

**Dumfries & Galloway Aviation Museum
(A Company Limited by guarantee)**

Report and Financial Statements

For the Year Ended 31 October 2015

**Scottish Charity Number: SC035189
Company Number: SC257787**

**Montpelier Professional (Galloway) Limited
1 Dashwood Square
Newton Stewart
DG8 6EQ**

Dumfries & Galloway Aviation Museum
(Company Limited by guarantee)

Legal and Administration Information

Directors	David Reid Stuart James Robert Sloan Ted Thompson – D&G Council Nominee Joe Burns Jym Francey John Hilsley Jim Kilbride Mike Lavery John Lange Paul Mackey Douglas Oberhiem Robert Sloan Jnr Charlie Ewing Helen Wall Peter Howieson
Secretary	Stuart James
Company Number	SC257787
Charity Number	SC035189
Registered Office	Old Control Tower Heathhall Industrial Estate Heathhall Dumfries DG1 3PH
Independent Examiner	John Simpson FCA Montpelier Chartered Accountants 1 Dashwood Square Newton Stewart DG8 6EQ

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Directors' Report
For the year ended 31st October 2015

The trustees of the charity, who are also directors of the company for the purpose of the Companies Act, present their report and the financial statements for the year ended 31st October 2015. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 in preparing the annual report and financial statements of the charity.

Structure, governance and management

Dumfries and Galloway Aviation Museum was constituted as a company limited by guarantee and not having a share capital by Memorandum and Articles of Association. The company was incorporated on 17th October 2003 and the liability of the members is limited to £1.00 each. The directors are appointed in accordance with the Memorandum and Articles of Association. The company is registered as a charity under reference SC035189.

The directors who served during the year are as stated below:

David Reid
Stuart James
Robert Sloan
Ted Thompson
Joe Burns
Jym Francey
John Hilsley
Jim Kilbride
Mike Lavery
John Lange
Paul Mackey
Douglas Oberhiem
Robert Sloan Jnr
Charlie Ewing
Helen Wall
Peter Howieson (elected 17th January 2015)

The company's Articles of Association do not require the directors to retire by rotation. Directors put themselves forward for re-election every three years by rotation.

Dumfries & Galloway Council have the right to appoint one Director – currently this is Cllr Ted Thompson.

Risk Management

The directors have assessed the major risks to which the charity is exposed, in particular those relating to the operations and financing of the company and are satisfied that systems are in place to mitigate exposure to these.

Objects and activities

The principle activity of the company is the running and maintenance of the Aviation Museum. The company's objects are the education of the general public and school children by the presentation of aviation artefacts and memorabilia with an emphasis on the aviation history of Dumfries and Galloway.

Achievements and performance

2014-15 was another year of significant investment in the museum facilities. Following the initial purchase of the existing museum site in 2012-13, the museum has purchased two smaller, adjacent parcels of land from Scottish Enterprise which will provide for the future expansion of the museum. A small strip at the back of the site has been purchased outright and will be the site of a new set of museum buildings which are currently under construction. A larger triangle of land, to be paid for in instalments over the next 11 years, has also been purchased. This will give the museum a significant road frontage which it previously lacked and will provide space for new buildings in the future.

The purchase of the smaller plot of land has been generously supported by The Foyle Foundation and The Charles Hayward Foundation. Financing for the purchase of the larger plot is being provided directly by Scottish Enterprise.

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Payments will be £3000 per annum for ten years followed by a final payment of £1232 - to be paid from Unrestricted Funds. Unrestricted Funds of £6,123 were spent on the purchase of land in 2014-15.

Building work on the smaller strip of land has begun, and at the end of the year concrete foundations were in place for four buildings which will house the museum's Spitfire, a new workshop, an expanded RAF Dumfries display and an expanded Airborne Forces display. The buildings will be a combination of new and second-hand Nissen huts and Romney sheds. New Romney sheds have been purchased and have been delivered ready to be assembled by museum volunteers over the course of the coming winter. The first building to be erected will be a second-hand Nissen Hut purchased from the Eden Valley Railway Trust. Work on display spaces is being funded largely by a grant from Museums and Galleries Scotland (MGS). The workshop is being funded by grants from The Holywood Trust and The Pilgrim Trust.

