

# **Machrihanish Airbase Community Company**

(a company limited by guarantee)

## **Annual Report**

**For the year ended 31 March 2020**

**Registered Charity Number: SC042435**

**Registered Company Number: SC348209**

# Machrihanish Airbase Community Company

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*For the year ended 31 March 2020*

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# Machrihanish Airbase Community Company

## Information

*For the year ended 31 March 2020*

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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: D Graham  
A Hemmings  
J Martin  
E McEachran  
A McFadyen  
C McNair  
D Mitchell  
J Stolberger  
M Turner  
J Beveridge

Registered Auditors: Mazars LLP  
Chartered Accountants & Statutory Auditor  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

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

# **Machrihanish Airbase Community Company**

## **Report of the Directors**

***For the year ended 31 March 2020***

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The directors present their report together with the consolidated financial statements for the year ended 31 March 2020.

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 2020*

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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 company

### **Appointment of directors**

The company may by Ordinary Resolution in General meeting appoint a director. After the AGM in 2019 there were ten directors (8 elected, 2 co-opted) down from eleven in the previous year.

# Machrihanish Airbase Community Company

## Report of the Directors (Cont.) For the year ended 31 March 2020

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### Achievements and performance

The 2019-2020 period was a 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 2019 to 31st March 2020, and is the 8th year of group trading accounts and covers the 7th anniversary of ownership of the site. During the period MACC has continued to successfully manage and improve the onsite 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 work of MACCDL the tenant roll increased from 108 to 129, during the period continuing the trend of strong performance from short term flexible tenancies.

2019-2020 year started as the previous one ended with strong performance amongst all of the MACC Business Park Tenants despite an uncertain political and regulatory climate in the UK. Negotiations continued with MACCDL customers about potential new build and refurbishment projects on the site and the MACC site was included in the successful Argyll & Bute Rural Growth Deal that secured outline approval by the Scottish & UK Governments for funding to develop a host of projects around the region and focussed on the creation of a seawater pipeline and aquaculture business incubator hub at MACC. MACC was also successful along with industrial partners in securing £488,000 of UK Space Agency funding for the development of the sites horizontal launch capabilities with the project being completed late March 2020. CS Wind UK the sites largest Tenant and employer announced that they would be making 73 of their 94 strong workforce redundant due to a gap in their order book before the award of a future offshore contract. In November, MACC hosted a very well attended Scottish Government taskforce meeting chaired by Fergus Ewing MSP to discuss options for assisting CS Wind UK, it was noted that no CS Wind Directors or the Managing Director attended despite being invited. A second summit was held in March by which point there was only 1 remaining member of staff onsite for CS Wind UK Ltd. The March summit proposed an action plan for Kintyre where the MACC site plays a vital role in the repair of Kintyres bruised economy.

During the period MACC cut the ground on the renewal of 3,000m of its water main. The existing unreliable asbestos cement water main was removed and replaced with a new jointless HDPE pipe which can withstand greater pressure and should be considerably more reliable, reducing major bursts considerably. July 2019 saw a major service of the MACC HV ring main undertaken. The works undertaken by BurtonWood Generators and Suppliers identified several issues that require repair and one ring main unit that requires replacing. The major service also gave MACC a chance to consider efficiency of the existing system and the future requirements of some parts of its ring main, as result and an HV rationalisation plan is being developed to remove and or replace some parts of the MACC HV ring

MACC Group staff increased to 9 in the period (2019 - 8) with the addition of two new posts. One additional post within the office team and one additional post in the maintenance team. Overall there were three new staff members during the period after one member of the maintenance team left and was replaced. One member of the security staff retired during the period and this member of staff has not been replaced.

MACC continued to build on its charitable objectives by running the third year of the MACC Charitable giving fund during the period issuing £13,994 to local clubs, charities and not for profit organisations that share and further MACC's Charitable objectives. Successful applicants in this period included; Kintyre Schools Pipe Band, the MoK Run Committee, Campbeltown Community Council, Campbeltown and District Juvenile Football Association, Carradale Village Hall, Meadows Under 5's, Campbeltown Grammar School, South Kintyre Primary School Badminton Club, Campbeltown Young Farmers and Kintyre Angling Club.

# Machrihanish Airbase Community Company

## Report of the Directors (Cont.) For the year ended 31 March 2020

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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 £116,294 (2019: £241,191). At the year end, the Group had funds of £1,476,082 (2019: £1,359,788) of which £245,580 were restricted.

### Future plans

2019/2020 was year 3 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.

