McSENCE WORKSPACE LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2026

Company Registration Number SC193543
Charity Number SC030513

WHITELAW WELLS
CHARTERED ACCOUNTANTS

McSENCE WORKSPACE LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2026

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McSENCE WORKSPACE LIMITED

REPORT OF THE TRUSTEES
(incorporating the Director's Report)

For the year ended 31 March 2026

The directors, who are also trustees for the purposes of charity law, have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2026, 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).

About McSence

McSence Workspace 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 shares 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 AND ACTIVITIES

Objectives
The principal objectives of the organisation are to;

1. prevent and relieve poverty in the operating area,
2. advance education in the operating area,
3. promote and/or provide training in skills of all kinds particularly those that will assist those in the operating area that will assist in obtaining paid employment,
4. to promote, establish and operate other schemes of a charitable nature for the benefit of the operating area,
5. advance community development through regeneration.

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

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.

Activities

We carry out these objectives by creating community wealth and promoting economic and social development through harnessing the value of commercial enterprise for the benefit of society. We do this by supporting and strengthening communities and individuals within those communities, facilitating and creating local employment opportunities, training and up-skilling to increase opportunity, promoting sustainable economic development, fostering entrepreneurial spirit and building capacity within communities.

Activities (Continued)

In particular, we meet our objectives by the following activities;

1. providing business premises to create employment opportunities for community members, businesses, the self-employed and third sector organisations,
2. providing premises for training activities including vocational training and educational programmes,
3. providing, maintaining and developing community owned physical infrastructure,
4. developing and managing community wealth in the form of land and built environment assets.

McSence Workspace Ltd carried 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. This includes the provision of educational and training facilities used by our own trading companies and external clients, including a fully equipped manual handling training suite, one of only two in Midlothian.

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.

McSence Workspace Ltd has no employees and is administered by McSence Services Ltd through a management charge. 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.

ACHIEVEMENTS AND PERFORMANCE

There has been an improvement in performance for McSence Workspace Ltd with an increased margin, excluding gains on the revaluation of investment property last year, from 20% in 2024-2025 to 28% in 2025-2026.

ACHIEVEMENTS AND PERFORMANCE (Continued)

We continued to provide business premises throughout the year which enables our tenants to create local employment opportunities and thereby support our objective of reliving poverty in the operating area. This also acted to support community owned infrastructure and generated and maintained community wealth. 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 2025-2025 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.

However, in February 2026 two of our charitable tenants served notice to quit as a result of poor funding visibility for the coming financial year 2026-2027 providing further evidence of the pressures facing those in the third sector. One of the tenants withdrew entirely while the other reduced their space by around 50%. The tenant withdrawing completely has a lease until February 2027 and will remain responsible for the rent and other bills until then unless a new tenant is found, so the financial impact on Workspace is limited until then. This left us with three vacant units at the end of the financial year but at the time of writing, two of these have now been let to new tenants. Marketing of the remaining unit continues through our appointed Agents.

There were a small number of rent reviews in the period with five tenants agreeing to extended lease and licence agreements at enhanced rents resulting in rental income increasing by 4%. However, rental rates remain tight especially for our charity clients who continue to struggle for continuity of funding.

This year saw repair and renewal activity increase as we continued to invest in the estate with additional expenditure for roof repairs, replacement of the external car park and building lighting and replacement of the comms room air conditioning at Colliery Court.

There was an unfortunate incident in June 2025 when one of the buildings on the business park suffered a significant flood due to an exceptionally heavy shower of rain which led to the roof gutters being overwhelmed on the south side of the building. There was significant water damage to the south side and central corridor of the 1st floor of the building resulting in an insurance claim which has subsequently been agreed and settled, other than some minor content related items. Thanks to the efforts of our internal property maintenance team at the time, no tenants were displaced and all were able to continue operations within 24 hours. Restoration work has been completed. There was a small element of uninsured losses which have been absorbed in these accounts.