Further improvements to the Tower have been achieved during the year with replacement windows installed in the Control Room on the top floor. These have provided a noticeable improvement in temperature and humidity levels. This work was funded mainly by a grant from the South West Environmental Action Trust (SWEAT). Also during the year, new toilet facilities were installed which offer a significant improvement for our visitors. This work was funded from Unrestricted Funds.

Despite the disruption of the building works, the museum remained open throughout the season. Visitor numbers have held up well and we have seen an increase in trading income of approximately 19% over last year.

Financial review

The accounts have been prepared in accordance with the current statutory requirements and the company's Memorandum and Articles of Association. The results for the year show a net surplus of £74,923 as opposed to a net surplus of £10,879 in the previous year.

Adjusting the net surplus for the effect of site investment projects mentioned above, donations-in-kind and depreciation gives a surplus from ongoing activities of £13,096 as opposed to a surplus of £12,113 last year.

The directors have identified the need to maintain a reserve sufficient to cover the costs of approximately three months expenditure relating to overhead costs, estimated at £9000. Unrestricted reserves as at 31st October 2015 are in excess of this amount.

Statement of trustee's responsibilities

The trustees are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing these financial statements, the trustees are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) observe the methods and principles in the Charities SORP;
- c) make judgements and estimates that are reasonable and prudent;
- d) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e) prepare the financial statements on the going concern basis unless it is inappropriate to presume the charity will continue in operation.

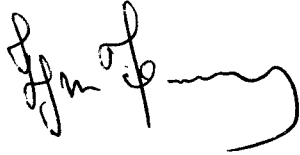
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Small Company Exemptions

This report is prepared taking advantage of the small companies exemption of Section 415A of the Companies Act 2006.

This report was approved by the Board on 16th January 2016 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Jym Francey', with a long horizontal flourish extending to the right.

Jym Francey
Director

Dumfries & Galloway Aviation Museum
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Independent Examiner's Report to the Trustees of
Dumfries & Galloway Aviation Museum

I report on the accounts of the charity for the year ended 31st October 2015 which are set out on pages 4 to 9.

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. The trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts 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 the independent examiner's statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. 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

- a) 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, and
 - to prepare accounts which accord with the accounting records and comply with regulation 8 of the 2006 Accounts Regulationshave not been met, or
- b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



John Simpson FCA
Montpelier Chartered Accountants
1 Dashwood Square
Newton Stewart
DG8 6EQ

Dated: 19th February 2016

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Statement of Financial Activities for the year ended 31st October 2015

		2015	2015	2015	2014
	Notes	£ Restricted Funds	£ Unrestricted Funds	£ Total Funds	£ Total Funds
Incoming Resources					
Incoming resources from generated funds					
Voluntary Income					
		3,000	3,678	6,678	9,528
		2,050	8,210	10,260	9,870
	3	77,089		77,089	14,780
			1,084	1,084	1,774
Incoming resources from charitable activities					
	4		28,784	28,784	24,538
Total Incoming Resources		82,139	41,756	123,895	60,490
Resources Expended					
Costs of generating funds					
			227	227	197
	5	14,196	31,911	46,107	49,376
	6	828	1,810	2,638	38
Total resources expended		15,024	33,948	48,972	49,611
Net Income/(Expenditure) for the year	2	67,115	7,808	74,923	10,879
Fund Balance Brought Forward		50,000	667,415	717,415	706,536
Fund Balance Carried Forward		117,115	675,223	792,338	717,415

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

Details of Incoming resources and resources used are given in the notes to the financial statements.

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Balance Sheet
As at 31st October 2015

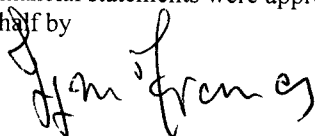
	Notes	2015		2014	
		£	£	£	£
Fixed Assets					
Tangible assets	9		204,027		106,377
Heritage assets	9		591,290		588,963
			<u>795,317</u>		<u>695,340</u>
Current Assets					
Stocks		1,700		1,500	
Debtors	10	2,832		3,371	
Cash at bank and in hand		<u>18,995</u>		<u>27,008</u>	
		23,527		31,879	
Creditors: amounts falling due within one year	11	<u>4,250</u>		<u>9,804</u>	
Net current assets			19,277		22,075
Total assets less current liabilities			<u>814,594</u>		<u>717,415</u>
Creditors: amounts falling due after one year	12		<u>22,256</u>		<u>0</u>
Net Assets			<u>792,338</u>		<u>717,415</u>
Funds					
Unrestricted income funds	13/14		22,506		40,252
Designated funds	13/14		652,717		627,163
Unrestricted funds:	13/14		<u>675,223</u>		<u>667,415</u>
Restricted Funds	13/14		<u>117,115</u>		<u>50,000</u>
Total funds			<u>792,338</u>		<u>717,415</u>