The directors do not believe the current COVID-19 pandemic will have a significant impact on

### 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. This strategy of mitigation is ongoing.

### Policy on reserves

The financial reserves of the group at 31 March 2020 show total reserves of £1,480,438, which relates to £1,234,858 of unrestricted funds (including a designated reserve of £707,283) 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 2020

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### Directors

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

J Beveridge (Appointed 24 November 2019)  
A Brown (Resigned 24 September 2019)  
D Graham  
J Graham (Resigned 24 September 2019)  
A Hemmings  
T Millar (Resigned 24 September 2019)  
J Martin  
A McFadyen  
E McEachran  
C McNair  
D Mitchell  
J Stolberger  
M Turner (Appointed 24 September 2019)

### 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 22 September 2020 and signed on its behalf by;

**C McNair**

Director

Date



# **Machrihanish Airbase Community Company**

## **Independent auditor's report to the directors and members of Machrihanish Airbase Community Company For the year ended 31 March 2020**

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We have audited the financial statements of Machrihanish Airbase Community Company (the 'company') for the year ended 31 March 2020 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 consolidated and the charitable company's affairs as at 31 March 2020 and of the consolidated 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.

### **Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the Charity financial statements, which is not modified, we draw your attention to the Board's view on the impact of COVID-19 as disclosed on page 5 and the consideration of the going concern basis of preparation on page 14.

During the latter part of the financial year, there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 is still evolving and, based on the information available at this point in time, the Directors have assessed the impact of COVID-19 on the business and reflected the Directors' conclusion that adopting the going concern basis for preparation of the financial statements is appropriate.

### **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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 2020**

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### **Other information**

The directors 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 Report of the Directors 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 company 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 directors' remuneration specific 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 and take advantage of the small companies' exemption in preparing the Report of the Directors 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 2020**

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### **Responsibilities of Directors**

As explained more fully in the statement of directors' responsibilities set out on page 2, 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 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**

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 under regulations made under those Acts.

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.

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 company's directors 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 directors, 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 2020

		Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds	Total Funds
	Notes	2020 £	2020 £	2020 £	2020 £	2019 £
<b>Income and endowments from:</b>						
Investment rental income		700,837	-	-	700,837	700,230
Other trading activities		750,025	-	-	750,025	926,224
Other income		6,705	-	-	6,705	13,888
Voluntary income - grants		485,276	-	-	485,276	-
<b>Total income</b>		<b>1,942,843</b>	<b>-</b>	<b>-</b>	<b>1,942,843</b>	<b>1,640,342</b>
<b>Expenditure on:</b>						
Raising funds	5	832,149	-	-	832,149	998,973
Charitable activities	6	810,082	179,962	-	990,044	400,178
<b>Total expenditure</b>		<b>1,642,231</b>	<b>179,962</b>	<b>-</b>	<b>1,822,193</b>	<b>1,399,151</b>
<b>Net income</b>	3	<b>300,612</b>	<b>(179,962)</b>	<b>-</b>	<b>120,650</b>	<b>241,191</b>
Transfers between funds	-	150,000	150,000	-	-	-
<b>Net movement in funds</b>		<b>150,612</b>	<b>(29,962)</b>	<b>-</b>	<b>120,650</b>	<b>241,191</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		376,963	737,245	245,580	1,359,788	1,118,597
<b>Total funds carried forward</b>	15	<b>527,575</b>	<b>707,283</b>	<b>245,580</b>	<b>1,480,438</b>	<b>1,359,788</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 2020

	Notes	31-Mar 2020 £	31-Mar 2019 £
<b>Fixed assets</b>			
Tangible fixed assets	9	490,574	494,904
		<u>490,574</u>	<u>494,904</u>
<b>Current assets</b>			
Debtors	10	453,492	197,465
Cash and cash equivalents		1,004,720	1,047,680
		<u>1,458,212</u>	<u>1,245,145</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	11	(468,348)	(380,261)
		<u>(468,348)</u>	<u>(380,261)</u>
<b>NET CURRENT ASSETS</b>		<u>989,864</u>	<u>864,884</u>
<b>NET ASSETS</b>		<u>1,480,438</u>	<u>1,359,788</u>
<b>Funds</b>			
Unrestricted funds - general	15	527,575	376,963
Unrestricted funds - designated reserves	15	707,283	737,245
Restricted funds	15	245,580	245,580
		<u>245,580</u>	<u>245,580</u>
<b>Total funds</b>		<u>1,480,438</u>	<u>1,359,788</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 22 September 2020 and authorised to be signed on its behalf by:

