McSENCE LIMITED

REPORT AND FINANCIAL STATEMENTS
(Group Consolidated Accounts)

YEAR ENDED 31 MARCH 2026

REGISTERED NO: SC129794
CHARITY NO: SC016874

WHITELAW WELLS
CHARTERED ACCOUNTANTS

McSENCE LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

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McSENCE LIMITED

STRATEGIC REPORT INCORPORATING THE TRUSTEES REPORT

For the year ended 31 March 2026

The charity Trustees (who are also Directors for the purposes of company law) present their report and the financial statements for the year ended 31 March 2026, which have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

About McSence

McSence Ltd is part of a Group of companies operating as a community business and Social Enterprise formed in 1988. The company is structured as a Company Limited by Guarantee and incorporated as a charity. It is owned by the community in which it is based and is governed by an unpaid board of Directors. It is asset locked preventing any individual financial gain for shareholders or individuals and all profits generated are reinvested in the business or in the community.

Objectives

McSence was founded in 1988 as a response by the community to the devastating effects of pit and factory closures in the local area when unemployment was very high. The aim was to tackle issues around the poverty high unemployment caused and to seek to reduce poverty through a combined strategy of creating employment, particularly for low skilled workers who had little in the way of opportunity, facilities and resources for others to also create employment opportunities within the community, and by enhancing education to give people a better chance in life. One of the key areas of need identified was support to the elderly members of the community who had little in the way of independent means to support themselves when they retired.

While unemployment has dropped from the sky-high levels following the pit closures, these aims remain current to this day with the local areas suffering from above national average unemployment rates, continuing deprivation within the community as indicated by the Scottish Governments Index of Multiple Deprivation, poor educational outcomes, and a crisis in the adult social care sector. We also now face additional issues around poverty in employment where low paid jobs are proving insufficient to support families.

Through our activities, we seek to change this by creating jobs, providing services for the elderly in need of domiciliary care, providing local facilities to enable others to create jobs, and facilitating education, training and up-skilling resources to improve people’s chances in life.

McSence has a fundamental belief and expertise in the empowerment of communities to help themselves by encouraging partnerships between all aspects of those communities through self-help and increased public awareness and in this we seek to work with other likeminded organisations including the local authorities, NHS, Health & Social Care Partnerships, other third sector and community organisations.

OBJECTIVES & ACTIVITIES (continued)

Our strategy to achieve these objectives is to promote economic and social development within the community through harnessing the value of commercial enterprise for the benefit of society. This strategy includes, supporting and strengthening communities and individuals, facilitating and creating local employment opportunities, delivering care to the elderly, training and up-skilling to increase opportunity, promoting sustainable economic development, fostering entrepreneurial spirit and building capacity and community wealth.

Key to implementation and success of the strategy is to make it sustainable which we do by, funding our activities almost entirely from the profits we make from our commercial ventures, using our resources to provide community funding thereby relieving pressure on other sources of support and, by using resources and assets which are already available within our community to deliver solutions.

In January 2026 the company adopted revised Articles of Association following an external governance review with the aim of modernising and updating the previous version and standardising these as far as possible across the Group. It was also intended to future proof these in terms of governance and structure. The new objectives across all the Group entities remain broadly similar to the old, namely to;

1. prevent and relieve poverty,
2. advance education,
3. advance community development and regeneration,
4. relieve those in need by reason of age, ill health or disability,
5. advance citizenship for the community and its members,
6. support the charitable purpose of the parent charity.

We do not make a distinction between short and long-term objectives.

Activities

Our main mechanism for achieving these objectives is by running commercially focused business ventures which create employment, or enables others to create employment, thereby tacking issues around poverty, and to put money back into the community through wages, purchases of goods and services from other businesses and social enterprises and the distribution of our surpluses through our charity to other community organisations, allowing them to thrive.

In addition to the employment we create, the organisation provides social benefit each year in the form of training opportunities, social care delivery, and direct funding by grants for people in need.

McSence Ltd has no employees and acts as a parent company for the other Group activities and a vehicle for distributing funds back to the community by way of small grants and other community support. It also holds the organisations property assets. The company has charitable status.

OBJECTIVES & ACTIVITIES (continued)

McSence Communication Ltd is the largest trading charity in the Group and delivers our domiciliary care and training activities. Our care service provides a comprehensive personal care, home help and companionship service tailored to individual needs in order to assist elderly and infirm members of the community to lead an independent lifestyle in their own homes. Our services ranges from low level home help assistance such as companionship, shopping, meal preparation, household chores, and accompanied visits for appointments or days out through to a full personal care service including assistance with getting in and out of bed, washing shaving & dressing, assistance with medication, continence care and eating/drinking. We deliver services privately direct to clients and under contract to Local Authorities and other care providers in Midlothian, East Lothian, Edinburgh and the Scottish Borders. Our care staff and home helps are recruited locally, fully PVG checked by Disclosure Scotland and have all completed Health & Social Care training including formal SVQ qualifications through our own in-house training service. This means we deliver care services, by local people, to local people, resulting in a more personalised service. We are Scottish Care Inspectorate registered and work closely with other local agencies such as the Doctors Surgery, the Council's Social Care and Social Work departments and a variety of local charities to deliver a joined up, reliable, efficient and effective service. This activity contributes to the aims of relieving those in need through operating care for the elderly and infirm and also to address poverty issues by creating employment.

Our training service provides vocational training in a range of sectors including health & social care, construction, agriculture and forestry, waste management, and education. These services are delivered to local Government, housing associations, charities, voluntary groups and other third sector organisations as well as commercial businesses. We are SQA registered for the delivery of SVQ qualifications and offer a diverse range of courses. We also deliver employability skills for those attending our courses. Training is delivered on clients' premises or from our own facilities in Mayfield which include classrooms and a fully equipped manual handling suite. Some of our training programmes are delivered through funded placements under a variety of schemes but mainly we work directly with employers to deliver bespoke packages tailored to individual organisational needs. This activity contributes to the aims of relieving and preventing poverty by providing training, development for work skills, re-training and upskilling as well as advancing education by operating training programmes and also addressing poverty issues by creating employment and improving earning potential within employment.

McSence Workspace Ltd has charitable status and carries out property development and management activities specialising in the provision of multi occupant managed office, workshop and light industrial buildings for rent to small and medium sized businesses, local individuals, and third sector organisations on affordable and flexible terms, which enables tenants to create local jobs within the community and contributes to community wealth building. Units ranging in size from 300ft^2 to 5,000ft^2 are available for rental on monthly flexible terms under a licence to occupy or full lease arrangement of five years or longer and accommodation varies from shell only to fully serviced office suites including furnishing and office equipment. All tenants are able to benefit from shared facilities including meeting rooms, training facilities and car parking. Our tenants include a mix of sole traders, small start-up and expanding businesses right up to branch offices of national organisations. We also have a large cluster of social enterprises, charities and other third sector organisations as well as a base for some local council service delivery. We are a particularly popular location for training organisations who can take advantage of our on-site training centre which can be rented by the hour. These activities contribute to our stated aims of relieving poverty by the creating of commercial property to enable organisations to rent space and create employment, enhancing education by providing training facilities for vocational training and other educational programmes as well as working in partnership with others to do so, advance community development and regeneration by creating and maintaining physical infrastructure which was previously derelict, and creating community wealth in the form of land and built environment assets owned by the community. McSence Workspace Ltd has no employees and is administered by McSence Services Ltd through a management charge.

