Company Registration Number: 02410626

Consolidated Financial Statements

Mace Limited

31 December 2020

Contents

Company information

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

Overview headlines

In 2020 we delivered profitable performance despite the challenges from Covid 19. Key highlights of the Group's results are:

- Group revenue of £1.7bn (2019: £1.8bn).
- Profit before taxation of £31.9m (2019 restated: £33.3m).
- Construction contributed £1.2bn (71%) of turnover (2019: £1.4bn - 78%).
- Consultancy turnover increased by 9% to £342m (2019: £314m).
- International activities contributed £483m (2019: £524m) to Group revenue.
- Net cash position of £22m (2019: net debt position of £153m).
- Cash balances net of overdrafts were £244m at the year-end (2019: £167m).
- External borrowing decreased to £216m (2019: £307m) as the group realised development schemes.
- Expenditure on Research & Development amounted to £48m (2019: £51m).
- 77% of turnover targeted for 2021 was secured by end 2020. 99% secured of forecasted turnover by October 2021.
- £447m (2019: £688m) of construction work was undertaken on schemes where Mace is employed under a construction management contract. Mace has no contractual arrangement with the supply chain on these schemes. This amount is not included in our Group revenue.
- The Mace Foundation made donations of £278k (2019: £514k) to charitable causes in 2020.
- The overall tax charge for 2020 is £7.3m (2019: £10.3m) which is an effective tax rate of 23% (2019: 31%) of profit on ordinary activities.
- At the end of the year the average time taken for the Company to pay invoices was 30 days (2019: 26 days) and 92% of invoices, including those in dispute, were paid within 60 days (2019: 96%).

The pursuit of a better way is at the heart of everything we do. We know that to achieve our ambitious targets we need to continue to innovate with a focus on service excellence to deliver the highest quality services to our clients. In the last year, as part of our response to effects of the Covid 19 pandemic, we reviewed the services we provide, the markets and sectors we serve and our business strategy. This work led to the development of a new 2026 Business Strategy which is a purpose led strategy "to redefine the boundaries of ambition". We launched the new strategy in Q1 2021 and this now supersedes our 2022 Strategy, however we will report in 2020 against our 2022 Business Plan targets.

Key Performance Indicators

At the start of 2020, we set out a bold strategy, called Steps Without Footprints, to reduce our carbon emissions and to be Net Zero through the procurement of Gold Standard verified carbon offsets. We are delighted to have achieved our goals; reducing our carbon emissions by 51%, from 26,000 tonnes of CO_2 to 13,000 tonnes of CO_2, which were offset through the procurement of Gold Standard offsets with Carbon Footprint Limited. Our focus remains aligned with environmental, social and governance (ESG) principles and United Nations Sustainable Development Goals.

We have continued to invest in, and develop, our people and capabilities – strengthening our global footprint in new markets and geographies, pushing the industry forward in areas such as modern methods of construction and digital transformation.

2020 was the third year of the 2022 Business Strategy and we have been measuring our progress by reference to the following key KPIs under four Business Priorities:

	2022 Target	2020	2019 Restated
Engage, develop and inspire our people			
Employee turnover	10%	16%	17%
Employee satisfaction	90%	86%*	84%
Achieve stable and sustainable growth			
Margin (profit after tax/revenue)	2.5%	1.4%	1.3%
Revenue target	£2,200m	£1,731m	£1,782m
Five-year cumulative profit after tax 2019-2022	£180m	£65m	£40m
Be a responsible business			
Accident frequency rate	0.05	0.07	0.07
Lost time injury (per 100,000 hours worked)	0.21	0.24	0.24
Annual contribution to society in 2022	£580m	£474m	£522m

*The annual staff satisfaction survey was delayed due to the Covid 19 pandemic and performed in February 2021.

KPIs were established for the fourth Business Priority, drive innovation to improve service excellence. However, during 2020 and 2021, the industry measure for productivity has been widely debated and this KPI is therefore currently under review.

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

Business Review

Mace Limited's consolidated profit before tax on ordinary activities in 2020 was £31.9m (2019 restated: £33.3m). If pre-tax profit attributable to non-controlling interests is excluded the profit before tax amounted to £31.7m (2019 restated: £33.0m). Since it was founded in 1990, Mace has made a profit in each and every year, 2020 being the 30th consecutive year of making a profit. Group revenue was £1.73bn (2019: £1.78bn). The revenue was budgeted to be £2bn however, due to the impact of Covid 19, specifically the temporary closure of our construction sites in Q2 2020, resulted in our Group Revenue being 15% lower than budgeted.

The Group comprises of four operating divisions, called Engines for Growth. These are Develop, Consult, Construct and Operate. These operating divisions are supported by Group & Commercial Services which provide Corporate Governance, Risk and Assurance, Legal & Commercial Services, Finance, Information Technology, Marketing & Communications, Procurement and Human Resource expertise. Our business strategy focused on stable growth, engaging and developing our people, innovation to deliver service excellence and being a responsible business.

Develop

Our Develop business manages and delivers regeneration and development projects. From mixed-use schemes[1] to town centre regeneration, the Group has delivered several projects over the last ten years and our current projects, including development management projects, have a gross development value (GDV) of more than £2.1 billion. These schemes include:

Botley: Mace holds a 50% JV interest in this mixed-use development project in West Oxford. The development comprises two phases: phase 1 reached Practical Completion in 2020 and is now in operation. Phase 1 comprised of 261 student rooms let from September 2020, 20 build to rent ('BTR') apartments which were let from October 2020, a 123-bed hotel let to Premier Inn and 15 commercial retail units. Phase 1 also included the development of new local community facilities. Construction is yet to begin on Phase 2 which will comprise 150 residential BTR apartments and 7 commercial retail units. The Botley development is financed by £68m of development debt, which is non-recourse to Mace, and a £59m (2019: £58m) shareholder loan from Mace. At the year end, following a RICS "red book" valuation of the development project, the directors have provided £15m against the.

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

shareholder loan and accrued interest.

SG1: SG1 is a development agreement between Mace Development and Stevenage Borough Council for the regeneration of the town centre. Outline planning was secured in 2020 on the entire scheme which will represent a £350 million GDV[2] providing 1,860 new homes, shops, restaurants, a health centre, library, primary school, sport, leisure and cultural facilities. The development will be progressed in phases, with phase 1 achieving detailed planning consent in 2020.

Greenwich Square: The Group, having reached practical completion in August 2020 on the final phase (phase 2) of this development, provides a total of 686 residential homes, together with new community buildings and retail/leisure amenities. Phase 1 completed in 2016 and is now fully sold and occupied. Phase 2 comprises 325 residential units of which 239 are private apartments and 86 are "Affordable" homes which have been sold to L&Q. By year end, 169 private apartments had been sold, and a further 36 reserved. These sales were sufficient to repay fully the secured debt on the development scheme by 30 September 2020.

Cardiff and Exeter student accommodation: The Cardiff development, comprising 644 student rooms and retail facilities, reached practical completion in August 2019 and was let during Academic Year 2019/20. The Exeter development, comprising 601 student rooms and retail facilities, reached practical completion in February 2020 and was let from Academic Year 2020/21. A further phase of development at Exeter, comprising 114 student rooms, was constructed during the year and reached practical completion in February 2021. The entire scheme in both cities was sold to Generation Estates and Ares Management on 22 February 2021 for £157.5m.

At December 2020, the aggregate value of development Work in Progress (WIP) was £182m (2019: £237m) and in addition we have invested via shareholder loans of £64m (2019: £58m) in the Botley joint venture arrangement. These values reflect the historic costs incurred on these schemes and do not reflect development profit. At December 2020, these developments were financed by limited recourse debt funding of £94m (2019: £147m) and by investing Mace's own financial resources including funds from the £160m corporate bond issued by Frontier Finance in March 2017.

Following the disposal of the Cardiff and Exeter development in February 2021 and further sales of apartments in Greenwich, the development debt of £94m at the year end was fully redeemed, and only £30m of the £160m of corporate bonds issued by Frontier Finance remained at the date of signing. This will be repaid in full in December 2021.

Consult

The Consult core offerings comprise project and programme management; cost consultancy and advisory services. These services are enhanced by a range of specialist services such as strategic advisory, engineering and design and sustainability. Since 1990 the service line has developed alongside the Group's clients' needs and often due to specific client requests to enter new markets. An example of this is the Lima 2019 Pan American and Parapan American Games, where Mace leveraged its experience from programme managing the development of London 2012 Olympic Park, and the subsequent transformation of the Queen Elizabeth Olympic Park, to help Lima to develop sporting venues that were both accessible and sustainable.

Our Consult business grew revenues by 9% to £342m (2019: £314m) and headcount grew from 2,542 in 2019 to 2,616 in 2020. Within the UK, during 2020, our Property business has continued to grow across both our Private and Public Sectors, despite the challenges of the global pandemic, by securing some key strategic wins within our defined sectors for growth. We set our 2026 growth strategy during 2020 that sees us build on our existing sectors but also focus growth, notably in Health, Pharma & Life Sciences, Industrial & Manufacturing and Residential. As part of this we have established a clear focus in supporting our clients with the drive to Net Zero and have secured commissions across most sectors during 2020. Key project wins include the new Evalina Hospital, the New Prisons programme with the Ministry of Justice and new facilities for AstraZeneca. We have also supported the UK Government throughout the pandemic and in particular delivered the Nightingale Hospital in London and the Mega Labs testing facility in Leamington Spa which is the largest facility of its type in Europe.

Elsewhere, our International Consult business has continued to grow and diversify our portfolio of sectors, services and geographies. Key new projects include the reconstruction of the North of Peru (ARCC), Diriyah Gate in Saudi Arabia, cost consultancy services for Citadel and Salesforce in North America, construction of temporary hospitals in South Africa to assist in Covid 19 treatment and notable hospitality projects in Vietnam. The strategy in International for 2020 and beyond is to drive further into the infrastructure, healthcare, housing and data centre markets in particular and key appointments have been made to align with this.

Construct

The Construct engine contributed £1.23bn of turnover in 2020 reflecting 71% of the Group's turnover (2019: £1.4bn - 78%). The Construct engine provides services including contracting; construction management; fit out and specialist services[3]. In 2020, turnover was lower than expected due to the temporary closure of construction sites as a result of the Covid 19 pandemic in Q2 2020. How the business mitigated the impact and effects of Covid 19 is provided in more detail later in this report

Construct business continued with a number of significant construction management projects throughout the year, the most significant being Battersea Power Station. Overall, the amount of work managed, as construction management, but not included in Group turnover was £447m (2019: £688m). Construction head count decreased to 1,394 (2019: 1,538). This reflects the lower level of turnover.

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

[3] Specialist services include procurement and delivery support, expertise in design (including 3D printing) and protection of assets and facilities.

Operate
The Operate division's core business offering is facilities management, overseeing a wide range of premises on behalf of clients, from commercial offices and government buildings to cultural landmarks, acting as either a managing agent or principal contractor. A third of the Operate business is focused within the financial services sector. However, given the nature of the global frameworks these are not concentrated within any one jurisdiction, but are spread over a number of blue-Chip clients and across wealth management, to retail and corporate banking.

During 2020 the turnover of our facilities management business was £114m (2019: £144m) with headcount decreasing to 972 (2019: 995). This reduction in revenue and head count was due to two key factors:

- The Covid 19 pandemic, reflecting the temporary closure of some clients' offices / sites and delays in projects being awarded with existing clients along with potential new commissions being postponed due to new clients delaying or cancelling award decisions.
- The full year impact of the loss of two key contracts in November and December 2019 respectively.

Moving into 2021 and beyond, the Operate business had secured 67% of 2021 revenues by the end of 2020 (2019: 61%), with a strong pipeline of opportunities with clients in the UK, Europe, the Americas and Asia Pacific.

Covid 19
The effects of the Covid 19 pandemic on the international economy and on the construction sector were significant. The impact on the performance of our business was mixed, with our Consult engine largely being unaffected while our Develop, Construct and Operate engines were all adversely affected.

In February 2020, the business deployed a "crisis management" plan, formulating teams at both the strategic and operational level, who were empowered to develop and streamline the appropriate response process as the pandemic evolved. This involved working closely with strategic supply chain partners to aim to ensure that project and programme delivery was minimally impacted by disruption to global trade.

In March 2020, the Covid 19 pandemic forced the UK into an unprecedented state of lockdown and lockdowns were experienced in several other international locations where we operate. These lockdowns have continued into 2021, however our business has been able to anticipate and mitigate better the impacts of these subsequent lockdowns.

In April 2020, our financial forecasting assumed lockdown would continue for the remainder of Q2 2020 in the UK. On this basis the Group Board decided to implement a number of special measures in order to preserve the financial resilience of the Group including:

- Maximising the utilisation of our staff while reducing our contingent staffing and utilising the Government's job retention scheme;
- Reducing the payroll cost for the Group, by seeking and receiving the support from our staff to temporarily reduce basic salaries from April to December 2020 for all our staff globally between 0% and 20%, depending on the level of remuneration; and reducing temporarily the employer's pension contributions by 3%;
- Cancellation of the 2019 annual bonus;
- Immediate overhead reductions at divisional and group levels;
- A drive to improve cash collection by billing clients more promptly and chasing overdue debtors while ensuring prompt payment to our supply chain; and
- No proposal of dividends by Mace Finance Limited to external shareholders for the remainder of the reporting year.

These special mitigation measures were successfully deployed, and in combination with better than expected trading performance, the Group Board decided to reinstate our staff salaries and pension benefits to pre-Covid 19 levels from 1 December 2020, and award a limited number of performance bonuses to our staff for FY 2020.

For the Construct engine, the first lockdown in March 2020 led to the suspension of work on most of our construction sites in the UK. On average, live projects were between 8 and 16 weeks delayed. Several international locations in which the Group operate were also locked down. Other than a few projects which were cancelled by clients, all sites and projects re-opened by the end of Q3 2020, however delays to the delivery of projects has been a consequence.

The majority of Consult projects, a key growth area for the Group, remained operational with teams largely working remotely allowing business continuity. In certain markets and sectors, the Group experienced an increase in demand for its consulting services, particularly with clients in the Healthcare, Utilities and Public Sectors, which has more than offset the decline in work in sectors such as Aviation and Leisure. The Group remains committed to delivering a diverse portfolio of projects as a natural hedge against economic and political changes.

In the case of Develop, the sale of private apartments in our Greenwich Square development was slower than expected, with Covid 19 restricting viewings. For the Botley development, Covid 19 has resulted in fewer foreign students studying in Oxford reducing the demand and occupancy of our student accommodation.

The business has worked to re-examine its business strategy and the business strategy of each Engine. This work, covering the last 9 months, has allowed a new purpose led business strategy, the 2026 Business Strategy, to be developed. This new Business Strategy was launched on 24 February 2021 and will enable the Group to emerge from the Covid 19 pandemic in a position of strength. During 2020 and into 2021, Mace has continued to realise its development assets, deleverage the balance sheet and drive stable margins

Other matters

Due to foreign exchange fluctuations the Group made a retranslation loss of £1.6m in 2020 (2019: loss of £3.2m). This had a negative impact on retained earnings as shown in the statement of changes in equity. The overall tax charge for 2020 is £7.3m (2019: £10.3m) which is an effective tax rate of 23% (2019: 31%) of profit on ordinary activities. This effective tax rate is reconciled to the UK corporation tax rate of 19% in note 12.

The Mace Group supports the prompt payment of suppliers and subcontractors subject to receiving appropriate invoices for undisputed amounts. The Company continues to report payment performance statistics under the Government's Duty to Report scheme. Our latest 2020 reporting under the scheme showed that the Company's average time taken to pay invoices was 30 days and 92% of invoices, including those in dispute, were paid within 60 days.

By the end of 2020, our employee headcount had reduced to 5,386 (2019: 5,406), largely triggered by the impact of the Covid 19 pandemic and the need to right size our employee cost base. The net result of this combined with expected attrition resulted in employee turnover of 16% (2019: 17%). Employee engagement scores remain high and improved in the period by 2% compared to the 2019 result, to 86% (2019: 84%). We remain confident that our Engines for Growth plans and actions to invest in and develop our people will enable us to continue the improvement path towards our target for 2022.

Our contribution to society was quantified as £474m in 2020, a reduction of 9% on 2019. This reduction is a consequence of Covid 19 as volunteering opportunities were limited with social distancing in place and the unfortunate loss of staff resulted in a reduction in our salary costs. We expect this value to increase again in 2021 as our staff can reengage with staff volunteering opportunities. This value was calculated in collaboration with a Route2, third party consultancy, which specialises in quantifying the total impact and value that organisations have on society and the natural environment.

In 2020 our RIDDOR reportable accident frequency rate remained the same as 2019 (0.07) albeit there was a small reduction in the overall number of incidents to 22 (23 in 2019). Our lost time to injuries per 100,000 hours worked remained the same, at 0.24 (2019: 0.24). Taking into consideration the impacts and constraints of Covid 19 throughout 2020 where none of the RIDDOR incidents related to workplace Covid 19 infections, this is a good result in an unusual year. Again in 2020 we have avoided any life threatening incidents but we are not complacent and the Group continues to seek continuous improvement in our health and safety controls and practice.

In January 2020 at Westminster Magistrates Court, Mace was fined £400,000 for a breach of Regulation 13(1) (duty to plan, manage, monitor and coordinate) of the CDM regulations, following the incident involving Mr Harry Cook of Ruddy Joinery in October 2016. A prosecution was also brought by the HSE against Mace for an incident in February 2016 where a traffic marshal was fatally injured by a waste collection vehicle that was collecting waste from adjacent premises. On 7 May 2020, the HSE advised that they would not present any further evidence and at a court hearing on 3 June 2020, Mace were found not guilty.

Looking to the future

Our pipeline for 2021 was already 77% secured by the end of 2020 (2019: 72%), with opportunities in both the UK and International markets, with revenue for the Group budgeted to be £2.0bn for 2021. At the date of signing, forecasted revenue for 2021 is expected to be lower than target, whilst maintaining the budgeted margin.

Cashflow and financing

The Group's cash position at the end of December 2020, net of overdraft was £244m (2019: £167m). The Group's debt position, excluding overdrafts and lease liabilities, at the end of December 2020 was £222m (2019: richard of which £94m (2019: £147m) is secured on development projects.

Cash inflows from Group operating activities, before changes in working capital, were £97.8m in the year (2019: £55.3m). The Group made £98m of net repayments in borrowings in the year (2019: £103m of net new borrowings).

Shareholders' funds

Shareholders' funds increased from £43.8m to £52.6m. This movement arises from:

- £24.7m from profit after tax for the year;
- (£14.0m) from dividends paid in the year;
- (£0.2m) from the acquisition of non-controlling interest; and
- (£1.6m) of currency translation differences to the exchange reserve in equity.

