

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**(Registered Charity Number: 1110090)**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDING 31 MARCH 2016**



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT AND ACCOUNTS  
YEAR ENDED 31 MARCH 2016**

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**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Corporate Trustee:</b>	Dolphin Square Charitable Trustee Limited
<b>Brand name:</b>	Dolphin Living
<b>Governors of Corporate Trustee</b>	Ian J Henderson, CBE, Bsc, FRICS (Chairman) Bruce Clitherow, TD, BSc MRICS Simon Dow Phil Jenkins BSc FRICS David Lavarack MBA, DipFS, ACIB Catherine Longworth, BA Trevor Moross, BA, BSc, FRICS Tristan Samuels BSc PLS Rachel E Whittaker, MBE, JP Peter B G Williams, OBE, FCA
<b>Acquisition and Finance Committee</b>	Trevor Moross (Chairman) Simon Dow Fenella Edge Ian Henderson Tristan Samuels Peter Williams
<b>Audit and Risk Committee</b>	David Lavarack (Chairman) Catherine Longworth Richard Petty Rachel Whittaker Peter Williams
<b>Remuneration Committee</b>	Bruce Clitherow (Chairman) Ian Henderson David Lavarack Rachel Whittaker
<b>Key management personnel</b>	Jon Gooding BSc FRICS (Chief Executive) Alex Glenister BA MSc RICS Olivia Harris BSc ACA (Finance Director) Mark Kent BA Peter Kling BCom ACMA Sam While BA MSc

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REFERENCE AND ADMINISTRATIVE DETAILS (Continued)**

<b>Banker</b>	Barclays Bank plc Level 25 1 Churchill Place London E14 5HP
<b>Solicitors</b>	Nabarro LLP Lacon House 84 Theobald's Road London WC1X 8RW  Gowling WLG International Limited 55 Colmore Row Birmingham B3 2AS  Stone King LLP 29 Ely Place London EC1N 6TD  Devonshires Solicitors 30 Finsbury Circus London EC2M 7DT
<b>Auditor</b>	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
<b>Investment Managers</b>	Cazenove Capital Management 12 Moorgate London EC2R 6DA

**DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016**

The Trustee presents the annual report and audited financial statements for the year ended 31 March 2016. These financial statements reflect the results of the Charity and its subsidiaries (the "Group").

**ESTABLISHMENT**

The Dolphin Square Charitable Foundation (the "Charity") was first registered as a charity on 17 June 2005 under registered Charity Number 1110090. Its governing document is a Trust Deed 11 May 2005.

**TRUSTEE**

Dolphin Square Charitable Trustee Limited is the corporate trustee of the Charity. Its governors are as follows:

- Ian J Henderson, CBE, BSc, FRICS (Chairman)
- Bruce Clitherow, TD, BSc, MRICS
- Simon Dow
- Phil Jenkins BSc FRICS
- David Lavarack, MBA, DipFS, ACIB
- Catherine Longworth, BA
- Trevor Moross, BA, BSc, FRICS
- Tristan Samuels BSc PLS
- Rachel E Whitaker, BSc (Soc), MBE, JP
- Peter B G Williams, FCA

The company secretary is Jon Gooding BSc FRICS.

There are four classes of membership:

- A The Dolphin Square Trust (represented by Bruce Clitherow)
- B Westminster City Council (represented by Tristan Samuels)
- C CityWest Homes (represented by Phil Jenkins)
- D Other Governors

The rights of the various classes of members are set out in the Memorandum and Articles but in summary are:

- A The right to nominate a governor and to veto a governor's removal.
- B The right to nominate a governor and to veto certain amendments to articles.
- C The right to nominate a governor
- D No special rights.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

Dolphin Square Charitable Trustee Limited (the "Trustee") is a company limited by guarantee (number 5442737, incorporated 4 May 2005) and was formed to declare the trust and to act as trustee of the Charity.

The Charity is funded by a total of £125 million received to date in accordance with the Deed of Gift between Dolphin Square Trust Limited and the Trustee as trustee of the Charity. These monies were realised from the sale of leasehold interests held by Westminster City Council and the Dolphin Square Trust (Industrial & Provident Society: 16737R) in the Dolphin Square mansion block in Pimlico, overlooking the Thames.

The Trustee holds the assets to apply the income and, at its discretion, the capital in furtherance of the objectives.

The Governors meet bi-monthly to set the strategy and policies of the Charity and monitor operational activity and financial performance. Day to day management of the work of the Charity is delegated to the Chief Executive and his team.

The Charity has committees covering areas of specialised interest: Acquisition & Financing; Audit & Risk; and, Remuneration. These committees meet regularly and help to implement the Board's decisions and report to the main board.

From time to time, new Governors are recruited, based on assessment of the Charity's business requirements. The method of recruitment, induction and appraisal of Governors is decided upon by the Board in accordance with the articles and in light of best practice within the sector. All prospective Governors are asked to attend a full meeting and, if appointed, will be inducted into the procedures of the Charity by the Chief Executive and his staff.

A number of training opportunities have been identified and Governors are encouraged to participate in those that they feel to be of use.

All Governors give of their time freely and no Governor remuneration was paid in the year. Details of Governors' expenses and related party transactions are disclosed in notes 17 and 19 to the accounts. Governors are required to disclose all relevant interests and register them with the Chief Executive and in accordance with the Charity's policy withdraw from decisions where a conflict of interest arises. Several Governors are active in the affordable homes sector. The Charity's trust deed recognises the potential for conflicts of interest to occur and regulates how they are managed at Board meetings.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**SUBSIDIARIES, STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Charity has a number of subsidiaries including Dolphin Living Limited (Community benefit society number 32446R, regulated by the Homes and Communities Agency), Hoxton Regeneration Limited and DSF Developments Limited. A number of Governors and staff of the Charity are directors of the subsidiaries. Dolphin Living Limited also has independent directors. The subsidiaries hold regular Board meetings and directors are invited to attend committee meetings as necessary. In accordance with normal industry practice independent directors of Dolphin Living Limited receive remuneration. The only other directors to receive remuneration are employees of the group.

