

Member of The 5% Club

RoSPA 2015 Winner WORKFORCE INVOLVEMENT IN SAFETY & HEALTH TROPHY

RoSPA 2015 Commended CONSTRUCTION COMMERCIAL Sector Award

The JobCrowd THE TOP COMPANIES for graduates to work for IN 2015/16

DIGITAL IMPACT AWARDS 2015

2015 IN PROJECTS

School of Oriental and African Studies
London, UK

Metropolitan Police Service Hendon
London, UK

South Bank Tower
London, UK

One Porsche Drive
Atlanta, US

London School of Economics
London, UK

A14
Cambridgeshire, UK

The Tate Modern Extension
London, UK

MACE WORLD

Over the last 25 years, Mace has created and managed some of the world's most complex and impressive buildings and infrastructure projects. In 2015, we launched Mace World which showcases 60 of our key projects that have shaped some of the planet's biggest cities and helped people live, work and prosper.

Find out more at **http://mace.world**

To download on iPad, search for 'Mace World' on the App Store.

2 STRATEGIC REPORTS

EXECUTIVE CHAIRMAN'S STATEMENT

Stephen Pycroft
Executive Chairman

> Against a backdrop of some global economic uncertainty, we continue to increase profits and turnover in a sustainable way towards our 2020 targets while maintaining our focus on delivering for our clients.

I am pleased to report another successful year of growth for Mace. Against a backdrop of some global economic uncertainty, we continue to increase profits and turnover in a sustainable way towards our 2020 targets, while maintaining our focus on delivering for our clients. We also took time out to celebrate our 25th anniversary with our staff and clients across the globe.

Our annual turnover increased by just under 19% year-on-year to £1.77bn with a profit before tax of £36.2m and cash balances increasing by nearly 22% to £123m. The fact that we have increased our turnover and profit consecutively for 25 years reflects a commitment at Board level to sustainable growth and creating a solid platform for the future. As a Board we are also committed to maintaining our high levels of commercial agility and resilience; ensuring we have the ability to act quickly when presented with both opportunities and risks.

In 2013 we launched our 2020 business plan which sets out our growth strategy and vision for each of our core markets. By the end of the decade, our goal is to become one of the top ten UK contractors and a leading international programme manager; trusted to deliver projects and programmes through our innovative, collaborative and value-driven approach. The strategy remains unchanged and was instrumental in guiding our decision making in 2015. I am pleased with our progress to date and I am confident we will meet the targets we set ourselves. I would like to thank my Group Board colleagues and the fantastic Mace team for their outstanding contribution during 2015.

In the last year we continued to strengthen our market presence and integrated service capability. We were rewarded with significant new work across the infrastructure, property, commercial office and data centre sectors.

West Ham United's new stadium at the Queen Elizabeth Olympic Park
London, UK

Smart Motorways Programme
UK

EXECUTIVE CHAIRMAN'S STATEMENT CONTD.

Our investment business continues to grow and reported excellent results in 2015. A notable highlight was the sale of Assam Place, a student accommodation and mixed use scheme in London. This fully let asset, which was developed and constructed by Mace, exceeded its exit yield expectations, providing further opportunities to invest in new schemes and build a strong pipeline for the future.

2015 saw some challenges for our construction business. The sector delivered £1.42bn in turnover, an 18% increase on 2014. However a number of difficult projects did impact on the margin level delivered to the business. But we lived up to our long-standing reputation of being a trusted partner able to deliver large, complex and iconic projects. In London our construction business began work on an impressive new stadium for Tottenham Hotspur Football Club, and work started at the former BBC Television Centre. Our construction business also won its second major contract outside of the UK; a major data centre in Ireland for an international technology company. Our reputation as a top UK contractor was also reinforced with Mace selected as the 'Major Contractor of the Year' at the annual Building Magazine awards for a second consecutive year.

Although we remain one of the safest companies in our sector, our health and safety performance was slightly worse than what was achieved in 2014, showing we need to redouble the work and effort expended by our teams on site and in our dedicated health and safety team. Mace's 'Safety first. Second nature.' safety campaign matured this year, with a focus on safety leadership training which looks to embed the right behaviours and culture across our employees and supply chain partners. Our unique 'Safety first. Second nature.' Awards entered their second year and we took steps to address health and wellbeing of all our operatives on our construction sites, emphasising the 'health' in health and safety.

This included visits from the sports charity State of Mind to get people talking about mental health, and drop-in sessions with a dedicated nurse and physiotherapist at our Birmingham New Street station project.

Our consultancy business had a solid year, growing turnover 28% to £250m, and reinforcing Mace's reputation as a partner of choice and a leading international programme manager. As Programme Delivery Partner for Highways England, we are supporting the delivery of the UK's major road projects until 2020. Our long term involvement with the London Legacy Development Corporation at the Queen Elizabeth Olympic Park continued in 2015, with Mace appointed to project manage the new Cultural and Education District. The project includes a new campus for one of the world's leading universities, University College London; a new theatre for Sadler's Wells and an additional site for the Victoria and Albert Museum. 2015 also saw Mace develop its market presence further in the UK infrastructure sector, with major wins with clients Transport for London and Associated British Ports. Outside of the UK, Mace strengthened its presence in the North American and Sub-Saharan African markets, while work began on the major Expo 2020 Dubai project in the UAE. In Vietnam, we continue to build on our tradition as a specialist in delivering some of the world's tallest buildings, with Landmark 81 getting underway. Once complete the tower will be the highest skyscraper in the country, standing at 462 metres.

We judge our success as a company by more than simply the projects we win and deliver for our clients. In our 25th year, more than ever, we gave back to the communities in which we work. Through our independently run charity, the Mace Foundation, people across the business ran, cycled, swam, danced and sky-dived to raise money for our chosen charity partners. In addition, Mace continued its commitment to donate 1% of annual net profit to the Foundation. Since its formation in 2013, the Foundation has given £1.2m in donations to a total of 192 charities and worthy causes. A fact everyone at Mace is deeply proud of.

EXECUTIVE CHAIRMAN'S STATEMENT CONTD.

In addition to helping our communities to thrive, we pride ourselves on delivering sustainable outcomes for our clients.

Our strong, stable position and our achievements in 2015 are the result of the hard work of all of our people, across the globe. Our people are the lifeblood of our company, a fact often echoed by our clients. We continued to grow our team in 2015, creating 379 new jobs. This represents an increase of 8% to give us a total workforce, including consultants and temporary appointments, of 5,036. We continued to improve the diversity of our company, with the launch of our Women of the Future programme, and bring in new talent across the company. We welcomed 71 new graduates into the business, as well as 18 construction trainees. Our executive development framework with Imperial College London, continued to deliver world class training and development opportunities to our managers and senior managers. For the first time, we ran a year-long Programme Managers of the Future course with Cranfield University, enhancing the skillset of our senior managers to deliver world-renowned projects for our clients.

Mace continues to go from strength to strength and while challenges remain in the UK and global economies, we have an enviable pipeline of work stretching well into 2016 and beyond. Our strategy remains the same, to deliver the 2020 business plan, deliver on our commitments, to grow in a planned and sustainable way, create opportunities for our talented people and find more innovative ways to deliver our programmes and projects to give added value to our clients.

Tottenham Hotspur FC
London, UK

Q&A WITH THE CHIEF EXECUTIVE

Mark Reynolds
Chief Executive

"We will be investing heavily in our people, our systems and R&D to become one of the UK's leading international consultancy and construction companies, whilst making a positive difference to the world around us."

Q&A

Mark, how has Mace performed over the last year?

Our profits and turnover both grew for the 25th consecutive year – something we are incredibly proud of. This would be an impressive achievement for any company, but given the challenges faced in our sector, this is particularly notable.

I am pleased that we have remained consistently profitable and continue to out-perform many of our sector peers. However, we have not been immune to a number of challenging projects, but despite these we have stayed true to our values and delivered on our commitments.

The investment in our consultancy business in North America has paid off and is now making a positive contribution to the bottom line. And in our Asian region we made good progress by being appointed to a number of exciting long term projects in Vietnam.

In 2015 we secured a number of high profile programmes and projects that will take us well into the next decade. We have an impressive £2.35bn pipeline that we are confident will be converted into firm secured contracts, and our bidding pipeline at the end of 2015 was in excess of £6.5bn. Our bidding success rate has improved to a conversion rate above 40%, which allows us to plan and select opportunities to grow sustainably and manage our risk profile.

We are also getting tantalisingly close to achieving our 2020 goal of £2bn turnover. Notwithstanding the ongoing global economic uncertainties, the fluctuations in oil and commodity prices and the changes to the UK rules around purchasing high-end residential property, we remain excited by the prospect of becoming a £2bn company in 2016.

Last year, you said Mace would look to strengthen its presence in core markets while expanding into new sectors. How has that progressed?

We have continued to secure several frameworks across the infrastructure sector, including roles with Highways England, Transport for London and Affinity Water – who renewed our ten year framework with them for a further ten years. One of the reasons that we have grown so quickly in this market is our naturally collaborative and innovative approach to delivery, both of which are founding principles of Mace.

2015 also saw us appointed to the London Construction Programme framework and the replacement to the iESE framework, the Southern Construction framework, which we have been part of since its inception.

Our initial steps into the international data centre market have been rewarded with further significant construction opportunities in the sector with leading cloud data centre providers. This provides us with greater confidence to expand and grow as a truly leading international consultant and contractor.

Were there any projects that particularly stood out for you this year?

Leading a company that has worked on some of the world's most prestigious and cutting edge projects is extremely rewarding – this year was no different. There are many I could mention, but I'd like to focus on four projects that really stood out for me and the business. Attending the royal opening of the new sleek and brighter Birmingham New Street station was a humbling moment, particularly seeing our Project Director introduce Her Majesty the Queen and the Duke of Edinburgh to three of the 100 apprentices we recruited on the project. The regeneration impact of the new station on the city cannot be underestimated and the close collaboration with our clients, Network Rail and Birmingham City Council exemplified our pursuit of a better way.

In London, as the main contractor on Nova, we are helping Land Securities to transform a 5.5 acre site, re-inventing the area across from Victoria Station. The scheme features 603,000 square feet of world class offices, 85,000 square feet of restaurants and bars and 170 apartments. And in north London, we secured our first stadium project as a contractor as we commenced work on Tottenham Hotspur Football Club's new 61,000 seat home ground, which will provide 25,000 more fans the opportunity to watch every game, in a fantastic and innovative new stadium.

Building on our history of delivering major events, the six month long World Expo in 2020 will see the world's eyes fixed on Dubai. The event follows in the footsteps of a 150 year tradition of thought-leading and culturally vibrant World Expos. In joint venture we are providing programme management and construction expertise to make this a reality.

