Company Registration Number: 08057308

Annual Report

Mace Finance Limited

31 December 2022

Contents


| Contents | Pages |
|---|---|
| Company information | 3 |
| Strategic report | 4-17 |
| Corporate governance report | 18-23 |
| Directors' report | 24-28 |
| Directors' responsibilities statement | 29 |
| Independent auditor's report to the members | 30-32 |
| Consolidated statement of comprehensive income | 33 |
| Consolidated statement of financial position | 34 |
| Company statement of financial position | 35 |
| Consolidated statement of cash flows | 36 |
| Consolidated statement of changes in equity | 37 |
| Company statement of changes in equity | 38 |
| Notes to the financial statements | 39-88 |

## Company information

| | |
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| Directors | Mark Castle<br>Jonathan Mark Holmes<br>Stephen Jeffery<br>Gareth Lewis<br>Jason Millett<br>Lee Penlington<br>Stephen Pycroft<br>Mark Reynolds<br>Mandy Willis<br>David Allen |
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| Domiciled | United Kingdom |
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| Company registration number | 08057308 |

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

## Overview headlines

The Mace Group has reported profit before taxation of £36.5m. Revenues at the Mace Group were £1.936bn (2021: £1.933bn).

Alongside improvements in productivity and cost efficiency across the Mace Group, there was significant growth in the consultancy business' revenues in 2022.

Key highlights and the results of Mace Finance Limited ("the Company") and its subsidiaries ("the Group") are:

- Group revenue of £1.936bn (2021: £1.933bn).
- Profit before taxation of £36.5m (2021: £38.3m).
- Consultancy revenue increased by 36% to £500m (2021: £366m).
- By the end of 2022, employee headcount of the Mace Group had increased to 6,710 (2021: 6,054). This increase also supported Consult's growth in revenue.
- International activities contributed £516m (2021: £485m) to Group revenue.
- Construction contributed £1.4bn (71%) of revenue (2021: £1.5bn (76%)).
- £214m (2021: £382m) of construction work was undertaken by third parties on schemes where Mace is employed under a construction management contract. Mace has no contractual arrangement with the supply chain on these schemes and the value of these works is not included in Group revenue.
- Net cash position of £73m (2021: £127m). The net cash position is calculated as gross cash (excluding restricted cash) less overdrafts and bank loans.
- Cash balances net of overdrafts totalled £130m at the year-end (2021: £127m).
- Expenditure on research and development amounted to £57m (2021: £48m).
- 77% of the Group's budgeted 2023 revenues were secured by the end of 2022.
- The Mace Group made donations to the Mace Foundation of £0.44m (2021: £0.29m). The Mace Foundation is a UK registered charity (charity number 1150134) and is a separate legal entity to the Mace Group.
- No donations were made to political parties (2021: £nil).
- The overall tax charge for 2022 was £14.2m (2021: £7.6m), which was an effective tax rate of 39% (2021: 20%) of profit on ordinary activities.
- At the end of the year, the average time taken for Mace Limited to pay invoices was 28 days (2021: 29 days). 95% of invoices, including those in dispute, were paid within 60 days (2021: 94%).

2022 was the second year in the delivery of the Group's 2026 Business Strategy, which set out Mace's purpose – 'to redefine the boundaries of ambition' – and three strategic priorities: grow together, pursue a sustainable world, and deliver distinctive value.

Key Performance Indicators

The Group has established targets for the 2026 Strategy. 2022 is the second year in which performance has been measured against these targets.

| Pursue a sustainable world | 2026 Target | 2022 | 2021 |
|---|---|---|---|
| Corporate carbon reduction | 10% annually<br>7,379 tonnes $CO_2$e | 7%<br>11,429 tonnes $CO_2$e | 11.6%<br>12,276 tonnes $CO_2$e |
| Client carbon reduction<br>*(Secured Pipeline of Savings)* | 10 million tonnes $CO_2$e | 1,135,467 tonnes $CO_2$e | 555,416 tonnes $CO_2$e |
| Biodiversity gain | 500 hectares | 54.3 hectares | 14 hectares |

Despite increased emissions associated with business travel, fuel use on construction sites and increased electricity consumption, the Group has achieved a 7% reduction in carbon emissions compared to 2021. This corresponds to a total reduction of 57% compared to 2019. Measures to reduce business travel emissions and increase the use of low emissions fuels on construction sites will be required to further reduce emissions.

Carbon targets will be reviewed to align with the Science Based Targets Initiative Guidance for Building when it is released in mid-2023.

In 2022, the Group identified a secured pipeline of client carbon savings from across its global projects and programmes of more than 1 million tonnes. As a result, the 2026 Strategy target has been increased from 1 million to 10 million tonnes, and the Group has moved from tracking actual savings, to now reporting the metric of pipeline savings.

Biodiversity Gain is presented as cumulative measure: 14 hectares were achieved in 2021 and 40.3 hectares were achieved in 2022. The Group is on track to achieve the Biodiversity Gain target for 2026. Since 2021, the Group has partnered with UK Wildlife Trusts to provide longer term biodiversity support through funding and volunteering. Through this, the Group has secured a pipeline of circa 190 hectares. Additional Biodiversity Gain projects and employee volunteering have further supported progress towards this target.

| Grow together | 2026 Target | 2022 | 2021 |
|---|---|---|---|
| Accident frequency rate<br>*(Per 100,000 Hours Worked)* | 0.04 | 0.03 | 0.06 |
| Reduce gender pay gap | 10% annually | 27.7%<br>*(6 April 2021 to 5 April 2022)* | 31.2%<br>*(6 April 2020 to 5 April 2021)* |
| Reduce ethnicity pay gap | 10% annually | 25.3%<br>*(6 April 2021 to 5 April 2022)* | 24.2%<br>*(6 April 2020 to 5 April 2021)* |

In 2022 the Mace Group RIDDOR reportable accident frequency rate improved significantly to 0.03 (2021: 0.06). The reduction in injury rates emanated from a combination of factors as our recorded audits and inspections continue to improve. There were 8 reportable incidents (2021: 25). Lost time to injuries per 100,000 hours worked also significantly reduced to 0.12 (2021: 0.20). The Mace Group continues to seek continuous improvement in its health and safety controls and practice.

The Mace Group Gender Pay Gap statistics were affected by several factors - including the proportion of women relative to men who are promoted or recruited, internal restructuring (employees moving between the Mace Group entities) and pay reviews through which salaries have been increased to reduce any pay gap.

Through Mace Emerging Talent Recruitment policies, the Mace Group seeks to ensure diverse representation in internal development programmes. The Mace Group reviews the pipeline of ethnic minority senior managers and above for succession plans. The Mace Group is also signed up to the Race at Work Charter, which makes the Mace Group accountable for its progress.

| Grow together | 2026 Target | 2022 | 2021 |
|---|---|---|---|
| Employee engagement score | 85% | 84% | 86% |
| Value to society (Annual) | £700m | £682.4m | £535.8m |

Despite a reduction in employee engagement score from 86% (2021) to 84% (2022), the score remains high. Factors causing the slight decline were the scale of change and economic circumstances. Actions have focused on improvements in the work environment which aimed to enhance wellbeing and engagement.

The Mace Group evaluates its impact on local communities using an independent 'Value2Society' calculation which takes into account a wide range of socio-economic factors including how Mace affects natural, social, intellectual, manufactured, human and financial structures in society. In this way, the Mace Group is able to quantify the social value generated by its work and then demonstrate the tangible benefits that are created for the environment and local communities. The directors engage the organisation Route2 to measure Value to Society (using a Total Capital Impact calculation). The Mace Group contribution to society was quantified as £682.4m in 2022, an increase of 27.4% on £535.8m in 2021.

| Deliver Distinctive Value | 2026 Target | 2022 | 2021 |
|---|---|---|---|
| Good days at work (score out of 100) | 90 | 85 | 84 |
| Client satisfaction score | 85% | 86% | 88% |
| Profit growth *(Profit on Ordinary Activities Before Taxation)* | 20% annually | (4.7%) | 129% |
| Research and development expenditure | 3.5% of revenue | 3.0% | 2.5% |

"Good days at work" is a measure of responses to questions on a five-point Likert scale. The questions cover perceptions of experiencing positive emotions, feeling connected, achieving tasks, and performing meaningful work.

Mace undertakes customer satisfaction surveys with clients. Questions are designed to elicit honest and open feedback. The client provides a scored response to each question between 0 and 5. A percentage score is calculated for each cluster of questions and for the survey overall. This is the Client satisfaction score. 16 standard questions are asked, with additional questions depending on the service being provided. The standard questions relate to overall service provided, time taken, cost to client/value for money, people interaction, communication, customer focus, reporting and overall performance. Depending on the service provided, additional questions are also asked about construction delivery, cost consultancy, facilities management, programme, and project management. Despite a reduction in Client Satisfaction Score from 88% (2021) to 86% (2022), the score remains high. The Group is on track to achieve its target for 2026.

For the third year in a row, the Group was carbon neutral, reducing its emissions by 7% and offsetting 11,430 tonnes with gold standard offsets. Four years ahead of target, the Group identified more than a million tonnes of carbon to save on behalf of its clients.

Supporting the delivery of distinctive value, the Group announced the launch of the Innovation Fund – a fund designed to support new ideas and approaches within the Group; allowing colleagues across the business to benefit personally from the innovations they suggest.

Investment in new technology enabled us to drive productivity improvements, create new service offerings for clients and enable safer working – including at Heathrow Airport, where 'Dave the Dog' was recruited to test the next generation of construction delivery through robotics.

The Group continued to invest in its most important asset: its people. As the Group grew together with colleagues across the globe, the number of graduates and apprentices it employed increased in 2022.

The Group also achieved its best-ever health and safety performance on record, reporting a 0.03 AFR; helping to meet the goal that everyone who works for Mace or in one of our workplaces can go home safe and well, every day.

Reflecting the Group's commitment to being a responsible business, in 2022, Mace was one of the first built environment businesses in the UK to be offered ESG-linked finance facilities. In January 2022, £60m was secured in liquidity financing facilities; linked to measures around carbon, renewable energy and health and safety.

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

## Business Review

Mace Finance Limited's consolidated profit before tax on ordinary activities in 2022 was £36.5m (2021: £38.3m). Since it was founded in 1990, the Group has made a profit in every year, 2022 being the 32nd consecutive year of making a profit. Group revenue was £1.94bn (2021: £1.93bn).

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

### Develop

The Develop business manages and delivers regeneration and development projects. During the year, active development management projects and pipeline were transferred from the Develop engine to Consult to ensure greater alignment of the nature of services being provided by the engines. Several schemes have been delivered over the past ten years, the more significant ones that continued through 2022 were as follows:

Botley/Oxford: Mace holds a 50% JV interest in this mixed-use development project in West Oxford. The development comprises two phases. Phase 1 reached Practical Completion in 2020 and is now operational. This phase comprises 261 student rooms, 20 build to rent ('BTR') apartments, a 123-bed hotel let to Premier Inn and 15 commercial retail units. Phase 1 also delivered a new local community facility that includes a library. Whilst the JV continues to hold and operate this asset, the intention is to sell Phase 1 assets as a corporate sale in the next 12-18 months. Phase 2 will comprise 150 residential BTR apartments and 7 commercial retail units. In September 2022, this phase was forward funded with Grainger, which enabled development of this site to commence in November 2022.

The Botley development is financed by £69m of external development debt, which is non-recourse to the Mace Group, and an £82.9m (2021: £85.8m) shareholder loan from Mace. At the year end, following the partial offers received and a RICS "red book" valuation of the development project, to reflect the devaluation of the asset over the course of 2022, the directors provided a further £13m (2021: £10m provision) against the shareholder loan and accrued interest. This is accounted for an exceptional item in the year.

SG1: SG1 is a development agreement between the Develop business and Stevenage Borough Council for the regeneration of the town centre. Outline planning was secured in 2020 on the entire scheme which will have a £500 million GDV, providing 1,860 new homes, shops, restaurants, a health centre, library, primary school, sport, leisure, and cultural facilities. The development will be progressed in phases, with Phase 1 achieving detailed planning consent in 2020. At the end of 2022, no external debt was raised or secured on this development. After receiving full planning approval in May 2023, the intention is to commence development towards the end of 2023.

Greenwich Square: During 2022 this development sold its remaining residential units. In total, Greenwich Square delivered 686 new residential homes, new community buildings and retail/leisure amenities over two phases. Phase 1 completed in 2016 and Phase 2 completed in 2020. Phase 2 comprised 325 residential units, of which 239 were private apartments and 86 were affordable homes which have been sold to L&Q.

Consult

Mace Consult's ("Consult") primary services include project, programme, and construction management, programme management office (PMO) services, planning, cost consultancy and commercial management and a range of business advisory and transformation services, covering strategy, sustainability, net zero carbon solutions and digital activities. Our approach draws on delivery-focused Consultancy services, hands-on experience, and a global track record across the public and private sector.

2022 was another strong year for the Consult business. There has been significant and sustained growth over past three years. In 2022, Consult generated revenues of £500m. This represented a 36% increase year-on-year, with 42% of Consult's income coming from outside the UK. In 2022, Consult generated profit before tax and before recharges of £56.98m (2021: £54.15m).

Rising global infrastructure investment, major programme appointments and movement into new sectors (such as hospitality and resorts) drove success in the Americas, the Middle East, and Asia Pacific. There were strong earnings through significant programme wins in Saudi Arabia, Canada, Latin America and in Asia Pacific markets.

As Consult project work has grown, there was a 27% increase in headcount during the year. Consult's global workforce comprised 4,434 people at the end of 2022 (2021: 3,496). The Mace Group remain committed to investing in talent globally and the business has continued to invest in strategic hires to support sustainable growth and enhance client service offerings.

Projected growth in 2023 and the pipeline of work remain strong.

In the UK, Consult is continuing to build on its track record in the UK defence sector, providing critical management services to shape some of the country's most important defence projects and programmes. Paragon, a joint operation led by Mace and Turner & Townsend, secured a three-year contract extension on existing work as the Commercial Delivery Partner for the Ministry of Defence's Defence Equipment & Support (DE&S) organisation.

Consult led a construction team that is working to complete the innovative HMP Five Wells prison in collaboration with the Ministry of Justice (MoJ). The MoJ's investment will create 18,000 new prison places across England, including new buildings, expansions, and refurbishments. Using a Design for Manufacturing and Assembly (DfMA) approach, Mace adopted offsite manufacturing on the project. The digital standards set for the programmes are considered to be internationally ground-breaking, putting the UK and MoJ at the forefront of modern construction project delivery.

10 years since the London 2012 Olympics at the Queen Elizabeth Olympic Park, working in partnership with clients and partners to recognise the legacy transformation and impact that has shaped people and business, Consult also saw the completion of the landmark Commonwealth Games and extended commissions on government frameworks, including with the Department of Work and Pensions.

Consult secured a five-year contract to deliver commercial services on two of National Highways' major projects through its Complex Infrastructure Programme (CIP). Acting as agile partners for National Highways, the overriding objective is to create better outcomes for clients and the wide range of stakeholders involved and affected by these significant projects.

Consult's CEO continued to play an active role in promoting the UK's construction and infrastructure delivery capability alongside government and industry peers. He promoted opportunities to capitalise on the UK's world-leading infrastructure delivery record to increase exports and improve the way in which infrastructure is commissioned and built within the UK to improve connectivity and boost economic growth.

Consult has continued to build its global capability and improve its diversification and resilience in line with its 2026 strategy by broadening its geographical footprint outside of the UK.

Consult now operates through four global hubs – Americas, Middle East and Africa, Asia Pacific, and Europe. It works in sectors ranging from health and life sciences to transport infrastructure (including rail, highways, and aviation), energy and utilities, defence, corporate real estate, integrated resorts, sports and regeneration.

In Saudi Arabia, Consult is working directly with the government and with quasi-government bodies to help create the cities of the future, helping to lead the way to a more connected, resilient, and sustainable world. The Consult offering resonates strongly with clients in this region who are familiar with construction management delivery models and value the Group's strong emphasis on delivery.

Consult has been operating successfully across the Middle East and within Saudi Arabia itself for more than 20 years through commissions across the property and infrastructure sectors that are multi-year, multi-disciplinary, complex and delivery focused.

In 2022, working with partners Comtech and SYSTRA, Consult was awarded the Program Delivery Partner contract for the largest transit infrastructure program in Canadian history: Metrolinx's GO Expansion program. This 10-year rail infrastructure programme is the largest and most ambitious investment in Metrolinx's history and will significantly expand the GO Transit rail service. This complex program of works includes new stations, the electrification of existing lines, the installation of new rail lines, upgrading of existing stations, new signalling, and more. The Program Delivery model brings skilled external partners into the Metrolinx team, to collaborate in managing the integration and delivery of all the major projects that make up the program. With a long-term vision of providing two-way, all-day service, every 15 minutes or less on core segments of its rail network, Metrolinx will improve connections between communities.

Also in the Americas, Consult was appointed by Alianza Lima to deliver a new Infrastructure Improvement Plan for Alianza Lima, one of Peru's most important football clubs, and to deliver positive social outcomes for communities across the region.

Consult formed a partnership with the leading Southeast Asian project management provider Tenman Tpm in August 2021 and are seeing rapidly expanding footprint in regions such as the Philippines, drawing on Mace's global best practice and Tenman Tpm's Association of Southeast Asian Nations (ASEAN) markets expertise. Leading telecom provider, ePDLT, awarded Mace a contract to support the delivery of the first and largest hyperscaler in the country. ePDLT, a fully owned subsidiary of PLDT, is the nation's largest ICT service provider and will build its 11th operational data centre by 2023.

Consult won four awards at the Project Control Expo Awards 2022 recognising the business focus on driving best practice across its programmes: UK Project Controls Social Impact of the Year - The Rosalind Franklin's Laboratory; Global Project Controls Transformation Project of the Year - ARCC Government to Government Reconstruction with Changes; Global Project Controls Megaproject of the Year – East Bank Project in London's Queen Elizabeth Olympic Park; and Global Project Controls Innovation of the Year - Melbourne Metro Tunnel - RSA Command Centre.

Consult's focus for 2023 is to grow across all the geographical hubs by leveraging global best practice, adopting a holistic, global market-driven approach covering a broad range of sectors and continuing to invest in building and nurturing high performing teams to drive exceptional outcomes for clients, colleagues and the communities in which the business works.

<u>Construct</u>
Construct provides a range of services, including fixed-price contracting, construction management, fit-out and specialist services. In 2022, Construct remained focused on driving stable, sustained and profitable growth by working with long-term clients in a range of markets, sectors, and geographies. Economic issues delayed some project starts and reduced revenues. Margins remained consistent. In 2022, Construct generated profit before tax and before recharges of £81.95m (2021: £74.76m).

The Construct Engine is divided into six core business units: Major Projects, Offices, Interiors, Public Sector & Life Sciences, Technology & Manufacturing, and Aviation. Alongside this, it operates two specialist functions, Mace MEP and Mace Logistics. It operates primarily in London but has a growing presence in Oxford and Cambridge, as well as a presence in Ireland and in the Netherlands.

Construct generated revenues of £1.38bn in 2022 (2021: £1.47bn), which was 71% (2021: 76%) of the Group's turnover. Revenue included fee income from several major Construction Management projects, including Phase 2 of the Battersea Power Station Redevelopment, AstraZeneca's global headquarters in Cambridge, Shard Place and The Forge.

The most significant milestone in 2022 was the Practical Completion of Phase 2 of the Battersea Power Station Redevelopment. This is one of the largest and most complex projects Mace have ever completed. Over a five-year period, Construct transformed the Grade II* Listed power station, which had been decommissioned 40 years ago, restoring it to the highest modern standards.

As companies looked to attract staff back into its offices, the Offices division grew in 2022. It completed several major office developments in the year, including Warwick Court, the JJ Mack Building (Charterhouse Street), 78 St James Street and 50 Finsbury Square.

The Aviation business worked on several major infrastructure improvement projects at Heathrow, including the Cargo Tunnel. The Mace Group also successfully secured a place in three major lots on Heathrow's H7 Framework, which will maintain the pipeline of work in this sector over at least the next five years.

The Technology & Manufacturing business continued to progress several major data centres with a number of high-profile technology companies, building data centres in Ireland and the Netherlands. It also expanded the reach of this business unit by winning its first project in the semiconductor market.

The Life Sciences and Public Sector business went from strength to strength in 2022. Mace Construct continued to work closely with AstraZeneca at their Headquarters in Cambridge, completing the 'AZ Travel Hub' and progressing the 'Amenities Hub' at their Macclesfield campus. Mace Construct successfully bid and won work with BioMed Reality in Cambridge, L&G Begbroke *Scient Park in Oxford, and Precis Advisory at Belgrove House in Kings Cross. Mace Construct made significant progress at the* UCL East campus in Stratford and the National Satellite Testing Facility at Harwell, Oxfordshire.

Mace Interiors grew in 2022, taking on ambitious fit-out projects for blue-chip clients across the financial, legal and insurance markets, as well as expanding into the laboratory fit-out sector. It also won its biggest fit-out job at Peterborough Court in more than 10 years.

Mace Construct remained number one contractor in London (by revenue) in the industry league tables. Mace Construct rose to number three in the UK in the Glenigan Contractor League Table for the year. Mace Construct won Contractor of the Year (£500m+ Award) at the 2022 Construction News Awards.

