

Machrihanish Airbase Community Company

(a company limited by guarantee)

Consolidated Accounts

For the year ended 31 March 2017

Registered Charity Number: SC042435

Registered Company Number: SC348209

Machrihanish Airbase Community Company

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For the year ended 31 March 2017

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Machrihanish Airbase Community Company

Information

For the year ended 31 March 2017

Charity Name: Machrihanish Airbase Community Company

Operating Name: Machrihanish Airbase Community Company

Registered Office: Building 79 D.E Machrihanish
Machrihanish
Campbeltown
Argyll
Scotland
PA28 6NU

Charity Registration Number: SC042435

Company Registration Number: SC348209

Company Directors: A Hemmings
T Millar
J Graham
D Mitchell
I Wardrop
J Martin
I Mitchell
A McFadyen
M Paterson
A Ronald
N MacAlister Hall

Registered Auditors: Mazars LLP
90 St Vincent Street
Glasgow
G2 5UB

Bankers: Bank of Scotland
9 Longrow South
Campbeltown
PA28 6AL

Machrihanish Airbase Community Company

Report of the Directors

For the year ended 31 March 2017

The directors present their report together with the consolidated financial statements for the year ended 31 March 2017.

The company was incorporated in Scotland on 5 September 2008 and granted charitable status on 7 July 2011. On 19 December 2011 a wholly owned subsidiary of the company, MACC Developments Limited was incorporated in Scotland and commenced trading on 11 May 2012.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the income or expenditure of the company for that period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the Charity. In preparing those financial statements the directors are required to:-

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Structure, governance and management

Machrihanish Airbase Community Company is a company limited by guarantee, registered in Scotland, company number SC348209. The company has also registered with the Office of the Scottish Charity Regulator, number SC042435. Annual returns are made to the Office of the Scottish Charity Regulator, and the company is recognised as a charity by HM Revenue and Customs for the purposes of Section 505 of the Income & Corporation Taxes Act 1988.

The directors of the company also act as trustees for charity law purposes. The company endeavours to ensure that all trustees receive the induction, training and ongoing support they need to carry out their duties effectively.

Constitution

The company is limited by guarantee and does not have any share capital. Its governing instruments are its Memorandum and Articles of Association.

Objectives and strategies

The overarching aim of the Machrihanish Airbase Community Company is to deliver lasting economic and social benefit to the local community by taking advantage of the resources and potential which MACC Business Park offers.

The primary objective of the Machrihanish Airbase Community Company is to maintain sound financial, management and operational control over the Business Park and to continue the charity's vision of developing the Business Park into a thriving community asset. This objective is done in conjunction with MACC Developments Limited (a wholly owned subsidiary) which is the trading arm of the charity.

Machrihanish Airbase Community Company

Report of the Directors

For the year ended 31 March 2017

The strategies employed to achieve this have included:

- a. Transfer of control and responsibility for the daily operation of the site to MACC Developments Limited and its board of directors.
- b. The Machrihanish Airbase Community Company has commenced a programme of management, maintenance and improvements for the varied on-site infrastructure systems that have been taken over from the Ministry of Defence.
- c. The Machrihanish Airbase Community Company has commenced a programme of rationalising Ministry of Defence processes and working practices in order to achieve efficiencies and cost reductions.
- d. The Machrihanish Airbase Community Company has commenced a programme to reduce financial and managerial liabilities and responsibilities.
- e. The Machrihanish Airbase Community Company has developed strategic level exploration of possible new sources of income obtainable through utilisation of the assets on the site which satisfy its development criteria and aspirations.

Appointment of directors

The company may by Ordinary Resolution in General meeting appoint a director. During the period there were eleven directors.

Achievements and performance

2016-2017 was another challenging but prosperous period for the Machrihanish Airbase Community Company (MACC) Group as it continued to work to redevelop the site in to a Business Park. This report covers a 12 month period from 1st April 2016 to 31st March 2017, and is the 5th year of group trading accounts, but the first to cover the new reporting period in line with the traditional financial year end. During the period MACC has continued to manage the onsite raw water, sewage, electricity, and building infrastructure successfully. The Business Park continues to receive regular enquiries from companies and individuals interested in utilising the assets that the site has to offer and during the period the tenant roll increased from 52 to 82.