**C McNair**

Director

Date

# Machrihanish Airbase Community Company

Company number: SC348209

## Charity Balance Sheet

As at 31 March 2020

	Notes	31-Mar 2020 £	31-Mar 2020 £	31-Mar 2019 £	31-Mar 2019 £
<b>Fixed assets</b>					
Investments	8		101		101
Tangible fixed assets	9		420,972		432,274
			<u>421,073</u>		<u>432,375</u>
<b>Current assets</b>					
Debtors	10	370,971		35,498	
Cash and cash equivalents		656,804		617,627	
		<u>1,027,775</u>		<u>653,125</u>	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	11	<u>(227,896)</u>		<u>(13,623)</u>	
<b>NET CURRENT ASSETS</b>			<u>799,879</u>		<u>639,502</u>
<b>NET ASSETS</b>			<u>1,220,952</u>		<u>1,071,877</u>
<b>Funds</b>					
Unrestricted funds - general	15		268,089		89,052
Unrestricted funds - designated reserves	15		707,283		737,245
Restricted funds	15		<u>245,580</u>		<u>245,580</u>
			<u>1,220,952</u>		<u>1,071,877</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 22 September 2020 and authorised to be signed on its behalf by:

**J Stolberger**

Director

Date

# Machrihanish Airbase Community Company

Company number: SC348209

## Consolidated Statement of Cash Flows

For the year to 31 March 2020

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	2020 £	2019 £
<b>Cash flows from operating activities:</b>		
Net movement in funds	120,650	241,191
Depreciation charges	33,397	29,047
Increase in debtors	(256,027)	(26,773)
Increase in creditors	88,087	18,279
Net cash provided by operating activities	<u>(13,893)</u>	<u>261,744</u>
<b>Cash flows from investing activities:</b>		
Purchase of tangible fixed assets	(29,067)	(104,961)
Disposal of tangible fixed assets	0	1,962
Net cash used in investing activities	<u>(29,067)</u>	<u>(102,999)</u>
<b>Net (decrease)/increase in cash during the reporting period</b>	<u>(42,960)</u>	<u>158,745</u>
Cash at bank and in hand at 1 April 2019	1,047,680	888,935
Cash at bank and in hand at 31 March 2020	1,004,720	1,047,680
	<u>(42,960)</u>	<u>158,745</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements

For the year to 31 March 2020

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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. Going Concern

On 30 January 2020, the World Health Organisation (WHO) declared COVID-19 as a ‘Public Health Emergency of International Concern’. The Directors have considered the impact of COVID-19 on pages 2, 6 and 7 of the Directors’ Report. Based on the above, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis. The financial statements have been prepared on a going concern basis as there are no material uncertainties about the organisation’s abilities to continue its operations.

#### c. 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

#### d. 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.

#### e. 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 the company makes a claim to the relevant awarding body for costs they have incurred in achieving the project for which a grant has been agreed.

#### f. 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 2020

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**g. Tangible fixed assets**

Tangible fixed assets, other than investment property, are stated at cost less depreciation, and impairment. 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.

**h. 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.

**i. 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.

**j. 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.

**k. 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 2020

### 1. Accounting policies (continued)

#### i. 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.

#### m. 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.

#### n. 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 2020 £</b>	<b>Group 2019 £</b>
<b>3. Net income is stated after charging</b>		
Auditor's remuneration	7,245	6,900
Depreciation	33,394	29,047
Staff costs	215,951	187,373
	<u>2020</u>	<u>2019</u>
	<b>£</b>	<b>£</b>
<b>4. Staff costs</b>		
Salaries	195,383	173,399
Social security	16,613	12,691
Pension	3,955	1,283
	<u>215,951</u>	<u>187,373</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2020

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### 4. Staff costs (cont.)

	<b>Group 2020 Number</b>	<b>Group 2019 Number</b>
<b>The average monthly numbers of persons employed by the Group during the year was as follows;</b>		
Staff	9	8

No employees earned over £60,000 (2019: nil). The Directors are regarded as being key management personnel and received no remuneration (2019: nil).

