

Machrihanish Airbase Community Company
(a company limited by guarantee)

Annual Report

For the year ended 31 March 2023

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 2023

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
J Stolberger
M Turner
I Boyd
A Ronald
R Colville
A Millar
P Prosser

Registered Auditors: Mazars LLP
Chartered Accountants & Statutory Auditor
Capital Square
58 Morrison Street
Edinburgh
EH3 8BP

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

Machrihanish Airbase Community Company

Report of the Directors

For the year ended 31 March 2023

The directors present their report together with the consolidated financial statements for the year ended 31 March 2023.

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

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and 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 ("OSCR"), 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 2023

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 2022 there were ten directors (7 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 2023

Achievements and performance

Discover Space UK Ltd. ("DSUK") was joined by Gray Space who own a 50% share of the joint venture along with Machrihanish Airbase Community Company ("MACC") and there was a further CanSat competition in June 2022 with over 300 members of the public attending, although due to inclement weather the CanSat rockets had to be launched a day early. Glasgow University are utilising the DSUK facilities for rocket engine testing and testing continues as a positive development. David Cook represented DSUK at Farnborough Air Show and networked with other STEM professionals. Hydrogen as a fuel continues to be investigated in the hope that a modular system may eventually be feasible on

A Whisky Distillery is interested in developing Building 175 and developments look promising for this to come to fruition. A further MACH 1 Rally was successfully held in July 2022 and there has been interest in developing a Data Centre on site. Argyll College premises were officially opened during MACC's 10th Anniversary Celebrations.

Maintenance of the infrastructure remains a top priority with new doors for building 120, surface dressing to some roads. Work has continued regarding upgrading the Waste Water Treatment Works and professional advice sought. Following tenders the 11,000V ring main was upgraded and further work is planned to simplify the system for easier maintenance in the future. Investigations into the re-cladding of building 120, extensive CCTV for the Business Park, and the completion of new water pipe from the Killipole supply are ongoing.

MACC was pleased to support the new Golf Course planned at Machrihanish Dunes.

Due to changes in legislation and future plans MACC Developments Limited ("MACCDL") was unable to continue to provide tenanted living accommodation on a Business Park and the Bothies are listed for demolition. A bat survey was completed for the buildings listed for demolition and no bats were discovered.

As Mazars are reviewing their support networks, the process of tendering for new accountants who are more locally based was researched. In addition, consideration is being given to interest accounts for MACC banking.

Following the sad loss of our founding member Don Mitchell in 2021, a memorial has been erected in his honour at the entrance to MACC Offices. To improve the aesthetics of a previous military site, tree planting initiatives occurred in November 2022, helped by the local schoolchildren and again in March 2023, helped by the Guides and Scouts.

MACC fully funded the project manager post for a further year to help in developments and is also reviewing the next 5 year Strategic Plan.

MACC Charitable giving fund ran for its 6th year donating £15,000 of funding to 19 local groups; Kintyre Recycling £1,000, Kintyre Way £1,000, Campbeltown Sea Cadets £1,000, Kintyre Youth Cafe and Young Carers £1,000, Kintyre Zero Waste Shop £500, 1st Campbeltown Guides £500, 1st Campbeltown Brownies £1,000, Campbeltown and District Juvenile Football Association £2,000, Campbeltown Brass Band £1,500, Kintyre Link Club £1,000, Shopper Aid £500, MS Social Group £500, Campbeltown Christmas Lights Group £1,000, Kilkerran MOK Tri Series £500, Campbeltown Picture House £500, Argyll FM £500, Kintyre Amenity Trust £500, and Kintyre Alcohol and Drugs Advisory Service £500.

In addition, MACC offered local voluntary community organisations services in kind such as storage, accommodation and equipment donation.

Machrihanish Airbase Community Company

Report of the Directors (Cont.) For the year ended 31 March 2023

Financial Review

As shown on the Statement of Financial Activities (SOFA) on page 11, there was net expenditure in the year of £159,107 (2022: net income of £333,839). At the year end, the Group had funds of £1,853,682 (2022: £2,012,789) of which £245,580 were restricted (2022: £336,165).

