

# **Machrihanish Airbase Community Company**

(a company limited by guarantee)

## **Annual Report**

**For the year ended 31 March 2019**

Registered Charity Number: SC042435

Registered Company Number: SC348209

# Machrihanish Airbase Community Company

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*For the year ended 31 March 2019*

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# Machrihanish Airbase Community Company

## Information

*For the year ended 31 March 2019*

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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 Brown  
D Graham  
J Graham  
A Hemmings  
J Martin  
E McEachran  
A McFadyen  
C McNair  
T Millar  
D Mitchell  
J Stolberger

Registered Auditors: Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN

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

# **Machrihanish Airbase Community Company**

## **Report of the Directors**

***For the year ended 31 March 2019***

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The directors present their report together with the consolidated financial statements for the year ended 31 March 2019.

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 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.

# **Machrihanish Airbase Community Company**

## **Report of the Directors (Cont.) For the year ended 31 March 2019**

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### **Vision**

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 MACC Group 2030 Vision as outlined in the 2017 to 2022 business plan states;

MACC Business Park is the hub of enterprise in Argyll & Bute, and a leading light in community-led development in the UK. Over 500 people work from the businesses located on the 1,025 acre site.

Business sectors are diverse; aquaculture, research & development, aviation, manufacturing, leisure, retail and tradesmen are all benefiting from being located on the site. Electricity and heating for the site is provided by solar and biomass renewable energy sources, aviation movements from the site are increasing and proposals for the MACC's involvement in the UK Space Industry are nearing completion.

After over 30 years of depopulation the South Kintyre, population is rising again and is looking forward to a more prosperous and sustainable future.

### **Priorities**

1. Economic sustainability
2. Retain the charitable status of the organisation
3. Attract inward investment to the area
4. Complement local businesses
5. Retain the site for future generations

### **Objectives**

1. Increase the number of tenants on the site
2. Attract further inward investment to South Kintyre
3. Build a renewable energy facility on the site
4. Facilitate the development of a spaceport on the site
5. Meet the corporate and social objectives of the charity

### **Appointment of directors**

The company may by Ordinary Resolution in General meeting appoint a director. After the AGM in 2018 there were eleven directors.

# Machrihanish Airbase Community Company

## Report of the Directors (Cont.) For the year ended 31 March 2019

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### Achievements and performance

2018-2019 was another prosperous period for the Machrihanish Airbase Community Company (MACC) Group as it continued to work to redevelop the site into a successful community owned business park. This report covers a 12 month period from 1st April 2018 to 31st March 2019, and is the 7th year of group trading accounts and covers the 6th anniversary of ownership of the site. During the period MACC has continued to successfully manage and improve the onsite raw water, sewage, electricity and building infrastructure. The business park continues to receive regular enquiries from large and small companies as well as individuals interested in utilising the assets that the site has to offer. Thanks to the refurbishment of numerous small buildings on the site to a lettable standard the tenant roll has increased from 83 to 108, continuing the trend of strong performance from short term flexible tenancies.

MACC Business Park Tenants continued to grow and commit to long term leases despite an uncertain political and regulatory climate in the UK. NIRI Scotland Ltd was sold to EcoFish Chain Ltd, who have extended the lease period. Two existing Tenants - Kintyre Development Company Ltd and Highlands & Islands Airports Limited - signed new long term lease extensions committing themselves to the site to 2030 and beyond, a great vote of confidence for the MACC Group and the local community. The MACC Group also signed a Memorandum of Understanding with German company Tao Technologies Ltd committing both parties to work together to establish a high altitude platform manufacturing and testing facility at MACC.

2018 - 2019 seen the completion of MACC's 250kWp Solar Photovoltaic farm, the largest project carried out by MACC on the site to date. The Solar Farm was formally commissioned on the 27th of July 2019 and performance has been in line with anticipated projections since then. MACC explored the potential expansion of the solar farm but decided not to proceed further at this stage. During the period MACC commissioned a consultant to progress with the replacement of the Killipole private water supply main due to regular bursts occurring. The study along with legal advice led to the issuing of a tender for the replacement and disposal of 3 kilometers of asbestos cement pipeline with new HDPE plastic pipeline with works taking place from April to June 2019. The HV electrical infrastructure continues to be run effectively with works to repower the storage bunkers completed during the period and additional training being delivered to MACC Group staff to assist with the effective operation of the HV network. Servicing works to the HV network were tendered and awarded to SSE Contracting and Burtonwood to be carried out in the Summer of 2019.