All staff are jointly employed by the Charity and its subsidiaries. Each entity is responsible for its own direct costs. The Charity has entered into a cost sharing agreement for central costs with its subsidiaries based upon staff allocations. The Charity enters into other arms-length transactions with its subsidiaries.

**OBJECTIVES AND ACTIVITIES**

The Objectives of the Charity are to:

“Provide reasonable assistance in securing accommodation within the City of Westminster for individuals (and any dependants living with them) who are in need of accommodation as a result of:

- Their employment in the public or voluntary sectors or in relevant employment in the City of Westminster , having regard to the fact that such individuals could not afford to secure such accommodation on normal commercial terms; or
- Financial hardship, social or economic need, age, ill health, disability or any other need.”

The objectives define the interpretation of the terms “public sector,” “voluntary sector,” and “relevant employment.” They also describe the consultation required between the Charity and Westminster City Council regarding the determination of the needs of people living in the area and the activities of the Charity, which will meet those needs. With the consent of Westminster City Council, the Charity may secure accommodation outside of the City of Westminster.

**CHAIRMAN'S FOREWORD**

I hope that all stakeholders will be impressed by the progress the Charity has achieved over the past year. We made certain commitments last year on which we have been able to deliver significant progress and now have over 300 homes occupied by the people we are striving to assist. Satisfaction surveys indicate a strong appreciation of the efforts being made to ensure that we are delivering the type of accommodation and quality of service that our tenants require.

Last year I referred to the impending completion of our accommodation at Kings Cross and Two Hopkins St (Trenchard House) which are now fully operational, and Cleland House which will shortly be available for occupation. Whilst delivery of our developments has not been without its problems,



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**CHAIRMAN'S FOREWORD (Continued)**

given the pressures on the construction industry in London today, our team has been extremely energetic and has acquitted itself extremely well in its project management role. They are now focusing on our developments at Newington Butts, Lanhill Road, Gorleston St, Westbourne Park Baptist Church and Lanark Road where we are seeing significant progress.

The Charity has introduced a unique rental policy at the New Era Estate in Hoxton where we have succeeded in introducing our tenants to a measure of means testing of their ability to pay the rents. The Charity is also working closely with Westminster City Council to deliver the Westminster Home Ownership Accelerator which, after a 3 year tenancy at 65% of local market rent, will provide an enhanced deposit for a home acquisition.

We have enjoyed significant support from the agencies and consultants with whom we work, to whom I offer our sincere thanks. Special thanks must go to Westminster City Council, both to the Councillors and their officers, who have proved to be excellent partners to us in our pursuit of providing economic key workers' accommodation in the city.

As this will be my final statement as Chairman of the Foundation I would like to thank all my fellow Governors, past and present, for their considerable support and enthusiasm for the Charity over the past decade. We have made significant strides towards the objectives set by the late Sir Simon Milton, Sir Peter Rogers and Sir Rodney Brooke. With the help of a very experienced team of Governors with diverse talents we have moulded a most effective, if small, Executive team which has punched well above its weight. It has been a privilege to have been associated with an outstanding Executive team and Board to whom the organisation owes effusive thanks. Particular recognition must be made to the huge contribution of Rachel Whittaker and Catherine Longworth, who retire by rotation this year, without whom we could never have achieved the successes that have been recorded to date. It only remains for me to wish Simon Dow, who will succeed me as Chair, every success in the future. I know he is assuming responsibility for an excellent Board and team. Also my congratulations to Jon Gooding for the immense progress he has made since his appointment. Good luck to you all for the future for the excellent work you do.

**Ian Henderson**

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE**

**Homes available to rent**

The construction of our properties at Wollstonecraft St, Kings Cross and Hopkins St, Soho was completed during the year. We were delighted that the Mayor of London, Boris Johnson, officiated at the opening of the Hopkins St property. Together the properties provide 142 homes to households on incomes below the Mayor's intermediate household income thresholds. Across both properties all units were let within 6 weeks of practical completion and tenant feedback has been positive. Priority was given to Westminster workers and residents, and (subject to affordability) to the lowest household income. At Hopkins St, which is within Westminster, all tenants either worked or lived in Westminster prior to the start of their tenancy. At Wollstonecraft St 45% of the tenants work or lived in Westminster. Tenants at Hopkins St include beneficiaries of a project run by Vital Regeneration aimed at helping the homeless unemployed start new business'. The project was funded in part by a grant from the Charity, and we are delighted to also be able to support the beneficiaries further by providing them with a stable tenancy in Westminster.

As mentioned above at The New Era Estate in Hackney we have introduced an innovative new rent policy that sets personalised rents based upon household income and composition. This has been well received by the residents at the estate and a substantial proportion of residents have opted in to the scheme.

At the beginning of the year we acquired a portfolio of leasehold properties in Dibdin House. Refurbishment of these properties is underway and, with the benefit of a grant from Westminster City Council, will be let at affordable rents this year. In light of the significant increases in house prices we are not seeking to acquire any further leasehold properties. In addition to the portfolio in Dibdin House we have 20 homes let to Vital Regeneration and Connexions to house those registered as homeless within Westminster.

We continue to let 6 of our Queens Park properties to adults with learning difficulties and one key worker family. One house has been sold and the proceeds reinvested in the Charity.

Our current portfolio provides homes at an average rent of 50% of market rent whilst delivering a financial return that ensures the continued financial viability and growth of the Charity.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

**Development properties and pipeline**

Development has continued at our site in Newington Butts and the property is scheduled for completion in autumn 2016, bringing another 73 intermediate rent homes to the market. Completion of a further 67 units at Cleland House, developed by Berkeley, remains on target and is scheduled for second quarter of 2016.