Operate
The Operate division's core business offering is facilities management, overseeing as either a managing agent or principal contractor a wide range of premises on behalf of clients, including commercial offices, industrial units, warehousing, research facilities, government buildings, cultural landmarks, schools, and other education facilities. In support of this, along with delivering operational support services the division provides strategic consultancy services to help clients adjust and improve their workplaces and to make their premises more sustainable.

Operate works for blue-chip clients in sectors including financial services, oil and gas, education, retail, pharmaceutical, professional services, and manufacturing. As most client frameworks are global, Operate's revenues are not concentrated within any one jurisdiction.

During 2022 the revenue of the facilities management business was £90m including costs recharged to clients (2021: £110m) with headcount decreasing to 601 (2021: 830). This reduction in revenue and headcount reflects the impact of COVID-19 and the slow return to full office occupancy.

War in Ukraine
The war in Ukraine and global manufacturing issues restricted the supply of a number of key construction materials in 2022. There were also significant increases in energy costs.

To mitigate the risk of material shortages delaying project delivery, the Group has strengthened the close monitoring system it developed through COVID-19 to allow quick and proactive responses to material or product availability, or supply chain solvency issues.

Cash position and financing
The Group cash position at the end of December 2022, net of overdraft was £130m (2021: £127m).

In 2022 the Group procured £60m of new debt facilities. At the end of December 2022, £30m (2021: £nil) of these debt facilities had been utilised.

The Group cash flow from operating activities in the year to 31 December 2022 was an outflow of £3.5m (2021: £54.3m inflow). £65.0m cash inflows from profits before interest and tax in 2022 have been offset by £51.9m cash outflows from working capital, £12.6m from income tax paid and £4.0m net finance cost paid. The net cash outflow from working capital is mainly a result of an increase in trade and other receivables and decrease in trade and other payables, due to the change in the mix and phasing of client projects and contracts, and a trend towards more conservative cash management by clients.

### Shareholders' funds

Shareholders' funds increased from £29.3m to £53.5m as the result of:

- £22.2m from profit after tax for the year;
- (£4.4m) from dividends paid in the year;
- (£0.3m) from the purchase and cancellation of shares;
- £0.7m from amounts relating to share-based payments (£0.6m from share-based payment awards and £0.1m from shares transferred to award owners);
- £5.2m of currency translation differences; and
- a £1.0m gain on a post-employment benefit scheme.

### Risks and Uncertainties

Mace's 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, assessing the probability that risks will occur and the likely impacts of those risks has determined that the principal business risks, in no particular order, are those set out in the table below.

| Principal risk | Potential business impact | Mitigation |
|---|---|---|
| **1. Major project delivery failure** | | |
| Not meeting the contractual, legal or client expectations about the timing, cost, quality, or safety requirements of a project either because of adverse bidding and contractual arrangements, or not controlling the project or development effectively. During the past two years, this risk has been exacerbated by the impact of the War in Ukraine, COVID-19 and Brexit on the Group's operations. The viability of the supply chain and the supply, availability and cost of materials are matters which are being managed in detail. | 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 recurring clients. Diversion of resources (cash and people) to dealing with legal proceedings rather than building business.<br><br>Cost inflation has made some Develop and Construct schemes challenging, and uncertainty has made growth challenging for Operate which is still affected by COVID-19.<br><br>Delays are being experienced in the time it takes for projects to go from initial contract (pre-construction service agreement) award through to starting on site. The uncertain post Brexit and post COVID-19 economic environment also heightens the risks of delays in signing up new work. | Early identification of issues and proactive management to resolve. Focus on selective bidding achieving realistic programmes and margins, mobilisation, design control, commercial terms and contract management, supply chain management, quality of delivery and service excellence and sharing of best practice (knowledge management including lessons learnt). Since 2020, a Service Excellence and Quality process has been embedded for all projects based on gateway reviews, to identify issues for resolution at the earliest possible juncture. Effective engagement with clients and/or employers has been essential to ensure the business continues to mitigate the impact of delays to the delivery of projects and cost overruns due to effects from Brexit, COVID-19 and the war in Ukraine.<br><br>Risk management of the threats on the Group's operations is actively being taken by the Group, including the threats of:<br>- Shortage of skilled labour through supply chain partners.<br>- Material shortages and interruptions to global supply chains.<br>- Higher inflation on staff costs and supply chain where raw material and energy prices have increased.<br><br>The business continued to operate risk management strategies during 2022 to limit adverse impacts experienced in the UK and elsewhere in the world. These risk management strategies will continue to be deployed. |
| **2. Major supplier failure** | | |
| The collapse of a supply chain partner that has a significant role in the successful delivery of one or more projects. During the past two years this risk has been exacerbated by the impacts of COVID-19, Brexit, and the War in Ukraine. The supply chain has additionally had to adapt to the adverse cash flow impacts from the implementation by UK HM Treasury in March 2021 of the Reverse Charge regime for VAT. | Project disruption, potential additional costs through delivery delays, and reputational damage. Current inflation experienced in 2022 and H1 2023 on supply chain materials will make the impact of this risk higher. | Actively managing relationships with the supply chain, ensuring appropriate levels of due diligence and checks to their financial strength. Ensuring good breadth of supply chain partners to control volumes of work. Early identification of problems and robust knowledge and understanding of contract position. Enhanced supply chain analysis and more regular internal reporting of concerns has been implemented since March 2021, due to COVID-19. The relevant processes continue to be operated to enable Mace to identify and act upon potential concerns with its supply chain. |

| Principal risk | Potential business impact | Mitigation |
|---|---|---|
| **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 Mace does. It is a central part of the Mace culture. One of the Group's 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 suppliers to embed Mace's 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 revenue and profit. Less work generally could lead to poor staff utilisation, redundancies and/or staff leaving. Failure to secure good quality work could lead to employee demotivation as well as delivery issues. | Long term business development planning. Senior management review of bidding processes, cost budgeting and programme estimation to ensure Mace are realistically competitive and that Mace price complex projects and programmes for the risk involved. Seeking to move into new sectors and/or geographies to expand opportunities to win new work. Investment in innovation and build upon mature relationships and genuine partnerships with clients and suppliers. |
| **5. Retention and attraction of employees** | | |
| Significant challenges in both attracting and recruiting the right people and retaining people to deliver projects for clients or to support corporate activity. | Inability to deliver on promises to clients. Loss of skills, expertise, or corporate knowledge when employees leave. | Competitive salaries and fair grading structures, incentivisation arrangements and open promotion opportunities, together with a first-class development and learning programme for employees. Development of an employee value proposition. Increased focus on gender, ethnicity, inclusion, and workforce diversity. Productive working arrangements are maintained on sites that encourage inclusion and support the effort to increase diversity of all employees. A very small proportion of colleagues originate from regions affected by the war in Ukraine. Diversity risk in relation to the labour force is discussed by the Mace Executive Board at the Start of the Week meetings. Mitigating actions also taken through the Risk and Audit Committee. |
| **6.Market fluctuations including the effects of product, materials, and energy cost inflation** | | |
| Macroeconomic and industry sector changes affect confidence and/or investment levels, reducing the pipeline of available work and the pausing or cancellation of new or current assignments. Furthermore, cost inflation driven by excess demand and shortages in the supply of skilled labour, materials and products, foreign exchange fluctuations, and additionally by the impact of the economic sanctions on Russia. | Reduced revenue and profits. Possible reductions in staff headcount and other costs create challenges in the delivery of projects. The impacts of the war in Ukraine have heightened this risk as a result of constraints in supply chain and inflationary pressures. | Diversification into new sectors, markets, and major programmes, together with the ability to adjust the workforce level and costs if revenue decreases. Innovate to become a contractor of choice during a changing market. New contracts will reflect latest supply chain inflation and contracts going forward are likely to include inflation protection for the Company. Active management of materials and product logistics, foreign exchange exposures and supply chains. |
| **7. Cyber security incident or IT system failure plus data misuse/loss** | | |
| Major business disruption caused by a cyber security incident, IT failure or breach of the data protection/GDPR regime. | Major impact on the ability to effectively work for days or even weeks. Disruption to projects or clients. Significant fines or failure to comply with relevant legislation. | Move away from legacy systems to cloud technology, ensuring appropriate patches and revisions are in place together with an effective cyber security and Mace-wide data protection regime. Security screening for all employees and enhanced checks for those operating in secure client environments. Maintain ISO27001 Information Management accreditation. |
| **8. Environmental damage** | | |
| Major environmental damage as a result of a Mace project. | Significant financial penalties, combined with reputational damage, which could affect the Group's ability to win work in the future. | Responsible business strategy that includes best practice environmental practices and monitoring. The assurance of 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 the risk of breaches of legislation/regulation (e.g., Modern Slavery Act, Bribery Act, or retrospective changes to legislation/regulations e.g., Building Safety). | Custodial sentences for senior employees. Reputational damage. Being prohibited from bidding for certain pieces of work. Significant financial penalties to the business. | Compliance training for all employees on existing and upcoming issues, rigorous policies and a clear disciplinary process for breach of the Code of Ethics of the business. Horizon scanning to look ahead for legislative and regulatory change. Top-down commitment to a culture of ethical behaviour demonstrated in promotion of, and adherence to, corporate compliance policies. |
| **10. Major client failure** | | |
| The failure of current clients | Project(s) disruption, potential loss of secured income, potential cashflow shortage and reduction in profit. | Mitigating actions include the early identification and reporting of problems. Mace has a diverse client portfolio and a robust knowledge and understanding of key contract positions. Client credit worthiness is also appraised and assessed, and credit control procedures are followed. |
| **11. Inadequate financial liquidity and funding** | | |
| Inability to secure adequate funding to meet operational liquidity needs. | Inadequate financial liquidity and funding could impact the ability of the Group to meet its financial commitments. | The procurement of new 3 year, £60m committed liquidity facilities in January 2022.<br>Expected proceeds from the realisation of Mace's equity investment in the Botley joint venture. |
| **12. Business model disruption/inefficiency caused by a failure to innovate and investment in technology** | | |
| Failure to keep ahead of competitors in terms of innovation and operational effectiveness and a consequent failure to meet the needs of the market, resulting in the business being uncompetitive. | Failure to win work and failure to be competitive (which may reduce margins). | Foster a culture in which the identification and development of innovative concepts and initiatives is prized to remain operational efficient and competitive (and in which innovation is funded appropriately). |
| **13. Fraud** | | |
| A fraud by an employee, JV partner, supplier or client which results in financial loss for the business. | Financial misstatement of actuals and/or of forecasts which result in a loss of value and/or breach of lenders covenants and any reputational risk that might be created. | Financial control, particularly segregation of duties, is 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 with 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 individuals. Mitigations in respect of potential covenant breaches include covenant projections plus open communications, regular weekly and monthly meetings, and reports to lenders in accordance with facility agreements. Mitigations against breaching contractual terms with clients include regular monitoring and liaison with clients. |
| **15. New pandemic** | | |
| Major business disruption caused by a new pandemic affecting the health and wellbeing of colleagues across the Group and their ability to undertake their work. | Major impact on Mace's ability to serve clients, causing delay and financial exposure to contract losses and claims from clients and suppliers due to the potentially foreseeable nature of a pandemic. | New operational ways of working, including social distancing were developed during the pandemic. They could be incorporated into operational practices. The use of digital tools such as Zoom and Teams are established as effective means to continue to collaborate and communicate at work. |

## Post balance sheet events

*Restructure of subsidiaries*
On 1 January 2023, Mace Limited transferred the following entities to other subsidiaries of the Group. There is no accounting impact on the Mace Finance Limited consolidated balance sheet and income statement.

- Mace International Limited (and its subsidiaries), Mace Holdings Limited (and its subsidiaries), Mace Cost Consultancy Limited and MSecure Limited were transferred from Mace Limited to Mace Consult Limited.
- Mace Construct Specialist Services Limited was transferred from Mace Limited to Mace Construct Limited.

*Disposal of subsidiary*
On 14 March 2023, the Group disposed Bethnal Green Regeneration Limited for consideration of £0.05m resulting in a gain of disposal of £0.05m.

*Share transactions*
On 23 June 2023, Mace Finance Limited undertook a share buy-back of 15,000 ordinary shares of £0.0001 each for an agreed consideration of £338,100.

*Legacy project provision - update*
On 26 June 2023, a court judgement was handed down in respect of a legacy contract for which a remediation provision has been made. The formal hearing has been adjourned, and the judgement remains subject to potential appeal. The judge determined several principles that are positive for Mace and are expected to result in the value of the year end provision being reduced. At this stage, it is not possible to quantify the potential impact on the year end provision.

**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 meet formally as the Mace Executive Board (MEB) on a quarterly basis and less formally at the "Start of the Week" meeting. The directors are careful to ensure that in their decision-making process they manage both the expectations of the shareholders (some directors are also shareholders) and the expectations of other stakeholders.

To support this, decision-making processes are guided by a Governance Framework that was introduced into the business in January 2022 to support the 2026 Business Strategy. The Framework is a transparent, informative, and inclusive process which enables recommendations to flow efficiently from the Sub-Boards through to the MEB. The table of delegated authorities included in the Framework provides clear guidance on levels of authority for decision-making processes.

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

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

**Pursue a Sustainable World**
Accelerate the built environment's response to the climate emergency.

**Grow Together**
Engage, develop and inspire our people, clients, partners and communities

**Deliver Distinct Value**
Service excellence, innovation, and industry transformation

Each of these priorities and associated targets has been established to ensure that Mace meets the needs of its stakeholders, taking into account 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.

Our purpose and priorities were developed in partnership with Mace people through direct engagement. They 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**
Our process for decision making demonstrates our successful application of Section 172 of the Companies Act 2006. From the initial assessments and the decision making by the Board in March 2022, and at subsequent points in the year, the Board directly took decisions addressing the needs of various stakeholders.

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

The Board continues to operate under a governance framework that protects and enables organisational effectiveness and high-quality decision-making. It helps to avoid duplication of work, reduce cost, and empowers colleagues to become an unstoppable force for good. The Board has effectively considered the impact of decision-making on key stakeholder groups in the daily management of the business and in the setting of the Group's long-term strategic vision.

The following task summarises some examples of stakeholder engagement undertaken by the Mace Group:

| Engagement with employees: | The results were: |
|---|---|
| Our ambition at Mace is to ensure that we are always in close dialogue with our colleagues.<br><br>Mace continued to be transparent and open as possible with its employees throughout 2022. This included:<br><br>- Embedding new communication channels and tools<br>o Digital collaboration channels, including Teams and Yammer.<br>o A regular drumbeat of wellbeing content to mitigate the impact of mental health challenges.<br>o Regular video updates from the CEO.<br>o A series of more than 100 internal virtual events in different formats.<br><br>- In 2022 we continued to run regular 'pulse' surveys of our employees to measure colleagues' general engagement and wellbeing.<br><br>- Virtual mid-year and end of year communications sessions delivered live across the globe to our people.<br><br>- The Board recognized the competitive pressures in the workforce, and in response, placed considerable focus on recruitment and retention of staff throughout the year. | The outcome of these engagement approaches resulted in:<br><br>- Despite a slight reduction in Employee engagement score from 86% (2021) to 84% (2022), the score remains high. The slight decline was caused by economic circumstances. Actions have focused on improvements in the work environment to enhance wellbeing and engagement. |
| **Engagement with clients:** | **The results were:** |
| Mace works hard to ensure that we are consistently engaging with all our clients, both on an operational and corporate level; sharing best practice and knowledge with our clients and always working to ensure that our relationships are open and collaborative.<br><br>This included:<br><br>- Embedding a 'collaboration first' approach to managing any contractual risks and impacts associated with the continued difficult operational environment, minimising any resulting contractual or legal challenges.<br><br>- Undertaking regular client surveys to ensure that our service delivery remained consistently excellent throughout the year.<br><br>- Measuring how our strategic and key clients and others are accessing Mace resources through our website.<br><br>- The promotion of effective customer relationship management (CRM) across the organisation, using digital tools and careful planning to ensure that client's needs are met consistently. | - Continuing to deliver a high quality, safe and responsible service to all our clients.<br><br>- The Board reviews each client survey encouraging the sharing of best practice and the prompt fixing of any issues or concerns.<br><br>- Our client base remained consistently engaged and informed throughout 2022, resulting in significant repeat business orders. |

| 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 and champion of best practice (in the process of managing the risks associated with the procurement of Contractors / Consultants / Suppliers.<br><br>In 2022, this included:<br><br>- The introduction of regular supply chain briefings delivered virtually to our strategic supply chain to ensure that they were informed and engaged with our response to the market challenges they faced; and had the opportunity to feedback to Mace.<br>- Sharing information received from Build/UK/BEIS with the Supply Chain.<br>- The Group's Procurement Director was personally available to assist with any issues the supply chain had regarding material availability and then work to unblock the supply chain with the relevant manufacturers.<br>- Adopting a 'collaboration first' approach to managing the contractual risks and impacts associated with 2022's difficult operational environment, minimising any resulting contractual or legal challenges.<br>- A steady drumbeat of broader supply chain engagement via email on a wide array of issues, including the impact of global economic and materials challenges.<br>- Detailed support for our project teams to help them develop a comprehensive and detailed understanding of how our supply chain was operating, including labour levels, materials and product sources, and productivity across our sites.<br>- 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 to our suppliers. | - A consistently high standard of delivery from our supply chain to our clients.<br>- A hugely effective response to the global economic challenges, ensuring that Mace was able to support partners through numerous challenges, including changes in regulation.<br>- Better engagement and buy in from the supply chain.<br>- Prompt payment helped support our supply chain. |
| **Engagement in research and development** | **The results were:** |
| Expenditure in research and development which helps the Group by improving technical know-how and solutions on key challenges specific to our projects and industry. In 2022 the Group incurred expenditure of £57m (2021: £48m). | - Development of our High-Rise Solution capability (seeking to further reduce time during construction by 25%, vehicle movements by 40% and construction waste by 75%).<br>- Development of new modular wall panels and lightweight gauge steel frame.<br>- Development of new load bearing floating brick louvre solution and air plenum seal solution. |
| **Engagement with financial institutions:** | **The results were:** |
| - Mace shares details of its operational and financial performance, its prospects and plans and its key risks and opportunities with stakeholders on a regular basis. In general, this is through meetings that the CFO holds with banks, insurers, sureties, credit insurers, auditors, and clients. Mace adhered to its bank and covenant requirements. | - The highly effective management of our financial resilience throughout 2022, including responding to market changes.<br>- Financial stakeholders gained a much better understanding of the financial and operational performance of the business.<br>- Ongoing covenant compliance was achieved. |

| 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 with those communities closely.<br><br>To ensure we are communicating effectively and supporting our local communities we:<br><br>- Operate an established team of community engagement managers, each of whom takes responsibility for different Mace projects.<br><br>- Engagement and communication with residents about major disruption that might be caused by the construction works we are delivering on behalf of our clients.<br><br>- Work closely with local community organisations and our clients to identify opportunities to use local labour on our projects.<br><br>- Build a pipeline of young apprentices and graduates across our business that are drawn from a diverse range of communities.<br><br>- 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.<br><br>- 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.<br><br>- Effective mitigation of the risk of disruption to our projects that could be generated through local community campaigning or challenge.<br><br>- Positive feedback from clients who are pleased with how we are engaging with the local communities surrounding their projects.<br><br>- Supporting the use of local labour on our projects and site in the UK.<br><br>- 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. |

| 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.<br><br>To communicate and engage with our peers and government, we:<br><br>- Take an active role in trade associations and senior industry leadership bodies such as the Construction Leadership Council and Build UK.<br><br>- 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.<br><br>- Support and play a leadership role for non-governmental regional business groups, such as the Northern Powerhouse Partnership, London First and others.<br><br>- Take part in cross-sector working groups and activity. | - A detailed understanding of the issues and threats facing our sector, peers, clients and suppliers that was able to directly inform Board decision making.<br><br>- 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.<br><br>- Maintaining a high-quality reputation amongst our public sector partners that ensures we can keep retaining and winning new work and clients.<br><br>- 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

M. Reynolds

**Mark Reynolds**
**Chief Executive Officer**
7 July 2023

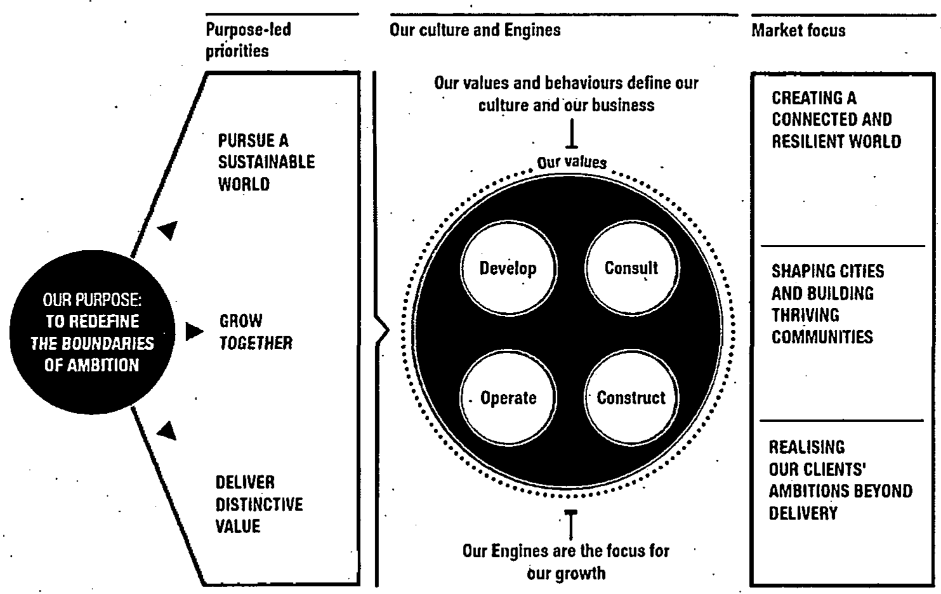
The Mace Group being subject to The Companies (Miscellaneous Reporting) Regulations 2018, has applied for the Wates Corporate Governance Principles for Large Private Companies (the "Principles") as an appropriate framework when making a disclosure about the Mace Group corporate governance arrangements for the year ended 31 December 2022.