It was another successful year for our training activities with the premises being used for a wide variety of vocational and educational programmes. During the period we had two units which were used exclusively by Midlothian Council to deliver services of additional support needs to children and young people and in particular to support young people at risk of leaving education to a negative destination. This helped us to meet our objectives of advancing education and promoting training in skills to assist in obtaining paid employment. This will have a significant impact on young people in the operating area, currently experiencing poverty and disadvantage. Our manual handling suite continued to be popular with external clients as well as meeting the internal needs of our own Care activities with an increase in bookings of 2%. Vocational training activities also grew with our SVQ programme delivery rising by 10% although our commercial training such as first aid etc, fell by 8% as a result of reduced spending by commercial companies who were largely cutting back during the period. In total, the provision of facilities by McSence Workspace Ltd enabled a 3% increase in the total number of training hours delivered and a 4% increase in the number of beneficiaries reached to 4,616 in the year.

ACHIEVEMENTS AND PERFORMANCE (Continued)

2025-2026 also saw the delivery of 49 SVQ level three qualifications, allowing successful candidates to pursue enhanced careers in their chosen field. These increasing measures of activity display our success in achieving our objectives of promoting or providing training in skills which will help those currently unemployed to find work and assist those currently in employment to increase their level of remuneration through higher paid work due to the additional qualifications achieved, helping again to relieve poverty and increase opportunity within the operating area.

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.

Our current tenants represent a broad spectrum of organisations with a good balance between private and third sector organisations. However, as noted above, funding for charitable and third sector organisations is becoming much tighter, and it is important we retain the right balance in our tenant mix to ensure we are not over exposed to further funding cuts.

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

FINANCIAL REVIEW

The charity recorded a surplus for the year of £81,638 (2025: surplus £407,632, which included a £350,000 gain on the revaluation of investment property). Total income amounted to £292,253 (2025: £283,145), £nil of which was restricted (2025: £nil), and total expenditure amounted to £210,615 (2025: £225,513), all of which was attributable to unrestricted funds. The reserves held at 31 March 2026 were £2,345,593 (2025: £2,263,955). This includes a restricted reserve of £40,000 (2025: £80,000) and unrestricted funds of £2,305,593 (2025: £2,183,955).

Overall income rose by 3.2% excluding gain on revaluation. Rental revenue rose by 4.2%, with tenants renewing leases at a slightly higher rental level than before and incoming tenants paying more than their predecessors. Income from utility recharging rose by 1.0% largely due to varying energy prices.

Overall costs decreased this year by 6.6%. Bad debt dropped sharply after the exceptionally high number in 2024-2025. Interest payments also fell with the reducing term of the loan and there were reductions in repair & maintenance and rates. We did see some increases in costs from last year including cleaning, heat & light, and professional fees with more agent and legal costs for new and renewed rental agreements, but these were minor in nature.

Cash at bank increased by £113,944 to £307,048, assisted by the repayment of an historic intercompany loan in the period.

FINANCIAL REVIEW (Continued)

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.

Reserves Policy

The reserves held at 31 March 2026 were £2,345,593 (2025: £2,263,955). This includes a restricted reserve of £40,000 (2025: £80,000) and unrestricted funds of £2,305,593 (2025: £2,183,955). 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. Given 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 14 months of working capital requirements which the Directors view as adequate to support the principal activities of the business. 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.

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. While our trading activities at McSence Workspace Ltd are restricted to the rental of property, it has been a reasonably stable sector over the past 25 years and our broad range of tenants means we 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.

The general economic climate presents an on-going risk to the organisation. While the risk of the UK economy going into recession remains low, if a recession did happen, it is likely to be relatively soft. Our spread of tenants from differing sectors also helps minimise our risk to an economic downturn, as does the nature and size of our units which remain in high demand.

Risk Management (Continued)

The principal risk to McSence Workspace Ltd is the loss of tenants, reducing both rental income and our ability to recharge utility costs. We manage this risk by not renting too much space to any one tenant, or to too many tenants from 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.