Construction has commenced on sites in Lanhill Road and Gorleston St, which at completion will provide 16 and 28 homes, respectively. Construction is also underway at Westbourne Park Baptist Church to rebuild the church facilities and a library, with 32 affordable housing units above. We are in the final stages of agreeing funding with Westminster City Council for funds from their Affordable Housing Fund to make the scheme viable at affordable rents. Consent has been granted to develop a site at Lanark Road, including rebuilding the existing amenity space and 67 new homes, the majority of which will be available to rent at affordable rents, and we have entered into an agreement for lease over the site.

We acquired a portfolio of 16 market rent properties from Grainger which, following refurbishment, will be converted this year to affordable homes.

During the year we were also successful in bidding for a portfolio of 75 homes from the Metropolitan Police. The homes are across 4 sites in Forest Hill and Ealing. Like New Era there is no planning restriction on the rents we can charge, however we have committed to providing the existing tenants with secure tenancies at stable rents. In addition, as properties fall vacant and development opportunities are realised on the sites, we will be able to provide homes for Westminster workers.

We continue to be active in the market looking for opportunities to acquire sites, completed properties and existing stock. At the current time we have identified 4 further acquisitions comprising over 180 homes where we are in negotiations or have authorised the Executive Team to submit expressions of interest, and enter into negotiations. We remain committed to our Westminster beneficiaries, albeit acknowledging that in balancing costs against number of beneficiaries, we will continue to seek opportunities in areas that provide a sustainable commute to Westminster as well as making acquisitions within Westminster.

**Funding**

With the gifts from Dolphin Square Trust fully spent or committed the Charity set about raising long term debt this year. We agreed terms with Canada Life for a £53.5m, 30 year facility, secured across 4 properties, Wollstonecraft St, Hopkins St, One Church Sq and Cleland House. In addition we have obtained a £5m 25 year facility from the Charities Aid Foundation bank, secured against 20 leasehold properties. Finally, Dolphin Square 2005 Limited have provided us with a short term £5m loan. The proceeds from all loans will be used to further the objectives of the Charity in providing more homes at affordable rents.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

**The Team**

Our Executive team is now at full capacity and comprises 13 employees across property acquisition & development, property letting & management, and finance & management. Remuneration is reviewed annually by reference to current salaries, wage inflation and market rates. Management set remuneration for all staff except for senior management where remuneration is set by the Remuneration Committee. Key management personnel is made up of Jonathan Gooding, Olivia Harris, Samuel While, Alexander Glenister, Mark Kent and Peter Kling.

**PUBLIC BENEFIT**

The Charity has had regard to the guidance issued by the Charity Commission in respect of public benefit under the Charities Act 2011. The Board of Governors is keen to ensure there is an effective and appropriate balance of activity addressing the objectives of the Charity, both of which generate Public Benefit.

All of the developments undertaken by the Charity provide accommodation at rents lower than those available in an open market. This benefits those working in the City of Westminster and Greater London by reducing travel time and expense, and providing a stable tenancy with limited rental increases in a property that is managed for the benefit of the tenants. These factors improve quality of life for those working in the City of Westminster and Greater London who are not able to afford market rents.

The Charity provides accommodation to those in more acute financial hardship such as the homeless in the City of Westminster. The beneficiaries are housed in accommodation in the City of Westminster which is appropriate to their needs and family composition. The Charity also invests in projects that support the homeless to obtain work and provides accommodation to the beneficiaries of the projects. The provision of accommodation is another key stability factor supporting those entering the workplace.

**RESERVES POLICY**

The reserves policy of the Charity is to hold sufficient liquid assets and undrawn loan facilities to meet all commitments and at least 6 months of operating costs.

The reserves of the Charity invested in liquid assets are held to provide certainty of amount, at maturity, to match the Charity's utilisation of these funds in its property development activities.

The Charity has invested reserves of £149 million in properties, working capital and liquid assets.

Included in general reserves are £0.2 million of reserves designated for the long term maintenance of the properties. A review of the life cycle costs indicates that significant expenditure from designated reserves is unlikely for 10 years as the majority of the properties owned by the Charity are new build properties. Free reserves, excluding fixed assets, long term debt and committed funds, is £37.6m million. This is in excess of our target of 6 months of operating costs as funds are held for acquisition opportunities.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**INVESTMENT POLICY**

The Charity's Treasury Policy, including its Investment Strategy for non-property assets, is continually under review by the Acquisition & Financing Committee. In accordance with the reserves policy the Committee ensures that the projected investment in properties and operating costs can be covered by readily available funds, whilst ensuring that the risks inherent in the investment portfolio are mitigated and returns are maintained. During the year investment performance has been in line with the Investment Strategy.

**BUSINESS RISK MITIGATION POLICY**

The Governors are responsible for safeguarding the assets of the Charity and for ensuring that it is fully compliant with relevant regulations and best practice. They review the key risks to which the Charity is exposed at least once a year, together with the operating and financial compliance controls that have been implemented to mitigate those risks. The detailed risk register is maintained by the executive team and a strategic risk register is prepared for regular review by the Audit & Risk Committee, and annually by the Board. The Governors are of the view that the formal on-going process for identifying, evaluating and managing the Charity's significant risks that has been in place for the year ending 31 March 2016 continues to be appropriate for the Charity.

The key risks identified in the most recent review by the Board, including factors that are likely to affect the financial performance or position going forward are:

- Development risks including cost overruns, delays in completion, at planning and counter party risk; and,
- the risk of growth being impeded by the lack of acquisition opportunities.

