

Charity registration number SC042329 (Scotland)

Company registration number SC399758 (Scotland)

THE DARK SKY OBSERVATORY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2023

THE DARK SKY OBSERVATORY

LEGAL AND ADMINISTRATIVE INFORMATION

**Trustees (Directors for company
law purposes)**

Dr N J Martin
M Charron
P D Kennerley

Charity number (Scotland)

SC042329

Company number

SC399758

Principal address

c/o Azets
3 Wellington Square
Ayr
South Ayrshire
KA7 1EN

Auditor

Johnston Smillie Ltd
Chartered Accountants
5 South Gyle Crescent Lane
Edinburgh
EH12 9EG

Bankers

The Royal Bank of Scotland plc
30 Sandgate
Ayr
KA7 1BY

Clydesdale Bank plc
43 Alloway Street
Ayr
KA7 1SP

THE DARK SKY OBSERVATORY

CONTENTS

| | Page |
|-----------------------------------|---------|
| Trustees' report | 1 - 3 |
| Independent auditor's report | 4 - 6 |
| Statement of financial activities | 7 |
| Balance sheet | 8 |
| Statement of cash flows | 9 |
| Notes to the financial statements | 10 - 19 |

THE DARK SKY OBSERVATORY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MAY 2023

The trustees present their annual report and financial statements for the year ended 31 May 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the company's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

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 astronomical observatory to complement the Galloway Forest Dark Sky Park and other Dark Sky locations throughout Scotland.
- • the provision of recreational facilities and the organisation of recreational activities to advance interest amongst, and the education of, the general public in the science of astronomy and other related subjects.
- • to foster, promote and advance awareness of the importance of environmental protection and regeneration.

Achievements and performance

Since the devastating fire that occurred in the early hours of Wednesday 23 June 2021 resulting in the total loss of the Scottish Dark Sky Observatory (SDSO) premises and its entire inventory of equipment and contents, the Trustees and Manager have been successful in reaching full and final settlement of the whole insurance claim. The process took considerably longer than expected due to its complicated nature, the SDSO and its contents being unique. However, the Trustees are satisfied with the final settlement figure achieved.

The delays which have arisen in the last year have ultimately been advantageous, providing an opportunity to examine afresh and redefine the Trustees long-term plans and aspirations for the charitable business. As unwelcome as the devastating outcome of the fire was, the Trustees recognise that they will never have a better opportunity to reset the project.

In August 2022 we were awarded a grant from East Ayrshire Council to fund a feasibility study into the potential of re-developing the SDSO on the formerly occupied site. We found the process to be extremely interesting and informative. We received the final results of the study in February 2023. In conclusion, the study identified a number of concerns relating to the former site, most notably (but not solely) its problematic access arrangements. The study revealed that the charity could not achieve the level of success to which we aspire were it to be rebuilt in its former location. Essentially the report recommended that, for the business to be able to grow and develop, we should seek a new site location.

As the lease on our former site expired in December 2021, throughout the last year we have explored a number of potential new sites. Again, this has been a most interesting process; there are multiple specific requirements which have had to be satisfied. We have identified two very favourable areas of land and are currently in negotiation with the landowners.

We continue to liaise with our appointed Architect and Design Team. Together, we have discussed and created a comprehensive design brief as the basis for the development of plans for an exciting, imaginative and innovative new facility. One of our aims is to increase our green credentials, having identified several new renewable technologies for inclusion in the building.

The Trustees believe the valuable experience gained from managing and operating the SDSO during the almost 10 years since its inception will stand them in very good stead for the forthcoming new build project. The Trustees will continue to take a measured and considered approach to achieve the best possible future outcomes for the SDSO.

THE DARK SKY OBSERVATORY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Financial review

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

Due to the observatory being destroyed by fire in 2021, no income was generated from entrance fees in the year (2022 - £311) with donations of £7k received following the fire (2022 - £12k). Other income includes £1.398m (2022 - £121k), which is part of the insurance claim received during the year. Excluding the losses and legal fees in relation to the fire, all other costs have reduced by around £20k (2022 - £31k), which was expected following the fire. Net movement in funds for the year was net income of £1,343,928 (2022 - net expenditure of £577,892) as stated in the Statement of Financial Activities.

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 for three months. The Trustees consider that the level of free reserves at 31 May 2023 of £1,467,218 (2022 of £107,626) is adequate for these purposes.

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.

Plans for future periods

As part of the Trustees ongoing preparations for the reincarnation of the SDSO, extensive reviews of the charity's governance and business model are taking place.

