

THE DARK SKY OBSERVATORY

Trustees' Report and Unaudited Financial Statements

For the year ended 31 May 2013

Charity Number: SC042329

Company Registration Number: SC399758

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THE DARK SKY OBSERVATORY

Report of the Trustees and Financial Statements

For the year ended 31 May 2013

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Reference and administrative details

Trustees (Directors for company law purposes)

C Anderson (resigned 17/12/13)
J M Gibson
S E Hicks (resigned 15/07/13)
A P S Johnstone
Dr N J Martin (appointed 04/06/13)
K Muir (resigned 20/05/13)
P D O'Rourke (deceased 23/07/12)
E Stewart (resigned 06/12/12)

Registered office

Craigengillan
Dalmellington
Ayr
KA6 7PZ

Bankers

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

Clydesdale Bank
43 Alloway Street
Ayr
KA7 1SP

Independent examiner

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

Company Registration No: SC042329
Charity No: SC399758

THE DARK SKY OBSERVATORY

Report of the Trustees

For the year ended 31 May 2013

The trustees have pleasure in presenting their report for the year ended 31 May 2013. This report is prepared in accordance with the recommendations of Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) and complies with applicable law.

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 who are 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.

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.

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 Dark Sky Park in Galloway Forest 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 successful official opening of The Scottish Dark Sky Observatory on 5 October 2012, operations began. The number of visitor admissions and events at the facility grew steadily in the following months. The manager also secured a number of bookings of our mobile planetarium, visiting several local schools as part of our educational outreach programme.

Future plans

Following the recent appointment of David Warrington as Resident Astronomer, visitor numbers and mobile planetarium outreach visits to schools have increased very satisfactorily. With operations on an even keel, we have begun to make plans for future developments.

We are currently fund-raising for the building of a permanent planetarium facility adjacent to the Observatory, which we hope to be able to start building before the end of 2014. It will greatly increase the visitor experience, particularly on nights when live viewing is not possible through the telescopes due to cloud cover or inclement weather.

The permanent planetarium will also be a useful revenue source and help us in our aim of financial self-sufficiency.

We also plan to increase the merchandise operation from its initially small level. This, too, will contribute to self-sufficiency.

We have completed the work necessary to allow the main telescope to be operated robotically. Schools, universities and experienced amateur astronomers will be able to book time during non-open night-time hours. This, too, will bring additional revenue, as well as fulfilling our aim to make the Observatory contribute to education and original research.

THE DARK SKY OBSERVATORY

Report of the Trustees

For the year ended 31 May 2013

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 incoming resources for the year is £90,976 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 cash flow requirements and to enable the company to meet all legal obligations. The trustees consider that the level of unrestricted funds at 31 May 2013 of £509,893 are adequate for these purposes.

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.

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).

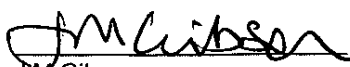
Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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 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 28/5 2014 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 2013

I report on the financial statements of The Dark Sky Observatory for the year ended 31 May 2013, 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 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
Sempie Street
Edinburgh
EH3 8BL

28 May 2014

THE DARK SKY OBSERVATORY

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

For the year ended 31 May 2013

	Notes	Unrestricted Funds £	Restricted Funds £	2013 Total £	Period from 18 May 2011 - 31 May 2012 Total £
Incoming resources					
Voluntary income:					
- Donations	2	793	-	793	2,500
Activities for generating funds					
- Charitable activities	3	5,950	204,873	210,823	465,177
Investment income		35	-	35	18
Total incoming resources		6,778	204,873	211,651	467,695
Resources expended					
Charitable activities	4	76,365	41,810	118,175	45,559
Governance costs	5	2,500	-	2,500	3,219
Total resources expended		78,865	41,810	120,675	48,778
Net (outgoing)/incoming resources for the year		(72,087)	163,063	90,976	418,917
Transfers between funds		370,097	(370,097)	-	-
Total funds brought forward		211,883	207,034	418,917	-
Total funds carried forward	14	509,893	-	509,893	418,917

All results relate to continuing activities.