The plans and strategies in place for mitigating those risks are set out in the risk register and include:

- oversight by the Board and sub-committees of those areas of the organisation;
- recruiting and retaining suitably qualified and experienced staff and professional advisors to oversee, advise and manage those areas of the organisation;
- regular reporting against Key Performance Indicators and budgets;
- processes for approval of acquisitions and development expenditure; and
- an outward looking approach to key areas of operation focussing on regular contact with key stakeholders and those active in the affordable housing arena.

The Board have undertaken a skills audit to identify any skills gaps. Recruitment of new Governors is focussed on acquiring skills where the current Board has least experience.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2016 (Continued)**

**FINANCIAL REVIEW**

Rental income amounted to £2.6 million and reflects an upward trend which we anticipate will continue in the coming year. Rental income is received from three sources; income from the tenants at our purpose built developments; income on existing stock that the Charity has acquired; and, income on properties that the Charity leases to tenants under its objective to assist those in acute housing need. Investment income in the year, including interest receivable on bank deposits was £0.4 million.

Expenditure in the year reflects a full year of the Charity and subsidiaries operating at current capacity. Net incoming resources for the Group for the year were £0.5 million. After realised and unrealised losses on investments, general reserves of £149 million were carried forward.

The Governors are satisfied that there are no material uncertainties about the Charity's ability to continue as a going concern.

**PLANS FOR FUTURE PERIODS**

We will continue to build our portfolio of sub-market rental properties through direct development, working with developers to acquire the affordable housing element of larger schemes and through the acquisition of second hand stock where suitable opportunities arise. Site values and construction costs have continued to increase and downward pressure on affordable rents challenges the viability of our direct development programme. This is cross-subsidised by our section 106 partnerships, existing stock purchases and, in some schemes, a small market rent or market sale element.

We are also exploring a number of joint venture opportunities with other charitable or benevolent landowners who wish to develop their sites and lack either capital or development expertise. We currently have two such projects underway, at Westbourne Park Baptist Church and at Lanark Road. The success in these projects can be used to support future applications as a joint venture partner and we anticipate future opportunities and growth through similar joint venture opportunities.

To fund future growth we again aim to raise additional finance during the year.

We remain committed to achieving the target set by the Governors in 2011 of delivering 1000 affordable rental homes by 2020.

Approved and authorised for issue by the Trustee on 19<sup>th</sup> July 2016 and signed on its behalf

(Chairman of Governors)



(Governor)



## **THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

### **STATEMENT OF TRUSTEE'S RESPONSIBILITIES**

The Trustee is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the Trustee 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 Group and of the Group's incoming resources and application of resources of the year. In preparing financial statements giving a true and fair view the Trustee should follow best practice and:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 Group will continue in operation.

The Trustee is responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the Charity and the Group and enable the trustee to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. The Trustee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF  
THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
FOR THE YEAR ENDED 31 MARCH 2016**

We have audited the financial statements of The Dolphin Square Foundation for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group Balance Sheet, the Group Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and FRS102, The Financial Reporting Standard in the UK and Republic of Ireland.

This report is made solely to the Trustee in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state in an audit report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone else other than the Charity and the Charity's Trustee, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEE AND AUDITOR**

As explained more fully in the Trustee's Responsibilities Statement, the trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustee's Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON THE FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Charity's affairs as at 31 March 2016 and of the Group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011.



**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF  
THE DOLPHIN SQUARE CHARITABLE FOUNDATION (Continued)  
FOR THE YEAR ENDED 31 MARCH 2016**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

*Crowe Clark Whitehill LLP*

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

19 July 2016

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Income and endowments from:</b>			
Donations and legacies		-	618,546
Charitable activities		2,240,326	1,132,558
Other trading activities		382,735	233,389
Investment income		405,277	905,099
Profit on sale of land and buildings		230,404	8,019,923
<b>Total</b>		<u>3,258,742</u>	<u>10,909,515</u>
 <b>Expenditure on:</b>			
Raising funds			
Investment management fees		21,784	56,076
Property management costs		125,623	33,237
Charitable activities			
Housing support	3	1,738,463	1,109,506
Strategic development	3	906,635	752,433
Finance Costs		100,414	-
Other expenditure		-	94,050
<b>Total resources expended</b>		<u>2,892,919</u>	<u>2,045,302</u>
<b>Net incoming resources before (losses)/ gains on investments</b>		365,823	8,864,213
<b>Net (losses) on investments</b>		(125,479)	(341,441)
<b>Net income</b>		<u>240,344</u>	<u>8,522,772</u>
<b>Amortisation of goodwill</b>		(72,728)	(18,182)
<b>Net movement for the year</b>		167,616	8,504,590
Balance brought forward at 1 April		148,812,929	140,308,339
<b>Balance carried forward at 31 March</b>		<u>148,980,545</u>	<u>148,812,929</u>

All amounts relate to continuing operations. All gains and losses recognised in the year are included in the Statement of Financial Activities.

The notes on pages 19 to 34 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
BALANCE SHEET AS AT  
31 MARCH 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Freehold buildings	6		15,822,679		16,318,500
Leasehold buildings	7		45,410,640		7,482,189
Land and buildings under development	8		33,987,714		43,161,394
Tangible fixed assets	9		36,028		54,423
Investments	10		85,336,625		51,608,555
			<u>180,593,686</u>		<u>118,625,061</u>
<b>CURRENT ASSETS</b>					
Debtors and prepayments	11	5,916,547		1,424,658	
Cash at bank	12	21,924,406		29,405,371	
		<u>27,840,953</u>		<u>30,830,029</u>	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(3,213,013)		(3,038,603)	
			<u>24,627,940</u>		<u>27,791,426</u>
<b>NET CURRENT ASSETS</b>					
			<u>205,221,626</u>		<u>146,416,487</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Creditors: amounts falling due after more than one year	14		(57,406,086)		-
			<u>147,815,540</u>		<u>146,416,487</u>
<b>NET ASSETS</b>					
Represented by:					
Unrestricted funds:			<u>147,815,540</u>		<u>146,416,487</u>
<b>TOTAL FUNDS</b>	<b>16</b>		<u>147,815,540</u>		<u>146,416,487</u>