Future plans

2022/2023 is year 1 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 2023 show total reserves of £1,853,682 which is comprised of £1,608,102 unrestricted funds (including a designated reserve of £601,810) 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 2023

Directors

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

J Beveridge
D Cook
A Hemmings
J Stolberger
M Turner
I Boyd
A Ronald
R Colville
A Millar (appointed 20 June 2023)
P Prosser (appointed 27 June 2023)

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;

A Hemmings

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 2023

We have audited the financial statements of Machrihanish Airbase Community Company (the 'company') for the year ended 31 March 2023 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 2023 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 2023

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 2023

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, and anti-money laundering regulation.

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 2023

- Making enquiries of the Directors 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:

David Hoose (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Capital Square
58 Morrison Street
Edinburgh
EH3 8BP

Date:

Machrihanish Airbase Community Company

Consolidated Statement of Financial Activities For the year to 31 March 2023

	Notes	Unrestricted General Funds 2023 £	Unrestricted Designated Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income and endowments from:						
Donations and legacies		20	-		20	5,000
Charitable activities - grants		-	-	158,709	158,709	90,585
Investment income - rent		689,610	-	-	689,610	753,202
Other trading activities		285,446	-	-	285,446	255,928
Fulough and other income		11,813	-	-	11,813	26,864
Total income		986,889	-	158,709	1,145,598	1,131,579
Expenditure on:						
Raising funds	5	342,091	-	-	342,091	340,107
Charitable activities	6	583,129	85,373	294,112	962,614	457,633
Total expenditure		925,220	85,373	294,112	1,304,705	797,740
Net income/(expenditure)	3	61,669	(85,373)	(135,403)	(159,107)	333,839
Transfers between funds		(44,818)	-	44,818	-	-
Net movement in funds		61,669	(85,373)	(135,403)	(159,107)	333,839
Reconciliation of funds:						
Total funds brought forward		989,441	687,183	336,165	2,012,789	1,678,950
Total funds carried forward	15	1,006,292	601,810	245,580	1,853,682	2,012,789

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 2023

	Notes	31-Mar 2023 £	31-Mar 2022 £
Fixed assets			
Investments	8	-	-
Tangible fixed assets	9	432,680	436,714
		<u>432,680</u>	<u>436,714</u>
Current assets			
Debtors	10	249,652	198,613
Cash and cash equivalents		1,383,261	1,640,938
		<u>1,632,913</u>	<u>1,839,551</u>
Current liabilities			
Creditors: Amounts falling due within one year	11	(211,911)	(263,476)
		<u>(211,911)</u>	<u>(263,476)</u>
NET CURRENT ASSETS		<u>1,421,002</u>	<u>1,576,075</u>
NET ASSETS		<u>1,853,682</u>	<u>2,012,789</u>
Funds			
Unrestricted funds - general	15	1,006,292	989,441
Unrestricted funds - designated reserves	15	601,810	687,183
Restricted funds	15	245,580	336,165
		<u>1,853,682</u>	<u>2,012,789</u>
Total funds		<u>1,853,682</u>	<u>2,012,789</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:

A Hemmings

Director

Date

Machrihanish Airbase Community Company

Company number: SC348209

Charity Balance Sheet

As at 31 March 2023

	Notes	31-Mar 2023 £	31-Mar 2023 £	31-Mar 2022 £	31-Mar 2022 £
Fixed assets					
Investments	8		1		1
Tangible fixed assets	9		390,300		398,488
			<u>390,301</u>		<u>398,489</u>
Current assets					
Debtors	10	203,493		108,610	
Cash and cash equivalents		1,148,859		1,290,467	
		<u>1,352,352</u>		<u>1,399,077</u>	
Current liabilities					
Creditors: Amounts falling due within one year	11	<u>(22,776)</u>		<u>(16,044)</u>	
NET CURRENT ASSETS			<u>1,329,576</u>		<u>1,383,033</u>
NET ASSETS			<u>1,719,877</u>		<u>1,781,522</u>
Funds					
Unrestricted funds - general	15		872,487		758,174
Unrestricted funds - designated reserves	15		601,810		687,183
Restricted funds	15		<u>245,580</u>		<u>336,165</u>
			<u>1,719,877</u>		<u>1,781,522</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:

A Hemmings

Director

Date

Machrihanish Airbase Community Company

Company number: SC348209

Consolidated Statement of Cash Flows

For the year to 31 March 2023

	2023	2022
	£	£
Cash flows from operating activities:		
Net movement in funds	(161,281)	333,839
Depreciation charges	37,017	30,037
Loss on disposal of fixed assets	1,433	-
Increase in debtors	(51,039)	(53,880)
Decrease in creditors	(51,565)	(9,854)
Net cash provided by operating activities	<u>(225,435)</u>	<u>300,142</u>
Cash flows from investing activities:		
Purchase of tangible fixed assets	<u>(32,242)</u>	<u>(2,674)</u>
Net cash used in investing activities	<u>(32,242)</u>	<u>(2,674)</u>
Net (decrease)/increase in cash during the reporting period	<u>(257,677)</u>	<u>297,468</u>
Cash at bank and in hand at 1 April 2022	1,640,938	1,343,470
Cash at bank and in hand at 31 March 2023	1,383,261	1,640,938
	<u>(257,677)</u>	<u>297,468</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements

For the year to 31 March 2023

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 overall profitable track record of the group, in recent years 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 undertaking for the year. The results relating to the joint venture have not been consolidated on the grounds they are immaterial.

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 2023

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 2023

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 2023	Group 2022
	£	£
3. Net income is stated after charging		
Auditor's remuneration	20,000	9,800
Depreciation	34,872	30,037
	<u>54,872</u>	<u>39,837</u>
	Group 2023	Group 2022
	£	£
4. Staff costs		
Salaries	258,729	225,155
Social security	14,003	18,569
Pension	4,760	3,880
	<u>277,492</u>	<u>247,604</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements For the year to 31 March 2023

4. Staff costs (cont.)

	Group 2023 Number	Group 2022 Number
The average monthly numbers of persons employed by the Group during the year was as follows;		
Staff	<u>11</u>	<u>11</u>

No employees earned over £60,000 (2022: £60,000). The Directors are regarded as being key management personnel and received no remuneration (2022: nil).

	Group 2023 £	Group 2022 £
5. Costs of raising funds		
Wages and salaries	143,812	138,217
Heat, light and electricity	147,314	158,287
Insurance	<u>50,965</u>	<u>43,603</u>
	<u>342,091</u>	<u>340,107</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements For the year to 31 March 2023

	Group 2023 £	Group 2022 £
6. Charitable activities		
Accountancy fees	18,760	12,278
Advertising	3,845	6,683
Bad debts	3,640	6,929
Bank charges	651	621
Charitable donations	15,050	10,954
Cleaning	2,331	-
Computer costs	885	2,698
Depreciation of tangible fixed assets	24,792	30,039
Entertainment	1,313	-
Equipment hire	30,538	5,136
Governance costs - audit fees	20,000	9,800
Irrecoverable VAT	21,487	25,216
Legal, consultancy and other professional fees	87,067	39,683
Light, power and heating	4,396	-
Motor expenses	9,663	8,493
Pension costs	4,760	3,380
Printing, postage and stationery	1,809	2,278
Project and event costs	15,065	-
Rates	3,714	-
Repairs and maintenance	171,247	169,185
Staff salaries	128,920	105,507
Subscriptions	2,325	4,715
Sundry expenses	6,169	6,878
Telephone expenses	4,702	7,160
	<u>583,129</u>	<u>457,633</u>

The above expenditure is unrestricted. In addition £294,112 of restricted funds charitable expenditure was incurred on the Hydrogen Project (2022: £nil). Grant income of £95,085 was received in the year ended 31 March 2022 in relation to this spend.

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 2023

8. Investments	Charity 2023 £	Charity 2022 £
Shares in Discover Space UK Limited- SC499199	-	-
Shares in MACC Developments Limited- SC413390	1	1
	<u>1</u>	<u>1</u>

Details of the investments are as follows;

Name	% held	Class of shares	Aggregate capital & reserves	Profit/(loss) after tax
MACC Developments Limited	100%	Ordinary	133,809	147,538
Discover Space UK Limited (2022)	50%	Ordinary	(5,856)	(6,056)

Details of the subsidiary and joint venture companies are provided in note 16. Due to losses incurred in the prior year the £100 investment in Discover Space UK Limited has been written down to nil.