The notes on pages 6 to 10 form part of these financial statements

THE DARK SKY OBSERVATORY

Balance Sheet

As at 31 May 2013

	Notes	2013	2012
		£	£
Fixed assets			
Tangible fixed assets	9	576,764	242,256
Current assets			
Debtors	10	3,994	91,616
Cash at bank and in hand		14,106	87,295
		<u>18,100</u>	<u>178,911</u>
Creditors: amounts falling due within one year	11	<u>(34,971)</u>	<u>(2,250)</u>
Net current assets		<u>(16,871)</u>	<u>176,661</u>
Total assets less current liabilities		<u>559,893</u>	<u>418,917</u>
Creditors: amounts falling due after one year	12	<u>(50,000)</u>	<u>-</u>
Net assets	15	<u><u>509,893</u></u>	<u><u>418,917</u></u>
Funds			
Unrestricted funds	14	(27,522)	7,412
Designated funds	14	537,415	204,471
Restricted funds	14	-	207,034
		<u>509,893</u>	<u>418,917</u>
Total reserves		<u><u>509,893</u></u>	<u><u>418,917</u></u>


The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

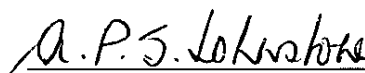
The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the financial year ended 31 May 2013. The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2013 in accordance with Section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibility for:

- (a) ensuring that the company keeps accounting records which comply with Section 386 and 387 of the Companies Act 2006, and
- (b) 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 28/5 2014 and signed on their behalf by:

 Chairman
J M Gibson

 Trustee
A P S Johnstone

Company Registration Number SC399758

The notes on pages 6 to 10 form part of these financial statements

THE DARK SKY OBSERVATORY

Notes to the Financial Statements

For the year ended 31 May 2013

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), Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006. The financial statements have also been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 (effective April 2008).

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 they meet the criteria of certainty, measurement and entitlement. When income has been received but the criteria for recognition has not been met, it is deferred as recommended by the SORP.

Resources expended

Expenditure is recognised when a legal or constructive obligation has been entered into. It has been charged directly to charitable expenditure or governance costs.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include costs linked to the strategic management of the charity.

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 in to deficit the 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 company's objectives.

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

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2013

1. Accounting policies (continued)

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
Fixture and fittings	20%	reducing balance
Computer equipment	33%	straight line

No provision is made for depreciation on assets which have not been brought into use.

2. Donations	2013	Period ended
	£	31 May 2012
		£
General donations	793	500
Donations - Trusts	-	2,000
	<hr/>	<hr/>
	793	2,500
	<hr/> <hr/>	<hr/> <hr/>

3. Charitable activities – incoming resources	2013	2012
	£	£
William Grant & Sons Ltd	-	100,000
The Scottish Government	-	94,000
The Coalfields Regeneration Trust	-	89,918
The Robertson Trust	-	69,000
The Monument Trust	-	50,000
East Ayrshire Council	20,000	39,707
SCVO	17,625	17,575
South Ayrshire Council	2,423	3,577
Skills Development Scotland	1,762	1,400
Leader	111,973	-
Score (EB Scotland Limited)	50,000	-
Community Energy Scotland	1,090	-
Entrance fees & planetarium hire	5,950	-
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	210,823	465,177
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4. Charitable activities – resources expended	2013	2012
	£	£
Wages and salaries	38,790	25,555
Training costs	810	2,942
Feasibility costs	-	11,163
General administration costs	16,828	170
Land operators fund contribution	-	5,708
Travel costs	1,544	21
Depreciation	37,153	-
Security costs	12,322	-
Professional fees	9,765	-
Other loan interest	963	-
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	118,175	45,559
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THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2013

5. Governance costs	2013	Period ended 31 May 2012
	£	£
Independent examiner's fee	2,500	2,250
Company formation costs	-	619
Accountancy	-	350
	<u>2,500</u>	<u>3,219</u>

6. Staff numbers and costs	2013	2012
	£	£
Gross wages and salaries	36,628	25,555
Employer's NI	2,162	-
	<u>38,790</u>	<u>25,555</u>
	<u>No</u>	<u>No</u>
The average number of employees during the year was as follows:	4	5

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

7. Trustees

No trustee received any remuneration or expenses reimbursement during the year (2012: £nil).