Approved and authorised for issue by the Trustee on 19 July 2016 and signed on its behalf

(Chairman of Governors)

(Governor)

The notes on pages 19 to 34 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
CONSOLIDATED BALANCE SHEET AS AT  
31 MARCH 2016**

	Note	£	2016 £	£	2015 £
<b>FIXED ASSETS</b>					
Goodwill	5		272,727		345,457
Freehold buildings	6		38,401,149		38,302,972
Leasehold buildings	7		45,410,640		7,482,189
Land and buildings under development	8		38,837,811		46,367,669
Tangible fixed assets	9		36,028		54,423
Investments	10		62,589,284		28,861,214
			185,547,639		121,413,924
<b>CURRENT ASSETS</b>					
Debtors and prepayments	11	2,309,929		1,028,057	
Cash at bank	12	22,033,534		29,446,610	
		24,343,463		30,474,667	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(3,504,471)		(3,075,662)	
<b>NET CURRENT ASSETS</b>			20,838,992		27,399,005
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			206,386,631		148,812,929
Creditors: amounts falling due after more than one year	14		(57,406,086)		-
<b>NET ASSETS</b>			148,980,545		148,812,929
Represented by:					
Unrestricted funds:			148,980,545		148,812,929
<b>TOTAL FUNDS</b>	16		148,980,545		148,812,929

Approved and authorised for issue by the Trustee on 19 July 2016 and signed on its behalf

(Chairman of Governors)

(Governor)

The notes on pages 19 to 34 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
CONSOLIDATED CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	a	(855,794)	1,286,674
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		402,013	1,067,879
Proceeds from the sale of property, plant and equipment		646,377	13,034,619
Purchase of property, plant and equipment		(31,278,845)	(45,061,839)
Proceeds from sale of investments		22,617,391	25,031,573
Purchase of investments		(56,470,939)	(357,085)
Net cash used in investing activities		(64,084,003)	(6,284,853)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(5,745)	-
Cash inflows from new borrowing		57,532,466	-
Net cash provided by (used in) financing activities		57,526,721	-
<b>Cash and cash equivalents:</b>			
Change in the reporting period		(7,413,076)	(4,998,179)
Balance brought forward at 1 April 2016		29,446,610	34,444,789
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>22,033,534</b>	<b>29,446,610</b>
<b>Note</b>			
<b>a. Reconciliation of cash flows from operating activities</b>			
Net income for the reporting period		167,616	8,504,591
Adjustments for:			
Depreciation charges		457,226	211,624
Losses on investments		125,479	341,441
Dividends, interest and rents from investments		(405,277)	(905,099)
Profit on the sale of fixed assets		(230,404)	(8,019,923)
Increase in debtors		(1,257,954)	(815,963)
Increase in creditors		287,520	1,970,003
<b>Net cash used in operating activities</b>		<b>(855,794)</b>	<b>1,286,674</b>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016**

**1. CHARITY INFORMATION**

The Charity is registered with the Charity Commission, registration number 1110090. The registered address of the Charity is 11 Belgrave Road, London, SW1V 1RB.

**2. ACCOUNTING POLICIES**

**(a) Going Concern**

These accounts are prepared on a going concern basis. There are no material uncertainties over the Group's ability to continue as a going concern.

**(b) Reconciliation with previous generally accepted accounting practice**

In preparing the accounts, the trustee has considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required. In their estimation, the impact of transitioning is not material to the financial statements and therefore the restatement of comparative items is not required. The transition date was 1 April 2015.

**(c) Basis of accounting**

The accounts have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities Act 2011 and UK Generally Accepted Practice, as it applies from 1 January 2015.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements of the Charity and its four subsidiaries are consolidated, on a line-by-line basis, to produce group financial statements. The consolidated entity is referred to as 'the Group'. Only the financial activity of the Group is shown in the consolidated statement of financial activities. The Charity had gross income of £3,508,430 in the year and a net movement on reserves of £1,554,921 after taking into account a profit on disposal of land and buildings of £230,404.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**2. ACCOUNTING POLICIES (Continued)**

**(d) Grants and donations**

Grants and donations are recognised when the Charity is entitled to the income, the receipt is probable and the amount can be quantified with reasonable accuracy.

**(e) Rental Income**

Rental income is recognised as it falls due. Rental income charged at sub market rates is recognised as income from charitable activities. All other rental income is recognised as income from other trading activities.

**(f) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Charity's accounting policies, which are described in this note, judgements, estimates, and assumptions are made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**Development expenditure**

Development expenditure is capitalised in accordance with the accounting policy given below. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

**Goodwill and intangible assets**

The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**2. ACCOUNTING POLICIES (Continued)**

**(g) Investment income**

Dividends and interest income are included in incoming resources on a receivable basis.

**(h) Resources expended**

Expenditure is included on an accruals basis.

Costs of charitable activities comprise all the resources applied by the Charity in undertaking its work to meet its charitable objectives. Housing support costs comprise staff and overhead costs and grants payable in support of housing projects.

Grants payable are accounted for in the Statement of Financial Activities in the year in which they are authorised. Any amounts which have been authorised but which remain unpaid at the year-end are included within the current liabilities in the balance sheet.

Strategic development costs comprise staff costs, overheads and fees payable to advisers in conjunction with the development of the Charity's objects.

**(i) Tangible fixed assets**

All tangible assets are shown at cost less depreciation.