The trustees are satisfied that the charity is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the period by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act. The trustees acknowledge their responsibilities for:

- (i) ensuring that the charity keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the charity as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charity.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board on the 16th January 2016 and signed on its behalf by



Jym Francey
Director

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1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets in accordance with the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005).

1.2. Incoming resources

Income from donations is included gross in the statement of financial activities on an accruals basis, except as follows:

- when donors specify that donations are to be used in a future accounting period, the income is deferred until that period;
- when donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred until such pre-conditions have been met.

Government grants in respect of capital expenditure and revenue grants are credited to the statement of financial activities in the period they are receivable. All other charitable income is recorded in the statement of financial activities on an accruals basis.

1.3. Resources expended

Resources expended are included in the statement of financial activities on an accruals basis.

1.4. Company status

The charity is a company limited by guarantee. The members of the company are the trustees of the charity. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases: Depreciation is not charged on assets under construction.

Land and Buildings	- 1% Straight line
Heritage assets	- 1% Straight line
Equipment	- 15% Reducing balance

Heritage assets comprise the museum's collection of primarily aviation related artefacts and memorabilia. The museum maintains detailed policies for the acquisition, preservation, management and disposal of heritage assets which are in line with the requirements of Museums Galleries Scotland. Revaluation of heritage assets is carried out from time to time - typically every five to ten years. These valuations are the trustees' best estimates of realisable value taking into account the open market value of similar items and the requirements of the museum's disposal policy to offer first refusal of any assets to the charitable museum sector.

1.6. Stock

Stock is valued at the lower of cost and net realisable value.

1.7. Fund accounting

Unrestricted income funds – these are funds which can be used in accordance with the charitable objects at the discretion of the directors and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes.

Restricted funds are subject to restrictions on their expenditure imposed by the donors or which have been raised by the charity for particular purposes.

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2.	Net Income/(Expenditure) for the year		2015 £	2014 £
	Net Income/(Expenditure) for the year is stated after charging:			
	Depreciation and other amounts written off tangible assets		8,372	7,673
3.	Grants received		Total 2015 £	Total 2014 £
	The Holywood Trust - towards construction of new workshop		16,784	0
	The Pilgrim Trust - towards construction of new workshop		15,000	0
	Museums and Galleries Scotland - towards construction of new buildings		29,531	5,730
	Foyle Foundation - towards purchase of land for construction		5,000	0
	The Charles Hayward Foundation - towards purchase of land for construction		2,500	0
	SWEAT - towards new windows in Control Tower		8,274	
	SWEAT - towards new wiring in Control Tower		0	9,050
			77,089	14,780
4.	Charitable income - all unrestricted funds		Total 2015 £	Total 2014 £
	Income from trading activities		24,859	20,868
	Membership income		3,925	3,670
			28,784	24,538
5.	Charitable activities		Total Funds 2015 £	Total Funds 2014 £
		Unrestricted	Restricted	
		2015	2015	
		£	£	
	Opening stock	1,500		650
	Purchases	5,459		5,371
	Closing stock	(1,700)		(1,500)
	Volunteer training	480		0
	Loan interest	1,163		
	Light and heat	2,252		1,840
	Insurance	4,339		4,317
	Telephone and fax	602		645
	Travel expenses	85		534
	Maintenance and cleaning	2,776		2,077
	Stationery and advertising	1,805		1,304
	Subscriptions	286		75
	General expenses	361		183
	Exhibit restoration	309		2,996
	Site Improvements	3,822	14,196	23,211
	Depreciation	8,372		7,673
		31,911	14,196	49,376

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6. Governance costs

	Unrestricted 2015 £	Restricted 2015 £	Total Funds 2015 £	Total Funds 2014 £
Accountancy	456	0	456	0
AGM expenses	50	0	50	38
Legal and professional	1,304	828	2,132	0
	1,810	828	2,638	38

7. Staff numbers and payments to directors

The museum is entirely volunteer run and employed no staff during the year (2014 - nil).

