

# **Machrihanish Airbase Community Company**

(a company limited by guarantee)

## **Annual Report**

**For the year ended 31 March 2021**

**Registered Charity Number: SC042435**

**Registered Company Number: SC348209**

# Machrihanish Airbase Community Company

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*For the year ended 31 March 2021*

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# Machrihanish Airbase Community Company

## Information

*For the year ended 31 March 2021*

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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: J Beveridge  
D Cook  
A Hemmings  
A Martin  
C McNair  
J Stolberger  
M Turner

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 2021*

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The directors present their report together with the consolidated financial statements for the year ended 31 March 2021.

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. On the 2nd of March 2015 a second wholly owned company was incorporated. Discover Space UK Ltd is yet to commence trading.

### **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 2021***

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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 2020 there were nine directors (7 elected, 2 co-opted) down from 10 in the previous year.

# Machrihanish Airbase Community Company

## Report of the Directors (Cont.)

*For the year ended 31 March 2021*

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### Achievements and performance

2020-2021 was a tumultuous period for the Machrihanish Airbase Community Company (MACC) Group as it grappled with the COVID19 pandemic impacts on customers and day to day operations. This report covers a 12 month period from 1st April 2020 to 31st March 2021, and is the 9th year of group trading accounts and covers the 8th anniversary of ownership of the site. During the period MACC has continued to successfully manage the site through the challenges of the pandemic. The business park continued to receive regular enquiries from large and small companies as well as individuals interested in utilising the assets that the site has to offer. During the pandemic enquiries for small business units storage increased significantly and has led to long periods of 100% occupancy. Thanks to the work of MACCDL the Tenancy roll increased from 129 to 148 occupied units by March 2021, continuing the upward trend of increasing occupancy even in unprecedented times.

Many MACC Business Park Tenants continued to operate during the pandemic navigating the continually evolving restrictions wherever possible. MACC Developments furloughed all office, security and maintenance staff and operated on an rotating furlough basis with 1 maintenance and 1 homeworking office staff member working with the business manager and contractors throughout to maintain essential business activities until August 2020 with homeworking utilised where possible. MACC assisted Tenants by signposting them to the the relevant business support schemes from the outset of the pandemic providing updates as they came out to ensure our Tenants maximised the government support available to them. Flexibility on lease obligations were permitted wherever possible and during the period no MACCDL tenant defaulted on any financial obligation despite the numerous challenges experienced.

The majority of the period resulted in a pausing of all infrastructure projects in order to focus on overcoming the issues caused by the pandemic, however, the MSCP project funded by UK Space Agency was concluded remotely in July 2020. Following on from the project MACC and UK Launch Services Ltd continued to engage in discussion on the development spaceport services. During the period the MACC Group directors turned their focus to the development of strategic priorities for the organisation. With the current business plan period finishing in the next financial period and with significant challenges ahead for employment in the Kintyre region a broad range of activities are being considered for development. As reported in the last period the sites major employer CS Wind had made all but 1 employee redundant and the factory lay dormant throughout the period. MACC continues to lobby for the factories re-opening or redevelopment.

MACC Group staff remained at 9 in the period. It is pleasing to note that MACCDL continues to have a low turnover of staff as this has helped with continuity and all staff members have continued to perform well during the period and look forward to a return to normality.

MACC Charitable giving fund was opened twice in 2020 providing £11,788.96 of funding to local groups during the pandemic. The funds supported them to engage with people with mental health issues, purchase digital equipment for vulnerable groups and keep local community assets open enabling employees to return to work. These awards brought the total value of donations MACC has made to over £60,000. MACC has also supported local efforts during the Coronavirus crisis by providing support and assistance to the local NHS, Campbeltown Community Business, the Kintyre Resilience Group as well as furloughed staff volunteering to assist local businesses with food parcel deliveries.

# Machrihanish Airbase Community Company

## Report of the Directors (Cont.) For the year ended 31 March 2021

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### Financial Review

As shown on the Statement of Financial Activities (SOFA) on page 11, there was net income in the year of £234,054 (2020: £120,650). At the year end, the Group had funds of £1,704,442 (2020: £1,480,438) of which £245,580 were restricted.