Following the launch of our growth plans in January 2021, which are detailed in the 2026 business strategy the Mace Executive Board ("MEB"), invested in further developments of its corporate governance. To this end work was undertaken to review the corporate governance framework to check its suitability against the 2026 plans and to identify any areas that could be further clarified or simplified as the business readied itself for 2023. The result of this work was a governance framework which will ensure our governance programme continues to mature and support our 2026 Business Strategy. Throughout 2022 the MEB worked to embed the framework and ensure we have a well-tuned governance programme.

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

This strategy reflects the Group's purpose to **redefine the boundaries of ambition.** It shows the world that the Group is bold, confident and focused, ready to lead from the front and take on new challenges driving improvements and change for people, economies and societies. The Group's Key Performance Indicators help focus the business on our ambitious growth targets and on our current performance.

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




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

Being a Responsible Business continued to be a key focus area for the leadership in 2022 and the MEB's commitment to this continues to permeate throughout the business.

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

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

In 2022 the Mace Group achieved a 7% annual reduction in our carbon emissions as part of our net zero carbon reduction pathway, and continue to be a carbon neutral business by offsetting any residual emissions through the procurement of Gold Standard carbon offsets. Mace also has identified more than one million tonnes of carbon savings on behalf of its clients, four years ahead of target. The Group achieved a 57% reduction in our carbon emissions verses our 2019 baseline.

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) obligations, a clean SAO certificate for 2021 was submitted in September 2022. A clean certificate for 2022 is expected to be submitted over the coming months.

The Mace Group has been an accredited Fair Tax Mark business since November 2021. This is the gold standard of responsible tax conduct, demonstrating our commitment to responsible tax conduct and tax transparency.

UK Taxes contributed in the year:

| | 2022 | 2021 |
|---|---|---|
| Corporate income tax payments/(receipts) | - | - |
| Research and Development credit | (3,569) | (8,827) |
| Employment-related taxes | 39,550 | 32,169 |
| Other Taxes | 1,477 | 1,338 |
| | | |
| Taxes collected for the government (in addition to taxes borne above): | | |
| Employment related taxes | 20,884 | 17,139 |
| CIS | 455 | 975 |
| VAT | 197,229 | 133,227 |
| | | |
| Total tax contribution (taxes generated from The Mace Group activity) | 256,026 | 176,021 |
| Government grant income received | (644) | (155) |
| Total tax contribution net of government grants received | 255,382 | 175,866 |

As a global business operating within four industry sectors: developments, consultancy, construction and facilities management, the Group's exposure to risk is mitigated as a result of the diversification of its portfolio. The Group's Risk and Audit Committee holds a delegated authority from the MEB and provides assurance that the business is fulfilling its corporate governance duties.

During 2022, the Group's internal Compliance & Audit team ran a programme of internal audits. In total 76 internal audits were undertaken. External audits of our 7 ISO certified management systems across involved 20 audits undertaken across 14 Mace locations, in total 82 audit days.

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

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

COVID-19

The effects of COVID-19 still had some continued impact, primarily for the Operate engine with the slow return of workers to offices.

### War in Ukraine

The war in Ukraine resulted in various stakeholders seeking clarification of any potential associated risk for the Company and its supply chain. The business was able to respond quickly, following the actions taken by the leadership during the COVID-19 pandemic to protect the supply chain. In addition, in 2021 the Consult business decided to liquidate entities in Eastern Europe which continued into 2022 with Consult entities in Belarus, Montenegro, North Macedonia, Serbia and Slovakia having now been de-registered.

### Board composition

The Board comprises the statutory directors. Mark Castle was appointed as a non-executive director on 1 April 2022. Richard Bienfait, resigned on 31 August 2022 and stepped down from his rôle as Chief Financial Officer with immediate effect. David Allen was appointed as Chief Financial Officer on 9 January 2023.

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

Both the Board and MEB recognise there is still work to be done to improve their diversity of the Board and are committed to increasing diversity amongst the senior leadership team.

<u>Board</u>
Mark Reynolds – Chairman & Chief Executive Officer
Jonathan Mark Holmes - Deputy Chairman
Richard Bienfait - Chief Financial Officer (resigned 31 August 2022)
David Allen – Chief Financial Officer (appointed 9 January 2023)
Stephen Jeffery - Chief Technical Officer
Gareth Lewis - CEO Construct
Jason Millett - CEO Consult & Develop
Lee Penlington - Commercial Director
Mandy Willis - Director of Strategy
Mark Castle – Non-Executive Director (appointed 1 April 2022)
Stephen Pycroft – Director

<u>MEB</u>
Mark Reynolds – Chairman
David Allen (appointed 9 January 2023)
Michelle Barkess
Richard Bienfait (resigned 31 August 2022)
Amanda Baldwin
Davendra Dabasia (appointed 1 January 2023)
Jonathan Mark Holmes
Andrew Jackson
Stephen Jeffery
Gareth Lewis
Jason Millett
Carolyn Pate
Lee Penlington
Mandy Willis

The following people are members of the MEB but are not statutory directors: Michelle Barkess (Chief Information Officer), Amanda Baldwin (Chief People Officer), Davendra Dabasia (Chief Operating Executive – Consult), Andrew Jackson (Chief Operating Executive – Construct) and Carolyn Pate (Company Secretary).

### Directors' responsibilities

The MEB met quarterly in 2022 and in addition met less formally during weekly operational meetings.

The Mace business comprises four operating divisions called Engines for Growth. These are Develop, Consult, Construct and Operate, each has its own CEO who is responsible for delivering the business plan for their respective division. Ross Abbate is the CEO for Operate but is not a member of the Board. Mark Holmes is the Board Sponsor for the Operate 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 authority of the MEB. These operating divisions are supported by Group Services, which provide Corporate Governance, Risk and Assurance, Legal & Commercial Services, Finance, Information Technology, Marketing & Communications, Procurement and Human Resource expertise.

During the past year the directors have sought to carry their duties as required under s172 of the Companies Act 2006 (the Act) as referred to in the Strategic Report.

In 2022 the Board focused on the new three strategic priorities which underpin the new 2026 Business Strategy, pursue a sustainable world, grow together, and deliver distinctive value.

For each priority, KPI's were agreed, and progress was measured at each quarterly meeting. The standing items on the Board agenda during the past year were grouped in line with the three strategic priorities.

### 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 2022. Due to organisational changes during the year, the oversight function of the Risk and Audit Committee was elevated to the Board and maintained as a regular item on their Agenda.

The Risk and Audit Committee members continued to monitor and review the development and delivery of the Group Risk and Audit strategy, ensuring plans were aligned to enable delivery of the 2026 Business Strategy and to mitigate the business' principal risks, as identified in the Strategic Report. Recommendations by Committee members were directly notified to the Board. The Risk and Audit Committee has returned to its usual pattern of meetings in 2023.

## Remuneration

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

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

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

Performance is continuously under review and remuneration packages are revised appropriately.

## Stakeholders

Our engagement with our internal and external stakeholders is at the heart of our success as a business.

During 2022 we worked hard to ensure that we communicated openly and transparently with our stakeholders. Our objective is for our communication (as far as practicable, both inside and outside of the organisation) to be an open and authentic dialogue. 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.

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 people, we ran regular work, mental health and wellbeing communication channels, including regular leadership videos and briefings. We also introduced new digital collaboration tools; all-company briefings continued throughout the year.

To support lower paid employees adversely affected by cost-of-living pressures during the year, Mace provided a one-off salary increment.

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 2022, these groups played a key role in working with our corporate team to engage with important groups of our colleagues; share information and best practice and engaging on important policy and operational decision making.

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

During 2022 we continued to work hard to ensure that our core stakeholder groups were kept informed and updated about how we were responding to market challenges and how that would affect our work. 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 our work through media and social media, provide regular updates to our clients about our work and carry out regular customer surveys.

Of note is our role in helping to lead and shape the wider industry's response to key issues and challenges. Our Group Chairman and CEO (Mark Reynolds) worked closely with key industry and Government stakeholders (including in his role as co-chair of the Consulting Leadership Council) to ensure that construction continues to develop in a way that meets society's needs.

## External reporting

In addition to our Annual Report, we regularly publish information, including our business payment practices and performance under the Duty to Report requirements which are filed at Companies House. In addition, we produce our Annual Business Review, which is published on our website, alongside our Annual Report. We published our third Gender Pay Gap report in April 2022. The Company also published payment practices and performance statistics twice a year in accordance with our Duty to Report requirements.

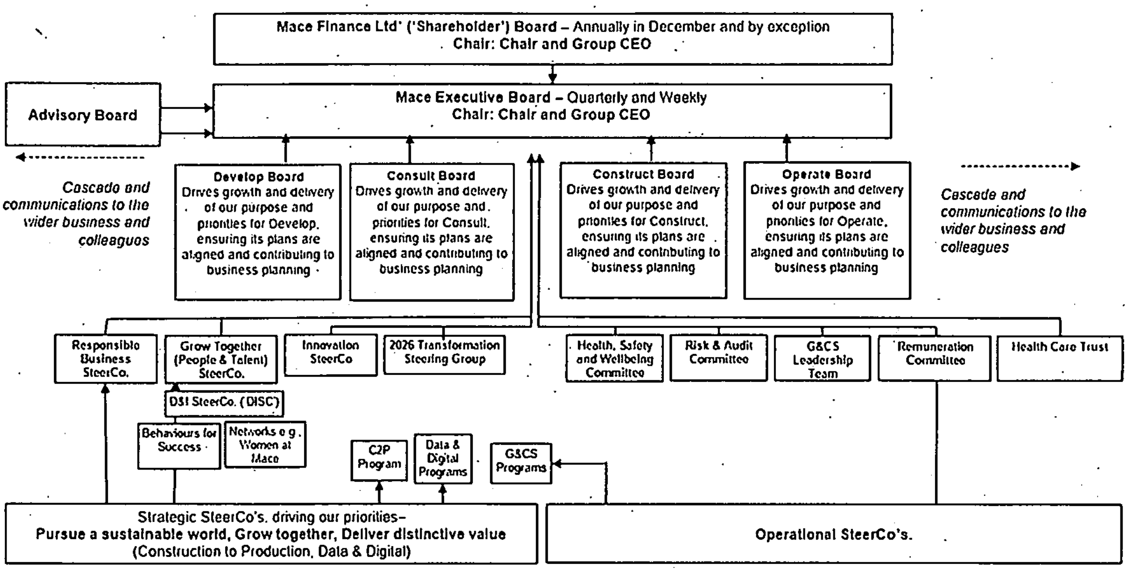
## External auditors

Following the appointment by the Mace Group of Mazars LLP as auditors on 4th May 2021, Mazars were re-appointed to conduct the 2022 audit.

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

## Sub-Boards

The new Corporate Governance Framework sponsored by the Board has redefined the Group's Sub-Board and Committee structure. Governance at the Mace Group is defined as the 'business system and architecture that outlines rights and responsibilities and how activities are organised 'to achieve and redefine ambition'. Towards the end of 2022 the MEB introduced an Advisory Board as part of the Governance Framework. The initial meeting was held on 15 December 2022. The role of the Advisory Board is to support the decision-making process of the Mace Executive Board by advising and providing constructive challenge and support to all of the Mace leadership team.




## Steering Committees

The Steering Committees work as a system with clearly delineated roles to drive activity and results.

### Responsible Business Committee

The Responsible Business Committee was commissioned to lead the Mace 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 Mace Group to achieve a consistent approach; and
- Commissioning of working groups, establishing appropriate objectives in accordance with the 2026 Business Strategy and monitoring progress for the duration of the working group.

### Grow Together Board (People and Talent) Committee

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

- Reviewing and monitoring the Mace Group HR strategy to ensure it is aligned to the delivery of the 2026 Business Strategy.
- Developing and monitoring a scorecard of key measures agreed with the MEB and reviewed and agreed by the MEB 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
- Identifying developments (from other institutions and organisations) that could be considered best practice, considering, and adapting these, as appropriate for possible introduction at Mace.

### Innovation Committee

The Innovation Committee monitors and reviews the development and delivery of the Mace Group Innovation strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Setting the Innovation Policies for the Mace Group for approval by the MEB;
- Providing 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;
- Identifying developments (from other institutions and organisations) that could be considered best practice, considering, and adapting these, as appropriate for possible introduction at the Mace Group; and
- Championing the broad Innovation agenda within business units and across the Mace Group, to achieve a consistent approach.

Transformation Steering Group Committee
The Transformation Steering Group Committee proposes and oversees a portfolio of transformation and change projects across the Mace Group that will deliver our purpose and support progress against all priorities to deliver distinctive value. reviews and recommends business cases (including investment appraisals) for MEB decision and tracks status and benefits realisation.

Health, Safety and Wellbeing Committee
The Health, Safety and Wellbeing Committee monitors and reviews the development and delivery of the Mace Group health, safety, and wellbeing strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities additionally include but are not limited to:

- Developing and monitoring the scorecard of key measures as agreed with the MEB;
- Setting the health, safety, and wellbeing policies for the Mace Group;
- Providing 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;
- Supporting the HS&W team in developing roll-out strategies that will gain maximum traction across the business;
- Evaluating of the Groups investment in the health, safety, and wellbeing; and
- Championing the broad health, safety, and wellbeing agenda within business units and across the Mace Group, to achieve a consistent approach to corporate challenges.

Risk and Audit Committee
The Risk and Audit Committee monitors and reviews the development and delivery of the Risk and Audit strategy. Responsibilities include but are not limited to:

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

Group and Commercial Services Committee
The Group and Commercial Services Committee monitors and reviews the development and delivery of the Mace Group and Commercial Services strategy, ensuring its plans are aligned to and enable the business to deliver the 2026 Business Strategy. Responsibilities include but are not limited to:

- Setting the Mace Group and Commercial Services Policies for the Mace Group for approval by the MEB;
- Providing 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;
- Supporting the Group and Commercial Services team in developing roll-out strategies that will gain maximum traction across the business;
- Identifying developments (from other institutions and organisations) that could be considered best practice, considering, and adapting these, as appropriate for possible introduction at the Mace Group;
- Evaluating the investment in the Group and Commercial Services agenda; and
- Championing the broad Group and Commercial Services agenda within business units and across the Mace Group, to achieve a consistent approach.

Mace Health Care Trust Committee
To prioritise and effectively govern the healthcare providers for our people and, in doing so, build employee and stakeholder confidence that their health and healthcare is an important element of our employee value proposition (attracting and retaining great talent in a highly competitive market). For the UK employees this is specific to the actual Trust. For the rest of the Mace Group, the focus is to oversee the relevant benefits provided to global employees.

Remco (Remuneration) Committee
To recommend, align and monitor the level and structure of remuneration for senior management to support sustainable business performance and success and the delivery of the 2026 business Strategy; to mitigate reward risk and advise the Board on Reward Strategy to ensure a fair and appropriate remuneration policy and its execution for employees.

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 2022.

**Principal activity**
The Group is an international consultancy and construction group whose principal activities continue to be construction delivery, project 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 £36.5m (2021: £38.3m). The Company has paid dividends of £3.8m (2021: £2.8m) 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 also contains, where appropriate, an indication of the directors' view on likely future developments in the business of the Mace Group.

**Directors**
The directors who held office during the year were:

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

David Allen was appointed as Director on 9 January 2023.

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

**Energy and carbon emissions**
The Group has been a member of the RE100 Climate Group since 2017. This committed the Group to procure 100% power from renewable sources by 2022. Through the Group's Electricity Supply and New Connections contracts with Npower, EDF Energy and Ecotricity, the Group has procured 100% renewable or REGO backed electricity where the Group has financial control of the energy. Through the partnership with Ecotricity as much 'green' gas has been procured as possible (there is a limited amount and demand outstrips supply) and offsets the remaining CO2e through – the following projects:

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

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

Current reporting year (January 2022 – December 2022)

| Reporting Year (UK Operations only Excludes JA's) | 2022 | 2021 | Change | Units |
|---|---|---|---|---|
| Total energy use covering electricity, gas, diesel and transport | 33,517,356 | 32,576,966 | 3% | kWh |
| Total emissions generated through combustion of gas | 302 | 1,032 | (71%) | tCO2e |
| Total emissions generated through use of purchased electricity | 4,227 | 3,929 | 8% | tCO2e |
| *Total emissions generated through use of other fuels* | *1,524* | *1,362* | *12%* | *tCO2e* |
| Total emissions generated through business travel | 1,197 | 1,173 | 2% | tCO2e |
| Total gross emissions | 7,250 | 7,496 | (3%) | tCO2e |
| Intensity ratio (total gross emissions) | 4.71 | 4.71 | 0% | tCO2e per £m Revenue |

**Explanation of Energy Consumption**

The figures above show an increase of 5% in energy use from 2021 to 2022. This increase is due to offices returning to normal and people working under normal conditions, the Winchester Region moved into a new larger office which uses gas as the primary heating fuel:

- **Gas:** The 71% decrease in gas consumption is due to three large projects with decentralised energy systems being transferred to clients and therefore ceasing to be the Group's direct responsibility.
- **Electricity:** The 8% increase in electricity use across offices and sites was mostly due to some very large projects nearing completion and one that was commissioned and reached practical completion in December. Also, more people have returned to offices this year, increasing consumption.
- **Other Fuels:** The 12% increase in consumption of other fuels is due to an increase in generator use due to power not being available on project sites. A policy has been introduced this year that for contractor's diesel use is by exception only. The Group is unable to separate diesel generator use from diesel used in other plant equipment, so the Group has chosen to include all diesel usage.
- **Business Travel:** The introduction of 'Agile Working' and colleagues travelling to sites and projects post lock-down, has increased business travel mileage in the Group's 'grey fleet' by 2% year on year.

As a result, for UK companies year on year gross emissions have decreased by 3% and when compared with the intensity metric of '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 - https://www.macegroup.com/about-us/a-responsible-business/steps-without-footprints-report. In December 2021 Mace launched the 'Environmental, Social and Governance Report 2020. In the report Mace commits to Building a Better Future by:

- **Transforming the Group's impact on society and planet:** Evolving the way business is done to ensure that operations are sustainable, ethical and robustly governed. The Group's ESG strategy links to the Group's strategic priorities and connects every element of what is done to its purpose.
- **Value2Society:** Creating shared value sits at the heart of the Group. Supporting communities and generating opportunities to deliver better outcomes for society is the right thing to do. Over the last few years, the Group has increased its Value2Society, but there is always more that it can do and the new target of £700m by 2026 will see the Group add advanced value by bringing further benefits to those whom the Group's projects touch, now and in the future.
- **Carbon Emissions:** Globally the Group has reduced its Scope 1, 2 and 3 carbon emissions by 4%. The Group will continue secure annual verification of its net zero position with a target to reduce its corporate carbon footprint by 10% each year.

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

- Energy use – the electricity, gas and diesel purchased;
- Embodied carbon – from manufacturing and transporting the materials used in the buildings developed 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;
- Purchased Goods and Services;
- Waste and water discharge;
- Purchased goods and services;
- Well to tank;
- Employee commuting; and
- Fugitive emissions.

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

In 2022 the Mace Group committed to:

- Adjust timings on HVAC (Heating, Ventilation and Air-Conditioning) and reduced running time;
- HVAC set points adjusted incrementally;
- Trialled on half floor operation of fan coils at 50%;
- FCU's only running for a few hours a day;
- Installed timeclocks on welfare and project sites;
- Install PIR's on project sites;
- LED lighting on construction sites, in site offices and canteens;
- Lighting upgrades where necessary;
- Reduction in business travel achieved through availability of video conferencing and introduction of the Agile Working Policy;
- Reduce on-site diesel for energy generation by using hybrid generation and securing early grid connections; and
- Continued use of Demand Logic in the head office building to optimise the building conditions and highlight areas of energy wastage.

The following energy efficiency measures are under consideration for implementation during 2023.

- Conduct ESOS (Energy Saving Opportunity Scheme) audits;
- Replace fluorescent lighting with LED lighting in Head Office;
- Continue to source energy efficient site accommodation;
- Continue to update heating and controls in all offices, site accommodation canteens, and drying rooms;
- Continue to reduce business travel by use of video conferencing and agile working;
- Continue research and development of new methods of construction;
- Continue to reduce embodied carbon;
- Investigate ways to reduce energy use and emissions from ICT;
- Reduce waste and use of landfill;
- Work with the supply chain to reduce emissions; and
- Implement ESOS Phase 3 findings where appropriate.

**Methodology used in the calculation of disclosures.**
The methodology used in the calculation of the data disclosed in this report has followed the format of the Mace Group ESOS Reports and complies with Environmental Reporting Guidelines including the streamlined energy and carbon reporting guidance March 2019 (Updated Introduction and Chapters 1 and 2).

