

**THE DARK SKY OBSERVATORY**

**Trustees' Report and Unaudited Financial Statements**

**For the year ended 31 May 2014**

**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 2014**

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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 (appointed 04/06/13)  
C Anderson (resigned 17/12/13)  
S E Hicks (resigned 15/07/13)

**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: SC042329**  
**Charity No: SC399758**

# THE DARK SKY OBSERVATORY

## Report of the Trustees

For the year ended 31 May 2014

The trustees have pleasure in presenting their report for the year ended 31 May 2014. 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. The Trustees have delegated the day-to-day management of the company to the Observatory Manager, appointed in January 2015, although the Trustees accept ultimate responsibility.

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 officially in January 2013. Since the appointment of David Warrington as Resident Astronomer in February 2014, the number of visitor admissions to and bookings of the facility has very steadily increased.

The Resident Astronomer (assisted by an Admin Assistant, who joined the business after serving a successful year's Modern Apprenticeship Scheme from January 2013) also secured several bookings of our portable planetarium, visiting a number of local schools and youth groups as part of the 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

Throughout the year, visitor numbers to the Observatory and portable planetarium outreach visits to schools and youth groups have increased very satisfactorily.

The Trustees are currently fund-raising for the building of a permanent planetarium facility which will be located adjacent to the Observatory. The Trustees believe the planned permanent planetarium 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. It will also be a very useful revenue source and help in the aim of financial self-sufficiency.

Although the merchandise operation has been increased in the last year, the Trustees believe that there is further potential for growth, the profits from which will also contribute to the aim of self-sufficiency. It is planned to further increase the variety of merchandise offered during the coming year, covering a range of prices to suit all pockets.

A new Manager, Fi McClelland, has recently been appointed and it is hoped that, under her direction, visitor numbers will continue to increase. It is also planned to develop the potential for private hire of the facility for functions and private events; also to increase the number of groups visiting the Observatory.

# THE DARK SKY OBSERVATORY

## Report of the Trustees

For the year ended 31 May 2014

### 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 £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.

### 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 2014 of £499,155 is 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).

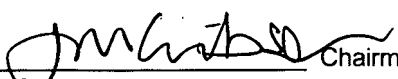
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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 23/2/15 2015 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 2014

I report on the financial statements of The Dark Sky Observatory for the year ended 31 May 2014, 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  
Semple Street  
Edinburgh  
EH3 8BL

23 February 2015

**THE DARK SKY OBSERVATORY**

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

**For the year ended 31 May 2014**

	Notes	Unrestricted Funds £	Restricted Funds £	2014 Total £	2013 Total £
<b>Incoming resources</b>					
Voluntary income:					
- Donations	2	4,868	932	5,800	793
Activities for generating funds					
- Charitable activities	3	21,066	60,784	81,850	210,823
Investment income		2	-	2	35
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total incoming resources</b>		25,936	61,716	87,652	211,651
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Resources expended</b>					
Charitable activities	4	90,048	5,692	95,740	118,175
Governance costs	5	2,650	-	2,650	2,500
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total resources expended</b>		92,698	5,692	98,390	120,675
		<hr/>	<hr/>	<hr/>	<hr/>
Net (outgoing)/incoming resources for the year		(66,762)	56,024	(10,738)	90,976
Transfers between funds		56,024	(56,024)	-	-
Total funds brought forward		509,893	-	509,893	418,917
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	14	499,155	-	499,155	509,893
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 2014**

	Notes	2014		2013	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	9		558,540		576,764
<b>Current assets</b>					
Stock		660		-	
Debtors	10	8,474		3,994	
Cash at bank and in hand		14,828		14,106	
		<hr/>		<hr/>	
		23,962		18,100	
<b>Creditors: amounts falling due within one year</b>	11	<hr/> (83,347) <hr/>		<hr/> (34,971) <hr/>	
<b>Net current liabilities</b>			<hr/> (59,385) <hr/>		<hr/> (16,871) <hr/>
<b>Total assets less current liabilities</b>			<hr/> 499,155 <hr/>		<hr/> 559,893 <hr/>
<b>Creditors: amounts falling due after one year</b>	12		<hr/> - <hr/>		<hr/> (50,000) <hr/>
<b>Net assets</b>	15		<hr/> 499,155 <hr/>		<hr/> 509,893 <hr/>
<b>Funds</b>					
Unrestricted funds	14		<hr/> (60,949) <hr/>		<hr/> (27,522) <hr/>
Designated funds	14		560,104		537,415
Restricted funds	14		-		-
			<hr/>		<hr/>
<b>Total reserves</b>			<hr/> 499,155 <hr/>		<hr/> 509,893 <hr/>

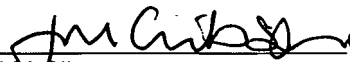
The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

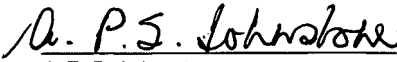
The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the financial year ended 31 May 2014. The members have not required the company to obtain an audit of its financial statements for the year ended 31 May 2014 in accordance with Section 476 of the Companies 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 23 / 2 / 2015 and signed on their behalf by:

  
 J M Gibson Chairman

  
 A P S Johnstone Trustee

**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 2014

#### 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 2014**

**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**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
General donations	5,800	793
	<u>5,800</u>	<u>793</u>

**3. Charitable activities – incoming resources**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
East Ayrshire Council	4,760	20,000
SCVO	-	17,625
South Ayrshire Council	-	2,423
Skills Development Scotland	-	1,762
LEADER grant	56,024	111,973
Score (EB Scotland Limited)	-	50,000
Community Energy Scotland	-	1,090
Entrance fees, planetarium hire and souvenirs	21,066	5,950
	<u>81,850</u>	<u>210,823</u>

**4. Charitable activities – resources expended**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Cost of sales – merchandise and commissions	1,187	-
Wages and salaries	29,889	38,790
Training costs	-	810
General administration costs	12,618	16,828
Travel costs	2,234	1,544
Depreciation and loss on disposal	33,514	37,153
Security costs	9,976	12,322
Professional fees	3,823	9,765
Loan interest	2,499	963
	<u>95,740</u>	<u>118,175</u>

**THE DARK SKY OBSERVATORY**

**Notes to the Financial Statements - continued**

**For the year ended 31 May 2014**

<b>5. Governance costs</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Independent examiner's fee	2,650	2,500
	<hr/>	<hr/>
	2,650	2,500
	<hr/> <hr/>	<hr/> <hr/>
<b>6. Staff numbers and costs</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Gross wages and salaries	27,934	36,628
Employer's NI	1,955	2,162
	<hr/>	<hr/>
	29,889	38,790
	<hr/> <hr/>	<hr/> <hr/>
	<b>No</b>	<b>No</b>
The average number of employees during the year was as follows:	2	4
	<hr/> <hr/>	<hr/> <hr/>

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

**7. Trustees**

During the year, J M Gibson was reimbursed with £7,272 (2013: nil) and Dr N J Martin was reimbursed with £326 (2013: nil) in relation to expenditure that they had paid on behalf of the company.

No trustee received any remuneration during the year (2013: 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**

	<b>Land &amp; buildings</b>	<b>Plant &amp; machinery</b>	<b>Fixtures &amp; fittings</b>	<b>Computer equipment</b>	<b>2014 Total</b>
<b>Cost</b>					
As at 1 June 2013	478,698	125,686	5,519	4,014	613,917
Additions	8,888	-	6,715	-	15,603
Disposals	-	-	(492)	-	(492)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 May 2014	487,586	125,686	11,742	4,014	629,028
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Depreciation</b>					
As at 1 June 2013	9,574	25,137	1,104	1,338	37,153
Charge for the year	9,755	20,110	2,132	1,338	33,335
On disposals	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 May 2014	19,329	45,247	3,236	2,676	70,488
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>					
As at 31 May 2014	468,257	80,439	8,506	1,338	558,540
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 May 2013	469,124	100,549	4,415	2,676	576,764
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**THE DARK SKY OBSERVATORY**

**Notes to the Financial Statements - continued**

**For the year ended 31 May 2014**

**10. Debtors**

	2014 £	2013 £
Trade debtors	4,922	-
Accrued income	3,518	2,898
Value added tax	34	1,096
	<u>8,474</u>	<u>3,994</u>

**11. Creditors**

	2014 £	2014 £
Trade creditors	4,765	-
Loan – Craigengillan Estate	16,121	20,000
Loan – East Ayrshire Council	50,000	-
Accruals	12,461	14,971
	<u>83,347</u>	<u>34,971</u>
Secured creditors	<u>50,000</u>	<u>-</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. Loans due after more than one year**

	2014 £	2014 £
East Ayrshire Council	-	50,000
	<u>-</u>	<u>50,000</u>
Secured Creditors	<u>-</u>	<u>50,000</u>

**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 2014, there were 3 members.

**14. Analysis of reserves**

	Balance at 31 May 2013 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 May 2014 £
<b>Restricted funds</b>					
LEADER grant	-	56,024	-	(56,024)	-
Other restricted reserves	-	5,692	(5,692)	-	-
	<u>-</u>	<u>61,716</u>	<u>(5,692)</u>	<u>(56,024)</u>	<u>-</u>
<b>Unrestricted funds</b>					
Designated	537,415	-	(33,335)	54,460	558,540
General	(27,522)	25,936	(59,363)	1,564	(59,385)
	<u>509,893</u>	<u>25,936</u>	<u>(92,698)</u>	<u>56,024</u>	<u>499,155</u>
<b>Total</b>	<u>509,893</u>	<u>87,652</u>	<u>(98,390)</u>	<u>-</u>	<u>499,155</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 2014

#### 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		Total funds £
		Designated funds £	General funds £	
Tangible fixed assets	-	558,540	-	558,540
Current assets	-	-	23,962	23,962
Current liabilities	-	-	(83,347)	(83,347)
	<u>-</u>	<u>558,540</u>	<u>(59,385)</u>	<u>499,155</u>

#### 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 2014, the Company's loan liability to East Ayrshire Council was £50,000 (2013: £50,000).

At 31 May 2014 the Company owed £16,121 (2013: £20,000) to the Craigengillan Estate, operated by J M Gibson. The loan is unsecured, interest free and has no fixed terms of repayment.