



Scott-Moncrieff
business advisers and accountants

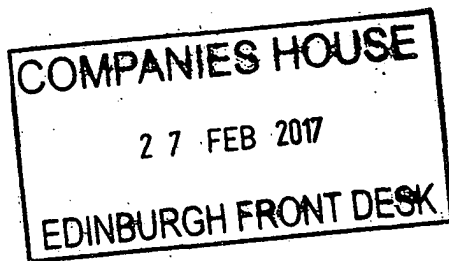
THE DARK SKY OBSERVATORY

Trustees' Report and Unaudited Financial Statements

For the year ended 31 May 2016

Charity Number: SC042329

Company Registration Number: SC399758



THE DARK SKY OBSERVATORY

Report of the Trustees and Financial Statements

For the year ended 31 May 2016

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Reference and administrative details

Trustees (Directors for company law purposes)

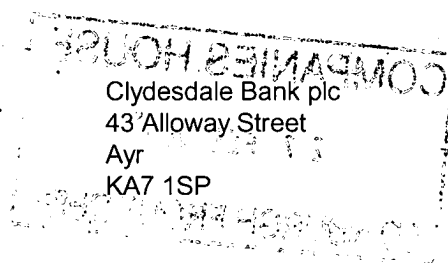
J M Gibson
A P S Johnstone
Dr N J Martin
D I C Parker (appointed 2 November 2015)
M H Klimek (appointed 2 November 2015)

Registered office

Craigengillan
Dalmellington
Ayr
KA6 7PZ

Bankers

The Royal Bank of Scotland plc
Dalmellington Branch
27 Main Street
Dalmellington
KA6 7QJ



Independent examiner

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Company Registration No: SC399758
Charity No: SC042329

THE DARK SKY OBSERVATORY

Report of the Trustees

For the year ended 31 May 2016

The Trustees have pleasure in presenting their report for the year ended 31 May 2016. This report is prepared in accordance with the recommendations of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015), and complies with applicable law.

Objectives and Activities

The company's charitable purposes as defined by the Memorandum and Articles of Association are:

- the advancement of science, education, the arts and environmental protection by the construction of an observatory to complement the Galloway Forest Dark Sky Park and;
- the promotion of social, economic and environmental regeneration of Dalmellington and the Upper Doon Valley in East Ayrshire.

Achievements and Performance

Following the development of The Scottish Dark Sky Observatory throughout 2014 and 2015, our 2015/16 financial year has seen a pleasing increase in visitor numbers and associated income, particularly during the period September to March (the darker Winter months). March 2016 saw steady bookings of our mobile planetarium during the Ayrshire Schools Science Week, when several schools were visited as part of our educational outreach programme.

In early 2016 the Observatory received a Quality Assurance Inspection by VisitScotland and maintained its '4 Star' visitor attraction status. The Observatory has also maintained its '5 Star' award status with Trip Advisor for 2016.

Future plans

The period 1 January to 31 December 2016 has been very positive, with visitor numbers increasing by almost 37% on the previous year. Increased income achieved through these increased visitor numbers has helped reduce our deficit to a satisfactory degree. It is hoped that, under the further direction of the Observatory Manager, Fi McClelland, our visitor numbers will continue to increase at a steady rate. The potential for private hire of the facility for functions and events will also continue to be explored and developed.

The manager has continued to further decrease expenditure by negotiating reduced fees for necessary professional involvement and, most notably, a 50% reduction in our annual insurance costs.

Our Resident Astronomer, David Warrington (appointed in February 2014), continues to be a valuable and enthusiastic asset. Outreach visits to schools and local interest groups and outreach planetarium bookings continue to be popular. We believe Observatory operations have reached a balanced state and we continue to make plans for future developments.

We have successfully raised the funding required to construct a permanent planetarium facility adjacent to the existing Observatory. Work began in early December 2016 and is anticipated to be completed by late March 2017. The on-site planetarium will greatly enhance the visitor experience, particularly on nights when viewing is not possible via our two large telescopes due to cloud cover or inclement weather. The permanent planetarium will also be a useful source of additional revenue and will help us in our ongoing aim of financial self-sufficiency.

With the addition of the planetarium building we will also have a small retail outlet, which the Trustees believe will offer great potential for further growth. Throughout 2016 we have increased the range of merchandise offered to visitors, with a variety of prices to suit all pockets. The additional floor space offered by the permanent planetarium building, when completed, will also allow a further increase in the range of merchandise offered, which will also help contribute to financial self-sufficiency.