The Mace Group scope for SECR reporting is activities where the Mace Group acts as a project/construction manager. The Mace Group has control of emissions associated with the construction set-up and construction activities and the Mace Group has financial control of the utilities.

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.

The intensity ratio is calculated using UK revenue for 2022 and is stated as tonnes of $CO_2e$ per £ revenue (UK operations only).

### 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 Group's 2022 financial statements.

The directors have carried out an assessment on the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has considered:

- *The likelihood of the principal risks of the Group occurring;*
- Current liquidity levels and financing arrangements;
- The most recent unaudited trading performance of the Group at the point at which the assessment took place, being March 2023;
- The anticipated results for the 2023 and 2024 financial years with reference to secured levels of work; and
- The total value and phasing of the Group's forward order book.

In performing their assessment, the directors have modelled the impact of the occurrence of five adverse scenarios, which were selected through a detailed review of the Group's principal risks. The impact of the following five risks on the Group's financial performance and liquidity has been assessed at varying levels of severity:

- A reduction in unsecured work;
- Inflationary increase above assumed forecast levels for all categories of cost;
- An increase in base rates (SONIA);
- Delays in receipts from key customers*; and
- Delays in investment payback*.

*These scenarios replicate the impact of a significant delay in cash receipts which could be applicable in a range of different scenarios.

In the most severe of these scenarios, the Group is still expected to remain profitable, retain sufficient liquidity to operate efficiently and remain within its banking covenants throughout the going concern period. The directors also consider that a wide range of mitigating actions would be available to mitigate any adverse scenario.

### Events after the reporting date
Details of significant events after the reporting date can be found in the Strategic Report and in note 31.

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

The Mace Group gives a 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 Mace 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 the Mace Group's 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 considered in making decisions which are likely to affect their interests. Employees are encouraged to be concerned with the performance and efficiency of the Mace Group and various profit sharing and bonus schemes operate to emphasise and reinforce this.

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

### Engagement with stakeholders
The Mace Group continued to engage with stakeholders throughout the year as disclosed in the Strategic Report.

**Research and development**

Expenditure on research and development is the key to driving the business forward. In 2022, the Group invested £57m (2021: £48m) which included development of the Group's High-Rise Solution capability (seeking to reduce time during construction by 25%, vehicle movements 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

7 July 2023

## Directors' responsibilities statement
Year ended 31 December 2022

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 UK-adopted international accounting standards 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. The directors consider the financial statements to be true and fair.

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 UK-adopted international accounting standards;
- state whether the Company financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework; 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 Finance Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the following:

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

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Assessing the historical accuracy of projections prepared by the directors;
- Assessing the data inputs and the assumptions underlying the base case going concern model, and the assumptions used in the downside and upside scenarios;
- Reviewing management's forward order book;
- Testing the forecast model and covenant calculations for mathematical accuracy and logical integrity;
- Assessing projected liquidity and projected covenant compliance over the going concern period; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Use of the audit report**

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

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

8 JULY 2023

## Consolidated statement of comprehensive income
Year ended 31 December 2022

| | Note | 2022 £000s | 2021 £000s |
|---|---|---|---|
| **Group revenue** | 4 | 1,936,488 | 1,933,017 |
| Cost of sales | 4 | (1,718,568) | (1,733,335) |
| **Gross profit** | 4 | 217,920 | 199,682 |
| Administrative expenses | 4 | (174,452) | (156,983) |
| Other income | 7 | 1,045 | 3,892 |
| Fair value on financial liabilities measured at FVPL (inc. derivatives) | 4 | 856 | (2,052) |
| **Operating profit before exceptional items** | 4 | 45,369 | 44,539 |
| Exceptional – impairment loss on loan to joint venture | 11 | (13,009) | (9,983) |
| Exceptional – software expenses | 11 | - | (2,544) |
| **Operating profit** | 4 | 32,360 | 32,012 |
| Share of net profit of associates and joint ventures | 18 | 2,625 | 2,999 |
| Profit on disposal of subsidiaries | 16 | 649 | 6,070 |
| **Profit before interest** | 4 | 35,634 | 41,081 |
| Finance income | 8 | 5,574 | 5,102 |
| Finance costs | 8 | (4,747) | (7,911) |
| **Profit before taxation** | 4 | 36,461 | 38,272 |
| Income tax expense | 12 | (14,220) | (7,604) |
| **Profit from continuing operations** | | 22,241 | 30,668 |
| **Profit for the year attributable to:** | | | |
| Owners of the parent | | 22,520 | 30,359 |
| Non-controlling interest | | (279) | 309 |
| | | 22,241 | 30,668 |
| **Other comprehensive income** | | | |
| *Items that will or may be classified to profit and loss:* | | | |
| Exchange differences on re-translation of foreign subsidiaries | | 5,227 | (2,311) |
| *Items that will not be classified to profit and loss:* | | | |
| Remeasurement of post-employment benefit obligation, net of tax | | 901 | (91) |
| **Total comprehensive income for the year** | | 28,369 | 28,266 |
| **Total comprehensive income for the year attributable to:** | | | |
| Owners of the parent | | 28,515 | 27,957 |
| Non-controlling interest | | (146) | 309 |
| | | 28,369 | 28,266 |

The notes on pages 39 to 88 form part of these financial statements.

Mace Finance Limited

## Consolidated statement of financial position
As at 31 December 2022

| | Note | 31 December 2022 £000s | 31 December 2021 £000s |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | 26,993 | 22,856 |
| Intangible assets | 14 | 166,755 | 166,225 |
| Deferred tax assets | 12 | 10,095 | 8,121 |
| Investments in joint ventures & associates | 18 | 944 | 1,341 |
| Other investments | 18 | 11,314 | 12,998 |
| Restricted cash | 27 | 244 | - |
| Trade and other receivables | 19 | 600 | 1,199 |
| | | 216,945 | 212,840 |
| **Current assets** | | | |
| Trade and other receivables | 19 | 519,091 | 466,844 |
| Development loan to joint venture | 20 | 44,430 | 60,352 |
| Development work in progress | 20 | 7,494 | 12,543 |
| Asset of a disposal group classified as held for sale | 25 | - | 932 |
| Current tax assets | | 1,353 | 8,046 |
| Restricted cash | 27 | 26,281 | 237 |
| Cash at bank | | 153,933 | 166,731 |
| | | 752,582 | 715,685 |
| **Current liabilities** | | | |
| Trade and other payables | 21 | (703,419) | (716,135) |
| Provisions | 22 | (9,334) | (12,483) |
| Liabilities of a disposal group classified as held for sale | 25 | - | (776) |
| Financial liabilities | 23 | (473) | (2,320) |
| Current tax liabilities | | (6,045) | (13,261) |
| Lease liabilities & borrowings | 24 | (56,726) | (45,212) |
| | | (775,997) | (790,187) |
| **Net current liabilities** | | (23,415) | (74,502) |
| **Total assets less current liabilities** | | 193,530 | 138,338 |
| **Non-current liabilities** | | | |
| Trade and other payables | 21 | (527) | - |
| Provisions | 22 | (88,395) | (83,663) |
| Financial liabilities | 23 | (181) | (6,416) |
| Lease liabilities & borrowings | 24 | (49,386) | (17,777) |
| Deferred tax liabilities | 12 | (1,511) | (1,227) |
| **Net assets** | | 53,530 | 29,255 |
| **Capital and reserves** | | | |
| Called up share capital | 26 | 1 | 2 |
| Own shares | | (7,744) | (21,957) |
| Foreign exchange reserve | | (589) | (5,683) |
| Retained earnings | | 60,814 | 55,022 |
| **Equity shareholders' funds** | | 52,482 | 27,384 |
| Non-controlling interests | | 1,048 | 1,871 |
| | | 53,530 | 29,255 |

*These financial statements of Mace Finance Limited (Company number 08057308) were approved by the directors, authorised for issue on 7 July 2023, and are signed on their behalf by:*

M. Reynolds     D. D. Allen

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

**David Allen**
**Chief Financial Officer**

The notes on pages 39 to 88 form part of these financial statements.

Mace Finance Limited

## Company statement of financial position
As at 31 December 2022

| | Note | 31 December 2022 £000s | 31 December 2021 £000s |
|---|---|---|---|
| **Non-current assets** | | | |
| Deferred tax assets | 12 | 2,015 | 938 |
| Investments in subsidiaries | 18 | 146,111 | 146,111 |
| Trade and other receivables | 19 | - | 2,800 |
| | | 148,126 | 149,849 |
| **Current assets** | | | |
| Trade and other receivables | 19 | 20,241 | 4,682 |
| Current tax assets | | 720 | 2,260 |
| Cash at bank | | 345 | 1,440 |
| | | 21,306 | 8,382 |
| **Current liabilities** | | | |
| Trade and other payables | 21 | (81,062) | (117,769) |
| Borrowings | 24 | (16,880) | - |
| | | (97,942) | (117,769) |
| **Net current liabilities** | | (76,636) | (109,387) |
| **Total assets less current liabilities** | | 71,490 | 40,462 |
| **Non-current liabilities** | | | |
| Borrowings | 24 | (30,000) | - |
| **Net assets** | | 41,490 | 40,462 |
| **Capital and reserves** | | | |
| Called up share capital | 26 | 1 | 2 |
| Own shares | | (4,363) | (17,449) |
| Retained earnings | | 45,852 | 57,909 |
| **Equity shareholders' funds** | | 41,490 | 40,462 |

A separate profit and loss account for the Company (Company number 08057308) is not presented as permitted by section 408 of the Companies Act 2006. The profit after taxation of the Company was £5.7m (2021: £10.3m) and total comprehensive income was £5.7m (2021: £10.3m).

These financial statements were approved by the directors, authorised for issue on 7 July 2023 and are signed on their behalf by:

M. Reynolds

Mark Reynolds
Chief Executive Officer

D. D. Allen

David Allen
Chief Financial Officer

The notes on pages 39 to 88 form part of these financial statements.

Mace Finance Limited

## Consolidated statement of cash flows
Year ended 31 December 2022

| | Note | Year ended 31 December 2022 £000s | Year ended 31 December 2021 £000s |
|---|---|---|---|
| **Cash flows from operating activities** | 27 | (3,491) | 54,276 |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment and intangible assets | | (5,836) | (7,005) |
| Acquisition of subsidiaries | | (7,279) | (6,001) |
| Disposal of subsidiaries | 16 | 82 | 8,816 |
| Acquisition of investments | | - | (2,882) |
| Dividends from joint ventures | 18 | 2,524 | 4,406 |
| Proceeds from disposals of property, plant and equipment and intangible assets | | 451 | - |
| Change in cash within assets held for sale | 25 | - | (254) |
| **Net cash used in from investing activities** | | (10,058) | (2,920) |
| **Cash flows from financing activities** | | | |
| Dividends paid to company shareholders | | (3,751) | (3,375) |
| Dividends paid to non-controlling interests | | (677) | - |
| Repurchase of own shares | | (323) | (34,915) |
| Exercise of options | | 92 | - |
| Increase in borrowings | | 40,000 | - |
| Repayment of borrowings | | (10,000) | (123,044) |
| Repayment of lease liabilities | | (5,134) | (3,566) |
| **Net cash movement from financing activities** | | 20,207 | (164,900) |
| Net increase/ (decrease) in cash at bank and bank overdrafts | | 6,658 | (113,544) |
| Cash at bank and bank overdrafts at beginning of year | | 126,936 | 244,649 |
| Effects of currency translation on cash at bank and bank overdrafts | | (3,730) | (4,169) |
| **Cash at bank and bank overdrafts at end of year** | | 129,864 | 126,936 |

| **Cash at bank and bank overdrafts** | | 2022 £000s | 2021 £000s |
|---|---|---|---|
| Cash at bank | | 153,933 | 166,731 |
| Restricted cash | 27 | 26,525 | 237 |
| Bank overdrafts | 24 | (50,594) | (40,032) |
| | | 129,864 | 126,936 |

The notes on pages 39 to 88 are an integral part of these consolidated financial statements.

Mace Finance Limited

## Consolidated statement of changes in equity
Year ended 31 December 2022

| | Share Capital £000s | Own Shares £000s | Foreign Exchange Reserve £000s | Retained Earnings £000s | Attributable to Owners £000s | Non-Controlling Interest £000s | Total £000s |
|---|---|---|---|---|---|---|---|
| **Equity shareholders' funds as at 1 January 2021** | 2 | (850) | (3,410) | 39,628 | 35,370 | 1,688 | 37,058 |
| Profit after tax for the year | - | - | - | 30,359 | 30,359 | 309 | 30,668 |
| Remeasurement of post-employment benefit scheme, net of tax | - | - | - | (91) | (91) | - | (91) |
| Retranslation loss | - | - | (2,273) | - | (2,273) | (38) | (2,311) |
| **Total comprehensive income for the year** | - | - | (2,273) | 30,268 | 27,995 | 271 | 28,266 |
| Acquisition of subsidiary | - | - | - | - | - | 624 | 624 |
| Disposal of non-controlling interest | - | - | - | - | - | (69) | (69) |
| Dividends paid | - | - | - | (2,732) | (2,732) | (643) | (3,375) |
| Repurchase of shares (note 26) | - | (21,107) | - | (13,808) | (34,915) | - | (34,915) |
| Cancellation of shares (note 26) | - | - | - | - | - | - | - |
| Share-based payments | - | - | - | 1,666 | 1,666 | - | 1,666 |
| **Equity shareholders' funds as at 31 December 2021** | 2 | (21,957) | (5,683) | 55,022 | 27,384 | 1,871 | 29,255 |
| Profit after tax for the year | - | - | - | 22,520 | 22,520 | (279) | 22,241 |
| Remeasurement of post-employment benefit scheme | - | - | - | 980 | 980 | - | 980 |
| Tax on remeasurement of post-employment benefit obligation | - | - | - | (79) | (79) | - | (79) |
| Retranslation gain | - | - | 5,094 | - | 5,094 | 133 | 5,227 |
| **Total comprehensive income for the year** | - | - | 5,094 | 23,421 | 28,515 | (146) | 28,369 |
| Dividends paid | - | - | - | (3,751) | (3,751) | (677) | (4,428) |
| Repurchase of shares (note 26) | - | (338) | - | - | (338) | - | (338) |
| Cancellation of shares (note 26) | (1) | 13,862 | - | (13,862) | (1) | - | (1) |
| Share-based payments | - | - | - | 565 | 565 | - | 565 |
| Shares transferred to award owners | - | 689 | - | (581) | 108 | - | 108 |
| **Equity shareholders' funds as at 31 December 2022** | 1 | (7,744) | (589) | 60,814 | 52,482 | 1,048 | 53,530 |

The notes on pages 39 to 88 are an integral part of these consolidated financial statements.

Mace Finance Limited

## Company statement of changes in equity
Year ended 31 December 2022

| | Share Capital £000s | Own Shares £000s | Retained Earnings £000s | Total £000s |
|---|---|---|---|---|
| **Equity shareholders' funds as at 1 January 2021** | 2 | (850) | 62,595 | 61,747 |
| Profit after tax for the year | - | - | 10,278 | 10,278 |
| **Total comprehensive income for the year** | - | - | 10,278 | 10,278 |
| Dividends paid (£0.45 per share) | - | - | (2,822) | (2,822) |
| Repurchase of shares | - | (16,599) | (13,808) | (30,407) |
| Cancellation of shares | - | - | - | - |
| Share-based payments | - | - | 1,666 | 1,666 |
| **Equity shareholders' funds as at 31 December 2021** | 2 | (17,449) | 57,909 | 40,462 |
| Profit after tax for the year | - | - | 5,669 | 5,669 |
| **Total comprehensive income for the year** | - | - | 5,669 | 5,669 |
| Dividends paid (£0.60 per share) | - | - | (3,848) | (3,848) |
| Repurchase of shares | - | (1,465) | - | (1,465) |
| Cancellation of shares | (1) | 13,862 | (13,862) | (1) |
| Share-based payments | - | - | 565 | 565 |
| Shares transferred to award owners | - | 689 | (581) | 108 |
| **Equity shareholders' funds as at 31 December 2022** | 1 | (4,363) | 45,852 | 41,490 |

The notes on pages 39 to 88 are an integral part of these consolidated financial statements.

## 1. Accounting policies

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

The functional currency of the parent Company 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
The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and 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 separate financial statements of the Company are presented as required by the Companies Act 2006. 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 2022 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 FRS 101 are consistent with those described in the Group's consolidated financial statements under UK-adopted international accounting standards.

As permitted by FRS 101, the Company has taken advantage of the following 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; and
- The disclosure requirements of IFRS 7 Financial Instruments, other than those required by law.

Where required, equivalent disclosures are given in the consolidated financial statements.

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

### Going concern
The directors continue to adopt the going concern basis in preparing the Group's 2022 financial statements.

The directors have carried out an assessment on the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. The assessment has considered:

- The likelihood of the principal risks of the Group occurring;
- Current liquidity levels and financing arrangements;
- The most recent unaudited trading performance of the Group at the point at which the assessment took place, being March 2023;
- The anticipated results for the 2023 and 2024 financial years with reference to secured levels of work; and
- The total value and phasing of the Group's forward order book.

In performing their assessment, the directors have modelled the impact of the occurrence of five adverse scenarios, which were selected through a detailed review of the Group's principal risks. The impact of the following five risks on the Group's financial performance and liquidity has been assessed at varying levels of severity:

- A reduction in unsecured work;
- Inflationary increases above assumed forecast levels for all categories of cost;
- An increase in base rates (SONIA);
- Delays in receipts from key customers*; and
- Delays in investment payback*.

*These scenarios replicate the impact of a significant delay in cash receipts which could be applicable in a range of different scenarios to those described.

In the most severe of these scenarios, the Group is still expected to remain profitable, retain sufficient liquidity to operate efficiently and remain within its banking covenants throughout the going concern period. The directors also consider that a wide range of mitigating actions would be available to mitigate any adverse scenario.

1. Accounting policies (continued)

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of acquired subsidiaries are changed where necessary, to ensure consistency with policies adopted by the Group. All subsidiaries of the Group are included within the consolidated financial statements.

**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 2022. 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:

*Develop contracts*
The Develop engine delivers development management as a service and develops 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.

*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.

1. Accounting policies (continued)

Revenue and margin recognition (continued

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

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

*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 defect's liability period. Once the outcome of a construction contract can be estimated reliably, margin is recognised in the income statement in line with the corresponding stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the income statement. Uninvoiced amounts relating to construction contracts are presented in the statement of financial position as contract assets.

*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 the maximum price is increased formally through a change control process. Contracts 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.

*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 expensed immediately.

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)

### Government grants
Government grants are recognised when there is reasonable assurance that the conditions will be met. Government grants are either recorded in other income or reported to offset the relevant cost, depending on the type of grant. Government grants are recognised to match the associated cost other than where expenditure has already been incurred, in which case they are recorded in the profit and loss immediately. Where government grants are repaid to clients, this is recorded as a reduction in revenue. Where government loans have not yet been approved as grants, these are reported as a loan balance within loans and borrowings on the balance sheet. No government grants have been received in relation to assets.

### Other income
Other income is income derived from activities unrelated to the main focus of the business, such as rental income, management fees, insurance income or income from government grants where relevant.

### 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 MEB is responsible for allocating resources and assessing performance of the operating divisions.

The Group has presented disaggregation in line with the divisional analysis as shown in note 4. 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.

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

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

### Discontinued operations
A discontinued operation is a part of the Group that has either been sold or has been categorised as held for sale, and which:
- represents a major line of business or a geographical area of operations;
- is part of a single coordinated plan to dispose of a separate, major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

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

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

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

Software is recognised as an intangible asset. It is recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis. The estimated useful lives for the Group's finite life intangible assets are 3, 5 or 10 years depending on the expected useful economic life of the intangible assets. 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, 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 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 | 25% per annum on a straight-line basis* |
| Freehold property | 5% per annum on a straight-line basis |

*Computer equipment additions prior to the change in estimate effective from 1 January 2022 are depreciated at 33% 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.

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

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

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

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

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

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

1. Accounting policies (continued)

**Equity compensation plans**
Executive directors and senior management have been granted share options under the Group share option scheme for equity in the Company. They have also been granted share appreciation rights and 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 for restricted and unrestricted shares, while for share appreciation rights the corresponding increase is in liabilities. 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 and liabilities.

The shares awarded and the shares subject to options have already been issued and are held by an Employee Benefit Trust (EBT). 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 Company.

**Other long-term employee benefits**
Long term incentive plans have been introduced and aims to provide long term incentives to those members of the MEB who are not shareholders. The expected cost should be recognised only when: 1) it has a legal or constructive obligation to make such payments as a result of past events; and 2) a reliable estimate of the obligation can be made.

The benefits are expected to be settled more than 12 months after reporting period, and the amount is classified as "long-term incentive accrual" under trade and other payables.

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

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

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

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

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

## 1. Accounting policies (continued)

### Financial instruments

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

*a) Financial assets at amortised cost*

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

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 normally 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 joint venture and amounts are recognised in relation to interest in the joint operation. The Group also assess the legal form and contractual arrangement between the parties to determine whether the Group has the direct rights to assets and obligations of the arrangement. Joint operations accounting 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 (FVTPL).

*e) Trade and other payables*

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

*f) Other borrowings*

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

*g) Financial liabilities and equity*

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

The Company has guaranteed the liabilities of certain subsidiaries included within note 33.

