

Machrihanish Airbase Community Company
(a company limited by guarantee)

Annual Report

For the year ended 31 March 2022

Registered Charity Number: SC042435

Registered Company Number: SC348209

Machrihanish Airbase Community Company

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Machrihanish Airbase Community Company

Information

For the year ended 31 March 2022

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
K M Barr
I Boyd
I Harris
A Ronald

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 2022

The directors present their report together with the consolidated financial statements for the year ended 31 March 2022.

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 2 March 2015 a second wholly owned company was incorporated. Discover Space UK Ltd started trading in September 2021.

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 group and of the income or expenditure of the company and group 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 company and group. 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 2022

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 aviation, education, research & development, 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 2021 there were eleven directors (9 elected, 2 co-opted, 1 appointed) up from 9 in the previous year.

Machrihanish Airbase Community Company

Report of the Directors (Cont.) For the year ended 31 March 2022

Achievements and performance

2021-2022 saw a cautious return to normal for the Machrihanish Airbase Community Company (MACC) Group as the restrictions from the COVID19 pandemic were gradually reduced. This report covers a 12 month period from 1st April 2021 to 31st March 2022, and is the 10th year of group trading accounts and covers the 9th anniversary of ownership of the site. During the period MACC has continued to successfully manage the site through the challenges of the pandemic and the trickle down effects of materials and service shortages and disruption. The business park continued to receive regular enquiries from a wide range of parties interested in utilising the assets that the site has to offer. The tenancy roll decreased from an all time high of 148 to 125 occupied units by March 2022, reversing the upward trend of increasing occupancy enjoyed in the last few years.

The year started with the removal of the solar farms export restriction allowing all 250kW of generation to be exported and sold on the grid. The airport operator HIAL's plans to refurbish the runway at a cost of £5 million was approved by MACC after consideration of its impacts on the ability of the airport to handle larger aircraft, the refurbishment will safeguard the runway for 15+years before further works are required, it also lifts the restrictions on larger jets that were in place, ideal timing with the lifting of travel restrictions. July saw a return of events to the site with the 7th MACH1 Stages Rally albeit without spectators due to ongoing covid restrictions quickly followed by the inaugural MACH21 CanSat competition. MACH21 was organised by DSUK partners UK Launch Services and hosted by MACC with 11 universities and 60 students attending the site following several months of lead up in designing, reviewing and testing home made can sized satellites. The event was a huge success with 11 successful rocket launches from the site and an incredible appetite for going bigger and better in 2022.

MACC Developments Ltd continued to deliver on the management and leasing of the MACC assets. The onsite greenkeeping facility was over roofed to combat the continued maintenance on the leaking flat roof. New tenant enquiries were realised, most notably a 20 year lease with Argyll College UHI was agreed for the lease of B35A a former bowling alley that will be turned into an engineering and construction centre for the training of locals in key skills. Runway contractors Lagan Aviation leased sections of the site during the runway refurbishment project for accommodation and a contractors compound. Significant focus of the maintenance team was placed on working through the backlog of maintenance issues from the pandemic, prioritising key utility buildings for repairs. Planning permission for the refurbishment of B120 hangar was submitted but due to planning backlog a decision was not made in the period as was expected. Despite a promising environment for the development of onshore and offshore windfarms, CS Wind UK Ltd was placed into administration by its directors in September and the process to find a buyer was not concluded within the period.

MACC Group staff increased from 9 to 11 in the period with the addition of three temporary roles, two in the maintenance department and a project manager to assist with the development of the groups strategies. The project manager post is part funded by an HIE graduate scheme with MACC providing the remaining funding and resources.

MACC Charitable giving fund ran for its 5th year donating £12,454.00 of funding to local groups. The funds supported projects for inclusive play equipment for disabled children at Jocks Boat playpark in Campbeltown, new football strips for the juvenile football teams, sparring and training materials for the local tae-kwon do club, provision of seating and picnic benches in Campbeltowns gateway garden, new student instruments for Campbeltown Brass band, support for energy management systems in Carradale Community shop and post office and marketing and maintenance materials for the volunteer run Kintyre Way long distance pathway. MACC continued to provide the site in kind for local community groups including the Scouts and Cubs for weekly gatherings in the school term as well as the Campbeltown Young Farmers for a tractor run fundraiser.