Most recently the Trustees identified a requirement to update and amend the charitable purposes of the organisation. We liaised with OSCR and Companies House to define refreshed charitable purposes which now much more clearly align with our educational and tourism remit.

The Trustees continue to be involved in ongoing negotiations to secure a new, more accessible and suitable site on which to develop a remodelled Observatory facility. It is anticipated that we will reach agreement in the next few months. Following this, we will enter the formal, site-specific design and planning stages of the project.

We are also currently in the process of visiting other UK and Ireland based 'Dark Sky' themed businesses to explore and research the facilities and activities they offer. This useful information has provided much food for thought and will help us establish, by fact-based comparison, the direction our new facility will take moving forward.

It is anticipated that there will likely be a need to raise some additional funding to support the creation of the best possible Observatory facility and associated equipment. The Trustees researching of potential funding sources is ongoing.

The Board of Trustees and the Manager are fully committed to ensuring the successful completion of a rebuild project. All share not just the will, but also the determination, for a new and improved Observatory premises to arise from the ashes and once again take its place as a unique and important educational and tourism asset for Scotland.

Structure, governance and management

The company, which is limited by guarantee and has charitable status, was incorporated on 18 May 2011. The trustees, each of whom were appointed in accordance with the Memorandum and Articles of Association, are responsible for the governance of the company.

Trustees who served during the year and up until the date of signing were:

Dr N J Martin

D I C Parker (resigned 26/06/2023)

M H Klimek (resigned 05/10/2023)

M Charron

P D Kennerley

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.

THE DARK SKY OBSERVATORY

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

Statement of trustees' responsibilities

The trustees, who are also the directors of The Dark Sky Observatory for the purpose of company law, are responsible for preparing the Trustees' 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 company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 SCRP;
- make judgements 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 company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Companies Act 2006. They are also responsible for safeguarding the assets of the 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.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees and signed on their behalf by:

M Charron
Chairman of Board of Trustees

Dated: 26 February 2024

P Kennerley
Treasurer and Trustee

Dated: 26 February 2024

THE DARK SKY OBSERVATORY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND TRUSTEES OF THE DARK SKY OBSERVATORY

Opinion

We have audited the financial statements of The Dark Sky Observatory (the 'company') for the year ended 31 May 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 May 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE DARK SKY OBSERVATORY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF THE DARK SKY OBSERVATORY

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the company for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE DARK SKY OBSERVATORY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS AND TRUSTEES OF THE DARK SKY OBSERVATORY

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Other matters

In the previous accounting period the charitable company took advantage of exemption from audit as it fell below the relevant thresholds. Therefore the prior period financial statements were not subject to audit and the comparative figures presented in these financial statements are unaudited.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body, and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Lea Brash BA CA (Senior Statutory Auditor)
for and on behalf of Johnston Smillie Ltd
Chartered Accountants
Statutory Auditor

27 February 2024
5 South Gyle Crescent Lane
Edinburgh
EH12 9EG

THE DARK SKY OBSERVATORY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MAY 2023

| | | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|---|-------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| | Notes | | | | | | |
| Income from: | | | | | | | |
| Donations and legacies | | | | | | | |
| | 3 | 6,747 | 9,800 | 16,547 | 13,913 | - | 13,913 |
| Charitable activities | 4 | (20) | - | (20) | (18,522) | - | (18,522) |
| Investments | 5 | 8,384 | - | 8,384 | 15 | - | 15 |
| Exceptional insurance income | 6 | 1,398,034 | - | 1,398,034 | 120,935 | - | 120,935 |
| Total income | | 1,413,145 | 9,800 | 1,422,945 | 116,341 | - | 116,341 |
| Expenditure on: | | | | | | | |
| Charitable activities | | | | | | | |
| Running costs | 7 | 51,822 | 9,800 | 61,622 | 65,537 | 2,685 | 68,222 |
| Exceptional losses due to fire | 6 | - | - | - | 626,011 | - | 626,011 |
| Loss on disposal of fixed assets | 7 | 1,731 | 15,664 | 17,395 | - | - | - |
| Total charitable expenditure | | 53,553 | 25,464 | 79,017 | 691,548 | 2,685 | 694,233 |
| Net income/(expenditure) for the year/ | | | | | | | |
| Net movement in funds | | 1,359,592 | (15,664) | 1,343,928 | (575,207) | (2,685) | (577,892) |
| Fund balances at 1 June 2022 | | 107,626 | 15,664 | 123,290 | 682,833 | 18,349 | 701,182 |
| Fund balances at 31 May 2023 | | 1,467,218 | - | 1,467,218 | 107,626 | 15,664 | 123,290 |