OBJECTIVES & ACTIVITIES (continued)

McSence Services Ltd is a wholly owned non-charitable subsidiary of the Group operating as a company limited by share with the entire share capital help by McSence Ltd. The company undertakes our property maintenance and repair activities including facility management services such as cleaning, void clearance, remedial work, landscaping and trade services including joinery, electrical, and plumbing works. In addition to maintaining the McSence property estate, the company also works for a large range of external clients including local councils, housing associations, educational establishments including schools and universities, and commercial businesses including retail premises, industrial and production facilities, transport providers and car showrooms. We also operate as subcontractors to national facilities management providers and building contractors. Each year, McSence Services Ltd gift aids its profits to the charitable holding company McSence Ltd for use in pursuing the parents' charitable objectives.

We do not utilise volunteers for any of our activities other than as Trustees which translates roughly to 0.4 full-time equivalent posts. Instead, we take the view that our aims and objectives are best exercised by creating sustainable employment in a deprived area and that if there is a job to be done, someone should be paid a living wage to do it.

The charity also offers non-financial support to many local individuals and groups, by way of staff time for support, advice and mentoring and free use of premises for meetings and training.

ACHIEVEMENTS AND PERFORMANCE

We utilise the following measures and indicators in our activities to assess performance against our core objectives.

Prevent and relieve poverty	Number of jobs created. Number of beneficiaries improving qualifications.
Advance education	Number of training courses delivered Number of beneficiaries receiving training
Relieve those in need	Number of beneficiaries receiving care Number of care hours delivered
Advance community development	Creation and maintenance of community owned facilities.
Advance citizenship	Value and number of grants awarded to the community.
Support charitable purpose	Gift aid payment made by subsidiaries to the parent charity.

The Directors are pleased to report it has been another successful year for the Group. Activity measured by income received rose organically across all activities by 31%. The surplus generated increased by 16% from 2025 with margin at 13% down on the 15% achieved in 2025. Much of this is thanks to strong recruitment enabling us to deliver more services. In terms of charitable activity, we increased the number of beneficiaries reached by 22% and the number of hours of assistance delivered by 49% from 2024-2025.

This year we have continued to build community wealth by operating successful businesses to generate sustainable employment and opportunity and have continued to develop and strengthen the community assets we hold.

ACHIEVEMENTS AND PERFORMANCE (continued)

Our domiciliary care activities provided through our subsidiary McSence Communication Ltd grew significantly in the year which not only delivered jobs and training opportunities but contributed greatly to our objective of relieving those in need by reason of age, ill health or disability. In the Midlothian region, our care at home activities saw a 22% increase in sales and a rise in the hours of care delivered by 37%. We also saw a rise of 17% in home help and companionship sales in the region, with beneficiary number increasing by 30% and hours delivered by 11%. This year saw us deliver our first care services in the City of Edinburgh as part of a 10-year contract with the Council won at tender earlier in the period. This added £220,306 of turnover this year alone and represents the area of activities most likely to generate grow in the coming years. The Borders region saw a significant increase in care service delivery with sales volume up by 80% over the period together with a 73% increase in the number of hours delivered and an increase in the number of beneficiaries increasing by 66%. These activities delivered a high-level impact to an increased number of people, particularly the elderly and infirm, by providing domiciliary care to those in need and helped to deliver our charitable objective of relieve those in need by reason of age, ill health or disability.

Our training activities delivered by our subsidiaries McSence Communication Ltd and McSence Workspace Ltd saw a modest increase in sales volume of just 1%. There was a 9% increase in the number of beneficiaries reached to 4,837 in the year but an 18% drop in the number of hours of training delivered as we delivered less intensive training to more people at a lower unit cost. This is representative of a reduction in the demand for training as organisations tightened their belts in the face of rising costs with increased competition amongst suppliers. Vocational training activities grew with our SVQ programme delivery rising by 10% with a total of 49 formal SVQ qualifications being awarded allowing successful candidates to pursue enhanced careers in their chosen field. Our manual handling suite remains popular with bookings up 2% on last year. We also maintained close working relationships with other educational providers including Skills Development Scotland, Garvald Edinburgh, Midlothian Sure Start, British Red Cross, and Midlothian Council. Our training activities continued to make an impact on the lives of those reached by improving qualification and enabling beneficiaries to gain employment or to progress within that employment thanks to higher levels of qualifications. This is particularly relevant to younger members of the community struggling to get a start in employment. It helps to meet our objectives of advancing education and helping to prevent and relieve poverty by promoting training in skills to assist in obtaining paid employment and better levels of pay within employment.

Our subsidiary McSence Workspace Ltd continued to provide and maintain community owned physical infrastructure and manage community wealth in the form of our land and building assets where facilities were made available to external tenants, for community use, and to advance citizenship for the community in the form of training. Renting units at flexible and competitive terms enabled our tenants to create local employment opportunities and thereby support our objective of reliving poverty in the operating area. Our property portfolio remained fully let for the majority of the year which is a key measure of our success in delivering our objectives and in growing the local economy and creating opportunity. The number of local jobs supported by our property holdings grew from 360 in 2024-2025 to 409 this year which in these troubled economic times is a welcome achievement, generating a positive impact to local families in terms of the wages delivered, helping to reduce poverty and improve financial inclusion. Our current tenants represent a broad spectrum of organisations with a good balance between private and third sector organisations. The charity also offers non-financial support to many local individuals and groups, by way of free use of premises for meetings and training. Through our property estate we continue to provide and maintain community owned physical infrastructure and manage community wealth in the form of our land and building assets. This continues to support our objectives of advancing community development through regeneration of what was previously derelict land.

ACHIEVEMENTS AND PERFORMANCE (continued)

It was a more challenging year for our property development, maintenance, and facilities management activities delivered by our subsidiary McSence Services Ltd which saw turnover fall very slightly by 0.1% with annual surplus down by 6.7% as a result of steeply rising material and wage costs together with very competitive pricing in the marketplace. However, we were able to provide a significant gift aid sum of £92,816 to support the charitable objectives of the parent company McSence Ltd.

The Group charitable parent company McSence Ltd maintained its performance this year. Excluding last year's one-off gain on revaluation of investment property, surplus held at £57k. The organisation continued to support individuals and organisations within the community through direct grants and in the year to 31 March 2026, returned £21,537 to the local community in grants and support which is slightly down on the £22,198 in 2024-2025. The recipients of support this year included the local schools and library, community development trust, youth projects, the retired miner's group, children's nurseries, sports clubs, and other local voluntary groups such as musical and dance groups and arts and crafts. In addition to small grants, we continued our support for the community with contributions made to major community events such as the Children's Gala Day and the Fireworks night. All these activities contributed to the prevention of poverty, the advancement of education, the advancement of community development and the advancement of citizenship for the community and its members.

Employment levels increase by 6% with a total of 255 staff at year end. This helped to deliver our charitable objective of preventing and relieving poverty through the creation of employment.

FINANCIAL REVIEW

The group recorded a surplus for the year of £1,302,828 (2025: surplus £1,124,169). Total group income amounted to £9,459,236 (2025: £7,250,929) and total group expenditure amounted to £8,156,408 (2025: £6,536,760). The total value of funds held on 31 March 2026 amounted to £6,898,854 (2025: £5,596,026), comprising £64,000 of a restricted nature (2025: £108,800) and £6,834,854 of an unrestricted nature (2025: £5,487,226).