2015 was Mace's 25th year. Looking back, what were some of the highlights for you?

We celebrated our 25th anniversary in style, with our clients, partners, supply chain and staff, and embraced 25 years of a better way of delivering for our clients.

Our 25th celebrations gave us an opportunity to pause and reflect on our purpose and where Mace has come from. For me, I was proud to have the opportunity to thank our clients, partners and supply chain for their help over the past 25 years. And importantly, recognise the fantastic team we now have assembled. We cannot forget it's our people who have made Mace successful with their innovative approach, can-do attitude and commitment that keeps clients coming back.

We also held a number of light hearted events, such as a Lego competition, fun runs, the Tour de Mace cycle ride, plus many other activities to raise money for the Mace Foundation. We lived up to our values and gave even more support to our communities and to charities.

Finally, I have to mention the client receptions and staff end of year communications sessions that were held across our five global hubs. They brought together many friends and colleagues, and gave the Group Board and I a chance to say thank you to everyone for helping make Mace the company we are today.

Her Majesty the Queen and the Duke of Edinburgh visit Birmingham New Street station
Birmingham, UK

When you became CEO in 2013, you set some ambitious targets for Mace to reach. What progress have we made?

In 2013 the Group Board agreed on a range of goals across safety, our people, our clients, finances and what we give back to our communities. In some areas we have made progress quicker than expected, and in others we need to go further.

We have made great progress towards our employee engagement target of 90%, recording 84% in 2015. I'm sure our 25th anniversary celebrations helped, the challenge will be to keep this going in 2016 and beyond. We are currently ahead of our target for growth achieving turnover of £1.77bn this year. As I mentioned earlier we are now very close to achieving our £2bn revenue target, but are falling behind on margin targets. This is mainly due to legacy projects secured during the recession. Thankfully many now have come to a close and the final ones will be closed out in 2016.

If we reflect on the success of the Mace Foundation, we can be extremely proud of our achievements. In 2015 we went all out raising money for good causes, increasing the amount donated to worthy causes and charities by a whopping 32% to £522,000.

Mace has been an industry leader in health and safety. What happened in 2015 to drive safety excellence?

We rolled out a new programme of 'Safety first. Second nature' training to all those in management roles. This training is focussed on creating and encouraging the right behaviors and a collaborative approach throughout the company. We also held our second 'Safety first. Second nature.' Awards at the Royal Institute of British Architects in London to recognise the outstanding approaches to health and safety on our projects. This didn't go without notice; we won two Swords of Honour – for Sky Building 2 and our public sector construction business unit – 11 ROSPA golds, a prestigious Gold Medal Awards, and the WISH trophy which recognises outstanding workforce engagement in health and safety.

Mace's 25th Anniversary

What are you doing to make sure Mace is in good shape for 2016 and the future?

The world is constantly changing. The macroeconomic drivers of ageing populations, the rate of urbanisation in the developing world and a focus on improving productivity provide us with a fantastic opportunity to showcase what Mace can really offer. The increased demand for housing in many of the great cities around the world and emerging disruptive technologies, means we are well placed to help create value and wealth. We will remain focussed on our vision to help shape cities and build sustainable communities.

In 2015 the Group Board undertook a piece of work which looked at how Mace can improve our operational efficiency to remain at the forefront of our sector and continue to create exciting and enriching opportunities for our people. In 2016 and beyond we will be making substantial investments in our systems and business processes, to improve our resilience and increase our productivity as we continue to grow.

Greater focus is being placed on new approaches to create more value for our clients and make us a more attractive company to work for. We are investing heavily in our people, our systems and several R&D activities, which we believe will fundamentally change the way buildings are constructed whilst addressing sustainability challenges. Our goal is to become the most innovative company in our sector.

The Group Board and I will continue to lead a great company that prides itself on service excellence for our clients and the pursuit of a better way. We are committed to offering fantastic opportunities to our people and will stay true to our values.

Tour de Mace

Mace's 'Safety first. Second nature' Awards

OUR SERVICES AND SECTORS

OUR SERVICES

Invest

Investment

Development management

Development

Investment

Consult

Programme management

Project management

Cost consultancy

Architecture and engineering

BIM

Construction design and management regulations

Information and communication technologies

Risk

Strategic planning

Sustainability and socio-economics

Construct

Construction delivery

Fit out (Como)

Contracting

Logistics (Mace Logistics)

MEP (Mace MEP)

Preconstruction

Secure construction (MSecure)

Operate

Facilities management (Macro)

Managed services

Facilities management consultancy

Helpdesk services (fm24)

OUR SECTORS

Arts and culture	Health and social care	Research and pharmaceutical
Data centres	Hotels	Residential
Education	Leisure and sport	Retail
Energy and utilities	Offices	Transport and infrastructure
Government and public estates	Regeneration	

South Bank Tower development by CIT
London, UK

CORPORATE GOVERNANCE

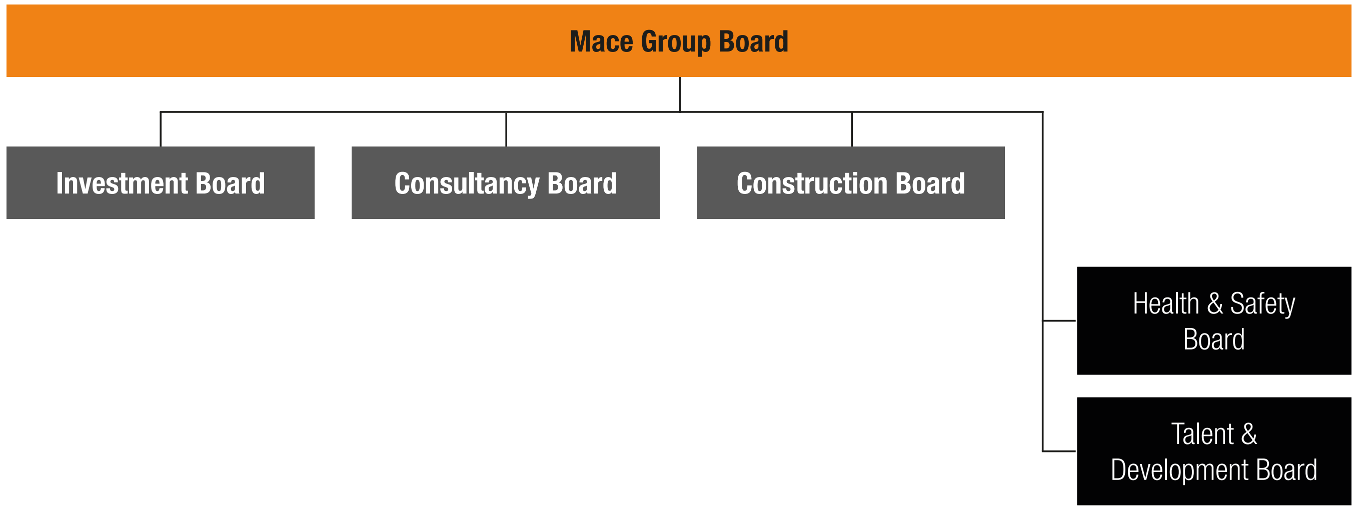
Strong, transparent and accountable governance safeguards the health of Mace. It enables the company to maintain its agility, entrepreneurial spirit and provide development opportunities for our people.

The Mace Group Board is collectively responsible for the direction and oversight of the company. The Board believes that good governance involves the clarity of roles and responsibilities and the proper utilisation of distinct skills and processes.

The Board is focused on the long term strategy and how we can continue to meet our clients' ambitions, by structuring our business across three boards – investment, consultancy and construction.

The majority of the directors at Mace maintain client involvement and are renowned for their hands on approach, successful stakeholder management, delivery, and employee engagement. This allows them to better understand the complexity of our projects and consistently create value for our clients.

We remain committed to providing exceptional health and safety standards across all our projects. The safety and wellbeing of our people and the communities we work within is fundamental to who we are and everything we do.



Guy's and St Thomas' Hospital East Wing Cladding
London, UK

MACE GROUP BOARD

Stephen Pycroft

Executive Chairman

Stephen is the Executive Chairman of Mace. Having joined the company in 1993 and appointed a Group Board Director in 1995, he led a management buyout of the company in 2001 and was appointed Chief Operating Officer before taking over as CEO at the end of 2004, and Executive Chairman in 2008. He stood down as CEO at the end of 2012 after leading the company through a period of phenomenal growth, with turnover increasing from £90m in 2001 to £1.09bn in 2012. He cemented Mace's reputation as one of the leading international consultancy and construction companies with an enviable reputation for quality, innovation and delivery worldwide.

Board tenure appointed 1995

Mark Reynolds

Chief Executive

Appointed Mace's Chief Executive in January 2013, Mark has been a member of the Group Board since the management buyout of the company in 2001. His 2020 vision is for Mace to double its turnover to become a £2bn company by innovating, investing in our people and delivering a consistent high quality service to clients. Mark gained his early experience in the commercial sector on the Broadgate and Ludgate developments in London, later moving on to projects with the British Airports Authority. He was the Deputy Programme Director for the London 2012 Olympic and Paralympic Games, reported as the best ever delivered venue in the history of the modern Olympics.

Board tenure appointed 2001

Mark Holmes

COO for Consultancy

Mark joined the company in 1992 and set up Mace's UK consultancy business. He was then instrumental in adding cost management and facilities management to our consultancy offer. More recently, Mark has been developing the company's corporate real estate partnerships and entry into North America. Mark chairs Mace's Consultancy Board.

Board tenure appointed 1996

Gareth Lewis

COO for Construction

Gareth has a wealth of experience, with more than 25 years in the construction industry, joining Mace in 1994. He specialises in running complex projects and programmes bringing high quality delivery and innovation to clients. Since becoming Chief Operating Officer of our construction business, turnover has grown to over £1.2bn, contributing 81% of Mace's turnover in 2014. Gareth also oversees management of the construction supply chain and provides strategic leadership on many of the UK's most iconic construction projects. He won the Construction Manager of the Year Award in 2013 and is a fellow of the Chartered Institute of Building.

Board tenure appointed 2002

David Grover

COO for Investment

David has led the company in creating a portfolio of investment and development opportunities around the UK. These include student residential, PRS, housing, hotels and commercial property. This has helped grow Mace's direct investment portfolio, whose exit value now exceeds £1.4bn. David is a chartered surveyor and holds a masters in construction law and arbitration from King's College London.

Board tenure appointed 2002

MACE GROUP BOARD (CONTD.)