Repairs to the water infrastructure were made with 350m of water main pipe replaced through a neighbouring field as the original pipe was severely damaged due to ground heave and heavy machinery driving over it. There was severe disruption to the electricity supply in November and December with lightning strikes overloading the SSE incoming supply leading to the site being on generator power for a week with the MACC staff and electrical AP's working with SSE over Christmas Day and Hogmanay to restore mains power to the site successfully minimising disruption to tenants. There was an overload of a MACC substation switch which lead to minor power outages that was quickly restored by MACC AP's and repaired by a third party using the designated reserves MACC holds in case of emergency. Tarmac repairs to internal roads were carried out using local suppliers improving the road network for Business Park users.

During the period MACC Group staffing levels remain similar in the maintenance and security departments with changes in the office staffing arrangement including a new Property Administrator post being created and filled and the project officer post becoming part time from full time. MACC continued to receive funding from HIE and Scottish Government for a Project Officer post that has enabled progress on a number of its strategic business priorities including; high speed broadband, onsite renewable energy, building re-development and the spaceport project. The funding support ended in September 2016 but MACC has retained the services of the Project Officer on a 2 day per week contract to ensure the progress and momentum created in the past two years continues.

The period saw MACC host another successful MACH 1 rally in July 2016 with over 100 vehicles competing in the event, eventually won after some controversy, due to time penalties being applied to the leading two cars after the final stage. The event once again attracted a great deal of economic and social benefit to the area and will return again in July 2017. The use of the Business Park and its assets for community activities continued with Campbeltown Running Club utilising the taxiway for running competitions, the Officers Mess being used by Dunfermline Car Club and Kintyre Amateur Swimming club to host evening receptions, the Model Airplane flying club hosted two events showcasing model aircraft from all over Scotland, and the Sound of Kintyre Homeowners association AGM was hosted on site for a fourth year. The MACC Challenge held its third event in November 2016 with over double the entries and raising £1,261 for local charities.

MACC continued to use its storage assets to assist local charities and not for profit organisations during the period with the Campbeltown Picture House utilising some space of its more precious and bulkier goods during its refurbishment, the Campbeltown Christmas Lights are also stored on site along with the Campbeltown Rotary Club equipment. During the period donations were made to the Campbeltown Christmas Lights Committee, Kintyre Youth Café and Young Carers, Shopper Aide, Campbeltown Highland Games, Campbeltown Brass Band and the Campbeltown Lawn Tennis Club.

Machrihanish Airbase Community Company

Report of the Directors (Cont.)

For the year ended 31 March 2017

Achievements and performance (continued)

The period was very positive for our tenants' performance with NIR! Scotland Ltd constructing what is reportedly one of the world's largest onshore salmon farms with their prototype tank design inside the Gaydon Hangar attracting a lot of media attention including the BBC's Countryfile programme. Our largest tenant Wind Towers Scotland Ltd was sold by SSE Ventures and HIE to global wind tower producer CS Wind in April 2016 with considerable fanfare and positivity about the expansion of the existing factory to produce offshore wind turbine towers for DONG Energy and Siemens amongst others.

Financial review

As shown on the Statement of Financial Activities (SOFA) on page 8, there was net income in the period of £200,820 (2016: £146,558). At the period end, the Group had funds of £1,074,094 (2016: £873,274) of which £245,580 were restricted.

Future plans

2017 has seen the completion of our next 5 year growth plan to deliver our vision by 2030 that;

MACC Business Park is a hub of enterprise in Argyll & Bute and a leading light in community-led development in the UK. Businesses on the park are diverse, supporting many hundreds of jobs across South Kintyre and beyond. After 30 years of depopulation, the population is rising again and the community is looking forward to a more sustainable and prosperous future.

We will achieve this vision in four main areas of activity:

Intelligent stewardship - MACC will manage and develop the property under its care so that it is useful to tenants, flexible in adapting to future needs, and properly maintained.

Increasing occupancy of our Business Park - MACC will market its services to find more local, national and international tenants for its buildings and offer support to businesses where this is appropriate to deliver growth.

Attracting investment to Kintyre - MACC will help to attract additional inward investment to Kintyre – i.e. business activity that is completely new – offering services, space and expertise as it can.