The charity recorded a surplus for the year of £57,014 (2025: surplus of £57,186 excluding gain on revaluation of investment property). Total income amounted to £174,818 (2025: £186,442 excluding gain on revaluation of investment property) and total expenditure amounted to £117,804 (2025: £129,256), all of which was attributable to unrestricted funds. As at the year end, the balance on unrestricted general funds amounted to a surplus of £1,239,253 (2025: £1,182,239).

Group income rose by 31% due to improved trading from subsidiaries.

Increased turnover and inflationary pressures saw expenditure rise by 25% with wage and employment costs and insurance up with turnover. There were other additional costs in premises costs as we took on more office space to accommodate growth, and recruitment costs as we sought to increase the senior management team. Some costs fell from the previous year including other operational costs, other office costs, and bad debt which fell to zero.

Surplus for the year amounted to 13% of income which is a decrease on the 15% achieved in 2025. This is largely due to inflationary pressures and rising employments costs, particularly the real living wage which increased significantly more than general inflation.

FINANCIAL REVIEW (Continued)

Group cash at bank and in hand rose over the period by £1,399,721 to £3,277,436.

The Directors receive a monthly set of papers from the executive team giving in depth details of financial and other performance measures across the organisation with further papers produced on a quarterly basis. These details are reviewed against the current budget as well as previous year's performance, the Strategic Plan, and other relevant benchmarks. The Directors believe this, together with regular updates from the Chief Executive, provided a sufficient level of information for them to effectively execute their duties in the governance of the organisation.

As always, the charity relies on the hard work and dedication of all our staff members who in these difficult times have been forced to carry out their duties with less resources and even greater constraints on time. The Directors recognise the commitment and dedication our staff make towards the organisation and offer their gratitude to all.

Reserves policy

Group reserves held on 31 March 2026 were £6,898,854 (2025: £5,596,026). This includes £64,000 (2025: £108,800) held in a restricted reserve. The restricted reserve includes £40,000 (2025: £80,000) liable to be paid to The Big Lottery for a grant received. The amount liable to be paid under the restriction reduces evenly over the term which ends in 2027. The remaining £24,000 (2025: £28,800) held in the restricted reserve is in connection with funding received in the year to 31 March 2025 and to 31 March 2026 that was not yet spent.

The reserve policy as agreed by the Directors is to hold reserves as unrestricted funds and cash deposited in an interest-bearing bank account for imminent new business development opportunities benefiting the local area. Reserves are required for potential investment and to cover for any likely period of revenue fall or unexpected expenditure. Give the risk profile of the company and the nature of current revenue from long term property leases, the Directors believe there is not a need for a significant reserve. The present level of cash reserves equated to around 4.8 months of working capital which is in excess of our risk assessed requirements which the Directors view as adequate to support the principal activities of the organisation. The Directors review the reserve policy quarterly.

Investment policy

Investment policy is two-fold, one to distribute funds to regenerate the community through donations and to invest in new business ideas for future surplus for the long-term benefit of the community. Under the memorandum and articles of association, the charity has the power to make any investment which the Directors see fit.

Risk Management

The organisation maintains a detailed Group wide risk assessment which identifies the key risks to which the organisation is exposed, rates these in terms of impact and likelihood, and details mitigation strategies which is kept up to date by the executive team. The Directors monitor and review this on a quarterly basis or more regularly if deemed necessary. Systems including policies and procedures as well as financial monitoring and reporting are in place to control organisational risk and are reviewed periodically and adapted to meet changing needs.

Risk Management (Continued)

Key risks to McSence include income from property holdings and potential issues at one of the subsidiary companies. Subsidiary companies are structured to insulate the wider Group from a failure of the operating business although McSence Ltd could continue to support a subsidiary if it so chose and the Directors were of the view it was in the best interests of the charity.

Unlike many charities, McSence derives almost all of its income from trading activities and is therefore less at risk to changes in the funding environment. Our trading activities are diverse and not dependant on one sector in particular which reduces external risk in terms of revenue, and we are always looking at how we can reduce risk further by increasing and diversifying income through enhanced and expanded trading activities. Currently, the majority of income comes from long term service contracts with local authorities and long-term lease agreements for property rental which is inherently stable in nature. For our long-term contracts, the exception to this would be the loss of one on more contracts through a retendering or recommissioning exercise. The only contract due for re-commissioning was with Borders Council but at the time of writing this had been successfully renewed for a further 10-year period. Loss of these contracts would also be a possibility should performance drop below contractual levels and procedures and processes are in place to ensure quality control and compliance are maintained at the necessary levels. Our property rental agreements could be at risk if we lost several tenants at the one time and we mitigate this by restricting the amount of space we let to each individual tenant and ensure a broad spectrum of tenants over a range of industries while limiting our exposure to any one sector. We also closely manage the split between long- and short-term leases and stagger the dates of lease expiry so we limit the number of tenants possibly leaving at the same time. In addition, we retain the services of a specialist firm of Chartered Surveyors to advise on property matters.

Well documented issues with recruitment and retention have eased over recent years which has led to a significant reduction in risk. The improvements achieved are due to a number of measures but primarily the use of foreign students and their dependents together with our registration on the Home Office sponsorship scheme where at yearend we had 52 foreign nationals under sponsorship agreements. Both are subject to continued political support which does present a risk. While much of this risk is out of our hands, we do try to mitigate this by looking at how we can improve recruitment of UK nationals and our training activities are helpful in this regard.

Energy costs have dropped further over the period, and we have recently been able to secure a further fixed deal at an advantageous rate which will guarantee cost stability for the next 12 months. However, ongoing conflicts across the world are likely to see prices remain elevated and may well go higher still, particularly for gas. Rising fuel costs have had an impact in relation to travelling and we have recently had to increase the rate we pay staff to use their own vehicles. For our property rental business, we recharge over 80% of energy costs to tenants so the risk is limited, although we remain vulnerable to tenants being unable to pay on leaving the business park. To mitigate this risk, we have embarked on a series of upgrades to the heating systems and lighting within the buildings to reduce on-going running costs. We have also reduced the running time of heating systems and put in better mechanical and electrical controls to make management of this easier.

The general economic climate and in particular low growth, rising costs, rising inflation, and a restricted workforce, presents on-going risk to the organisation. However, the risk of the UK economy going into recession is not currently high and if a recession does happen, it is likely to be relatively soft. In addition, most of our income is from care at home services which are Government funded and largely protected from variations in the economy. Training on the other hand is expenditure businesses often cut in difficult times, but this forms a small part of our total income and the statutory and compliance nature of much of the training we provide again insulates us from an economic downturn.

Risk Management (Continued)

Environmental risks posed by climate change, resource scarcity, pollution and regulatory considerations can impact on operations, finance and the reputation of the organisation. In general, these risks are not significant for the Group. Most of our activities are delivered off site so we do not have a need for extensive premises, and we do not generate large volumes of waste nor consume high levels of energy. We are susceptible to resource scarcity in particular for PPE equipment as highlighted by the COVID pandemic, but we carry a suitable level of stock. However, for our property rental business the risks are higher where the use of energy, possible pollution incidents, actively managing waste and recycling and potential retrospective changes to building regulations or EPC requirements could all have an impact. These risks are managed through our Group wide Risk Assessment, Environmental Risk Assessment, and policies and procedures which are kept under regular review by the Directors. These procedures help inform strategic planning and operational resilience. Compliance with policies and procedures in respect of environmental issues are monitored in accordance with our general governance procedures.