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
<b>5. Costs of raising funds</b>		
Wages and salaries	177,756	163,641
Heat, light and electricity	615,573	797,907
Insurance	38,820	37,425
	<u>832,149</u>	<u>998,973</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2020

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	<b>Group 2020</b>	<b>Group 2019</b>
	<b>£</b>	<b>£</b>
<b>6. Charitable activities</b>		
Staff salaries	24,240	22,449
Pension costs	3,955	1,283
Staff training	5,481	-
Subscriptions	2,278	1,939
Computer costs	3,938	7,519
Advertising	5,872	3,618
Travelling expenses	2,417	1,671
Motor expenses	5,997	4,495
Entertainment	1,352	115
Printing, postage and stationery	1,944	916
Telephone expenses	5,762	5,885
Sundry expenses	17,668	8,227
Bank charges	921	799
Legal, consultancy and other professional fees	483,633	81,854
Accountancy fees	10,500	13,650
Governance costs- audit fees	7,245	6,900
Equipment hire	4,535	10,987
Repairs and maintenance	291,029	191,978
Bad debts	20,337	(42,433)
Charitable donations	14,894	10,250
Depreciation of tangible fixed assets	33,397	29,047
Irrecoverable VAT	42,649	19,785
	<u>990,044</u>	<u>380,934</u>

### 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 2020

	Charity 2020 £	Charity 2019 £
<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	259,488	240,575
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 2019	242,563	24,027	37,567	58,151	195,969	558,277
Additions		16,040	-	8,002	5,025	29,067
Disposals	-	-	-	-	-	-
As at 31 March 2020	<u>242,563</u>	<u>40,067</u>	<u>37,567</u>	<u>66,153</u>	<u>200,994</u>	<u>587,344</u>
<b>Depreciation</b>						
As at 31 March 2019	-	14,935	19,282	20,208	8,947	63,372
Charge for year	-	4,278	7,527	11,605	9,987	33,397
Disposals	-	-	-	-	-	-
As at 31 March 2020	<u>-</u>	<u>19,213</u>	<u>26,809</u>	<u>31,813</u>	<u>18,934</u>	<u>96,769</u>
<b>Net book value</b>						
As at 31 March 2020	<u>242,563</u>	<u>20,854</u>	<u>10,758</u>	<u>34,340</u>	<u>182,060</u>	<u>490,574</u>
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>494,905</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2020

9. Tangible fixed assets (cont.)	Investment	Office	Charity	Solar	Total
	property	equipment & furniture	Plant & machinery	Panels	
	£	£	£	£	£
<b>Cost</b>					
As at 31 March 2019	232,048	31,622	7,437	195,969	467,076
Additions	-	-	-	5,025	5,025
As at 31 March 2020	232,048	31,622	7,437	200,994	472,101
<b>Depreciation</b>					
As at 31 March 2019	-	18,418	7,437	8,947	34,802
Charge for period	-	6,338	-	9,987	16,325
As at 31 March 2019	-	24,756	7,437	18,934	51,127
<b>Net book value</b>					
As at 31 March 2020	232,048	6,866	-	182,060	420,974
As at 31 March 2019	232,048	13,204	-	187,022	432,274

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

10. Debtors	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	390,731	188,153	293,232	275
Amounts due from subsidiary undertaking (note 17)	-	-	14,978	25,911
Prepayments	4,000	9,312	4,000	9,312
Other debtors	58,761	-	58,761	-
	453,492	197,465	370,971	35,498

# Machrihanish Airbase Community Company

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

For the year to 31 March 2020

11. Creditors	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	296,637	210,439	218,247	3,785
Other creditors	66,712	91,253	9,649	9,652
Deferred income (see below)	88,338	62,034	-	-
VAT, PAYE & NI	16,661	16,535	-	186
	<u>468,348</u>	<u>380,261</u>	<u>227,896</u>	<u>13,623</u>

### Deferred income

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

Balance at 1 April 2019	62,034	83,215	-	-
Amount released to income during the period	(62,034)	(83,215)	-	-
Amount deferred during in year	88,338	62,034	-	-
Balance at 31 March 2020	<u>88,338</u>	<u>62,034</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 reporting date.