THE DARK SKY OBSERVATORY

Report of the Trustees

For the year ended 31 May 2016

Financial Review

The financial statements have been prepared in accordance with current statutory requirements and the company's Memorandum and Articles of Association.

The net outgoing resources for the year are £9,197 (2015: £31,757) as stated in the Statement of Financial Activities. The Trustees confirm that the assets are available and adequate to fulfil the obligations of the charitable company.

Reserves Policy

The Trustees' principal objective with regard to reserves is to ensure that the company has adequate working capital to meet cashflow requirements and to enable the company to meet all legal obligations. The Trustees consider that the level of unrestricted funds at 31 May 2016 of £451,201 (2015: £467,398) is adequate for these purposes.

Risk Management

The Trustees have conducted a review of the major risks to which the company is exposed and systems have been established to mitigate these risks.

Taxation

The charity is recognised as such by H M Revenue & Customs for taxation purposes. As a result, there is no liability to taxation on any of its charitable income.

Structure, Governance and Management

The company, which is limited by guarantee and has charitable status, was incorporated on 18 May 2011. Management of the company has been delegated to the Trustees, each of whom were appointed in accordance with the Memorandum and Articles of Association.

Trustees are appointed by ordinary resolution of the members or by resolution of the Trustees. Trustees are not required to serve fixed terms or to retire by rotation.

Statement of trustees' responsibilities

The Trustees (who are also directors of The Dark Sky Observatory for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 concern basis unless it is inappropriate to presume that the charitable company will continue in business.

THE DARK SKY OBSERVATORY


Report of the Trustees

For the year ended 31 May 2016

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They 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 above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 22 February 2017 and signed on their behalf by:



J M Gibson Chairman

THE DARK SKY OBSERVATORY

Independent Examiner's Report to the Trustees of The Dark Sky Observatory

For the year ended 31 May 2016

I report on the financial statements of The Dark Sky Observatory for the year ended 31 May 2016, which comprise the Statement of Financial Activities, Balance Sheet and the related notes.

This report is made solely to the charity's trustees, as a body, in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005. My examination has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my examination, for this report, or for the opinions I have formed.

Respective responsibilities of trustees and examiner

The charity's Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) (the Regulations). The charity trustees consider that the audit requirement of Regulation 10(1) (a) to (c) of the Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006 (as amended). An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with Section 44(1) (a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations;
 - to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulationshave not been met, or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Michael Harkness

Michael Harkness, FCCA
Scott-Moncrieff
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

22 February 2017

THE DARK SKY OBSERVATORY

**Statement of Financial Activities
(including income and expenditure account)**

For the year ended 31 May 2016

	Notes	Unrestricted Funds £	Restricted Funds £	2016 Total £	2015 Total £
Income from					
Donations and legacies	3	3,847	7,000	10,847	5,815
Charitable activities	4	48,164	-	48,164	30,113
Investments		4	-	4	1
Total income		<u>52,015</u>	<u>7,000</u>	<u>59,015</u>	<u>35,929</u>
Expenditure on:					
Charitable activities	5	68,212	-	68,212	67,686
Total expenditure		<u>68,212</u>	<u>-</u>	<u>68,212</u>	<u>67,686</u>
Net (expenditure)/income and movement in funds		(16,197)	7,000	(9,197)	(31,757)
Reconciliation of funds					
Total funds brought forward		467,398	-	467,398	499,155
Total funds carried forward	13	<u>451,201</u>	<u>7,000</u>	<u>458,201</u>	<u>467,398</u>

All results relate to continuing activities.

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The notes on pages 7 to 12 form part of these financial statements

THE DARK SKY OBSERVATORY

Balance Sheet

As at 31 May 2016

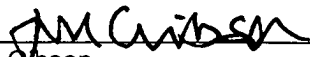
	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		505,471		529,407
Current assets					
Stock		406		452	
Debtors	10	11,169		1,197	
Cash at bank and in hand		21,030		15,708	
		32,605		17,357	
Creditors: amounts falling due within one year	11	(79,875)		(79,366)	
Net current liabilities			(47,270)		(62,009)
Net assets	14		458,201		467,398
Funds					
Unrestricted funds	13		(54,270)		(62,009)
Designated funds	13		505,471		529,407
Restricted funds	13		7,000		-
Total charity funds			458,201		467,398

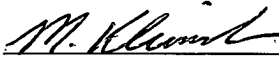
The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Financial Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Small Entities published on 16 July 2014, and the Financial Reporting Standard for Smaller Entities (effective January 2015).