Cyber risks present one of the most significant threats facing the organisation. Over recent years, considerable effort and resource have been invested in strengthening our cyber resilience, working in partnership with our specialist IT support contractors. We have moved away from on-site servers to secure cloud-based services, providing enhanced security, resilience and backup arrangements, and have standardised our systems using Microsoft products. We operate a comprehensive range of cyber-security measures, including network and email protection, endpoint detection and response, password management and 24/7 monitoring. We have also adopted strong device-management protocols and restrict access to our networks to appropriately protected devices. The organisation maintains cyber insurance and has a detailed cyber incident response procedure within its Business Continuity Plan, which is regularly reviewed and updated in conjunction with our specialist advisers.

In common with many other organisations, there are a number of general day-to-day risks that the Directors have to manage such as loss-making contracts, cash flow issues, statutory compliance, loss of key staff members, succession planning, failure of a key supplier or sub-contractor, IT failure, and internal or external fraud. These and other risks are assessed and policies, procedures and where appropriate insurance cover is put in place to help manage and mitigate these.

Grants Policy

An updated Grants Policy was agreed and implemented by the Directors during this financial period. Each year the group uses its own funds to make small grant awards to constituted voluntary organisations within the community. These are distributed twice yearly in accordance with a written policy, with suitable organisations invited to apply by means of a standard application form. Applications are assessed and awards made by a sub-committee of the Board. A budget is set at the beginning of the financial year based on the previous year's financial performance and reviewed again by the full Board at the mid-point of the year, based on current performance at that time.

PLANS FOR THE FUTURE

The directors will continue to seek to maximise the income generated from McSence in carrying out the principal activities described in the Activities section of the report.

The organisation has a Strategic Development Plan for 2025-2030 which it is implementing. This is reviewed quarterly by the Directors.

PLANS FOR THE FUTURE (Continued)

Performance this year has been good which has continued into the first few months of the new financial year. We have set a positive budget for the forthcoming year and are performing above expectations to date. However, we are continuing to see above inflation increases in the real living wage and in the wider economy, low growth and high public sector wage awards together with instability in global markets caused by conflict and US tariffs is increasing uncertainty.

Domiciliary care remains the element of our activities with significant potential to expand. We are unlikely to see significant growth in care services in the Midlothian region, but our new contract win in Edinburgh has the potential to increase hours of delivery over the next 18 months and the ten-year term gives us stability of income well into the future. A similar ten-year extension to our contract in the Borders has also been secured after the end of this reporting period which also provides stability and the potential for additional hours. Midlothian Council is the only one of our contracts which is awarded on the basis of “block hours” which helps us be more efficient. We are currently working on a trial project for this in the Borders which if successful and rolled our further could help further.

These positive indicators have led us to budget for an increase in turnover this year, but higher costs are likely to negatively impact on margins. We will continue to explore all avenues to reduce overhead and improve productivity in order to maintain margin.

Once the new Edinburgh Council care contract has bedded in, we will look to other geographic areas where we can expand at commercially favourable terms, and we are currently considering strengthening the senior management team to help facilitate this.

The volatility of the care marketplace and difficulty in recruiting and retaining staff continues to put strain on our competitors and there has been a steady stream of failures. We actively look for any opportunities this may create in terms of acquiring more hours of delivery.

We continue to commit capital expenditure to improve and strengthen our software and hardware infrastructure with a view to improving efficiency and productivity. As a result, a variety of IT upgrade programmes have been completed in the last twelve months, and more are anticipated in the coming financial year. In particular, we will be continuing to strengthen our cyber resilience.

In order to ensure our property rental offering remain attractive to potential tenants, and to provide a high level of service for existing tenants we will continue to invest in upgrading building systems and other facilities on the park for the benefit of existing tenants and to help us attract new clients. This year will include further energy reduction measure, upgrades to security and door entry systems and further investment in new technologies for facilities management.

For our charitable activities at McSence Ltd, our plans for the coming year are to do much the same as previously with support for the usual community events and to continue supporting local community organisations with small grants. In addition, we are developing a policy for larger grant giving and hope to support more significant projects within the community going forward.

We are also looking to acquire further community assets in the way of buildings that can be put to community use, and some funds have been expended this year in pursuit of this objective. One acquisition in particular is being pursued and is in an advanced stage, but there are legal issues currently preventing it from getting over the line. Work to resolve these continues.

PLANS FOR THE FUTURE (Continued)

The Directors anticipate income and expenditure will be higher than year, subject to continuing profitability within our trading subsidiary companies, although we remain mindful of the deepening cost of living crisis, rising costs, and lack of growth within the general economy.

SUSTAINABILITY

The Directors recognise that sustainability is integral to the long-term achievement of the Charity's purposes and to maintaining the confidence of beneficiaries, clients, suppliers, supporters, staff, and other stakeholders. We are committed to managing our activities responsibly and to considering the environmental, social, and economic impacts of our decisions.

During the year, the Charity continued to embed sustainable practices within its operations and service delivery. This included seeking to reduce waste, improve resource efficiency, increase the use of digital technologies, and consider environmental factors when procuring goods and services where practical and proportionate to our size and resources.

The Directors also recognise their wider social responsibilities. We are committed to operating in a manner that promotes equality, diversity, inclusion, staff wellbeing, and fair treatment of all those with whom we interact. We seek to ensure that our activities create positive outcomes for beneficiaries and communities while maintaining high standards of governance and ethical conduct. In this regard we have created a new post this year for a Head of Governance and Compliance and are continuing to implement the recommendations from our recent external governance review.

The Directors consider sustainability risks and opportunities as part of the Charity's strategic planning and risk management processes. While balancing environmental considerations with the efficient use of charitable funds, the Directors aim to ensure that the Charity remains financially resilient and capable of delivering public benefit both now and in the future.

The Charity will continue to review its sustainability performance and identify proportionate measures to reduce its environmental impact while supporting the effective delivery of its charitable objectives.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document and organisational structure

The group parent is a charitable Company Limited by Guarantee which is governed by a Memorandum of Association.

In accordance with good charitable governance, the Trustees commissioned an external governance review which reported in the 2025-2026 year. We are currently working through the recommendation of the review and are making good progress with changes made to several Policies & Procedures and working practices including Conflict of Interest Policy and Directors Code of Conduct. This may lead to further potential changes in structure and governance being recommended to the members.

Recruitment and Appointment of Directors

As part of the external governance review, new and revised Board policies have been introduced for Board Recruitment & Succession Planning including a significant revision to our Director Recruitment Pack.

In general, vacant Director posts are advertised on an as required basis through Volunteer Midlothian and other relevant platforms. In addition, potential Directors may make direct contact with the organisation or often come to our attention by recognition of their business acumen, honesty, hard work and respect in the community. Prospective candidates are required to compete an application form which is assessed by a subgroup of the Board comprising the Chairman and the Chief Executive prior to the candidate attending a formal interview. Successful candidates are then invited to participate in a number of Board meetings as an observer so they can get a feel of whether the role is for them, and current Directors can assess their suitability. At the end of this process, if all are in agreement, the individual is co-opted onto the Board for confirmation at the next available AGM by the general membership, all in accordance with the Articles of Association.