The Group's policy is to depreciate the properties over their expected useful life, the default for new build properties being 100 years.

Land is not depreciated.

Leasehold properties are amortised over the remainder of the lease.

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.

Depreciation will be calculated on the following basis;

Office and computer equipment	33% straight line
Office improvements	20% straight line
Furniture in tenanted property	33% straight line

**(j) Buildings in development**

Developments are shown at cost of acquisition and spend to date after taking into account any impairment in value. No depreciation is charged on developments until such time as they are completed.



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**2. ACCOUNTING POLICIES (Continued)**

**(k) Investments**

Fixed asset investments are stated in the balance sheet at market value where there is a readily available market price. It is the Group's policy to keep valuations up to date so that when investments are sold, no gain or loss arises. As a result, the Statement of Financial Activities includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. The Statement of Financial Activities does not distinguish between the valuations adjustments relating to sales and those relating to continued holdings, as they are treated together as changes in the value of the investment portfolio.

**(l) Goodwill and amortisation**

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Goodwill	20% straight line
----------	-------------------

**(m) Pension costs**

The Group contributed to a defined contribution scheme pension scheme administered by an independent company and to employees personal pension schemes. The pension costs represent the contributions payable by the Group to the schemes for the year.

**(n) Lease commitments**

Rental paid under operating leases is charged to income on a straight-line basis over the lease term.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**2. ACCOUNTING POLICIES (Continued)**

**(o) Business combinations**

The consolidated financial statements incorporate the financial statements of the Charity and all subsidiaries. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of entities acquired or disposed of are included in the income and expenditure account after or up to the date that control passes respectively.

**(p) Financial instruments**

Financial assets and liabilities are measured at fair value which is the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

At the balance sheet date, the Group held financial assets at amortised cost of £24,343,463 (2015: £30,474,668), investment assets at fair value through income and expenditure of £62,589,284 (2015: £28,861,214) and financial liabilities at amortised cost of £60,910,557 (2015: £3,075,662).

**3. RESOURCES EXPENDED**

	2016		2015	
	Group	Charity	Group	Charity
<b>Charitable activities</b>				
<b>Housing support costs</b>				
Staff costs	419,158	284,753	306,488	304,716
Grants payable	55,151	55,151	84,186	84,186
Property management	715,332	409,431	286,669	207,624
Office costs	87,329	57,845	54,972	51,289
Legal and professional fees	74,609	53,504	183,543	113,900
Support costs	20,091	20,091	23,389	20,027
Audit fees	10,212	5,232	8,190	6,379
Depreciation: buildings	356,581	290,089	162,069	146,541
	<b>1,738,463</b>	<b>1,176,096</b>	<b>1,109,506</b>	<b>934,662</b>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

3. <b>RESOURCES EXPENDED</b> <b>(Continued)</b>	2016		2015	
	Group	Charity	Group	Charity
<b>Strategic development costs</b>				
Staff costs	420,892	385,835	482,328	479,600
Direct costs	277,483	232,271	107,397	107,397
Office costs	85,857	77,900	79,051	79,051
Legal and professional fees	94,772	74,052	58,914	54,844
Audit fees	11,344	7,648	12,610	9,821
Other	16,287	16,282	12,133	12,133
	<u>906,635</u>	<u>793,988</u>	<u>752,433</u>	<u>742,846</u>

Support costs are either directly allocated to the activity e.g. salaries, or shared pro rata between the activities e.g. premises costs.

Legal and professional fees include payments made to Crowe Clark Whitehill for accountancy and tax services. These payments total £6,355 for the Group.

<b>Grants comprise:</b>	2016		2015	
	Group	Charity	Group	Charity
Amounts included in prior year creditors	-	-	(22,471)	(22,471)
Paid in the year	55,151	55,151	106,657	106,657
	<u>55,151</u>	<u>55,151</u>	<u>84,186</u>	<u>84,186</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

<b>4. STAFF COSTS</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Gross salaries	622,993	556,705
Employer's NI contributions	72,773	56,990
Employer's pension contributions	22,278	18,379
	<hr/>	<hr/>
	718,044	632,074
	<hr/>	<hr/>
Key management benefits	507,970	400,985
	<hr/>	<hr/>

The average number of employees in the year was twelve (2015: eleven). Employees are divided between housing support and strategic development, 7:5, respectively.

The number of employees whose emoluments, excluding pensions, exceeded £60,000 was:

	<b>2016</b>	<b>2015</b>
£60,000 - £69,999	3	-
£70,000 - £79,999	2	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-

Pension payments of £22,278 were made during the year in respect of eleven of the employees (2015: £18,379).

<b>5. GOODWILL</b>	<b>Total</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2015	363,639
Additions	-
	<hr/>
At 31 March 2016	363,639
	<hr/>
<b>Amortisation</b>	
At 1 April 2015	18,182
Amortisation Charge	72,730
	<hr/>
At 31 March 2016	90,912
	<hr/>
<b>Net Book Value</b>	
At 1 April 2015	345,457
	<hr/>
At 31 March 2016	272,727
	<hr/>

The goodwill will be amortised over 5 years.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**6. FREEHOLD LAND AND BUILDINGS: GROUP**

	Land	Buildings	Total
	£	£	£
<b>COST</b>			
<b>Cost at 1 April 2015</b>	27,106,457	11,293,926	38,400,383
Additions	-	660,490	660,490
Disposal	(314,286)	(101,687)	(415,973)
<b>Cost at 31 March 2016</b>	<u>26,792,171</u>	<u>11,852,729</u>	<u>38,644,900</u>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2015</b>	-	97,411	97,411
Charge in the year	-	148,289	148,289
Disposal	-	(1,949)	(1,949)
<b>Balance at 31 March 2016</b>	<u>-</u>	<u>243,751</u>	<u>243,751</u>
<b>Net book value at 31 March 2016</b>	<u>26,792,171</u>	<u>11,608,978</u>	<u>38,401,149</u>
Net book value at 31 March 2015	<u>27,106,457</u>	<u>11,196,515</u>	<u>38,302,972</u>