1. Accounting policies (continued)

**Financial instruments (continued)**

*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 41 months (2021: 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**Provisions**
Provisions for 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. Any insurance claims against third party resulting from legal claims, defects and warranties follows the accounting policy for contingent assets below.

Onerous contract provisions arise when the unavoidable costs of meeting contractual obligations exceed the remuneration expected to be received. Unavoidable costs include total contract costs together with an allocation of other costs that relate directly to fulfilling contracts. The provision is calculated as the lower of the termination costs payable for an early exit and the best estimate of net cost to fulfil the Group's unavoidable contract obligations.

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

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

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

**Dividends**
Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**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 exceptional items, which are presented as exceptional within their relevant income statement category, helps to provide an indication of the Group's underlying business performance. The principal items which are included as exceptional items are non-trading items such as profits and losses on the disposal, closure or impairment of subsidiaries, joint ventures, associates, joint operations and investments or other exceptional write offs or impairment. The term 'operating profit before exceptional items' refers to the relevant measure being reported for continuing operations excluding exceptional items.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect 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.

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 2.28% (2021: 0.15%) of total contract revenue.

The largest component of the cost to complete are the agreed subcontract sums; the stage of completion of which is assessed 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, details of which are disclosed in note 22.

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

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

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

- Costs to complete; and
- The recoverable value.

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 the carrying amount is higher than the net realisable value, write-downs of land and work in progress may be necessary. The same estimations extend to the carrying amount of the loan to joint venture as the repayment of loan is dependent on the valuation of its development work in progress. The balance of work in progress assets and loan to joint venture at the balance sheet date are detailed in the development work in progress note 20.

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 significant assumptions are set out in note 14.

d) *Fair value of investments*

The investment in Finsbury Tower is valued at fair value using a discounted cash flow approach, the inputs of which are determined using forecasts where management judgement is applied in relation to assumptions on the timing for completion and exiting the investment, as well as the rental yields used for determining the value of the return on investment. The assumed £2.2m undiscounted return on investment is based on the expected rate of return and assumes realisation of the investment in early 2024, factoring in the potential for delays with a project of this scale. A one-year advance in exit date could increase the return up to a further £1.1m. A one-year delay in the exit date assumption would reduce the return by £1.0m. Changes in the exit yield in completion would also impact the value of the investment. The movements on investments in the year, including fair value adjustments, are presented in the investment note 18.

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

**Judgements made in applying accounting policies:**

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

f) *Contingent liabilities and contingent assets*
Provisions are made using the directors' best judgements and estimates of known legal claims, investigations and legal actions relating to the Group which are considered more likely than not to result in an outflow of economic benefit. If the directors consider that a claim, investigation or action relating to the Group is unlikely to succeed, no provision is made. If the directors cannot make a reliable estimate of a potential, material obligation, no provision is made but details of the claim are disclosed as contingent liabilities. At 31 December 2022, the Company and Group had no contingent liabilities in relation to claims (2021: £nil).

The Group had contingent assets of £15.7m (2021: £15.4m) in relation to claims against third-parties for the reimbursement of costs on construction contracts. As at 31 December 2022, there were 6 ongoing matters that are disclosed as contingent assets (2021: 6). 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.

g) *Assets and liabilities held for sale and applying the definition of a disposal group*
The held for sale assets and liabilities held at the 2021 year-end related to an investment in a subsidiary that is not a major line of business or geographical area of operation for the Group and was not acquired exclusively with the view to resale. It was therefore not classified as a discontinued operation.

**Changes in accounting estimates:**

*Revision of useful lives of computer equipment*
The estimated total useful lives of computer equipment was revised from three to four years for additions from 1 January 2022. The net effect of the change in the current year financial year was a decrease in depreciation expense of £104,000.

Assuming the assets are held until the end of their estimated useful lives, depreciation in future years in relation to these assets will be increased/(decreased) by the following amounts:

| Year ending 31 December | £'000 |
|---|---|
| 2023 | (178) |
| 2024 | (178) |
| 2025 | 230 |
| 2026 | 230 |

3. **Financial risk management**

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

a) Interest rate risk;
b) Credit risk;
c) Liquidity risks; and
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 and Company 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.

3. Financial risk management (continued)

*a) Interest rate risk*
In 2021 the Group repaid the corporate bond and disposed of its investment in the special purpose vehicles that held the assets and the senior debt facility of a portfolio of purpose-built student accommodation (PBSA) rooms in Cardiff and Exeter.

There was no external debt held at 31 December 2021. On 28 January 2022 the Company procured two new 3 year committed liquidity facilities. These facilities are ESG-linked facilities. The two facilities are:

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

Both facilities are guaranteed by the Company and the material subsidiaries of the Company. The balance of external debt at 31 December 2022 was £30m.

The interest rate basis for both liquidity facilities is SONIA plus a margin, and therefore the interest rate is variable. There is a commitment fee payable on undrawn but committed amounts of between 35% and 40% of the margin charged.

The interest rate margin chargeable on the revolving credit facility (RCF) is between 2.15% and 2.85%. The margin will vary depending on financial covenant targets for leverage and interest cover plus sustainability targets which cover the carbon reduction, increased use of renewable energy and safety performance of the Group, measured by the three KPI measures which are embedded in the facility documents; the variability being up to plus or minus 5 basis points. The facility was undrawn at year end.

The interest rate margin chargeable on the unsecured loan facility is between 2.0% and 2.1%. The margin will vary depending sustainability targets which cover the carbon reduction, increased use of renewable energy and safety performance of the Group, measured by the three KPI measures which are embedded in the facility documents; the variability being up to plus or minus 5 basis points. The rate charged at 31 December 2022 was 2.0%.

*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 JP Morgan, in respect of which, the credit risk arising 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 19.

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 is net of expected credit loss. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, contract assets and contract receivables.

As at 31 December 2021, the directors estimated an allowance for expected credit losses based on past default experience and their assessment of the current and future economic environment. The Group provided for specific trade receivables if they became aware of factors which may have indicated credit risk. Management also reviewed the aged trade receivables analysis at the end of each reporting period and assessed the balances for impairment using the following provision matrix, adjusted for exceptions and anticipated future events:

| 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% |

As at 31 December 2022, the provision matrix for measuring expected credit loss has been adjusted. To measure expected credit losses, trade receivables, contract assets and contract receivables have been grouped based on shared or similar credit risk characteristics and the days past due that the Group has determined to be relevant based on geographical location and customer profile.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. Therefore the Group has concluded that the expected loss rates for "not yet due" category is a reasonable approximation of the loss rates for the contract assets. The provision rate across the Group ranges from 0% to 7.5%.

The expected loss rates are based on 12-month rolling assessment, on the payment profiles of credit sales over a period of 24 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified customer type, the sector and geographical location of the customer is in, and the economic outlook to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in credit risk from these factors. The adjusted provision matrix for measuring expected credit loss does not result in material effect in the current period.

Accordingly, provisions for expected credit losses booked amounted to £4.0m (2021: £4.3m) in respect of total overdue trade receivables of £48.6m (2021: £46.8m). The ageing of the debt is included in note 19.

### 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 2022 were £137.0m (2021: £104.8m). 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 £40.0m of retentions held by clients were due in more than one year under the terms of the respective contracts. Unlike trade receivables, the ageing of these balances is not an indicator of impairment and hence recoverability has been assessed based on the individual characteristics of the contract counterparty and the nature of the project, as well as the current and future anticipated trading conditions. Accordingly, the directors believe that no significant credit provision is required on these balances.

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

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

Of the amounts owed by related parties, the receivable owed by the Botley joint venture attracts the highest concentration of credit risk, due to the size and nature of the investment. At the balance sheet date, the Group was owed £82.9m (2021: £85.8m) by the Botley group of companies, which represented shareholder loans and accrued and interest. Following a RICS "red book" valuation, the directors have provided £38.5m (2021: £25.5m) against the loans and interest.

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

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

| | 31 December 2022 £000s | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | More than 5 years | Total |
| Trade and other payables | 505,334 | 527 | - | 505,861 |
| Contract liabilities: purchase retentions | 34,940 | 45,645 | 16 | 80,601 |
| Bank overdrafts | 50,594 | - | - | 50,594 |
| Bank borrowings | - | 30,000 | - | 30,000 |
| Accrued interest on bank borrowings | 291 | - | - | 291 |
| Lease liabilities | 5,897 | 19,478 | 1,910 | 27,285 |
| *Derivative financial assets:* | | | | |
| Derivative contracts – payments | 1,636 | - | - | 1,636 |
| Derivative contracts – receipts | (1,629) | - | - | (1,629) |
| **Total** | 597,063 | 95,650 | 1,926 | 694,639 |

| | 31 December 2021 £000s | | | |
|---|---|---|---|---|
| | Less than 1 year | 1 to 5 years | More than 5 years | Total |
| Trade and other payables | 501,369 | - | - | 501,369 |
| Contract liabilities: purchase retentions | 43,754 | 38,757 | - | 82,511 |
| Bank overdrafts | 40,032 | - | - | 40,032 |
| Bank borrowings | - | - | - | - |
| Lease liabilities | 5,180 | 21,051 | 1,446 | 27,677 |
| *Derivative financial assets:* | | | | |
| Derivative contracts – payments | 25,803 | 1,636 | - | 27,439 |
| Derivative contracts – receipts | (24,363) | (1,565) | - | (25,928) |
| **Total** | 591,775 | 59,879 | 1,446 | 653,100 |

### 3. Financial risk management (continued)

*d) Foreign currency and exchange rate risks*

Due to the Group's geographical spread it is exposed to changes in national economic conditions, exchange rate fluctuations and local trading restrictions. However, the Group employ local people and suppliers and has established local operating companies in each of its 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 2022 would have decreased equity and profit or loss by the following amounts:

| | 2022 £000s | | 2021 £000s | |
|---|---|---|---|---|
| | Profit or loss | Equity | Profit or loss | Equity |
| Qatari Rial | 541 | (706) | (52) | (1,172) |
| United Arab Emirates Dirham | (505) | (1,462) | (210) | (982) |
| Peruvian Nuevo Sol | (56) | (343) | (558) | (722) |
| Euro | (1,249) | (1,416) | (745) | (694) |
| Danish Krone | (230) | (388) | (129) | (111) |
| United States Dollar | (721) | (1,097) | (353) | (593) |
| Indian Rupee | (189) | (417) | (156) | (264) |

A ten percent weakening of sterling against these currencies would have an opposite effect. A common analysis basis has been applied for both 2022 and 2021. 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 2022, the Group held EUR 78.8m, AED 34.1m, USD 8.7m, CHF 4.7m and QAR 15.0m and some smaller foreign currency balances in cash at bank. A ten percent strengthening of sterling against these currencies at 31 December 2022 would have resulted in losses of £7.0m, £0.8m, £0.7m, £0.4m, £0.3m respectively.

**Capital management**
The Group's policy is to maintain and develop a strong and flexible capital base in order to maintain investor and creditor confidence. Similar policies apply to individual business divisions so as to minimise demands for routine trading activities on finance obtained at Group level. The capital structure of the Group consists of cash and cash equivalents, equity and debt. At 31 December 2022 the Group had £30m external debt excluding overdrafts and lease liabilities (2021: nil) with a further £30m of facilities undrawn.

The Group is funded by ordinary shares, retained profits, and external borrowing. In 2022 the Group entered into two new banking facilities. During the prior year the corporate bond was repaid and the debt facility for the development project for the purpose-built student accommodation in Cardiff and Exeter transferred out of the Group with the sale of the entity that held the loan, as part of the disposal of the development. There was no external debt held at the end of the prior year. The Group and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The capital requirements of the Group's divisions differ, with property development typically requiring equity and debt, consultancy and facilities management typically requiring working capital, and construction typically being cash generative. The economic cycle of each business is different. The Group manages its capital taking these differing requirements into account. The new liquidity facilities are subject to covenants over interest cover and gearing, both of which were comfortably met at the signing date.

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

The valuation as at 31 December 2022 is based on a level 3 hierarchy, given there is no observable input for the asset in 2022. The valuation was based on a discounted cash flow approach, referencing an estimated yield from the investment to the Group which is expected to be what a similar market participant would achieve from the investment.

The investment has been reviewed and revalued at the year-end. Based on latest forecasts there has been a reduction of £1.7m in the carrying value at 31 December 2022. There is no difference between the book value and fair value of other financial assets and liabilities due to the short-term nature of these instruments.

Contingent consideration was recognised in 2021 and 2022 in relation to the acquisition of the Tenman subsidiaries. More detail on the acquisition can be found in note 15.

The valuation at acquisition and as at 31 December 2022 are based on a level 3 hierarchy, given there is no observable input for the liability. The contingent consideration is based on meeting revenue and EBITDA targets, so the valuation was based on a discounted cash flow approach, referencing the expected performance for years 2021-2026.

3. *Financial risk management (continued)*

The expected contingent consideration was reviewed and revalued at the year-end based on latest forecasts and a reduction in the financial liability of £1.0m (2021: £0.2m) was recognised through fair value through profit and loss.

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

**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.

| | 2022 £000s | 2021 £000s |
|---|---|---|
| Forex forward contracts: Group & Company | (7) | (1,511) |

As the Group has not adopted hedge accounting, fair value of derivative contracts is recognised as fair value through profit and loss. A fair value gain of £1.5m (2021: £2.3m loss) was recognised in the year in relation to derivatives.

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

| | 2022 £000s | 2021 £000s |
|---|---|---|
| **Financial assets** | | |
| Financial assets at fair value | 11,314 | 12,998 |
| Financial assets at amortised cost | 543,534 | 520,892 |
| Cash and cash equivalents | 153,933 | 166,731 |
| **Financial liabilities** | | |
| Current borrowings including future interest commitments | 80,594 | 40,032 |
| Current financial liabilities measured at amortised cost | 580,225 | 606,343 |

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

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

## 4. Divisional analysis

### Revenue

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

| Continuing operations: | 2022 £000s | 2021 £000s |
|---|---|---|
| UK & Europe | 1,820,623 | 1,885,861 |
| Middle East North Africa | 108,284 | 95,654 |
| Asia | 30,399 | 16,539 |
| Sub-Saharan Africa | 6,912 | 9,169 |
| America | 62,322 | 41,539 |
| Intercompany trading | (92,052) | (115,745) |
| **Total revenue** | 1,936,488 | 1,933,017 |

### General

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

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.

| 2022 | Develop £000s | Consult £000s | Construct £000s | Operate £000s | Group Services £000s | Total £000s |
|---|---|---|---|---|---|---|
| *Group revenue* | *10,732* | *499,789* | *1,381,975* | *90,117* | *87* | *1,982,700* |
| Costs recharged to clients | - | - | - | (46,212) | - | (46,212) |
| **Total Group revenue** | 10,732 | 499,789 | 1,381,975 | 43,905 | 87 | 1,936,488 |
| Cost of sales | (7,827) | (399,526) | (1,273,167) | (37,630) | (418) | (1,718,568) |
| **Gross profit** | 2,905 | 100,263 | 108,808 | 6,275 | (331) | 217,920 |
| Administrative expenses | (2,839) | (68,766) | (43,392) | (7,250) | (52,205) | (174,452) |
| *Other income* | (134) | 37 | 34 | 334 | 774 | 1,045 |
| Fair value changes on financial liabilities measured at FVTPL | - | 1,034 | 1,506 | - | (1,684) | 856 |
| **Operating profit before exceptional items** | (68) | 32,568 | 66,956 | (641) | (53,446) | 45,369 |
| Exceptional items | (13,009) | - | - | - | - | (13,009) |
| **Operating profit** | (13,077) | 32,568 | 66,956 | (641) | (53,446) | 32,360 |
| Share of operating profit of JVs | (2) | 2,626 | - | - | 1 | 2,625 |
| Profit on disposal of a subsidiary | - | - | - | 649 | - | 649 |
| **Profit on ordinary activities before interest** | (13,079) | 35,194 | 66,956 | 8 | (53,445) | 35,634 |
| Net finance income/(costs) | 5,072 | (1,166) | 61 | (80) | (3,060) | 827 |
| **Profit before tax from continuing operations** | (8,007) | 34,028 | 67,017 | (72) | (56,505) | 36,461 |

4. Divisional analysis (continued)

| 2021 | Develop £000s | Consult £000s | Construct £000s | Operate £000s | Group Services £000s | Total £000s |
|---|---|---|---|---|---|---|
| Group revenue | 36,332 | 366,351 | 1,469,355 | 110,162 | 246 | 1,982,446 |
| Costs recharged to clients | - | - | - | (49,429) | - | (49,429) |
| **Total Group revenue** | 36,332 | 366,351 | 1,469,355 | 60,733 | 246 | 1,933,017 |
| Cost of sales | (34,820) | (288,809) | (1,356,274) | (51,416) | (2,016) | (1,733,335) |
| **Gross profit** | 1,512 | 77,542 | 113,081 | 9,317 | (1,770) | 199,682 |
| Administrative expenses | (3,601) | (44,872) | (55,825) | (7,549) | (45,136) | (156,983) |
| Other income | - | 2,301 | 981 | 1 | 609 | 3,892 |
| Fair value changes on financial liabilities measured at FVTPL | - | - | (2,052) | - | - | (2,052) |
| **Operating profit before exceptional items** | (2,089) | 34,971 | 56,185 | 1,769 | (46,297) | 44,539 |
| Exceptional items | (9,983) | - | - | - | (2,544) | (12,527) |
| **Operating profit** | (12,072) | 34,971 | 56,185 | 1,769 | (48,841) | 32,012 |
| Share of operating profit of JVs | (3) | 3,002 | - | - | - | 2,999 |
| Profit on disposal of subsidiaries | 5,968 | - | - | 102 | - | 6,070 |
| **Profit on ordinary activities before interest** | (6,107) | 37,973 | 56,185 | 1,871 | (48,841) | 41,081 |
| Net finance income/(costs) | 343 | (560) | (80) | (67) | (2,445) | (2,809) |
| **Profit before tax** | (5,764) | 37,413 | 56,105 | 1,804 | (51,286) | 38,272 |

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

| | 2022 £000s | 2021 £000s |
|---|---|---|
| **Continuing operations:** | | |
| Fixed Price & Cost Reimbursement | 1,323,975 | 1,389,327 |
| Construction Management | 58,000 | 80,028 |
| **Total revenue** | 1,381,975 | 1,469,355 |

Inter-divisional sales are carried out at open market rates. Income from three major clients in relation to construction projects amounted to 22% (2021: 23%) of total Group revenue during 2022.

Key balance sheet items by division:

**2022 balance sheet**

| | Develop £000s | Consult £000s | Construct £000s | Operate £000s | Group Services £000s | Total £000s |
|---|---|---|---|---|---|---|
| External borrowings excluding overdrafts and lease liabilities | - | - | - | - | 30,000 | 30,000 |
| Goodwill | 5,390 | 80,694 | 52,240 | 4,404 | - | 142,728 |
| Development WIP & loan to joint venture | 51,924 | - | - | - | - | 51,924 |
| Contract assets | - | 7,296 | 125,167 | 4,515 | - | 136,978 |
| Contract receivables | - | 58,263 | 21,726 | 7,331 | - | 87,320 |
| Contract liabilities | (510) | (38,176) | (150,646) | (5,532) | (231) | (195,095) |

4. Divisional analysis (continued)

2021 balance sheet

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

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:*

| | 2022 £000s | 2021 £000s |
|---|---|---|
| Due in less than one year | 1,969,732 | 1,091,650 |
| Due in one to five years | 1,218,022 | 769,997 |
| Total revenue | 3,187,754 | 1,861,647 |

6. Operating profit and EBITDA

| The operating profit is stated after charging: | 2022 £000s | 2021 £000s |
|---|---|---|
| Depreciation of owned assets | 2,994 | 3,166 |
| Depreciation of right of use assets | 3,961 | 3,230 |
| Amortisation | 3,160 | 2,409 |
| Profit on disposal of fixed assets | 5 | - |
| Share based payments | 565 | 1,666 |
| Employee benefit costs | 598,960 | 523,400 |
| | | |
| Short term lease rentals: | | |
| Land and buildings | 3,476 | 521 |
| Motor vehicles | 93 | 146 |
| | | |
| EBITDA | | |
| Profit before interest* | 35,634 | 41,081 |
| Depreciation of property, plant and equipment | 6,955 | 6,396 |
| Amortisation of intangible assets | 3,160 | 2,409 |
| | 45,749 | 49,886 |

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

6. Operating profit and EBITDA (continued)

*In the financial statements for the year ended 31 December 2021 the analysis of operating profit included disclosure of research and development costs.* Research and development costs are now disclosed on page 4 in the Strategic report.

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

| | 2022 £000s | Re-presented* 2021 £000s |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts | 1,095 | 760 |
| UK | 158 | 110 |
| Overseas | 187 | 130 |
| Additional audit fees for prior periods | 457 | 300 |
| | 1,897 | 1,300 |
| *Non-audit fees:* | | |
| Covenant compliance audit | 37 | - |
| Additional fees for prior period | 37 | - |
| | 1,971 | 1,300 |

*Figures have been re-presented to include additional audit fees in relation to prior periods.