Marcus Burley

COO for International

Marcus is responsible for the company's operational activities internationally. He currently manages in excess of $US20 billion worth of projects. Marcus has more than 20 years of industry experience and has been responsible for the successful completion of major retail, commercial, leisure and residential projects around the world. Marcus has played a key role in securing and subsequently developing successful partnering and joint venture agreements with three of the Middle East's largest and most respected developers.

Board tenure appointed 2010

Jason Millett

COO for Major Programmes and Infrastructure

Jason is responsible for Major Programmes and Infrastructure (MP&I) and is driving our goal to be the UK's leading programme manager by 2020. He has over 20 years' industry experience and leads on some of the UK's most significant projects alongside the largest global programmes. Under his leadership, MP&I has seen 43% growth over the last three years. He was CLM's programme director for the London 2012 Olympic and Paralympic Games, responsible for the delivery of the Games venues and the commercial closure of the most successful Olympics ever. Prior to joining Mace he was CEO of Bovis Lend Lease while also holding the role of CEO of Catalyst Lend Lease. Jason is an advisor to the Mayor's London Infrastructure Delivery Board, a fellow of the Chartered Institute of Building and the Association of Project Management.

Board tenure appointed 2013

Dennis Hone

Group Finance Director

Dennis is Mace's Group Finance Director and leads the group services division responsible for finance, human resources, assurance, marketing, communications and information management. He has extensive experience in senior corporate leadership. Prior to Mace he was the Director of Finance and Corporate Services and later the Chief Executive of the Olympic Delivery Authority. He was involved with the development and delivery of London 2012 transitioning to being the Chief Executive of the London Legacy Development Corporation leading the transformation of Queen Elizabeth Olympic Park. In 2013 he was awarded Commander of the Order of the British Empire (CBE) and in 2014 the Freedom of the City of London.

Board tenure appointed 2014

Lee Penlington

Group Commercial Director

Since 2010 Lee has held overall commercial responsibility for a number of Mace's construction businesses, and in particular the formation of a residential service offer. He is founding director of the Como business, Mace's specialist and leading fit out company. He started out in the construction industry in quantity surveying. Lee joined Mace to establish the fixed price offer within the Group, and led the commercial team to successfully deliver numerous projects within both the public and private sector.

Board tenure appointed 2013

Mark Castle

Deputy COO for Construction

Mark joined Mace in 2005 to set up the company's fixed price construction business. With over 30 years' experience, Mark has managed UK and USA based organisations and today retains a hands on approach to many of our strategic client relationships. He is a fellow of the Royal Institute of Chartered Surveyors and a Director of Build UK.

Board tenure appointed 2013

3 MACE IN FOCUS

MACE IN FOCUS: INVEST

Assam Place

London, UK

Assam Place marked our first step into the world of investment and played a vital role in shaping our investment and development business.

Working as co-investor, developer, project manager and contractor, this project is a testament to the collaborative nature of our business. Allowing an integrated approach for Mace to share knowledge and produce a world class facility.

Blending an historic landmark with a new 18 storey student residential tower was never going to be easy. However the building opened on time, was fully let within the first year, and has rightly earned its place as a top quality commercial and residential space.

MACE IN FOCUS: CONSULT

Expo 2020 Dubai

Dubai, UAE

All over the world, people are dedicating effort and imagination to making a better future. From unlocking development opportunities for the next generation to reimagining how people move and connect, and finding sustainable solutions around energy and water, new innovations are being created that only five years ago would have been unimaginable.

Expo 2020 Dubai aims to create new ways of thinking, and working that reflect a modern, connected age. The event will provide a platform to foster creativity, innovation and partnership globally. Over the course of six months from October 2020, Expo will explore visions for the next 50 years. Dubai will bring together 25 million visitors and over 180 participants in festival of human ingenuity.

In a joint venture, Mace is providing programme, project and cost management, for the 4.4km^2 development in the south of the emirate. The programme will transform this area of the city into a destination capable of hosting more than 250,000 visitors a day for a truly inspiring and entertaining experience.

This project builds on Mace's proven success in delivering major events and sports arenas around the world, including the London 2012 Olympic and Paralympic Games and Expo 2017 in Astana, Kazakhstan.

Working in partnership with Bureau Expo Dubai 2020, the team is focussed not only on putting on a fantastic event, but creating a lasting legacy for the United Arab Emirates.

MACE IN FOCUS: CONSTRUCT

Nova, Victoria
London, UK

Regeneration schemes are key to the transformation of cities, helping to create vibrant new neighbourhoods in which to live and work.

Across from Victoria station sits Nova, a game-changing £2.2bn mixed-use development set to become one of London's most exciting public destinations.

As main contractor, we are delivering phase one of Land Securities' vision, comprising 727,000 square feet of quality, sustainable retail, office and restaurant space and luxury apartments. This is the largest and most complex of the three construction phases.

Using state-of-the art building methods and new technologies, we have shaved six months off the programme. The build includes construction of two angular crystal-like office buildings, the 11-storey Nova North and 15-storey Nova South, along with the 13-storey Nova apartment block and a four-level basement.

The logistical and construction challenges on this project are endless. The Duke of York public house, the listed Victoria Palace Theatre, and Sutton House, built in 1535, will all be retained thanks to our experience of sensitive construction in historic locations.

Our experience of working in busy city locations has been vital with 100 million people currently passing by this busy transport hub every day. No mean feat, but a challenge that we are embracing every step of the way. The project is due to complete in 2016.

MACE IN FOCUS: OPERATE

Citrix

Worldwide

Macro's relationship with Citrix, the global virtualisation and networking provider, began three years ago, when it became clear that our model of facilities management aligned with their beliefs: Work Better. Live Better.

Citrix is at the heart of the mobile and cloud revolution, allowing people to connect with information, across any network, any location or any device.

Together, we are working to extract the best results from both of our businesses on an EMEA region scale. We have delivered a reduction in costs and more effective management of the supply chain, flexibility in operation, efficiency savings, centralised finance and improved performance in health, safety and environment.

Perhaps most importantly, we have helped Citrix to achieve a global standardisation of process and service, managing services across its European portfolio.

Embedding ourselves closely with our client team, we have successfully demonstrated facilities management solutions at their best, growing our footprint from five locations in five countries to 19 sites across 14 locations.

4 DIRECTORS' REPORTS

FINANCIAL REPORT

Dennis Hone
Group Finance Director

Group turnover

£1.77bn

Group turnover 2010–15

2015	£1.77bn
2014	£1.49bn
2013	£1.18bn
2012	£1.09bn
2011	£928m
2010	£851m

Group pre-tax profit 2010–15

2015	£36.2m
2014	£34.6m
2013	£32.4m
2012	£28.3m
2011	£23.2m
2010	£21.0m

Group turnover increase

+18.9%

Group pre-tax profit increase

+4.6%

Group cash balances

2015	£123m
2014	£101m
2013	£142m
2012	£103m
2011	£116m
2010	£105m

Group cash balance increase

+21.5%

2015 was my second year as Group Finance Director and Mace's 25th year of growing turnover and profit. Mace's turnover increased by 18.9% to £1.77bn, cash balances increased by 21.5% to £123m, and profits rose by 4.6% to £36.2m at year end, with margin levels falling slightly behind projections. We helped our clients to deliver some of the most life-changing and city shaping projects and programmes across the globe.

Since we set our 2020 targets in 2013, Mace has experienced solid growth in turnover and profits, with turnover tracking ahead of our projections for 2015. Part of this has been our construction business securing significant, high value projects, particularly in London over the past 12 months, resulting in their turnover of £1.42bn. This included creating a new home for the Design Museum in London and setting a new standard for high quality transport infrastructure with the completion of Birmingham New Street station for Network Rail, which has seen traveller satisfaction soar.

In 2015 our investment business continued to excel with Gross Development Value of around £1.4bn. Last year saw the sale of Assam Place, the home of the Hult International Business School, to Greystar Real Estate Partners. Our involvement in Assam Place started in 2010, initially via the land acquisition of the site following a successful planning application. Mace then redeveloped and refurbished the part-listed building which became fully occupied in September 2012.

Although the turnover of our business has grown, as with most of the construction sector, we did see a number of challenging projects and external factors that impacted on our margin. It is also fair to say that macroeconomic factors, such as fluctuations in oil price and exchange rates, uncertainty about China's growth and construction costs increasing at a rate 2.5 times more than the Consumer Price Index (CPI) since 2013, have affected margin levels for our industry as a whole.

For the overall health of the property market it is important that the UK has a sound economy, a robust construction sector and, whilst we all need to bear down on delivery costs, it has to be recognised that this must not be at the expense of quality.

As a result, the Group Board have implemented a number of changes to ensure that we become more efficient as a business, manage risk better, can continue to invest in new innovative approaches, our processes and people. These changes include investment in new training and development programmes for our people, and investment in our systems and new technology to ensure that we remain a resilient company able to deliver an exceptional service for our clients and provide enriching opportunities for our people.

We have continued our strategy of expanding our work on major programmes and infrastructure both in the UK and internationally, with turnover growing a significant 36% to £65m in this business division. This is in large part thanks to winning a number of substantial frameworks across infrastructure sectors and further deepening relationships with existing clients. Roles include the Programme Delivery Partner framework with Highways England, the project services framework with National Grid, deepening our relationship with Associated British Ports, and ten years delivering Affinity Water's substantial Capital Delivery Programme.

Our property consultancy business, which accounts for nearly 5% of group turnover, saw an 13% rise to £78m during the year. In London, we are helping the UK Home Office reorganise their London headquarters and relocate over 6,000 employees as part of the Government Reform Agenda, which will better utilise available space and boost productivity. We also strengthened our presence in the retail sector by renewing our relationships with Sainsbury's and the Co-Op. And our pharmaceutical footprint grew in six new locations with Roche Diagnostics, including Switzerland, France, Spain and North America.

Macro, our facilities management business, showed excellent growth recording a turnover of £93m, which was £3m higher that in 2014. This sector saw its relationship with global tech company, Citrix, expand to a further eight offices across Europe, the Middle East and Africa. Demonstrating the depth of expertise within Macro, we assisted with an event being held at one of our project sites, Umm Al Emarat Park, which was attended by nearly 100,000 people from around the world.

After our initial start-up expenditure, our North America office is now making a positive contribution to the company. Elsewhere in our international business we have seen growth in Sub-Sahara Africa including our work on the Grain Silo Hotel at the V&A Waterfront in Cape Town. Since we opened our first office in Vietnam, the team has worked on a series of impressive projects, including the Gateway Thao Dien residential complex and the record-breaking Landmark 81 Tower which consists of apartments, a hotel and retail space. Our progress internationally has seen turnover rising 13.5% to £109m.