**FREEHOLD LAND AND BUILDINGS: CHARITY**

	Land	Buildings	Total
	£	£	£
<b>COST</b>			
<b>Cost at 1 April 2015</b>	8,212,119	8,188,264	16,400,383
Additions	-	-	-
Disposal	(314,286)	(101,687)	(415,973)
<b>Cost at 31 March 2016</b>	<u>7,897,833</u>	<u>8,086,577</u>	<u>15,984,410</u>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2015</b>	-	81,883	81,883
Charge in the year	-	81,797	81,797
Disposal	-	(1,949)	(1,949)
<b>Balance at 31 March 2016</b>	<u>-</u>	<u>161,731</u>	<u>161,731</u>
<b>Net book value at 31 March 2016</b>	<u>7,897,833</u>	<u>7,924,846</u>	<u>15,822,679</u>
Net book value at 31 March 2015	<u>8,212,119</u>	<u>8,106,381</u>	<u>16,318,500</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2016 (continued)**

**7. LEASEHOLD BUILDINGS: GROUP AND CHARITY**

	<b>Total</b>
	<b>£</b>
<b>COST</b>	
Cost at 1 April 2015	7,546,848
Additions	7,048,810
Transfers from land and buildings under development	31,087,936
	<b>45,683,594</b>
 <b>AMORTISATION</b>	
Balance at 1 April 2015	64,658
Charge in the year	208,296
	<b>272,954</b>
 <b>Net book value at 31 March 2016</b>	<b>45,410,640</b>
Net book value at 31 March 2015	7,482,189

**8. LAND AND BUILDINGS UNDER DEVELOPMENT: GROUP**

	<b>Land</b>	<b>Buildings under development</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cost at 1 April 2015	10,096,291	36,271,378	46,367,669
Additions	-	23,558,078	23,558,078
Completions	-	(31,087,936)	(31,087,936)
	<b>10,096,291</b>	<b>28,741,520</b>	<b>38,837,811</b>
<b>Cost at 31 March 2016</b>	<b>10,096,291</b>	<b>28,741,520</b>	<b>38,837,811</b>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**8. LAND AND BUILDINGS UNDER DEVELOPMENT: CHARITY**

	Land £	Buildings under development £	Total £
Cost at 1 April 2015	7,750,000	35,411,394	43,161,394
Additions	-	21,914,256	21,914,256
Completions	-	(31,087,936)	(31,087,936)
<b>Cost at 31 March 2016</b>	<u>7,750,000</u>	<u>26,237,714</u>	<u>33,987,714</u>

**9. TANGIBLE FIXED ASSETS: GROUP AND CHARITY**

	Office Improvements £	Furniture in properties £	Computer and Office Equipment £	Total £
<b>COST</b>				
Cost at 1 April 2015	55,641	22,243	66,474	144,358
Additions	-	294	11,173	11,467
<b>Cost at 31 March 2016</b>	<u>55,641</u>	<u>22,537</u>	<u>77,647</u>	<u>155,825</u>
<b>DEPRECIATION</b>				
Balance at 1 April 2015	23,775	14,880	51,280	89,935
Charge in the year	11,277	5,224	13,361	29,862
<b>Balance at 31 March 2016</b>	<u>35,052</u>	<u>20,104</u>	<u>64,641</u>	<u>119,797</u>
<b>Net book value at 31 March 2016</b>	<u>20,589</u>	<u>2,433</u>	<u>13,006</u>	<u>36,028</u>
Net book value at 31 March 2015	<u>31,866</u>	<u>7,363</u>	<u>15,194</u>	<u>54,423</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**10. FIXED ASSET INVESTMENTS: GROUP**

	2016 £	2015 £
<b>Market value at 1 April 2015</b>	5,281,402	11,472,840
Additions	-	-
Disposals	(4,202,189)	(6,038,846)
Unrealised losses	(33,290)	(152,592)
<b>Market value at 31 March 2016</b>	<u>1,045,923</u>	<u>5,281,402</u>
Cash held as an investment	<u>61,543,361</u>	<u>23,579,812</u>
<b>Total market value at 31 March 2016</b>	<u>62,589,284</u>	<u>28,861,214</u>
Historical cost at 31 March 2016	<u>62,655,260</u>	<u>29,099,722</u>

<b>Market values at 31 March 2016 are analysed as:</b>	2016 £	2015 £
Bonds	1,045,923	5,281,402
Cash	61,543,361	23,579,812
	<u>62,589,284</u>	<u>28,861,214</u>

**FIXED ASSET INVESTMENTS: CHARITY**

	2016 £	2015 £
<b>Market value at 1 April 2015</b>	28,028,743	11,472,943
Purchase of shares	-	1,345,156
Loans made to subsidiary	-	21,402,085
Disposals	(4,202,189)	(6,038,846)
Unrealised losses	(33,290)	(152,595)
<b>Market value at 31 March 2016</b>	<u>23,793,264</u>	<u>28,028,743</u>
Cash held as an investment	<u>61,543,361</u>	<u>23,579,812</u>
<b>Total market value at 31 March 2016</b>	<u>85,336,625</u>	<u>51,608,555</u>
Historical cost at 31 March 2016	<u>85,402,601</u>	<u>51,847,063</u>



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**10. FIXED ASSET INVESTMENTS: CHARITY (Continued)**

Market values at 31 March 2016 are analysed as:	2016 £	2015 £
Bonds	1,045,923	5,281,402
Investment in subsidiaries	100	100
Purchase of Shares	1,345,156	1,345,156
Loans made to subsidiary	21,402,085	21,402,085
Cash	61,543,361	23,579,812
	85,336,625	51,608,555

Investments in cash and bonds are primarily held to preserve the capital to meet existing capital commitments and for appropriate property investment opportunities as they arise.