Energy costs also represent a significant risk. These have stabilised recently but ongoing conflicts across the world are likely to see prices remain elevated from previous years and may well go higher still, particularly for gas. Across the estate we recharge over 80% of these costs to tenants so the risk to McSence Workspace Ltd 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.

Environmental risks posed by climate change, resource scarcity, pollution and regulatory considerations can impact on operations, finance and the reputation of the organisation. This is particularly relevant to McSence Workspace Ltd in terms of our property activities 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 general 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 contractor. We have moved away from on-site servers in favour of 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 by our specialist IT contractor. 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 alleviate these.

To help us further minimise any potential risks, we employ the services of specialist property advisors.

PLANS FOR THE FUTURE

The directors will continue to seek to maximise the income generated from McSence Workspace Limited 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.

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 around expectations to date.

Despite concerns over businesses requiring less space in light of new hybrid ways of working, demand for rental of units is actually much higher than it was before the pandemic. This is particularly the case for small industrial units, and we appear to be benefitting from the particular size and nature of units we offer. With this in mind, we believe we will be able to continue to operate our current business model for the foreseeable future.

In order to ensure the business park remains 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.

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 charity is constituted as a company with share capital and is therefore governed by Articles 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 recommendations of the review and are making good progress with changes made to a number of 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 shareholders.

Recruitment, Appointment, Training and Induction of Trustees/Senior Management staff

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 the attention of the present Directors 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.

Director's Induction & 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.

McSENCE WORKSPACE LIMITED

REPORT OF THE TRUSTEES
(incorporating the Director's Report)

For the year ended 31 March 2026

Organisational Structure

McSence Workspace Ltd has the same Board of Directors as the other companies in the Group. 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 chose 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 McSence Workspace Ltd to cover the cost.

McSENCE WORKSPACE LIMITED

REPORT OF THE TRUSTEES
(incorporating the Director's Report)

For the year ended 31 March 2026

REFERENCE AND ADMINISTRATIVE DETAILS

Directors:	Sharon Hill	
	Michael Hogg	
	Robert Hogg	
	Scott Paterson	
	Barbara Ramsay	
	Theresa Morrsion	
	Barry Cassels	
	John Paterson	(Resigned 10/01/2026)
	Christopher Olley	
	Stuart MacArthur	(Appointed 24/02/2026)
Registered Office and Operating Address:	McSence Business Enterprise Park 32 Sycamore Road Mayfield Dalkeith EH22 5TA	
Registered Number:	SC193543	
Charity Number:	SC030513	
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:	Triodos Bank UK Ltd 50 Frederick Street Edinburgh EH2 1EX	
Solicitors:	BTO 48 St Vincent Street Glasgow G2 5HS	

McSENCE WORKSPACE LIMITED

REPORT OF THE TRUSTEES
(incorporating the Director's Report)

For the year ended 31 March 2026

STATEMENT OF TRUSTEES' 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 charity'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 charity's auditors are aware of that information.

This report has been prepared in accordance with the provision of Part 15 of the Companies Act 2006 applicable to small companies.

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

This report was approved by the board on 27 October 2026.

And signed on its behalf by:

Robert Hogg

Robert Hogg
Director

INDEPENDENT AUDITOR'S REPORT
To the members of McSence Workspace Limited

For the year ended 31 March 2026

Opinion
We have audited the financial statements of McSence Workspace Limited (the 'charitable company') for the year ended 31 March 2026, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet 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, including FRS102 '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 company's affairs as at 31 March 2026 and of its surplus 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 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 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 company law purposes) 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (cont)
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.

Matters on which we are required to report by exception
In 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 in the report of the trustees'.

We have nothing to report in respect of the following matters in relation to which the 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:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' annual report;
- proper 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

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors (who are also trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 under the Companies Act 2006 and report in accordance with the Acts 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 these financial statements.