Risks and Uncertainties

Our strategy is designed to reduce risk and build a sustainable and profitable business with reliable income streams and increasing margins. Details of the financial risk management objectives and policies of the Group, together with its exposure to material financial risks, are set out in note 3 to the financial statements. The Board, using analysis of the likelihood of risk occurring and the business impact of such risk, has determined that the principle business risks, in no particular order, to be as follows:

Principle risk	Potential business impact	Mitigation
1.Major project delivery failure		
Not meeting the contractual, legal or client expectations about the timing, cost, quality or safety requirements of a project either because of adverse bidding and contractual arrangements, or not controlling the project or development effectively. This risk has been exacerbated by the impact of Covid 19 on the Group's operations. The national lockdown in March 2020 temporarily closed a large number of constructions sites. A small number of projects were cancelled by clients and otherwise, all other sites have re-opened. Delays to the delivery of projects has been a consequence.	Significant financial losses including, breach of contract claims and liquidated damages from the client and legal claims from the supply chain. Loss of market reputation leading to losing new and repeat clients. Diversion of resources (cash and people) to dealing with legal proceedings rather than building business.	Early identification of issues and proactive management to resolve. Focus on selective bidding achieving realistic programmes and margins, mobilisation, design control, commercial terms and contract management, supply chain management, quality of delivery and service excellence and sharing of best practice (knowledge management including lessons learnt). Since 2019, we have embedded a Service Excellence and Quality process for all projects based on gateway reviews, to identify issues for resolution at the earliest possible juncture, which we have continued to employ during the reporting period. Effective engagement with clients/employers has been essential to ensure the business mitigates the impact of delays to the delivery of projects due to Covid 19.
2. Major supplier failure		
The collapse of one of our supply chain partners that has a significant role in the successful delivery of our projects. This risk has been exacerbated by the impact of Covid 19 during the reporting period and the implementation by UK HM Treasury of the Reverse Charge regimes for VAT on our supply chain.	Project disruption, potential additional costs through delivery delays, and reputational damage. Current inflation experienced in H1 2021 on supply chain materials will make the impact of this risk higher.	Actively managing relationships with our supply chain, ensuring appropriate levels of vetting and checks to their financial strength. Ensuring good breadth of supply chain partners to control volumes of work. Early identification and problems and robust knowledge and understanding of contract position. Enhanced supply chain analysis and more regular internal reporting of concerns has been implemented since March 2020, due to Covid 19, and continues as Business as Usual in order to identify and act upon potential concerns with our supply chain.
3. Health and safety issues		
The occurrence of major health and safety incidents – including fatalities – on projects.	Project disruption, significant fines and reputational damage. Potential custodial sentences for senior employees. Impact on mental health of employees who witness incidents.	High standards of health, safety and wellbeing are embedded in everything we do. It is a central part of our culture, and one of our four key values is "Safety first – going home safe and well". Fostering a culture where health and safety remains a priority. Focus on health and safety training, the role of supervisors, best practice, knowledge sharing and working with our suppliers to embed Mace standards. The implementation of new procedures to tackle evolving risks on site. Mental health training and support for employees.
4. Failure to win the right work		
Inability to win work either by negotiation or by competitive tender.	Reduced turnover and profit. Less work generally could lead to poor staff utilisation, redundancies and/or staff leaving. Failure to secure good quality work could lead to employee demotivation as well as delivery issues.	Long term business development planning. Senior management review of bidding processes, cost budgeting and programme estimation to ensure Mace are realistically competitive and that Mace price complex projects and programmes for the risk involved. Seeking to move into new sectors and/or geographies to expand opportunities to win new work. Investment in innovation and build upon mature relationships and genuine partnerships with our clients and suppliers.
5. Retention and attraction of employees		
Significant challenges in recruiting and keeping the right people to deliver projects for our clients or to support Mace's corporate activity.	Inability to deliver on our promises to our clients. Loss of skills, expertise or institutional knowledge when employees leave.	Competitive salaries and fair grading structures, incentivisation arrangements and open promotion opportunities together with a first-class development and learning programme for employees. Development of an employee value proposition. Increased focus on inclusion and diversity.

Principle risk	*Potential business impact*	*Mitigation*
6.Market fluctuations including the effects of the UK's departure from the EU		
Macroeconomic and industry sector changes affect confidence and/or investment levels, reducing the pipeline of available work and the pausing or cancellation of new or current assignments. Furthermore, cost inflation driven by excess demand and shortages in the supply of skilled labour and materials.	Reduced turnover and profits. Possible reductions in staff headcount and other costs. The impacts of Covid 19 have heightened this risk as a result of constraints in supply chain and inflationary pressures.	Diversification into new sectors, markets and major programmes, together with the ability to adjust the workforce level and costs if turnover decreases. Innovate to become a contractor of choice during a changing market.
7. Cyber security incident or IT system failure plus data misuse/loss		
Major business disruption caused by a cyber security incident, IT failure or breach of the data protection/GDPR regime.	Major impact on the ability to effectively work for days or even weeks. Disruption to projects or clients. Significant fines or failure to comply with relevant legislation.	Move away from legacy systems to cloud technology, ensuring appropriate patches and revisions are in place together with an effective cyber security and Mace-wide data protection regime. Basic security screening for all employees and enhanced checks for those operating in secure client environments. Maintain ISO27001 Information Management accreditation.
8. Environmental damage		
Major environmental damage as a result of a Mace project.	*Significant financial penalties, combined* with reputational damage, which could affect our future ability to win work.	*Responsible business strategy that includes best* practice environmental practices and monitoring. The assurance of our projects to ensure they are meeting Mace standards.
9. Regulatory or statutory non-compliance		
Action taken against the business for failing to put in place effective arrangements to mitigate risk of breaches of legislation/regulation e.g. Modern Slavery Act, Bribery Act, corporate criminal offence or retrospective changes to legislation/regulations e.g. Building Safety.	Custodial sentences for senior employees. Reputational damage. Being prohibited from bidding on certain pieces of work. Significant financial penalties to the business.	Compliance training for all employees on existing and upcoming issues, rigorous policies and a clear disciplinary process for breach of the Code of Ethics of the business. Horizon scanning to look ahead for legislative and regulatory change. Top down commitment to a culture of ethical behaviour demonstrated in promotion of, and adherence to corporate compliance policies.
10. Major client failure		
The collapse of one of our clients that we have current project/s with.	*Project(s) disruption, potential loss of* secured income.	*Early identification and reporting of problems and* robust knowledge and understanding of contract position. Ensuring we have a diverse client portfolio.
11. Inadequate insurance, financial liquidity and funding		
Inability to secure adequate insurance, raise funding and meet operational liquidity needs.	Insurance coverage could impact the type and quantity of business we are able to undertake. Funding and liquidity could impact the ability of the group to meet its commitments.	Thorough and prolonged procurement exercises to obtain insurance coverage. Enhanced controls in the business should lead to lower levels of claims. Procuring an RCF and complimentary liquidity facilities in order to provide liquidity credit lines. Inaccessible cash is being optimised with the implementation of a new global cash management platform. The realisation of Mace's equity investment held with the Botley joint venture.
12. Business model disruption/inefficiency caused by a failure to innovate and investment in technology		
Failure to keep ahead of our competitors in terms of innovation and operational effectiveness and failure to meet the needs of the market, resulting in the business being uncompetitive.	Failure to win work and failure to be competitive.	Allow for the identification and development of innovative concepts and initiatives in order to remain operational efficient and competitive, in line with the 2026 Business Strategy.
13. *Fraud*		
A fraud by employee(s), JV partner, supplier or client which results in financial loss for the business.	Financial misstatement of actuals and/or of forecasts which result in a loss of value and/or breach of lenders *covenants.*	Financial control, particularly segregation of duties in being applied to key financial processes, including banking processes. Regular management review of *management accounts.*
14. Poor internal governance or non-compliance		
Poor decision making or a lack of compliance of covenants, rules, regulations, contract conditions and/or laws.	Failure to make sensible and timely decisions and/or failure to be compliant.	Governance structure includes delegations to committees and individual roles.
15. New pandemic		
Major business disruption caused by a new pandemic affecting the ability of our employees to undertake their work for a period of time.	Major impact on our ability to serve our clients, causing delay, and financial exposure to contract losses and claims from clients and suppliers due to the foreseeable nature of a pandemic.	New operational ways of working, including social distancing have been incorporated into our operational practices. The use of digital tools such as Zoom and Teams have proven to be effective means to continue to collaborate and communicate at work.

Post balance sheet events

Sale of Exeter and Cardiff student accommodation

On 1 February 2021 the Group entered into contracts in order to sell its student accommodation portfolio in Exeter and Cardiff to Ares Generation, a joint venture between a fund managed by the Real Estate Group of Ares Management Corporation and Generation Partners LLP for consideration of £157.5m. The sale completed on 22 February 2021. The portfolio of assets included 1,359 student bedrooms and retail facilities.

Acquisition of subsidiaries

On 6 August 2021 Mace Consultancy (Asia Pacific) Ltd, a subsidiary of Mace Limited, acquired a 60% controlling interest of two entities and a further 40% interest in a third entity for £7.5m consideration of Tenman TPM. The new partnership, which will be known as 'MaceTpm' will be fully integrated within the consult engine and part of the Asia Pacific global hub, with operations in the Philippines, Singapore, Macau and Vietnam.

Repayment of corporate bond and intention to enter into new liquidity facilities

At 31 December 2020, the Group had a balance of £120m outstanding on the corporate bond, which had been issued in 2017. At the time of signing the accounts the Group had repaid an additional £90m in 2021. The remaining £30m is ultimately repayable in March 2022 but notice has been served to repay this in full in December 2021. At the date of signing, the Group is intending to enter into £60m of liquidity facilities before the end of 2021.

US Government loan forgiveness

A USD 2.7m US Government loan was received in 2020 to support business needs during the period of the pandemic. The US government loan is recorded in short term loans and borrowings as at 31 December 2020. An application was submitted in 2021 to grant forgiveness of the loan and this was approved on 14 June 2021. This will therefore be recognised in other income in 2021 to cover payroll expenses that were incurred over the period of 24 weeks from the grant date, as required in the conditions of the loan.

Section 172 Companies Act 2006

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

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

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

The 2022 Business Strategy as set by the Board fully supports this approach by assuring that stakeholders are a key focus of the Strategy. Our vision to be the industry leader in shaping cities and building sustainable communities envelopes stakeholders across the board. The Board has focused their decision making on four key priorities:

Engage, develop and inspire our people

- Engage and retain our people
- Equip our people with the skills and tools to succeed
- Attract and recruit the best people
- Create an inclusive environment that recognises everyone's abilities

Achieve stable and sustainable growth

- Grow income and margin by delivering value to our clients
- Secure major projects and programmes
- Manage our risk and assure delivery
- Target growth in new sectors and geographies

Be a responsible business

- Be world leading in our health and safety approach
- Promote wellbeing and opportunity
- Lead on environmental quality
- Deliver resource efficiency
- Contribute shared value

Drive innovation to improve service excellence

- Embrace digital transformation
- Develop product and process solutions
- Deliver service excellence to our clients
- Develop supply chain partnerships

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

It is important to note as part of this report that our five-year strategic planning cycle was bought forward in response to the events of 2020; and so Mace's 2022 Business Strategy was comprehensively reviewed throughout the year. In early 2021 we adopted a new 2026 Business Strategy that set a new purpose for Mace – to redefine the boundaries of ambition – and put in place three new strategic priorities to replace those in the 2022 Business Strategy: to pursue a sustainable world, grow together and deliver distinctive value.

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

Stakeholder interests and key Board decisions

2020 was a challenging year that saw Mace face unique threats and opportunities, and so it was more important than ever that we effectively considered the impact of our decision-making on key stakeholder groups; both in terms of how we managed the Covid 19 pandemic but also our daily management of the business and our long-term strategic vision setting. During this period, whilst managing the effects of the pandemic, the Board considered and engaged with stakeholders and directly took decisions addressing their various needs.

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

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

Our engagement with Employees:	**The results were:**
Our ambition at Mace is to ensure that we are always in close dialogue with our colleagues, and that our approach to internal communication is always led by openness and transparency. *Due to the exceptional challenges required by Covid 19, 2020 saw Mace* adopt a stance of being as transparent and open as possible with our colleagues. This included: - Establishing a number of new communication channels and tools o Regular email updates on changing Covid 19 regulation and guidance, including the temporary closure of 90 active construction projects o New digital collaboration channels, including Teams and Yammer o A 'Covid 19 hub' to ensure that all guidance was available and up to date at all times o A regular drumbeat of wellbeing content to mitigate the impact of remote working and the mental health challenges associated with Covid 19 o Regular video updates from the CEO o Quarterly all staff briefing sessions with Engine CEOs o A series of more than 140 virtual events in different formats - Carrying out an extensive engagement process around Mace's new business strategy, purpose and priorities. - Direct/impacted people communications, managing the impact of *several challenging decisions that were made during the year, including* the use of the UK government furlough scheme and temporary voluntary salary reductions. - Virtual mid-year and end of year communications sessions, delivered live across the globe to the majority of our people. - In Q4 2020, the financial strength of the business was better than expected and based on this information the Board took the decision to reinstate to pre-Covid 19 levels staff pay and pension benefits, as well as award a limited number of bonuses for 2020. - The Board also recognised the competitive pressures in the workplace, coupled with the fact that our staff did not receive a pay rise in 2020, by advancing by 3 months the inflation salary award in 2021 from July to April.	The outcome of these engagement approaches resulted in: - A consistently high level of colleague engagement and satisfaction despite the exceptional challenges of Covid 19. - Maintaining an exceptional standard of operational resilience to the impact of Covid 19 on our business. - A successful transition to majority remote working, with minimal impact on the productivity and output of teams across the business, except for in our Construct and Operate engines where temporary sites closures and client office closures resulted in *a reduction in revenue and profitability for* those parts of the business. - A positive and engaged response – more than 1,700 individual responses – to the consultation on Mace's new business strategy that helped to shape the direction of the business.

Our engagement with Customers:	**The results were:**
Mace works hard to ensure that we are consistently engaging with all of our customers, both on an operational level and a corporate one; sharing best practice and knowledge with our clients and always working to ensure that our relationships are open and collaborative. As with our people, the challenges of Covid 19 required that we enhanced our existing approach. This included: - Adopting a 'collaboration first' approach to managing any contractual risks and impacts associated with 2020's difficult operational environment, minimising any resulting contractual or legal challenges	- Continuing to deliver a high quality, safe and responsible service to our clients across each of Mace's four engines. - Reviews by the board of each customer survey carried out across Mace encourages the sharing of best practice and a prompt address for any clear issues or concerns. - A genuinely collaborative and open approach to managing the operational risks we

- Delivery of a series of Covid 19 insight papers designed to engage and support our customers and clients and help to shape their response to the pandemic. - The creation of Mace's Strategic Client Network, and the delivery of a series of roundtables with our leading clients and customers. - Regular customers surveys with our strategic clients to ensure that our service delivery remained consistently exceptional across the year. - The measurement of how our strategic and key clients and others are accessing Mace's resources through our website. - The promotion of effective customer relationship management (CRM) across the organisation, using digital tools and careful planning to ensure that we're managing our client relationships successfully.	- collectively faced during Covid 19, ensuring that we were able to keep our people, our supply chain and our clients safe and well. - Our client and customer base remained consistently engaged and informed throughout 2020, resulting in significant repeat business orders. - Despite the temporary closure of a number of Mace's projects in the UK, we saw a minimal level of contractual risk and legal challenge.
Our engagement with the Supply Chain:	**The results were:**
As one of the world's largest and most diverse management and construction companies, Mace aims to be a leader of best practice and a champion in its industry. A central focus point for the Mace Group, is providing supply chain solutions and managing risk associated with the procurement of Contractors / Consultants / Suppliers. This included: - Mace took a proactive leadership role in shaping the industry's response to Covid 19 through the UK's Construction Leadership Council, including managing the significant impact of Covid 19 on materials supply in the UK. - The introduction of regular supply chain briefings delivered virtually to Mace's strategic supply chain to ensure that they were informed and engaged with our response to the challenges of Covid 19; and had the opportunity to feedback to Mace about how we operate. - Sharing all information received from Build/UK/BEIS with the Supply Chain. - Procurement Director was personally available to assist with any issues the supply chain was having with regard to material availability and then worked to unblock these supply chain issues with the manufacturers. - Adopting a 'collaboration first' approach to managing any contractual risks and impacts associated with 2020's difficult operational environment, minimising any resulting contractual or legal challenges. - A steady drumbeat of broader supply chain engagement via email on a wide array of issues, including the impact of Brexit changes and materials challenges. - Detailed support to our project teams to develop a comprehensive and detailed understanding of how our supply chain was operating, including labour levels, materials sources and productivity across our sites to manage any delivery challenges. - Throughout the year there was a constant drive to collect cash from clients and manage down debtors and accrued income, while ensuring we continued to pay promptly our suppliers.	- A consistently high standard of delivery across our supply chain of services directly to Mace and to our clients. - A hugely resilient and effective response to the challenges of Covid 19, ensuring that Mace was able to keep our people and our supply chain safe and then return to work as productively as possible. - Supporting our partners through numerous other challenges, including changes in regulation. - Better engagement and buy in from the supply chain allowing us to work together to deliver through the pandemic. - Assisted the supply chain navigate all options on offer to them. - Provided the supply chain with complete visibility and access to the Procurement Director and the Procurement team. - Evidenced our commitment to our supply chain particularly during Covid 19. - Achieved a great rapport and respect from the supply chain through the assistance provided and the solutions delivered. - Prompt payment helped support our supply chain in a financially unstable period.
Our engagement with Financial Institutions:	**The results were:**
Transparency with investors is an important factor in our ongoing relationships and we share on a regular basis our operational and financial performance as well as the threats and opportunities which could affect our business, the transparency continued throughout 2020. This included: - The CFO held 1.2.1 and group engagement sessions with banks and financial institutions, surety providers, credit insurers, insurers, and key clients when requested and these engagement sessions covered a	- The highly effective management of Mace's financial resilience throughout 2020, including responding effectively to the extraordinary circumstances caused by the pandemic. - Financial stakeholders gained a much better understanding of the financial and operational performance of the business.

- range of financially related matters including past and prospective performance. - The CFO on a six-monthly basis meets with these Stakeholders to provide a financial update. - Adhering to bond covenant requirements. - Presentation of annual budgets and strategic plans.	- Ongoing covenant compliance was achieved.
Our engagement with local communities	**What were the results:**
- As contractors and consultants, the work we do has a direct impact on hundreds of thousands of people across the globe each year, and we are committed to ensuring that we engage closely with those communities. - To ensure we are communicating effectively and supporting our local communities we: - Operate an established team of community engagement managers, each of whom take responsibility for a number of different Mace projects. - Direct engagement and communication with local residents about major disruption that might be caused by the construction works we are delivering on behalf of our clients. - Work closely with local community organizations and our clients to identify opportunities to use local labour on our projects. - Build a pipeline of young apprentices and graduates across our business that are drawn from a diverse range of communities. - Provide each Mace team member with a volunteering day each year, and proactively identify opportunities for them to support good local causes across the globe. - Many of our projects also provide ad-hoc support and engagement with their local communities, including school visits.	- The successful maintenance of good relationships with the communities around our major projects; ensuring that we are working effectively with them to minimize disruption. - Effective mitigation of the risk of disruption to our projects and programmes that could be generated through local community campaigning or challenge. - Positive feedback from clients who are pleased with how we are engaging with the local communities surrounding their projects. - Supporting the use of local labour on our projects and site in the UK. - We were able to ensure that our net zero carbon strategy and 2021-2026 Pursue a Sustainable World business priority/KPIs are aligned with emerging policy/market changes and are representative of industry-leading commitments.

Our engagement with Government and Industry stakeholders.	What were the results:
As a responsible business and a leading private UK company, Mace is committed to working with our peers and our government stakeholders to improve our entire industry. To communicate and engage with our peers and government, we: - Take an active role in trade associations and senior industry leadership bodies such as the Construction Leadership Council and Build UK. - Take an active role in engaging with local, regional and national Government, including working directly on behalf of central government departments and local authorities in the UK and beyond. - Support and play a leadership role for non-governmental regional business groups, such as the Northern Powerhouse Partnership, London First and others. - Take part in cross-sector working groups and activity, such as the Loughborough University study on the impact of Covid 19 on the construction workforce. During the 2020 pandemic, Mace worked particularly hard to play a convening role for our industry, with our senior leadership playing a hugely active role in a number of significant elements of the sector's response to Covid 19, including the Construction Leadership Council's emergency response measures.	- A detailed understanding of the issues and threats facing our sector, peers, clients and suppliers that was able to directly inform board decision making throughout Covid 19. - The maintenance of effective relationships with Government, regulatory bodies and other key organisations that enables us to share knowledge and improve best practice across our industry. - Maintaining a high quality reputation amongst our public sector partners that ensures we are able to keep retaining and winning new work and clients. - Effective horizon scanning through industry groups of the issues and risks that are likely to affect our business, and confidence that those groups are working on our behalf to ensure our interests are represented.

Signed on behalf of the Board of Directors

Mark Reynolds

Mark Reynolds
Chief Executive Officer
1 December 2021

Corporate Governance Report
Year ended 31 December 2020

The Group has applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles") as an appropriate framework.

The Group is committed to ensuring high standards of corporate governance across the business and the principles have assisted by providing a robust framework against which we can measure ourselves. Our ambition is to become an industry leader in company governance by 2026. This is the second year of applying the framework and we have focused on developing our current practices and have set out our strategy which recognises a maturing governance programme is key to the Group achieving the 2026 Business Strategy.

Purpose and leadership
At the heart of everything we do is the pursuit of a better way and the Board set out and led the way through the implementation of the 2022 Business Strategy. The primary purpose being to focus our ambitions, measure our progress and achieve our goals so "to inspire our spirit of adventure" which defines our vision to be the industry leader in shaping and building sustainable communities and to continuously pursue a better way.