9. Tangible fixed assets	Group					Total
	Investment property	Motor vehicles	Office equipment & furniture	Plant & machinery	Solar panels	
	£	£	£	£	£	£
Cost or Valuation						
As at 31 March 2022	242,563	40,067	38,833	71,239	200,994	593,696
Additions	-	-	8,641	25,777	-	34,418
Disposals	-	(13,214)	-	-	-	(13,214)
As at 31 March 2023	<u>242,563</u>	<u>26,853</u>	<u>47,474</u>	<u>97,016</u>	<u>200,994</u>	<u>614,900</u>
Depreciation						
As at 31 March 2022	-	28,336	31,412	58,200	39,034	156,982
Charge for year	-	2,932	7,755	16,280	10,050	37,017
Disposals	-	(11,781)	-	-	-	(11,781)
As at 31 March 2023	<u>-</u>	<u>19,487</u>	<u>39,167</u>	<u>74,480</u>	<u>49,084</u>	<u>182,218</u>
Net book value						
As at 31 March 2023	<u>242,563</u>	<u>7,366</u>	<u>8,307</u>	<u>22,536</u>	<u>151,910</u>	<u>432,682</u>
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>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2023

9. Fixed assets (cont.)	Investment	Office	Charity	Solar	Total
	property	equipment & furniture	Plant & machinery	Panels	
	£	£	£	£	£
Cost					
As at 31 March 2022	232,048	31,622	7,437	200,994	472,101
Additions	-	6,050	-	-	6,050
As at 31 March 2023	232,048	37,672	7,437	200,994	478,151
Depreciation					
As at 31 March 2022	-	27,142	7,437	39,034	73,613
Charge for year	-	4,187	-	10,050	14,237
As at 31 March 2023	-	31,329	7,437	49,084	87,850
Net book value					
As at 31 March 2023	232,048	6,343	-	151,910	390,301
As at 31 March 2022	232,048	4,480	-	161,960	398,488

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

10. Debtors	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	46,222	93,940	475	1,293
Amounts due from subsidiary undertaking (note 17)	-	-	29,173	27,265
Amount due from joint venture (note 17)	141,184	73,265	141,184	73,265
Prepayments and accrued income	33,353	31,408	3,767	3,901
VAT receivable	28,893	-	28,893	2,886
	249,652	198,613	203,492	108,610

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2023

11. Creditors	Group		Charity	
	2023 £	2022 £	2023 £	2022 £
Trade creditors	43,545	5,607	-	395
Other creditors	46,556	44,772	742	100
Accruals and deferred income (see below)	101,128	181,400	22,034	15,549
VAT, PAYE & NI	20,682	31,697	-	-
	<u>211,911</u>	<u>263,476</u>	<u>22,776</u>	<u>16,044</u>

Deferred income

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

Balance at 1 April 2022	148,452	70,319	-	-
Amount released to income during the period	(148,452)	(70,319)	-	-
Amount deferred during in year	74,743	148,452	-	-
Balance at 31 March 2023	<u>74,743</u>	<u>148,452</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 £4,760 (2022 - £3,880). Contributions totalling £nil (2022 - £nil) were payable to the fund at the reporting date.

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

	2023	2022
Due in less than 1 year	617,721	522,324
Due in more than one year and less than five years	1,836,578	1,553,006
Due in more than five years	6,550,943	6,729,995
	<u>9,005,242</u>	<u>8,805,325</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 2023

14. Analysis of group net assets between funds	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Fixed assets	35,192	151,910	245,580	432,680
Current assets	1,183,011	449,900	-	1,632,913
Current liabilities	(211,911)	-	-	(211,911)
Net assets at 31 March 2023	<u>1,006,292</u>	<u>601,810</u>	<u>245,580</u>	<u>1,853,682</u>

15. Analysis of charitable funds

Analysis of group fund movements	1 April 2022	Income	Expenditure	Transfers	31 March 2023
	£	£	£	£	£
General	989,441	986,889	(925,220)	(44,818)	1,006,292
Designated reserves	687,183	-	(85,373)	-	601,810
Unrestricted funds	<u>1,676,624</u>	<u>986,889</u>	<u>(1,010,593)</u>	<u>(44,818)</u>	<u>1,608,102</u>
Hydrogen futures project	90,585	158,709	(294,112)	44,818	-
Property improvement fund	245,580	-	-	-	245,580
Restricted funds	<u>336,165</u>	<u>158,709</u>	<u>(294,112)</u>	<u>44,818</u>	<u>245,580</u>