Directors must retire at each AGM after three years continuous service, but can stand for re-appointment, passed by simple majority of the full membership at the AGM.

Directors' Induction and Training

As part of the governance review, our Directors Induction Pack has been revised for issue to all new Directors, and a Director Development programme is currently being prepared for implementation in 2026-2027. Induction training is provided prior to commencing appointment to the Board. Potential candidates have a skills assessment as part of the recruitment process which is reviewed for all existing Directors every three years, from which a skills matrix is maintained. From this base line, training needs are assessment for all Board members which is then implemented using internal, and where necessary, external training resources.

Organisation structure

McSence Ltd acts as a parent company for the other companies within the Group. Each of the subsidiary companies has its own management team overseen by the same senior executive team and Board. Each company has the same Board of Directors and Board meetings are held concurrently for all organisations in the Group. Full Board meetings are held quarterly with a monthly briefing and financial review meeting which Directors may also choose to attend.

The Board supervises the work of the senior executive team who have day to day responsibility for managing the organisation, led by the Chief Executive. All the senior team are employed by McSence Services Ltd, and a management charge is made to other Group entities to cover the cost.

Pay and Remuneration of Key Personnel

The management team have their pay, employment benefits and terms and conditions of employment set by the Group senior executive team, subject to full Board approval. This is reviewed at least annually, but sometimes more regularly to accommodate changing market conditions or personnel.

Rates of pay and other benefits are bench market against other public and private providers in the marketplace by means of comparison to advertised positions and general market intelligence. They are also evaluated for continuing staff against performance appraisals, the financial performance of the business and an analysis of future identified risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Directors:	Sharon Hill	
	Michael Hogg	
	Robert Hogg	
	Scott Paterson	
	Barbara Ramsay	
	Barry Cassels	
	John Paterson	Resigned 10 January 2026
	Christopher Olley	
	Theresa Morrison	
	Stuart MacArthur	Appointed 24 February 2026
Registered Office and Operating Address:	McSence Business Enterprise Park 32 Sycamore Road Mayfield Dalkeith EH22 5TA	
Registered Number:	SC129794	
Charity Number:	SC016874	
Chief Executive:	David Maxwell	
Secretary:	Scott Paterson	
Senior Statutory Auditor:	Kevin Cattanach	
Independent Auditors:	Whitelaw Wells Statutory Auditors 9 Ainslie Place Edinburgh EH3 6AT	
Bankers:	The Royal Bank of Scotland 63 High Street Dalkeith EH22 1JA	
	Triodos Bank Brunel House 11 The Promenade Bristol BS8 3NN	
Solicitors:	BTO 48 St Vincent Street Glasgow G2 5HS	

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the report of the directors and the financial statements in accordance with the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, for the financial period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities & Trustees Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to re-appoint Whitelaw Wells as auditors for the ensuing year will be proposed at the annual general meeting.

The Trustees report, including the Strategic Report was approved by the directors on 27 October 2026 and signed on its behalf by:

Robert Hogg

Robert Hogg
Director

McSENCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2026

Opinion

We have audited the financial statements of McSence Limited group (the 'charitable group') for the year ended 31 March 2026 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and Group's affairs as at 31 March 2026 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditors' Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company, and group, 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 trustees' (who are also directors of the company for the purposes of company law) 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information in the annual report, other than the financial statements and our auditor's report thereon. The Trustees 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on 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 directors' report, prepared for the purposes of company law and included in the report of the trustees, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, included with the report of the trustees, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, included within the trustees' annual report.

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

- adequate and proper accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

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

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error.

From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We carried out income testing which was designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

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 our report

This report is made solely to the charitable company's Trustees, 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 charitable company's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Cattanach (Senior Statutory Auditor) 27 October 2026
For and on behalf of Whitelaw Wells
Statutory Auditor
9 Ainslie Place
Edinburgh, Midlothian, EH3 6AT

McSENCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2026

	Note	Unrestricted Funds £	Restricted Funds £	Total 2026 £	Total 2025 £
Income and endowments from:					
Charitable activities					
Grants and donations	5	-	12,000	12,000	12,000
Other income	6	8,318,202	-	8,318,202	6,123,447
Other trading activities					
Income from trading subsidiaries	7	1,014,806	-	1,014,806	1,010,818
Investments					
Rents & related income	8	78,517	-	78,517	74,733
Bank interest receivable	8	35,711	-	35,711	29,931
Total income		9,447,236	12,000	9,459,236	7,250,929
Expenditure on:					
Charitable activities		6,723,997	16,800	6,740,797	5,037,446
Other trading activities		1,415,611	-	1,415,611	1,349,201
Loss on liquidation of subsidiary		-	-	-	150,113
Total expenditure	10	8,139,608	16,800	8,156,408	6,536,760
Net income before gains/losses on investment		1,307,628	(4,800)	1,302,828	714,169
Gain on revaluation of Investment Property		-	-	-	410,000
Net income and movement in funds for the year	3	1,307,628	(4,800)	1,302,828	1,124,169
Transfers between funds		40,000	(40,000)	-	-
Net movement in funds		1,347,628	(44,800)	1,302,828	1,124,169
Reconciliation of funds:					
Total funds at 1 April 2025	18	5,487,226	108,800	5,596,026	4,471,857
Total funds at 31 March 2026	18	6,834,854	64,000	6,898,854	5,596,026

The company has no recognised gains or losses other than the results for the year as set out above.

All activities are classed as continuing.

The notes on pages 23 to 38 form part of the financial statements.

McSENCE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2026

	Note	Unrestricted Funds £	Restricted Funds £	Total 2026 £	Total 2025 £
Income and endowments from:					
Donations and legacies					
Gift aided profits from subsidiary undertakings		92,816	-	92,816	87,411
Charitable activities					
Distribution received from related parties	8	-	-	-	20,431
Other income	6	46	-	46	36
Investments					
Rents & related income	8	78,517	-	78,517	74,733
Bank interest receivable	8	3,439	-	3,439	3,831
Total income		174,818	-	174,818	186,442
Expenditure on:					
Direct charitable expenditure		21,452	-	21,452	22,198
Raising funds		96,352	-	96,352	107,058
Total expenditure	10	117,804	-	117,804	129,256
Net income before gains/losses on investment		57,014	-	57,014	57,186
Gain on revaluation of Investment Property		-	-	-	60,000
Net income and movement in funds for the year	3	57,014	-	57,014	117,186
Reconciliation of funds:					
Total funds at 1 April 2025	18	1,182,239	-	1,182,239	1,065,053
Total funds at 31 March 2026	18	1,239,253	-	1,239,253	1,182,239

The company has no recognised gains or losses other than the results for the year as set out above.

All activities are classed as continuing.

The notes on pages 23 to 38 form part of the financial statements.