Giving back to the local community - MACC will continue to support local jobs, businesses and industries to improve the region's economic activities. MACC will also create a new fund to provide financial grants, taken from its surplus, for local good causes.

The Machrihanish Airbase Community Company is in the relatively early stages of its development having just taken over the site in May 2012.

Risk mitigation

The board of directors regularly review risk assessments for the company. Board level decisions are generally only taken after careful consideration of all influencing factors. The Machrihanish Airbase Community Company is a relatively risk averse company and in taking a long term structured view of the development of the site the Board have realised that decisions relating to activities which do not currently fit with the business model need to be reserved for a later date.

The board of directors has been particularly keen to mitigate risks associated with the operation of the infrastructure that the company has inherited from the Ministry of Defence.

Policy on reserves

The financial reserves of the group at 31 March 2017 show total reserves of £1,336,535, which relates to £1,090,955 of unrestricted funds (including a designated reserve of £195,223) and £245,580 of restricted funds. The restricted funds represents the current net book value of investment property and other assets acquired in the year ended 30 September 2013 for which grants were obtained.

Machrihanish Airbase Community Company

Report of the Directors (Cont.) For the year ended 31 March 2017

Directors

The directors who served throughout the period and to the date of this report were as follows:-

A Hemmings
T Millar
J Graham
D Mitchell
I Wardrop
J Martin
I Mitchell
A MacFadyen
M Paterson
A Ronald
N Hall

Auditors

A resolution to appoint auditors will be proposed at the forthcoming annual general meeting as audit services will be put out to tender

Statements as to disclosure of information to auditors

In accordance with charities legislation, as a Board of Directors, we confirm that all the steps necessary in order to make ourselves aware of any relevant audit information and, so far as we are aware, there is no relevant audit information of which our auditors are unaware.

Small company exemptions

This report has been prepared in accordance with the Special Provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)(effective 1 January 2015) – ("Charities SORP (FRS 102)").

Approved by the Board on September 2017 and signed on its behalf by;

T Millar
Director

Machrihanish Airbase Community Company

Independent auditor's report to the directors and members of Machrihanish Airbase Community Company

We have audited the financial statements of Machrihanish Airbase Community Company for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors (who are also the trustees of the charity for charity law purposes) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Charity's Directors and members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustees Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's Directors and 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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2017 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Machrihanish Airbase Community Company

Independent auditor's Report to the Directors of Machrihanish Airbase Community Company

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Craig Maxwell (Senior Statutory Auditor)

For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

90 St Vincent Street
Glasgow
G2 5UB

Date:

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Machrihanish Airbase Community Company

Consolidated Statement of Financial Activities For the year to 31 March 2017

	Notes	Unrestricted General Funds 2017 £	Unrestricted Designated Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	Total Funds 18 months to 31 March 2016 £
Income and endowments from:						
Investment rental income		532,811	-	-	532,811	687,316
Investment recharges income		648,360	-	-	648,360	755,663
Other income		19,884	-	-	19,884	38,191
Voluntary income - grants		-	-	112,910	112,910	138,434
Total income		1,201,055	-	112,910	1,313,965	1,619,604
Expenditure on:						
Raising funds	4	621,098	-	72,910	694,008	975,923
Charitable activities	5	414,360	4,777	-	419,137	497,123
Total expenditure		1,035,458	4,777	72,910	1,113,145	1,473,046
Net income / (expenditure)		165,597	(4,777)	40,000	200,820	146,558
Other recognised gains/(losses)						
Gains on revaluation of fixed assets		-	-	-	-	-
Net movement in funds		165,597	(4,777)	40,000	200,820	146,558
Reconciliation of funds:						
Total funds brought forward		467,694	200,000	205,580	873,274	726,716
Total funds carried forward	13	633,291	195,223	245,580	1,074,094	873,274

The statement of financial activities includes all gains and losses recognised in the period. All income and expenditure relate to continuing activities. The accompanying accounting policies and notes form an integral part of these financial statements.

The notes on page 12-20 form part of these accounts.

A comparative statement of financial activities can be found at note 18.