Machrihanish Airbase Community Company

Report of the Directors (Cont.) For the year ended 31 March 2022

Financial Review

As shown on the Statement of Financial Activities (SOFA) on page 11, there was net income in the year of £333,839 (2021: £198,512). At the year end, the Group had funds of £2,012,789 (2021: £1,678,950) of which £245,580 were restricted.

Future plans

2021/2022 is year 5 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 believes that there remains little risk to the group operations from COVID-19, or from the Russian invasion of Ukraine.

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 2022 show total reserves of £2,012,789 which relates to £1,767,209 of unrestricted funds (including a designated reserve of £687,183) 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 2022

Directors

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

J Beveridge
D Cook
A Hemmings
A Martin
C McNair
J Stolberger
M Turner
K M Barr (appointed 1 September 2021)
I Boyd (appointed 1 September 2021)
A Ronald (appointed 1 September 2021)
I Harris (appointed 28 September 2021)

Disclosure of information to auditors

Each of the persons who are directors at the time when this Report of the Directors is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to be taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 _____ 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 2022

We have audited the financial statements of Machrihanish Airbase Community Company (the 'company') for the year ended 31 March 2022 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 2022 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 2022

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 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 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 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 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 2022

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulation might have a material effect on the financial statements: employment regulation, health and safety, regulation, anti-money laundering regulation and non-compliance with implementation of government support schemes relating to COVID-19.

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

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

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.

In addition, 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, in particular in relation to revenue recognition, and significant one-off or unusual transactions.

Machrihanish Airbase Community Company

Independent auditor's report to the directors and members of Machrihanish Airbase Community Company For the year ended 31 March 2022

- 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.

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

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

Use of the audit report

This report is made solely to the 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 2022

		Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds	Total Funds
	Notes	2022	2022	2022	2022	2021
		£	£	£	£	£
Income and endowments from:						
Donations and legacies		5,000	-	-	5,000	500
Charitable activities - grants		90,585	-	-	90,585	-
Investment income - rent		753,202	-	-	753,202	754,411
Other trading activities		255,928	-	-	255,928	262,711
Fulough and other income		26,864	-	-	26,864	47,393
Total income		1,131,579	-	-	1,131,579	1,065,015
Expenditure on:						
Raising funds	5	340,107	-	-	340,107	330,352
Charitable activities	6	447,583	10,050	-	457,633	536,151
Total expenditure		787,690	10,050	-	797,740	866,503
Net income/(expenditure)	3	343,889	(10,050)	-	333,839	198,512
Transfers between funds				-	-	-
Net movement in funds		343,889	(10,050)	-	333,839	198,512
Reconciliation of funds:						
Total funds brought forward		736,137	697,233	245,580	1,678,950	1,480,438
Total funds carried forward	15	1,080,026	687,183	245,580	2,012,789	1,678,950

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 2022

	Notes	31-Mar 2022 £	31-Mar 2021 £
Fixed assets			
Investments	8	-	-
Tangible fixed assets	9	436,714	464,077
		<u>436,714</u>	<u>464,077</u>
Current assets			
Debtors	10	198,613	144,733
Cash and cash equivalents		1,640,938	1,343,470
		<u>1,839,551</u>	<u>1,488,203</u>
Current liabilities			
Creditors: Amounts falling due within one year	11	(263,476)	(273,330)
		<u>(263,476)</u>	<u>(273,330)</u>
NET CURRENT ASSETS		<u>1,576,075</u>	<u>1,214,873</u>
NET ASSETS		<u>2,012,789</u>	<u>1,678,950</u>
Funds			
Unrestricted funds - general	15	1,080,026	736,137
Unrestricted funds - designated reserves	15	687,183	697,233
Restricted funds	15	245,580	245,580
		<u>2,012,789</u>	<u>1,678,950</u>
Total funds		<u>2,012,789</u>	<u>1,678,950</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 _____ 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 2022