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

Being a Responsible Business has continued to be a key focus area for the leadership in 2020 and their commitment to this permeates throughout the business.

In support, the Board continued with the implementation of new Code of Ethics and introduced a six monthly certification requirement whereby employees are required to confirm their adherence to the Code and underlying policies. Safecall continued as our external whistleblowing service provider.

Our behavioural framework Behaviours for Success, which includes Act Inclusively which focuses on treating people with respect, in a fair and consistent manner was included in the employee appraisal programme and provided a framework for employees to conduct a self-assessment and identify those areas which required further development. Continued focus was placed on developing and implementing a culture which seeks to embrace diversity and inclusion.

We set out a bold strategy, called Steps Without Footprints, to reduce our carbon emissions and to be Net Zero through the procurement of Gold Standard verified carbon offsets. We achieved our goals by reducing our carbon emissions by 51%, from 26,000 tonnes of CO2 to 13,000 tonnes of CO2, which were offset through the procurement of Gold Standard offsets with Carbon Footprint Limited. By the end 2020 we had reduced our carbon emissions by 51% through a combination of new technology, new methods of construction and new working practices and in addition offset the remaining unavoidable emissions.

The Board is firmly committed to the principles of tax transparency and the implementation of measures globally to prevent the facilitation of tax evasion. As part of our increased focus on governance, procedures and a programme of improvement to align with the annual Senior Accounting Officer (SAO) certification, a clean SAO certificate was issued during the year. In addition, we have recently been accredited with the Fair Tax Mark.

As a global business operating within four distinct industry sectors: developments consultancy, construction, and facilities management, our exposure to risk is mitigated as a result of the strong diversification of our portfolio. Our Risk and Audit Committee, has a delegated authority of the Mace Executive Board and provides assurance that the business is fulfilling its corporate governance duties. Due the impact of Covid 19 lockdowns and travel restrictions in 2020, our internal Compliance & Audit team ran a restricted programme of internal audits. In total 33 audits were undertaken equating to 58 audit days. On external auditing, our Independent Certification Body delivered a total of 81.5 audit days across 7 ISO standards.

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

Mace's new Diversity and Inclusion Strategy was published in September 2020, setting targets around recruitment, a reduction in the gender pay gap and other measures to drive forward this agenda at Mace. These targets were then reviewed and refreshed in the 2026 Business Strategy, with an ambitious target set to reduce our gender pay gap and ethnicity pay gap by 10% year on year to 2026.

Purpose and leadership: responding to Covid 19
As explained in the Strategic Report, the effects of the Covid 19 pandemic impacted the business. This was a significant challenge for the Leadership who had to respond quickly to protect the business and stakeholders.

In February 2020, the business deployed a "crisis management" plan, formulating teams at both the strategic and operational level, who were empowered to develop and streamline the appropriate response process as the pandemic evolved. The March 2020 and subsequent lockdowns were unprecedented however the Leadership's direction our business has been able to anticipate and mitigate better the impacts of these subsequent lockdowns.

The Group Board decided to implement several special measures in order to preserve the financial resilience of the Group as detailed in the Strategic Report. These special mitigation measures were successfully deployed and led to a better-than-expected trading performance, following the impact from Covid 19.

As a result, a number of the measures that were introduced were able to be removed earlier than expected, including the return of full salaries to staff a month earlier than expected in December 2020.

Purpose and leadership: Setting a new strategy in a year of transition
Mace's 2022 Business Strategy has served the business well, driving business growth and supporting the transformation of how we operate since its introduction in 2018. However, the changes to the global marketplace and our own business during 2020 demonstrated that it was important to re-align our strategic approach and ensure we were able to move quickly to respond to new opportunities and challenges across the geographies and sectors we operate in.

In that way, the response to Covid 19 and the impact it had on our business – particularly our work to communicate openly and transparently with our people as often as possible – directly contributed to the strategic realignment work that resulted in Mace's new 2026 Business Strategy; and the adoption of our new purpose: to redefine the boundaries of ambition. Mace colleagues played a direct role in shaping that strategy through an engagement programme that sought their views throughout Q3 of 2020; resulting in more than 1,700 responses.

Throughout 2020, the Group Board and the wider business worked together on a new business strategy, announcing in February 2021 Mace's 2026 Business Strategy, which builds on the success of our work to date and sets new and ambitious targets around three new strategic priorities: the pursuit of a sustainable world, growing together and delivering distinctive value.

That strategy has ensured that Mace entered 2021 with a clear vision for future growth, a detailed growth plan for each of our engines and the right controls and structures in place to ensure that we are robustly governed, working sustainable and following good governance principles.

Board composition
The Board comprises of eleven statutory directors, of these eleven directors two are non-executive directors.

On 1 January 2020, as part of developing the Board's Governance programme, the Board, along with the Board of Mace Finance Limited created and sponsored a sub-board, referred to as the Executive Board, to which they delegated a number of authorities and this board is responsible for the day to day operation of Mace Group, including the operations of Mace Limited and Mace Finance Limited.

The Executive Board currently comprises the executive directors and senior management. Patrick Dixon, non-executive director, attends on invitation. The Executive Board together represent the knowledge, experience and expertise required to run an organisation as large and diverse as the Mace Group. Membership of the Board and the Executive Board is listed below.

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

Board
Stephen Pycroft - Chairman
Jonathan Mark Holmes - Deputy Chairman
Mark Reynolds - Chief Executive Officer
Richard Bienfait - Chief Financial Officer
Gareth Lewis - CEO Construct
Jason Millett - CEO Consult
Lee Penlington - Commercial Director
Mandy Willis - Director of Strategy
Stephen Jeffery - Chief Technical Officer
Patrick Dixon – Independent Non-Executive Director
Mark Castle – Non-Executive Director

Executive Board
Mark Reynolds - Chairman
Amanda Baldwin
Michelle Barkess
Richard Bienfait
Jonathan Mark Holmes
Andrew Jackson
Stephen Jeffery
Gareth Lewis
Jason Millett
Carolyn Pate – Company Secretary
Lee Penlington
Stephen Pycroft
Mandy Willis

Members of the Executive Board who are not statutory directors are: Michelle Barkess (Chief Information Officer), Amanda Baldwin (Group Human Resources Director) and Carolyn Pate (Company Secretary). Patrick Dixon (Non-executive Director of Mace Limited) attends the MEB on invitation.

Director responsibilities
The Executive Board met quarterly in 2020 and in addition met less formally during the weekly operational meetings.

The Mace business is divided into four operating divisions being Develop, Consult, Construct and Operate, each has its own CEO who is responsible for delivering the business plan for their respective engine. Each engine has its own Board chaired by the respective divisional CEO or the Group CEO. These sub-boards meet on a quarterly basis and sit under the Executive Board.

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

In 2020 the focus of the Board was in "driving the four priorities" of the 2022 Business Strategy, alongside a review of that strategy and the development of a new Business Strategy to take the business to 2026. Focusing on these four priorities helped the Company better focus efforts, strategies and action plans to meet plan.

The Four Business Priorities

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

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

Opportunity and risk

As part of the priority to achieve stable and sustainable growth the Board set a target to achieve a robust risk management programme in 2020. The Risk and Audit Board was overhauled with a new membership drawn from across business functions and sponsored by the CFO.

The Risk and Audit Board monitors and reviews the development and delivery of the Group Risk and Audit strategy, ensuring its plans are aligned to and enable delivery of the 2022 Business Strategy and to mitigate the business' principal risks, as identified in the Strategic Report.

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

Remuneration

As a privately-owned company, the Company is not required to have a Remuneration Committee and as such the responsibility of setting executive pay is assumed by the Board.

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

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

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

A small number of share awards were made during the year, with some restrictions being lifted on previous awards.

Performance is continually under review and remuneration packages revised appropriately.

Stakeholders

Mace's engagement with our internal and external stakeholders is at the heart of our success as a business, and during 2020 we worked hard to ensure that we communicated openly and transparently during a year in which the business faced exceptional operational challenges. Our objective is that as much of our communication both inside and outside of the organisation is an open dialogue; that we're always authentic and that we are open to new ideas and best practice from outside Mace.

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

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

To help manage the impact of Covid 19 on how our people work and their mental wellbeing and health, we also introduced a number of new channels, including regular leadership videos and briefings, introduced new digital collaboration tools; hosted two live virtual all-company briefings, ran a Covid 19 impact survey which received responses from more than 70% of our business;.

and carried out a widespread engagement exercise on Mace's work to reset our business strategy and introduce our new purpose and priorities

Mace also supports a series of employee-run network groups, including Pride at Mace, Women at Mace, the Ethnic Diversity Inclusion Network, the Mace Military Network, Enabled at Mace and Parents at Mace. Throughout 2020, these groups played a key role in working with Mace's corporate team to engage with important groups of our colleagues; share information and best practice and engaging on important policy and operational decision making. These groups played a key role in helping us respond as an organisation to key diversity and inclusion issues during the year.

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

The unique demands of 2020 meant that we worked harder than ever to ensure that our core stakeholder groups were kept informed and updated about how we were responding to the challenges we face and how that would impact the work we do for or with them. We communicate with those audiences through a wider variety of channels, both as part of our day-to-day delivery and wider communications channels and campaigns. This includes promoting Mace's work through media and social media, provide regular updates to our clients about our work and carry out regular customer surveys.

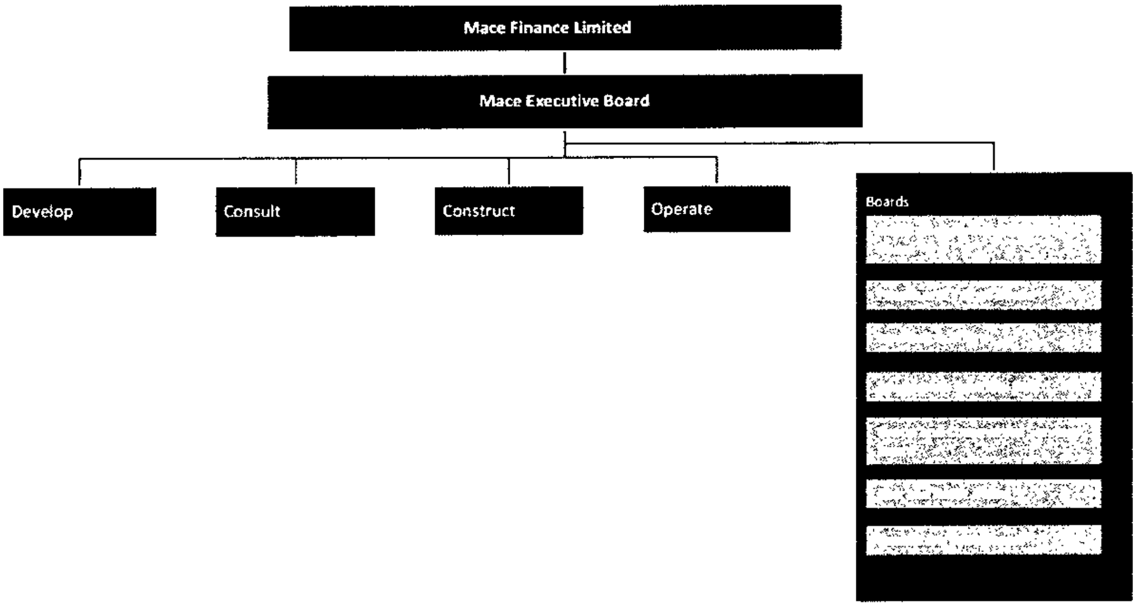
Of particular note is Mace's role in helping to lead and shape the wider industry's response to key issues and challenges. Working as part of the leadership team of the Construction Leadership Council, our Group CEO Mark Reynolds worked closely with key industry and Government stakeholders to ensure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

External reporting
In addition to our Annual Report and Financial Statements, we publish information regularly in the public domain. This includes our business payment practices and performance under the Duty to Report requirements which are filed at Companies House. In addition, we produce our Annual Business Review which is published on our website, alongside our Annual Report and Financial Statements. We published our third Gender Pay Gap statistics in April 2020. Mace Limited is required to publish payment practices and performance statistics twice a year in accordance with Duty to Report.

External auditors
The Group appointed Mazars LLP as auditors on 4 May 2021. The change in auditors was prompted by the completion of the 2019 audit, being the 10th consecutive year of tenure of the then audit partner, and the subsequent decision to retender in line with good practice. Following a thorough tender process, Mazars LLP were selected by the Audit Reporting Committee and commenced their 2020 audit in early 2021.

As a private company, the Group is not subject to external restrictions in terms of non-audit work provided by the external auditors, but the Group hasn't used the external audit company for any other non-audit services.

Sub-Boards
The Executive Board sponsor a series of sub-boards, which consist of the following:



Health, Safety and Wellbeing Board
The Health, Safety and Wellbeing Board operates to monitor and review the development and delivery of the Group health, safety and wellbeing strategy, ensuring its plans are aligned to and enable the business to deliver the 2022 Business Strategy. Responsibilities include but are not limited to:

- Reviewing and monitoring the Group health, safety and wellbeing strategy to ensure it is aligned to the delivery of the 2022 Business Strategy;
- Developing and monitoring the scorecard of key measures as agreed with the Executive Board;
- Setting the health, safety and wellbeing policies for the Mace Group;
- Provide direction and guidance to the HS&W team on changes to the strategy and plans to ensure delivery of programmes and initiatives remain on track. Support the HS&W team in developing roll-out strategies that will gain maximum traction across the business;
- Evaluation of the budget and investment in the health, safety and wellbeing agenda, and
- Champion the broad health, safety and wellbeing agenda within business units and across the wider Group, to achieve a consistent approach to corporate challenges.

People and Talent Board
The People and Talent Board acts to ensure the delivery of the Group HR strategy. Responsibilities include but are not limited to:

- Reviewing and monitoring the Group HR strategy to ensure it is aligned to the delivery of the 2022 Business Strategy;
- Developing and monitoring a scorecard of key measures agreed with the Executive Board and reviewed on a quarterly basis;
- Setting the HR Policies for the Mace Group;
- Providing direction and guidance to the HR team on changes to the HR strategy and plans to ensure delivery of programmes and initiatives remain on track. Support the HR team in developing roll-out strategies that will gain maximum traction across the business, and
- Identify developments (from other institutions and organisations) that could be considered best practice, considering and adapting these, as appropriate for possible introduction at Mace.

Innovation Board
The Innovation Board operates to monitor and review the development and delivery of the Group Innovation strategy, ensuring its plans are aligned to and enable the business to deliver the 2022 Business Strategy. Responsibilities include but are not limited to:

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

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

- Providing direction and guidance to the Responsible Business team on the Responsible Business strategy and plans to ensure delivery of programmes and initiatives remain on track;
- Identifying developments (from other institutions and organisations) that could be considered best practice, considering and adapting these;
- Championing the broad Responsible Business agenda within business units and across the wider Group, to achieve a consistent approach to corporate challenges, and
- Commissioning of working groups, establishing appropriate objectives in accordance with the 2022 Business Strategy and monitoring progress for the duration of the working group.

Group and Commercial Services Board
The Group and Commercial Services Board operates to monitor and review the development and delivery of the Group and Commercial Services strategy, ensuring its plans are aligned to and enable the business to deliver the 2022 Business Strategy. Responsibilities include but are not limited to:

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

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

- Monitoring a scorecard of key measures set by the Mace Executive Board;
- Setting the Risk and Audit Policies for the Mace Group under the authority of the Executive Board;
- Supporting the Risk and Audit team in developing roll-out strategies that will gain maximum traction across the business;
- Commissioning of working groups, establishing appropriate objectives in accordance with the 2022 Business Strategy and monitoring progress for the duration of the working group, and
- Pre-screening and making recommendations to the Mace Executive Board regarding corporate proposals which fundamentally affect future corporate strategy, culture, organisation, debt/capital raises and items of significant business risk.

Healthcare Trust Board
The Healthcare Trust Board acts to govern the healthcare of the Group's employees. The board seeks to remain aware of advancements in the field of medical services such that the business can, within the terms of the healthcare providers, make available to all our people such quality treatments as to support their physical and mental wellbeing.

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 2020.

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

Results and dividends
The consolidated profit for the year before taxation amounted to £31.9m (2019 restated: £33.3m). Mace Limited has paid dividends of £14m (2019: £30m). Dividends were fully paid in the year and no further dividend is proposed for the year.

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

Directors
The directors who held office during the year were:

Richard Bienfait (appointed 27 January 2020)
Mark Castle
Amy Chapman (resigned 31 March 2021)
Patrick Dixon (appointed 12 October 2020)
David Grover (resigned 1 May 2020)
Jonathan Mark Holmes
Dennis Hone CBE (resigned 27 January 2020)
Stephen Jeffery
Gareth Lewis
Jason Millett
Lee Penlington
Stephen Pycroft
Mark Reynolds
Mandy Willis

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

Energy and carbon emissions
We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Mace Limited supports these recommendations and is committed to disclosing the relevant information which can be found below.

Mace has been a member of the RE100 Climate Group since 2017 which commits Mace to procure 100% power from renewable sources by 2022. Through our partnership with Ecotricity we have procured 100% renewable energy for electricity and as much 'green' gas as possible (there is a limited amount and demand outstrips supply) and offsets the remaining CO2e through – the following projects:

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

This statement of energy use and carbon emissions complies with the "Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance March 2019". The statement below covers energy use and associated greenhouse gas emissions relating to gas, electricity, diesel and business travel via private vehicles, an intensity ratio and information relating to energy efficiency actions.

Total energy use covering electricity, gas, diesel and transport	38,441,722	kWh
Total emissions generated through combustion of gas	384	tCO2e
Total emissions generated through use of purchased electricity	3,751	tCO2e
Total emissions generated through use of other fuels	3,925	tCo2e
Total emissions generated through business travel	1,664	tCO2e
Total gross emissions	9,724	tCO2e
Intensity ratio (total gross emissions)	0.00000561	Per £ Revenue

Energy efficiency:
In January 2020 Mace launched its Net Zero Strategy and a behaviour change initiative called 'Steps without Footprints' The report 'Steps without Footprints one year on details the 2020 journey and future targets - Report: Steps Without Footprints - One Year On | Mace (Report: Steps Without Footprints - One Year On | Mace (macegroup.com). To become net zero Mace committed to significantly reduce carbon emissions associated with:

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

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

In 2020 Mace committed to:

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

Due to the Covid 19 pandemic further reductions were achieved due to:

- Home working and site minimal presence
- Closure of two floors in the head office building and regional office closures during Covid 19 lockdown
- Reduced business travel through video conferencing and Covid 19 restrictions

The following energy efficiency measures are being implemented during 2021:

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

Methodology used in the calculation of disclosures:
Methodology for the data in this report has followed the format of the Mace ESOS Reports and in compliance with Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, March 2019.

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

Intensity ratio calculated using recorded revenue for the year ending 31 December 2020: Tonnes of CO_2e per £ revenue

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

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

At the end of 2020 and at the date that these financial statements were signed, the Group continues to comfortably meet the covenant requirements of the corporate bond which falls due for repayment in March 2022.

The Directors have carried out an assessment on the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has involved a review of forecasts based on the Group's 2026 Business Strategy, which reflects the impact of the 12 months of trading preceding the balance sheet date. In addition, the base case projections take into account unaudited but actual results for the first half of 2021 which include the sale development assets held on the balance sheet at 31 December 2020 as well as the sale of subsidiaries in which two other development assets were held. The sale of these development assets has resulted in a significant reduction in debt held by the Group, including £94m of limited recourse debt in February 2021 and the redemption of £90m of Frontier Finance bonds during the 6 months after the balance sheet date. Notice has been served to repay the remaining £30m balance on the Frontier Finance bonds in December 2021. Other significant post balance sheet events which are included in the base case scenarios are included in the notes to the accounts at note 30. The directors have also considered the strength of the Group's forward order book which amounted to £2.8bn at 31 December 2020.

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

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

- Inability to secure short term financing following repayment of the corporate bond in March 2022
- Elimination of a portion of unsecured work assumed within the Group's base case projections
- Increase in the construction costs due to shortages of labour or materials
- Delay in payments received from key customers
- Delay of 12 months of the repayment of the amounts owed by the Botley joint venture

In assessing the impact of these sensitivities, the Group has not assumed any potential assistance from the UK Government such as Job Retention Scheme or any further tax deferrals, over and above those already agreed and in place.

