



Scott-Moncrieff
business advisers and accountants

THE DARK SKY OBSERVATORY

Trustees' Report and Unaudited Financial Statements

For the year ended 31 May 2015

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 2015

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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

Clydesdale Bank plc
43 Alloway Street
Ayr
KA7 1SP

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 2015

The Trustees have pleasure in presenting their report for the year ended 31 May 2015. 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, 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.

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 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 successful official opening of The Scottish Dark Sky Observatory on 5 October 2012, operations began. During the last financial year the number of visitor admissions and events at the Observatory has grown steadily, particularly during the darker winter months. March 2015 also saw an increase in bookings of our mobile planetarium, due to the Ayrshire Science and Engineering fortnight, where many schools were visited as part of our educational outreach programme.

In May 2014, the Dark Sky Observatory was awarded '4 Star' visitor attraction status by VisitScotland. The Observatory has also achieved a '5 Star' visitor attraction award from TripAdvisor.

Future plans

Following the appointment of a new Observatory Manager, Fi McClelland, in January 2015, our visitor numbers continue to increase very satisfactorily. It is hoped that, under her direction, visitor numbers will continue to increase and the potential for private hire of the facility for functions and events will be developed. Since her appointment, the Manager has actively sought to reduce expenditure across the business, resulting in substantial savings over the course of the year.

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 have increased. With operations having reached steady state, we continue to make plans for future developments.

We continue to fund-raise 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 2016. This facility will greatly add to 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 aim of financial self-sufficiency.

THE DARK SKY OBSERVATORY

Report of the Trustees

For the year ended 31 May 2015

Although the range of merchandise offered for sale has increased in the last year, the Trustees believe there is great potential for further growth. It is planned to increase the range of merchandise offered in the coming year, covering a variety of prices to suit all pockets. The additional floor space offered by the permanent planetarium building, when completed, will also allow further increase in the range of merchandise offered. This, too, will contribute to financial 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.

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 £31,757 (2014: £10,738) 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. The Trustees intend to write to East Ayrshire Council to request that it does not seek repayment of its loan by SDSO within the next three years.

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 2015 of £467,398 (2014: £499,155) is adequate for these purposes.

Taxation

The charity is recognised as such by HM 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 DARK SKY OBSERVATORY

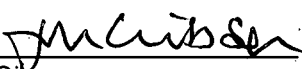
Report of the Trustees

For the year ended 31 May 2015

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 25.2.16 2016 and signed on their behalf by:

 Chairman
J M Gibson

THE DARK SKY OBSERVATORY

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

For the year ended 31 May 2015

I report on the financial statements of The Dark Sky Observatory for the year ended 31 May 2015, 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
Seemple Street
Edinburgh
EH3 8BL

25 February 2016

THE DARK SKY OBSERVATORY

Statement of Financial Activities (including income and expenditure account)

For the year ended 31 May 2015

	Notes	Unrestricted Funds £	Restricted Funds £	2015 Total £	2014 Total £
Incoming resources					
Voluntary income:					
- Donations	2	5,815	-	5,815	5,800
Activities for generating funds					
- Charitable activities	3	28,782	1,331	30,113	81,850
Investment income		1	-	1	2
Total incoming resources		<u>34,598</u>	<u>1,331</u>	<u>35,929</u>	<u>87,652</u>
Resources expended					
Charitable activities	4	64,355	1,331	65,686	95,740
Governance costs	5	2,000	-	2,000	2,650
Total resources expended		<u>66,355</u>	<u>1,331</u>	<u>67,686</u>	<u>98,390</u>
Net (outgoing) resources for the year		(31,757)	-	(31,757)	(10,738)
Total funds brought forward		<u>499,155</u>	-	<u>499,155</u>	<u>509,893</u>
Total funds carried forward	13	<u><u>467,398</u></u>	<u><u>-</u></u>	<u><u>467,398</u></u>	<u><u>499,155</u></u>

All results relate to continuing activities.

The notes on pages 7 to 11 form part of these financial statements

THE DARK SKY OBSERVATORY

Balance Sheet

As at 31 May 2015

	Notes	2015		2014 Restated	
		£	£	£	£
Fixed assets					
Tangible fixed assets	9		529,407		558,540
Current assets					
Stock		452		660	
Debtors	10	1,197		8,474	
Cash at bank and in hand		15,708		14,828	
		17,357		23,962	
Creditors: amounts falling due within one year	11	(79,366)		(83,347)	
Net current liabilities			(62,009)		(59,385)
Net assets	14		467,398		499,155
Funds					
Unrestricted funds	13		(62,009)		(59,385)
Designated funds	13		529,407		558,540
Restricted funds	13		-		-
Total reserves			467,398		499,155


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).

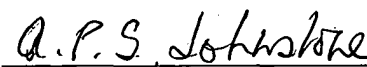
The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the financial year ended 31 May 2015. The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2015 in accordance with Section 476 of the Companies 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 25.2.16 2016 and signed on their behalf by:


 _____ Chairman
 J M Gibson


 _____ Trustee
 A P S Johnstone

Company Registration Number SC399758

The notes on pages 7 to 11 form part of these financial statements

THE DARK SKY OBSERVATORY

Notes to the Financial Statements

For the year ended 31 May 2015

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.