Over the next year we will continue to strengthen our approach to risk management and governance as well as making substantial investments in our systems and our people, making sure they meet the needs of our clients and our business requirements. We will continue to mitigate company risks by expanding our work in the consultancy sector – particularly infrastructure – and in construction we have implemented new selection criteria which govern the projects we will work on.

As our 2015 results demonstrate, Mace has a strong balance sheet, the right people, is making substantial investment in our systems and innovation, and is in an enviable position for future growth and market expansion.

HR REPORT

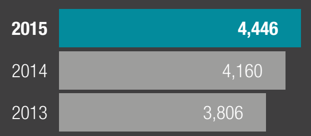
Tracey Locke
HR Director

Total Group headcount at end of 2015 (includes consultants and temporary employees)

5,036

+8.1% increase on 2014

Group headcount (direct employees only)



Construction trainees
18

New graduates
71

Careers week attendees
37

Percentage of graduates who are female
34%

Our success and ability to meet the needs of our clients in a complex and fast-changing business environment would not be possible without our people.

In 2015 we continued our focus on attracting, recruiting and retaining the highest calibre of talent with employee numbers rising by just over 8% to 5,036 across the globe at year end.

We took further positive steps to improve our workforce diversity, improve our talent identification and management, review our strategy and processes for appraising and rewarding our people, and increased efforts to share good practice across the company.

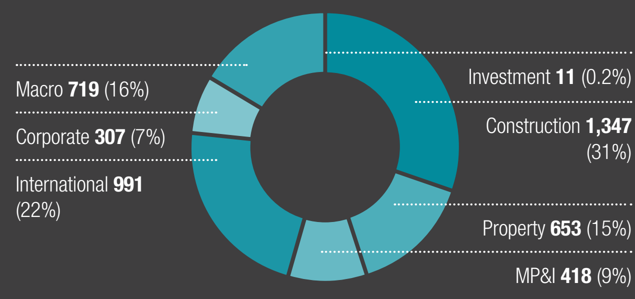
We also continued to improve our learning and development offer to employees at all levels in the company. Our Executive Development Framework, established two years ago, was extended to include our Programme Management of the Future training with the internationally acclaimed Cranfield University. We also launched our Mace Women of the Future programme, which gives our future female leaders access to mentoring, training and tailored events. This programme is a central part of our gender diversity strategy and we are working in partnership with WISE and the Everywoman network.

In 2015 we welcomed 71 graduates onto the Mace Graduate Development Programme from a wide range of courses and universities, an increase of 22% from 2014, 34% of whom are women.

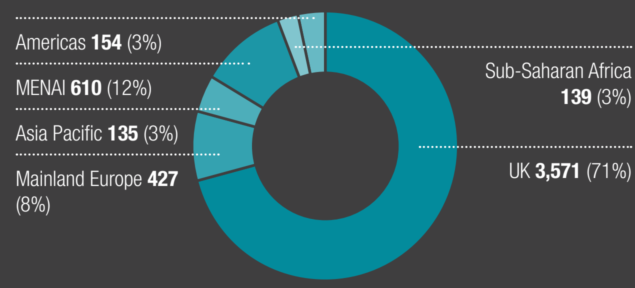
We also signed up to the 5% Club. As an organisation focused on the industry addressing high levels of youth unemployment and the skills shortage in the UK, this membership pledges that by 2020, 5% of our workforce will be apprentices, graduate trainees or sponsored students. And our efforts did not go unnoticed as we topped The JobCrowd Top Companies for Graduates to Work For. We have made excellent progress towards our employee engagement target of 90%, achieving 84% in 2015 – an improvement on 2014.

Looking ahead to 2016, our strategic focus remains attracting, recruiting and retaining the very best people as the company continues to grow. We have an exciting year ahead as we continue to improve our resourcing and attraction strategies, implement a revised reward strategy, introduce a new middle management programme, and further improve our succession planning. We wil be launching a new apprenticeship programme and have an ambitious improvement programme which is about moving to a self-service model for all employees.

Headcount by service (direct employees only)



Total headcount by region (includes consultants and temporary employees)



HEALTH AND SAFETY REPORT

Nigel Cole
Health & Safety Director

Hours worked without a reportable incident

5m

Actions recorded on YellowJacket

2015	47,414
2014	40,151
2013	31,352

+18% increase on 2014

Lost time incidents on site

2015	98
2014	57
2013	81

+61% increase on 2014

First aid incidents on site

2015	107
2014	110
2013	179

–3% reduction on 2014

Health and safety remains one of our core values and is part of everything we do. During 2015 we saw the roll out of our bespoke ‘Safety first. Second nature.’ training programme, which by the end of the year had seen 1,700 Mace staff trained across the world, and we will continue to roll out into 2016. The programme was developed in partnership with a specialist external training company, to ensure Mace adopted the most effective and engaging techniques to embed our culture of health and safety.

Although overall accidents fell in 2015, we did face challenges on some of our projects. The number of first aid incidents on site fell by 3% to 107 but the number of lost time incidents rose by 41 to 98. The number of preventative actions taken also rose to 47,414 from 40,151 the previous year, and thanks to an awareness campaign, the number of safety observations rose 68% to just under 80,000.

Total RIDDORs for 2015 were up 7 to 31, with an Accident Frequency Rate (AFR) of 0.10. This was in part due to the increased number of projects we worked on in 2015, with the associated increase in on site operatives. Whilst we remain in the upper quartile for our sector, it is clear we need to work harder, develop new, safer methods of delivery, and continue to roll out our training and new methods of engagement.

As part of our focus on the ‘health’ aspect of health and safety, we held our first Mace Health Day which promoted occupational health and wellbeing, healthy eating, staying active and provided free health checks. We also held a number of seminars with sports charity, State of Mind, to discuss personal experiences of mental health issues and share some self-health material and routes of support.

Building on the success of our inaugural awards in 2014, we held the 2015 ‘Safety first. Second nature.’ Awards at the Royal Institute of British Architects in London. These awards recognise outstanding commitment to health and safety, wellbeing, and innovation that can reduce hazards and risks. There were nearly 130 entries from across Mace, our supply chain and clients, with the bar being set even higher than in 2014.

The good work we do in health and safety was again recognised last year. We won two Swords of Honour, 11 ROSPA golds, a prestigious Gold Medal Award and the WISH trophy which recognises outstanding workforce engagement in health and safety.

I wish to thank my Mace colleagues and supply chain for all their hard work in 2015, and look forward to working with them in 2016 to improve our performance and make Mace one of the safest companies in our industry.

Number of observations

79,850

+68% increase on 2014

Number of RIDDORs

2015	31
2014	24
2013	21

+29% increase on 2014

Accident Frequency Rate (AFR)

2015	0.1
2014	0.09

+11% increase on 2014

RoSPA 2015 GOLD Award

BRITISH SAFETY COUNCIL Sword of Honour 2015 Winner

RoSPA 2015 Winner WORKFORCE INVOLVEMENT IN SAFETY & HEALTH TROPHY

RoSPA 2015 Commended CONSTRUCTION COMMERCIAL Sector Award

SUSTAINABILITY REPORT

Isabel McAllister

Sustainability Director

Timber sourced from certified responsible sources

99.9%

FSC certified	
2015	82.5%
2014	76%
2013	98%

PEFC certified	
2015	17.4%
2014	23.3%
2013	1.4%

In situ concrete from BES6001 certified sources

95.91%

Pre-cast concrete from BES6001 certified sources

70.30%

Rebar from BES6001 or CARES SRS certified sources

95.75%

Structural Steel from BES6001 certified sources

90.92%

Plasterboard from BES6001 certified sources

99.71%

Bricks and Blocks from BES6001 certified sources

94.32%

In 2015 we made significant progress in delivering sustainable activities across the business. We met and exceeded all our 2015 corporate targets, putting us in great shape to meet our 2020 vision. We now systematically address sustainability issues in project and programme delivery and 2015 saw a bumper year of supporting the communities in which we work through our charitable foundation; the Mace Foundation, now in its third year.

We were recognised as Best Community Partner at the Lord Mayor's Dragon Awards, in recognition of the support we provide the London Wildlife Trust through the Foundation. We were also recognised at the Heathrow Supplier Awards for 'Doing the Right Thing' – specifically for our construction sustainability programme, and an outstanding contribution to local community projects including the 'Mace Makeover' day at the Crane Park Primary School. The team working on the £750m upgrade to Birmingham New Street (BNS) station swept up the top prize for 'Excellence in Sustainability' at the Chamber of Commerce Awards for pushing the boundaries in low carbon technology and sustainability in station development. BNS will be the first BREEAM accredited rail station, contributing to the city's carbon reduction figures. In 2015 we also established exciting and influential roles with clients including Jaguar Land Rover and Associated British Ports.

For the second year running, Mace sponsored Green Sky Thinking, highlighting innovative practice on how we 'design in and deliver' sustainability, and co-hosted events with clients British Land, Sky, London Legacy Development Corporation and the Crown Estate. The events discussed live projects and transferable thinking that is moving London's built environment towards a more sustainable future.

The Mace Energy Hub continues to deliver substantial cost and carbon savings to our projects. We also continue to work with Irish Water in many aspects of metering and water conservation including smart metering pilot studies, customer behaviour studies and green schools initiatives.

This year our commitment to sustainable timber practices was recognised by the WWF-UK Timber Scorecard awarding Mace the highest rating for sustainable forest management in a review of 128 UK companies.

As part of a new series of monthly knowledge sharing events, we held four Open House events in partnership with clients to showcase innovation and lessons learned. Together with The Crown Estate we showcased W4 and W5 commercial projects; whilst with British Land we showcased their newly refurbished sustainable headquarters – York House. We also opened up our sites at Greenwich Square and Nova, Victoria, Land Securities' mixed-used development scheme.

In 2015 more than 1,250 Mace employees volunteered. Much of our volunteering work focused on improving access to green spaces across the UK.

Looking ahead

In 2016, we will look to increase our responsible procurement footprint and take UK learnings overseas, both in construction and consultancy roles. We understand we can do more to share knowledge with our clients, and have plans in place to do this in 2016, including an expanded Open House programme, a third year sponsoring Green Sky Thinking and wider training programmes for our people.

We will continue to invest in and create urban green infrastructure, aiming to create 100 hectares of green space by 2020. We will also continue our efforts to reduce our carbon footprint, with new areas of focus being business travel and embodied carbon. We will also continue to trial and mandate innovative pollution control measures across our sites. Together these measures will help us ensure that the company is on the front foot and is well-positioned to promote and deliver best practice. Working collaboratively with our clients, partners and suppliers, we will continue to challenge convention and help the industry evolve to create a new normal of sustainability.