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

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

Events after the reporting date
Details of significant events after the reporting date can be found in the Strategic Report and in note 30.

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

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

Arrangements exist to keep all employees informed on matters of concern to them and information on Group performance and prospects is disseminated widely. The directors ensure that employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. Employees are encouraged to be concerned with the performance and efficiency of the Group and various profit sharing and bonus schemes operate to emphasise and reinforce this.

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

Research and development
Investment in research and development is the key to driving our industry forward, and in 2020 we invested £48m (2019: £51m) which included development of our High-Rise Solution capability (seeking to further reduce time during construction by 25%, vehicle movement by 40% and construction waste by 75%), development of new construction elements, temporary works processes, and making substantial improvements in mechanical and electrical services.

Disclosure of information to auditors

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Carolyn Pate
Group Company Secretary

1 December 2021

Directors' responsibilities statement
Year ended 31 December 2020

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the Group financial statements have been prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006;
- state whether the Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework in conformity with the requirements of the Companies Act 2006; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

Opinion

We have audited the financial statements of Mace Limited (the 'company' or the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the following:

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Company Statement of Financial Position
- Consolidated Statement of Cash Flows
- Consolidated Statement of Changes in Equity
- Company Statement of Changes in Equity, and
- notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom accounting standards comprising FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to Covid 19.

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

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

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

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

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

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

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

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

Use of the audit report

This report is made solely to the 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.

William Neale Bussey (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
1 December 2021

Mace Limited

Consolidated statement of comprehensive income
Year ended 31 December 2020

	Note	2020 £000s	2019 Restated £000s
Group revenue	4	**1,730,512**	1,782,279
Cost of sales	4	**(1,580,833)**	(1,620,314)
Gross profit	4	**149,679**	161,965
Administrative expenses	4	**(118,038)**	(123,646)
Other Income	7	**5,346**	-
Fair value on financial assets measured at FVPL (inc. derivatives)	4	**3,809**	(444)
Operating profit before exceptional items	4	**40,796**	37,875
Exceptional items	11	**(15,492)**	(6,205)
Operating profit	4	**25,304**	31,670
Share of profit of associates and joint ventures	16	**5,776**	5,659
Loss on disposal of a subsidiary		**(13)**	-
Profit on ordinary activities before interest	4	**31,067**	37,329
Finance income	8	**16,492**	3,375
Finance costs	8	**(15,621)**	(7,366)
Profit on ordinary activities before taxation	4	**31,938**	33,338
Income tax expense	12	**(7,250)**	(10,252)
Profit from continuing operations		**24,688**	23,086
Profit for the year attributable for			
Owners of the parent		**24,481**	22,709
Non-controlling interest		**207**	377
		24,688	23,086
Other comprehensive income			
Items that will or may be classified to profit and loss:			
Exchange differences on re-translation of foreign subsidiaries		**(1,622)**	(3,240)
Recycling of accumulated of foreign exchange differences on disposal of foreign operations		**-**	4,092
Items that will not be classified to profit and loss:			
Fair value movements on other investments classifies as fair value through other comprehensive income		**-**	45,765
Total comprehensive income for the year		**23,066**	69,703
Total comprehensive income for the year attributable to:			
Owners of the parent		**22,988**	69,326
Non-controlling interest		**78**	377
		23,066	69,703

The notes on pages 36 to 85 form part of these financial statements. Restatements are explained in note 29.

Mace Limited

Consolidated statement of financial position
As at 31 December 2020

	Note	31 December 2020 £000s	Restated 31 December 2019 £000s	Restated 31 December 2018 £000s
Non-current assets				
Property, plant and equipment	13	**24,009**	28,782	14,807
Intangible assets	14	**40,499**	35,160	28,125
Deferred tax asset	12	**7,777**	4,782	2,905
Investments in joint ventures	16	**2,676**	3,072	1,772
Other Investments	16	**10,116**	8,600	18,500
		85,077	80,396	66,109
Current assets				
Trade and other receivables	17	**494,640**	524,693	531,931
Development work in progress	18	**181,975**	237,403	140,697
Development loan to joint venture	18	**63,602**	57,917	54,907
Other work in progress		**-**	-	1,976
Financial assets	19	**748**	-	-
Current tax assets		**14,803**	6,338	-
Cash at bank		**257,580**	199,007	215,943
		1,013,348	1,025,358	945,454
Current liabilities				
Trade and other payables	20	**(623,083)**	(598,097)	(747,471)
Provisions	21	**-**	*(29,188)*	*(19,658)*
Financial liabilities	22	**-**	(1,544)	-
Current tax liabilities		**(83,825)**	(43,638)	-
Lease liabilities & borrowings	23	**(118,204)**	(136,898)	(18,255)
		(825,112)	(809,365)	(785,384)
Net current assets		**188,236**	215,993	160,070
Total assets less current liabilities		**273,313**	296,389	226,179
Non-current liabilities				
Trade and other payables	20	**-**	(10,831)	(10,831)
Provisions	21	**(78,181)**	-	-
Lease liabilities & borrowings	23	**(142,329)**	(241,784)	(204,444)
Deferred tax liabilities	12	**(159)**	-	-
Net assets/(liabilities)		**52,644**	43,774	10,904
Capital and reserves				
Called up share capital	24	**1,000**	1,000	1,000
Accumulated reserves		**49,956**	40,969	8,215
Equity shareholders' funds		***50,956***	*41,969*	*9,215*
Non-controlling interests		**1,688**	1,805	1,689
Equity shareholders' funds		**52,644**	43,774	10,904

These financial statements of Mace Limited (company number 02410626) were approved by the directors, authorised for issue on 1 December 2021, and are signed on their behalf by:

Mark Reynolds

Mark Reynolds
Chief Executive Officer

Richard Bienfait
Chief Financial Officer

The notes on pages 36 to 85 form part of these financial statements. Restatements are explained in note 29.

Mace Limited

Company statement of financial position
As at 31 December 2020

	Note	31 December 2020 £000s	31 December 2019 Restated £000s	31 December 2018 Restated £000s
Non-current assets				
Property, plant and equipment	13	**20,118**	22,823	10,804
Intangible assets	14	**23,980**	18,628	10,111
Deferred tax asset	12	**2,515**	3,305	1,704
Investments in subsidiaries	16	**15,518**	15,518	15,468
Investments in joint ventures	16	**7**	7	-
Other investments		**-**	-	11,007
		62,138	60,281	49,094
Current assets				
Trade and other receivables	17	**576,666**	569,751	520,981
Development work in progress		**-**	-	1,534
Financial assets	19	**748**	-	-
Current tax assets		**8,797**	-	-
Cash at bank		**60,557**	86,117	75,163
		646,768	655,868	597,678
Current liabilities				
Trade and other payables	20	**(403,785)**	(413,898)	(478,855)
Provisions	21	**-**	(28,613)	(19,658)
Financial liabilities	22	**-**	(1,544)	-
Current tax liabilities		**(39,835)**	(24,429)	-
Lease liabilities & borrowings	23	**(10,765)**	(38,804)	(14,978)
		(454,385)	(507,288)	(513,491)
Net current assets		**192,383**	148,580	84,187
Total assets less current liabilities		**254,521**	208,861	133,281
Non-current liabilities				
Trade and other payables	20	**(120,000)**	(160,000)	(160,000)
Provisions	21	**(71,091)**	-	-
Lease liabilities & borrowings	23	**(20,959)**	(20,299)	(2,800)
Net assets/(liabilities)		**42,471**	28,562	(29,519)
Capital and reserves				
Called up share capital	24	**1,000**	1,000	1,000
Profit and loss account		**41,471**	27,562	(30,519)
Equity shareholders' funds/(deficit)		**42,471**	28,562	(29,519)

A separate profit and loss account for the Company (company number 02410626) is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £27.9m (2019: £48.5m restated) and total comprehensive income was £27.9m (2019: £94.3m restated).

These financial statements were approved by the directors, authorised for issue on 1 December 2021 and are signed on their behalf by:

Mark Reynolds

Mark Reynolds
Chief Executive Officer

Richard Bienfait
Chief Financial Officer

The notes on pages 36 to 85 form part of these financial statements. Restatements are explained in note 29.

Mace Limited

Consolidated statement of cash flows
Year ended 31 December 2020

	Note	Year ended 31 December 2020 £000s	Year ended 31 December 2019 £000s
Cash flows from operating activities	26	**192,578**	(40,384)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		**(7,689)**	(13,460)
Dividends from JV & Associates		**5,821**	5,348
Acquisition of investments		**(167)**	(594)
Proceeds from disposals of fixed asset		**1,081**	-
Net cash used in investing activities		**(954)**	(8,706)
Cash flows from financing activities			
Dividends paid to company shareholders		**(14,028)**	(30,223)
Contribution to parent company employment benefit scheme		-	(1,250)
Increase in borrowings		**8,407**	46,232
Repayment of borrowings and lease liabilities		**(109,740)**	(5,839)
Net cash movement from financing activities		**(115,361)**	8,920
Net increase/(decrease) in cash		**76,263**	(40,170)
Cash at bank and bank overdrafts at beginning of year		**166,697**	208,560
Effects of currency translation on cash at bank and bank overdrafts		**555**	(1,693)
Cash at bank and bank overdrafts at end of year		**243,515**	166,697

Cash at bank and bank overdrafts	**2020**	2019
	£000s	£000s
Cash at bank	**257,580**	199,007
Bank overdrafts	**(14,065)**	(32,310)
	243,515	166,697

The notes on pages 36 to 85 are an integral part of these consolidated financial statements.

Mace Limited

Consolidated statement of changes in equity
Year ended 31 December 2020

	Foreign Exchange Reserve £000s	Share Capital £000s	Equity Investment Reserve £000s	Retained Earnings £000s	Attributable to owners £000s	Non-Controlling Interest £000s	Total £000s
Equity shareholders' funds as at 1 January 2019 (reported)	(2,812)	1,000	(34,361)	45,113	**8,940**	1,689	**10,629**
Adjustment (note 29)	-	-	-	(4,988)	**(4,988)**	-	**(4,988)**
Equity shareholders' funds as at 1 January 2019 (restated)	(2,812)	1,000	(34,361)	40,125	**3,952**	1,689	**5,641**
Profit after tax for the year (restated)	-	-	-	22,709	**22,709**	377	**23,086**
Fair value movements on other investments classified as fair value through other *comprehensive income*	-	-	*45,765*	-	***45,765***	-	***45,765***
Other movement in reserves			(11,404)	11,404	-	-	-
Retranslation gain/(loss)	(3,197)	-	-	-	**(3,197)**	(43)	**(3,240)**
Recycling of accumulated foreign exchange differences on disposal of foreign operations	4,092	-	-	-	**4,092**	-	**4,092**
Total comprehensive income for the year (restated)	895	-	34,361	34,113	**69,369**	334	**69,703**
Adjustment to acquisition of NCI	-	-	-	-	-	(98)	**(98)**
Dividends Paid	-	-	-	(30,103)	**(30,103)**	(120)	**(30,223)**
Contribution to employee benefit scheme	-	-	-	(1,250)	**(1,250)**	-	**(1,250)**
Equity shareholders' funds as at 31 December 2019 (restated)	(1,917)	1,000	-	42,885	**41,968**	1,805	**43,773**
Profit after tax for the year	-	-	-	24,481	**24,481**	207	**24,688**
Retranslation gain/(loss)	(1,493)	-	-	-	**(1,493)**	(129)	**(1,622)**
Total comprehensive income for the year	(1,493)	-	-	24,481	**22,988**	78	**23,066**
Acquisition of non-controlling interest	-	-	-	-	-	(167)	**(167)**
Dividends paid	-	-	-	(14,000)	**(14,000)**	(28)	**(14,028)**
Equity shareholders' funds as at 31 December 2020	**(3,410)**	**1,000**	-	**53,366**	**50,956**	**1,688**	**52,644**

The notes on pages 36 to 85 are an integral part of these consolidated financial statements. Restatements are explained in note 29.

Mace Limited

Company statement of changes in equity
Year ended 31 December 2020

	Share Capital £000s	Equity Investment £000s	Retained Earnings £000s	Attributable to owners £000s	Total £000s
Equity shareholders' funds as at 1 January 2019 (reported)	1,000	(34,361)	(411)	(33,772)	**(33,772)**
Adjustment (note 29)	-	-	(729)	(729)	**(729)**
Equity shareholders' funds as at 1 January 2019 (restated)	1,000	(34,361)	(1,140)	(34,501)	**(34,501)**
Profit after tax for the year (restated)	-	-	48,547	48,547	**48,547**
Fair value movements on other investments classified as fair value through other comprehensive income	-	45,765	-	45,765	**45,765**
Other movement in reserves	-	(11,404)	11,404	-	**-**
Total comprehensive income for the year (restated)	-	34,361	59,951	94,312	**94,312**
Dividends paid	-	-	(30,000)	(30,000)	**(30,000)**
Contribution to employee benefit scheme	-	-	(1,250)	(1,250)	**(1,250)**
Equity shareholders' funds as at 31 December 2019 (restated)	1,000	-	27,561	28,561	**28,561**
Profit after tax for the year	-	-	27,910	27,910	**27,910**
Total comprehensive income for the year	-	-	27,910	27,910	**27,910**
Dividends paid	-	-	(14,000)	(14,000)	**(14,000)**
Equity shareholders' funds as at 31 December 2020	**1,000**	**-**	**41,471**	**42,471**	**42,471**

On 4 July 2019, Mace Limited's non-current asset, an equity investment in Mace Capital Limited, was redeemed for its par value of £56.8m. In 2018, the carrying value of the investment had been revalued as part of the work undertaken for the implementation of IFRS 9 Financial Instruments. This investment was valued with the assistance of an external independent valuer at £3.5m at 31 December 2017 and at £11.0m at 31 December 2018. The redemption at the 4 July 2019 resulted in a £45.8m gain, which has been shown as a fair value gain through the statement of other comprehensive income in 2019.

The notes on pages 36 to 85 are an integral part of these consolidated financial statements. Restatements are explained in note 29.

1. Accounting policies

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

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

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

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit and loss. The Group has consistently applied all accounting standards and interpretations issued by the International Accounting Standards Board and IFRS IC, in conformity with the requirements of the Companies Act 2006, relevant to its operations and effective on 1 January 2020.

The separate financial statements of the Company are presented as required by the Act. The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2020 the Company reported under FRS 101 as issued by the Financial Reporting Council, which does not result in any change in the amounts presented because the Company's accounting policies under FRS101 are consistent with those described in the Group's consolidated financial statements under IFRS.

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

Going concern
The Directors continue to adopt the going concern basis in preparing the Group's 2020 financial statements.

At the end of 2020 and at the date that these financial statements were signed, the Group continues to comfortably meet the covenant requirements of the corporate bond which falls due for repayment in March 2022.

The Directors have carried out an assessment on the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has involved a review of forecasts based on the Group's 2026 Business Strategy, which reflects the impact of the 12 months of trading preceding the balance sheet date. In addition, the base case projections take into account unaudited but actual results for the first half of 2021 which include the sale development assets held on the balance sheet at 31 December 2020 as well as the sale of subsidiaries in which two other development assets were held. The sale of these development assets has resulted in a significant reduction in debt held by the Group, including £94m of limited recourse debt in February 2021 and the redemption of £90m of Frontier Finance bonds during the 6 months after the balance sheet date. Noticed has been served to repay the remaining £30m balance on the Frontier Finance bonds in December 2021. Other significant post balance sheet events which are included in the base case scenarios are included in the notes to the accounts at note 30. The Directors have also considered the strength of the Group's forward order book which amounted to £2.8bn at 31 December 2020.

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

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

- Inability to secure short term financing following repayment of the corporate bond in March 2022
- Elimination of a portion of unsecured work assumed within the Group's base case projections
- Increase in the construction costs due to shortages of labour or materials
- Delay in payments received from key customers
- Delay of 12 months of the repayment of the amounts owed by the Botley joint venture

In assessing the impact of these sensitivities, the Group has not assumed any potential assistance from the UK Government such as Job Retention Scheme or any further tax deferrals, over and above those already agreed and in place.

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

1 . Accounting policies (continued)

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

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group. The Company has guaranteed the liabilities of certain subsidiaries included within note 32. 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.

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

Standards and interpretations issued but not yet effective
A number of new standards and amendments to existing standards have been published which are mandatory but are not effective for the year ended 31 December 2020. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the period of initial application.

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

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

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

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

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

Uninvoiced amounts relating to construction contracts are presented in the statement of financial position as contract assets.

1. Accounting policies (continued)

Revenue and margin recognition (continued)

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

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

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

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

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

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

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

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

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

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

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

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

1. Accounting policies (continued)

Revenue and margin recognition (continued)

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

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

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

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

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

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

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

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

Right of use assets	Over the period of the lease, to the break clause assumption
Leasehold improvements	Over the period of the lease on a straight line basis, to the first break clause
Plant, motor vehicles and equipment	10% to 20% per annum on a straight line basis
Computer equipment	33% per annum on a straight line basis
Freehold property	5% per annum on a straight line basis

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or 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.

1. Accounting policies (continued)

Impairment of property, plant & equipment and intangible assets excluding goodwill

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

The value in use estimate is calculated using discounted cashflows and reviews in conjunction with the carrying amounts of tangible and intangible assets. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

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

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

Post-employment benefits
In some areas where Mace operates, there is a legal requirement to pay an end of service benefit to employees at the end of their employment, where they have completed at least one year of employment. Employees are entitled to 21 days pay for each year of the first five years of service and 30 days pay for each additional year, but the total remuneration shall not exceed two years pay. The obligation is accounted for as a post-employment benefit with the expected liability accrued over the term of employment. Key assumptions used in the calculation of the expected benefit includes the expected length of service for employees, based on historical trends, in order to establish an appropriate discount rate for the liability. The discount rate based on risk free rate high quality bond yields (3%) offsets with the expected rate of salary increases (3%). Sensitivity analysis of these assumptions shows that a 1% variation between the discount rate and salary inflation will result in an increase/decrease of £500,609 in the liability, based on historical average staff retention of 9 years.

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

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

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

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

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

1. Accounting policies (continued)

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

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

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

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

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

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

a) Financial assets at amortised cost
Trade and other receivables are initially recognised at their transaction price and are subsequently measured at amortised cost less any allowance for expected credit losses.

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

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

c) Investments
Investments in subsidiary undertakings are stated at cost less any provision for impairment. Any contingent consideration is recognised as an accrual at the acquisition date and is measured at the present value of the expected settlement using a pre-tax discount rate that reflects current market assessment of the time value of money. The increase in the accrual due to the passage of time is recognised as an interest expense. Any change to the value of contingent consideration identified within 12 months from the acquisition date is reflected in the original cost of the investment, if it is a measurement adjustment in terms of IFRS 3. Subsequent changes to the value of contingent consideration are reflected in the statement of comprehensive income.

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

Where the Company or its subsidiaries has significant influence over an entity, normally being more than 20% and less than 50%, then that investment is classified as an associate and is equity accounted for. Joint arrangements in legal entities are classified as joint ventures and are equity accounted for. An equity investment is initially recorded at cost and is subsequently adjusted to reflect the share of the net profit or loss.

Where the joint arrangement is not structured through a separate vehicle these are classified as joint operations. This applies to most of the unincorporated joint arrangements in note 31 other than Dubai Expo 2020, which is structured through a separate vehicle so is treated as a

1. Accounting policies (continued)

joint venture and amounts are recognised in relation to interest in the joint operation. This includes recognising assets and liabilities based on its share of any assets and liabilities held jointly, recognising revenue from the sale of its share of the output of the joint operation and share of any expenses incurred jointly.

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

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

Other investments in the prior year also included an equity investment in Mace Capital Limited, this investment was disposed of in 2019. Up to the date of disposal, the investment was carried at fair value with changes recognised, by designation, in other comprehensive income.

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

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

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

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

i) Derivative financial instruments
Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes party to the contractual provision of the instrument. The Group uses derivative financial instruments to manage its exposure to foreign exchange risks. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. As the Group has not adopted hedge accounting, fair value of derivative contracts are recognised as fair value through profit and loss.