	Notes	31-Mar 2022 £	31-Mar 2022 £	31-Mar 2021 £	31-Mar 2021 £
Fixed assets					
Investments	8		1		101
Tangible fixed assets	9		398,488		409,660
			<u>398,489</u>		<u>409,761</u>
Current assets					
Debtors	10	108,610		35,965	
Cash and cash equivalents		1,290,467		879,481	
		<u>1,399,077</u>		<u>915,446</u>	
Current liabilities					
Creditors: Amounts falling due within one year	11		<u>(16,044)</u>		<u>(34,704)</u>
NET CURRENT ASSETS			<u>1,383,033</u>		<u>880,742</u>
NET ASSETS			<u><u>1,781,522</u></u>		<u><u>1,290,503</u></u>
Funds					
Unrestricted funds - general	15		848,759		347,690
Unrestricted funds - designated reserves	15		687,183		697,233
Restricted funds	15		<u>245,580</u>		<u>245,580</u>
			<u><u>1,781,522</u></u>		<u><u>1,290,503</u></u>

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

The notes on pages 15-26 form part of these accounts.

Approved by the Board on _____ 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 2022

	2022	2021
	£	£
Cash flows from operating activities:		
Net movement in funds	333,839	198,512
Depreciation charges	30,037	30,175
Decrease/(increase) in debtors	(53,880)	308,759
Decrease in creditors	(19,854)	(195,018)
Net cash provided by/(used in) operating activities	<u>290,142</u>	<u>342,428</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	<u>(2,674)</u>	<u>(3,678)</u>
Net cash used in investing activities	<u>(2,674)</u>	<u>(3,678)</u>
Net increase/(decrease) in cash during the reporting period	<u>287,468</u>	<u>338,750</u>
Cash at bank and in hand at 1 April 2021	1,343,470	1,004,720
Cash at bank and in hand at 31 March 2022	1,640,938	1,343,470
	<u>297,468</u>	<u>338,750</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements

For the year to 31 March 2022

1. Accounting policies

1.1 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.

1.2 Going concern

On the basis of the profitable track record of the group, its strong financial position, and a high level of secured rental income as detailed in note 13, the directors are satisfied that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 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

1.4 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.

1.5 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.

1.6 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 of the delivery of 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 2022

1.7 Investments

Investments in subsidiaries are stated at cost less impairment. Investments in joint ventures are stated at cost plus share of profits, or losses (restricted to cost).

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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 2022

1. Accounting policies (continued)

1.13 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.

1.14 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.

1.15 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.

	Group 2022	Group 2021
	£	£
3. Net income is stated after charging		
Auditor's remuneration	9,800	7,600
Depreciation	30,037	30,175
Staff costs	247,604	211,821
	<u>247,604</u>	<u>211,821</u>
	Group 2022	Group 2021
	£	£
4. Staff costs		
Salaries	225,155	195,976
Social security	18,569	12,740
Pension	3,880	3,105
	<u>247,604</u>	<u>211,821</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements For the year to 31 March 2022

4. Staff costs (cont.)

	Group 2022 Number	Group 2021 Number
The average monthly numbers of persons employed by the Group during the year was as follows;		
Staff	<u>11</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).

	Group 2022 £	Group 2021 £
5. Costs of raising funds		
Wages and salaries	138,217	120,891
Heat, light and electricity	158,287	172,855
Insurance	<u>43,603</u>	<u>36,516</u>
	<u>340,107</u>	<u>330,262</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements For the year to 31 March 2022

	Group 2022 £	Group 2021 £
6. Charitable activities		
Staff salaries	105,507	87,735
Pension costs	3,380	3,105
Subscriptions	4,715	9,378
Computer costs	2,698	5,836
Advertising	6,683	5,568
Motor expenses	8,493	11,325
Entertainment	-	72
Printing, postage and stationery	2,278	1,738
Telephone expenses	7,160	14,326
Sundry expenses	13,807	7,580
Bank charges	621	680
Legal, consultancy and other professional fees	115,597	156,909
Accountancy fees	12,278	12,545
Governance costs- audit fees	9,800	7,600
Equipment hire	5,136	3,624
Repairs and maintenance	93,271	167,599
Bad debts	-	(15,843)
Charitable donations	10,954	14,000
Depreciation of tangible fixed assets	30,039	30,175
Irrecoverable VAT	25,216	12,199
	<hr/>	<hr/>
	457,633	536,151

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 2022

8. Investments	Charity 2022 £	Charity 2021 £
Shares in Discover Space UK Limited- SC499199	-	100
Shares in MACC Developments Limited- SC413390	1	1
	<u>1</u>	<u>101</u>

Details of the investments are as follows;

Name	% held	Class of shares	Aggregate capital & reserves	Profit after tax
MACC Developments Limited	100%	Ordinary	231,271	237,714
Discover Space UK Limited	50%	Ordinary		-

Details of the subsidiary and joint venture companies are provided in note 16.