Resources expended

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

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 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 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 2015

1. Accounting policies (continued)

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

2. Donations

	2015	2014
	£	£
General donations	5,815	5,800
	<u>5,815</u>	<u>5,800</u>

3. Charitable activities – incoming resources

	2015	2014
	£	£
East Ayrshire Council	793	4,760
LEADER grant	538	56,024
Entrance fees, planetarium hire and souvenirs	28,782	21,066
	<u>30,113</u>	<u>81,850</u>

4. Charitable activities – resources expended

	2015	2014
	£	£
Cost of sales – merchandise and commissions	1,448	1,187
Wages and salaries	19,174	29,889
General administration costs	10,495	12,618
Travel costs	641	2,234
Depreciation and loss on disposal	29,133	33,514
Security costs	943	9,976
Professional fees	1,352	3,823
Loan interest	2,500	2,499
	<u>65,686</u>	<u>95,740</u>

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2015

5. Governance costs	2015	2014
	£	£
Independent examiner's fee	2,000	2,650
	<hr/>	<hr/>
	2,000	2,650
	<hr/> <hr/>	<hr/> <hr/>
6. Staff numbers and costs	2015	2014
	£	£
Gross wages and salaries	19,283	27,934
Employer's NI	(109)	1,955
	<hr/>	<hr/>
	19,174	29,889
	<hr/> <hr/>	<hr/> <hr/>
	No	No
The average number of employees during the year was as follows:	2	2
	<hr/> <hr/>	<hr/> <hr/>

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

7. Trustees

During the year, J M Gibson was reimbursed with £nil (2014: £7,272) and Dr N J Martin was reimbursed with £nil (2014: £326) in relation to expenditure that they had paid on behalf of the company.

No trustee received any remuneration during the year (2014: 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.

9. Tangible fixed assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Computer equipment	2015 Total
Cost					
As at 1 June 2014	487,586	125,686	11,742	4,014	629,028
Additions	-	-	-	-	-
Disposals	-	-	(489)	-	(489)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 May 2015	487,586	125,686	11,253	4,014	628,539
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
As at 1 June 2014	19,329	45,247	3,236	2,676	70,488
Charge for the year	9,755	16,088	1,639	1,338	28,820
On disposals	-	-	(176)	-	(176)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 May 2015	29,084	61,335	4,699	4,014	99,132
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
As at 31 May 2015	458,502	64,351	6,554	-	529,407
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 May 2014	468,257	80,439	8,506	1,338	558,540
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THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the year ended 31 May 2015

10. Debtors

	2015	2014
	£	£
Trade debtors	149	4,922
Prepayments and accrued income	1,048	3,518
Value added tax	-	34
	<u>1,197</u>	<u>8,474</u>

11. Creditors

	2015	2014
	£	£
Trade creditors	4,482	4,765
Loan – Craigengillan-Estate	16,121	16,121
Loan – East Ayrshire Council	50,000	50,000
Value added tax	402	-
Accruals	8,361	12,461
	<u>79,366</u>	<u>83,347</u>
Secured creditors	<u>50,000</u>	<u>50,000</u>

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 winding-up is limited to £1. As at 31 May 2015, there were 3 members.

13. Analysis of reserves

	Balance at 31 May 2014 £	Incoming resources £	Resources expended £	Balance at 31 May 2015 £
Restricted funds				
LEADER grant	-	538	(538)	-
Other restricted reserves	-	793	(793)	-
	<u>-</u>	<u>1,331</u>	<u>(1,331)</u>	<u>-</u>
Unrestricted funds				
Designated	558,540	-	(29,133)	529,407
General	(59,385)	34,598	(37,222)	(62,009)
	<u>499,155</u>	<u>34,598</u>	<u>(66,355)</u>	<u>467,398</u>
Total	<u>499,155</u>	<u>35,929</u>	<u>(67,686)</u>	<u>467,398</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 2015

13. 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.

The 2014 unrestricted funds breakdown on the face of the Balance Sheet, while correct in total, had an incorrect split between unrestricted and designated funds. The Analysis of reserves note was correct. The 2014 figures have therefore been corrected on the face of the Balance Sheet.

14. Analysis of net assets among funds

	Restricted funds £	Unrestricted		Total funds £
		Designated funds £	General funds £	
Tangible fixed assets	-	529,407	-	529,407
Current assets	-	-	17,357	17,357
Current liabilities	-	-	(79,366)	(79,366)
	<u>-</u>	<u>529,407</u>	<u>(62,009)</u>	<u>467,398</u>

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 their loan to the Company. At 31 May 2015, the Company's loan liability to East Ayrshire Council was £50,000 (2014: £50,000).

At 31 May 2015, the Company owed £16,121 (2014: £16,121) to the Craigengillan Estate, operated by J M Gibson. The loan is unsecured, interest free and has no fixed terms of repayment.