MACC Group staff numbers fell to 8 during the period with the retirement of one of the security staff personnel. MACCDL also went under some changes with the addition of an assistant manager post that was filled internally. The assistant manager post is designed to give additional management resource to the company in light of the growing tenant roll and in time there will be further additions to the office and maintenance departments of MACCDL in line with business growth.

MACC continued to build on its charitable objectives by running the second year of the MACC Charitable giving fund during the period issuing £10,250 to local clubs, charities and not for profit organisations. Successful applicants included; Kintyre Amateur Swimming Club for new equipment, South Kintyre Sports Council towards a new minibus, MacCorkindale School of Dancing for funds to compete in their first American Highland Dancing Championships, Police Scotland Youth Volunteers for equipment for new starts, Kintyre Toy Library for new equipment, Kintyre Youth Cafe for educational resources on the effects of alcohol, Campbeltown Mini Rugby Club for new shirts and shorts, and Argyll FM for running costs.

# Machrihanish Airbase Community Company

## Report of the Directors (Cont.) For the year ended 31 March 2019

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### Financial Review

As shown on the Statement of Financial Activities (SOFA) on page 10, there was net income in the year of £241,191 (2018: £44,512). At the year end, the Group had funds of £1,359,788 (2018: £1,118,606) of which £245,580 were restricted.

### Future plans

2018/2019 is year 2 of a 5 year growth plan period that sets out a strategy to deliver our 2030 vision;

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.

### 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. 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 2019 show total reserves of £1,359,788, which relates to £1,114,208 of unrestricted funds (including a designated reserve of £737,245) 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 2019**

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### **Directors**

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

A Brown  
D Graham  
J Graham  
N Hall (Resigned 25 September 2018)  
A Hemmings (Appointed 25 September 2018)  
T Millar  
J Martin  
A McFadyen  
E McEachran (Appointed 25 September 2018)  
C McNair  
D Mitchell  
M Paterson (Resigned 25 September 2018)  
A Ronald (Resigned 25 September 2018)  
J Stolberger

### **Auditors**

A resolution to re-appoint Mazars LLP as auditors will be proposed at the forthcoming annual general meeting.

### **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 24 September 2019 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 For the year ended 31 March 2019**

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We have audited the financial statements of Machrihanish Airbase Community Company (the 'charity') for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balances Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2001

### **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 charitable 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.

### **The impact of uncertainties due to the United Kingdom exiting the European Union on our audit**

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the charity's trade, customers,

We considered the impact of Brexit on the charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors of all possible implications for the charity and this is particularly the case in relation to Brexit.

### **Conclusions relating to going concern**

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

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

# **Machrihanish Airbase Community Company**

## **Independent auditor's report to the directors and members of Machrihanish Airbase Community Company For the year ended 31 March 2019**

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### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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, 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

# **Machrihanish Airbase Community Company**

## **Independent auditor's report to the directors and members of Machrihanish Airbase Community Company For the year ended 31 March 2019**

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### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement set out on page 2, the trustees 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 trustees 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 trustees are responsible for assessing the charity'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 trustees either intend to liquidate the charity 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 these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit report**

Our audit work has been undertaken so that we might state to the charitable company's Trustees' those matters we are required to state to them in an Auditors' 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 charitable company and its trustees, as a body, for our audit work, for this report, or for the opinions we have

Craig Maxwell (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
100 Queen Street  
Glasgow  
G1 3DN  
Date:

# Machrihanish Airbase Community Company

## Consolidated Statement of Financial Activities For the year to 31 March 2019

		Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds	Total Funds
	Notes	2019 £	2019 £	2019 £	2019 £	2018 £
<b>Income and endowments from:</b>						
Investment rental income		700,230	-	-	700,230	712,287
Other trading activities		926,224	-	-	926,224	503,151
Other income		13,888	-	-	13,888	4,928
Voluntary income - grants		-	-	-	-	46,303
<b>Total income</b>		<b>1,640,342</b>	<b>-</b>	<b>-</b>	<b>1,640,342</b>	<b>1,266,669</b>
<b>Expenditure on:</b>						
Raising funds	5	998,973	-	-	998,973	623,915
Charitable activities	6	386,596	13,582	-	400,178	598,242
<b>Total expenditure</b>		<b>1,385,569</b>	<b>13,582</b>	<b>-</b>	<b>1,399,151</b>	<b>1,222,157</b>
<b>Net income</b>		<b>254,773</b>	<b>(13,582)</b>	<b>-</b>	<b>241,191</b>	<b>44,512</b>
Transfers between funds		(180,000)	180,000	-	-	-
<b>Net movement in funds</b>		<b>74,773</b>	<b>166,418</b>	<b>-</b>	<b>241,191</b>	<b>44,512</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		302,190	570,827	245,580	1,118,597	1,074,094
<b>Total funds carried forward</b>	<b>15</b>	<b>376,963</b>	<b>737,245</b>	<b>245,580</b>	<b>1,359,788</b>	<b>1,118,606</b>

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 14-25 form part of these financial statements.

A comparative statement of financial activities can be found at note 19.

# Machrihanish Airbase Community Company

Company number: SC348209

Consolidated Balance Sheet

As at 31 March 2019

	Notes	31-Mar 2019 £	31-Mar 2018 £
<b>Fixed assets</b>			
Tangible fixed assets	9	494,904	420,920
		<u>494,904</u>	<u>420,920</u>
<b>Current assets</b>			
Debtors	10	197,465	170,733
Cash and cash equivalents		1,047,680	888,935
		<u>1,245,145</u>	<u>1,059,668</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	11	<u>(380,261)</u>	<u>(361,982)</u>
<b>NET CURRENT ASSETS</b>		<u>864,884</u>	<u>697,686</u>
<b>NET ASSETS</b>		<u><u>1,359,788</u></u>	<u><u>1,118,606</u></u>
<b>Funds</b>			
Unrestricted funds - general	15	376,963	302,199
Unrestricted funds - designated reserves	15	737,245	570,827
Restricted funds	15	<u>245,580</u>	<u>245,580</u>
<b>Total funds</b>		<u><u>1,359,788</u></u>	<u><u>1,118,606</u></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 14-25 form part of these accounts.

Approved by the Board on 24 September 2019 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 2019

	Notes	31-Mar 2019 £	31-Mar 2019 £	31-Mar 2018 £	31-Mar 2018 £
<b>Fixed assets</b>					
Investments	8		101		101
Tangible fixed assets	9		432,274		361,344
			<u>432,375</u>		<u>361,445</u>
<b>Current assets</b>					
Debtors and prepayments	10	35,498		37,002	
Cash and cash equivalents		617,627		654,792	
		<u>653,125</u>		<u>691,794</u>	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	11	<u>(13,623)</u>		<u>(140,138)</u>	
<b>NET CURRENT ASSETS</b>			<u>639,502</u>		<u>551,656</u>
<b>NET ASSETS</b>			<u>1,071,877</u>		<u>913,101</u>
<b>Funds</b>					
Unrestricted funds - general	15		89,052		96,694
Unrestricted funds - designated reserves	15		737,245		570,827
Restricted funds	15		<u>245,580</u>		<u>245,580</u>
			<u>1,071,877</u>		<u>913,101</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 14-25 form part of these financial statements

Approved by the Board on 24 September 2019 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 2019

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	2019	2018
	£	£
<b>Cash flows from operating activities:</b>		
Net movement in funds	241,191	44,512
Depreciation charges	29,047	11,090
Decrease/(increase) in debtors	(26,773)	4,747
Increase in creditors	18,279	94,135
Net cash provided by operating activities	<u>261,744</u>	<u>154,484</u>
<b>Cash flows from investing activities:</b>		
Purchase of tangible fixed assets	(104,961)	(129,906)
Disposal of tangible fixed assets	1,962	
Net cash used in investing activities	<u>(102,999)</u>	<u>(129,906)</u>
<b>Net increase in cash during the reporting period</b>	<u>158,745</u>	<u>24,578</u>
Cash at bank and in hand at 1 April 2018	888,935	864,357
Cash at bank and in hand at 31 March 2019	1,047,680	888,935
	<u>158,745</u>	<u>24,578</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements

For the year to 31 March 2019

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**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.

**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

**c. 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.

**d. 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 MACC make a claim to the relevant awarding body for costs they have incurred in achieving the project for which a grant has been agreed.

**e. 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.



# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements

For the year to 31 March 2019

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**f. 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
Solar panels	-	5% straight line

The land and buildings of Machrihanish Airbase 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 at least maintaining its value. The average selling price of land in the area around the airbase supports the capitalised cost that the investment property is held at.