Waste to landfill (tonnes per £100k spend)	
2015	1.99
2014	2.40
2013	3.15

Carbon consumption ($kgCO_2$ per £100k spend)	
2015	513
2014	619
2013	690

Water used (m^3 per £100k spend)	
2015	8.45
2014	8.80
2013	11.6

Biodiversity increase in area on site	
2015	24.7%
2014	19.7%
2013	19.3%

Considerate Constructors Scheme average scores	
2015	40.28
2014	42.28
2013	39.77

21

projects nominated for awards in 2015

5 ANNUAL ACCOUNTS

DIRECTORS' REPORT

Year ended 31 December 2015

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 2015.

Results and dividends

The consolidated profit for the year before taxation amounted to £36.2m (2014: £34.6m). The directors have paid dividends of £46.3m (2014: £7.6m). £35m of the dividends issued in the year were to facilitate the capital reduction described in note 20 of the financial statements. No further dividend is proposed.

Directors

The directors who held office during the year were:

Mark Castle
Amy Chapman
David Grover
Mark Holmes
Dennis Hone
Gareth Lewis
Jason Millett
Rob Owen (resigned 11 December 2015)
Lee Penlington
Stephen Pycroft
Mark Reynolds
David Williams
Mandy Willis
Ian Wylie

Risk factors

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

Treasury activities and financial instruments

The Group's financial instruments comprise cash and other items such as trade receivables and trade payables that arise directly from its operations.

The Group's policy is to maintain surplus funds on short term and instant access deposit to earn the prevailing market rate of interest.

It is the Group's policy not to speculate in derivative financial instruments. Details of the financial risk management objectives and policies of the Group, together with its exposure to material financial risks, are set out in note 3 to the financial statements. The Group is not exposed to significant foreign exchange risks as transactions in foreign currencies are not significant in the context of our overall activities.

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 £123m at December 2015 and in addition long-term contracts and a diverse range of customers and suppliers across its business activities.

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

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 £40m (2014: £36m) 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 for the ensuring year 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

Eloise Mangan

Group Company Secretary

1 June 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

Year ended 31 December 2015

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 2015

We have audited the financial statements of Mace Limited for the year ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows, the related notes 1 to 29 to the Consolidated Financial Statements and the Company Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 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 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Moore Stephens LLP

Paul Fenner (Senior Statutory Auditor)

for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
London

1 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

Continuing Operations	Notes	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Revenue: Group and share of joint ventures		**1,811,344**	1,507,357
Less: Share of joint ventures' revenue		**(44,660)**	(20,905)
Group revenue	4	**1,766,684**	1,486,452
Cost of sales		**(1,633,555)**	(1,357,874)
Gross profit		**133,129**	128,578
Administrative expenses		**(114,012)**	(96,426)
Operating profit	5	**19,117**	32,152
Joint ventures and associates			
Share of operating profit		**897**	13
Profit on disposal of an interest in a development asset	17	**17,641**	2,600
Profit on ordinary activities before interest		**37,655**	34,765
Net finance payable	6	**(1,443)**	(209)
Profit on ordinary activities before taxation		**36,212**	34,556
Income tax expense	9	**(8,345)**	(4,993)
Profit on ordinary activities after taxation		**27,867**	29,563
Other comprehensive income:			
Exchange differences on translation of foreign subsidiaries		**(2,773)**	(891)
Total comprehensive income for the year		**25,094**	28,672

The notes on pages 67 to 94 form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Non-current assets			
Tangible assets	10	**21,606**	22,039
Intangible assets	11	**13,606**	13,606
Investments			
Investments in joint ventures	12	**592**	37
Other investment	14	**9,818**	20,893
Total investments	14	**10,410**	20,930
		45,622	56,575
Current assets			
Trade and other receivables	15	**360,256**	315,840
Current asset investment	16	**35,000**	35,000
Work in progress		**13,391**	14,191
Cash and cash equivalents		**122,765**	101,066
		531,412	466,097
Current liabilities			
Trade and other payables	18	**(509,098)**	(455,212)
Net current assets		**22,314**	10,885
Total assets less current liabilities		**67,936**	67,460
Non-current liabilities			
Trade and other payables	19	**(1,667)**	(15,160)
Net assets		**66,269**	52,300
Capital and reserves			
Called up share capital	20	**1,000**	979
Share premium account	20	**-**	17
Capital redemption reserve		**-**	60
Other reserves		**-**	65
Profit and loss account		**65,317**	51,364
Equity shareholders' funds		**66,317**	52,485
Non-controlling interests		**(48)**	(185)
		66,269	52,300

These financial statements were approved by the directors, authorised for issue on 1 June 2016, and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer
Company registration number: 2410626

Dennis Hone
Group Finance Director

The notes on pages 67 to 94 form part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Non-current assets			
Tangible assets	10	16,278	16,284
Investments	14	17,793	28,868
		34,071	45,152
Current assets			
Trade and other receivables	15	305,869	243,697
Current asset investment	16	35,000	35,000
Work in progress		5,416	5,774
Cash and cash equivalents		31,639	45,054
		377,924	329,525
Current liabilities			
Trade and other payables	18	(378,599)	(335,550)
Net current liabilities		(675)	(6,025)
Total assets less current liabilities		33,396	39,127
Non-current liabilities			
Trade and other payables	19	(1,653)	(15,039)
Net assets		31,743	24,088
Capital and reserves			
Called up share capital	20	1,000	979
Share premium account	20	-	17
Capital redemption reserve		-	60
Profit and loss account		30,743	23,032
Equity shareholders' funds		31,743	24,088

These financial statements were approved by the directors, authorised for issue on 1 June 2016 and are signed on their behalf by:

Mark Reynolds
Chief Executive Officer
Company registration number: 2410626

Dennis Hone
Group Finance Director

The notes on pages 67 to 94 form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Cash flows from operating activities	21	61,227	30,026
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,779)	(7,285)
Purchase of minority interest		-	(1,638)
Acquisition of investments		(23,925)	(55,893)
Profit on sale of fixed asset and exchange		(47)	(109)
Profit on sale of development asset		-	1,547
Net cash used in investing activities		(28,751)	(63,378)
Cash flows from financing activities			
Net dividends paid		(10,781)	(7,612)
Share issue		4	-
Net cash used in financing activities		(10,777)	(7,612)
Net increase/(decrease) in cash		21,699	(40,964)
Cash and cash equivalents at beginning of period		101,066	142,030
Cash and cash equivalents at end of period		122,765	101,066

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Cash flows from operating activities	21	25,151	36,038
Purchase of property, plant and equipment		(3,864)	(4,594)
Acquisition of investments		(23,925)	(55,893)
Profit on sale of fixed asset and exchange		-	684
Net cash used in investing activities		(27,789)	(59,803)
Cash flows from financing activities			
Net dividends paid		(10,781)	(7,612)
Share issue		4	-
Net cash used in financing activities		(10,777)	(7,612)
Net decrease in cash		(13,415)	(31,377)
Cash and cash equivalents at beginning of period		45,054	76,431
Cash and cash equivalents at end of period		31,639	45,054

The notes on pages 67 to 94 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015

Group	Share capital £000s	Share premium £000s	Capital redemption £000s	Other reserve £000s	Retained earnings £000s	Year ended 31 December 2015 £000s
Equity shareholders' funds as at 1 January 2014	979	17	60	65	30,304	**31,425**
Profit and total comprehensive income for the year	-	-	-	-	29,563	**29,563**
Retranslation	-	-	-	-	(891)	**(891)**
Dividends paid	-	-	-	-	(7,612)	**(7,612)**
Equity shareholders' funds as at 1 January 2015	979	17	60	65	51,364	**52,485**
Profit and total comprehensive income for the year	-	-	-	-	27,866	**27,866**
Share issue	1,024	33,980	-	-	-	**35,004**
Share reduction	(1,003)	(33,997)	-	-	35,000	**-**
Retranslation	-	-	-	-	(2,773)	**(2,773)**
Dividends paid	-	-	-	-	(46,265)	**(46,265)**
Transfers	-	-	(60)	(65)	125	**-**
Equity shareholders' funds as at 31 December 2015	**1,000**	**-**	**-**	**-**	**65,317**	**66,317**

Company	Share capital £000s	Share premium £000s	Capital redemption £000s	Retained earnings £000s	Year ended 31 December 2015 £000s
Equity shareholders' funds as at 1 January 2014	979	17	60	11,788	**12,844**
Profit and total comprehensive income for the year	-	-	-	18,882	**18,882**
Exchange movements	-	-	-	(26)	**(26)**
Dividends paid	-	-	-	(7,612)	**(7,612)**
Equity shareholders' funds as at 1 January 2015	979	17	60	23,032	**24,088**
Profit and total comprehensive income for the year	-	-	-	18,916	**18,916**
Share issue	1,024	33,980	-	-	**35,004**
Share reduction	(1,003)	(33,997)	-	35,000	**-**
Dividends paid	-	-	-	(46,265)	**(46,265)**
Transfers	-	-	(60)	60	**-**
Equity shareholders' funds as at 31 December 2015	**1,000**	**-**	**60**	**30,743**	**31,743**

The notes on pages 67 to 94 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1 – Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with International Finance Reporting Standards (IFRS) adopted by the European Union. The financial statements have been prepared on a historical cost basis. The transition to IFRS (see notes 22 and 23) has resulted in a number of changes in the reported financial statements, notes thereto and accounting principles compared to previous annual reports, which were prepared under applicable United Kingdom Generally Accepted Accounting Principles (UK GAAP). The comparative information has been restated in accordance with IFRS.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of the subsidiaries acquired or sold are consolidated for the period from or to the date on which control is passed. Acquisitions are accounted for under the acquisition method. The Company has guaranteed the liabilities of certain subsidiaries included within note 29. 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) Long-term 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.

Acquisitions

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group from the former owners of the acquired company and the equity interest issued by the Group in exchange for control of the acquired company. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed. If after reassessment the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

1 – Accounting Policies (contd.)

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

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

Property, plant and equipment

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

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

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

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.

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 CGU, 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 by the Group in accordance with IAS 19.

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.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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 statement of financial position 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).

Contingent liabilities acquired in a business combination are initially valued at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount initially recognised.

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.

(b) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. 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 of the year end in which the acquisition occurred 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.

1 – Accounting Policies (contd.)

(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 balance sheet 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 balance sheet 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.