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE DARK SKY OBSERVATORY

BALANCE SHEET

AS AT 31 MAY 2023

| | Notes | 2023 £ | £ | 2022 £ | £ |
|---|-------|------------------|------------------|----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 453 | | 17,395 |
| Current assets | | | | | |
| Debtors | 12 | 527 | | 143 | |
| Cash at bank and in hand | | 1,479,736 | | 114,152 | |
| | | <u>1,480,263</u> | | <u>114,295</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(13,498)</u> | | <u>(8,400)</u> | |
| Net current assets | | | 1,466,765 | | 105,895 |
| Total assets less current liabilities | | | <u>1,467,218</u> | | <u>123,290</u> |
| Income funds | | | | | |
| Restricted funds | 15 | | - | | 15,664 |
| <u>Unrestricted funds</u> | | | | | |
| General unrestricted funds | 16 | <u>1,467,218</u> | | <u>107,626</u> | |
| | | | 1,467,218 | | 107,626 |
| | | | <u>1,467,218</u> | | <u>123,290</u> |

The financial statements were approved by the Trustees on 26 February 2024

M Charron
Chairman of the Board of Trustees

P Kennerley
Treasurer and Trustee

Company registration number SC399758

THE DARK SKY OBSERVATORY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2023

| | | 2023 | | 2022 | |
|---|-------|-----------|---|---------|---|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 19 | 1,357,766 | | 61,604 | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (566) | | - | |
| Investment income received | | 8,384 | | 15 | |
| Net cash generated from investing activities | | | | | |
| | | 7,818 | | 15 | |
| Net cash used in financing activities | | | | | |
| | | - | | - | |
| Net increase in cash and cash equivalents | | 1,365,584 | | 61,619 | |
| Cash and cash equivalents at beginning of year | | 114,152 | | 52,533 | |
| Cash and cash equivalents at end of year | | 1,479,736 | | 114,152 | |

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

Charity information

The Dark Sky Observatory is an incorporated charitable company limited by guarantee in the United Kingdom and is registered in Scotland. It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC042329. The company's registered office is c/o Azets, 3 Wellington Square, Ayr, South Ayrshire, KA7 1EN.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the company's financial statements unless otherwise stated.

The financial statements are prepared under the historic cost convention.

1.2 Going concern

During 2021, a devastating fire destroyed the observatory and the company was unable to trade. The Trustees had implemented cost-saving strategies to ensure expenditure was minimal and were negotiating with the company's insurers to ensure that the company has sufficient funds to continue to operate until a new observatory can be built and opened. The Trustees have assessed ongoing costs and with the current cash position and insurance receipts, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the company has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Revenue grants are recognised in the year to which they relate when the company has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably. Any income which relates to a period out with the one under review is treated as deferred.

Insurance proceeds are recognised on receipt or when the company has made a claim, the amount has been confirmed by the insurers and the receipt is certain.

1.5 Expenditure

Expenditure is recognised on an accruals basis when a legal or constructive obligation arises.

Expenditure incurred, which relates directly to any one cost category, is allocated directly to that category. Expenditure common to more than one cost category is apportioned on a reasonable and consistent basis to the categories involved, in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (effective 1 January 2019) and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)".

Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the company and include the independent reporting accountants' fees, and costs linked to the strategic management of the company.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------|----------------------|
| Freehold buildings | 14% straight line |
| Fixtures and fittings | 20% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Exceptional items

The company defines any individual items of income or expense as an exceptional item where the size or incidence is considered to be material to the understanding of the financial statements. In such cases the amount and nature of the exceptional item will be disclosed either on the statement of financial activities or within the notes to the accounts depending on the size and nature of the exceptional item.

1.13 Value added tax and corporation tax

The company is registered for VAT and income and expenditure is shown net of VAT as appropriate. Any irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

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

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

2 Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The trustees are of the opinion that there are no significant estimates or judgements that would have a material impact on the financial statements.