### Future plans

2020/2021 is year 4 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 2021 show total reserves of £1,704,442, which relates to £1,458,862 of unrestricted funds (including a designated reserve of £697,233) 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 2021*

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### Directors

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

J Beveridge  
D Graham (Resigned 22 September 2020)  
D Cook (Appointed 22 September 2020)  
A Hemmings  
J Martin (Resigned 8 December 2020)  
A Martin (Appointed 8 December 2020)  
A McFadyen (Resigned 22 September 2020)  
E McEachran (Resigned 30 August 2020)  
C McNair  
D Mitchell (resigned 27 July 2021)  
J Stolberger  
M Turner

### 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 28 September 2021 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 2021***

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We have audited the financial statements of Machrihanish Airbase Community Company (the 'company') for the year ended 31 March 2021 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 2021 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

# **Machrihanish Airbase Community Company**

## **Independent auditor's report to the directors and members of Machrihanish Airbase Community Company For the year ended 31 March 2021**

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### **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 prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with
- 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 Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Report of the Directors; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- 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 Directors' Report and from the requirement to prepare a Strategic Report.

### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement 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 trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or

In preparing the financial statements, the directors 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 directors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

# **Machrihanish Airbase Community Company**

## **Independent auditor's report to the directors and members of Machrihanish Airbase Community Company For the year ended 31 March 2021**

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### **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 in accordance with the Act and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Accounts (Scotland) Regulations 2006 (as amended), and the Charities Statement of Recommended Practice, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, and management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

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

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

**Machrihanish Airbase Community Company**  
**Independent auditor's report to the directors and members of Machrihanish**  
**Airbase Community Company**  
***For the year ended 31 March 2021***

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

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

**Use of the audit report**

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's directors, as a body in accordance with Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Signed:

Craig Maxwell (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

Date:

# Machrihanish Airbase Community Company

## Consolidated Statement of Financial Activities For the year to 31 March 2021

	Notes	Unrestricted General Funds 2021 £	Unrestricted Designated Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income and endowments from:</b>						
Investment rental income		771,637	-	-	771,637	700,837
Other trading activities		262,711	-	-	262,711	750,025
Other income		47,393	-	-	47,393	6,705
Voluntary income - grants		500	-	-	500	485,276
<b>Total income</b>		<b>1,082,241</b>	<b>-</b>	<b>-</b>	<b>1,082,241</b>	<b>1,640,342</b>
<b>Expenditure on:</b>						
Raising funds	5	351,925	-	-	351,925	780,515
Charitable activities	6	496,262	10,050	-	506,312	1,041,678
<b>Total expenditure</b>		<b>848,187</b>	<b>10,050</b>	<b>-</b>	<b>858,237</b>	<b>1,822,193</b>
<b>Net income</b>	3	<b>234,054</b>	<b>(10,050)</b>	<b>-</b>	<b>224,004</b>	<b>120,650</b>
Transfers between funds				-	-	-
<b>Net movement in funds</b>		<b>234,054</b>	<b>(10,050)</b>	<b>-</b>	<b>224,004</b>	<b>120,650</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		527,575	707,283	245,580	1,480,438	1,359,788
<b>Total funds carried forward</b>	15	<b>761,629</b>	<b>697,233</b>	<b>245,580</b>	<b>1,704,442</b>	<b>1,480,438</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 pages 15-26 form part of these accounts.

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 2021

	Notes	31-Mar 2021 £	31-Mar 2020 £
<b>Fixed assets</b>			
Tangible fixed assets	9	461,977	490,574
		<u>461,977</u>	<u>494,904</u>
<b>Current assets</b>			
Debtors	10	144,733	453,492
Cash and cash equivalents		1,343,470	1,004,720
		<u>1,488,203</u>	<u>1,458,212</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	11	(245,738)	(468,348)
		<u>(245,738)</u>	<u>(468,348)</u>
<b>NET CURRENT ASSETS</b>		<u>1,242,465</u>	<u>989,864</u>
<b>NET ASSETS</b>		<u>1,704,442</u>	<u>1,480,438</u>
<b>Funds</b>			
Unrestricted funds - general	15	761,629	527,575
Unrestricted funds - designated reserves	15	697,233	707,283
Restricted funds	15	245,580	245,580
		<u>1,704,442</u>	<u>1,480,438</u>
<b>Total funds</b>		<u>1,704,442</u>	<u>1,480,438</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 pages 15-26 form part of these accounts.