7. Other income

| | 2022 £000s | 2021 £000s |
|---|---|---|
| Government grants | 644 | 2,123 |
| Property income | 196 | 229 |
| Management fees | 199 | - |
| Insurance income | - | 246 |
| Interest from overdue receivables | - | 703 |
| Other income | 6 | 591 |
| | 1,045 | 3,892 |

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

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

8. Finance income and costs

| | 2022 | 2021 |
|---|---|---|
| | £000s | £000s |
| Bank and other interest receivable | 127 | 119 |
| Loan interest receivable | 375 | - |
| Interest receivable from joint venture | 5,072 | 4,983 |
| Total finance income | 5,574 | 5,102 |
| | | |
| Bank and other interest payable | (2,843) | (5,853) |
| Interest charge on financial liabilities | (746) | (276) |
| Interest on post-employment benefit obligation | (259) | (167) |
| Interest expense for lease arrangements | (899) | (1,615) |
| Total finance costs | (4,747) | (7,911) |

Interest is charged on intercompany loans at market rates, at the time the loan is taken out.

9. Directors' remuneration

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

| | 2022 | 2021 |
|---|---|---|
| | £000s | £000s |
| Remuneration for services (including benefits) | 7,137 | 4,784 |
| Share-based payment | 566 | 1,603 |
| Performance related remuneration | 2,248 | 1,098 |
| Pension contributions | 12 | 16 |
| | 9,963 | 7,501 |

Pension contributions were made in respect of 3 directors (2021: 3).

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

| | 2022 | 2021 |
|---|---|---|
| | £000s | £000s |
| Remuneration for services (including benefits) | 2,176 | 886 |
| Share-based payments | - | 1,502 |
| | 2,176 | 2,388 |

The MEB members are considered to be the key management personnel.

The total amount of key management personnel compensation are as follows:

| | 2022 | 2021 |
|---|---|---|
| | £000s | £000s |
| Short-term employee benefits | 8,529 | 6,711 |
| Post-employment benefits | 52 | 53 |
| Performance related remuneration | 2,968 | 1,173 |
| Share-based payments | 566 | 1,603 |
| | 12,115 | 9,540 |

## 10. Staff costs and numbers

| Staff costs were as follows: | 2022 £000s | 2021 £000s |
|---|---|---|
| Aggregate gross wages and salaries | 519,952 | 456,308 |
| Employer's social security costs | 45,677 | 37,497 |
| Other pension costs | 34,689 | 29,830 |
| | 600,318 | 523,635 |

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

| | 2022 | 2021 |
|---|---|---|
| Corporate support services | 300 | 311 |
| Project delivery staff | 6,156 | 5,315 |
| | 6,456 | 5,626 |
| The total number of direct employees as at the reporting date was: | 6,710 | 6,054 |

## 11. Exceptional items

| | 2022 £000s | 2021 £000s |
|---|---|---|
| Provision on loan to joint venture | (13,009) | (9,983) |
| Software expense | - | (2,544) |
| | (13,009) | (12,527) |

There is no cashflow impact of the exceptional items in 2022. A provision against the loan receivable reduces the expected future cash inflow.

## 12. Tax on profit on ordinary activities

| | 2022 | 2021 |
|---|---|---|
| (a) Analysis of Group charge in year | £000s | £000s |
| **Current tax** | | |
| UK corporation tax at 19.00% (2021: 19.00%) | - | - |
| Group relief payment | (8) | (115) |
| Adjustments in respect of previous years | (1) | (1,022) |
| | (9) | (1,137) |
| Foreign tax | 13,017 | 8,225 |
| Adjustments in respect of previous periods | 2,954 | 672 |
| Total current tax expense | 15,962 | 7,760 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | (1,439) | 1,157 |
| Impact of deferred tax rate movements on opening asset/liability | (72) | (1,732) |
| Adjustments in respect of previous periods | (231) | 419 |
| *Total deferred tax credit* | (1,742) | (156) |
| **Total tax (note 12(b))** | 14,220 | 7,604 |

**(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:

| | 2022 £000s | Re-presented 2021 £000s |
|---|---|---|
| Profit on ordinary activities before tax | 36,461 | 38,272 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 6,927 | 7,272 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | 7,798 | 9,409 |
| Income not taxable for tax purposes | (6,024) | (9,607) |
| Group relief claimed | (7) | (115) |
| Non-taxable foreign branch income | (58) | (1) |
| Withholding tax deduction | 5,289 | - |
| Different rates of tax on overseas earnings | (1,014) | 1,383 |
| Research and development expenditure charge | - | 32 |
| Movement in temporary differences not recognised in deferred tax | (1,095) | 927 |
| Increase in tax losses not recognised in deferred tax | - | 20 |
| Impact of deferred tax rate movements | (318) | (1,785) |
| Adjustments to tax charge in respect of previous years – UK taxation | (1) | (603) |
| Adjustments to tax charge in respect of previous periods – overseas taxation | 2,954 | 672 |
| Adjustments to tax charge in respect of previous periods | (231) | - |
| **Current tax charge for the year (note 12(a))** | 14,220 | 7,604 |

*Re-presentation of 2021*

The Group changed the presentation of expenses not deductible and income not taxable for tax purposes from a net to a gross basis in 2022. For comparability purposes, the net reconciling entry for 2021 has been re-presented on a gross basis.

**Changes in tax rates**

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

12. Tax on profit on ordinary activities (continued)

### Effective tax rate

The Group is present in a number of jurisdictions and its effective tax rate is subject to various factors outside of the Group's control. The effective tax rate of the financial year 2022 was 39.0% as a result of £1.7m of backdated withholding taxes paid during the period in Saudi Arabia, and a prior period adjustment of Peruvian taxes withheld at source and offset against corporation tax of £2.9m. Without these two effects, the effective tax rate would have been 26.3%. The effective tax rate of 19.9% for the financial year 2021 benefited from an increased credit on deferred tax assets due to the increased UK tax rate applicable in the year.

### Future developments

Following an agreement reached by the Finance Ministers from the G7 in July 2021 backing the creation of a global minimum corporate tax rate of at least 15%, over 130 countries and jurisdictions have agreed to the OECD/G20 Inclusive Framework on BEPS, also referred to as BEPS 2.0. The new framework aims to ensure that large multinational enterprises pay a fair share of tax wherever they operate and to set a global minimum tax rate. Earliest possible implementation is in 2024 and implementation in key countries has commenced. Whilst some details are still unknown, the United Kingdom announced the adjustment of their local tax legislation by 1 January 2024. Based on the current understanding of the anticipated changes to the global tax landscape, the Group expects no material impact upon its future effective tax rate once adjustments are made to relevant local tax legislation. The Group's future effective tax rate is expected to be in a range of 25% to 30%. As mentioned above, this effective tax rate is also dependent on the various factors including foreign exchange rate movements, and any one-off events.

### Deferred taxes - Group

| Deferred tax assets | Fixed asset temporary differences | Short-term temporary differences | Losses carried forward | Total |
|---|---|---|---|---|
| | £000s | £000s | £000s | £000s |
| At 1 January 2021 | 1,422 | 5,143 | 1,456 | 8,021 |
| (Charged)/credited to: | | | | |
| - Profit and loss | (106) | (1,490) | 1,820 | 224 |
| - Equity | - | (69) | (55) | (124) |
| At 31 December 2021 | 1,316 | 3,584 | 3,221 | 8,121 |
| (Charged)/credited to: | | | | |
| - Profit and loss | (879) | 347 | 2,474 | 1,942 |
| - Foreign exchange through equity | - | - | 32 | 32 |
| At 31 December 2022 | 437 | 3,931 | 5,727 | 10,095 |

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

| Deferred tax liabilities | Fixed asset temporary differences | Short-term temporary differences | Losses carried forward | Total |
|---|---|---|---|---|
| | £000s | £000s | £000s | £000s |
| At 1 January 2021 | - | 159 | - | 159 |
| Charged/ (credited) to: | | | | |
| - Profit and loss | - | 68 | - | 68 |
| Acquisition of subsidiary companies | 1,000 | - | - | 1,000 |
| At 31 December 2021 | 1,000 | 227 | - | 1,227 |
| Charged/ (credited) to: | | | | |
| - Profit and loss | 110 | 66 | 24 | 200 |
| - Foreign exchange through equity | - | 5 | - | 5 |
| - Actuarial gains through OCI | - | 79 | - | 79 |
| At 31 December 2022 | 1,110 | 377 | 24 | 1,511 |

12. Tax on profit on ordinary activities (continued)

Deferred Taxes – Company

| Deferred tax assets | Fixed asset temporary differences | Short-term temporary differences | Losses carried forward | Total |
|---|---|---|---|---|
| | £000s | £000s | £000s | £000s |
| At 1 January 2021 | - | 36 | - | 36 |
| (Charged)/credited to profit and loss | - | 442 | 460 | 902 |
| At 31 December 2021 | - | 478 | 460 | 938 |
| (Charged)/credited to profit and loss | - | 432 | 645 | 1,077 |
| At 31 December 2022 | - | 910 | 1,105 | 2,015 |

Tax losses carried forward

Tax losses for which no deferred tax asset was recognised:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Gross amount | Tax effected | Gross amount | Tax effected |
| | £000s | £000s | £000s | £000s |
| *Tax losses expiring:* | | | | |
| Within 10 years | 1,166 | 227 | 2,630 | 599 |
| More than 10 years | - | - | 345 | 86 |
| Available indefinitely | 24,101 | 6,032 | 2,562 | 509 |
| | 25,267 | 6,259 | 5,537 | 1,194 |

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 2021 | 1,254 | 32,872 | 11,789 | 12,691 | 1,622 | 60,228 |
| Exchange differences | 12 | (46) | (7) | (17) | (16) | (74) |
| Acquisition of subsidiary companies | - | - | - | 53 | 43 | 96 |
| Additions | - | 3,098 | 718 | 2,182 | 65 | 6,063 |
| Reclassification as asset held for sale | - | - | (2) | (28) | (35) | (65) |
| Reclassification | - | - | 110 | - | (110) | - |
| Disposals | - | (3,625) | (305) | (4,852) | (27) | (8,809) |
| At 31 December 2021 | 1,266 | 32,299 | 12,303 | 10,029 | 1,542 | 57,439 |
| Exchange differences | 150 | 343 | 57 | 245 | 97 | 892 |
| Additions | - | 7,440 | 482 | 3,162 | 12 | 11,096 |
| Disposal | (352) | (1,220) | (92) | (112) | (12) | (1,788) |
| At 31 December 2022 | 1,064 | 38,862 | 12,750 | 13,324 | 1,639 | 67,639 |
| **Depreciation and impairment** | | | | | | |
| At 1 January 2021 | 424 | 19,758 | 5,421 | 9,374 | 1,242 | 36,219 |
| Exchange differences | 4 | (35) | (5) | (6) | (14) | (56) |
| Charge for the year | 48 | 3,230 | 789 | 2,212 | 117 | 6,396 |
| Acquisition of subsidiary companies | - | - | - | 20 | 22 | 42 |
| Reclassification as asset held for sale | - | - | (3) | (27) | (34) | (64) |
| Reclassification | - | - | 107 | - | (107) | - |
| Disposals | - | (2,876) | (303) | (4,849) | (26) | (8,054) |
| At 31 December 2021 | 476 | 20,077 | 6,006 | 6,724 | 1,200 | 34,483 |
| Exchange differences | 56 | 172 | 56 | 168 | 80 | 532 |
| Charge for the year | - | 3,961 | 681 | 2,223 | 90 | 6,955 |
| Disposals | - | (1,220) | (92) | (5) | (7) | (1,324) |
| At 31 December 2022 | 532 | 22,990 | 6,651 | 9,110 | 1,363 | 40,646 |
| **Net book value** | | | | | | |
| At 31 December 2022 | 532 | 15,872 | 6,099 | 4,214 | 276 | 26,993 |
| At 31 December 2021 | 790 | 12,222 | 6,296 | 3,306 | 342 | 22,956 |

The Group had capital commitments of £0.5m at 31 December 2022 (2021: £0.9m). The Company did not own any property, plant and equipment.

## 14. Intangible assets

| Group | Computer Software | Assets under construction | Goodwill | Customer relationships | Brand | Total |
|---|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s | £000s |
| **Cost** | | | | | | |
| At 1 January 2021 | 5,051 | 14,540 | 133,411 | - | - | 153,002 |
| Additions | 2,397 | 1,642 | - | - | - | 4,039 |
| Acquisition of subsidiaries | - | - | 9,888 | 4,800 | 300 | 14,988 |
| Reclassification | 14,540 | (14,540) | - | - | - | - |
| Reclassification to asset held for sale (note 25) | - | - | (96) | - | - | (96) |
| At 31 December 2021 | 21,988 | 1,642 | 143,203 | 4,800 | 300 | 171,933 |
| Additions | 20 | 2,034 | - | - | - | 2,054 |
| Reclassification | 1,597 | (1,597) | - | - | - | - |
| Exchange differences | - | - | 1,636 | - | - | 1,636 |
| **At 31 December 2022** | 23,605 | 2,079 | 144,839 | 4,800 | 300 | 175,623 |
| **Amortisation and impairment** | | | | | | |
| At 1 January 2021 | 1,188 | - | 2,111 | - | - | 3,299 |
| Charge for the year | 2,167 | - | - | 200 | 42 | 2,409 |
| At 31 December 2021 | 3,355 | - | 2,111 | 200 | 42 | 5,708 |
| Charge for the year | 2,583 | - | - | 480 | 97 | 3,160 |
| **At 31 December 2022** | 5,938 | - | 2,111 | 680 | 139 | 8,868 |
| **Net book value** | | | | | | |
| **At 31 December 2022** | 17,667 | 2,079 | 142,728 | 4,120 | 161 | 166,755 |
| At 31 December 2021 | 18,633 | 1,642 | 141,092 | 4,600 | 258 | 166,225 |

The addition to goodwill in 2021 relates to the acquisition of the MaceTpm partnership. More details are included in the acquisition note 15. Goodwill in relation to Mace Macro Technical Services LLC was reclassified to assets held for sale in 2021. More information is included in the held for sale note 25. The carrying amount of goodwill is allocated to the CGUs as follows:

| | 2022 | 2021 |
|---|---|---|
| | £000s | £000s |
| Develop | 5,390 | 7,240 |
| Consult | 80,694 | 77,672 |
| Construct | 52,240 | 52,240 |
| Operate | 4,404 | 3,940 |
| | 142,728 | 141,092 |

In 2022, £1.84m of goodwill has been transferred from the Develop CGU to the Consult CGU due to the transfer of development management business between the engines.

The recoverable amount of each CGU has been determined by estimating its value in use by reference to the present value of forecast revenue and the residual profits. The forecasts were prepared for commercial purposes and rely on specific assumptions and projections on a CGU-by-CGU basis, using management's detailed knowledge and expectations of the outcome of each CGU. The projections were primarily prepared using historic performance indicators, secured order book values and a comparison of the secured order book to historic trends. They were originally prepared based on a five-year strategy, starting from 2022 to 2026, and subsequently the 2023 forecast is updated to align with the Group's budget and extended to 2027 based on CGU specific growth rate. The terminal value of Consult, Construct and Operate CGUs are calculated based on the latest 2027 forecast with an assumed 2% long-term growth rate. The terminal value of Develop CGU is calculated based on the expected cash inflows of projects due to the long-term nature of development projects.

The forecasts are discounted using CGU specific post-tax rates that reflect the current market assessment of the time value of money and the risks specific to the CGU. The post-tax discount rate used as the starting point is based on the estimated weighted average cost of capital, which has then been adjusted for a number of factors to determine the discount rate, including the risk-free rate in the UK and the inherent risk of the forecast income streams included in the Group's cash flow projections. Pre-tax discount rates are then determined from the post-tax discount rates.

The analysis has been done primarily on the goodwill attributed to each of the CGUs but also incorporates other intangible and tangible assets.

Develop CGU: A pre-tax discount rate of 11.7% has been applied to the Develop CGU.

Consult CGU: A pre-tax discount rate of 13.8% has been applied to the Consult CGU.

14. Intangible assets (continued)

Construct CGU: A pre-tax discount rate of 16.4% has been applied to the Construct CGU.

Operate CGU: A pre-tax discount rate of 14.8% has been applied to the Operate CGU.

Analysis using the 2023 – 2027 forecasts does not indicate any need for impairment based on the goodwill carrying values as at 31 December 2022. Therefore, the directors consider that no impairment or further adjustment of the goodwill, other intangibles or tangible asset carrying value is necessary.

As at the measurement date, the recoverable amount of all cash-generating units, based on their value in use, is significantly higher than the carrying amount relevant for the impairment test. After considering all key assumptions, management considers that a reasonably pessimistic revision of key assumptions which can rationally be expected would not cause the carrying amount of the cash-generating units to exceed their recoverable amount.

The Company did not own any intangible assets.

## 15. Acquisitions

On 6 August 2021, Mace announced a new strategic partnership in South East Asia, known as 'MaceTpm' being a partnership between Mace and Tenman Tpm. In forming this partnership, Mace Consultancy (Asia Pacific) Limited, a subsidiary of Mace Limited, acquired a 100% ownership of two Tenman Tpm entities based in Hong Kong and a Tenman Tpm entity based in the Philippines for a £14.7m consideration. £1.8m of this was contingent consideration at acquisition and £5.4m was deferred consideration at 31 December 2021. Goodwill of £9.9m was recognised on acquisition of the business. This partnership 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. The voting rights as at acquisition date was 60% and subsequently increased to 100% on 11 February 2023. The 40% voting rights have been accounted for as deferred consideration under financial liabilities in 2021.

Part of the contingent consideration and deferred consideration have been paid off in 2022. The payment of deferred and contingent consideration is different from the balance recognised as at 31 December 2021, this reflects interest cost and foreign exchange difference in the year. The contingent consideration has been reassessed in 2022 and £1m gain from changes in fair value through profit and loss has been recognised.

| | 2022 | 2021 |
|---|---|---|
| Cash outflow in relation to the acquisition is presented below: | £'000 | £'000 |
| Acquisition cost | - | (14,695) |
| Payment of deferred and contingent consideration | (7,279) | - |
| Less deferred and contingent consideration | - | 7,157 |
| Cash acquired | - | 1,823 |
| Transaction costs | - | (286) |
| **Net cash outflow from acquisition of subsidiaries** | (7,279) | (6,001) |

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

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

15. Acquisitions (continued)

| Reconciliation between consideration and net assets | £'000 |
|---|---|
| Consideration | 14,695 |
| Less: Net assets acquired | (5,431) |
| Less: Dividend liability as NCI being taken out from net assets acquired | 624 |
| Goodwill | 9,888 |

16. Disposals

On 15 August 2022, the Group completed the disposal of Mace Macro Technical Services LLC for consideration of £1.0m. The entity has not been classified as a discontinued operation as it does not represent a major operation for the Group. The entity was classified as held for sale in 2021.

| *The gain on disposal is analysed as follows:* | £000s |
|---|---|
| Proceeds | 952 |
| Net asset disposed (see below) | (186) |
| Transaction costs | (65) |
| Recycling of foreign exchange reserve | (52) |
| **Profit on disposal of subsidiary** | 649 |
| Income tax expense on gain on disposal | - |

| *The current year net cash flow effect of the disposal is analysed as follows:* | £000s |
|---|---|
| Proceeds | 952 |
| Less proceeds receivable from deferred consideration receivable | (520) |
| Less intercompany balances settled | (31) |
| Cash disposed | (254) |
| Transaction costs | (65) |
| **Net disposal proceeds received** | 82 |

| *The major classes of assets and liabilities disposed are as follows:* | £000s |
|---|---|
| Goodwill | 96 |
| Property, plant and equipment | 1 |
| Trade and other receivables | 607 |
| Current tax assets | 3 |
| Cash | 254 |
| Trade and other payables | (630) |
| Current tax liabilities | (145) |
| **Net assets disposed** | 186 |

16. Disposals (continued)

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

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

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

| | Cardiff & Exeter Student Accommodation* | Mace Macro Owners Association Management Co | Total |
|---|---|---|---|
| *The prior year net cash flow effect of the disposal is analysed as follows:* | £000s | £000s | £000s |
| Proceeds | 12,619 | 281 | 12,900 |
| Less proceeds from deferred consideration receivable | - | (136) | (136) |
| Less intercompany balances settled | - | (31) | (31) |
| Cash disposed | (2,657) | (41) | (2,698) |
| Transaction costs | (1,200) | (40) | (1,240) |
| Adjusted for transaction costs payable | - | 21 | 21 |
| **Net disposal proceeds received** | 8,762 | 54 | 8,816 |
| *The major classes of assets and liabilities disposed are as follows:* | £000s | £000s | £000s |
| Development work in progress | 145,978 | - | 145,978 |
| Trade and other receivables | 3,170 | 246 | 3,416 |
| Cash | 2,657 | 41 | 2,698 |
| Trade and other payables | (52,032) | (73) | (52,105) |
| Short term borrowings | (94,322) | - | (94,322) |
| Non-controlling interest | - | (75) | (75) |
| **Net assets disposed** | 5,451 | 139 | 5,590 |

* The legal entities disposed of as part of the Cardiff and Exeter student accommodation disposal included the following: Graduation Exeter and Cardiff (Jersey) Limited; Graduation Exeter Retail Management Limited; Graduation Cardiff Retail Management Limited; Graduation Cardiff Management Limited; Graduation Exeter Management Limited; Mace Developments (Cardiff) Limited; Mace Developments (Exeter) Limited; Graduation Exeter (Phase 2) Limited.