9. Tangible fixed assets	Group					Total £
	Investment property £	Motor vehicles £	Office equipment & furniture £	Plant & machinery £	Solar panels £	
Cost or Valuation						
As at 31 March 2021	242,563	40,067	37,567	69,831	200,994	591,022
Additions	-	-	1,266	1,408	-	2,674
Disposals	-	-	-	-	-	-
As at 31 March 2022	<u>242,563</u>	<u>40,067</u>	<u>38,833</u>	<u>71,239</u>	<u>200,994</u>	<u>593,696</u>
Depreciation						
As at 31 March 2021	-	24,426	29,053	44,482	28,984	126,945
Charge for year	-	3,910	2,359	13,718	10,050	30,037
Disposals	-	-	-	-	-	-
As at 31 March 2022	<u>-</u>	<u>28,336</u>	<u>31,412</u>	<u>58,200</u>	<u>39,034</u>	<u>156,982</u>
Net book value						
As at 31 March 2022	<u>242,563</u>	<u>11,731</u>	<u>7,421</u>	<u>13,039</u>	<u>161,960</u>	<u>436,714</u>
As at 31 March 2021	<u>242,563</u>	<u>15,641</u>	<u>8,514</u>	<u>25,349</u>	<u>172,010</u>	<u>464,077</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2022

9. Fixed assets (cont.)	Investment	Office	Charity	Solar	Total
	property	equipment & furniture	Plant & machinery	Panels	
	£	£	£	£	£
Cost					
As at 31 March 2021	232,048	31,622	7,437	200,994	472,101
Additions	-	-	-	-	-
As at 31 March 2022	232,048	31,622	7,437	200,994	472,101
Depreciation					
As at 31 March 2021	-	26,020	7,437	28,984	62,441
Charge for year	-	1,122	-	10,050	11,172
As at 31 March 2022	-	27,142	7,437	39,034	73,613
Net book value					
As at 31 March 2022	232,048	4,480	-	161,960	398,488
As at 31 March 2021	232,048	5,602	-	172,010	409,660

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

10. Debtors	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	93,940	119,602	1,293	278
Amounts due from subsidiary undertaking (note 17)	-	-	27,265	28,128
Amount due from joint venture	73,265	-	73,265	-
Prepayments and accrued income	31,408	17,572	3,901	-
VAT receivable	-	7,559	2,886	7,559
	198,613	144,733	108,610	35,965

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2022

11. Creditors	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	5,607	107,448	395	23,850
Other creditors	44,772	65,155	100	100
Accruals and deferred income (see below)	181,400	84,874	15,549	10,754
VAT, PAYE & NI	31,697	15,853	-	-
	<u>263,476</u>	<u>273,330</u>	<u>16,044</u>	<u>34,704</u>

Deferred income

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

Balance at 1 April 2021	70,319	88,338	-	-
Amount released to income during the period	(70,319)	(88,338)	-	-
Amount deferred during in year	148,452	70,319	-	-
Balance at 31 March 2022	<u>148,452</u>	<u>70,319</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 £3,880 (2021 - £3,105). Contributions totalling £nil (2021 - £nil) were payable to the fund at the reporting date.