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

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

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

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

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

Contingent assets
Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the entity. Insurance claims are recognised under IAS 37 when

1. Accounting policies (continued)

Financial instruments (continued)

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

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

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

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

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

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

The estimation of final contract value includes assessments of the recovery of variations which have yet to be agreed with the client, but which meet the criteria set out in the Group's accounting policies and are in accordance with IFRS 15 Revenue from Contracts with Customers. The consideration recognised is the amount which is highly probable not to result in a significant reversal in future. At the reporting date, unagreed variations accounted for 0.05% (2019: 0.4%) of total contract revenue.

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

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

Contract provisions are made in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and are measured at the best estimate of the expenditure required to settle obligations present at the reporting date. Contract provisions may include estimates of remediation works that could be required where defects are present or where insurance claims have been made. The assessment of this cost is based on best estimates made by experienced senior management, on an individual contract basis and with reference to relevant contract provisions and insurance excess premiums. Where the cost cannot be reliably measured, and the likelihood of incurring the cost only considered possible rather than probable, estimated amounts are disclosed as contingent liabilities, more details of which are disclosed in note 21.

Recoveries of these amounts from insurers or third parties are treated as a deduction of cost rather than revenue and are only recognised when recovery is deemed to be virtually certain. Management mitigate the degree of uncertainty by ensuring estimates of recovery are produced by suitably qualified individuals and are subject to thorough review by senior management. Insurance recoveries that are considered probably recoverable but not virtually certain are only disclosed as contingent assets. Details of contingent assets recognised in the year in relation to insurance matters are disclosed in note 21.

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

b) Valuation of development work in progress
The key estimates in determining the net realisable value of land and work in progress are:
- an estimation of costs to complete; and
- an estimation of the remaining revenues.

These assessments include a degree of uncertainty but reliance is placed on third party valuations as the best estimate of the market value at the balance sheet date. These valuations are compared against the carrying amount of the asset. Where carrying amount is lower than the net realisable value, write-downs of land and work in progress may be necessary.

The majority of the development WIP balance at the balance sheet date related to finished goods, which were sold early in 2021 for greater than the carrying amount at 31 December 2020. This includes items that were held as work in progress in the prior year.

c) Goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the Cash Generating Units to which the goodwill has been allocated. The value requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate in order to calculate the net present value. Cash flow forecasts for the next five years are based on the Group's budgets and forecasts. Other key inputs in assessing each CGU are revenue growth, operating margin and discount rate. The assumptions are set out in note 14 together with an assessment of the impact of reasonably possible sensitivities.

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

b) Contingent liabilities and contingent assets
Provisions are made using the Directors' best judgements and estimates of known legal claims, investigations and legal actions relating to *the Group which are considered more likely than not to result in an outflow of economic benefit. If the Directors consider that a claim,* investigation or action relating to the Group is unlikely to succeed, no provision is made. If the Directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as contingent liabilities. As at the reporting date there was no such matters (2019: 1).

The Group discloses contingent assets in relation to claims against third-parties for the reimbursement of costs on construction contracts. As at 31 December 2020, there were 5 ongoing matters that are disclosed as contingent assets (2019: 8). Under IAS 37 these amounts may only be recognised when the economic benefit arising from the claims is virtually certain. More details can be found in the provisions, contingent assets & contingent liabilities note 21.

c) Fair value of investments
The investment in Finsbury Tower is valued at fair value using a discounted cashflow approach, the inputs of which are determined using forecasts where management judgement is applied in relation to assumptions on the timing for completion and exiting the investment, as well as the rental yields used for determining the value of the return on investment. A £4.3m undiscounted return on investment assumed is based on the expected rate of return and assuming realisation of the investment in 2022, factoring in the potential for delays with a project of this scale. A change in the assumptions with 5% lower exit yield could increase the return up to a further £0.6m. A 5% increase in the exit yield assumption would reduce the return by £1.3m. Earlier completion or further delays to completion would also impact the value of the investment. The movements on investments in the year, including fair value adjustments, are presented in the investment note 16.

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

3. Financial risk management

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

a) Interest rate risk
b) Credit risk
c) Revenue liquidity risks
d) Foreign currency and exchange rate risk

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

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

a) Interest rate risk
At the balance sheet date, one of the Group's development projects is funded using limited recourse debt facilities which borrow funds at floating rates. The scheme is the Purpose Built Student Accommodation (PBSA) scheme in Cardiff and Exeter. Floating rate borrowings expose the Group to cash flow interest rate risk. Since these borrowings are limited in their duration, being no more than 24 months, the Group has chosen not to enter into swaps to mitigate this risk.

The entity holding the loan for the Cardiff and Exeter student accommodation was sold, along with the entities owning the development properties was sold, after the year end, on 22 February 2021.

The Group's other long term borrowings of £120m principal are held at fixed rate of 8%. Interest rate risk also arises on the Group's cash and cash equivalents, term deposits and overdraft.

b) Credit risk
The Group's credit risk is primarily attributable to its trade receivables and other current assets with the exception of cash and cash equivalents, which are predominantly held with Barclays plc, in respect of which, the credit risk arising from these assets is considered low. The maximum exposure to credit risk at the reporting date is the book value of each class of receivable listed in note 17.

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

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

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

The Group policy requires provisions to be booked in line with the matrix but exceptions will be made where specific agreement for late or alternate repayment is in place, or if management believe that the credit risk associated with the counterparty is low due to other known circumstances. Overseas debt is subject to an adjusted scale, to account for the differing cultural conditions faced when operating internationally. The provisioning determined by the matrix may also be adjusted for known or anticipated future events. At the end of 2020, the provisioning matrix was unadjusted for future events as the directors believe that the strong trading performance of the Group during the Covid 19 pandemic and the improving situation indicated a return to normalized trading conditions in the period in which the receivables fall due. Accordingly, provisions for expected credit losses booked in line with the matrix and adjusted for known or anticipated factors amounted to £3,071k (2019: £2,761k) in respect of total overdue trade receivables of £24.1m (2019: £36.5m). The ageing of the debt is included in note 17.

3. Financial risk management (continued)

Due to the nature of the Group's operations, some contracts entitle clients to hold retentions in respect of projects in progress or completed projects. Retentions held by clients at 31 December 2020 were £81m (2019: £91m). The Group manages the collection of retentions throughout the duration of a project and during its post completion project monitoring procedures to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly. At the reporting date £40m of retentions held by clients were due in more than one year under the terms of the respective contracts. Unlike trade receivables, the ageing of these balances is not an indicator of impairment and hence recoverability has been assessed based on the individual characteristics of the contract counterparty and the nature of the project, as well as the current and future anticipated trading conditions. Accordingly, the directors believe that no significant credit provision is required on these balances.

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

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

Of the amounts owed by related parties, the receivable owed by the Botley joint venture attracts the highest concentration of credit risk, due to the size of the investment. At the balance sheet date, the Group was owed £79m by the Botley group of companies, which represented shareholder loans and accrued and interest. Following a RICS "red book" valuation, the directors have provided £15m against the loans and interest.

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

c) Liquidity risk
The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Board reviews regularly available cash to ensure there are sufficient resources for working capital requirements. The corporate bond is repayable by 23 March 2022. The following table summarises the maturities of the Group's undiscounted financial liabilities at the reporting date, based on contractual payment dates.

	31 December 2020 £000s			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Trade and other payables	139,214	-	-	139,214
Contract liabilities: purchase retentions	51,360	25,977	1	77,338
Bank overdrafts	14,484	-	-	14,484
Amounts owed to directors	6,500	-	-	6,500
Directors' loans	2,893	-	-	2,893
Employee benefit trust loan	-	2,800	-	2,800
Limited recourse finance	94,321	-	-	94,321
Corporate bond (including accrued interest)	2,597	120,000	-	122,597
Lease liabilities	4,963	18,659	6,406	30,028
Derivative financial assets:				
Derivative contracts – payments	32,349	27,437	-	59,786
Derivative contracts – receipts	(32,682)	(27,852)	-	(60,534)
Total	315,999	167,021	6,407	489,427

	31 December 2019 £000s			
	Less than 1 year	**1 to 5 years**	**More than 5 years**	**Total**
Trade and other payables	115,785	-	-	115,785
Contract liabilities: purchase retentions	70,145	19,595	-	89,740
Bank overdrafts	32,310	-	-	32,310
Employee benefit trust loan	2,800	-	-	2,800
Directors' loans	9,245	-	-	9,245
Limited recourse finance	87,875	59,457	-	147,332
Corporate bond (including accrued interest)	3,550	160,000	-	163,550
Lease liabilities	3,047	14,147	9,800	26,994
Derivative financial liabilities:				
Derivative contracts – payments	4,376	59,773	-	64,149
Derivative contracts – receipts	(4,196)	(58,409)	-	(62,605)
Total	324,937	254,563	9,800	589,300

3. Financial risk management (continued)

d) Foreign currency and exchange rate risks

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

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. A ten per cent strengthening of sterling against the following currencies at 31 December 2020 would have decreased equity and profit or loss by the following amounts:

	2020 £000s		2019 £000s	
	Profit or loss	**Equity**	**Profit or loss**	**Equity**
Euro	**(478)**	**(422)**	(246)	(330)
USD	**(326)**	**(3,255)**	(300)	(3,288)
Indian Rupee	**(10)**	**(351)**	(63)	(366)
Danish Krone	**(496)**	**(621)**	-	-

A ten percent weakening of sterling against these currencies would have an opposite effect. A common analysis basis has been applied for both 2020 and 2019. This analysis assumes that all other variables, particularly interest rates, remain unchanged. The sensitivity is regarded as being representative of the position throughout the year.

At 31 December 2020, the Group held AED18.7m, €99.2m, QAR, 23.1m, $22.4m, CHF7.1m, DKK135.4m and SAR14.9m and some smaller foreign currency balances in cash at bank.

Capital management
The Group's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence. Similar policies apply also to individual business divisions so as to minimise demands for routine trading activities on finance obtained at Group level. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies. The capital structure of the Group consists of cash and cash equivalents, equity and debt. At 31 December 2020 the Group had external debt of £216.3m (2019: £307.3m).

The Group is funded by ordinary shares, retained profits, and external borrowing. Borrowings held at the balance sheet date includes the corporate bond issued in 2017, which had a balance of £120m at the balance sheet date, and a finance facility of £94.1m agreed in November 2020. The £94.1m facility is limited recourse in that it is secured on the developments in Exeter and Cardiff but the lender has access only to the assets in the structure holding the developments. During the year the debt facility for the Greenwich development was repaid in full in September 2020. This was limited recourse on the development assets of this project. The Group and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The capital requirements of the Group's divisions differ, with property development typically requiring equity and debt, and construction and consultancy typically being cash generative but the economic cycle of each business is different. The bond and the facility are subject to covenants over interest cover and gearing, both of which were comfortably met at the balance sheet date.

The Group manages its capital taking these differing requirements into account. In March 2017 the Group issued a 5 year bond amounting to £160m primarily for investment in development schemes. As at 31 December 2020 £40m had been repaid. Out of the remaining £120m utilised, £79.1m was issued as a loan to a joint venture arrangement of a mixed-use development in West Oxford.

Fair values
The investment in Finsbury Tower (note 15: Other Investments), represents an investment in 7.7% of the ordinary shares which have no voting rights. As there is no control or significant influence in this investment it is classified as an equity investment under IFRS 9 and held at fair value.

The valuation as at 31 December 2020 is based on a level 3 hierarchy, given there is no observable inputs for the asset in 2020. The valuation was based on a discounted cash flow approach, referencing an estimated yield from the investment to the Group which is expected to be what a similar market participant would achieve from the investment.

As the investment has been revalued at the year end there is no difference between carrying value and fair value at 31 December 2020. There is no difference between the book value and fair value of other financial assets and liabilities due to the short-term nature of these instruments.

3. Financial risk management (continued)

Financial assts/(liabilities) – derivative financial assets/(liabilities)
The fair value of forex options, forward contracts and interest rate caps are given below. These derivatives are measured at fair value and the value is calculated as the present value of estimated cash flows based on observable yield curves corresponding to level 2 as defined in IFRS 13.

	2020	2019
	£000s	£000s
Forex forward contracts: Group & company	**748**	(1,544)

As the Group has not adopted hedge accounting, fair value of derivative contracts are recognised as fair value through profit and loss. A fair value gain of £2.3m (2019: £1.5m loss) was recognised in the year in relation to derivatives.

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

	2020	2019
	£000s	£000s
Financial assets		
Financial assets at fair value	**10,116**	8,600
Financial assets at amortised cost	**562,706**	481,713
Cash and cash equivalents	**257,580**	199,007
Financial liabilities		
Current borrowings including future interest commitments	**247,508**	366,069
Current financial liabilities measured at amortised cost	**548,947**	526,060

Prepayments and accrued income are excluded from loans and receivables. Statutory liabilities, deferred income and payments on account are excluded from financial liabilities measured at amortised cost. There is no difference between the book value and fair value of other financial assets and liabilities.

4. Divisional analysis

Revenue

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

Continuing operations:	2020 £000s	2019 £000s
UK & Europe	**1,652,030**	1,747,883
Middle East North Africa	**88,017**	96,808
Asia	**11,069**	12,425
Sub-Saharan Africa	**5,943**	7,671
America	**31,453**	30,744
Intercompany trading	**(58,000)**	(113,252)
Total revenue	**1,730,512**	1,782,279

General

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

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

2020	Construct £000s	Consult £000s	Operate £000s	Develop £000s	Group & Commercial Services £000s	Total £000s
Group revenue	1,232,379	341,975	113,565	98,416	(357)	1,785,978
Costs recharged to clients	-	-	(55,466)	-	-	(55,466)
Total Group revenue	1,232,379	341,975	58,099	98,416	(357)	1,730,512
Cost of sales	(1,169,380)	(268,676)	(51,085)	(92,203)	511	(1,580,833)
Gross profit	62,999	73,299	7,014	6,213	154	149,679
Administrative expenses	(32,836)	(51,549)	(7,656)	4,291	(30,288)	(118,038)
Other income	2,091	2,467	236	4	548	5,346
Fair value on financial assets measured at FVPL	2,292	-	-	-	1,517	3,809
Operating profit before exceptional items	34,546	24,217	(406)	10,508	(28,069)	40,796
Exceptional items	-	-	-	(15,492)	-	(15,492)
Operating profit	34,546	24,217	(406)	(4,984)	(28,069)	25,304
Share of operating profit of JVs	-	5,685	-	91	-	5,776
Profit/(loss) on disposal of a subsidiary	-	(13)	-	-	-	(13)
Net finance costs receivable / (payable)	(68)	(315)	(130)	(1,612)	2,996	871
Profit before tax	34,478	29,574	(536)	(6,505)	(25,073)	31,938

4. Divisional analysis (continued)

2019 (restated)	Construct £000s	Consult £000s	Operate £000s	Develop £000s	*Group & Commercial Services* £000s	Total £000s
Group revenue	1,390,852	313,851	143,688	5,648	-	1,854,039
Costs recharged to clients	-	-	(71,760)	-	-	(71,760)
Total Group revenue	1,390,852	313,851	71,928	5,648	-	1,782,279
Cost of sales	(1,303,649)	(240,014)	(63,532)	(12,377)	(742)	(1,620,314)
Gross profit	87,203	73,837	8,396	(6,729)	(742)	161,965
Administrative expenses	(41,271)	(32,473)	(9,777)	(261)	(39,864)	(123,646)
Fair value through profit and loss	-	-	-	-	(444)	(444)
Operating profit before exceptional items	45,932	41,364	(1,381)	(6,990)	(41,050)	37,875
Exceptional items	-	(6,205)	-	-	-	(6,205)
Operating profit	45,932	35,159	(1,381)	(6,990)	(41,050)	31,670
Share of operating profit of JVs	-	5,708	-	(49)	-	5,659
Net finance costs payable	(9)	(2,574)	(56)	(1,352)	-	(3,991)
Profit before tax	45,923	38,293	(1,437)	(8,391)	(41,050)	33,338

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

Continuing operations:	**2020 £000s**	2019 £000s
Fixed Price & Cost Reimbursement	**1,153,319**	1,285,181
Construction Management	**79,060**	105,671
Total revenue	**1,232,379**	1,390,852

Inter-segment sales are carried out at open market rates. Income from three major clients in relation to construction projects amounted to 25% (2019: 28%) of total Group revenue during 2020.

Key balance sheet items by division:

	Construct *£000s*	*Consult* *£000s*	*Operate* *£000s*	*Develop* *£000s*	*Total* *£000s*
External borrowings	-	1,962	-	214,321	216,283
Goodwill	3,343	9,108	4,036	7	16,494
Development WIP & loan to joint venture	-	-	-	245,577	245,577
Contract assets	89,686	-	-	-	89,686
Contract receivables	27,542	24,234	9,948	253	61,977
Contract liabilities	(189,303)	(19,552)	(6,659)	(3,109)	(218,623)

4. Divisional analysis (continued)

2019 Balance Sheet (restated)

	Construct	Consult	Operate	Develop	Total
	£000s	£000s	£000s	£000s	£000s
External borrowings	-	-	-	(307,332)	(307,332)
Goodwill	3,343	9,108	4,036	7	16,494
Development WIP & loan to joint venture	-	-	-	295,320	295,320
Contract assets	90,937	-	-	-	90,937
Contract receivables	42,844	32,816	12,203	-	87,863
Contract liabilities	(175,554)	(15,190)	(6,422)	(8,250)	(205,416)

5. Revenue

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

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

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

	2020	2019
	£000s	£000s
Due in less than one year	**1,212,340**	929,635
Due in one to five years	**890,923**	817,700
Total revenue	**2,103,263**	1,747,335

6. Operating profit & EBITDA

	2020	2019 Restated
The operating profit is stated after charging:	£000s	£000s
Depreciation of owned assets	**4,074**	4,722
Depreciation of right of use assets	**3,075**	2,711
(Loss)/Profit on disposal of fixed assets	**(100)**	20
Research and development costs	**48,000**	51,444
Employee benefit expense	**392,034**	424,201
Short term lease rentals:		
Land and buildings	**2,306**	1,518
Motor vehicles	**39**	149
Profit on ordinary activities before interest	**31,067**	37,329
Depreciation of property, plant and equipment	**6,630**	6,945
Amortisation of intangible assets	**519**	488
EBITDA	**38,216**	44,762

6. Operating profit & EBITDA (continued)

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

	2020 £000s	2019 £000s
Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts	**435**	95
UK	**88**	263
Overseas	**150**	68
	673	426
Other fees:		
Tax services	-	70
Other services	-	10
	673	506

7. Government grants

Government grants are the main component of Other Income. The remainder of £0.5m of the other income balance in the statement of comprehensive income relates to property income and royalty income.

	Group 2020 £000s	Group 2019 £000s	Company 2020 £000s	Company 2019 £000s
Government Grants	**4,893**	-	**3,565**	-

During 2020 Mace received government grants to support the business with the impact of Covid 19. The main grant being £4.8m for the UK Government Job Retention Scheme. £1.1m of this was repaid to clients because it related to employees whose salary cost is recharged to clients. There were also similar Covid 19 support grants from other international governments. There are no unfulfilled conditions and contingencies in relation to the UK government grant and this was recognised in other income to match the cost of salaries for employees on furlough.

8. *Interest*

	2020 £000s	2019 £000s
Bank and other interest receivable	79	183
Interest receivable from parent company	1,129	1,127
Interest receivable from ultimate parent company	3,795	2,065
Interest receivable from joint venture	11,489	-
Total interest receivable	16,492	3,375
Bond and other interest payable	(13,939)	(5,572)
Interest expense for lease arrangements	(1,682)	(1,794)
Total interest payable	(15,621)	(7,366)

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

9. Directors' remuneration

	2020 £000s	2019 £000s
Remuneration for management services (including benefits)	1,234	1,480
Performance related remuneration	-	780
Pension contributions	30	30
	1,264	2,290

Pension contributions were made in respect of 3 directors (2019: 3).

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

	2020 £000s	2019 £000s
Remuneration for management services (including benefits)	500	744
Share based payments	-	300
Pension contributions	10	10
	510	1,054

All key management are directors of the Company.

10. Staff costs and numbers

	2020	2019
Staff costs were as follows:	**£000s**	£000s
Aggregate gross wages and salaries	340,977	364,079
Employer's social security costs	29,493	33,668
Other pension costs	24,434	27,647
	394,904	425,394

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

	2020	2019
Corporate support services	343	326
Project delivery staff	5,024	5,181
	5,367	5,507
The total number of direct employees as at the reporting date was:	5,386	5,406

Wages and salary costs presented above for 2020 are reported net of amounts received from government grants in relation to Covid 19. The amounts also include staff costs that have been capitalised.