Auditor's responsibilities for the audit of the financial statements (cont)

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. 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 and expenditure 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 Report of the Auditors.

INDEPENDENT AUDITOR'S REPORT (cont)
To the members of McSence Workspace Limited

For the year ended 31 March 2026

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and the trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, 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 members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

27 October 2026

Whitelaw Wells is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

McSENCE WORKSPACE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME & EXPENDITURE ACCOUNT

For the year ending 31 March 2026

		General Fund £	Restricted Fund £	Total 2026 £	Total 2025 £
Income and endowments from:					
Investment income		782	-	782	746
Rent & related income	3	291,471	-	291,471	282,399
Total Income		292,253	-	292,253	283,145
Expenditure on:					
Raising Funds	4	210,615	-	210,615	225,513
Total Expenditure		210,615	-	210,615	225,513
Net income before gains on investments		81,638	-	81,638	57,632
Gain on revaluation of investment property		-	-	-	350,000
Net income	5	81,638	-	81,638	407,632
Transfers between funds	14	40,000	(40,000)	-	-
Net movement in funds		121,638	(40,000)	81,638	407,632
Reconciliation of funds					
Total funds brought forward	14	2,183,955	80,000	2,263,955	1,856,323
Total funds carried forward	14	2,305,593	40,000	2,345,593	2,263,955

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 19 to 28 form part of the financial statements.

McSENCE WORKSPACE LIMITED

BALANCE SHEET

As at 31 March 2026

	Notes	£	2026 £	£	2025 £
Fixed assets					
Tangible assets	7		18,057		28,264
Investment property	8		2,200,000		2,200,000
			2,218,057		2,228,264
Current assets					
Debtors	9	30,998		101,144	
Cash at bank and in hand		307,048		193,104	
		338,046		294,248	
Creditors: amounts falling due within one year	10	(81,714)		(82,011)	
Net current assets			256,332		212,237
Total assets less current liabilities			2,474,389		2,440,501
Creditors: amounts falling due after more than one year	11		(128,796)		(176,546)
Net assets			2,345,593		2,263,955
Capital and reserves					
Called up share capital			100		100
Restricted fund	14		40,000		80,000
General fund	14		2,305,493		2,183,855
Shareholders' funds			2,345,593		2,263,955

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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

1. Accounting Policies

Basis of preparation

The financial statements 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).

The charity has taken advantage of the exemption from the requirement to prepare a Statement of Cash Flows as permitted under FRS 102 and the Charities FRS 102 SORP.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

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

Going concern

The trustees consider there are no material uncertainties about the charitable company's ability to continue as a going concern. The Trustees going concern covers a period of at least 12 months from the date of signing of these financial statements. Accordingly the financial statements have been prepared on a going concern basis

Income

All income is included in the Statement of Financial Activities (SOFA) in the year in which they are receivable. Income recognised in the financial statements is rental income generated from the investment property.

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.

Cash

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

Taxation

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

1. **Accounting Policies (cont)**

Tangible fixed assets
Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Assets costing in excess of £500 are capitalised. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life.

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:-

Fixtures, fittings and equipment	25% straight line

Investment property
In accordance with FRS102, investment property is stated at fair value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities, along with any realised gains or losses on disposals in the year. This treatment is a departure from the requirements of the Companies Act, which requires that fixed assets to be depreciated. However, the property is not held primarily for investment and, in the opinion of the directors, depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view.

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.

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 evaluation of the assumptions and methodologies applied in determining the recoverability of debtors and completeness and accuracy of creditors, including consideration of timing, valuation and potential impairment or doubtful debts.

3. **Income from charitable activities**

	Unrestricted £	Restricted £	2026 Total £	2025 Total £
Income from investments				
Rent Income	227,986	-	227,986	218,806
Heat and light recharges	54,834	-	54,834	54,297
Other recharges	8,651	-	8,651	8,796
Sundry	-	-	-	500
	291,471	-	291,471	282,399

During the previous year total income from charitable activities was £282,399, with restricted income of £Nil and unrestricted income of £282,399.