Analysis of charity fund movement:	1 April 2022	Income	Expenditure	Transfers	31 March 2023
	£	£	£	£	£
General	758,174	322,069	(162,938)	(44,818)	872,487
Designated reserves	687,183	-	(85,373)	-	601,810
Unrestricted funds	<u>1,445,357</u>	<u>322,069</u>	<u>(248,311)</u>	<u>(44,818)</u>	<u>1,474,297</u>
Hydrogen futures project	90,585	158,709	(294,112)	44,818	-
Property improvement fund	245,580	-	-	-	245,580
Restricted funds	<u>336,165</u>	<u>158,709</u>	<u>(294,112)</u>	<u>44,818</u>	<u>245,580</u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2023

15. Analysis of charitable funds (cont.)

Group and charity - analysis of designated reserves

	£
Electrical improvements	119,900
Solar panels	151,910
Water pipes	150,000
Biomass	80,000
Building improvements	100,000
	<u>601,810</u>

The restricted funds primarily 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. A hydrogen futures project grant has been received in the year and this project is expected to be completed later in 2023.

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 was 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, and is now a joint venture. 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 £245,000 (2022: £394,894) 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 2023, included within the charity Balance Sheet are amounts owed by the subsidiary of £29,173 (2022: £27,265). 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 (2022 - £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 £38,039 (2022: £36,413) for electricity generated from their solar panels.

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.)

For the year to 31 March 2023

17. Related party transactions (cont.)

During the year £10,575 (2022 - £2,254) was paid to Jim Martin Supplies, which is owned by J Martin (Director of the subsidiary), and £6,240 (2022: £5,200) was received from Jim Martin Supplies for property rental. £750 (2022 - £750) was received from A Hemmings (Director of the charity) and £3,323 (2022 - £5,368) from E MacEachran (director of the subsidiary) for rental income. Included in note 10 is a sum of £141,184 (2022 - £73,265) due from Discover Space UK Limited, a joint-venture.

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 2022 £	Unrestricted Designated Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
Income and endowments from:				
Investment income - rent	753,202	-	-	753,202
Donations and legacies	5,000	-	-	5,000
Charitable activities - grants	-	-	90,585	90,585
Other trading activities	255,928	-	-	255,928
Furlough and other income	26,864	-	-	26,864
Total income	<u>1,040,994</u>	<u>-</u>	<u>90,585</u>	<u>1,131,579</u>
Expenditure on:				
Raising funds	340,107	-	-	340,107
Charitable activities	447,583	10,050	-	457,633
Total expenditure	<u>787,690</u>	<u>10,050</u>	<u>-</u>	<u>797,740</u>
Net income / (expenditure)	253,304	(10,050)	90,585	333,839
Transfers between funds	-	-	-	-
Net movement in funds	253,304	(10,050)	90,585	333,839
Reconciliation of funds:				
Total funds brought forward	736,137	697,233	245,580	1,678,950
Total funds carried forward	<u><u>989,441</u></u>	<u><u>687,183</u></u>	<u><u>336,165</u></u>	<u><u>2,012,789</u></u>

Machrihanish Airbase Community Company

Notes to the Consolidated Financial Statements (Cont.) For the year to 31 March 2023

20. Charity only Statement of Financial Activities

	Unrestricted General Funds 2023 £	Unrestricted Designated Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income and endowments from:					
Donations and legacies	245,020	-	-	245,020	399,894
Charitable activities - grants	-	-	158,709	158,709	90,585
Investment income - rent	39,010	-	-	39,010	44,380
Other income	38,039	-	-	38,039	36,413
Total income	322,069	-	158,709	480,778	571,272
Expenditure on:					
Raising funds	-	-	-	-	-
Charitable activities	162,938	85,373	294,112	542,423	80,253
Total expenditure	162,938	85,373	294,112	542,423	80,253
Net income / (expenditure)	159,131	(85,373)	(135,403)	(61,645)	491,019
Transfers between funds	(44,818)	-	44,818	-	-
Net movement in funds	114,313	(85,373)	(90,585)	(61,645)	491,019
Reconciliation of funds:					
Total funds brought forward	758,174	687,183	336,165	1,781,522	1,290,503
Total funds carried forward	872,487	601,810	245,580	1,719,877	1,781,522