Approved by the Board on 28 September 2021 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 2021

	Notes	31-Mar 2021 £	31-Mar 2021 £	31-Mar 2020 £	31-Mar 2020 £
<b>Fixed assets</b>					
Investments	8		101		101
Tangible fixed assets	9		409,660		420,972
			<u>409,761</u>		<u>421,073</u>
<b>Current assets</b>					
Debtors	10	35,965		370,971	
Cash and cash equivalents		879,481		656,804	
		<u>915,446</u>		<u>1,027,775</u>	
<b>Current liabilities</b>					
Creditors: Amounts falling due within one year	11	<u>(34,704)</u>		<u>(227,896)</u>	
<b>NET CURRENT ASSETS</b>			<u>880,742</u>		<u>799,879</u>
<b>NET ASSETS</b>			<u>1,290,503</u>		<u>1,220,952</u>
<b>Funds</b>					
Unrestricted funds - general	15		347,690		268,089
Unrestricted funds - designated reserves	15		697,233		707,283
Restricted funds	15		<u>245,580</u>		<u>245,580</u>
			<u>1,290,503</u>		<u>1,220,952</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 pages 15-26 form part of these accounts.

Approved by the Board on 28 September 2021 and authorised to be signed on its behalf by:

**C McNair**

Director

Date

# Machrihanish Airbase Community Company

Company number: SC348209

## Consolidated Statement of Cash Flows

For the year to 31 March 2021

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	2021	2020
	£	£
<b>Cash flows from operating activities:</b>		
Net movement in funds	224,004	120,650
Depreciation charges	30,175	33,397
Decrease/(increase) in debtors	308,759	(256,027)
(Decrease)/increase in creditors	(222,610)	88,087
Net cash provided by operating activities	<u>340,328</u>	<u>(13,893)</u>
<b>Cash flows from investing activities:</b>		
Purchase of tangible fixed assets	(1,578)	(29,067)
Disposal of tangible fixed assets	-	-
Net cash used in investing activities	<u>(1,578)</u>	<u>(29,067)</u>
<b>Net increase/(decrease) in cash during the reporting period</b>	<u>338,750</u>	<u>(42,960)</u>
Cash at bank and in hand at 1 April 2020	1,004,720	1,047,680
Cash at bank and in hand at 31 March 2021	1,343,470	1,004,720
	<u>338,750</u>	<u>(42,960)</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2021

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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 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.

#### 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 2021

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**f. 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.

**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 2021

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 2021 £</b>	<b>Group 2020 £</b>
<b>3. Net income is stated after charging</b>		
Auditor's remuneration	7,600	7,245
Depreciation	30,175	33,397
Staff costs	211,821	215,951
	<u>211,821</u>	<u>215,951</u>
	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>4. Staff costs</b>		
Salaries	195,976	195,383
Social security	12,740	16,613
Pension	3,105	3,955
	<u>211,821</u>	<u>215,951</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2021

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### 4. Staff costs (cont.)

	<b>Group 2021 Number</b>	<b>Group 2020 Number</b>
The average monthly numbers of persons employed by the Group during the year was as follows;		
Staff	<u>9</u>	<u>9</u>

No employees earned over £60,000 (2020: nil). The Directors are regarded as being key management personnel and received no remuneration (2020: nil).

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>5. Costs of raising funds</b>		
Wages and salaries	120,981	126,122
Heat, light and electricity	182,328	615,573
Insurance	34,756	38,820
Repairs	13,860	-
	<u>351,925</u>	<u>780,515</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements For the year to 31 March 2021

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	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>6. Charitable activities</b>		
Staff salaries	87,735	75,874
Pension costs	3,105	3,955
Staff training	-	5,481
Subscriptions	9,378	2,278
Computer costs	5,536	3,938
Advertising	5,568	5,872
Travelling expenses	-	2,417
Motor expenses	11,325	5,997
Entertainment	72	1,352
Printing, postage and stationery	1,738	1,944
Telephone expenses	14,362	5,762
Sundry expenses	10,167	17,668
Bank charges	680	921
Legal, consultancy and other professional fees	156,909	483,633
Accountancy fees	12,545	10,500
Governance costs- audit fees	7,600	7,245
Equipment hire	3,624	4,535
Repairs and maintenance	135,431	291,029
Bad debts	(15,843)	20,337
Charitable donations	14,000	14,894
Depreciation of tangible fixed assets	30,175	33,397
Irrecoverable VAT	12,205	42,649
	<u>506,312</u>	<u>1,041,678</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 2021