Machrihanish Airbase Community Company

Company number: SC348209

Consolidated Balance Sheet As at 31 March 2017

	Notes	31-Mar 2017 £	31-Mar 2016 £
Fixed assets			
Tangible assets	8	270,497	281,193
		<hr/>	<hr/>
		270,497	281,193
Current assets			
Debtors	9	175,480	152,875
Cash at bank and in hand		864,357	604,335
		<hr/>	<hr/>
		1,039,837	757,210
Current liabilities			
Creditors	10	(236,240)	(165,129)
		<hr/>	<hr/>
NET CURRENT ASSETS		803,597	592,081
		<hr/>	<hr/>
NET ASSETS		1,074,094	873,274
		<hr/> <hr/>	<hr/> <hr/>
Funds			
Unrestricted funds - general	13	633,291	467,694
Unrestricted funds - designated reserve	13	195,223	200,000
Restricted funds	13	245,580	205,580
		<hr/>	<hr/>
Total funds		1,074,094	873,274
		<hr/> <hr/>	<hr/> <hr/>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The notes on page 12-20 form part of these accounts.

Approved by the Board on

September 2017 and authorised to be signed on its behalf by:

T Millar
Director

Machrihanish Airbase Community Company

Company number: SC348209

Charity Balance Sheet As at 31 March 2017

	Notes	31-Mar 2017 £	31-Mar 2017 £	31-Mar 2016 £	31-Mar 2016 £
Fixed assets					
Investments	7		101		101
Tangible assets	8		251,207		255,275
			<u>251,308</u>		<u>255,376</u>
Current assets					
Debtors and prepayments	9	93,523		41,158	
Cash at bank		519,479		368,539	
		<u>613,002</u>		<u>409,697</u>	
Current liabilities					
Creditors and accruals	10	(53,866)		(11,383)	
				<u>(11,383)</u>	
NET CURRENT ASSETS			<u>559,136</u>		<u>398,314</u>
NET ASSETS			<u>810,444</u>		<u>653,690</u>
Funds					
Unrestricted funds - general	13		369,641		248,110
Unrestricted funds - designated reserve	13		195,223		200,000
Restricted funds	13		245,580		205,580
			<u>810,444</u>		<u>653,690</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The notes on page 12 - 20 form part of these accounts.

Approved by the Board on September 2017 and authorised to be signed on its behalf by:

T Millar
Director

Machrihanish Airbase Community Company

Company number: SC348209

Consolidated Statement of Cash Flows For the year to 31 March 2017

	2017 £	2016 £
Cash flows from operating activities:		
Net movement in funds	200,820	146,558
Depreciation charges and loss/(profit) on sale of assets	11,591	8,963
(Increase) in debtors	(22,605)	(103,718)
Increase in creditors	71,110	34,644
Net cash provided by operating activities	<u>260,916</u>	<u>86,447</u>
Cash flows from investing activities:		
Purchase of fixed assets	(894)	(46,143)
Proceeds from sale of fixed assets	-	6,200
Net cash used in investing activities	<u>(894)</u>	<u>(39,943)</u>
Net increase in cash during the reporting period	<u>260,022</u>	<u>46,504</u>
Cash at bank and in hand at 1 April 2016	604,335	557,831
Cash at bank and in hand at 31 March 2017	864,357	604,335
	<u>260,022</u>	<u>46,504</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements

For the year to 31 March 2017

1. Accounting policies

a. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (“Charities SORP (FRS 102)”) and the Companies Act 2006 and applicable accounting standards. The financial statements have been prepared under the historic cost convention.

Machrihanish Airbase Community Company meets the definition of a public benefit entity under FRS 102.

b. Basis of consolidation

The group financial statements consolidate the charitable company and subsidiary undertakings for the financial period. No Statement of Financial Activities has been presented for the charitable company as provided by section 408(4) of the Companies Act 2006.

c. Income

Investment rental income and investment recharges income relate to the rent and electricity costs charged by MACC Developments Limited to its tenants. This income is included in the Statement of Financial Activities on an accruals basis.

Income from government grants is recognised in the Statement of Financial Activities when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably. This occurs when Machrihanish make a claim to the relevant awarding body for costs they have incurred in achieving the project for which a grant has been agreed.

d. Expenditure

Expenditure is recognised on an accruals basis as a liability is incurred.

The allocation of expenditure between activities is made utilising our departmental reporting system on a basis that is designed to reflect the use of the resources.

Charitable activities

Charitable activities includes costs incurred in the delivery of our charitable activities, including costs that can be allocated directly to these activities and indirect costs necessary to support them.