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

	2020	2019
Due in less than 1 year	593,278	558,298
Due in more than one year and less than five years	2,313,071	2,174,591
Due in more than five years	7,959,874	7,735,056
	<u>10,866,223</u>	<u>10,467,945</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 2020

14. Analysis of group net assets between funds	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fixed assets	65,951	182,060	242,563	490,574
Current assets	929,972	525,223	3,017	1,458,212
Current liabilities	(468,348)	-	-	(468,348)
Net assets at 31 March 2020	<u>527,575</u>	<u>707,283</u>	<u>245,580</u>	<u>1,480,438</u>

### 15. Analysis of charitable funds

Analysis of group fund movements	1 April 2019	Income	Expenditure	Transfers	31 March 2020
	£	£	£	£	£
General	376,963	1,942,843	(1,642,231)	(150,000)	527,575
Designated reserves	737,245	-	(179,962)	150,000	707,283
<b>Unrestricted funds</b>	<u>1,114,208</u>	<u>1,942,843</u>	<u>(1,822,193)</u>	<u>-</u>	<u>1,234,858</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 2019	Income	Expenditure	Transfers	31 March 2020
	£	£	£	£	£
General	89,052	830,432	(501,395)	(150,000)	268,089
Designated reserves	737,245	-	(179,962)	150,000	707,283
<b>Unrestricted funds</b>	<u>826,297</u>	<u>830,432</u>	<u>(681,357)</u>	<u>-</u>	<u>975,372</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 2020

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

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

	£
Electrical improvements	195,223
Solar panels	182,060
Water pipes	150,000
Biomass	80,000
Building improvements	100,000
	<u>707,283</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 primarily represents the net book value of fixed assets financed by the grants.

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. Previously a reserve for water pipes amounting to £175,000 had been established. This expenditure was incurred in the year ended 31 March 2020. The directors have decided to extend this work and £150,000 has been set aside for this future work.

### 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 £269,000 (2019 - £205,500) 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 2020, included within the charity balance sheet are amounts owed by the subsidiary of £14,978 (2019: £25,911). 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 (2019 - £28,000) 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 £41,151 (2019: £9,312) for electricity generated from their solar panels.

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2020

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

During the year, the group paid £nil (2019 - £50,117) to McFadyens Contractors (Campbeltown) Limited, of which T Millar (Director of the charity) is a director. McFadyens Contractors sold the new water pipeline in the year. Also during the year £115 (2019 - £2,632) was paid to Jim Martin Supplies and £2,117 (2019:nil) received from 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 2019 £	Unrestricted Designated Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
<b>Income and endowments from:</b>				
Investment rental income	700,230	-	-	700,230
Other trading activities	926,224	-	-	926,224
Other income	13,888	-	-	13,888
Voluntary income - grants	-	-	-	
<b>Total income</b>	<b>1,640,342</b>	<b>-</b>	<b>-</b>	<b>1,640,342</b>
<b>Expenditure on:</b>				
Raising funds	998,978	-	-	998,978
Charitable activities	386,596	13,582	-	400,178
<b>Total expenditure</b>	<b>1,385,574</b>	<b>13,582</b>	<b>-</b>	<b>1,399,156</b>
<b>Net income / (expenditure)</b>	<b>254,768</b>	<b>(13,582)</b>	<b>-</b>	<b>241,186</b>
Transfers between funds	(150,000)	150,000	-	-
<b>Net movement in funds</b>	<b>104,768</b>	<b>136,418</b>	<b>-</b>	<b>241,186</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	302,190	570,827	245,580	1,118,597
<b>Total funds carried forward</b>	<b>406,958</b>	<b>707,245</b>	<b>245,580</b>	<b>1,359,783</b>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2020

### 20. Charity only Statement of Financial Activities

	Unrestricted General Funds 2020 £	Unrestricted Designated Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
<b>Income and endowments from:</b>					
Donations	269,000	-	-	269,000	205,500
Voluntary income - grants	485,276	-	-	485,276	-
Rental income	28,000	-	-	28,000	28,000
Other income	48,156	-	-	48,156	23,196
<b>Total income</b>	<b>830,432</b>	<b>-</b>	<b>-</b>	<b>830,432</b>	<b>256,696</b>
<b>Expenditure on:</b>					
Raising funds	-	-	-	-	-
Charitable activities	501,395	179,962	-	681,357	97,920
<b>Total expenditure</b>	<b>501,395</b>	<b>179,962</b>	<b>-</b>	<b>681,357</b>	<b>97,920</b>
<b>Net income / (expenditure)</b>	<b>329,037</b>	<b>(179,962)</b>	<b>-</b>	<b>149,075</b>	<b>158,776</b>
Transfers between funds	(150,000)	150,000	-	-	-
<b>Net movement in funds</b>	<b>179,037</b>	<b>(29,962)</b>	<b>-</b>	<b>149,075</b>	<b>158,776</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	89,052	737,245	245,580	1,071,877	913,101
<b>Total funds carried forward</b>	<b>268,089</b>	<b>707,283</b>	<b>245,580</b>	<b>1,220,952</b>	<b>1,071,877</b>