3 Donations and legacies

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds |
|--|-----------------------|---------------------|---------------|-----------------------|
| | 2023 | 2023 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Donations and gifts | 6,747 | - | 6,747 | 12,414 |
| Grants | - | 9,800 | 9,800 | 1,499 |
| | <u>6,747</u> | <u>9,800</u> | <u>16,547</u> | <u>13,913</u> |
| Grants receivable for core activities | | | | |
| Job retention scheme | - | - | - | 1,499 |
| Feasibility Study | - | 9,800 | 9,800 | - |
| | <u>-</u> | <u>9,800</u> | <u>9,800</u> | <u>1,499</u> |

4 Charitable activities

| | Unrestricted Funds | Unrestricted Funds |
|---|-----------------------|-----------------------|
| | 2023 | 2022 |
| | £ | £ |
| Entrance fees, planetarium hire and souvenirs | - | 311 |
| Customer refunds | (20) | (18,833) |
| | <u>(20)</u> | <u>(18,522)</u> |

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

5 Investments

| | Unrestricted funds | Unrestricted funds |
|---------------------|-----------------------|-----------------------|
| | 2023 | 2022 |
| | £ | £ |
| Interest receivable | 8,384 | 15 |

6 Exceptional items

| | Unrestricted funds | Unrestricted funds |
|--|-----------------------|-----------------------|
| | 2023 | 2022 |
| | £ | £ |
| <u>Income</u> | | |
| Insurance income | 1,398,034 | 120,935 |
| <u>Expenditure</u> | | |
| Impairment of fixed assets destroyed in fire | - | 626,011 |

On the 23 June 2021 there was a fire which destroyed the company's entire premises and contents, which was fully impaired and removed from the financial statements in the prior year. The company also made a claim from their insurers relating to this loss, and the amounts above were confirmed and received in both the current and prior years.

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

7 Charitable activities

| | Running costs | Running costs |
|---|---------------|---------------|
| | 2023 | 2022 |
| | £ | £ |
| Staff costs | 26,657 | 36,713 |
| Depreciation and impairment | 113 | 2,982 |
| Cost of sales – merchandise and commissions | - | 610 |
| General administration costs | 1,334 | 565 |
| Telephone | 464 | 418 |
| Equipment and repairs | 45 | 5 |
| Bank charges | 18 | 651 |
| Insurance | 1,711 | 1,426 |
| Travel costs | - | 219 |
| Security costs | - | 20 |
| Professional fees | 9,930 | 22,073 |
| Planning and construction costs | 9,550 | - |
| Net Loss on disposal of tangible fixed assets | 17,395 | - |
| | <u>67,217</u> | <u>65,682</u> |
| Share of governance costs (see note 8) | 11,800 | 2,540 |
| | <u>79,017</u> | <u>68,222</u> |
| Analysis by fund | | |
| Unrestricted funds | 53,553 | 65,537 |
| Restricted funds | 25,464 | 2,685 |
| | <u>79,017</u> | <u>68,222</u> |

8 Support costs

| | Support costs | Governance costs | 2023 | Support costs | Governance costs | 2022 |
|-------------------------|---------------|------------------|---------------|---------------|------------------|--------------|
| | £ | £ | £ | £ | £ | £ |
| Audit fees | - | 9,000 | 9,000 | - | - | - |
| Accountancy | - | 2,800 | 2,800 | - | - | - |
| Independent examination | - | - | - | - | 2,540 | 2,540 |
| | <u>-</u> | <u>11,800</u> | <u>11,800</u> | <u>-</u> | <u>2,540</u> | <u>2,540</u> |
| Analysed between | | | | | | |
| Charitable activities | - | 11,800 | 11,800 | - | 2,540 | 2,540 |
| | <u>-</u> | <u>11,800</u> | <u>11,800</u> | <u>-</u> | <u>2,540</u> | <u>2,540</u> |

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration, benefits or expenses from the company during the year.

10 Employees

The average monthly number of employees during the year was:

| | 2023 Number | 2022 Number |
|-------------------------|----------------|----------------|
| | 1 | 1 |
| | <u>1</u> | <u>1</u> |
| Employment costs | 2023 | 2022 |
| | £ | £ |
| Wages and salaries | 26,227 | 34,480 |
| Redundancy costs | - | 1,690 |
| Other pension costs | 430 | 543 |
| | <u>26,657</u> | <u>36,713</u> |

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

11 Tangible fixed assets

| | Freehold buildings £ | Fixtures and fittings £ | Total £ |
|------------------------------------|----------------------------|-------------------------------|---------------|
| Cost | | | |
| At 1 June 2022 | 20,873 | - | 20,873 |
| Additions | - | 566 | 566 |
| Disposals | (20,873) | - | (20,873) |
| | <u>-</u> | <u>566</u> | <u>566</u> |
| At 31 May 2023 | - | 566 | 566 |
| Depreciation and impairment | | | |
| At 1 June 2022 | 3,478 | - | 3,478 |
| Depreciation charged in the year | - | 113 | 113 |
| Eliminated in respect of disposals | (3,478) | - | (3,478) |
| | <u>-</u> | <u>113</u> | <u>113</u> |
| At 31 May 2023 | - | 113 | 113 |
| Carrying amount | | | |
| At 31 May 2023 | - | 453 | 453 |
| | <u>-</u> | <u>453</u> | <u>453</u> |
| At 31 May 2022 | 17,395 | - | 17,395 |
| | <u>17,395</u> | <u>-</u> | <u>17,395</u> |