11. Exceptional items

The impairment of the development loan to the joint venture have been classified as exceptional items in the year.

The group recorded exceptional losses in the prior year, in relation to some of the overseas operations, that are expected to cease operations or are in the process of being disposed. This is where the business and contracts that are operated by these entities are coming to an end. They were not considered to be a significant part of the Group's operations so were not classified as discontinued operations. Impairment was recognised on the investments and goodwill where it was in excess of the recoverable amount.

	2020	2019
	£000s	£000s
Impairment of goodwill	-	(2,111)
Impairment of investments	-	(2)
Provision on loan to joint venture	**(15,492)**	-
Recycling of foreign exchange differences in equity	-	(4,092)
	(15,492)	(6,205)

12. Tax on profit on ordinary activities

(a) Analysis of Group charge in year	2020 £000s	2019 £000s
UK corporation tax at 19% (2019: 19.00%)	729	3,485
Group relief payment	1,793	1,826
Adjustments in respect of previous years	469	783
Overseas taxation	7,187	4,932
Deferred tax	(2,928)	(774)
Total tax (note 12(b))	**7,250**	**10,252**

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

	2020	2019
Profit on ordinary activities before tax	31,939	35,253
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	6,068	6,698
Effects of:		
Expenses not deductible for tax purposes	(112)	6
Non-taxable dividend income	(15)	53
Goodwill impairment	-	431
Group income	48	
Temporary differences not recognised in deferred tax	(65)	(58)
Group relief surrendered/(claimed)	-	21
Increase in/(utilisation of) tax losses not recognised in deferred tax	130	225
Non-taxable foreign branch income	(9)	173
Different rates of tax on overseas earnings	2,360	1,396
Research and Development Expenditure Credits	(615)	(421)
Impact of deferred tax rate movements	(435)	293
Adjustments to tax charge in respect of previous years – UK taxation	175	618
Adjustments to tax charge in respect of previous periods - overseas taxation	(281)	817
Current tax charge for the year (note 12(a))	**7,250**	**10,252**

Changes in tax rates

In the UK Budget on 3 March 2021, the Chancellor announced the intention to increase the UK corporate tax rate from the current rate of 19% to 25%, effective from 1 April 2023. As this change had not been substantively enacted by the balance sheet date, the impact is not included in these financial statements. Were the 25% tax rate to have been enacted, the effect would be to increase the net deferred tax asset as reported by an estimated £1.2m. This reflects the anticipated net benefit the Group will obtain due to deferred tax balances reversing in the future at the new rate.

Group

Deferred tax assets	Fixed asset temporary differences £000s	Short-term temporary differences £000s	Losses carried forward £000s	Total £000s
At 1 January 2019	**1,145**	**240**	**1,520**	**2,905**
(Charged) credited to:				
- Profit and loss	108	1,020	(356)	772
- equity	-	1,241	(136)	1,105
At 31 December 2019	**1,253**	**2,501**	**1,028**	**4,782**
(Charged) credited to:				
- Profit and loss	177	2,398	512	3,088
- equity	(8)	-	(85)	(93)
At 31 December 2020	**1,422**	**4,899**	**1,455**	**7,777**

12. **Tax on profit on ordinary activities (continued)**

Group

Deferred tax liabilities	Fixed asset temporary differences	Short-term temporary differences	Losses carried forward	Total
	£000s	£000s	£000s	£000s
At 1 January 2019	-	-	-	-
(Charged) credited to:				
- Profit and loss	-	-	-	-
- equity	-	-	-	-
At 31 December 2019	-	-	-	-
(Charged) credited to:				
- Profit and loss	-	159	-	159
- equity	-	-	-	-
At 31 December 2020	-	159	-	159

Company

Deferred tax assets	Fixed asset temporary differences	Short-term temporary differences	Losses carried forward	Total
	£000s	£000s	£000s	£000s
At 1 January 2019	1,295	298	111	1,704
(Charged) credited to:				
- Profit and loss	(281)	975	(111)	583
- equity	-	1,020		1,020
At 31 December 2019	1,014	2,292	-	3,305
(Charged) credited to:				
- Profit and loss	319	(1,111)		(792)
- equity		2		2
At 31 December 2020	1,333	1,183	-	2,515

13. Property, plant and equipment

Group

	Freehold property £000s	Property right of use assets £000s	Leasehold improvements £000s	Computer Equipment & IT Systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost						
At 1 January 2019	2,400	31,991	12,244	16,100	1,764	64,499
Transfer to intangible assets	-	-	-	(38)	-	(38)
Exchange differences	(75)	(140)	(25)	(110)	(33)	(383)
Additions		164	395	2,517	141	3,217
Disposals	-	-	(478)	(4,236)	(67)	(4,781)
At 31 December 2019	**2,325**	**32,015**	**12,136**	**14,233**	**1,805**	**62,514**
Exchange differences	(98)	(119)	(16)	(134)	(29)	(396)
Additions	-	976	-	1,752	79	2,807
Reclassification	-	-	-	(72)	72	-
Disposals	(973)	-	(331)	(3,088)	(305)	(4,697)
At 31 December 2020	**1,254**	**32,872**	**11,789**	**12,691**	**1,622**	**60,228**
Depreciation						
At 1 January 2019	356	14,086	4,714	11,343	1,288	31,787
Exchange differences	(13)	(66)	(19)	(167)	(23)	(288)
Charge for the year	50	2,711	785	3,224	175	6,945
Disposals	-	-	(471)	(4,233)	(8)	(4,712)
At 31 December 2019	**393**	**16,731**	**5,009**	**10,167**	**1,432**	**33,732**
Exchange differences	(19)	(48)	(28)	(331)	(1)	(427)
Charge for the year	50	3,075	771	2,625	109	6,630
Disposals	-	-	(331)	(3,087)	(298)	(3,716)
At 31 December 2020	**424**	**19,758**	**5,421**	**9,374**	**1,242**	**36,219**
Net book value						
At 31 December 2020	**830**	**13,114**	**6,368**	**3,317**	**380**	**24,009**
At 31 December 2019	1,932	15,284	7,127	4,066	373	28,782

The Group had capital commitments of £0.5m at 31 December 2020 (2019: £0.4m).

13. Property, plant and equipment (continued)

Company

	Property right of use assets £000s	Leasehold improvements £000s	Computer equipment & IT Systems £000s	Plant, motor vehicles & equipment £000s	Total £000s
Cost					
At 1 January 2019	27,149	10,498	8,455	233	46,335
Additions	108	113	2,196	17	2,434
Disposals	-	(389)	(4,189)	(25)	(4,603)
At 31 December 2019	**27,257**	**10,222**	**6,462**	**225**	**44,166**
Additions	583	-	1,636	-	2,219
Disposals	-	-	-	(61)	(61)
At 31 December 2020	**27,840**	**10,222**	**8,098**	**164**	**46,324**
Depreciation					
At 1 January 2019	12,432	3,420	4,799	163	20,814
Charge for the year	1,947	620	2,540	24	5,131
Disposals	-	(388)	(4,189)	(25)	(4,602)
At 31 December 2019	**14,379**	**3,652**	**3,150**	**162**	**21,343**
Charge for the year	2,190	577	2,137	20	4,924
Disposals	-	-	-	(61)	(61)
At 31 December 2020	**16,569**	**4,229**	**5,287**	**121**	**26,206**
Net book value					
At 31 December 2020	**11,271**	**5,993**	**2,811**	**43**	**20,118**
At 31 December 2019	12,878	6,570	3,312	63	22,823

14. Intangible assets

Group	Computer Software	Assets under construction	Goodwill	Total
	£000s	£000s	£000s	£000s
Cost				
At 1 January 2019 (reported)	11,374	-	22,273	33,647
Adjustment (note 29)	(729)	-	-	(729)
At 1 January 2019 (restated)	10,645	-	22,273	32,918
Reclassification (restated)	(5,726)	5,764	-	38
Additions (restated)	13	8,992	820	9,825
Disposal (restated)	-	-	(4,488)	(4,488)
At 31 December 2019 (restated)	**4,932**	**14,756**	**18,605**	**38,293**
Transfer	96	(96)	-	-
Additions	21	5,837	-	5,858
At 31 December 2020	**5,049**	**20,497**	**18,605**	**44,151**
Amortisation				
At 1 January 2019 (reported)	534	-	-	534
Adjustment (note 29)	-	-	4,259	4,259
At 1 January 2019 (restated)	534	-	4,259	4,793
Charge for the year	488	-	-	488
Impairment	-	-	2,111	2,111
Disposal (restated)	-	-	(4,259)	(4,259)
At 31 December 2019 (restated)	**1,022**	-	**2,111**	**3,133**
Charge for the year	519		-	519
At 31 December 2020	**1,541**	-	**2,111**	**3,652**
Net book value				
At 31 December 2020	**3,508**	**20,497**	**16,494**	**40,499**
At 31 December 2019 (restated)	3,910	14,756	16,494	35,160

14. Intangible assets (continued)

Company	Computer Software	Assets under construction	Total
	£000s	£000s	£000s
Cost			
At 1 January 2019 (reported)	11,374	-	11,374
Adjustment (note 29)	(729)	-	(729)
At 1 January 2019 (restated)	10,645	-	10,645
Reclassification (restated)	(5,764)	5,764	-
Additions (restated)	13	8,992	9,005
At 31 December 2019 (restated)	**4,894**	**14,756**	**19,650**
Transfer	96	(96)	-
Additions	15	5,837	5,852
At 31 December 2020	**5,005**	**20,497**	**25,502**
Amortisation			
At 1 January 2019	534	-	534
Charge for the year	488	-	488
At 31 December 2019	**1,022**	**-**	**1,022**
Charge for the year	500	-	500
At 31 December 2020	**1,522**	**-**	**1,522**
Net book value			
At 31 December 2020	**3,483**	**20,497**	**23,980**
At 31 December 2019	3,872	14,756	18,628

Assets under construction consists of the costs associated with the rollout of Oracle Fusion across the business as part of a new ERP system implementation. The assets were reclassified as assets under construction from computer software in 2019. The HCM element of Oracle Fusion went live in 2017 and this is being amortised over 10 years. A significant proportion of the business went live with the ERP system on 1 January 2021 so the assets under construction were transferred to computer software, and amortisation started from this date.

Goodwill on consolidation represents 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.

Restatements are explained in note 29.

14. Intangible assets (continued)

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

	2020	2019 Restated
	£000s	£000s
Construct	3,343	3,343
Consult	9,108	9,108
Develop	7	7
Operate	4,036	4,036
	16,494	16,494

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

The forecasts are discounted using CGU specific pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGU. The pre-tax discount rate used as the starting point is based on the estimated weighted average cost of capital, which has then been adjusted for a number of factors to determine the discount rate, including the risk free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections. A growth rate of 2% has been used. The analysis has been done primarily on the goodwill attributed to each of the CGUs but also incorporates other intangible and tangible assets.

Construct CGU: A discount rate of 10.5% has been applied to the Construct CGU. The sensitivity analysis performed on this CGU illustrates that free cash flows would need to decrease by 98% or the discount rate to increase to 33.5% before the headroom becomes £nil.

Consult CGU: A discount rate of 10.25% has been applied to the Consult CGU. The sensitivity analysis performed on this CGU illustrates that free cash flows would need to decrease by 97.5% or the discount rate increase to 105% before the headroom becomes £nil.

Develop CGU: A discount rate of 7.5% has been applied to the Develop CGU. The sensitivity analysis performed on this CGU illustrates that free cash flows would need to decrease by 72% or the discount rate increase to 100% before the headroom becomes £nil.

Operate CGU: A discount rate of 10.5% has been applied to the Operate CGU. The sensitivity analysis performed on this CGU illustrates that free cash flows would need to decrease by 91.5% or the discount rate increase to 35.5% before the headroom becomes £nil.

Analysis using the 2026 Business Strategy forecasts does not indicate any need for impairment based on the goodwill carrying values as at 31 December 2020. Therefore, the Directors consider that no impairment or further adjustment of the goodwill, other intangibles or tangible asset carrying value is necessary.

15. Joint arrangements

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

Joint ventures

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

	Dubai Expo 2020		Botley		Mace Engenharia E Servicos Ltda		Other Joint ventures and Joint Operations		Total	
	2020 £000s	2019 £000s	**2020 £000s**	2019 £000s	**2020 £000s**	2019 £000s	**2020 £000s**	2019 £000s	**2020 £000s**	2019 £000s
Non-current assets	-	1	-	-	**15**	21	**67**	69	**82**	91
Current assets	**3,238**	12,498	**146,822**	119,346	**5,755**	10,924	**2,097**	2,706	**157,912**	145,474
Cash and cash equivalents	**5,970**	-	**2,564**	3,013	**1,556**	2,224	**759**	294	**10,849**	5,531
Current liabilities	-	(8,435)	**(82,015)**	(8,231)	-	(11,215)	**(1,304)**	(2,740)	**(83,319)**	(30,621)
Current financial liabilities	-	-	-	-	**(6,192)**	-	**(5,448)**	-	**(11,640)**	-
Non-current liabilities	-	-	**(68,181)**	(114,329)	-	-	**(45)**	(38)	**(68,226)**	(114,367)
Total	***9,208***	*4,064*	***(810)***	*(201)*	***1,134***	*1,954*	***(3,874)***	*291*	***5,658***	*6,108*
Revenue	**34,648**	38,042	**606**	90	-	9,038	**12,366**	6,406	**47,620**	53,576
Expenses	**(23,267)**	(25,993)	**(243)**	(135)	**(224)**	(9,422)	**(11,931)**	(6,500)	**(35,665)**	(42,050)
Depreciation & Amortisation	-	-	-	-	-	-	**(6)**	-	**(6)**	-
Interest expense	-	-	**(972)**	(3)	-	(8)	-	(15)	**(972)**	(26)
Income tax	-	-	-	-	-	(42)	**(2)**	-	**(2)**	(42)
Profit/(loss) for the year	**11,381**	12,049	**(609)**	(48)	**(224)**	(434)	**427**	(109)	**10,975**	11,458

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

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

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

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

Joint operations

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

Joint arrangements are listed in note 31.

16. Investments

Group	Joint ventures & associates	Other investments	Total
	£000s	£000s	£000s
Cost less provisions			
At 31 December 2019	3,072	8,600	**11,672**
Fair value adjustments	-	1,516	**1,516**
Exchange difference	(264)	-	**(264)**
Share of post-acquisition profit after tax	5,776	-	**5,776**
Dividends received	(5,821)	-	**(5,821)**
Reclassification from liabilities	(87)	-	**(87)**
At 31 December 2020	2,676	10,116	**12,792**

Company	Joint ventures & associates £000s	Other investments £000s	Subsidiaries £000s	Total £000s
Cost less provisions				
At 31 December 2019	7	-	15,518	15,525
At 31 December 2020	**7**	**-**	**15,518**	**15,525**

17. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	£000s	£000s	**£000s**	£000s
Trade debtors	**151,287**	147,847	**72,056**	63,145
Contract assets	**89,686**	90,937	**65,535**	68,961
Contract receivables	**61,977**	87,863	**23,673**	32,133
Amounts owed by ultimate parent company	**89,962**	90,973	**89,962**	90,973
Amounts owed by immediate parent company	**42,542**	43,542	**42,542**	43,542
Amounts owed by subsidiary undertakings	**-**	-	**238,697**	226,280
Amounts owed by joint ventures and associates	**3,154**	9,880	**301**	198
Loans to directors	**21**	-	**-**	-
Other debtors	**46,277**	42,563	**38,210**	37,372
Prepayments	**9,734**	11,088	**5,690**	7,147
	494,640	524,693	**576,666**	569,751

Mace Limited company contract assets include £0.05m of accrued income (2019: £nil) relating to sales to subsidiaries.

Amounts owed by group joint ventures and associates includes £nil (2019: £6.9m) of recharged interest on the corporate bond to a development JV. Interest was capitalised on the loan from 2020.

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

The decrease in contract assets is mainly due to income retentions being lower than the prior year due to lower turnover and large projects in the prior years ending in 2020. At the end of 2020, many of the larger construction projects are in early stages so a significant retention balance has not yet built up on these projects.

17. Trade and other receivables (continued)

Debtors past and overdue	Group 2020 £000s	Group 2019 £000s	Company 2020 £000s	Company 2019 £000s
Trade receivables not past due	**130,241**	114,153	**65,663**	53,006
Trade receivables past due 1-30 days	**12,327**	10,814	**5,172**	634
Trade receivables past due 31-60 days	**5,803**	8,398	**794**	5,098
Trade receivables past due over 60 days	**5,987**	17,243	**964**	5,186
Gross trade receivables	**154,358**	150,608	**72,593**	63,924
Less provision for expected credit losses	**(3,071)**	(2,761)	**(537)**	(779)
Trade debtors	**151,287**	147,847	**72,056**	63,145

18. Development work in progress and loan to joint venture

	2020 £000s	2019 £000s
Work in progress	**4,042**	183,009
Finished goods	**177,933**	54,394
Development Work in progress	**181,975**	237,403
Loan to joint venture	**79,094**	57,917
Provision on loan to joint venture	**(15,492)**	-
Development loan to joint venture	**63,602**	57,917

Work in progress on development schemes includes £9.2m of capitalised interest during the year (2019: £9.0m). £86.1m work in progress was expensed as cost of sales in the period (2019: £nil).

19. *Financial Assets*

	Group 2020 £000s	Group 2019 £000s	Company 2020 £000s	Company 2019 £000s
Derivatives not designated as hedging instruments: Foreign currency exchange contracts	748	-	748	-

20. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	£000s	£000s	**£000s**	£000s
Due within one year:				
Trade payables	**139,214**	115,785	**85,593**	82,331
Contract liabilities	**218,623**	205,416	**159,983**	139,482
Other creditors	**4,397**	6,237	**1,027**	562
Amounts due to ultimate parent company	**3,231**	3,044	**28**	-
Amounts due to immediate parent company	**209**	30	**209**	30
Amounts due to subsidiaries	-	-	**16,326**	30,368
Amounts due to joint ventures and associates	**115**	147	-	-
Amounts owed to directors	**6,500**	-	**6,500**	-
Accruals for land acquisition	**10,831**	-	-	-
Accruals	**234,119**	263,611	**134,119**	161,125
Post-employment benefit liability	**5,844**	3,827	-	-
	623,083	598,097	**403,785**	413,898
Post-employment benefit liability:				
Post-employment benefit liability at 1 January	**3,827**	3,159	-	-
Liability utilised	**(1,485)**	(497)	-	-
Additional liability	**1,964**	1,288	-	-
Change in assumptions	**1,752**	-	-	-
Exchange difference	**(214)**	(123)	-	-
Post-employment benefit liability at 31 December	**5,844**	3,827	-	-
Due within two to five years:				
Amounts owed to subsidiary undertakings	-	-	**120,000**	160,000
Accruals for land acquisition	-	10,831	-	-
	-	10,831	**120,000**	160,000

Contract liabilities includes deferred income and amounts payable on construction contracts. Mace Limited company contract liabilities includes £0.6m of deferred income (2019: £4.4m relating to sales to subsidiaries).

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

£109m of Group revenue recognised in the period was included in the contract liability balance at the beginning of the year.

Contract liabilities have increased as a result of more income being deferred in 2020 in relation to large construction projects which are in early stages. Advance payments on these projects are deferred and the income will be recognised when further costs are incurred.

21. Provisions, contingent liabilities and contingent assets

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

	Group £000s	Company £000s
At 31 December 2019	29,188	28,613
Unused amounts reversed	(4,033)	(3,958)
Utilised provisions	(10,412)	(10,373)
Additional provisions	63,438	56,809
At 31 December 2020	78,181	71,091

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

	Group		Company	
	2020 £000s	2019 £000s	2020 £000s	2019 £000s
Due within one year	-	29,188	-	28,613
Due after one year	78,181	-	71,091	-
	78,181	29,188	71,091	28,613

In relation to the amounts included in provisions, £29.3m of expected reimbursement is included within other debtors in note 17.

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 2020 there was no net group indebtedness to its bankers and therefore the directors consider no contingency arises.