	Charity 2021 £	Charity 2020 £
<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	413,941	395,027
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 2020	242,563	40,067	37,567	66,153	200,994	587,344
Additions	-	-	-	1,578	-	1,578
Disposals	-	-	-	-	-	-
As at 31 March 2021	<u>242,563</u>	<u>40,067</u>	<u>37,567</u>	<u>67,731</u>	<u>200,994</u>	<u>588,922</u>
<b>Depreciation</b>						
As at 31 March 2020	-	19,213	26,809	31,814	18,934	96,770
Charge for year	-	5,213	2,244	12,668	10,050	30,175
Disposals	-	-	-	-	-	-
As at 31 March 2021	<u>-</u>	<u>24,426</u>	<u>29,053</u>	<u>44,482</u>	<u>28,984</u>	<u>126,945</u>
<b>Net book value</b>						
As at 31 March 2021	<u>242,563</u>	<u>15,641</u>	<u>8,514</u>	<u>23,249</u>	<u>172,010</u>	<u>461,977</u>
As at 31 March 2020	<u>242,563</u>	<u>20,854</u>	<u>10,758</u>	<u>34,339</u>	<u>182,060</u>	<u>490,574</u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2021

9. Fixed assets (cont.)	Investment	Office	Charity	Solar	Total
	property	equipment & furniture	Plant & machinery	Panels	
	£	£	£	£	£
<b>Cost</b>					
As at 31 March 2020	232,048	31,622	7,437	200,994	472,101
Additions	-	-	-	-	-
As at 31 March 2021	232,048	31,622	7,437	200,994	472,101
<b>Depreciation</b>					
As at 31 March 2020	-	24,756	7,437	18,934	34,802
Charge for period	-	1,263	-	10,050	11,313
As at 31 March 2021	-	26,019	7,437	28,984	62,440
<b>Net book value</b>					
As at 31 March 2021	232,048	5,603	-	172,010	409,661
As at 31 March 2020	232,048	6,866	-	182,060	420,974

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

10. Debtors	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	119,602	390,731	278	293,232
Amounts due from subsidiary undertaking (note 17)	-	-	28,128	14,978
Prepayments and accrued income	17,572	4,000	-	4,000
VAT receivable	7,559	58,761	7,559	58,761
	144,733	453,492	35,965	370,971

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2021

11. Creditors	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	97,114	296,637	23,850	218,247
Other creditors	65,155	66,712	10,854	9,649
Accruals and deferred income (see below)	67,648	88,338	-	-
VAT, PAYE & NI	15,821	16,661	-	-
	<u>245,738</u>	<u>468,348</u>	<u>34,704</u>	<u>227,896</u>

### Deferred income

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

Balance at 1 April 2020	88,338	62,034	-	-
Amount released to income during the period	(88,338)	(62,034)	-	-
Amount deferred during in year	53,093	88,338	1,155	-
Balance at 31 March 2021	<u>53,093</u>	<u>88,338</u>	<u>1,155</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 £3,105 (2020 - £3,955). Contributions totalling £nil (2020 - £828) were payable to the fund at the reporting date.

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

	2021	2020
Due in less than 1 year	558,298	593,278
Due in more than one year and less than five years	2,174,591	2,313,071
Due in more than five years	7,735,056	7,959,874
	<u>10,467,945</u>	<u>10,866,223</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 2021

14. Analysis of group net assets between funds	Unrestricted General Funds	Unrestricted Designated Funds £	Restricted Funds £	Total Funds £
Fixed assets	47,404	172,010	242,563	461,977
Current assets	959,963	525,223	3,017	1,488,203
Current liabilities	(245,738)	-	-	(245,738)
Net assets at 31 March 2021	<u>761,629</u>	<u>697,233</u>	<u>245,580</u>	<u>1,704,442</u>