Raising funds

Expenditure on raising funds includes all expenditure incurred by a charity to raise funds for its charitable purposes. This includes the non-charitable trading activities of its trading subsidiary.

e. Tangible fixed assets

Tangible fixed assets, other than investment property, are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	- 20% reducing balance
Office equipment & furniture	- 20% straight line
Plant & machinery	- 20% straight line

The land and buildings of Campbeltown Airport are accounted for as investment property as they are rented to third parties. The Directors do not believe there is an appropriate method of valuing the investment property because there are no other airports being rented as business parks in Argyll with which to compare. Investment property is therefore held at capitalised cost, being the cost of all additions made to the property since it was purchased for £1. No depreciation is charged on investment property as the Directors believe that the investment is increasing in value over time. The average selling price of land in the area around the airbase supports the capitalised cost that the investment property is held at.

f. Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

g. Legal status of the company

The Company is a company limited by guarantee, registered in Scotland and has no share capital. The liability of each member in the event of winding up is limited to £1.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements For the year to 31 March 2017

1. Accounting policies (continued)

h. Transition to FRS 102

The last set of financial statements prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective 1 January 2015), and the Statement of Recommended Practice: Accounting and Reporting by Charities (effective 1 January 2015), were for the year ended 30 September 2014. No restatement of items has been required in making the transition to FRS 102. The transition was 1 October 2014.

i. Judgements and key sources of estimation uncertainties

Except for the judgements used to determine the carrying value of investment property (see accounting policy e.) there were no material judgements and key sources of estimation uncertainty in the preparation of the financial statements.

j. Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

k. Reconciliation with generally accepted accounting practice

In preparing the accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required. No restatements were required. A reconciliation of opening balances is therefore not required.

	Group 2017 £	Group 2016 £
2. Net income is stated after charging		
Auditor's remuneration	5,800	5,500
Depreciation	11,473	11,113
Staff costs	211,126	290,467
	<u> </u>	<u> </u>
	Group 2017 £	Group 2016 £
3. Staff costs		
Salaries	183,068	269,065
Social security	14,778	21,402
	<u> </u>	<u> </u>
	197,846	290,467
	<u> </u>	<u> </u>
	Group 2017 Number	Group 2016 Number
The average monthly numbers of persons employed by the Group during the year was as follows;		
Maintenance and security staff	7	8
Office staff	3	2
	<u> </u>	<u> </u>
	10	10

In the current and prior period, Directors received no remuneration or reimbursement of expenses. No Directors (2016: no Directors) received reimbursement for expenses incurred. No employees received remuneration of above £60,000 per annum. The Directors consider that they have no key management personnel other than the Directors themselves.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

	Group 2017 £	Group 2016 £
4. Costs of raising funds		
Wages and salaries	150,855	210,565
National insurance	12,102	16,102
Heat and light	520,640	675,870
Insurance	10,308	71,266
Materials purchased	-	807
Water rates	103	1,313
	<u>694,008</u>	<u>975,923</u>

	Group 2017 £	Group 2016 £
5. Charitable activities		
Staff salaries	32,213	58,500
National insurance	2,676	5,300
Staff training	529	2,415
Subscriptions	1,307	2,456
Computer costs	1,812	3,672
Advertising	5,737	9,922
Travelling expenses	6,154	3,270
Motor expenses	5,169	10,015
Entertainment	511	602
Printing, postage and stationery	2,112	3,152
Telephone expenses	1,287	2,239
Sundry expenses	30,790	12,701
Bank charges	627	984
Legal fees	45,899	57,940
Accountancy fees	11,055	13,269
Governance costs- audit fees	5,800	5,500
Consultancy fees	21,820	65,409
Professional fees	31,039	68,800
Repairs and maintenance expenses	176,201	149,422
Bad debts	4,895	-
Charitable donations	8,200	3,870
Depreciation of fixed assets	11,473	11,113
Irrecoverable VAT	11,712	8,722
(Loss)/profit on sale of fixed assets	119	(2,150)
	<u>419,137</u>	<u>497,123</u>