4. **Expenditure from raising funds**

	2026 Total £	2025 Total £
Costs directly allocated to activities		
Repair and maintenance	43,452	45,746
Cleaning	30,220	29,425
Rates	11,315	12,404
Heat & light	46,727	47,550
Insurance	11,943	11,508
Sundry	1,848	637
Professional fees	4,360	1,353
Depreciation	13,332	14,652
IT Consultancy	1,157	1,074
Bad debts	-	10,287
Support costs allocated to activities		
Management fee	27,708	27,876
Printing, post & stationery	1,910	2,567
Bank loan interest and charges	10,243	14,634
Governance costs:		
Audit fees	6,400	5,800
Total expenditure	210,615	225,513

£210,615 being unrestricted expenditure (2025: £225,513). Further analysis of the charitable activities is not provided as the directors believe the charity only has one main activity.

5. Net income for the year

	2026 £	2025 £
This is stated after charging:		
Depreciation of owned fixed assets	13,332	14,652
Auditors' remuneration – audit fee	4,200	3,800
Auditors' remuneration – non-audit services	2,200	2,000

The charity has no employees.

6. Trustees' remuneration

Trustees are not remunerated and none were reimbursed for any expenses (2025: none).

7. Tangible Fixed Assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2025	93,041
Additions	3,125
At 31 March 2026	96,166
Depreciation	
At 1 April 2025	64,777
Charge for the year	13,332
At 31 March 2026	78,109
Net book value	
At 31 March 2026	18,057
At 31 March 2025	28,264

8. **Investment Property**

Valuation

	£
At 1 April 2025	2,200,000
At 31 March 2026	2,200,000
Depreciation	
At 1 April 2025	-
Charge for the year	-
At 31 March 2026	-
Net book value	
At 31 March 2026	2,200,000
At 31 March 2025	2,200,000
Historical cost	2,950,866

Investment property consists of Buckie House and Colliery Court.

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.

9. **Debtors**

	2026 £	2025 £
Trade debtors	4,733	7,029
Amounts owed by group undertakings	5,782	86,196
Prepayments	8,047	7,919
Accrued income	12,436	-
	30,998	101,144

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

	2026 £	2025 £
Loans and overdrafts	47,394	44,520
Trade creditors	1,027	2,343
Amounts owed to group undertakings	1,308	62
VAT	4,221	5,840
Accruals	10,988	14,342
Other creditors	9,433	7,733
Deferred income	7,343	7,171
	81,714	82,011

Deferred income

Deferred income at 1 April 2025	7,171	5,250
Amounts released from previous year	(7,171)	(5,250)
Resources deferred during the year	7,343	7,171
	7,343	7,171

Deferred income represents rent paid in advance.

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

	2026 £	2025 £
Loans and overdrafts	128,796	176,546

12. **Loans**

	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
Secured bank loans	176,190	221,066

Loans and overdrafts includes a loan balance of £176,190 is 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.

13. **Called up Share Capital**

Allotted, issued and fully paid:

Number	Class:	Nominal Value	2026 £	2025 £
100	Ordinary shares	£1	100	100

Each share is entitled to one vote in any circumstances, has equal rights to dividends and is entitled to participate in a distribution arising from a winding up of the company.

14. **Movement in funds**

	At 1 April 2025	Income £	Expenditure £	Transfer £	At 31 March 2026 £
Restricted funds					
Midlothian Social Enterprise Centre	80,000	-	-	(40,000)	40,000
	80,000	-	-	(40,000)	40,000
Unrestricted funds					
General fund	2,183,955	292,253	(210,615)	40,000	2,305,593
Total funds	2,263,955	292,253	(210,615)	-	2,345,593

McSence Workspace Limited received £800,000 from The Big Lottery to develop the Midlothian Social Enterprise Centre. The amount, potentially, 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.