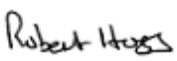
McSENCE LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 March 2026

	Notes	£	2026 £	£	2025 £
Fixed assets					
Tangible assets	11		282,750		326,212
Investment property	12		3,285,000		3,285,000
			3,567,750		3,611,212
Current assets					
Debtors	14	898,716		815,488	
Cash at bank and in hand		3,277,436		1,877,715	
		4,176,152		2,693,203	
Creditors: amounts falling due within one year	15	(716,252)		(531,843)	
Net current assets			3,459,900		2,161,360
Total assets less current liabilities			7,027,650		5,772,572
Creditors: amounts falling due after more than one year	16		(128,796)		(176,546)
			6,898,854		5,596,026
Capital and reserves					
General fund	18		6,834,854		5,487,226
Restricted fund	18		64,000		108,800
Shareholders' funds			6,898,854		5,596,026

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2026 and were signed on its behalf by:



Robert Hogg, Director

The notes on pages 23 to 38 form part of the financial statements.

McSENCE LIMITED

BALANCE SHEET

As at 31 March 2026

	Notes	£	2026 £	£	2025 £
Fixed assets					
Tangible assets	11		180,712		180,712
Investment property	12		1,085,000		1,085,000
Investments	13		20,700		20,700
			1,286,412		1,286,412
Current assets					
Debtors	14	85,347		103,463	
Cash at bank and in hand		375,398		293,525	
		460,745		396,988	
Creditors: amounts falling due within one year	15	(507,904)		(501,161)	
Net current liabilities			(47,159)		(104,173)
Net assets			1,239,253		1,182,239
Capital and reserves					
General fund	18		1,239,253		1,182,239
Total funds			1,239,253		1,182,239

The financial statements were approved by the Board of Directors and authorised for issue on 27 October 2026 and were signed on its behalf by:

Robert Hogg

Robert Hogg, Director

The notes on pages 23 to 38 form part of the financial statements.

McSENCE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2026

	2026	2025
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities below	1,435,780	857,264
Cash flows from investing activities:		
Interest received	35,711	29,931
Payments to acquire tangible fixed assets	(26,894)	(77,564)
Proceed from sale of tangible fixed assets	-	6,100
Net cash provided by/(used in) investing activities	8,817	(41,533)
Cash flows from financing activities		
Finance costs paid	(44,876)	(66,554)
Net cash used in by financing activities	(44,876)	(66,554)
Change in cash and cash equivalents in the reporting period	1,399,721	749,177
Cash and cash equivalents brought forward	1,877,715	1,128,538
Cash and cash equivalents carried forward	3,277,436	1,877,715

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2026	2025
	£	£
Instant access bank deposits	3,277,436	1,877,715

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2026	2025
	£	£
Net income for the year (as per Statement of Financial Activities)	1,302,828	1,124,169
Adjusted for:		
Interest received	(35,711)	(29,931)
Depreciation	70,356	71,144
(Gain) on disposal of fixed assets	-	(4,174)
(Gain) on revaluation of investment property	-	(410,000)
Loss on disposal of investment property	-	242,794
(Increase) in debtors	(83,228)	(51,889)
Increase/(decrease) in creditors	136,659	(151,403)
Finance costs	44,876	66,554
Net cash provided by operating activities	1,435,780	857,264

1. Accounting Policies

Basis of preparation

The financial statements of the group have been prepared under the historical cost convention and are in accordance the Charities and Trustees Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and 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 2019) and the Companies Act 2006.

The group constitutes a public benefit entity as defined by FRS 102.

Basis of consolidation

The consolidated financial statements of McSence Limited comprise the accounts of McSence Limited and its wholly-owned subsidiaries, McSence Services Limited, McSence Communication Limited and McSence Workspace Limited. West Harbour Road LLP was dissolved on 15 July 2025 and has therefore not been included in the consolidated financial statements. All intercompany balances and transactions have been eliminated. The financial statements of McSence Limited are prepared for the same reporting period as the parent, using consistent accounting policies in all material respects. The figures for the parent McSence Limited are also given.

Going concern

The Trustees are of the opinion that the charitable group can continue to meet its obligations as they fall due for the foreseeable future, and for a period of at least 12 months from the date of approval of the accounts, and have therefore prepared the financial statements on the going concern basis.

Income

All income is included in the Statement of Financial Activities (SOFA) in the year in which they are receivable. Grants, including grants for the purchase of fixed assets, are recognised in full in the SOFA in the year in which they are receivable. Rental income is recognised when it becomes due.

Expenditure

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. Expenditure includes any VAT which cannot be fully recovered.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. including governance costs.

Governance costs are those costs associated with meeting constitutional and statutory requirements, including audit fees and costs linked to the strategic management of the charity.

Fund Accounting

Funds held by the charity are either in an unrestricted general fund, which can be used in accordance with the charitable objectives, or in a restricted fund. Restrictions arise when specified by the donor.

1. **Accounting Policies (cont)**

Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand. In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

Intangible fixed assets
Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

Tangible fixed assets
Tangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

Assets costing in excess of £500 are capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Freehold land and property	not depreciated
Fixtures, fittings and equipment	25% straight line
Motor vehicles	25% straight line
Investment property	2% - 4% straight line

Investment property
Investment property is initially recognised at cost and then subsequently measured at fair value. Changes in value are recognised in profit or loss.

Investment in subsidiaries
The Directors are of the opinion that investments in subsidiaries should continue to be carried at cost.

Stocks
Stock is valued at the lower of cost and net realisable value.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leased assets
A lease is classified as a finance lease if it translates substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions
McSence Services Limited and McSence Communications Limited operate defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1. **Accounting Policies (cont)**

Debtors
Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transactions costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors
Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Financial instruments
Financial instruments comprise financial assets and financial liabilities which are recognised when the charity becomes a party to the contractual provisions of the instrument. They are classified as "basic" in accordance with FRS102 and are accounted for at the settlement amount due which equates to the cost or amount prepaid. Financial assets comprise cash, grants receivable and other debtors, and financial liabilities comprise accruals and other creditors.

Taxation
The company is a registered charity and therefore no tax provision is required.

Presentation currency
The financial statements are presented in sterling.

2. **Critical Accounting Estimates and Judgements**

In preparing the financial statements, directors make estimates and assumptions which affect reporting results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. Critical judgements made in preparing these financial statements comprise; the timing of recognition of income in accordance with Charities SORP FRS102, the applicability of the estimated useful lives of fixed assets used to calculate the period over which depreciation is applied, review of fixed assets for impairment or obsolescence and the assessment of leases to determine whether the risks and rewards of ownership remain with the lessor or are transferred to the charity.

3. **Net income for the year**

	Group		Company	
	2026	2025	2026	2025
	£	£	£	£
This is stated after charging:				
Depreciation of owned fixed assets	70,356	71,144	-	-
Auditors remuneration – audit fee	19,500	19,800	4,400	4,000
Auditors remuneration – non-audit services	10,970	9,518	3,300	3,000
Auditors remuneration – consultancy	-	13,775	-	13,775
Operating lease rentals – plant and machinery and rent	30,068	-	31,211	-
(Gain)/loss on disposals	-	(4,174)	-	-

4. Trustees' remuneration

Scott Paterson was paid £1,000 (2025: £1,000) during the year for company secretarial duties.

No other Trustees were remunerated, and none were reimbursed for any expenses. McSence Limited paid £1,952 for the purchase of indemnity insurance to protect the charity from loss arising from the neglect or default of its Trustees, employees or other officers (2025: £1,547).