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the financial year ended 31 May 2016. The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2016 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibility for ensuring that the company keeps accounting records which comply with Section 386 and 387 of the Companies Act 2006, and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its results for the financial period in accordance with the requirements of Section 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements were authorised for issue on 22 February 2017 and signed on their behalf by:

 Chairman
J M Gibson

 Trustee
~~A.P.S. Johnstone~~
M. H. KLIMEK

Company Registration Number SC399758

The notes on pages 7 to 12 form part of these financial statements

THE DARK SKY OBSERVATORY

Notes to the Financial Statements

For the year ended 31 May 2016

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards in the United Kingdom, with Charities Accounts (Scotland) Regulations 2006 (as amended), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Small Entities published on 16 July 2014 (FRSSE SORP) and the Companies Act 2006. The financial statements have also been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (2015) and the FRSSE SORP.

Going concern

The trustees have considered a period of at least 12 months from the date of signing the financial statements. The trustees believe that the company will continue to meet its obligations as they fall due for the foreseeable future and on this basis, believe that it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Incoming resources

Incoming resources are recognised when the company is entitled to receipt, there is reasonable certainty of receipt and the amount is measurable. When income has been received but the criteria for recognition have not been met, it is deferred.

Resources expended

Expenditure is recognised when a legal or constructive obligation has been entered into.

Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries.

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short-term maturity of three months or less from the date of acquisition or opening of the deposit or similar accounts.

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third part and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. With the exception of concessionary loans, discussed overleaf, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2016

1. Accounting policies (continued)

Concessionary loans

Concessionary loans consist of those loans which are granted to the charitable company to further its purposes with any interest charged at below the prevailing market rates. Concessionary loans are initially measured at the amount received. The carrying amount is adjusted for any repayments, and any accrued interest is included within accruals.

Funds

Restricted funds

Restricted funds are funds subject to specific conditions imposed on them by the funder. They may only be expended on items specified within the terms of the agreement on the basis they were awarded.

Where restricted funds fall into deficit, an amount needed to break even is transferred from the unrestricted funds.

Unrestricted and designated funds

Unrestricted funds are expendable at the discretion of the trustees in the furtherance of the charity's objectives.

The trustees may designate funds for specific purposes to ensure that funds are available to meet future commitments.

Value added tax and corporation tax

The company is registered for VAT and income and expenditure is shown net of VAT as appropriate.

The company has charitable status in terms of the Corporation Tax Act 2010 and is exempt from corporation tax on its activities.

Tangible fixed assets and depreciation

All fixed assets are included at cost. Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Land and buildings	2%	straight line
Plant and machinery	20%	reducing balance
Fixtures and fittings	20%	reducing balance
Computer equipment	33%	straight line

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2016

**2. Statement of Financial Activities (including income and expenditure account):
Comparative figures**

	Notes	Unrestricted Funds £	Restricted Funds £	2015 Total £
Income from				
Donations and legacies	3	5,815	-	5,815
Charitable activities	4	28,782	1,331	30,113
Investments		1	-	1
		<hr/>	<hr/>	<hr/>
Total income		34,598	1,331	35,929
		<hr/>	<hr/>	<hr/>
Expenditure on:				
Charitable activities	5	66,355	1,331	67,686
		<hr/>	<hr/>	<hr/>
Total expenditure		66,355	1,331	67,686
		<hr/>	<hr/>	<hr/>
Net expenditure and movement in funds		(31,757)	-	(31,757)
Reconciliation of funds				
Total funds brought forward		499,155	-	499,155
		<hr/>	<hr/>	<hr/>
Total funds carried forward	13	467,398	-	467,398
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. Donations

	2016 £	2015 £
General donations	3,847	5,815
Robertson Trust	7,000	-
	<hr/>	<hr/>
	10,847	5,815
	<hr/> <hr/>	<hr/> <hr/>