**g. Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**h. Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**i. Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**j. Operating leases: company as lessee**

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.

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements

For the year to 31 March 2019

1. **Accounting policies (continued)**

k. **Operating leases: company as lessor**

Rental income from operating leases is credited to the Statement of Financial Activities on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over when the lessor's benefit from the leased asset is diminished.

i. **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.

j. **Pensions**

**Defined contribution pensions plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

2. **Judgements and key sources of estimation uncertainties**

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

	<b>Group 2019 £</b>	<b>Group 2018 £</b>
<b>3. Net income is stated after charging</b>		
Auditor's remuneration	6,900	6,750
Depreciation	29,047	11,090
Staff costs	187,373	191,628
	<u>187,373</u>	<u>191,628</u>
	<b>Group 2019 £</b>	<b>Group 2018 £</b>
<b>4. Staff costs</b>		
Salaries	173,399	177,515
Social security	12,691	12,780
Pension	1,283	1,333
	<u>187,373</u>	<u>191,628</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2019

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### 4. Staff costs (cont.)

	<b>Group 2019 Number</b>	<b>Group 2018 Number</b>
<b>The average monthly numbers of persons employed by the Group during the year was as follows;</b>		
Maintenance and security staff	6	7
Office staff	<u>2</u>	<u>2</u>
	<u>8</u>	<u>9</u>

No employees earned over £60,000 (2018: nil). The trustees are regarded as being key management personnel and received no remuneration (2018: nil).

	<b>Group 2019 £</b>	<b>Group 2018 £</b>
<b>5. Costs of raising funds</b>		
Wages and salaries	163,641	167,017
Heat, light and electricity	797,907	423,783
Insurance	<u>37,425</u>	<u>33,115</u>
	<u>998,973</u>	<u>623,915</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2019

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	<b>Group 2019</b>	<b>Group 2018</b>
	<b>£</b>	<b>£</b>
<b>6. Charitable activities</b>		
Staff salaries	22,449	23,278
Pension costs	1,283	1,333
Staff training	-	486
Subscriptions	1,939	1,988
Computer costs	7,519	1,392
Advertising	3,618	1,648
Travelling expenses	1,671	5,686
Motor expenses	4,495	4,719
Entertainment	115	781
Printing, postage and stationery	916	2,396
Telephone expenses	5,885	1,407
Sundry expenses	8,227	24,811
Bank charges	799	744
Legal fees	81,854	48,168
Accountancy fees	13,650	12,390
Governance costs- audit fees	6,900	4,725
Consultancy fees	15,096	18,862
Equipment hire	10,987	-
Professional fees	4,148	128,367
Repairs and maintenance	191,978	164,982
Bad debts	(42,433)	87,763
Charitable donations	10,250	10,000
Depreciation of tangible fixed assets	29,047	11,090
Irrecoverable VAT	19,785	41,226
	<hr/>	<hr/>
	<b>400,178</b>	<b>598,242</b>

### 7. 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 For the year to 31 March 2019

	Charity 2019 £	Charity 2018 £
<b>8. Investments in subsidiary undertakings</b>		
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	Profit after tax
MACC Developments Limited	100%	Ordinary	287,913	287,912
Discover Space UK Limited	100%	Ordinary	100	-

Details of the subsidiary companies are provided in note 16.

9. Tangible fixed assets	Group					Total
	Investment property	Motor vehicles	Office equipment & furniture	Plant & machinery	Solar Panels	
	£	£	£	£	£	£
<b>Cost or Valuation</b>						
As at 31 March 2018	232,048	24,027	26,493	57,461	115,249	455,278
Additions	10,515	-	11,074	2,652	80,720	104,961
Disposals	-	-	-	(1,962)	-	(1,962)
As at 31 March 2019	<u>242,563</u>	<u>24,027</u>	<u>37,567</u>	<u>58,151</u>	<u>195,969</u>	<u>558,277</u>
<b>Depreciation</b>						
As at 31 March 2018	-	11,905	12,651	9,802	-	34,358
Charge for year	-	3,030	6,631	10,439	8,947	29,047
Disposals	-	-	-	(33)	-	(33)
As at 31 March 2019	<u>-</u>	<u>14,935</u>	<u>19,282</u>	<u>20,208</u>	<u>8,947</u>	<u>63,372</u>
<b>Net book value</b>						
As at 31 March 2019	<u>242,563</u>	<u>9,092</u>	<u>18,285</u>	<u>37,943</u>	<u>187,022</u>	<u>494,904</u>
As at 31 March 2018	<u>232,048</u>	<u>12,122</u>	<u>13,842</u>	<u>47,659</u>	<u>115,249</u>	<u>420,920</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2019