5. Donations and legacies

a. Group	General Fund £	Restricted Fund £	2026 Total £	2025 Total £
Training Centre	-	12,000	12,000	12,000
	-	12,000	12,000	12,000

b. Company	General Fund £	Restricted Fund £	2026 Total £	2025 Total £
Gift aid	92,816	-	92,816	87,411
	92,816	-	92,816	87,411

6. Income from charitable activities

a. Group	General Fund £	Restricted Fund £	2026 Total £	2025 Total £
Training centre	231,427	-	231,427	241,389
Help in Home	7,899,033	-	7,899,033	5,702,865
Rents received & re-charges	187,742	-	187,742	179,193
	8,318,202	-	8,318,202	6,123,447

6. **Income from charitable activities (continued)**

b. Company

	General Fund	Restricted Fund	2026 Total	2025 Total
	£	£	£	£
Distribution received from related parties	-	-	-	20,431
Other income	46	-	46	36
	46	-	46	20,467

7. **Income from other trading activities**

a. Group

	General Fund	Restricted Fund	2026 Total	2025 Total
	£	£	£	£
Income from trading subsidiaries	1,014,806	-	1,014,806	1,010,818
	1,014,806	-	1,014,806	1,010,818

8. **Income from investments**

a. Group

	General Fund	Restricted Fund	2026 Total	2025 Total
	£	£	£	£
Bank interest receivable	35,711	-	35,711	29,931
Rent from investment property	78,517	-	78,517	74,733
	114,228	-	114,228	104,664

b. Company

	General Fund	Restricted Fund	2026 Total	2025 Total
	£	£	£	£
Bank interest receivable	3,439	-	3,439	3,831
Rent from investment property	78,517	-	78,517	74,733
	81,956	-	81,956	78,564

9. **Staff costs**

	Group	
	2026	2025
	£	£
Wages and salaries	6,401,951	5,059,383
NI costs	747,568	407,602
Other pension costs	110,266	75,320
	7,259,785	5,542,305

9. **Staff costs (continued)**

Average number of employees during the year (group)	2026 Number	2025 Number
Management staff	6	6
Admin staff	21	19
Support service staff	228	215
	255	240

Key management personnel received total remuneration amounting to £537,430 (2025: £487,676) during the year, including employer pension contributions.

Four employees earned £60,000 or more in the current year (2025: four) in the following bands:

	2026 No	2025 No
£60,000 - £70,000	1	-
£70,001 - £80,000	-	-
£80,001 - £90,000	2	2
£90,001 - £100,000	-	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

McSENCE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2026

10. **Expenditure - Group**

	Property Rental £	Property maintenance £	Training centre £	Help in home £	Other activities £	2026 Total £	2025 Total £
Costs directly allocated to activities							
Purchases	-	64,129	21,848	1,514	-	87,491	86,340
Wages & salaries (note 9)	-	1,018,728	233,471	6,007,586	-	7,259,785	5,542,305
Other direct operational costs	8,166	38,034	3,978	23,101	-	73,279	107,102
Other office costs	1,951	34,835	1,034	6,311	-	44,131	64,206
Other staff costs	-	108,442	9,792	91,304	-	209,538	149,665
Premises costs	75,251	11,370	1,342	22,144	-	110,107	86,129
Insurance	19,278	31,039	1,244	35,586	-	87,147	71,416
Marketing & promotion	-	616	102	3,806	-	4,524	5,974
Motor vehicle	-	47,820	20,309	10,980	-	79,109	76,320
Professional fees	29,226	3,898	95	1,120	-	34,339	38,373
Bank charges	12,614	391	200	1,444	-	14,649	19,550
Grants and Donations – Gifts to the community	21,452	-	-	-	-	21,452	22,198
Depreciation	13,332	35,009	-	-	22,015	70,356	71,144
Patrial exemption VAT disallowed	-	-	-	-	15,281	15,281	15,494
Loss/ (gain) on disposal of fixed asset	-	-	-	-	-	-	(4,174)
Bad debts	-	-	-	-	-	-	10,287
Recruitment costs	-	14,750	-	-	-	14,750	-
Governance costs							
Audit	14,300	6,550	-	-	9,620	30,470	24,318
Total expenditure	195,570	1,415,611	293,415	6,204,896	46,916	8,156,408	6,386,647

10. **Expenditure – Company (continued)**

	2026 Total £	2025 Total £
Costs directly allocated to activities		
Repairs and maintenance	1,763	1,003
Rent	15,516	15,516
Heat & light	2,508	2,969
Insurance	7,335	6,921
Bank charges	2,371	3,104
Sundry costs	882	1,751
Management fees	32,983	31,944
Printing, post & stationery	115	613
Grants and Donations – Gifts to the community	21,537	22,198
Legal and professional fees	24,894	28,020
Training costs	-	8,217
Governance costs		
Audit	7,900	7,000
Total expenditure	117,804	129,256

Further analysis of the charitable activities is not provided as the directors believe the company only has one main activity.

11. **Tangible fixed assets**

a. Group

	Freehold Land & Buildings £	Fixtures Fittings & equipment £	Motor Vehicles £	Total £
Cost				
At 1 April 2025	180,712	181,140	165,204	527,056
Additions	-	26,894	-	26,894
Disposals	-	(402)	(7,555)	(7,957)
At 31 March 2026	180,712	207,632	157,649	545,993
Depreciation				
At 1 April 2025	-	129,662	71,182	200,844
Charge for the year	-	30,944	39,412	70,356
Elimination on disposal	-	(402)	(7,555)	(7,957)
At 31 March 2026	-	160,204	103,039	263,243
Net book value				
At 31 March 2026	180,712	47,428	54,610	282,750
At 31 March 2025	180,712	51,478	94,022	326,212

11. **Tangible fixed assets (continued)**

b. Company

	Land £	Total £
Cost		
At 1 April 2025	180,712	180,712
At 31 March 2026	180,712	180,712
Depreciation		
At 1 April 2025	-	-
At 31 March 2026	-	-
Net book value		
At 31 March 2026	180,712	180,712
At 31 March 2025	180,712	180,712

12. **Investment property**

	Group £	Company £
Fair value		
At 1 April 2025	3,285,000	1,085,000
At 31 March 2026	3,285,000	1,085,000
Depreciation		
At 1 April 2025	-	-
At 31 March 2026	-	-
Net book value		
At 31 March 2026	3,285,000	1,085,000
At 31 March 2025	3,285,000	1,085,000
Historical cost at 31 March 2026	3,855,531	904,665

12. **Investment property(continued)**

Investment property consists of Buckie House and Colliery Court, Mayfield House, 19 and 20 London Road and 2B Bogwood Road.

The land on which the properties are built is owned by McSence Limited and is leased to McSence Workspace Ltd. Rent is payable at £1 per annum. The lease, which formally expired in October 2025, continues on a rolling basis under tacit relocation until October 2026, as no notice to terminate the lease has been served by either party. Management is currently reviewing the terms of the lease and will update the accounting treatment accordingly once this review is concluded.

The properties reflect fair value. The properties were revalued in September 2024 by a qualified valuer (RICS: Royal Institute of Chartered Surveyors) on behalf of Andrew Reilly Associates Ltd.

The board has reviewed the valuations in the current year and agree that they remain reasonable and appropriate valuations as at 31 March 2026.