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

Provisions are made using the Directors' best judgements and estimates of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the Directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the Directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as contingent liabilities. At 31 December 2020 the Group had contingent liabilities of £nil (2019: £4.5m). The 2019 contingent liability related to 1 ongoing insurance matter.

Contingent assets
The Group had contingent assets of £15.7m (2019: £18.2m) in relation to claims against third-parties for the reimbursement of costs on construction contracts relating to 5 ongoing matters (2019: 8). Under IAS 37 these amounts may only be recognised when the economic benefit arising from the claims is virtually certain. It is probable that these amounts will be recognised in future periods when the uncertainty over their recoverability has been removed.

22. Financial liabilities

	Group		Company	
	2020 £000s	2019 £000s	2020 £000s	2019 £000s
Derivatives not designated as hedging instruments: Foreign currency exchange contracts	-	1,544	-	1,544
	-	1,544	-	1,544

23. Lease liabilities & borrowings

	Group		Company	
	2020	2019	**2020**	2019
	£000s	£000s	**£000s**	£000s
Due within one year:				
Bank overdraft	**14,065**	32,310	**3,921**	23,088
Lease liabilities	**4,963**	4,668	**3,951**	3,671
Employee benefit trust loan	-	2,800	-	2,800
Bank loan for development projects	**94,321**	87,875	-	-
Government loan	**1,962**	-	-	-
Directors' loans (note 27)	**2,893**	9,245	**2,893**	9,245
	118,204	136,898	**10,765**	38,804
Due within two to five years:				
Lease liabilities	**19,529**	22,327	**18,159**	20,299
Employee benefit trust loan	**2,800**	-	**2,800**	-
Other loans for development projects	-	59,457	-	-
Corporate Bond	**120,000**	160,000	-	-
	142,329	241,784	**20,959**	20,299

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

24. Share capital and reserves

	Number of shares	Ordinary shares value
Group and Company:		**£000s**
Allotted, called up and fully paid		
Ordinary Shares at 100p each	997,281	997
A Ordinary shares at 1p each	348,000	3
At 31 December 2019 and 2020	**1,345,281**	**1,000**

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

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

The equity investment reserve recorded the fair value movements on an investment held at fair value through other comprehensive income. This investment was disposed of in 2019 and the transfer to retained earnings that arose on disposal is presented as Other Reserves movements in the Statement of Changes in Equity.

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

25. Share based payments

As part of the arrangements constituting the MBO of January 2014, 1,850,000 ordinary shares were issued at par to an Employee Benefit Trust controlled by the ultimate parent company. The purpose of the issue was to enable the Group to incentivise directors and eligible employees by granting them shares or options over the shares. At 31 December 2019, 1,365,889 (2018: 1,311,826) shares had been granted. In 2019, share based payment charges arising from share options, restricted share issues and unrestricted share issues relating to directors of the company have been charged to the statement of comprehensive income and disclosed within directors' remuneration in note 7. The share based payments have been recharged from the ultimate parent company; in the accounts of which the charges have been credited against share based payment reserves.

Share Option Scheme
The Group's share option scheme was created in 2014 for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the board of directors of the ultimate parent company may grant options over shares in the ultimate parent company held by the EBT to eligible employees, including directors. In November 2014 options were issued over 170,187 shares to seven individuals. No consideration was payable on the grant of an option. Options may be exercised once certain conditions have been met. These are that;

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

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

	2017	**2014**
Exercise price	£0.78	£1.07
Expected volatility	29.05%	50.96%
Option life	5 years	5 years
Expected dividends	3.47%	8.89%
Risk free interest rate	0.57%	1.32%

The fair value was recognised over the vesting period which was estimated as 5 years. The charge in 2020 amounted to £83,975 (2019: £153,535).

Unrestricted shares
In April 2016, 1,175,000 shares owned by the EBT were awarded unconditionally to nine individuals for nil consideration. The shares were valued at £7 per share based on a large contemporaneous transaction in shares between existing shareholders. In August 2019, a further 50,000 shares owned by the EBT were awarded unconditionally to one individual for £nil consideration. The shares were valued at £6 per share based on market conditions at the time of issue.

The award of these shares was accounted for as a share based payment in 2019 and, as there were no conditions, the whole value of the grant was charged to the profit and loss at the date of grant. This charge, amounting to £300,000, was included in administrative expenses.

Restricted shares
In November 2014 the ultimate parent company issued 434,813 restricted shares to 5 individuals for nil consideration. The restrictions denoted that, until certain conditions were met, the shares could not be voted or receive a dividend and would only participate in surplus assets on a sale with approval of the directors. The conditions were that:

- the employee remains in the employment of the group,
- the loan notes created during a historic MBO were repaid by 2019; and
- the group received a target EBITDA prior to the 10th anniversary of the grant

The right to receive unrestricted shares expires on the tenth anniversary of the grant date of the shares. The fair value of the shares issued was determined using the same data as the options granted under the CSOP scheme dealt with above and amounted to £1.44 per share. The fair value has been recognised over the period from the grant to the lifting date of the restrictions which was estimated as 5 years.

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

Contribution to parent company employee benefit scheme
During the prior year, the Company made a contribution to the ultimate parent company employee benefit scheme. The employee benefit scheme is consolidated into the ultimate parent company accounts and thus, this contribution has been treated as a distribution to the ultimate parent company, Mace Finance Limited.

26. Notes to the cash flow statement

Group reconciliation of operating activities to operating cash flows

	2020 £000s	2019 £000s
Cash flows from operating activities		
Profit before finance costs	**31,067**	39,244
Adjustments for:		
(Profit)/Loss on disposal of fixed assets	**(100)**	20
Loss on disposal of investments	**13**	-
Profit on share of net profits of joint ventures	**(5,776)**	(5,659)
Revaluation to fair value	**(1,517)**	(1,100)
Depreciation	**6,630**	6,945
Amortisation	**519**	488
Impairment of assets	**-**	10,311
Movement on provisions / other write-offs	**74,897**	-
Income from government grants	**(3,679)**	-
Share based payments	**-**	562
Foreign exchange - retranslation	**(4,236)**	4,506
Cash flows before changes in working capital	**97,818**	55,317
Working capital changes:		
Decrease in trade and other receivables	**9,966**	53,292
Decrease/(increase) in work in progress	**64,607**	(96,894)
Increase/(decrease) in trade payables	**40,246**	(31,819)
Government grants and loan	**3,679**	-
Increase/(decrease) in working capital	**118,498**	(75,421)
Income taxes paid	**(3,452)**	(7,363)
Net finance costs	**(20,286)**	(12,917)
Net cash inflows from operating activities	**192,578**	(40,384)

Reconciliation of changes in liabilities arising from financing liabilities	*2020* £000s	*2019* £000s
Opening financing liabilities at 1 January	**347,916**	245,072
Repayment of borrowings	**(106,273)**	(3,000)
New borrowings	**8,407**	105,688
Lease payments	**(5,149)**	(4,632)
Interest charge on leases	**1,682**	1,794
Net financing cashflow	**(101,333)**	99,850
Exchange differences	**(81)**	(87)
New lease liabilities in the year	**1,044**	164
Capitalised interest	**466**	1,373
Derivatives not designated as hedging instruments: Fair value movement	**(2,292)**	1,544
Finance liabilities at 31 December	**245,720**	347,916
Liabilities represented by:		
Directors' loans	**2,893**	9,245
Employment benefit trust loan	**2,800**	2,800
Government loan	**1,962**	-
Bank borrowings and corporate bond	**214,322**	247,875
Other borrowings	**-**	59,457
Lease liabilities	**24,491**	26,995
Financial (assets) / liabilities	**(748)**	1,544
	245,720	347,916

27. Related party transactions

Company	**2020 £000s**	2019 £000s
Transactions between the company and its subsidiaries		
Trading transactions		
Sales	**11,053**	46,442
Purchases	**33,288**	29,860
Non-trading transactions		
Dividends	**13,998**	22,546
Interest receivable	**17,244**	3,192
Interest payable	**(11,993)**	(3,467)

Balances between the company and other entities in the group can be found in note 15, 16 & 19.

Transactions between the company and its JV & Associates		
Trading transactions		
Sales	**1,493**	231

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

Balances between Mace Limited and its subsidiaries and joint ventures & associates can be found in note 17 & 20.

Loans from directors
The Company had borrowings of £2,892,503 from Jonathan Mark Holmes and Mark Reynolds at 31 December 2020 (2019: £9,244,846). The loan of £6,810,201 was settled for Jonathan Mark Holmes on 14 December and replaced with a new loan of £1,576,563 from Jonathan Mark Holmes. The *total outstanding balance at 31 December 2020, of loans from directors, of £2,892,503, includes loan principle and accrued interest and is recorded* as part of the short term lease liabilities and borrowings balance. These loans have no fixed term therefore disclosed as short term and are at commercial rates for development funding purposes, being 8% for loans issued pre 2020 and 6% for the new loan issued in 2020. While Mace Limited has sufficient funds to repay these loans, the terms of the Bond issue subordinates' certain payments to owners.

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

28. Leases

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

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

	Group		Company	
	2020	2019	**2020**	2019
	£000s	£000s	**£000s**	£000s
Income in relation to leasing	**4,413**	1,430	**162**	166

Maturity of lease receivables:

The Group anticipated sale of the Develop entities holding the lease contracts at the year end. The lease assets were held as finished goods in development WIP at 31 December 2020. The eventual disposal occurred on 22 February 2021 and the details are disclosed in the post balance sheet event note.

Lease receivable after the balance sheet date to the date of disposal are detailed below:

	Group		Company	
	2020	2019	**2020**	2019
	£000s	£000s	**£000s**	£000s
Due within 1 year	**1,420**	1,209	**166**	82
Due within 2-5 years	**664**	-	**664**	-
Due in more than 5 years	**180**	-	**180**	-
Total	**2,264**	1,209	**1,010**	82

Cash flows in relation to leases:

Cash inflow in relation to leases where Mace is the lessor	**4,333**	1,430	**82**	208
Cash outflows in relation to leases where Mace is the lessee	**(5,073)**	(4,632)	**(3,905)**	(3,692)
Net cash flow in	**(740)**	(3,202)	**(3,823)**	(3,484)

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

Other disclosures:
Analysis of the right-of-use assets on the balance sheet is included in the property, plant & equipment note 13.
Analysis of the lease liabilities on the balance sheet is included in the lease liabilities and borrowings note 23 and the related interest charge in the interest note 8.
The maturity analysis of the lease liabilities is presented in the financial risk management note 3.
In addition to the closing lease liability at the year end, the Group also has commitments for leases that are short term. The expense incurred in relation to these leases is disclosed in the Operating profit note 6.
Commitments and future cash outflows in relation to lease expenses are expected to be in line with the annual expense disclosed for the year ending 31 December 2020, as reported in the Operating profit and EBITDA note 6.

29. Prior year adjustments

A. Goodwill Impairment
The prior year adjustment relates to impairment of the investment in a subsidiary in the Develop business that was liquidated in 2019. The impairment should have been recognised in 2018 when the decision was made to liquidate the company.

B. Intangible asset write off
Assets under construction within intangible fixed assets previously reported capitalised costs that should have been recognised as an expense in the profit and loss account in 2018 and 2019.

Consolidated statement of comprehensive income

	As previously reported 31 December 2019	Effect of adjustment B	Restated 31 December 2019
	£000s	£000s	£000s
Group revenue	1,782,279		1,782,279
Cost of sales	(1,620,314)		(1,620,314)
Gross profit	161,965		161,965
Administrative expenses	(121,731)	(1,915)	(123,646)
Other Income	-		-
Fair value on financial assets measured at FVPL (inc. derivatives)	(444)		(444)
Operating profit before exceptional items	39,790	(1,915)	37,825
Exceptional items	(6,205)		(6,205)
Operating profit	33,585	(1,915)	31,670
Share of profit of associates and joint ventures	5,659		5,659
Loss on disposal of a subsidiary	-		-
Profit on ordinary activities before interest	39,244	(1,915)	37,329
Finance income	3,375		3,375
Finance costs	(7,366)		(7,366)
Profit on ordinary activities before taxation	35,253	(1,915)	33,338
Income tax expense	(10,252)		(10,252)
Profit from continuing operations	25,001	(1,915)	23,086
Profit for the year attributable for			
Owners of the parent	24,624	(1,915)	22,709
Non-controlling interest	377		377
	25,001	(1,915)	23,086

29. Prior year adjustments (continued)

Consolidated statement of financial position

	As previously reported 31 December 2019	Effect of adjustment A	Effect of adjustment B	Restated 31 December 2019
	£000s	£000s	£000s	£000s
Non-current assets				
Property, plant and equipment	28,782			28,782
Intangible assets	42,062	(4,259)	(2,643)	35,160
Deferred tax assets	4,782			4,782
Investments in joint ventures & associates	3,072			3,072
Other investments	8,600			8,600
Total non-current assets	87,298	(4,259)	(2,643)	80,396
Current assets				
Trade and other receivables	524,693			524,693
Development work in progress	237,403			237,403
Development loan to joint venture	57,917			57,917
Current tax assets	6,338			6,338
Cash at bank	199,007			199,007
	1,025,358			1,025,358
Current liabilities				
Trade and other payables	(598,097)			(598,097)
Provisions	(29,188)			(29,188)
Financial liabilities	(1,544)			(1,544)
Current tax liabilities	(43,638)			(43,638)
Lease liabilities & borrowings	(136,898)			(136,898)
	(809,365)			(809,365)
Net current assets	215,993			215,993
Total assets less current liabilities	303,291	(4,259)	(2,643)	296,389
Non-current liabilities				
Trade and other payables	(10,831)			(10,831)
Amounts owed to subsidiary undertakings	(241,784)			(241,784)
Net assets	50,676	(4,259)	(2,643)	43,774
Capital and reserves				
Called up share capital	1,000			1,000
Accumulated reserves	47,871	(4,259)	(2,643)	40,969
Equity shareholders' funds	48,871	(4,259)	(2,643)	41,969
Non-controlling interest	1,805			1,805
	50,676	(4,259)	(2,643)	43,774

29. Prior year adjustments (continued)

Company statement of financial position

	As previously reported 31 December 2019	Effect of Adjustment B	Restated 31 December 2019
	£000s	£000s	£000s
Non-current assets			
Property, plant and equipment	22,823		22,823
Intangible assets	21,271	(2,643)	18,628
Deferred tax asset	3,305		3,305
Investments in subsidiaries	15,518		15,518
Investments in joint ventures & associates	7		7
	62,924	(2,643)	**60,281**
Current assets			
Trade and other receivables	569,751		569,751
Cash at bank	86,117		86,117
	655,868		655,868
Current liabilities			
Trade and other payables	(413,898)		(413,898)
Provisions	(28,613)		(28,613)
Financial liabilities	(1,544)		(1,544)
Current tax liabilities	(24,429)		(24,429)
Lease liabilities & borrowings	(38,804)		(38,804)
	(507,288)		(507,288)
Net current assets	148,580		148,580
Total assets less current liabilities	211,504	(2,643)	208,861
Non-current *liabilities*			
Trade and other payables	(160,000)		(160,000)
Lease liabilities & borrowings	(20,299)		(20,299)
Net assets/*(liabilities)*	31,205	(2,643)	28,562
Capital and reserves			
Called up share capital	1,000		1,000
Profit and loss account	30,205	(2,643)	27,562
Equity shareholders' funds/(deficit)	**31,205**	(2,643)	28,562

29. Prior year adjustments (continued)

Consolidated statement of financial position

	As previously reported 31 December 2018	Effect of adjustment A	Effect of adjustment B	Restated 31 December 2018
	£000s	£000s	£000s	£000s
Non-current assets				
Property, plant and equipment	14,807			14,807
Intangible assets	33,113	(4,259)	(729)	28,125
Deferred tax assets	2,905			2,905
Investments in joint ventures & associates	1,772			1,772
Other investments	18,500			18,500
Total non-current assets	71,097	(4,259)	(729)	66,109
Current assets				
Trade and other receivables	531,931			531,931
Development work in progress	140,697			140,697
Development loan to joint venture	54,907			54,907
Current tax assets	1,976			1,976
Cash at bank	215,943			215,943
	945,454			945,454
Current liabilities				
Trade and other payables	(747,471)			(747,471)
Provisions	(19,658)			(19,658)
Lease liabilities & borrowings	(18,255)			(18,255)
	(785,384)			(785,384)
Net current assets	160,070			160,070
Total assets less current liabilities	231,167	(4,259)	(729)	226,179
Non-current liabilities				
Trade and other payables	(10,831)			(10,831)
Amounts owed to subsidiary undertakings	(204,444)			(204,444)
Net assets	15,892	(4,259)	(729)	10,904
Capital and reserves				
Called up share capital	1,000			1,000
Accumulated reserves	13,203	(4,259)	(729)	8,215
Equity shareholders' funds	14,203	(4,259)	(729)	9,215
Non-controlling interest	1,689			1,689
	15,892	(4,259)	(729)	10,904

29. Prior year adjustments (continued)

Company statement of financial position

	As previously reported 31 December 2018 £000s	Effect of Adjustment B £000s	Restated 31 December 2018 £000s
Non-current assets			
Property, plant and equipment	10,804		10,804
Intangible assets	10,840	(729)	10,111
Deferred tax asset	1,704		1,704
Investments in subsidiaries	15,468		15,468
Other investments	11,007		11,007
	49,823	(729)	49,094
Current assets			
Trade and other receivables	520,981		520,981
Development work in progress	1,534		1,534
Cash at bank	75,163		75,163
	597,678		597,678
Current liabilities			
Trade and other payables	(478,855)		(478,855)
Provisions	(19,658)		(19,658)
Lease liabilities & borrowings	(14,978)		(14,978)
	(513,491)		(513,491)
Net current assets	84,187		84,187
Total assets less current liabilities	134,010	(729)	133,281
Non-current liabilities			
Trade and other payables	(160,000)		(160,000)
Lease liabilities & borrowings	(2,800)		(2,800)
Net assets/(liabilities)	(28,790)	(729)	(29,519)
Capital and reserves			
Called up share capital	1,000		1,000
Profit and loss account	(29,790)	(729)	(30,519)
Equity shareholders' funds/(deficit)	**(28,790)**	(729)	(29,519)

30. Post balance sheet events

Sale of Exeter and Cardiff student accommodation
On 1 February the Group entered into contracts in order to sell its student accommodation portfolio in Exeter and Cardiff to Ares Generation, a joint venture between a fund managed by the Real Estate Group of Ares Management Corporation and Generation Partners LLP for £157.5m consideration. The sale completed on 22 February 2021. The portfolio of assets included 1,359 student bedrooms and retail facilities.

Acquisition of subsidiaries
On 6 August 2021 Mace Consultancy (Asia Pacific) Ltd, a subsidiary of Mace Limited, acquired a 60% controlling interest of two entities and a further 40% interest in a third entity for £7.5m consideration of Tenman TPM. The new partnership, which will be known as 'MaceTpm' will be fully integrated within the consult engine and part of the Asia Pacific global hub, with operations in the Philippines, Singapore, Macau and Vietnam.

Repayment of corporate bond and intention to enter into new liquidity facilities
At 31 December 2020, the Group had a balance of £120m outstanding on the corporate bond, which had been issued in 2017. At the time of signing the accounts the Group had repaid an additional £90m in 2021. The remaining £30m is ultimately repayable in March 2022 but notice has been served to repay this in full in December 2021. At the date of signing, the Group is intending to enter into £60m of liquidity facilities before the end of 2021.

US Government loan forgiveness
A USD 2.7m US Government loan was received in 2020 to support business needs during the period of the pandemic. The US government loan is recorded in short term loans and borrowings as at 31 December 2020. An application was submitted in 2021 to grant forgiveness of the loan and this was approved in 14 June 2021. This will therefore be recognised in other income in 2021 to cover payroll expenses that were incurred over the period of 24 weeks from the grant date, as required in the conditions of the loan.