6. Taxation

There is no corporation tax provision required in the consolidated financial statements as all taxable profits made by MACC Developments Limited are gifted to Machrihanish Airbase Community Company. The parent undertaking has been recognised as a charity by the HM Revenue & Customs for the purposes of tax relief granted by Section 505 of the Income and Corporation Taxes Act 1998.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

	Charity 2017 £	Charity 2016 £
7. Investments in subsidiary undertakings		
Shares in Discover Space UK Limited- SC499199	100	100
Shares in MACC Developments Limited- SC413390	1	1
	<u>101</u>	<u>101</u>

The subsidiary undertakings are as follows;

Name	% held	Class of shares	Aggregate capital & reserves	Turnover	Expenditure	Profit after tax
MACC Developments Limited	100%	Ordinary	263,649	1,210,148	(946,083)	264,065
Discover Space UK Limited	100%	Ordinary	100	-	-	-

Details of the subsidiary companies are provided in note 15.

8. Tangible fixed assets	Investment property	Group			Total
		Motor vehicles	Office equipment & furniture	Plant & machinery	
	£	£	£	£	£
Cost or Valuation					
As at 31 March 2016	232,048	24,027	27,182	11,197	294,454
Additions	-	-	895	-	895
Disposals	-	-	(1,584)	-	(1,584)
As at 31 March 2017	<u>232,048</u>	<u>24,027</u>	<u>26,493</u>	<u>11,197</u>	<u>293,765</u>
Depreciation					
As at 31 March 2016	-	2,478	6,511	4,271	13,260
Charge for year	-	5,387	3,847	2,239	11,473
Disposals	-	-	(1,465)	-	(1,465)
As at 31 March 2017	<u>-</u>	<u>7,865</u>	<u>8,893</u>	<u>6,510</u>	<u>23,268</u>
Net book value					
As at 31 March 2017	<u>232,048</u>	<u>16,162</u>	<u>17,600</u>	<u>4,687</u>	<u>270,497</u>
As at 31 March 2016	<u>232,048</u>	<u>21,549</u>	<u>20,671</u>	<u>6,926</u>	<u>281,193</u>

It is the Directors' belief that the carrying value of the investment property of the charity is the fair value.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

8. Fixed assets (cont.)	Investment	Charity	Plant &	Total
	property	Office equipment & furniture	machinery	
	£	£	£	£
Cost				
As at 31 March 2016	232,048	24,932	7,437	264,417
Additions	-	894	-	894
As at 31 March 2017	232,048	25,826	7,437	265,311
Depreciation				
As at 31 March 2016	-	5,075	4,066	9,141
Charge for period	-	3,476	1,487	4,963
As at 31 March 2017	-	8,551	5,553	14,104
Net book value				
As at 31 March 2017	232,048	17,275	1,884	251,207
As at 31 March 2016	232,048	19,857	3,371	255,275

It is the Directors' belief that the carrying value of the investment property of the charity is the fair value.

9. Debtors	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	175,480	152,875	57,528	23,507
Amounts due from subsidiary undertaking (note 16)	-	-	24,798	17,651
VAT receivable	-	-	11,197	-
	175,480	152,875	93,523	41,158

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

10. Creditors	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	113,610	49,410	45,742	-
Other creditors	11,374	32,117	8,124	7,800
Deferred income	89,704	58,322	-	-
VAT, PAYE & NI	21,552	25,280	-	3,583
	<u>236,240</u>	<u>165,129</u>	<u>53,866</u>	<u>11,383</u>

11. Future minimum lease receipts under non-cancellable operating leases

	2017	2016
Due in less than 1 year	557,410	499,436
Due in more than one year and less than five years	1,902,318	1,840,275
Due in more than five years	7,885,879	8,399,165
	<u>10,345,607</u>	<u>10,738,876</u>

MACC Developments Limited rent the Airbase site from Machrihanish Airbase Community Company for £25,000 per annum and lease the buildings to third parties by way of lease agreements. Long term leases are non-cancellable and therefore tenants are committed to future payments until their lease expires.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

12. Analysis of group net assets between funds	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fixed assets	64,917	-	205,580	270,497
Current assets	804,614	195,223	40,000	1,039,837
Current liabilities	(236,240)	-	-	(236,240)
Net assets at 31 March 2017	633,291	195,223	245,580	1,074,094