13. **Investments in subsidiaries (company)**

	McSence Services Ltd & McSence Workspace Ltd £	Total £
Cost		
At 31 March 2026 and 31 March 2025	20,700	20,700

The company owns 20% or more of the following companies:

	Company No.	Charity No.	Turnover	Expenditure	Surplus	Capital & Reserves
McSence Services Ltd	SC136387	N/A	1,075,525	1,003,843	71,682	218,214
McSence Workspace Ltd	SC193543	SC030513	292,253	210,615	81,638	2,345,593
McSence Communication Ltd	SC293560	SC037156	8,171,458	6,986,144	1,185,314	3,116,499

West Harbour Road LLP entered liquidation on 4 March 2022 and was dissolved on 15 July 2025. A final distribution of £20,431 was made in the previous financial year, with no further activity since.

14. **Debtors**

	Group		Company	
	2026	**2025**	**2026**	**2025**
	£	**£**	**£**	**£**
Trade debtors	586,254	645,350	-	3,473
Due from group undertakings	-	-	74,990	93,294
Prepayments	62,234	51,348	5,730	4,720
Other debtors	250,228	118,790	767	307
VAT	-	-	3,860	1,669
	898,716	815,488	85,347	103,463

15. **Creditors: amounts falling due within one year**

	Group		Company	
	2026	**2025**	**2026**	**2025**
	£	**£**	**£**	**£**
Bank loans and overdrafts	47,394	44,520	-	-
Trade creditors	50,611	29,178	7,721	-
Due to group undertakings	-	-	433,452	433,541
VAT	47,484	55,049	-	-
Other taxes and social security costs	141,054	95,738	-	-
Deferred income	57,581	57,484	57,581	57,484
Other creditors	45,326	40,606	-	-
Accruals	326,802	209,268	9,150	10,136
	716,252	531,843	507,904	501,161

	Group		Company	
	2026	**2025**	**2026**	**2025**
	£	**£**	**£**	**£**
Deferred income				
At 1 April 2025	57,484	55,169	57,484	55,169
Released to Statement of Financial Activities in year	(2,315)	-	(2,315)	-
Received and deferred in year	2,412	2,315	2,412	2,315
	57,581	57,484	57,581	57,484

Deferred income comprises rent paid in advance of commencement of the new accounting year.

16. **Creditors: amounts falling due after one year**

	Group		Company	
	2026	2025	2026	2025
	£	£	£	£
Bank loans	128,796	176,546	-	-
	128,796	176,546	-	-

17. **Loans**

	Group	
	2026	2025
	£	£
Analysis of maturity of debt:		
Within one year or on demand	47,394	44,520
Between one and two years	49,694	47,031
Between two and five years	79,102	129,515
	176,190	221,066

At 31 March 2026 McSence Workspace Limited had a loan balance of £176,190 on a loan provided by Triodos bank which is secured by a guarantee from McSence Limited and supported by the standard security over property at McSence Business Enterprise Park. Interest charged on the loan is linked to the Bank of England base rate.

18. **Funds**

Group

	At 1 April 2025	Income	Expenditure	Attributable to NCI	Transfer	At 31 March 2026
	£	£	£	£	£	£
Restricted funds						
Midlothian Social Enterprise Centre	80,000	-	-	-	(40,000)	40,000
VSDF Scottish Government	28,800	12,000	(16,800)	-	-	24,000
	108,800	12,000	(16,800)	-	(40,000)	64,000
Unrestricted funds						
General fund	5,487,226	9,447,236	(8,139,608)	-	40,000	6,834,854
Total funds	5,596,026	9,459,236	(8,156,408)	-	-	6,898,854

18. **Funds (continued)**

Company

	Balance at 1 April 2025 £	Income £	Expenditure £	Transfer between reserves £	Balance at 31 March 2026 £
Unrestricted funds					
General Fund	1,182,239	174,818	(117,804)	-	1,239,253
	1,182,239	174,818	(117,804)	-	1,239,253

Group

	April 2024 £	Income £	Expenditure £	Attributable to NCI £	Transfer £	March 2025 £
Restricted funds						
Midlothian Social Enterprise Centre	120,000	-	-	-	(40,000)	80,000
VSDF Scottish Government	36,600	12,000	(19,800)	-	-	28,800
	156,600	12,000	(19,800)	-	(40,000)	108,800
Unrestricted funds						
General fund	4,315,257	7,648,929	(6,516,960)	-	40,000	5,487,226
Total funds	4,471,857	7,660,929	(6,536,760)	-	-	5,596,026

Company

	Balance at 1 April 2024 £	Income £	Expenditure £	Transfer between reserves £	Balance at 31 March 2025 £
Unrestricted funds					
General Fund	1,065,053	246,442	(129,256)	-	1,182,239
	1,065,053	246,442	(129,256)	-	1,182,239

18. **Funds (continued)**

McSence Workspace Limited received £800,000 from The Big Lottery to develop the Midlothian Social Enterprise Centre (Colliery Court). The amount liable to be repaid under the restriction reduces evenly over the term which ends in 2027.

£40,000 was transferred from the restricted reserve to the general reserve in the year to 31 March 2026, this amount is transferred out of the fund each year for 20 years. All other income and expenditure in the year was charged to the general fund.

The Big Lottery held a floating charge over the assets of the company in relation to the grant. The charge was satisfied on 15 December 2025.

VSDF Scottish Government: This funding is to be used for training and upskilling new and existing employees in the Care Sector aiming to achieve at least SVQ Level 2.

19. **Analysis of net assets between funds**

	General fund £	Restricted funds £	Total funds £
Tangible fixed assets	282,750	-	282,750
Investment property	3,245,000	40,000	3,285,000
Net current assets	3,435,900	24,000	3,459,900
Long term liabilities	(128,796)	-	(128,796)
Net assets at 31 March 2026	6,834,854	64,000	6,898,854

	General fund £	Restricted funds £	Total funds £
Tangible fixed assets	326,212	-	326,212
Investment property	3,205,000	80,000	3,285,000
Net current assets	2,132,560	28,800	2,161,360
Long term liabilities	(176,546)	-	(176,546)
Net assets at 31 March 2025	5,487,226	108,800	5,596,026

20. Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

	2026	2025
	£	£
Falling due:		
within 1 year	23,695	24,605
between 1 and 2 years	18,935	22,966
between 2 to 5 years	2,376	19,831
	45,006	67,402

21. Operating Leases – As Lessor

McSence Limited and McSence Workspace Limited leases out investment properties under operating leases.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2026	2025
	£	£
Not later than one year	150,719	176,373
Later than one year and not later than two years	102,615	156,842
Later than two years and not later than five years	71,608	102,894
Later than five years	-	708
Total	324,942	436,817

22. Related parties transactions

Profits attributable in the year to the non-controlling interest amounted to £nil (2025: £nil). At the year end the balance due to the non-controlling interest was £nil (2025: £nil).

No other transactions with related parties were undertaken in either the current or previous year such as are required to be disclosed under FRS102.

No one individual had control over McSence Limited during either the current or previous year.

Robert Hogg and Michael Hogg are board members of Mayfield and Easthouses Community Association. £24,161 (2025: £nil) was paid to Mayfield and Easthouses Community Association during the year.

23. Contingent liability

McSence Limited has given guarantees of £1,200,000 to Triodos Bank as security for a loan in McSence Workspace Limited.

24. **Capital Commitments**

In prior year, McSence Limited bid to purchase the church hall in Mayfield which was accepted and the legal process is currently ongoing.