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

12 Debtors

| | 2023 | 2022 |
|--------------------------------------|------------|------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Prepayments and accrued income | 527 | 143 |
| | <u>527</u> | <u>143</u> |

13 Creditors: amounts falling due within one year

| | 2023 | 2022 |
|------------------------------------|---------------|--------------|
| | £ | £ |
| Other taxation and social security | 1,152 | 806 |
| Trade creditors | 312 | 4,560 |
| Other creditors | 84 | 84 |
| Accruals and deferred income | 11,950 | 2,950 |
| | <u>13,498</u> | <u>8,400</u> |

14 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £430 (2022 - £543).

15 Restricted funds

The income funds of the company include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Balance at 1 June 2021 | Expenditure | Balance at 1 June 2022 | Movement in funds | | Balance at 31 May 2023 |
|----------------------|---------------------------|----------------|---------------------------|-------------------|-----------------|---------------------------|
| | £ | £ | £ | Income | Expenditure | £ |
| | | | | £ | £ | |
| LEADER grant funding | 18,349 | (2,685) | 15,664 | - | (15,664) | - |
| Feasibility study | - | - | - | 9,800 | (9,800) | - |
| | <u>18,349</u> | <u>(2,685)</u> | <u>15,664</u> | <u>9,800</u> | <u>(25,464)</u> | <u>-</u> |

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

16 Analysis of reserves

The unrestricted income funds of the company are as follows:

| | Balance at 1 June 2022 £ | Movement in funds | | Balance at 31 May 2023 £ |
|----------------------------|--------------------------------|-------------------|------------------|--------------------------------|
| | | Income £ | Expenditure £ | |
| Unrestricted funds | | | | |
| General unrestricted funds | 107,626 | 1,413,145 | (53,553) | 1,467,218 |
| | <u>107,626</u> | <u>1,413,145</u> | <u>(53,553)</u> | <u>1,467,218</u> |

| | Balance at 1 June 2021 £ | Movement in funds | | Balance at 31 May 2022 £ |
|----------------------------|--------------------------------|-------------------|------------------|--------------------------------|
| | | Income £ | Expenditure £ | |
| Unrestricted funds | | | | |
| General unrestricted funds | 119,864 | 116,341 | (128,579) | 107,626 |
| Designated funds | 562,969 | - | (562,969) | - |
| | <u>682,833</u> | <u>116,341</u> | <u>(691,548)</u> | <u>107,626</u> |

The designated fund represents the development of the permanent planetarium which was originally a restricted fund. The amount was transferred to designated funds once the initial restriction of the funds had been met.

17 Analysis of net assets between funds

| | Unrestricted funds 2023 £ | Restricted funds 2023 £ | Total 2023 £ |
|--|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 May 2023 are represented by: | | | |
| Tangible assets | 453 | - | 453 |
| Current assets/(liabilities) | 1,466,765 | - | 1,466,765 |
| | <u>1,467,218</u> | <u>-</u> | <u>1,467,218</u> |

| | Unrestricted funds 2022 £ | Restricted funds 2022 £ | Total 2022 £ |
|--|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 May 2023 are represented by: | | | |
| Tangible assets | 1,731 | 15,664 | 17,395 |
| Current assets/(liabilities) | 105,895 | - | 105,895 |
| | <u>107,626</u> | <u>15,664</u> | <u>123,290</u> |

THE DARK SKY OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

18 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).

19 Cash generated from operations

| | 2023 £ | 2022 £ |
|---|------------------|---------------|
| Surplus/(deficit) for the year | 1,343,928 | (577,892) |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (8,384) | (15) |
| Loss on disposal of tangible fixed assets | 17,395 | 626,011 |
| Depreciation and impairment of tangible fixed assets | 113 | 2,982 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | - | 2,454 |
| (Increase)/decrease in debtors | (384) | 24,064 |
| Increase/(decrease) in creditors | 5,098 | (16,000) |
| Cash generated from operations | 1,357,766 | 61,604 |

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.