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 2015. 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:

IFRS 9 Financial Instruments

The standard is effective for periods beginning on or after 1 January 2018 but is yet to be endorsed by the European Union.

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 other comprehensive income 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.

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 other comprehensive income.

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 date the standard is effective from has not yet been designated for IFRS as adopted by the EU.

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).

2 – Critical accounting estimates and judgements and key sources of uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(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 CGUs 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.

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. There have been no changes to the Group's exposures to risk or the methods used to measure and manage these risks during the year. If amounts are outstanding for longer periods the allowance is increased until over time the full amount outstanding is provided for.

The Group's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payable and loans to and from associated entities and joint ventures.

(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 providing 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 and there is little interest rate risk associated with its short term financing transactions. From time to time, certain of the Group's cash resources are placed on short term fixed deposit of up to one year to take advantage of preferential rates. Otherwise cash resources are held in current, floating rate accounts.

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

Based on historic default rates the Group policy is to record no impairment for amounts overdue up to three months as substantially all amounts have been recoverable in full, except in exceptional specific circumstances. Where amounts are overdue more than three months an allowance is made for credit losses, initially based on the specific circumstances of the customer and an estimate of the expected cash flows to be received based on past experience. If amounts are outstanding for longer periods the allowance is increased until over time the full amount outstanding is provided for.

Once it has been established that an amount will prove irrecoverable it is released from the credit allowance account and written-off against the balance of trade receivable.

(d) Capital risk
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.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or realise assets in order to reduce debt.

Consistent with many other entities in the same industry, the Group monitors levels of capital by reference to gearing ratio, computed as net debt divided by total capital. Net debt is calculated as total borrowings, including both current and non-current borrowings as shown by the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

(e) Revenue risk
Income from three major clients in relation to our major construction projects amounted to 22% (2014: 18%) of total Group revenue during 2015.

(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.

(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.

4 – Segmental analysis

Revenue

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

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Continuing operations:		
Construction	**1,415,052**	1,199,256
Consultancy	**258,505**	190,835
Facilities management	**93,127**	96,361
Total revenue	**1,766,684**	1,486,452

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.

2015	UK and Europe £000s	Middle East North Africa £000s	Asia £000s	Sub-Saharan Africa £000s	North America £000s	Intercompany trading £000s	Year ended 31 December 2015 £000s
Segment revenue	1,895,994	87,754	11,202	4,570	10,089	(198,265)	**1,811,344**
Share of revenue of joint venture and associates	(44,660)	-	-	-	-	-	**(44,660)**
Total segment revenue	1,851,334	87,754	11,202	4,570	10,089	(198,265)	**1,766,684**
Cost of sales	1,744,794	68,326	8,524	2,763	7,413	(198,265)	**1,633,555**
Gross profit	106,540	19,428	2,678	1,807	2,676	-	**133,129**
Overhead costs	97,575	(11,628)	(1,354)	(1,804)	(1,651)	-	**(114,012)**
Operating profit	8,965	7,800	1,324	3	1,025	-	**19,117**
Profit on sales of interests in joint ventures and associates	897	-	-	-	-		**897**
Profit on disposal of an interest in a development asset	17,641	-	-	-	-	-	**17,641**
Other items	(1,110)	(188)	(3)	-	(142)	-	**(1,443)**
Profit before tax	26,393	7,612	1,321	3	883	-	**36,212**
Segment assets							
Non-current assets	39,848	4,685	14	956	119	-	**45,622**
Current assets	490,333	38,643	3,535	462	(1,561)	-	**531,412**
Current liabilities	488,225	18,004	1,223	248	1,398	-	**509,098**

2014	UK and Europe £000s	Middle East North Africa £000s	Asia £000s	Sub-Saharan Africa £000s	North America £000s	Intercompany trading £000s	Year ended 31 December 2015 £000s
Segment revenue	1,504,035	74,156	9,584	3,713	6,643	(90,774)	**1,507,357**
Share of revenue of joint venture and associates	(20,905)	-	-	-	-	-	**(20,905)**
Total segment revenue	1,483,130	74,156	9,584	3,713	6,643	(90,774)	**1,486,452**
Cost of sales	1,377,601	56,676	7,474	1,925	4,972	(90,774)	**1,357,874**
Gross profit	105,529	17,480	2,110	1,788	1,671	-	**128,578**
Overhead costs	(80,606)	(10,719)	(1,859)	(1,719)	(1,523)	-	**(96,426)**
Operating profit	24,923	6,761	251	69	148	-	**32,152**
Profit on sales of interests in joint ventures and associates	13	-	-	-	-	-	**13**
Profit on disposal of an interest in a development asset	2,600	-	-	-	-	-	**2,600**
Other items	(2,793)	2,650	(10)	32	(88)	-	**(209)**
Profit before tax	24,743	9,411	241	101	60	-	**34,556**
Segment assets							
Non-current assets	50,849	4,569	32	1,016	107	-	**56,575**
Current assets	433,324	32,821	2,034	699	(2,781)	-	**466,097**
Current liabilities	436,040	17,374	692	89	1,017	-	**455,212**

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 22% (2014: 18%) of total Group revenue during 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

5 – Operating profit

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
The operating profit is stated after charging:		
Foreign exchange losses/(gains)	1,398	(14)
Depreciation of tangible fixed assets	5,258	4,465
Loss on disposal of fixed assets	31	7
Research and development costs	40,000	36,000
Operating lease rentals:		
Motor vehicles	196	415
Land and buildings	3,816	2,320

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:

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	60	60
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation:		
UK	140	117
Overseas	-	65
Other services pursuant to legislation	14	11
Tax services	162	185

Following the merger of Chantrey Vellacott DFK LLP with Moore Stephens LLP in 2015, the component auditors are no longer associated with the parent company auditors.

6 – Interest

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Bank and other interest receivable	273	523
Interest charged to parent undertaking	497	-
Interest on other loans	(2,213)	(732)
	(1,443)	(209)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

7 – Directors' remuneration

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Remuneration for management services (including benefits)	887	823
Performance related remuneration	245	144
Pension contributions	92	92
	1,224	1,059

Pensions contributions were made in respect of 5 directors (2014: 5).

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

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Remuneration for management services (including benefits)	283	241
Pension contributions	31	19
	314	260

All key management are directors of the Company.

8 – Staff costs and numbers

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Staff costs were as follows:		
Aggregate gross wages and salaries	287,445	248,536
Employer's social security costs	24,474	21,571
Other pension costs	17,247	15,333
	329,166	285,440

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

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Corporate support services	304	221
Project delivery staff	4,097	3,765
	4,401	3,986
The total number of direct employees as at the reporting date was:	4,446	4,160

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

9 – Tax on profit on ordinary activities

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
(a) Analysis of charge in year		
UK corporation tax at 20.25% (2014: 21.5%)	5,926	4,982
Group relief payment	(487)	-
Share of joint ventures and associates tax charge	138	-
Adjustments in respect of previous years	648	(1,349)
Overseas taxation	2,206	1,562
Deferred tax	(86)	(202)
Total current tax (note 9(b))	8,345	4,993
(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 20.25% (2014: 21.5%). The differences are explained below:		
Profit on ordinary activities before tax	36,212	34,556
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014:21.5%)	7,332	7,430
Effects of:		
Expenses not deductible for tax purposes	975	564
Non-taxable profit on disposal of development asset	-	(559)
Capital allowances for year less qualifying depreciation	-	25
Temporary differences not recognised in deferred tax	55	-
Utilisation of tax losses	43	98
Non-taxable foreign branch income	(28)	(346)
RDEC credits	(400)	(281)
Different rates of tax on overseas earnings	(336)	(515)
Impact of deferred tax rate movements	55	-
Adjustments to tax charge in respect of previous years	282	(1,423)
Adjustment to tax charge respect to previous years – overseas taxation	367	-
Current tax charge for the year (Note 9(a))	8,345	4,993

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

10 – Tangible non-current assets

Group	Freehold property £000s	Leasehold improvements £000s	Computer equipment £000s	Plant, motor, vehicles & equipment £000s	Year ended 31 December 2015 £000s
Cost					
At 1 January 2014	1,845	9,940	16,423	1,222	29,430
Exchange differences	113	24	71	6	214
Additions	-	1,447	5,486	352	7,285
Disposals	-	-	(225)	(83)	(308)
At 31 December 2014	1,958	11,411	21,755	1,497	36,621
Exchange difference	102	13	95	(9)	201
Additions	-	469	4,111	199	4,779
Disposals	-	-	(87)	(141)	(228)
At 31 December 2015	2,060	11,893	25,874	1,546	41,373
Depreciation					
At 1 January 2014	80	1,220	8,377	688	10,365
Exchange differences	5	-	33	15	53
Charge for the year	39	673	3,602	151	4,465
Disposals	-	-	(220)	(81)	(301)
At 31 December 2014	124	1,893	11,792	773	14,582
Exchange difference	8	-	96	20	124
Charge for the year	42	781	4,266	169	5,258
Disposals	-	-	(86)	(111)	(197)
At 31 December 2015	174	2,674	16,068	851	19,767
Net book value					
At 31 December 2015	1,886	9,219	9,806	695	21,606
At 31 December 2014	1,834	9,518	9,963	724	22,039

Company	Leasehold improvements £000s	Computer equipment £000s	Plant, motor, vehicles & equipment £000s	Year ended 31 December 2015 £000s
Cost				
At 1 January 2014	9,493	12,180	187	21,860
Additions	688	3,846	60	4,594
At 31 December 2014	10,181	16,026	247	26,454
Additions	375	3,472	17	3,864
At 31 December 2015	10,556	19,498	264	30,318
Depreciation				
At 1 January 2014	896	5,959	92	6,947
Charge for the year	502	2,696	25	3,223
At 31 December 2014	1,398	8,655	117	10,170
Charge for the year	579	3,264	27	3,870
At 31 December 2015	1,977	11,919	144	14,040
Net book value				
At 31 December 2015	8,579	7,579	120	16,278
At 31 December 2014	8,783	7,371	130	16,284

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

11 – Intangible Assets

Group	Year ended 31 December 2015 £000s
Cost	
At 1 January 2014	11,968
Exchange differences	-
Additions	1,638
Disposals	-
At 31 December 2014	13,606
Exchange differences	-
Additions	-
At 31 December 2015	**13,606**

On 25 February 2014 the Company acquired the remaining 14% share in Mace Cost Consulting Limited.

Impairment

Goodwill and other intangibles arising 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, being the fair value of the contractual relationships, is allocated to the CGUs as follows:

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Mace Macro Limited, engaged in facilities management		
Goodwill	4,265	4,265
Como Group Limited, engaged in specialised project work		
Goodwill	3,343	3,343
Mace Cost Consultancy Limited, engaged in cost consultancy		
Goodwill	5,998	5,998
The major assumption used in value in use calculations is as follows:		
Pre-tax discount rate	8%	8%

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 2020. 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 2020.