## 17. Joint arrangements

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

### Joint ventures

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

| | Dubai Expo 2020 | | MWJV Limited | | Botley | | Mace Engenharia E Servicos Ltda | | Other joint ventures and joint operations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| Non-current assets | - | - | - | 5 | - | - | 199 | 70 | 40 | 26 | 239 | 101 |
| Current assets | 2,454 | 2,636 | 2,034 | 2,174 | 103,359 | 133,920 | 1,481 | 4,136 | 497 | 300 | 109,825 | 143,166 |
| Cash and cash equivalents | - | 107 | 506 | 173 | 7,552 | 3,322 | 5,213 | 3,607 | 144 | 166 | 13,415 | 7,375 |
| Current liabilities | (1,523) | (1,601) | - | - | (84,705) | (88,823) | (6,346) | (6,726) | (384) | (2,403) | (92,958) | (99,553) |
| Current financial liabilities | - | - | (2,513) | (2,261) | - | - | - | - | - | 2,261 | (2,513) | - |
| Non-current liabilities | - | - | - | - | (1,319) | (69,848) | - | - | (3) | (2) | (1,322) | (69,850) |
| Non-current financial liabilities | - | - | - | - | (70,012) | - | - | - | - | - | (70,012) | - |
| Total | 931 | 1,142 | 27 | 91 | (45,125) | (21,429) | 547 | 1,087 | 294 | 348 | (43,326) | (18,761) |
| | | | | | | | | | | | | |
| Revenue | 15,478 | 18,919 | 11,546 | 8,077 | 4,967 | 3,581 | 5,844 | 3,226 | 3,550 | 2,378 | 41,385 | 36,181 |
| Expenses | (10,631) | (12,350) | (11,506) | (7,962) | (11,708) | (1,283) | (4,078) | (2,781) | (3,779) | (2,318) | (41,702) | (26,694) |
| Depreciation & amortisation | - | - | (5) | (6) | - | - | - | - | - | 2 | (5) | (4) |
| Interest expense | - | - | - | - | (7,597) | (6,945) | - | - | (9) | (1) | (7,606) | (6,946) |
| Income tax | - | - | (8) | (21) | 306 | - | (1,018) | - | (1) | - | (721) | (21) |
| Profit/(loss) for the year | 4,847 | 6,569 | 27 | 88 | (14,032) | (4,647) | 748 | 445 | (239) | 61 | (8,649) | 2,516 |

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

**MWJV Limited** is a joint venture between the Mace Group and Ward Williams Associates delivering multi-disciplinary services to the public sector in the South West. Mace has joint control with a 50% profit share and net asset agreement. The arrangement is classified as a joint venture, and the equity method of accounting has been applied.

**Botley** includes the Develop joint ventures Botley Developments (Holdings) Limited which owns BDC Phase 2 Ltd and The Botley Development Company Limited. These are separate legal entities, so the arrangement is classified as a joint venture of which Mace Ltd has 50% joint control with another party and has equal voting rights. The equity method of accounting has been applied.
*The purpose of the Botley Development (Holdings) Limited is to undertake the development of the site in Oxford. The JV operates from the* UK and is an entity registered in England and Wales. The Botley Development Company Limited has raised its own development debt finance, which has security over the assets. Botley Development (Holdings) Limited has raised shareholder debt finance from Mace Finance Limited.

**Mace Engenharia E Servicos Ltda** is a Company incorporated under Angolan law with a registered office in Luanda. It has two shareholders, Mace – Consultoria e 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.

## 18. Investments

| Group | Joint ventures & associates £000s | Other investments £000s | Total £000s |
|---|---|---|---|
| Cost less provisions | | | |
| At 1 January 2021 | 2,676 | 10,116 | 12,792 |
| Exchange differences | 72 | - | 72 |
| Additions | - | 2,882 | 2,882 |
| Share of post-acquisition profit after tax | 2,999 | - | 2,999 |
| Dividends received | (4,406) | - | (4,406) |
| At 31 December 2021 | 1,341 | 12,998 | 14,339 |
| Exchange differences | (498) | - | (498) |
| Share of post-acquisition profit after tax | 2,625 | - | 2,625 |
| Dividends received | (2,524) | - | (2,524) |
| Fair value adjustment | - | (1,684) | (1,684) |
| At 31 December 2022 | 944 | 11,314 | 12,258 |

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

| Company | Subsidiaries £000s |
|---|---|
| Cost less provisions | |
| At 1 January 2021 | 141,604 |
| Additions | 4,507 |
| At 31 December 2021 | 146,111 |
| At 31 December 2022 | 146,111 |

## 19. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Amounts falling due after more than one year: | £000s | £000s | £000s | £000s |
| Employee benefit trust loan | - | - | - | 2,800 |
| Prepayments | 600 | 1,199 | - | - |
| | 600 | 1,199 | - | 2,800 |
| **Amounts falling due within one year:** | | | | |
| Trade receivables | 213,867 | 167,119 | - | - |
| Contract assets | 136,978 | 104,817 | - | - |
| Contract receivables | 87,320 | 116,600 | - | - |
| Amounts owed by subsidiary undertakings | - | - | 14,606 | 2,274 |
| Amounts owed by joint ventures and associates | 1,016 | 1,726 | - | - |
| Loans to directors | 1,284 | 1,496 | 1,149 | 1,496 |
| Loan to shareholders | 68 | - | 68 | - |
| Loan receivable | 2,500 | 1,250 | - | - |
| Loan interest receivable | 689 | 314 | - | - |
| Cash collateral | - | 1,975 | - | - |
| Employee benefit trust loan | - | - | 2,800 | - |
| Other debtors | 51,766 | 54,224 | 1,048 | 777 |
| Other tax and social security receivables | 9,361 | 7,005 | - | 135 |
| Prepayments | 14,242 | 10,318 | 570 | - |
| | 519,091 | 466,844 | 20,241 | 4,682 |

Retentions will be collected in the normal operating cycle of the Group and are therefore shown in current receivables. £40.0m (2021: £41.2m) of the retention receivable is due in more than one year and £97.0m (2021: £63.6m) of the retention receivable is due within one year.

The reason for the increase in contract assets from 2021 to 2022 is mostly due to growth of project retention balance. The value of the sales retention depends on the stage of the project at the balance sheet date and the size of the project.

| Debtors past and overdue | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | £000s | £000s | £000s | £000s |
| Trade receivables not past due | 169,266 | 124,606 | - | - |
| Trade receivables past due 1-30 days | 26,457 | 19,087 | - | - |
| Trade receivables past due 31-60 days | 6,485 | 19,437 | - | - |
| Trade receivables past due over 60 days | 15,703 | 8,311 | - | - |
| Gross trade receivables | 217,911 | 171,441 | - | - |
| Less provision for expected credit losses | (4,044) | (4,322) | - | - |
| Trade debtors | 213,867 | 167,119 | - | - |

## 20. Development work in progress and loan to joint venture

| | 2022 £000s | 2021 £000s |
|---|---|---|
| Work in progress | 7,494 | 6,058 |
| Finished development assets | - | 6,485 |
| **Development work in progress** | 7,494 | 12,543 |
| | | |
| Loan to joint venture | 82,914 | 85,827 |
| Provision on loan to joint venture | (38,484) | (25,475) |
| **Development loan to joint venture** | 44,430 | 60,352 |

Work in progress on development schemes includes £0.1m of capitalised interest during the year (2021: £0.6m). £6.5m development work in progress was expensed as cost of sales in the period (2021: £30.4m).

## 21. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 £000s | Re-presented* 2021 £000s | 2022 £000s | 2021 £000s |
| **Amounts falling due more than one year:** | | | | |
| Long term incentive plan accrual | 527 | - | - | - |
| | | | | |
| **Amounts falling due within one year:** | | | | |
| Trade creditors | 116,590 | 105,253 | - | - |
| Contract liabilities | 195,095 | 195,827 | - | - |
| Amounts due to subsidiaries | - | - | 79,838 | 115,739 |
| Amounts due to joint ventures and associates | 130 | 124 | - | - |
| Dividend payable to non-controlling interests | 341 | - | - | - |
| Accruals | 298,403 | 303,550 | 390 | 1,738 |
| Taxation and social security payables | 71,938 | 92,726 | 629 | 252 |
| Post-employment benefit obligation | 8,167 | 9,737 | - | - |
| Other creditors | 12,755 | 8,918 | 205 | 40 |
| | 703,419 | 716,135 | 81,062 | 117,769 |

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

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

£76m of group revenue recognised in the period was included in the contract liability balance at the beginning of the year (2021: £127m).

Group contract liabilities have increased as a result of more income being deferred in 2023 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.

*Re-presentation to reclassify £20.1m reported as other creditors in 2021 to trade creditors.

21. Trade and other payables (continued)

| Reconciliation of post-employment benefit obligation: | Group | | Company | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Post-employment benefit liability at 1 January 2022 | 9,737 | 5,844 | - | - |
| Disposal of subsidiary | (158) | - | - | - |
| Reclassification | - | 3,341 | - | - |
| Change in assumptions | - | 921 | - | - |
| Service cost | 2,088 | 1,718 | - | - |
| Interest cost | 259 | 197 | - | - |
| Settlement gain | (119) | - | - | - |
| Liability utilised | (3,138) | (2,463) | - | - |
| Actuarial (gain)/ loss | (980) | 91 | - | - |
| Exchange difference | 1,112 | 88 | - | - |
| Post-employment benefit obligation at 31 December 2022 | 8,801 | 9,737 | - | - |

The reclassification balance in 2021 represents gratuity provisions in other entities in the Group, that were previously recognised within accruals.

| Post-employment benefit obligation remeasurement: | | | | |
|---|---|---|---|---|
| Liability gain due to changes in assumptions | (1,075) | (412) | - | - |
| Liability experience loss arising during the year | 95 | 503 | - | - |
| Total actuarial (gain)/ loss recognised in other comprehensive income | (980) | 91 | - | - |
| Exchange difference | 1,112 | 88 | - | - |
| Total amount recognised in other comprehensive income in the year | 132 | 179 | - | - |

| Post-employment benefit obligation future cash flows: | | | | |
|---|---|---|---|---|
| Expected benefits paid by the plan for the next financial year | (1,233) | (1,391) | - | - |

*Consult:*

| Amount, timing and uncertainty of post-employment benefit obligation future cash flows: | | | | |
|---|---|---|---|---|
| Sensitivity 1 – discount rate plus 0.5% - % difference in post-employment benefit obligation | (4.3%) | (4.6%) | - | - |
| Sensitivity 2 – discount rate minus 0.5% - % difference in post-employment benefit obligation | 4.7% | 4.9% | - | - |
| Sensitivity 3 – salary growth rate plus 0.5% - % difference in post-employment benefit obligation | 4.9% | 5.2% | - | - |
| Sensitivity 4 – salary growth rate minus 0.5% - % difference in post-employment benefit obligation | (4.6%) | (4.8%) | - | - |

| Post-employment benefit obligation assumptions: | | | | |
|---|---|---|---|---|
| Discount rate | 5.0% | 2.6% | - | - |
| Rate of compensation increase | 4.0% | 3.0% | - | - |
| Plan duration (years) | 9.80 | 10.12 | - | - |

21. Trade and other payables (continued)

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| *Operate:* | | | | |
| Amount, timing and uncertainty of post-employment benefit obligation future cash flows: | | | | |
| Sensitivity 1 – discount rate plus 0.5% - % difference in post-employment benefit obligation | (4.9%) | (4.5%) | - | - |
| Sensitivity 2 – discount rate minus 0.5% - % difference in post-employment benefit obligation | 5.4% | 4.9% | - | - |
| Sensitivity 3 – salary growth rate plus 0.5% - % difference in post-employment benefit obligation | 6.2% | 5.0% | - | - |
| Sensitivity 4 – salary growth rate minus 0.5% - % difference in post-employment benefit obligation | (5.7%) | (4.6%) | - | - |
| Post-employment benefit obligation assumptions: | | | | |
| Discount rate | 5.1% | 2.8% | - | - |
| Rate of compensation increase | 3.0% | 3.0% | - | - |
| Plan duration (years) | 11.36 | 10.21 | - | - |

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

22. Provisions, contingent liabilities and contingent assets

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

Onerous contract provisions

| | Group £000s | Company £000s |
|---|---|---|
| At 1 January 2021 and 1 January 2022 | - | - |
| Additional provisions | 3,775 | - |
| At 31 December 2022 | 3,775 | - |

Other provisions

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 £000s | 2021 £000s | 2022 £000s | 2021 £000s |
| At 1 January | 96,146 | 84,315 | - | - |
| Unused amounts released | (11,332) | (3,313) | - | - |
| Utilised provisions | (18,541) | (9,712) | - | - |
| Additional provisions | 27,737 | 24,856 | - | - |
| Exchange difference | (56) | - | - | - |
| At 31 December | 93,954 | 96,146 | - | - |

Other provisions included land overage payment provision of £6.3m (2021: £6.1m).

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

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 £000s | 2021 £000s | 2022 £000s | 2021 £000s |
| Due within one year | 9,334 | 12,483 | - | - |
| Due after one year | 88,395 | 83,663 | - | - |
| | 97,729 | 96,146 | - | - |

In relation to the amounts included in provisions, £33.8m (2021: £34.1m) of expected reimbursement is included within other debtors in note 19.

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 2022 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 2022 the Mace Finance Limited Company and Group had no contingent liabilities in relation to claims (2021: £nil).

Contingent assets
The Group had contingent assets of £15.7m (2021: £15.4m) in relation to claims against third parties for the reimbursement of costs on construction contracts relating to 6 ongoing matters (2021: 6).

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

**23. Financial liabilities**

| | *Group* | | *Company* | |
|---|---|---|---|---|
| | **2022 £000s** | 2021 £000s | **2022 £000s** | 2021 £000s |
| **Amounts due within one year:** | | | | |
| Derivatives not designated as hedging instruments: Foreign currency exchange contracts | 7 | 1,511 | - | - |
| Acquisition forward liability | - | 692 | - | - |
| Acquisition contingent liability | 466 | 117 | - | - |
| | 473 | 2,320 | - | - |
| **Amounts due after more than one year:** | | | | |
| Acquisition forward liability | - | 4,898 | - | - |
| Acquisition contingent liability | 181 | 1,518 | - | - |
| | 181 | 6,416 | - | - |

## 24. Lease liabilities & borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | £000s | £000s | £000s | £000s |
| Due within one year: | | | | |
| Bank overdraft | 50,594 | 40,032 | 16,880 | - |
| Lease liabilities | 6,132 | 5,180 | - | - |
| | 56,726 | 45,212 | 16,880 | - |
| Due within two to five years: | | | | |
| Lease liabilities | 19,386 | 17,777 | - | - |
| Bank loan | 30,000 | - | 30,000 | - |
| | 49,386 | 17,777 | 30,000 | - |

See the section on capital risk management in the financial risk management note 3 for further details of the external borrowings.

## 25. Assets and liabilities held for sale

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

The held for sale assets and liabilities held in 2021 relate to an investment in subsidiary that is not a major line of business or geographical area of operations for the Group and was not acquired exclusively with the view to resale. It is therefore not classified as a discontinued operation.

On 15 August 2022, the Group disposed of Mace Macro Technical Services LLC. Information on the disposal is included in the disposal note 16.

| Assets of a disposal group classified as held for sale: | 2022 £000s | 2021 £000s |
|---|---|---|
| Property, plant and equipment | - | 1 |
| Intangible assets | - | 96 |
| Trade and other receivables | - | 578 |
| Current tax assets | - | 3 |
| Cash at bank | - | 254 |
| | - | 932 |

| Liabilities of a disposal group classified as held for sale: | 2022 £000s | 2021 £000s |
|---|---|---|
| Trade and other payables | - | (631) |
| Current tax liabilities | - | (145) |
| | - | (776) |

| Statement of comprehensive income: Mace Macro Technical Services LLC | 2022 £000s | 2021 £000s |
|---|---|---|
| Revenue | - | 3,675 |
| Cost of sales | - | (3,099) |
| Gross profit | - | 576 |
| Administrative expenses | - | (90) |
| Operating profit | - | 486 |
| Finance costs | - | (7) |
| Profit on ordinary activities before taxation | - | 479 |
| Income tax | - | - |
| Profit | - | 479 |

## 26. Share capital and reserves

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Number of shares | Ordinary shares value | Number of shares | Ordinary shares value |
| Group and Company: | | £000s | | £000s |
| *Allotted, called up and fully paid* | | | | |
| Ordinary shares at 0.01p each | 8,185,000 | 1 | 8,800,000 | 1 |
| Ordinary A shares at 0.01p each | - | - | 6,840,000 | 1 |
| At 31 December 2021 and 2022 | 8,185,000 | 1 | 15,640,000 | 2 |

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

Ordinary Shares
The following transactions took place in 2022:

On 14 March 2022, the Company undertook a share-buy-back of 50,000 ordinary shares from the EBT of £0.0001 each for an agreed consideration of £1,127,000. The shares were subsequently cancelled.

On 14 March 2022, the Company made an allotment of 50,000 ordinary shares of £0.0001 each for an agreed consideration of £5 to a Director of the Company, Mandy Willis, as part of its incentive program.

On 18 May 2022, the Company undertook a disposal of 600,000 treasury shares of £0.0001 each for an agreed consideration of £60 following the share buyback which occurred on 25 January 2021.

On 5 April 2022, having met the performance criteria under a Restricted Share Award 100,000 ordinary shares of £0.0001 each were awarded from the EBT to a Director of the Company, Richard Bienfait. These were accounted for as a share-based payment.

On 31 August 2022, having met the performance criteria under a Restricted Share Award 100,000 ordinary shares of £0.0001 each were awarded from the EBT to a Director of the Company, Richard Bienfait. These were accounted for as a share-based payment.

On 31 August 2022, the Company approved the transfer of 300,000 ordinary shares of £0.0001 each from Richard Bienfait on his exit from the business to the remaining Shareholders. The shares were allocated pro-rata. The Company facilitated payment by taking receipt of the consideration from the individual Shareholders and making a one-off payment to the exiting Shareholder.

On 26 September 2022, having met the performance criteria under a Restricted Share Award 25,000 ordinary shares of £0.0001 each were awarded at the exercise price of £0.775 each from the EBT to a Director of the Company, Mandy Willis. These were accounted for as a share-based payment.

On 27 September 2022, having met the performance criteria under a Restricted Share Award 15,000 ordinary shares of £0.0001 each were awarded at the exercise price of £0.775 each from the EBT to a Shareholder. These were accounted for as a share-based payment.

On 27 September 2022, having met the performance criteria under a Restricted Share Award 28,037 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a Director of the Company, Stephen Jeffrey. These were accounted for as a share-based payment.

On 12 October 2022, having met the performance criteria under a Restricted Share Award 15,000 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a Director of the Company, Jonathan Foster. These were accounted for as a share-based payment.

On 12 October 2022, the Company undertook a share-buy-back of 15,000 ordinary shares from a Director of the Company, Jonathan Foster, of £0.0001 each for an agreed consideration of £338,100. The shares were subsequently cancelled.

On 25 October 2022, having met the performance criteria under a Restricted Share Award 28,037 ordinary shares of £0.0001 each were awarded at the exercise price of £1.07 each from the EBT to a Director of the Company, Lee Penlington. These were accounted for as a share-based payment.

Ordinary A Shares
On 15 August 2022, the Company carried out an exercise to the shareholdings for the Company resulting in the share buyback and cancelation of all Ordinary-A shares classed as non-equity with no voting rights. The shares were acquired at par which resulted in an accumulated cost to the Company of £684. The shares were subsequently cancelled.

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

Details of post year end share transactions are included in note 31.

26. Share capital and reserves (continued)

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

Retained earnings movement relates to the profit and loss result of the year, distribution of dividends and equity-settled share-based payment transactions. For the year ended 31 December 2022, share-based payment reserve has been reclassified to retained earnings. For the year ended 31 December 2021, share-based payments reserve was presented separately as an equity reserve in both the Company and group financial statements. In order to present more fairly the realised profit and loss from share-based payment transactions, decision has been taken to remove the classification, and re-present amount recognised under share-based payment reserve as part of retained earnings within equity. The reclassification has no impact on any other financial statement line items. Share-based payment transactions accumulated within retained earnings as at 31 December 2022 amounted to £0.02m (2021: £12.4m).

Own shares relate to treasury shares and are held by the Employee Benefit Trust and group companies, the own shares are deducted from equity and the shares are held at historical cost until they are sold.