9. Fixed assets (cont.)	Investment	Office	Charity	Solar	Total
	property	equipment & furniture	Plant & machinery	Panels	
	£	£	£	£	£
<b>Cost</b>					
As at 31 March 2018	232,048	25,826	7,437	115,249	380,560
Additions	-	5,796	-	80,720	86,516
As at 31 March 2019	232,048	31,622	7,437	195,969	467,076
<b>Depreciation</b>					
As at 31 March 2018	-	12,176	7,040	-	19,216
Charge for period	-	6,242	397	8,947	15,586
As at 31 March 2019	-	18,418	7,437	8,947	34,802
<b>Net book value</b>					
As at 31 March 2019	232,048	13,204	-	187,022	432,274
As at 31 March 2018	232,048	13,650	397	115,249	361,344

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

10. Debtors	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	188,153	170,733	275	200
Amounts due from subsidiary undertaking (note 17)	-	-	25,911	24,565
Prepayments	9,312	-	9,312	-
VAT receivable	-	-	-	12,237
	197,465	170,733	35,498	24,765

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2019

11. Creditors	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade creditors	210,439	229,692	3,785	100,632
Other creditors	91,253	42,752	9,652	39,506
Deferred income (see below)	62,034	83,215	-	-
VAT, PAYE & NI	16,535	6,323	186	-
	<u>380,261</u>	<u>361,982</u>	<u>13,623</u>	<u>140,138</u>

### Deferred income

Deferred income comprises rental payments received in advance for the next financial year.

Balance at 1 April 2018	83,215	89,704	-	-
Amount released to income during the period	(83,215)	(89,704)	-	-
Amount deferred during in year	62,034	83,215	-	-
Balance at 31 March 2019	<u>62,034</u>	<u>83,215</u>	<u>-</u>	<u>-</u>

### 12. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions payable by the company to the fund and amounted to £1,283 (2018 - £1,333). Contributions totalling £nil (2018 - £nil) were payable to the fund at the balance sheet date.

### 13. Future minimum lease receipts under non-cancellable operating leases

	2019	2018
Due in less than 1 year	558,298	465,410
Due in more than one year and less than five years	2,174,591	1,534,318
Due in more than five years	7,735,056	6,159,641
	<u>10,467,945</u>	<u>8,159,369</u>

MACC Developments Limited rent the Airbase site from Machrihanish Airbase Community Company for £28,000 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 2019

14. Analysis of group net assets between funds	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fixed assets	102,302	187,022	205,580	494,904
Current assets	579,922	550,223	40,000	1,170,145
Current liabilities	(380,261)	-	-	- 380,261
Net assets at 31 March 2019	<u>301,963</u>	<u>737,245</u>	<u>245,580</u>	<u>1,284,788</u>

### 15. Analysis of charitable funds

Analysis of group fund movements	1 April 2018	Income/Gains	Expenditure	Transfers	31 March 2019
	£	£	£	£	£
General	302,199	1,640,342	(1,385,569)	(180,000)	376,972
Designated reserves	570,827	-	(13,582)	180,000	737,245
<b>Unrestricted funds</b>	<u>873,026</u>	<u>1,640,342</u>	<u>(1,399,151)</u>	<u>-</u>	<u>1,114,217</u>
Property improvement fund	245,580	-	-	-	245,580
<b>Restricted funds</b>	<u>245,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,580</u>

Analysis of charity fund movements	1 April 2018	Income/Gains	Expenditure	Transfers	31 March 2019
	£	£	£	£	£
General	96,694	256,696	(84,338)	(180,000)	89,052
Designated reserves	570,827	-	(13,582)	180,000	737,245
<b>Unrestricted funds</b>	<u>667,521</u>	<u>256,696</u>	<u>(97,920)</u>	<u>-</u>	<u>826,297</u>
Property improvement fund	245,580	-	-	-	245,580
<b>Restricted funds</b>	<u>245,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,580</u>



# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2019

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### 15. Analysis of charitable funds (cont.)