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

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 (CONTD.)

Year ended 31 December 2015

12 – Joint ventures and associates

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

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Share of net assets brought forward	37	83
Share of post-acquisition profit after tax	759	13
Distributions from joint ventures	(204)	(58)
Share of net assets carried forward	592	37

The following represents the total results of joint venture and associate tangible fixed assets, current assets and creditors due within one year,

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Non-current	433	-
Current assets	35,317	45,960
Cash and cash equivalents	20,113	11,989
Total	55,863	57,949
Revenue	81,934	43,357
Expenses	(76,795)	(43,395)
Interest (expense) income	(1,368)	392
Income tax	(593)	-
Profit for the year	3,178	354

Joint ventures and associates are listed in note 29.

13 – Profit attributable to members of the parent company

A separate profit and loss account for the Company is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £19.0m (2014: £18.9m).

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

14 – Investments

	Joint ventures & associates £000s	Other investments £000s	Subsidiaries £000s	**Year ended 31 December 2015 £000s**
Group				
Cost less provisions				
At 1 January 2014	82	1,547	-	**1,629**
Additions	-	55,893	-	**55,893**
Disposals	-	(1,547)	-	**(1,547)**
Share of results	(45)	-	-	**(45)**
Transfer to current assets	-	(35,000)	-	**(35,000)**
At 31 December 2014	37	20,893	-	**20,930**
Additions	-	23,925	-	**23,925**
Disposals	-	(35,000)	-	**(35,000)**
Share of results	759	-	-	**759**
Distribution from joint ventures	(204)	-	-	**(204)**
At 31 December 2015	**592**	**9,818**	**-**	**10,410**
Company				
Cost				
At 1 January 2014	7	2,256	9,296	11,559
Additions	-	19,311	1,408	20,719
At 31 December 2014	7	21,567	10,704	32,278
Additions	-	23,925	-	23,925
Current asset investment	-	(35,000)	-	(35,000)
At 31 December 2015	7	10,492	10,704	21,203
Provision				
At 1 January 2014	-	17	2,883	2,900
Provision in year	-	510	-	510
At 31 December 2014	-	527	2,883	3,410
Provision in year	-	-	-	-
At 31 December 2015	-	527	2,883	3,410
Net book value				
At 31 December 2015	**7**	**9,965**	**7,821**	**17,793**
At 31 December 2014	7	21,040	7,821	28,868

Details of the Group's investments are shown in note 28 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

15 – Trade and other receivables

	Group		Company	
	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s	**Year ended 31 December 2015 £000s**	Year ended 31 December 2014 £000s
Trade debtors	**129,687**	124,020	**80,867**	75,384
Amounts recoverable on contracts	**58,959**	43,061	**48,098**	33,842
Amounts owed by ultimate parent company	**7,035**	3,170	**6,499**	3,170
Amounts owed by immediate parent company	**41,507**	6,845	**41,507**	6,845
Amounts owed by subsidiary undertakings	**-**	-	**44,649**	45,702
Amounts owed by joint ventures and associates	**256**	256	**256**	256
Development loans	**1,500**	13,866	**11,063**	13,866
Taxation and social security receivable	**8,049**	7,672	**-**	2,306
Other debtors	**14,394**	6,167	**7,996**	2,128
Prepayments and accrued income	**98,869**	110,783	**64,934**	60,198
	360,256	315,840	**305,869**	243,697

	Group		Company	
	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s	**Year ended 31 December 2015 £000s**	Year ended 31 December 2014 £000s
Trade receivables not due	**100,237**	87,726	**71,476**	57,254
Trade receivables past due 1–30 days	**14,363**	21,814	**5,903**	12,659
Trade receivables past due 31–60 days	**6,281**	5,832	**1,841**	2,587
Trade receivables past due 61–90 days	**4,476**	3,043	**1,226**	541
Trade receivables past due over 90 days	**4,330**	5,605	**421**	2,343
Gross trade receivables	**129,687**	124,020	**80,867**	75,384
Bad debt provision	**6,650**	1,914	**940**	398

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

16 – Current asset investment

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Current asset investment	**35,000**	35,000

On 3 January 2014 Mace Limited subscribed for the preferred share capital in Mace Capital Limited which is a special purpose vehicle created as part of the acquisition of shares in Mace Group Limited. The value of the said share subscription is £55.8m, of which £20.8m was reported in fixed assets in 2014 and the balance as a current asset. In 2015 the current portion was redeemed and a further £23.9m of preferred shares were subscribed for. At the year end £35m of the balance was reported as a current asset as the Company expects this amount to be redeemed during 2016.

17 – Profit on disposal of interest in a development asset

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Profit on disposal	**17,641**	2,600

The above profit related to the disposal on 7 May 2015 of the Group's interest in Alternative Developments (Guernsey) Limited, a special purpose vehicle formed for the development of Assam Place a student accommodation building in London.

18 – Current liabilities

	Group		Company	
	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Trade payables	**173,995**	146,022	**119,688**	100,865
Amounts owed to ultimate parent company	**705**	-	**-**	-
Amounts owed to subsidiary undertakings	**-**	-	**11,474**	19,350
Taxation and social security payable	**43,337**	49,696	**26,292**	32,096
Other creditors	**3,529**	6,403	**10,393**	1,090
Accruals and deferred income	**287,532**	253,091	**210,752**	182,149
	509,098	455,212	**378,599**	335,550

19 – Non-current liabilities

	Group		Company	
	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Payments received on account	**1,667**	15,160	**1,653**	15,039

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

20 – Share capital – Group and Company

	Number of shares	Ordinary shares £000s	Share premium £000s	Year ended 31 December 2015 £000s
Ordinary shares of 100p each				
At 31 December 2014	975,888	976	14	990
Issue of shares at 100p per share	1,024,112	1,024	33,980	35,004
Share capital reduction	(1,002,719)	(1,003)	(33,994)	(34,997)
At 31 December 2015	**997,281**	**997**	**-**	997
A Ordinary shares of 1p each				
At 31 December 2014 and 2015	348,000	3	3	6
Share capital reduction	-	-	(3)	(3)
At 31 December 2015	**1,345,281**	**1,000**	**-**	**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.

During the year the Company issued new share capital at a premium in order to provide cash to its parent undertaking for Group capital purposes. Immediately thereafter the share capital was reduced in accordance with the procedure laid down in Chapter 10 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

21 – Notes to the cash flow statement

Group Reconciliation of operating activities to operating cash flows Statement of cash flows	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Cash flows from operating activities		
Profit before taxation	36,212	34,556
Adjustments for:		
Depreciation	5,259	4,465
Foreign exchange	(2,773)	(891)
Cash flows before changes in working capital	38,698	38,130
Working capital changes:		
Increase in trade and other receivables	(9,116)	(80,972)
Decrease/(increase) in inventories	800	(8,866)
Increase in trade payables	39,045	86,015
Increase/(decrease) in working capital	30,729	(3,823)
Income taxes paid	(7,645)	(4,281)
Income taxes paid on joint venture operation	(555)	-
Net cash from operating activities	61,227	30,026

Company Reconciliation of operating activities to operating cash flows Statement of cash flows	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Cash flows from operating activities		
Profit before taxation	21,567	18,945
Adjustments for:		
Depreciation	3,870	3,223
Dividends paid	-	
Foreign exchange	-	(26)
Cash flows before changes in working capital	25,437	22,142
Working capital changes:		
Increase in trade and other receivables	(27,172)	(50,698)
Decrease/(increase) in inventories	358	(694)
Increase in trade payables	28,179	64,554
Increase in working capital	1,365	13,162
Income taxes paid	(1,651)	734
Net cash from operating activities	25,151	36,038

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

22 – First time adoption of IFRS

The date of transition to IFRS is the 1 January 2014. The Company applied IFRS1 first-time adoption of IFRS in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows are presented in this section and are further explained in the notes that accompany the tables.

Upon transition, IFRS 1 permits certain exemptions from full retrospective application of IFRS. The Company has applied the mandatory exceptions and certain optional exemptions, as set out below.

Mandatory exceptions adopted by the Company:

Financial assets and liabilities that had been de-recognised before the date of transition to IFRS under previous GAAP have not been recognised under IFRS.

The Company has used estimates under IFRS that are consistent with those applied under previous GAAP (with adjustment for accounting policy differences) unless there is objective evidence those estimates were in error.

Optional exemptions applied by the Company:

The Company has elected to use fair value as deemed cost at the date of transition for some items of property, plant and equipment

The Company has elected to use facts and circumstances existing at the date of transition to determine whether an arrangement contains a lease. No such assessment was done under previous GAAP.

23 – Reconciliation of equity

We have shown below what the impact of transferring to IFRS has had on previously reported UK GAAP results:

	£000s	£000s	£000s
Statement of position Group – 1 January 2014	**UK GAAP**	**Effect of transition to IFRS**	**IFRS**
Goodwill and other intangibles	4,325	7,643	11,968
Other non-current assets	20,694	-	20,694
Trade and other receivables	384,070	(2,387)	381,683
Trade and other payables	(369,732)	483	(369,249)
Long term liabilities	(13,971)	-	(13,971)
Share capital	(996)	-	(996)
Other reserves	(125)	-	(125)
Profit and loss account	(24,565)	(5,739)	(30,304)
Minority interest	300	-	300
Total	-	-	-
Group – 31 December 2014	**UK GAAP**	**Effect of transition to IFRS**	**IFRS**
Goodwill and other intangibles	5,267	8,339	13,606
Other non-current assets	42,969	-	42,969
Trade and other receivables	469,484	(3,387)	466,097
Trade and other payables	(455,898)	686	(455,212)
Long term liabilities	(15,160)	-	(15,160)
Share capital	(996)	-	(996)
Other reserves	(125)	-	(125)
Profit and loss account	(45,726)	(5,638)	(51,364)
Minority interest	185	-	185
Total	-	-	-

GAAP differences

The principal adjustments that were required were:

a. Goodwill amortisation – goodwill is no longer amortised, which increased the 2014 profit by £696k. In addition the Group has applied IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition and this resulted in the removal of amortisation of all earlier periods amounting to £7,643k.

b. Lease incentive – the treatment of lease incentives under IFRS require them to be spread over the term of the lease rather than the period over which the rent reverts to a market rate. This resulted in a charge of £3,387k cumulatively to 31 December 2014 of which £1,000k fell in 2014.

c. Tax - the tax effect of the transition has also been recognised. This relates principally to the lease incentive.