27. Notes to the cash flow statement

Group reconciliation of operating activities to operating cash flows

| | Note | 2022 £000s | 2021 £000s |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before interest | | 35,634 | 41,081 |
| Adjustments for: | | | |
| Profit on disposal of fixed assets | 6 | 5 | - |
| Profit on lease amendments | | - | (273) |
| Depreciation of property, plant and equipment | 13 | 6,955 | 6,396 |
| Amortisation of intangible assets | 14 | 3,160 | 2,409 |
| Acquisition costs | 15 | - | 295 |
| Profit on disposal of investments | 16 | (649) | (6,070) |
| Share of net profits of joint ventures | 18 | (2,625) | (2,999) |
| Revaluation to fair value | | 650 | (207) |
| Movement on provisions | | 30,837 | 34,165 |
| Income from government grants | | (14,942) | (2,100) |
| Share based payments | | 566 | 1,666 |
| Other non-cash movements | | - | (354) |
| Foreign exchange - retranslation | | 5,440 | 4,164 |
| **Cash flows before changes in working capital** | | 65,031 | 78,173 |
| Working capital changes: | | | |
| Increase in trade and other receivables | | (40,065) | (88,674) |
| Decrease in work in progress | | 5,049 | 24,421 |
| (Decrease)/ increase in trade payables | | (31,857) | 57,718 |
| Government grants and loan | | 14,942 | 144 |
| **Decrease in working capital** | | (51,931) | (6,391) |
| **Income taxes paid** | | (12,578) | (5,840) |
| **Net finance costs** | | (4,013) | (11,666) |
| **Net cash (outflows)/ inflows from operating activities** | | (3,491) | 54,276 |

Reconciliation of changes in liabilities arising from financing transactions:

| | 1 January 2022 £000s | Cash flows £000s | Non-cash changes: Foreign exchange movement £000s | Non-cash changes: Additions | Non-cash changes: Fair value changes £000s | 31 December 2022 £000s |
|---|---|---|---|---|---|---|
| Bank borrowings and corporate bond | - | 30,000 | - | - | - | 30,000 |
| Lease liabilities | 22,957 | (5,134) | 216 | 7,479 | - | 25,518 |
| Derivatives not designated as hedging instruments: Foreign currency exchange contracts | 1,511 | - | - | - | (1,504) | 7 |
| **Total liabilities from financing activities** | 24,468 | 24,866 | 216 | 7,479 | (1,504) | 55,525 |

27. Notes to the cash flow statement (continued)

Restricted cash
Restricted cash of £26.5m (2021: £0.2m) includes £11.1m held within joint operations for restricted use, including £3.4m of cash held in project bank accounts. £14.8m was held for an advance payment bond that was released in 2023. There are some other smaller restricted cash balances amounting to £0.6m (2021: £0.2m).

| Net cash reconciliation | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| Short term lease liabilities and borrowings | 24 | (56,726) | (45,212) |
| Long term lease liabilities and borrowings | 24 | (49,386) | (17,777) |
| Less: lease liabilities | | 25,516 | 22,957 |
| Cash at bank (excluding restricted cash) | | 153,933 | 166,731 |
| Net cash | | 73,337 | 126,699 |

28. Share-based payments

As part of the arrangements constituting the MBO of January 2014, 1,850,000 ordinary shares were issued at par to an Employee Benefit Trust controlled by the Company. The purpose of the issue was to enable the Group to incentivise directors and eligible employees by granting them shares or options over the shares. At 31 December 2022, 1,905,000 (2021: 1,565,889) shares had been granted. Share-based payment charges arising from share options, restricted share issues and unrestricted share issues relating to directors of the Company have been charged to the statement of comprehensive income and disclosed within directors' remuneration in note 9.

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

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

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

The fair value was recognised over the vesting period which was estimated as 5 years. The charge in 2022 amounted to £nil (2021: £76,977). Since these options were granted to employees of Mace Limited, the amount was recharged as an employment cost to Mace Limited.

Set out below are summaries of options granted under the plan:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Average exercise price per share option | Number of share options | Average exercise price per share option | Number of share options |
| As at 1 January | £0.99 | 139,112 | £0.99 | 154,112 |
| Exercised during the year | £0.96 | (111,075) | £1.07 | (15,000) |
| As at 31 December | £1.07 | 28,037 | £0.99 | 139,112 |
| Vested and exercisable as at 31 December | £1.07 | 28,037 | £0.99 | 139,112 |

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

In January 2019, the ultimate Company unconditionally removed restrictions on 143,925 of the shares issued in November 2014. As a result, the share-based payment charge was accelerated. A further charge was recognised in profit and loss, calculated as the increase in fair value arising from the removal in restriction. This amounted to a further £0.36 per share and was wholly recognised in the 2019. Of the original 2014 award, none of the shares had restrictions at the end of 2022 and 2021.

28. Share based payments (continued)

In August 2020 and December 2020, two further tranches of restricted shares were issued for £nil consideration, valued at £6 and £18 per share respectively based on other arm's length transactions performed closest to the dates of issue. The shares are subject to the same restrictions on voting rights and dividends and subject to performance conditions relating to Group financial performance. Unlike the previous restricted awards, these awards will be accounted for at their full value at the point of issue and over the performance condition vesting period, a portion of which fell in the current year. The restrictions on the awards have been lifted in 2022. A charge of £565,625 (2021: £1,501,989) has been included in administrative expenses and as the awards were made to a director, have been included in director's remuneration disclosed in note 9.

Share appreciation rights
In April 2022, a subsidiary Company issued 145,000 share appreciation rights of the Company to 4 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 be settled in cash by the exercise of options by the subsidiary Company. The conditions to be fulfilled are considered not probable in 2022 and no charge has been recognised in 2022.

29. Related party transactions

| Group | 2022<br>£000s | 2021<br>£000s |
|---|---|---|
| Transactions between the Group and its joint ventures: | | |
| **Trading transactions** | | |
| Sales | 2,602 | 9,656 |
| Purchases | (109) | (126) |
| **Non-trading transactions** | | |
| Dividends received | 2,524 | 4,406 |
| Interest receivable | 5,072 | 4,983 |

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

Loans to directors
Directors overdrawn loan accounts included in receivables (note 19) are loans owing from directors which are repayable on exercise of their share options. S455 tax has been provided in respect of these director overdrawn loans. These loans are not interest bearing. One Director repaid their loan during the year and two Directors had their loans waived.

## 30. Leases

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

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

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | £000s | £000s |
| Income in relation to leasing | 196 | 1,474 |

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| | £000s | £000s |
| Due within 1 year | 209 | 187 |
| Due within 2-5 years | 628 | 664 |
| Due in more than 5 years | - | 7 |
| Total | 837 | 858 |

**Cash flows in relation to leases:**

| | | |
|---|---|---|
| Cash inflow in relation to leases where Mace is the lessor | 196 | 1,474 |
| Cash outflows in relation to leases where Mace is the lessee | (5,892) | (5,217) |
| Net cash outflow | (5,696) | (3,743) |

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

**Other disclosures:**
Analysis of the right-of-use assets on the balance sheet is included in the property, plant & equipment note 13.
Analysis of the lease liabilities on the balance sheet is included in the lease liabilities and borrowings note 24 and the related interest charge in the interest note 8.
The maturity analysis of the lease liabilities is presented in the financial risk management note 3.
In addition to the closing lease liability at the year end, the Group also has commitments for leases that are short term. The expense incurred in relation to these leases is disclosed in the operating profit note 6.
Commitments and future cash outflows in relation to lease expenses are expected to be in line with the annual expense disclosed for the year ending 31 December 2022, as reported in the operating profit and EBITDA note 6.

## 31. Post balance sheet events

*Group restructure changes*
On 1 January 2023, Mace Limited transferred the following entities to other subsidiaries of the Group. There is no accounting impact on the consolidated balance sheet and income statement.

- Mace International Limited (and its subsidiaries), Mace Holdings Limited (and its subsidiaries), Mace Cost Consultancy Limited and MSecure Limited were transferred from Mace Limited to Mace Consult Limited.
- Mace Construct Specialist Services Limited was transferred from Mace Limited to Mace Construct Limited.

*Disposal of subsidiary*
On 14 March 2023, the Group disposed Bethnal Green Regeneration Limited for consideration of £0.05m resulting in a gain of disposal of £0.05m.

*Share transactions*
On 23 June 2023, Mace Finance Limited undertook a share buy-back of 15,000 ordinary shares of £0.0001 each for an agreed consideration of £338,100.

*Legacy project provision - update*
On 26 June 2023, a court judgement was handed down in respect of a legacy contract for which a remediation provision has been made. The formal hearing has been adjourned, and the judgement remains subject to potential appeal. The judge determined several principles that are positive for Mace and are expected to result in the value of the year end provision being reduced. At this stage, it is not possible to quantify the potential impact on the year end provision.

## 32. List of joint ventures, joint operations and associate undertakings

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

Develop

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

Construct

| Company | Country of registration/ incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| New Burlington Developments Limited* (closure in process) | United Kingdom | United Kingdom | 50 | Construct |

Consult

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

## 32. List of joint ventures, joint operations and associate undertakings

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

### Consult

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

### Construct

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

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

## 33. List of subsidiary undertakings

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

### Develop

| Company | Country of registration/ incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| Bethnal Green Regeneration Limited* (sold 14/03/2023) | United Kingdom | United Kingdom | 51 | Develop |
| Graduation Student Living Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Greenwich Square Commercial Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Greenwich Square Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Mace Develop Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Mace Developments (Greenwich) Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Mace Developments (Stevenage) Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Mace Developments Limited* | United Kingdom | United Kingdom | 100 | Develop |
| Mace Estate Solutions Limited* | United Kingdom | United Kingdom | 100 | Develop |

### Construct

| Company | Country of registration/ incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| Mace International Construction (Belgium) BV<br>Avenue Marnix 23, fifth floor<br>1000 Brussels<br>Belgium | Belgium | Belgium | 100 | Construct |
| Mace Technology Denmark ApS<br>Harbour House<br>Sundkrogsgade 21<br>2100 Copenhagen<br>Denmark | Denmark | Denmark | 100 | Construct |
| Mace Technology (Ireland) Limited<br>Floor 3, Block 3<br>Miesian Plaza<br>Dublin 2, Ireland | Ireland | Ireland | 100 | Construct |
| Mace Management Services B.V.<br>Zuidplein 116<br>Tower H, Level 14, 1077XV<br>Amsterdam<br>Netherlands | Netherlands | Netherlands | 100 | Construct |
| Como Construction Limited* | United Kingdom | United Kingdom | 100 | Dormant |
| Como Group Limited* | United Kingdom | United Kingdom | 100 | Holding company |
| Como Homes Limited* | United Kingdom | United Kingdom | 100 | Dormant |
| Mace Construct Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Construct Specialist Services Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Construction (International) Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Facades Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Interiors Group Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Living Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace MEP Services Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Plus Academies Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Plus Group Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Plus Limited* | United Kingdom | United Kingdom | 100 | Construct |
| Mace Tech Limited* | United Kingdom | United Kingdom | 100 | Construct |

33. List of subsidiary undertakings (continued)

Consult

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

33. List of subsidiary undertakings (continued)

Consult

| Company | Country of registration/ Incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| Mace Consultancy (Jersey) Limited<br>44 Esplanade, St Helier<br>Jersey JE4 9WG | Jersey | Jersey | 100 | Consult |
| Mace Management Services LLP<br>78, Baitursynuly Street<br>Apartment 38, Almalinskiy District<br>050022 Almaty<br>Kazakhstan | Kazakhstan | Kazakhstan | 100 | Dormant |
| Mace Management Services Limited<br>The Westwood, 9th Floor<br>Vale Close off Ring Road Westlands Nairobi<br>Kenya | Kenya | Kenya | 100 | Consult |
| Mace YMR Limited Liability Partnership<br>4th Floor, East Wing<br>Lion Place, Nairobi<br>Kenya | Kenya | Kenya | 61 | Consult |
| Mace Limitada<br>Alameda Dr. Carlos d'Assumpcao, no. 263,<br>China Civil Plaza<br>6o. andar M e N<br>Macau | Macau | Macau | 100 | Consult |
| MaceYMR Ltd<br>c/o Matco Limited, 11th floor, Tower 1<br>Nexteracom Building<br>Ebene Cybercity<br>Mauritius | Mauritius | Mauritius | 61 | Consult |
| Mace Management Services, SARL<br>106, Rue Abderrahman Sehraoui<br>Casablanca, 20070<br>Morocco | Morocco | Morocco | 100 | Consult |
| Utremace B.V.<br>Zuidplein 116, Tower H, Level 14<br>1077XV Amsterdam<br>Netherlands | Netherlands | Netherlands | 100 | Dormant |
| Mace Management Services Limited<br>24B Amodu Tijani Close, Victoria Island,<br>Lagos State, Nigeria | Nigeria | Nigeria | 100 | Consult |
| Mace International LLC<br>PO Box 686<br>Muscat Governatorate<br>Mutrah, Ruwi<br>112 Oman | Oman | Oman | 65 | Consult |
| Mace Consult Pakistan (Private) Limited<br>4th Floor, Central Hotel Building<br>Civil Lines<br>Mereweather Road<br>Karachi<br>Pakistan | Pakistan | Pakistan | 100 | Consult |
| Mace Consultancy (Peru) S.A.C<br>Avenue Santo Toribio 143<br>San Isidro<br>Lima, Peru | Peru | Peru | 100 | Consult |
| Tenman Project Management Inc<br>Rooms 805-808, 8th Floor The One Executive<br>Office Building<br>5 West Avenue<br>Brgy Nayong Kanluran<br>Quezon City<br>Philippines | Philippines | Philippines | 60 | Consult |
| Mace Polska Spolka zoo<br>Al Jana Pawla II 29<br>00-867 Warszawa<br>Poland | Poland | Poland | 100 | Consult |
| Mace – Consultoria e Gestao de Projectos e<br>Construcao, Lda<br>Rua Nova Stella No 7<br>2760 – 087, Caxias<br>Portugal | Portugal | Portugal | 100 | Consult |
| Mace Management Services Limited<br>Umujyi wa Kigali<br>Gasabo, Kacyiru<br>Rwanda | Rwanda | Rwanda | 100 | Consult |
| Mace Arabia for Engineering Consultancy LLC<br>The Business Gate, Unit A, Second Floor<br>Zone C, Building 4<br>PO Box 12195<br>Riyadh, 11473<br>Saudi Arabia | Saudi Arabia | Saudi Arabia | 100 | Consult |

33. List of subsidiary undertakings (continued)

Consult

| Company | Country of registration/ incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| Mace Holdings Limited<br>Al Mousa Centre, Tower 4<br>Unit 435, Olaya Street<br>PO Box 9817, Riyadh<br>12241<br>Saudi Arabia | Saudi Arabia | Saudi Arabia | 55 | Consult |
| Mace Asia Consultancy Pte Ltd<br>80 Robinson Road<br>No. 02-00<br>Singapore<br>068898 | Singapore | Singapore | 100 | Consult |
| Mace Project Solutions (Pty) Limited<br>Bryanston Place Office Park<br>1st Floor Southview Building<br>199 Bryanston Drive<br>Bryanston<br>Gauteng 2120<br>South Africa | South Africa | South Africa. | 48 | Consult |
| Mace Management Services (Pty) Limited<br>Floor 2 Building 1 Waverley Office Park<br>15 Forest Road, Bramley<br>Johannesburg<br>Gauteng 2199<br>South Africa | South Africa | South Africa | 100 | Consult |
| Mace Management Services S.A<br>Paseo de la Castellana<br>135 Edificio Cuzco III<br>Planta 3, 28046<br>Madrid<br>Spain | Spain | Spain | 100 | Consult |
| Management and Excellence Consultancy (Qatar) Limited<br>2nd Floor, Office 204<br>Building 63, Al Matar Street 310<br>Zone 27, Doha<br>Qatar | State of Qatar | State of Qatar | 97 | Consult |
| Mace GmbH (closure in process)<br>c/o Urs Schneebeli<br>Scheideggstrasse 119<br>8038<br>Zurich, Switzerland | Switzerland | Switzerland | 100 | Consult |
| Mace Management Services AG<br>c/o OBT AG<br>Steinengraben 42, 4051, Basel<br>Switzerland | Switzerland | Switzerland | 100 | Consult |
| Mace Syria LLC<br>No registered office | Syria | Syria | 100 | Dormant |
| Mace Construction Management and Consultancy Services Limited<br>Maçka Cad.Tuncer Building, No:29 D.13<br>Maçka, Şişli<br>Istanbul, Turkey | Turkey | Turkey | 100 | Consult |
| YMR Partnership Uganda<br>Plot 24b Akibua Road, Nakasero<br>Ericson Building 3rd Floor<br>Kampala<br>Uganda | Uganda | Uganda | 51 | Consult |
| Mace (New Zealand) Limited* θ | United Kingdom | United Kingdom | 100 | Consult |
| Mace (Russia) Limited* | United Kingdom | United Kingdom | 100 | Consult |
| Mace (Slovakia) Limited* | United Kingdom | United Kingdom | 100 | Consult |
| Mace Angola Special Projects Limited* | United Kingdom | United Kingdom | 100 | Consult |
| Mace Consult Limited* | United Kingdom | United Kingdom | 100 | Consult |
| Mace Consultancy (Asia Pacific) Limited* | United Kingdom | United Kingdom | 100 | Consult |
| Mace Consultancy (Europe) Limited* θ | United Kingdom | United Kingdom | 100 | Consult |
| Mace Consultancy (MENA) Limited* | United Kingdom | United Kingdom | 100 | Consult |

33. List of subsidiary undertakings (continued)

Consult

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

Group services

| Company | Country of registration/ incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| Clove Holdings Investments Limited** | Gibraltar | Gibraltar | N/A | Holding company of employee benefit trust |
| Mace Group I.C.S Limited<br>Floor 3, Block 3<br>Miesian Plaza<br>Dublin 2<br>Ireland | Ireland | Ireland | 100 | Dormant |
| City Fringe Limited* | United Kingdom | United Kingdom | 100 | Holding company |
| Frontier Finance Plc* (in liquidation) | United Kingdom | United Kingdom | 100 | Public limited company |
| Mace Group Limited* | United Kingdom | United Kingdom | 100 | Construct, Consult and Develop |
| Mace Limited* B | United Kingdom | United Kingdom | 100 | Construct, Consult and Develop |
| Mace Living Solutions Limited | United Kingdom | United Kingdom | 100 | Living Solutions |
| Mace Infrastructure Limited | United Kingdom | United Kingdom | 100 | Dormant |

Operate

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

33. List of subsidiary undertakings (continued)

Operate

| Company | Country of registration/ incorporation | Tax Residency | Voting rights | Nature of business |
|---|---|---|---|---|
| Mace Macro India (FM Solutions) Private Limited<br>16th Floor, Building 9, Tower A<br>Regus Pride Business Centres Private Limited<br>DLF Cybercity, Phase 3<br>Gurgaon, Haryana<br>122002 India | India | India | 100 | Operate |
| Mace Macro (Ireland) Limited<br>Joyce House<br>22/23 Holles Street<br>Dublin 2<br>Ireland | Ireland | Ireland | 100 | Operate |
| Mace Macro International Investments Limited – Jordan<br>720 Level 7<br>Waha Ammoun Building<br>Gardens Street, Amman, 45662<br>Jordan | Jordan | Jordan | 100 | Operate |
| Mace Macro Luxembourg S.à r.l.<br>45 rue des Scillas<br>L – 2529 Howald<br>Luxembourg | Luxembourg | Luxembourg | 100 | Operate |
| Mace Macro International Limited LLC<br>Office 201, 2nd Floor<br>Maktabi 1, Al Khuwair<br>PO Box 1119<br>Muscat ,111<br>Oman | Oman | Oman | 70 | Operate |
| Mace Macro Pakistan (Pvt) Limited<br>4th Floor, Central Hotel Building<br>Civil Lines<br>Mereweather Road<br>Karachi<br>Pakistan | Pakistan | Pakistan | 100 | Operate |
| Mace Macro Saudi Arabia Limited<br>P.O. Box 14048 Jeddah Kingdom Saudi Arabia | Saudi Arabia | Saudi Arabia | 50 | Operate |
| Macro Saudi Arabia Limited<br>PO Box 1001, Amir Sultan Street<br>Jeddah 21424,<br>KSA | Saudi Arabia | Saudi Arabia | 75 | Dormant |
| Macro Qatar LLC<br>Office No.3, 3rd Floor, Building No. 7<br>Al Hitmi Village<br>C Ring Road<br>Doha, P.O.BOX 31237<br>Qatar | State of Qatar | State of Qatar | 49 | Operate |
| Mace Macro International Investments Limited<br>Bin Shabib & Associates (BSA) LLC<br>DIFC Building 3, 6th floor<br>P.O. Box 262, Dubai<br>United Arab Emirates | UAE | UAE | 100 | Operate |
| FM24 Limited* | United Kingdom | United Kingdom | 100 | Operate |
| Mace (Poland) Limited* B | United Kingdom | United Kingdom | 100 | Operate |
| Mace Macro (Asia Pacific) Limited* B | United Kingdom | United Kingdom | 100 | Operate |
| Mace Macro (The Americas) Limited* B | United Kingdom | United Kingdom | 100 | Operate |
| Mace Macro Africa Limited* B | United Kingdom | United Kingdom | 100 | Operate |
| Mace Macro Europe Limited* B | United Kingdom | United Kingdom | 100 | Operate |
| Mace Macro Limited* | United Kingdom | United Kingdom | 100 | Operate |
| Mace Operate (MENA) Limited* | United Kingdom | United Kingdom | 100 | Operate |
| Mace Operate Limited* | United Kingdom | United Kingdom | 100 | Operate |

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

** Clove Investments Holdings Limited is an indirect investment of the Company. It is a direct investment of the Mace Finance Limited Employee Benefit Trust. The shareholder of Clove Investment Holdings Limited is a nominee shareholder and acts on instructions given to them by Mace Finance Limited

B Companies with one or more international branch registrations

33. List of subsidiary undertakings (continued)

The Company has guaranteed the liabilities of the following subsidiary exempt from audit under section 479A of the Companies Act 2006. The Company name and registered number (CRN) is: Mace Group Limited (CRN: 4228706)

Mace Limited guarantees the liabilities for subsidiaries of the Group exempt from audit under section 479A of the Companies Act.2006. This list is detailed within the consolidated accounts of Mace Limited.