#### Group and charity - analysis of designated reserves

	£
Electrical improvements	195,223
Solar panels	187,022
Water pipes	175,000
Biomass	80,000
Building improvements	100,000
	<u>737,245</u>

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.

In the year ended 31 March 2018, designated reserves were set up for the acquisition of solar panels (the balance represents the net book value included in fixed assets), and for the installation of water pipes. Since the year end major work has been completed on installing new water pipes. In the year ended 31 March 2019, reserves have been designated for biomass, roadworks and building improvements projects expected to be undertaken in the near future.

### 16. 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.

Discover Space UK Limited is a wholly owned subsidiary of the charity. The company was incorporated on 2 March 2015, and is currently dormant. The purpose of this company is to be the main operator in a UK spaceport project, should the appropriate licences be granted.

### 17. Related party transactions

During the year, the charity received donations of £205,500 (2018 - £274,343) 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 2018, included within the charity balance sheet are amounts owed by the subsidiary of £25,911 (2018: £24,565). 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 £28,000 (2018 - £25,000) to Machrihanish Airbase Community Company. There is a formal lease in place for MACC Developments Limited to pay Machrihanish Airbase Community Company annual lease payments of £28,000. The charity charged £9,312 (2018: £nil) for electricity generated from their solar panels.

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2019

### 17. Related party transactions (cont.)

During the year, the group paid £50,117 (2018 - £24,560) to McFadyens Contractors (Campbeltown) Limited, of which T Millar (Director of the charity) is a director, for road surface repairs. Also during the year £2,632 (2018 - £8,012) was paid to Jim Martin Supplies, which is owned by J Martin (Director of the subsidiary).

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

### 18. Ultimate controlling party

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

### 19. Comparative Statement of Financial Activities

	Unrestricted General Funds 2018 £	Unrestricted Designated Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
<b>Income and endowments from:</b>				
Investment rental income	712,287	-	-	712,287
Other trading activities	503,151	-	-	503,151
Other income	4,928	-	-	4,928
Voluntary income - grants	-	-	46,303	46,303
<b>Total income</b>	<b>1,220,366</b>	<b>-</b>	<b>46,303</b>	<b>1,266,669</b>
<b>Expenditure on:</b>				
Raising funds	577,612	-	46,303	623,915
Charitable activities	598,242	-	-	598,242
<b>Total expenditure</b>	<b>1,175,854</b>	<b>-</b>	<b>46,303</b>	<b>1,222,157</b>
<b>Net income / (expenditure)</b>	<b>44,512</b>	<b>-</b>	<b>-</b>	<b>44,512</b>
Transfers between funds	- 375,604	375,604	-	-
<b>Net movement in funds</b>	<b>(331,092)</b>	<b>375,604</b>	<b>-</b>	<b>44,512</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	633,291	195,223	245,580	1,074,094
<b>Total funds carried forward</b>	<b>302,199</b>	<b>570,827</b>	<b>245,580</b>	<b>1,118,606</b>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2019

### 20. Charity only Statement of Financial Activities

	Unrestricted General Funds 2019 £	Unrestricted Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<b>Income and endowments from:</b>					
Donations	205,500	-	-	205,500	274,823
Voluntary income - grants	-	-	-	-	46,303
Rental income	28,000	-	-	28,000	25,000
Other income	23,196	-	-	23,196	5,222
<b>Total income</b>	<b>256,696</b>	<b>-</b>	<b>-</b>	<b>256,696</b>	<b>351,348</b>
<b>Expenditure on:</b>					
Raising funds	-	-	-	-	-
Charitable activities	97,920	-	-	97,920	248,691
<b>Total expenditure</b>	<b>97,920</b>	<b>-</b>	<b>-</b>	<b>97,920</b>	<b>248,691</b>
<b>Net income / (expenditure)</b>	<b>158,776</b>	<b>-</b>	<b>-</b>	<b>158,776</b>	<b>102,657</b>
Transfers between funds	-	-	-	-	-
<b>Net movement in funds</b>	<b>158,776</b>	<b>-</b>	<b>-</b>	<b>158,776</b>	<b>102,657</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	96,694	570,827	245,580	913,101	810,444
<b>Total funds carried forward</b>	<b>255,470</b>	<b>570,827</b>	<b>245,580</b>	<b>1,071,877</b>	<b>913,101</b>