Presentation differences

Certain presentation differences between previous GAAP and IFRS have no impact on reported profit or total equity.

Some assets and liabilities have been reclassified into another line item under IFRS at the date of transition. Some line items are described differently (renamed) under IFRS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.

	£000s	£000s	£000s
Statement of position Company – 1 January 2014	**UK GAAP**	**Effect of transition to IFRS**	**IFRS**
Other non-current assets	23,572	-	23,572
Trade and other receivables	276,897	(2,387)	274,510
Trade and other payables	(271,778)	483	(271,295)
Long term liabilities	(13,943)	-	(13,943)
Share capital	(996)	-	(996)
Other reserves	(60)	-	(60)
Profit and loss account	(13,692)	1,904	(11,788)
Total	-	-	-
Company – 31 December 2014	**UK GAAP**	**Effect of transition to IFRS**	**IFRS**
Other non-current assets	45,152	-	45,152
Trade and other receivables	332,912	(3,387)	329,525
Trade payables	(336,236)	686	(335,550)
Long term liabilities	(15,039)	-	(15,039)
Share capital	(996)	-	(996)
Other reserves	(60)	-	(60)
Profit and loss account	(25,733)	2,701	(23,032)
Total	-	-	-

GAAP differences

The Company adjustments are the same as the Group adjustments except that the Company does not have any goodwill.

	£000s	£000s	£000s
Income statement Group – 31 December 2014	**UK GAAP**	**Effect of transition to IFRS**	**IFRS**
Revenue	1,486,452	-	1,486,452
Cost of sales	(1,357,874)	-	(1,357,874)
Administrative expenses	(96,122)	(304)	(96,426)
Other income and costs	2,404	-	2,404
Taxation	(5,196)	203	(4,993)
Total	**29,664**	**(101)**	**29,563**

24 – Contingent liabilities

The Company is party to a Group liability arrangement with its principal bankers providing a right of set-off of all Group balances. Whilst certain Group companies have overdrawn balances, at 31 December 2015 there was no net Group indebtedness to its bankers and therefore the directors consider that no contingency arises.

25 – Related party transactions

Loans from directors

The Company borrowed £6,000k from Tranche Limited, a company owned by Stephen Pycroft, and £3,000k from Mark Reynolds at commercial rates to purchase an interest in a property controlled by Cambridge Heath Road Developments Limited. The property was subsequently sold on 16 May 2016 and the loans repaid on 31 May 2016.

26 – Ultimate parent undertaking

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

A change of ownership occurred on 6 January 2014, whereby Mace Finance Limited became ultimate parent.

27 – Future commitments

At 31 December 2015 the Group had commitments under non-cancellable operating leases as set out below,

	Year ended 31 December 2015 £000s	Year ended 31 December 2014 £000s
Land and buildings		
Leases expiring:		
Within one year	**3,291**	3,867
Between two and five years	**12,943**	11,784
After five years	**16,956**	20,746
	33,190	36,397
Other		
Leases expiring:		
Within one year	**192**	312
Between two and five years	**143**	313
	335	625

The Group has no capital commitments.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

28 – 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	Ordinary shares 23	Angola Project management
Mace – Consultoria Em Projetos E Construcao Ltda	Brazil	Ordinary shares 49	Brazil Project management
AMA Nuclear Limited	England & Wales	Ordinary shares 33	UK Project management
Botley DevManCo Limited	England & Wales	Ordinary shares 50	UK Property development
CLM Delivery Partner Limited	England & Wales	Ordinary shares 25	UK 2012 Olympic delivery partner
Commercial Road Development Management Limited	England & Wales	Ordinary shares 50	UK Property development
Hadley Mace Holdings Limited	England & Wales	Ordinary shares 50	UK Property development
Hadley Mace Limited	England & Wales	Ordinary shares 50	UK Property development
New Burlington Developments Limited	England & Wales	Ordinary shares 50	UK Construction delivery
The Botley Development Company Limited	England & Wales	Ordinary shares 50	UK Property development
Candleriggs Limited	Guernsey	Ordinary shares 50	Guernsey Property development
Mace - Gestao de Projectos e Construcao, Lda	Mozambique	Ordinary shares 35	Project management
D.C.G.P. - Gestão de Projectos, Unipessoal, Lda	Portugal	Ordinary shares 49	Project management
Mace LDA	Portugal	Ordinary shares 49	Project management

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

29 – 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	Australia	100	Project management
Mace Limited Liability Company	Belarus	100	Project management
Mace Management Services Sdn Bhd	Brunei Darussalam	100	Project management
Mace (CNMI), LLS	Commonwealth of the Northern Mariana Islands	100	Project management
Mace Zagreb d.o.o.	Croatia	100	Project management
Callomin Property Solutions Limited	Cyprus	100	Project management
Mace Holdings Ltd	Cyprus	100	Holding company
Mace Macro International Limited	Cyprus	100	Facilities management
Mace Technology (Denmark) ApS	Denmark	100	Dormant
Mace Egypt for Project Management L.L.C.	Egypt	100	Project management
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	57	Property development
Engage Selection Limited	England & Wales	100	Dormant
FM24 Limited	England & Wales	100	Facilities management
Graduation (Candleriggs) Limited	England & Wales	100	Development
Graduation (Cardiff) Limited	England & Wales	100	Development
Graduation (Exeter) Limited	England & Wales	100	Development
Graduation Student Living Limited	England & Wales	100	Development
Luxborough Street Properties Limited	England & Wales	100	Development
Mace (Albania) Limited	England & Wales	100	Dormant
Mace (New Zealand) Limited	England & Wales	100	Dormant
Mace (Poland) Limited	England & Wales	100	Project management
Mace (Russia) Limited	England & Wales	100	Project management
Mace (Slovakia) Limited	England & Wales	100	Dormant
Mace Business School Limited	England & Wales	100	Training services
Mace Construction (International) Limited	England & Wales	100	Holding company
Mace Cost Consultancy Limited	England & Wales	100	Cost consultancy
Mace International (UK) Limited	England & Wales	100	Holding company and project management
Mace International Overseas Limited	England & Wales	100	Project management
Mace Living Limited	England & Wales	100	Construction delivery
Mace Macro (Asia Pacific) Limited	England & Wales	100	Facilities management
Mace Macro (The Americas) 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 delivery
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 Real Estate Limited	England & Wales	100	Property development and project management
Mace Sustain Limited	England & Wales	100	Health, safety and behavioural management consultancy
Msecure Limited	England & Wales	100	Project management
Observatory Inspiration Limited	England & Wales	57	Property development
The People Group Limited	England & Wales	100	Recruitment consultancy
Mace Projets Sarl	France	100	Project management
Mace GmbH	Germany	100	Project management
Mace Management Services Limited	Ghana	100	Project management
Engage Selection (Hong Kong) Limited	Hong Kong	100	Recruitment consultancy
Mace Limited	Hong Kong	100	Project management
Mace Project & Cost Management Private Company Limited	India	100	Project management
Mace Macro (Ireland) Limited	Ireland	100	Facilities management
Mace Technology (Ireland) Limited	Ireland	100	Construction delivery and project management
Mace S.r.l.	Italy	100	Project management
Cambridge Heath Road Developments (Jersey) Limited	Jersey	70	Property development
Mace Management Services LLP	Kazakhstan	100	Project management
Mace Management Service Limited	Kenya	100	Project management
Mace Macro Luxembourg S.à r.l.	Luxembourg	100	Facilities management
Mace International Dooel Skopje	Macedonia	100	Project management
Mace Management Services Co Limited	Mauritius	100	Dormant
Mace d.o.o. Podgorica	Montenegro	100	Project management
Mace Management Services, SARL	Morocco	100	Project management
Mace Management Services B.V.	Netherlands	100	Construction delivery
Utremace B.V.	Netherlands	100	Holding company
Mace Management Services Limited	Nigeria	99	Project management
Mace International L.L.C.	Oman	65	Project management
Mace Polska Spolka zoo	Poland	100	Project management

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

Year ended 31 December 2015

Company	Country of registration/ incorporation	Voting rights	Nature of business
Mace Management Services S.R.L.	Romania	100	Dormant
Mace Management Services Limited	Rwanda	100	Dormant
Mace d.o.o.	Serbia	100	Project management
Mace Pte. Ltd	Singapore	100	Project management
Mace Management Services (Pty) Limited	South Africa	100	Project management
Mace Management Services S.A.	Spain	100	Project management
Engage Selection L.L.C.	State of Qatar	100	Recruitment consultancy
Macro Qatar L.L.C.	State of Qatar	49	Facilities management
Management and Excellence Consultancy (Qatar) Limited	State of Qatar	49	Project management
Mace Holdings Limited	Saudi Arabia	49	Project management
Macro Saudi Arabia Limited	Saudi Arabia	49	Facilities management
Mace GmbH	Switzerland	100	Dormant
Mace Management Services AG	Switzerland	100	Project management
Mace Syria L.L.C.	Syria	100	Dormant
Mace Management Services Limited	Tanzania	100	Project management
Mace Projects Sarl	Tunisia	100	Project management
Mace Construction Management and Consultancy Services Limited	Turkey	100	Project management
Engage Selection DMCC	UAE	100	Recruitment consultancy
Mace Macro International Investments Limited	UAE	100	Project management
Mace Macro Technical Services L.L.C.	UAE	100	Project management
Mace North America Limited	USA	100	Project management
Mace Vietnam Company Limited	Vietnam	100	Project management

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)

Engage Selection Limited
(CRN: 5121839)

Graduation (Candleriggs) Limited
(CRN: 8240550)

Graduation (Exeter) Limited
(CRN: 8988759)

Graduation Student Living Limited
(CRN: 7773718)

Luxborough Street Properties Limited
(CRN: 8933765)

Mace (Albania) Limited
(CRN: 8950843)

Mace (New Zealand) Limited
(CRN: 9653353)

Mace (Poland) Limited
(CRN: 8120932)

Mace (Russia) Limited
(CRN: 8127292)

Mace Business School Limited
(CRN: 5601050)

Mace Cost Consultancy Limited
(CRN: 5032803)

Mace International Overseas Limited
(CRN: 7463976)

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 Plus Academies Limited
(CRN: 5897947)

Mace Plus Group Limited
(CRN: 5349265)

Mace Plus Limited
(CRN: 5282952)

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

Mace Real Estate Limited
(CRN: 3471116)

Mace Sustain Limited
(CRN: 5979486)

The People Group Limited
(CRN: 5121869)

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

www.macegroup.com
info@macegroup.com