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.

14. **Movement in funds (cont)**

	At 1 April 2024	Income	Expenditure	Transfer	At 31 March 2025
		£	£	£	£
Restricted funds					
Midlothian Social Enterprise Centre	120,000	-	-	(40,000)	80,000
	120,000	-	-	(40,000)	80,000
Unrestricted funds					
General fund	1,736,323	633,145	(225,513)	40,000	2,183,955
Total funds	1,856,323	633,145	(225,513)	-	2,263,955

Energy Saving Trust: funding received to contribute toward installation of EV charging points. The transfer in the year represents the cash spend with the asset capitalised within fixed assets.

15. **Analysis of Net Assets Between Funds**

	General Fund	Restricted Fund	2026
	£	£	£
Tangible Assets	18,057	-	18,057
Investment property	2,160,000	40,000	2,200,000
Net current assets/(liabilities)	256,332	-	256,332
Net long term liabilities	(128,796)	-	(128,796)
Net assets at 31 March 2026	2,305,593	40,000	2,345,593

	General	Restricted Fund	2025 Fund
	£	£	£
Tangible Assets	28,264	-	28,264
Investment property	2,120,000	80,000	2,200,000
Net current assets/(liabilities)	212,237	-	212,237
Net long term liabilities	(176,546)	-	(176,546)
Net assets at 31 March 2025	2,183,955	80,000	2,263,955

16. **Operating lease commitments**

At the report end date the company had outstanding commitments for future amounts receivables under operating leases:

	2026	2025
	£	£
	1	1

The operating lease represents a lease of £1 per annum to McSence Ltd each year to October 2026.

17. **Operating Leases – Company as Lessor**

The company 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	80,470	106,124
Later than one year and not later than two years	25,640	79,866
Later than two years and not later than five years	4,592	19,086
Total	110,702	205,076

18. **Related Parties and Controlling Party**

Amounts owed from/(to) group companies

	2026	2025
	£	£
McSence Limited	346	(434)
McSence Communication Limited	5,436	85,762
McSence Services Limited	(1,308)	(63)

The company is under the control of its parent McSence Limited which holds 100% of the issued share capital.

McSence Limited:
Charitable company limited by guarantee.
Company Registration number: SC129794
Charity number: SC016874

During the year McSence Workspace Limited recharged expenses of £54,121 (2025: £54,767) to McSence Communication Limited. During the year, McSence Communication Limited recharged expenses of £Nil (2025: £Nil) to McSence Workspace Limited. At the year end £5,436 (2025: £85,762) was due from McSence Communication Limited to McSence Workspace Limited.

18. **Related Parties and Controlling Party (Continued)**

During the year McSence Workspace Limited recharged expenses of £31,328 (2025: £30,905) to McSence Services Limited. During the year, McSence Services Limited recharged expenses of £80,864 (2025: £77,515) to McSence Workspace Limited. At the year-end £1,308 (2025: £63 was due from) was due from McSence Workspace Limited to McSence Services Limited.

During the year McSence Workspace Limited recharged expenses of £18,416 (2025: £18,548) to McSence Limited. At the year end £346 was due from McSence Limited from McSence Workspace Limited (2025: £434 was due to McSence Limited from McSence Workspace Limited).

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 the McSence Limited during either the current or previous year.

19. **Immediate and Ultimate parent entity**

The company is a wholly owned subsidiary undertaking of McSence Limited, which is an incorporated charity recognised by the Office of the Scottish Charity Regulator, charity number SC016874 and company number SC129794, whose principal place of business is 32 Sycamore Road, Mayfield, Dalkeith, Scotland and main objective is to relieve poverty, advance education particularly among the young and unemployed, promote and provide training skills, advance community development, advance community regeneration, promote civic responsibility, to relieve those in need by reason of age or ill health and to advance citizenship for the community and its membership.

Consolidated financial statements are available on request.