### 15. Analysis of charitable funds

Analysis of group fund movements	1 April 2020 £	Income £	Expenditure £	Transfers £	31 March 2021 £
General	527,575	1,082,241	(848,187)	-	761,629
Designated reserves	707,283	-	(10,050)	-	697,233
<b>Unrestricted funds</b>	<u>1,234,858</u>	<u>1,082,241</u>	<u>(858,237)</u>	<u>-</u>	<u>1,458,862</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 movement:	1 April 2020 £	Income/Gains £	Expenditure £	Transfers £	31 March 2021 £
General	268,089	293,473	(213,872)	-	347,690
Designated reserves	707,283	-	(10,050)	-	697,233
<b>Unrestricted funds</b>	<u>975,372</u>	<u>293,473</u>	<u>(223,922)</u>	<u>-</u>	<u>1,044,923</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 2021

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

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

	£
Electrical improvements	195,223
Solar panels	172,010
Water pipes	150,000
Biomass	80,000
Building improvements	100,000
	<u>697,233</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 2019, reserves were 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. Due to COVID-19 all the various projects have been delayed.

### 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 £240,575 (2020: £269,000) from MACC Developments Limited, a wholly owned subsidiary of Machrihanish Airbase Community Company, in respect of the profits of the previous period.

As at 31 March 2021, included within the charity Balance Sheet are amounts owed by the subsidiary of £28,128 (2020: £14,978). 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 (2020 - £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 £23,953 (2020: £41,151) for electricity generated from their solar panels.

# Machrihanish Airbase Community Company

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

For the year to 31 March 2021

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

During the year £3,365 (2020 - £115) was paid to Jim Martin Supplies, and £5,460 (2020: £2,117) was 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	Unrestricted Designated Funds	Restricted Funds	Total Funds
	2020	2020	2020	2020
	£	£	£	£
<b>Income and endowments from:</b>				
Investment rental income	700,837	-	-	700,837
Other trading activities	750,025	-	-	750,025
Other income	6,705	-	-	6,705
Voluntary income - grants	485,276	-	-	485,276
<b>Total income</b>	<u>1,942,843</u>	<u>-</u>	<u>-</u>	<u>1,942,843</u>
<b>Expenditure on:</b>				
Raising funds	780,515	-	-	780,515
Charitable activities	861,716	179,962	-	1,041,678
<b>Total expenditure</b>	<u>1,642,231</u>	<u>179,962</u>	<u>-</u>	<u>1,822,193</u>
<b>Net income / (expenditure)</b>	300,612	(179,962)	-	120,650
Transfers between funds	(150,000)	150,000	-	-
<b>Net movement in funds</b>	150,612	(29,962)	-	120,650
<b>Reconciliation of funds:</b>				
Total funds brought forward	376,963	737,245	245,580	1,359,788
<b>Total funds carried forward</b>	<u><u>527,575</u></u>	<u><u>707,283</u></u>	<u><u>245,580</u></u>	<u><u>1,480,438</u></u>

# Machrihanish Airbase Community Company

## Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2021

### 20. Charity only Statement of Financial Activities

	Unrestricted General Funds 2021 £	Unrestricted Designated Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>Income and endowments from:</b>					
Donations	240,575	-	-	240,575	269,000
Voluntary income - grants	500	-	-	500	485,276
Rental income	28,000	-	-	28,000	28,000
Other income	24,398	-	-	24,398	48,156
<b>Total income</b>	<b>293,473</b>	<b>-</b>	<b>-</b>	<b>293,473</b>	<b>830,432</b>
<b>Expenditure on:</b>					
Raising funds	-	-	-	-	-
Charitable activities	213,872	10,050	-	223,922	681,357
<b>Total expenditure</b>	<b>213,872</b>	<b>10,050</b>	<b>-</b>	<b>223,922</b>	<b>681,357</b>
<b>Net income / (expenditure)</b>	<b>79,601</b>	<b>(10,050)</b>	<b>-</b>	<b>69,551</b>	<b>149,075</b>
Transfers between funds	-	-	-	-	-
<b>Net movement in funds</b>	<b>79,601</b>	<b>(10,050)</b>	<b>-</b>	<b>69,551</b>	<b>149,075</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward	268,089	707,283	245,580	1,220,952	1,071,877
<b>Total funds carried forward</b>	<b>347,690</b>	<b>697,233</b>	<b>245,580</b>	<b>1,290,503</b>	<b>1,220,952</b>