During the year, Helen Wall received payments totalling £56 (2014 - £75) for crafts sold in the museum shop. These are sold on a consignment basis at a margin similar to other goods in the shop.

8. Taxation

The company has charitable status for taxation purposes and accordingly is not liable to corporation tax. (Charity number SC035189).

9. Tangible fixed assets

	Land & Buildings	Heritage Assets £	Equipment £	Total £
Cost/Valuation				
At 31 st October 2014	105,000	600,877	8,602	714,479
Additions	35,584	8,420	2,345	46,349
Additions - Assets under construction	62,000	0	0	62,000
Disposals	0	0	0	0
At 31 st October 2015	202,584	609,297	10,947	822,828
Depreciation				
At 31 st October 2014	2,100	11,914	5,125	19,139
Disposals	0	0	0	0
Charge for the year	1,406	6,093	873	8,372
At 31 st October 2015	3,506	18,007	5,998	27,511
Net book value				
At 31 st October 2015	199,078	591,290	4,949	795,317
At 31 st October 2014	102,900	588,963	3,477	695,340

10. Debtors: all receivable within one year

	2015 £	2014 £
Prepayments and accrued income	2,832	3,371

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11. Creditors: amounts falling due within one year					
		2015		2014	
		£		£	
Trade creditors		0		0	
BAPC Loan		250		1,250	
Scottish Enterprise Loan		3,000		0	
Deferred Income - <i>donations and grants received for expenditure in future periods</i>		1,000		8,554	
		<u>4,250</u>		<u>9,804</u>	
12. Creditors: amounts falling due after one year					
		2015		2014	
		£		£	
Scottish Enterprise Loan		22,256		0	
		<u>22,256</u>		<u>0</u>	
13. Movements in Funds					
	At 1 Nov	Incoming	Outgoing		At 31 Oct
	2014	Resources	Resources	Transfers	2015
	£	£	£	£	£
Restricted Funds:					
Land and Tower	50,000	15,774	9,102	0	56,672
New Buildings	0	66,365	5,922	0	60,443
<i>Total Restricted Funds</i>	<u>50,000</u>	<u>82,139</u>	<u>15,024</u>	<u>0</u>	<u>117,115</u>
Unrestricted Funds:					
Designated Land & Buildings fund	38,200	0	1,406	24,633	61,427
Designated Heritage Assets fund	588,963	8,210	6,093	210	591,290
General Unrestricted fund	40,252	33,546	26,449	-24,843	22,506
<i>Total Unrestricted Funds</i>	<u>667,415</u>	<u>41,756</u>	<u>33,948</u>	<u>0</u>	<u>675,223</u>
Total Funds	<u>717,415</u>	<u>123,895</u>	<u>48,972</u>	<u>0</u>	<u>792,338</u>

Purposes of Restricted Funds

Land & Tower: Restricted grants towards the purchase of the museum site and towards the purchase and upkeep of the historic Control Tower. This fund was created in 2012-13. It was a requirement of the grant from Solway Heritage/Landfill Communities Fund that the site be retained in perpetuity for running the museum.

New Buildings: Restricted grants towards the construction of new buildings on the museum site.

Purpose of Designated Funds

Land & Buildings: Unrestricted funds put towards the purchase of land for the museum site and for the construction of new buildings on the site.

Heritage Assets: This represents the value of the museum collection within unrestricted funds.

Analysis of Transfers between funds

	Designated Land & Buildings £	Designated Heritage Assets £	General Unrestricted £
Heritage Assets purchased		210	(210)
Land Purchase: Cash paid plus loan principal due within one year	6,656		(6,656)
Unrestricted funds spent on new building construction	3,277		(3,277)
Adjustment: Museum shop net book value @ 1/11/2014	14,700		(14,700)
Total	<u>24,633</u>	<u>210</u>	<u>(24,843)</u>

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14. Analysis of Net Assets between funds

	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	4,949	674,973	115,395	795,317
Current assets	21,807	0	1,720	23,527
Current liabilities	(4,250)	0	0	(4,250)
Long-term liabilities	0	(22,256)	0	(22,256)
Net assets at 31/October 2015	22,506	652,717	117,115	792,338