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

	2022	2021
Due in less than 1 year	522,324	559,579
Due in more than one year and less than five years	1,553,006	1,553,639
Due in more than five years	6,729,995	6,353,637
	<u>8,805,325</u>	<u>8,466,855</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 2022

14. Analysis of group net assets between funds	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fixed assets	32,191	161,960	242,563	436,714
Current assets	1,311,311	525,223	3,017	1,839,551
Current liabilities	(263,476)	-	-	(263,476)
Net assets at 31 March 2022	<u>1,080,026</u>	<u>687,183</u>	<u>245,580</u>	<u>2,012,789</u>

15. Analysis of charitable funds

Analysis of group fund movements	1 April 2021	Income	Expenditure	Transfers	31 March 2022
	£	£	£	£	£
General	736,137	1,131,579	(787,690)	-	1,080,026
Designated reserves	697,233	-	(10,050)	-	687,183
Unrestricted funds	<u>1,433,370</u>	<u>1,131,579</u>	<u>(797,740)</u>	<u>-</u>	<u>1,767,209</u>
Property improvement fund	245,580	-	-	-	245,580
Restricted funds	<u>245,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,580</u>

Analysis of charity fund movements:	1 April 2021	Income	Expenditure	Transfers	31 March 2022
	£	£	£	£	£
General	347,690	571,272	(70,203)	-	848,759
Designated reserves	697,233	-	(10,050)	-	687,183
Unrestricted funds	<u>1,044,923</u>	<u>571,272</u>	<u>(80,253)</u>	<u>-</u>	<u>1,535,942</u>
Property improvement fund	245,580	-	-	-	245,580
Restricted funds	<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 2022

15. Analysis of charitable funds (cont.)

Group and charity - analysis of designated reserves

	£
Electrical improvements	195,223
Solar panels	161,960
Water pipes	150,000
Biomass	80,000
Building improvements	100,000
	<u>687,183</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 was 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 was dormant until this year when another stake-holder made a 50% investment in this company. The purpose of this company is to bring Space related activity to the site and 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 £394,894 (2021: £240,755) 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 2022, included within the charity Balance Sheet are amounts owed by the subsidiary of £27,265 (2021: £28,178). 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 (2021 - £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 **£36,412.98** (2021: £23,953) for electricity generated from their solar panels.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2022

17. Related party transactions (cont.)

During the year £2,254.75 (2021- £3,365) was paid to Jim Martin Supplies, and £5,200 (2021: £5,460) was received from Jim Martin Supplies which is owned by J Martin (Director of the subsidiary) for property rental. £750.00 was received from A Hemmings (Director of the charity) for property rental and £5,367.87 was received from E MacEachran (Director of the subsidiary) for property rental during the period.

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
	2021	2021	2021	2021
	£	£	£	£
Income and endowments from:				
Investment rental income	754,411	-	-	754,411
Other trading activities	262,711	-	-	262,711
Other income	47,393	-	-	47,393
Voluntary income - grants	500	-	-	500
Total income	<u>1,065,015</u>	<u>-</u>	<u>-</u>	<u>1,065,015</u>
Expenditure on:				
Raising funds	330,352	-	-	330,352
Charitable activities	526,101	10,050	-	536,151
Total expenditure	<u>856,453</u>	<u>10,050</u>	<u>-</u>	<u>866,503</u>
Net income / (expenditure)	208,562	(10,050)	-	198,512
Transfers between funds	-	-	-	-
Net movement in funds	208,562	(10,050)	-	198,512
Reconciliation of funds:				
Total funds brought forward	527,575	707,283	245,580	1,480,438
Total funds carried forward	<u><u>736,137</u></u>	<u><u>697,233</u></u>	<u><u>245,580</u></u>	<u><u>1,678,950</u></u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2022

20. Charity only Statement of Financial Activities

	Unrestricted General Funds 2022 £	Unrestricted Designated Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income and endowments from:					
Donations and legacies	399,894	-	-	399,894	241,075
Charitable activities - grants	90,585	-	-	90,585	-
Investment income - rent	44,380	-	-	44,380	44,380
Other income	36,413	-	-	36,413	36,413
Total income	571,272	-	-	571,272	321,868
Expenditure on:					
Raising funds	-	-	-	-	-
Charitable activities	70,203	10,050	-	80,253	90,303
Total expenditure	70,203	10,050	-	80,253	90,303
Net income / (expenditure)	501,069	(10,050)	-	491,019	69,551
Transfers between funds	-	-	-	-	-
Net movement in funds	501,069	(10,050)	-	491,019	69,551
Reconciliation of funds:					
Total funds brought forward	347,690	697,233	245,580	1,290,503	1,220,952
Total funds carried forward	848,759	687,183	245,580	1,781,522	1,290,503