13. Analysis of charitable funds	1 April 2016	Income/Gains	Expenditure	31 March 2017
	£	£	£	£
Analysis of group fund movements				
General	467,694	1,201,055	(1,035,458)	633,291
Designated reserve	200,000	-	(4,777)	195,223
Unrestricted funds	667,694	1,201,055	(1,040,235)	828,514
Property improvement fund	205,580	112,910	(72,910)	245,580
Restricted funds	205,580	112,910	(72,910)	245,580

Analysis of charity fund movements	1 April 2016	Income/Gains	Expenditure	31 March 2017
	£	£	£	£
General	248,110	249,187	(127,656)	369,641
Designated reserve	200,000	-	(4,777)	195,223
Unrestricted funds	448,110	249,187	(132,433)	564,864
Property improvement fund	205,580	112,910	(72,910)	245,580
Restricted funds	205,580	112,910	(72,910)	245,580

The restricted funds relate to grant income received and include amounts used for the long term maintenance and repair of the site infrastructure. The balance of the funds represents the net book value of fixed assets financed by the grants.

At 31 March 2016, £200,000 of unrestricted funds were held in a designated reserve in respect of anticipated expenditure on electrical capabilities. During the year to 31 March 2017, £4,777 was spent towards achieving this outcome.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

14 Subsidiary companies

MACC Developments Limited is a wholly owned subsidiary of the charity. The company was incorporated on 19 December 2011 and commenced trading on 11 May 2012. The principal activity of the company is that of property rental and operation of the Machrihanish airbase. All profits made by the limited company are gifted to the charity for the purpose of delivering lasting economic and social benefit to the local community by taking advantage of the resources and potential the airbase offers.

15 Related party transactions

During the year, the charity received donations of £220,000 (2016 - £115,000) from MACC Developments Limited, a wholly owned subsidiary of Machrihanish Airbase Community Company, in respect of the profits of the previous period.

As at 31 March 2017, included within the charity balance sheet are amounts owed by the subsidiary of £24,798 (2016: £17,651). No interest is charged on the balance from MACC Developments Limited. The balance has been eliminated on consolidation.

During the year, MACC Developments Limited, paid head lease rentals of £25,000 (2016 - £37,500) to Machrihanish Airbase Community Company. There was a formal lease in place for MACC Developments Limited to pay Machrihanish Airbase Community Company annual lease payments of £25,000. MACC Developments Limited also recharged payroll costs of £13,280 (2016 - £14,731) to Machrihanish Airbase Community Company for payroll costs relating to the Charity. These intercompany transactions have been eliminated on consolidation.

During the year, the group paid £27,900 (2016 - £5,437) to McFadyens Contractors (Campbeltown) Limited, of which T Millar (Director of the charity) is a director, for road surface repairs and was paid £nil (2016: £450) by this company for the rental of the Officer's Mess. Also during the year £4,136 (2016 - £5,865) was paid to Jim Martin Supplies, which is owned by J Martin (Director of the subsidiary). Also during the year £nil (2016 - £888) was paid to Dugald Graham (Director of the subsidiary), and £113 (2016: £nil) was paid to Peter Paterson (who is married to a Director of the subsidiary) for services.

All transactions, which were on normal commercial terms, were approved by committees which did not include the directors concerned.

16 Ultimate controlling party

In the directors' opinion, there is no ultimate controlling party.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2017

18. Comparative Statement of Financial Activities

	Unrestricted General Funds 2016 £	Unrestricted Designated Funds 2016 £	Restricted Funds 2016 £	Total Funds - 18 months to 31 March 2016 £
Income and endowments from:				
Investment rental income	687,316	-	-	687,316
Investment recharges income	755,663	-	-	755,663
Other incoming resources	38,191	-	-	38,191
Voluntary income - grants	-	-	138,434	138,434
Total income	1,481,170	-	138,434	1,619,604
Expenditure on:				
Raising funds	837,489	-	138,434	975,923
Charitable activities	497,123	-	-	497,123
Total expenditure	1,334,612	-	138,434	1,473,046
Net income / (expenditure)	146,558	-	-	146,558
Transfers between funds	-	-	-	-
Net movement in funds	146,558	-	-	146,558
Reconciliation of funds:				
Total funds brought forward	321,136	200,000	205,580	726,716
Total funds carried forward	467,694	200,000	205,580	873,274