4. Charitable activities – incoming resources

	2016 £	2015 £
East Ayrshire Council	-	793
LEADER grant	-	538
Entrance fees, planetarium hire and souvenirs	48,164	28,782
	<hr/>	<hr/>
	48,164	30,113
	<hr/> <hr/>	<hr/> <hr/>

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2016

5. Charitable activities – resources expended	2016 £	2015 £
Cost of sales – merchandise and commissions	5,432	1,448
Wages and salaries	22,598	19,174
General administration costs	9,794	10,495
Travel costs	222	641
Depreciation and loss on disposal	23,936	29,133
Security costs	1,196	943
Professional fees	534	1,352
Loan interest	2,500	2,500
Independent examiner's fee (governance)	2,000	2,000
	68,212	67,686
6. Staff numbers and costs	2016 £	2015 £
Gross wages and salaries	22,598	19,283
Employer's NI	-	(109)
	22,598	19,174
	No	No
The average number of employees during the year was as follows:	2	2

No employee received remuneration in excess of £60,000.

7. Trustees

No trustees received any remuneration during the year (2015: nil) nor were reimbursed with any expenditure that they had paid on behalf of the company (2015: £nil).

8. Taxation

There is no charge to taxation as the company is regarded as being established for charitable purposes in terms of the Corporation Tax Act 2010 and so is exempt from corporation tax.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2016

9. Tangible fixed assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Computer equipment	2016 Total
Cost					
As at 1 June 2015 and 31 May 2016	487,586	125,686	11,253	4,014	628,539
Depreciation					
As at 1 June 2015	29,084	61,335	4,699	4,014	99,132
Charge for the year	9,755	12,870	1,311	-	23,936
As at 31 May 2016	38,839	74,205	6,010	4,014	123,068
Net book value					
As at 31 May 2016	448,747	51,481	5,243	-	505,471
As at 31 May 2015	458,502	64,351	6,554	-	529,407

10. Debtors

	2016 £	2015 £
Trade debtors	2,874	149
Prepayments and accrued income	8,295	1,048
	<u>11,169</u>	<u>1,197</u>

11. Creditors

	2016 £	2015 £
Trade creditors	2,601	4,482
Loan – Craigengillan Estate	16,121	16,121
Loan – East Ayrshire Council	50,000	50,000
Value added tax	692	402
Accruals	10,461	8,361
	<u>79,875</u>	<u>79,366</u>
Secured creditors	<u>50,000</u>	<u>50,000</u>

At 31 May 2016, the charitable company had received £66,121 (2015: £66,121) of concessionary loans, all of which is due within one year. This is made up of the Craigengillan Estate loan (for terms, see note 15) and the East Ayrshire Council loan.

The loan from East Ayrshire Council bears interest at 5% p.a. and is secured by a personal guarantee provided by J M Gibson, trustee/director.

12. Liability of members

The company is limited by guarantee and has no share capital. The liability of each member in the event of a winding-up is limited to £1. As at 31 May 2016, there were 3 members.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2016

13. Analysis of reserves

	Balance at 31 May 2015 £	Incoming resources £	Resources expended & transfers £	Balance at 31 May 2016 £
Restricted funds				
Other restricted reserves	-	7,000	-	7,000
	-	7,000	-	7,000
Unrestricted funds				
Designated	529,407	-	(23,936)	505,471
General	(62,009)	52,015	(44,276)	(54,270)
	467,398	52,015	(68,212)	451,201
Total	467,398	59,015	(68,212)	458,201

The restricted funds relate to education for the new planetarium.

The amount transferred to designated funds equals the net book value of fixed assets once the initial restriction on the funds has been met.

14. Analysis of net assets among funds

	Restricted funds £	Unrestricted		Total funds £
		Designated funds £	General funds £	
Tangible fixed assets	-	505,471	-	505,471
Current assets	7,000	-	25,605	32,605
Current liabilities	-	-	(79,875)	(79,875)
	7,000	505,471	(54,270)	458,201

15. Related parties

J M Gibson, trustee and director, has provided a personal guarantee to the value of £70,000 in favour of East Ayrshire Council, in respect of its loan to the company. At 31 May 2016, the company's loan liability to East Ayrshire Council was £50,000 (2015: £50,000).

At 31 May 2016, the company owed £16,121 (2015: £16,121) to the Craigengillan Estate, operated by J M Gibson. The loan is unsecured, interest free and has no fixed terms of repayment.