

THE DARK SKY OBSERVATORY

Trustees' Report and Unaudited Financial Statements

For the period ended 31 May 2012

Charity Number: SC042329

Company Registration Number: SC399758



THE DARK SKY OBSERVATORY

Report of the Trustees and Financial Statements

For the period ended 31 May 2012

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Reference and administrative details

Trustees (Directors for company law purposes)

C Anderson (appointed 18/05/11)
J M Gibson (appointed 18/05/11)
S E Hicks (appointed 18/05/11)
A P S Johnstone (appointed 18/05/11)
K Muir (appointed 18/05/11)
P D O'Rourke (appointed 18/05/11, resigned 23/07/12)
E Stewart (appointed 18/05/11, 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

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 period ended 31 May 2012

The trustees have pleasure in presenting their report for the period ended 31 May 2012. 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

The company had several set-backs during the period to 31 May 2012 which resulted in a delay to the construction timetable for the observatory. The main set-back was the loss of the initial main contractor. This meant that the company had to complete the tender process for a second time before construction could begin. A main contractor was selected during the period and the trustees are pleased with the progress on the build up to 31 May 2012. Construction was completed in September 2012 and the observatory opened in October 2012.

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 period is £418,917 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 2012 of £211,883 are adequate for these purposes.

THE DARK SKY OBSERVATORY

Report of the Trustees

For the period ended 31 May 2012

Taxation

The charity is recognised as such by HMRC 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.

Independent examiner

Scott-Moncrieff, Chartered Accountants, were appointed Independent Examiner for the period ended 31 May 2012.

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 ~~14th~~ 14.5.13 2013 and signed on their behalf by:

JM Gibson Trustee

J MARK GIBSON

THE DARK SKY OBSERVATORY

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

For the period ended 31 May 2012

I report on the financial statements of The Dark Sky Observatory for the period ended 31 May 2012, 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

14 May 2013

THE DARK SKY OBSERVATORY

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

For the period ended 31 May 2012

	Notes	Unrestricted Funds £	Restricted Funds £	2012 Total £
Incoming resources				
Voluntary income:				
- Donations	2	2,500	-	2,500
Activities for generating funds				
- Charitable activities	3	-	465,177	465,177
Investment income		18	-	18
		<hr/>	<hr/>	<hr/>
Total incoming resources		2,518	465,177	467,695
		<hr/>	<hr/>	<hr/>
Resources expended				
Charitable activities	4	191	45,368	45,559
Governance costs	5	3,219	-	3,219
		<hr/>	<hr/>	<hr/>
Total resources expended		3,410	45,368	48,778
		<hr/>	<hr/>	<hr/>
Net (outgoing)/incoming resources for the period		(892)	419,809	418,917
Transfers between funds		212,775	(212,775)	-
Total funds brought forward		-	-	-
		<hr/>	<hr/>	<hr/>
Total funds carried forward	13	211,883	207,034	418,917
		<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 2012

	Notes	2012
		£
Fixed assets		
Tangible fixed assets	9	242,256
Current assets		
Debtors	10	91,616
Cash at bank and in hand		87,295
		<hr/>
		178,911
Creditors: amounts falling due within one year	11	(2,250)
		<hr/>
Net current assets		176,661
		<hr/>
Net assets	14	418,917
		<hr/>
Funds		
Unrestricted funds	13	7,412
Designated funds	13	204,471
Restricted funds	13	207,034
		<hr/>
Total reserves	13	418,917
		<hr/>

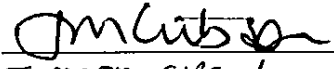
The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

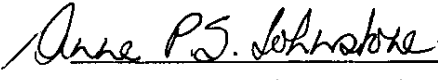
The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the financial period ended 31 May 2012. The members have not required the company to obtain an audit of its financial statements for the period ended 31 May 2012 in accordance with Section 476 of the Companies 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 14/5/ 2013 and signed on their behalf by:

 Chairman
J MARK GIBSON

 Trustee
ANNE 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 period ended 31 May 2012

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).

Going concern

The trustees have considered a period of at least 12 months from the date of signing the financial statements. The trustees expect the company to continue to operate at a surplus and have therefore adopted 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 period ended 31 May 2012

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

	2012
	£
General donations	500
Donations - Trusts	2,000
	<hr/>
	2,500
	<hr/> <hr/>

3. Charitable activities – incoming resources

	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	39,707
SCVO	17,575
South Ayrshire Council	3,577
Skills Development Scotland	1,400
	<hr/>
	465,177
	<hr/> <hr/>

4. Charitable activities – resources expended

	2012
	£
Wages and salaries	25,555
Training costs	2,942
Feasibility costs	11,163
General administration costs	170
Land operators fund contribution	5,708
Travel costs	21
	<hr/>
	45,559
	<hr/> <hr/>

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the period ended 31 May 2012

5. Governance costs

	2012
	£
Independent examiner's fee	2,250
Company formation costs	619
Accountancy	350
	<hr/>
	3,219
	<hr/> <hr/>

6. Staff numbers and costs

	2012
	£
Gross wages and salaries	25,555
	<hr/> <hr/>

The average number of employees during the period was as follows:
 No employee received remuneration in excess of £60,000.

No
5

7. Trustees

No trustee received any remuneration or reimbursement of expenses from the charity during the period.

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	Total
Cost					
Additions	200,806	34,888	5,029	1,533	242,256
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 May 2012	200,806	34,888	5,029	1,533	242,256
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
Charge for the period	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 May 2012	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
As at 31 May 2012	200,806	34,888	5,029	1,533	242,256
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

No depreciation was charged in the period as the assets have not been brought in to use.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the period ended 31 May 2012

10. Debtors		2012
		£
	Accrued income	54,922
	Value added tax	36,694
		91,616
		91,616

11. Creditors		2012
		£
	Accruals	2,250
		2,250
		2,250

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 2012, there were 3 members.

13. Analysis of reserves

	Incoming resources £	Resources expended £	Transfers £	Balance at 31 May 2012 £
Restricted funds				
William Grant & Sons	100,000	(1,704)	(46,296)	52,000
Scottish Executive	94,000	-	-	94,000
Coalfields Regeneration Trust	89,918	-	(28,884)	61,034
Robertsons Trust	69,000	-	(69,000)	-
Monuments Trust	50,000	-	(50,000)	-
East Ayrshire Council	39,707	(29,579)	(10,128)	-
Other restricted reserves	22,552	(14,085)	(8,467)	-
	465,177	(45,368)	(212,775)	207,034
	465,177	(45,368)	(212,775)	207,034
Unrestricted funds				
Designated	-	-	204,471	204,471
General	2,518	(3,410)	8,304	7,412
	2,518	(3,410)	212,775	211,883
	2,518	(3,410)	212,775	211,883
Total	467,695	(48,778)	-	418,917

The restricted funds all relate to the construction of the observatory.

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.

THE DARK SKY OBSERVATORY

Notes to the Financial Statements - continued

For the period ended 31 May 2012

14. Analysis of net assets among funds

	Restricted funds £	Designated funds £	Unrestricted General funds £	Total funds £
Tangible fixed assets	37,785	204,471	-	242,256
Current assets	169,249	-	9,662	178,911
Current liabilities	-	-	(2,250)	(2,250)
	<u>207,034</u>	<u>204,471</u>	<u>7,412</u>	<u>418,917</u>

15. Capital commitments

During the period, the company entered into a non-cancellable contract with Hope Homes Limited for the construction of the observatory. The value of the commitment at the balance sheet date totals £203,307.