31. *List of joint ventures, joint operations and associate undertakings*

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

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Engenharia E Servicos Ltda	Angola	Angola	47	Project management
MMQSMace Consultancy (Pty) Limited	South Africa	South Africa	49	Project management
MMQS Mace (Pty) Limited	South Africa	South Africa	49	Project management
Mace Project Solutions (Pty) Limited	South Africa	South Africa	48	Project management
Botley DevManCo Limited	United Kingdom	United Kingdom	50	Property development
BDC Phase 2 Limited	United Kingdom	United Kingdom	50	Property development
Botley Developments (Holdings) Limited	United Kingdom	United Kingdom	50	Property development
CLM Delivery Partner Limited	United Kingdom	United Kingdom	25	2012 Olympic delivery partner
Commercial Road Development Management Limited	United Kingdom	United Kingdom	50	Property development
MPD Trinity LLP	United Kingdom	United Kingdom	33	Property development
MWJV Limited	United Kingdom	United Kingdom	50	Consultancy
New Burlington Developments Limited	United Kingdom	United Kingdom	50	Construction delivery
The Botley Development Company Limited	United Kingdom	United Kingdom	50	Property development
West Way Academic Residential 1 Limited	United Kingdom	United Kingdom	50	Property development
West Way Academic Residential 2 Limited	United Kingdom	United Kingdom	50	Property development
Westway Estate Management Limited	United Kingdom	United Kingdom	50	Property development

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

Unincorporated joint arrangement	Participation share	Nature of arrangement
HS2 Euston	50%	Consultancy
Dubai Expo 2020	49%	Consultancy
Paragon	50%	Consultancy
Pier Airside	55%	Consultancy
TfL Integrator	50%	Consultancy
Highways England PDP	33%	Consultancy
Peru G2G	45%	Consultancy

The following arrangement was entered into after the balance sheet date:

Unincorporated joint arrangement	Participation share	Nature of arrangement
Sumner Street – Landsec	50%	Construction
Northern Estate (Programme, Project and Cost Management Services to the Corporate Officers of the House of Commons and the House of Lords)	50%	Consultancy
Diego Garcia Multiple Award Construction Contract Projects	20%	Consultancy
Bicentenary Education G2G	50%	Consultancy
HS2 Curzon Street	50%	Consultancy

32. List of subsidiary undertakings

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

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Australia Proprietary Limited Level 5 1 Chifley Square, Sydney NSW 2000 Australia	Australia	Australia	100	Project management
Mace Limited Liability Company Tolbuhina 2-313 Premise 10a Minsk 220012 Belarus (closed 25.06.2021)	Belarus	Belarus	100	Project management
Mace International Construction (Belgium) BV Avenue Marnix 23, fifth floor 1000 Brussels Belgium	Belgium	Belgium	100	Construction
Mace Macro Brazil Consultoria Em Projetos E Construcao Ltda Avenida Brigadeiro Faria Limo No 1478, Conjunto 711, Sao Paulo, 01451-001, Brazil	Brazil	Brazil	100	Facilities management
Mace Consultancy (Canada) Limited c/o ARC Information Services Inc 1105-105 Victoria St Toronto, Ontario M5C 3B4 Canada	Canada	Canada	100	Project management
Mace Macro Chile Spa Padre Mariano No 272 Office 602 Providencia Santiago Chile	Chile	Chile	100	Facilities management
Mace (China) Limited Room C04, 17/F 2650 North Zhongshan Road Putuo District Shanghai China	China	China	100	Project management
Mace Zagreb d.o.o. Petrinjska 42 a Zagreb 10000 Croatia	Croatia	Croatia	100	Project management
Callomin Property Solutions Limited 59-61 Acropolis Avenue 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Cyprus	100	Project management
Mace Holdings Limited 59-61 Acropolis Avenue 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Cyprus	100	Holding company
Mace International Limited 59-61 Acropolis Avenue Savvides Court 3rd floor Nicosia 2012 Cyprus	Cyprus	Dubai	100	Project management
Mace Macro International Limited 59-61 Acropolis Avenue 3rd floor, Flat 301 Nicosia 2012 Cyprus	Cyprus	Dubai	100	Facilities management
Mace Technology Denmark ApS Harbour House Sundkrogsgade 21 2100 Copenhagen Denmark	Denmark	Denmark	100	Construction delivery and project management
Mace Egypt for Project Management L.L.C. 10 Al-Obour Buildings Salah Salem Road 10th Floor, Apartment 1 Cairo Egypt	Egypt	Egypt	100	Project management
Mace Projets Sarl 27 Place de la Madeleine 75008 Paris France	France	France	100	Project management
Mace GmbH Hamburger Allee 45 60486 Frankfurt Germany	Germany	Germany	100	Project management

32. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Management Service Limited Kwakkranya Street Accra 1359 Ghana	Ghana	Ghana	100	Project management
Mace Limited Flat/RM 306 G/F 200 Hennessy Road Wanchai Hong Kong	Hong Kong	Hong Kong	100	Project management
Mace Project & Cost Management Private Limited 01A171 & 01A172 Platina Tower, MG Road Near Sikandarpur Metro Station, Sector 28 Gurgaon Haryana India 122002	India	India	100	Project management
Mace Macro India (FM Solutions) Private Limited 7th Floor 703, Vatika City Point Haryana India 122002	India	India	100	Facilities management
Mace Consultancy (Ireland) Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin 2 Ireland	Ireland	Ireland	100	Project management
Mace Group I.C.S Limited 5th Floor Beaux Lane House Lower Mercer Street Dublin 2 Ireland	Ireland	Ireland	100	Dormant
Mace Macro (Ireland) Limited Joyce House 22/23 Holles Street Dublin 2 Ireland	Ireland	Ireland	100	Facilities management
Mace Technology (Ireland) Limited 5th Floor, Beaux Lane House Lower Mercer Street Dublin 2, Ireland	Ireland	Ireland	100	Construction delivery and project management
Graduation Exeter and Cardiff (Jersey) Limited (sold 22.02.2021)	Jersey	Jersey	100	Property development
Mace Consultancy (Jersey) Limited 44 Esplanade, St Helier Jersey JE4 9WG	Jersey	Jersey	100	Consultancy
Mace Macro International Investments Limited – Jordan 720 Level 7 Waha Ammoun Building Gardens Street, Amman, 45662 Jordan	Jordan	Jordan	100	Facilities management
Mace Management Services LLP 78, Baitursynuly Street Apartment 38, Almalinskiy District 050022 Almaty Kazakhstan	Kazakhstan	Kazakhstan	100	Project management
Mace Management Services Limited The Westwood, 9th Floor Vale Close off Ring Road Westlands Nairobi Kenya	Kenya	Kenya	100	Project management
Mace YMR Limited Liability Partnership 4th Floor, East Wing Lion Place, Nairobi Kenya	Kenya	Kenya	61	Consultancy
Mace Macro Luxembourg S.à r.l. 45 rue des Scillas L – 2529 Howald Luxembourg	Luxembourg	Luxembourg	100	Facilities management
MaceYMR Ltd c/o Matco Limited, 11th floor, Tower 1 Nexteracom Building Ebene Cybercity Mauritius	Mauritius	Mauritius	61	Project management
Mace Limitada Alameda Dr. Carlos d'Assumpcao, no. 263 ,China Civil Plaza 6o. andar M e N Macau	Macau	Macau	100	Project management

32. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Management Services, SARL 106, Rue Abderrahman Sehraoui Casablanca, 20070 Morocco	Morocco	Morocco	100	Project management
Mace Management Services B.V. Zuidplein 116 Tower H, Level 14, 1077XV Amsterdam Netherlands	Netherlands	Netherlands	100	Construction delivery
Utremace B.V. Fellenoord 39 5600AM, Eindhoven Netherlands	Netherlands	Netherlands	100	Holding company
Mace Management Services Limited 1c Etim Inyang Crescent, Victoria Island Nigeria	Nigeria	Nigeria	99	Project management
Mace International LLC ** PO Box 686 Muscat Governatorate Mutrah, Ruwi 112 Oman	Oman	Oman	65	Project management
Mace Macro International Limited LLC *** Office 201, 2nd Floor Maktabi 1, Al Khuwair PO Box 1119 Muscat ,111 Oman	Oman	Oman	70	Facilities Management
Mace Consult Pakistan (Private) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	Pakistan	100	Consultancy
Mace Macro Pakistan (Pvt) Limited 4th Floor, Central Hotel Building Civil Lines Mereweather Road Karachi Pakistan	Pakistan	Pakistan	100	Facilities management
Mace Consultancy (Peru) S.A.C Avenue Santo Toribio 143 San Isidro Lima, Peru	Peru	Peru	100	Project management
Mace Polska Spolka zoo Al Jana Pawla II 29 00-867 Warszawa Poland	Poland	Poland	100	Project management
Mace – Consultoria e Gestao de Projectos e Construcao, Lda Rua Nova Stella No 7 2760 – 087, Caxias Portugal	Portugal	Portugal	100	Project management
Mace Management Services Limited Umujyi wa Kigali Gasabo, Kacyiru Rwanda	Rwanda	Rwanda	100	Project management
Mace Arabia for Engineering Consultancy LLC The Business Gate, Unit A, Second Floor Zone C, Building 4 PO Box 12195 Riyadh, 11473 Saudi Arabia	Saudi Arabia	Saudi Arabia	100	Project management
Mace Holdings Limited Al Mousa Centre, Tower 4 Unit 435, Olaya Street PO Box 9817, Riyadh 12241 Saudi Arabia	Saudi Arabia	Saudi Arabia	55	Project management
Mace Macro Saudi Arabia Limited P.O. Box 14048 Jeddah Kingdom Saudi Arabia	Saudi Arabia	Saudi Arabia	50	Facilities management
Macro Saudi Arabia Limited PO Box 1001, Amir Sultan Street Jeddah 21424, KSA	Saudi Arabia	Saudi Arabia	75	Facilities management
Mace d.o.o. Association for consulting, engineering, production, construction, trading and services, Belgrade Drinicka Street No 8 Belgrade Savski Venac Serbia (closed 09.08.2021)	Serbia	Serbia	100	Project management

32. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Asia Consultancy Pte Ltd 80 Robinson Road No. 02-00 Singapore 068898	Singapore	Singapore	100	Project management
Mace Holdings South Africa (Pty) Limited Floor 2 Building 1 Waverley office Park 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa (closed 17.06.2021)	South Africa	South Africa	100	Project management
Mace Management Services (Pty) Limited Floor 2 Building 1 Waverley office Park 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	South Africa	100	Project management
Ukwakha Ubunye (Pty) Limited Floor 2 Building 1 Waverley office Park 15 Forest Road, Bramley Johannesburg Gauteng 2199 South Africa	South Africa	South Africa	100	Project management
Mace Management Services S.A Paseo de la Castellana 135 Edificio Cuzco III Planta 3, 28046 Madrid Spain	Spain	Spain	100	Project management
Macro Qatar LLC Office No.3, 3rd Floor, Building No. 7 Al Hitmi Village C Ring Road Doha, P.O.BOX 31237 Qatar	State of Qatar	State of Qatar	49	Facilities management
Management and Excellence Consultancy (Qatar) Limited 2nd Floor, Office 204 Building 63, Al Matar Street 310 Zone 27, Doha Qatar	State of Qatar	State of Qatar	100	Project management
Mace GmbH c/o Urs Schneebeli Scheideggstrasse 119 8038 Zurich, Switzerland	Switzerland	Switzerland	100	Project management
Mace Management Services AG C/O IWP Consulting GmbH Steinenring 8 4051, Basel Switzerland	Switzerland	Switzerland	100	Project management
Mace Syria LLC No registered office	Syria	Syria	100	Dormant
Mace Construction Management and Consultancy Services Limited Maçka Cad.Tuncer Building, No:29 D.13 Maçka, Şişli Istanbul,Turkey	Turkey	Turkey	100	Project management
Mace Macro International Investments Limited Bin Shabib & Associates (BSA) LLC DIFC Building 3, 6th floor P.O. Box 262, Dubai United Arab Emirates	UAE	UAE	100	Facilities management
Mace Macro Owners Association Management Co ** Marina Plaza, Al Marsa Street, United 3006, 30th Floor, Dubai Marina ,Dubai PO BOX 28654 United Arab Emirates	UAE	UAE	100	Project management
Mace Macro Technical Services LLC Warehouse 4, Plot 365-153 Al Qouz Dubai United Arab Emirates	UAE	UAE	51	Consultancy
Mace Macro Owner Association Management Co DMCC ** Unit No S04, Madina Tower Plot No: JLT-PH2-O3A Jumeirah Lakes Towers Dubai United Arab Emirates	UAE	UAE	100	Project management

32. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
YMR Partnership Uganda Plot 24b Akibua Road, Nakasero Ericson Building 3rd Floor Kampala Uganda	Uganda	Uganda	51	Consultancy
Bethnal Green Regeneration Limited*	United Kingdom	United Kingdom	51	Property development
Cambridge Heath Road Developments Limited (closed 11.11.2021) Jupiter House, Warley Hill Business Park, The Drive, Brentwood, Essex, CM13 3BE	United Kingdom	United Kingdom	70	Property development
City Fringe Limited*	United Kingdom	United Kingdom	100	Holding company
Como Construction Limited*	United Kingdom	United Kingdom	100	Dormant
Como Group Limited*	United Kingdom	United Kingdom	100	Holding company
Como Homes Limited*	United Kingdom	United Kingdom	100	Dormant
FM24 Limited*	United Kingdom	United Kingdom	100	Facilities management
Frontier Finance Plc*	United Kingdom	United Kingdom	100	Public limited company
Graduation Cardiff Management Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Graduation Cardiff Retail Management Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Graduation Exeter (Phase 2) Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Graduation Exeter Management Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Graduation Exeter Retail Management Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Graduation Student Living Limited*	United Kingdom	United Kingdom	100	Development
Greenwich Square Commercial Limited*	United Kingdom	United Kingdom	100	Development
Greenwich Square Limited*	United Kingdom	United Kingdom	100	Development
Mace (New Zealand) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace (Poland) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace (Russia) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace (Slovakia) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Angola Special Projects Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Business School Limited*	United Kingdom	United Kingdom	100	Construction
Mace Construct Limited*	United Kingdom	United Kingdom	100	Construction
Mace Construction (International) Limited*	United Kingdom	United Kingdom	100	Construction
Mace Consult Limited*	United Kingdom	United Kingdom	100	Consult
Mace Consultancy (Asia Pacific) Limited*	United Kingdom	United Kingdom	100	Dormant
Mace Consultancy (Europe) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Consultancy (MENA) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Consultancy (Netherlands) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Consultancy (Peru) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Consultancy (The Americas) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Cost Consultancy Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Develop Limited*	United Kingdom	United Kingdom	100	Development
Mace Developments (Cardiff) Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Mace Developments (Exeter) Limited (sold 22.02.21)	United Kingdom	United Kingdom	100	Development
Mace Developments (Fulham) Limited (struck off 16.03.21)	United Kingdom	United Kingdom	100	Development
Mace Developments (Greenwich) Limited*	United Kingdom	United Kingdom	100	Development
Mace Developments Limited*	United Kingdom	United Kingdom	100	Development
Mace Developments (Stevenage) Limited*	United Kingdom	United Kingdom	100	Development

32. List of subsidiary undertakings (continued)

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Mace Facades Limited*	United Kingdom	United Kingdom	100	Construction
Mace Interiors Group Limited*	United Kingdom	United Kingdom	100	Fit out
Mace International (UK) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace International Overseas Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Living Limited*	United Kingdom	United Kingdom	100	Construction
Mace Living Solutions Limited	United Kingdom	United Kingdom	100	Property development
Mace Macro (Asia Pacific) Limited*	United Kingdom	United Kingdom	100	Facilities management
Mace Macro (The Americas) Limited*	United Kingdom	United Kingdom	100	Facilities management
Mace Macro Africa Limited*	United Kingdom	United Kingdom	100	Facilities management
Mace Macro Europe Limited*	United Kingdom	United Kingdom	100	Facilities management
Mace Macro Limited*	United Kingdom	United Kingdom	100	Facilities management
Mace MEP Services Limited*	United Kingdom	United Kingdom	100	Construction
Mace Operate Limited*	United Kingdom	United Kingdom	100	Facilities management
Mace Plus Academies Limited*	United Kingdom	United Kingdom	100	Construction delivery
Mace Plus Group Limited*	United Kingdom	United Kingdom	100	Construction delivery
Mace Plus Limited*	United Kingdom	United Kingdom	100	Construction delivery
Mace Projects (South Africa) Limited*	United Kingdom	United Kingdom	100	Project management
Mace Sustain Limited*	United Kingdom	United Kingdom	100	Dormant
Mace Tech Limited*	United Kingdom	United Kingdom	100	Construction delivery
Msecure Limited*	United Kingdom	United Kingdom	100	Project management
Mace North America Limited 3500 Lenox Road Suite 1500 Atlanta GA 30326 United States of America	USA	USA	100	Project management
Mace Vietnam Company Limited Floor 13, BIDV Tower, No. 194, Tran Quang Khai Street Ly Thai To Ward Hanoi City Vietnam	Vietnam	Vietnam	100	Project management

32. List of subsidiary undertakings (continued)

The following entities were incorporated into the Group after the balance sheet date:

Company	Country of registration/ incorporation	Tax Residency	Voting rights	Nature of business
Tencore Limited	Hong Kong	Hong Kong	60	Consultancy
Tenman (HK) Limited	Hong Kong	Hong Kong	60	Consultancy
Tenman Project Management Inc	Philippines	Philippines	40	Consultancy
Mace Consultancy (Sub-Saharan Africa) Limited*	United Kingdom	United Kingdom	100	Consultancy
Mace Construct Specialist Services Limited	United Kingdom	United Kingdom	100	Construction
Mace Operate (MENA) Limited	United Kingdom	United Kingdom	100	Facilities management
Mace Estate Solutions Limited	United Kingdom	United Kingdom	100	Development
Mace Develop Latimer Limited	United Kingdom	United Kingdom	50	Development
Mace Develop Latimer (Stevenage) LLP	United Kingdom	United Kingdom	50	Development
Mace Develop Latimer (Stevenage) Plot A LLP	United Kingdom	United Kingdom	50	Development
Mace Develop Latimer (Stevenage) Plot K LLP	United Kingdom	United Kingdom	50	Development

* Companies are registered at head office address in the UK: 155 Moorgate, London, EC2M 6XB
** The legal ownership of this entity is 65%
*** The legal ownership of this entity is 70%

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:

City Fringe Limited
(CRN: 11479888)
Como Construction Limited
(CRN: 4643980)
Como Group Limited
(CRN: 4643572)
Como Homes Limited
(CRN: 4969652)
FM 24 Limited
(CRN: 3773320)
Graduation Student Living Limited
(CRN: 7773718)
Greenwich Square Commercial Limited
(CRN: 8136122)
Greenwich Square Limited
(CRN: 08220809)
Mace (New Zealand) Limited
(CRN: 9653353)
Mace (Poland) Limited
(CRN: 8120932)
Mace (Russia) Limited
(CRN: 8127292)
Mace (Slovakia) Limited
(CRN: 8950843)
Mace Angola Special Projects Limited
(CRN: 10675311)
Mace Construct Limited
(CRN: 9887082)
Mace Construction (International) Limited
(CRN: 11640220)
Mace Consultancy (Asia Pacific) Limited
(CRN: 11489706)
Mace Consultancy (Europe) Limited
(CRN: 11604881)
Mace Consultancy (MENA) Limited
(CRN: 11941059)
Mace Consultancy (Netherlands) Limited
(CRN: 10827128)
Mace International (UK) Limited
(CRN: 11639975)
Mace Consultancy (Peru) Limited
(CRN: 10874751)
Mace Consultancy (The Americas) Limited
(CRN: 11939013)
Mace Cost Consultancy Limited
(CRN: 5032803)
Mace Developments (Greenwich) Limited
(CRN: 6987720)
Mace Developments (Stevenage) Limited
(CRN: 11734465)
Mace Developments Limited
(CRN: 11639828)
Mace Facades Limited
(CRN: 11906325)
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 Africa Limited
(CRN: 10448074)
Mace Macro Europe Limited
(CRN: 6897543)
Mace MEP Services Limited
(CRN: 5726148)
Mace Operate Limited
(CRN: 11639977)
Mace Plus Academies Limited
(CRN: 5897947)
Mace Plus Group Limited
(CRN: 5349265)
Mace Plus Limited
(CRN: 5282952)
Mace Projects (South Africa) Limited
(CRN: 09623284)
Mace Sustain Limited
(CRN: 5979486)
Mace Tech Limited
(CRN: 11677474)
Msecure Limited
(CRN: 5072221)

33. Ultimate parent undertaking and controlling party

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