8. Taxation

There is no charge to taxation as the company is regarded as being established for charitable purposes in terms of section 505 of the Corporation Taxes Act 1988 and so is exempt from corporation tax.

9. Tangible fixed assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Computer equipment	2013 Total
Cost					
As at 1 June 2012	200,806	34,888	5,029	1,533	242,256
Additions	277,892	90,798	490	2,481	371,661
As at 31 May 2013	<u>478,698</u>	<u>125,686</u>	<u>5,519</u>	<u>4,014</u>	<u>613,917</u>
Depreciation					
As at 1 June 2012	-	-	-	-	-
Charge for the year	9,574	25,137	1,104	1,338	37,153
As at 31 May 2013	<u>9,574</u>	<u>25,137</u>	<u>1,104</u>	<u>1,338</u>	<u>37,153</u>
Net book value					
As at 31 May 2013	<u>469,124</u>	<u>100,549</u>	<u>4,415</u>	<u>2,676</u>	<u>576,764</u>
As at 31 May 2012	<u>200,806</u>	<u>34,888</u>	<u>5,029</u>	<u>1,533</u>	<u>242,256</u>

No depreciation was charged in 2012 as the assets had not been brought in to use.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2013

10. Debtors

	2013	2012
	£	£
Accrued income	2,898	54,922
Value added tax	1,096	36,694
	<u>3,994</u>	<u>91,616</u>

11. Creditors

	2013	2012
	£	£
Loan – Craigengillan Estate	20,000	-
Accruals	14,971	2,250
	<u>34,971</u>	<u>2,250</u>

12. Loans due after one year

	2013	2012
	£	£
East Ayrshire Council	50,000	-
Secured Creditors	50,000	-

The loan bears interest at 5% p.a. and is secured by a personal guarantee provided by J M Gibson, trustee/director. Although early repayments may be made, at set dates, at the discretion of the Company, the loan is not due for repayment until 30 September 2014.

13. Liability of members

The company is limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1. As at 31 May 2013, there were 3 members.

14. Analysis of reserves

	Balance at 31 May 2012	Incoming resources	Resources expended	Transfers	Balance at 31 May 2013
	£	£	£	£	£
Restricted funds					
William Grant & Sons	52,000	-	-	(52,000)	-
Scottish Executive	94,000	-	-	(94,000)	-
Coalfields Regeneration Trust	61,034	-	-	(61,034)	-
Leader grant	-	111,973	-	(111,973)	-
Score (EB Scotland Ltd)	-	50,000	-	(50,000)	-
Community Energy Scotland	-	1,090	-	(1,090)	-
Other restricted reserves	-	41,810	(41,810)	-	-
	<u>207,034</u>	<u>204,873</u>	<u>(41,810)</u>	<u>(370,097)</u>	<u>-</u>
Unrestricted funds					
Designated	204,471	-	(37,153)	370,097	537,415
General	7,412	6,778	(41,712)	-	(27,522)
	<u>211,883</u>	<u>6,778</u>	<u>(78,865)</u>	<u>370,097</u>	<u>509,893</u>
Total	<u>418,917</u>	<u>211,651</u>	<u>(120,675)</u>	<u>-</u>	<u>509,893</u>

The restricted funds, excluding other restricted reserves, all relate to capital expenditure.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2013

14. Analysis of reserves - continued

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

Transfers between restricted funds and the general fund occur where funds received include an allowance for general administration or where there is no longer a requirement for funds to be treated as restricted.

15. Analysis of net assets among funds

	Restricted funds £	Unrestricted Designated funds £	General funds £	Total funds £
Tangible fixed assets	-	537,415	39,349	576,764
Current assets	-	-	18,100	18,100
Current liabilities	-	-	(34,971)	(34,971)
Long term liabilities	-	-	(50,000)	(50,000)
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	-	537,415	(27,522)	509,893
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16. 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 their loan to the Company. At 31 May 2013, the Company's loan liability to East Ayrshire Council was £50,000 (2012: £nil).

At 31 May 2013 the Company owed £20,000 (2012: £nil) to the Craigengillan Estate, operated by J M Gibson. The loan is unsecured, interest free and has no fixed terms of repayment.