Included in the Fixed Asset Investments owned by the Charity are investments of £22,747,341 in wholly owned subsidiaries, DSF Developments Limited and Hoxton Holdco Limited, which are consolidated in the Group balance sheet.

Hoxton Holdco Limited owns the entire issued share capital of Hoxton Regeneration Limited.

Investments which individually represent more than 5% of the portfolio by market value are:

	2016 £	2015 £
Cash	61,543,361	23,579,812

**Subsidiaries**

	<b>DSF Developments Limited</b>	<b>Dolphin Living Limited</b>	<b>Hoxton Holdco Limited</b>	<b>Hoxton Regeneration Limited</b>
Company Number	8327131	32446R	114787	597445
Incorporation	England	England	Jersey	England
Shareholding	100%	100%	100%	100%
	<b>2016 £</b>	<b>2016 £</b>	<b>2016 £</b>	<b>2016 £</b>
Assets	1,990,855	-	20,138,363	22,935,030
Liabilities	2,083,712	148,225	21,479,456	1,768,831
Fund/net assets	92,857	(148,225)	(1,341,093)	21,166,199
Income	-	-	-	827,485
Expenditure	78,662	96,625	825,205	919,207
Profit/(loss)	(78,662)	(96,625)	(825,205)	(91,722)

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**11. DEBTORS**

	2016 £		2015 £	
	Group	Charity	Group	Charity
Trade debtors	15,299	8,449	44,418	30,568
Accrued interest	3,264	3,264	2,600	2,600
VAT	231,471	224,423	1,000	-
Other debtors	2,004,821	1,962,158	944,573	928,786
Prepayments	55,074	51,436	35,466	35,466
Intra group debts	-	3,666,817	-	427,238
	<u>2,309,929</u>	<u>5,916,547</u>	<u>1,028,057</u>	<u>1,424,658</u>

During the year the Charity provided funds to wholly owned subsidiaries under loan agreements and an agreement to provide support.

At the year end the amounts owed to the Charity by DSF Developments were £1,514,727 (2015:£129,477) under the development agreement, £35,264 (2015: £1,200) for shared costs and £268,470 (2015: £257,238) under a loan agreement. The loan is repayable on demand. All amounts were repaid after year end.

At the year end the amounts owed to the Charity by Hoxton Regeneration Limited were £27,675 (2015: £Nil) for shared costs, £120,160 (2015: £Nil) for expenses, £XXX (2015: £119,968) for a gift, £899,677 (2015: £865,074) and £241,094 (2015: £9,523) under loan agreements. Both loan agreements have a ten year term and are repayable in nine and ten years, respectively.

At the year end the amounts owed to the Charity by Dolphin Living Limited were £145,000 (2015:£29,900) for shared costs and expenses.

At the year end the amount owed to the Charity by Hoxton Holdco Limited was £21,358,491 (2015: £20,537,011) under a loan agreement. The loan is repayable in nine years.

The maximum amount owed by any subsidiary during the financial year is the year end balance.

Amounts owed under each loan agreement incur interest at 3.5% above the base rate. No interest is charged on shared costs.

**12. CASH AT BANK**

An amount of £93,458 (2015: £1,676,481) is currently held in reserve for specific development costs.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2016 (continued)**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016		2015	
	£		£	
	Group	Charity	Group	Charity
Trade creditors	40,295	33,627	39,648	32,934
Development creditors	49,785	49,785	81,744	81,744
Social security & other taxes	23,315	21,290	19,876	18,976
VAT	11,657	11,657	2,586,140	2,586,140
Accruals	2,198,933	1,954,225	276,309	246,864
Development retentions	779,985	779,985	-	-
Loans	141,289	141,289	-	-
Other creditors	259,212	221,155	71,945	71,945
	<u>3,504,471</u>	<u>3,213,013</u>	<u>3,075,662</u>	<u>3,038,603</u>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016		2015	
	£		£	
	Group	Charity	Group	Charity
Amounts due:				
One to two years	94,316	94,316	-	-
Two to five years	307,326	307,326	-	-
More than five years	57,004,444	57,004,444	-	-
	<u>57,406,086</u>	<u>57,406,086</u>	<u>-</u>	<u>-</u>

The interest rate on £53.5 million of the debt is fixed at 3.73% until 2046. The interest rate on £5 million of the debt is floating at 2.75% above Bank of England base rate until 2041.

**15. REPAIR SINKING FUND (DESIGNATED FUND)**

	2016	2015
	£	£
Brought forward	76,296	26,313
Provision for the year	124,000	49,983
	<u>200,296</u>	<u>76,296</u>

The repair sinking fund is a designated fund included in unrestricted funds. Provisions are made in this fund for long term repair and renewal costs for both individual units and freehold buildings. Provisions are made reflecting current best estimates of future costs and when they are likely to be incurred. For buildings owned under a long leasehold long term repair costs are paid through the service charge recognised in the income and expenditure account and are not reflected in this designated fund. No provision has been made for properties where a capital works programme is underway and the future expenditure is reflected in financial commitments.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2016 (continued)**

**16. MOVEMENT ON RESERVES: GROUP**

	Balance 1 April 2015 £	Surplus/ (deficit) £	Net losses on Investments	Balance 31 March 2016 £
Unrestricted funds	148,736,633	169,095	(125,479)	148,780,249
Sinking fund	76,296	124,000	-	200,296
	<u>148,812,929</u>	<u>293,095</u>	<u>(125,479)</u>	<u>148,980,545</u>

**MOVEMENT ON RESERVES: CHARITY**

	Balance 1 April 2015 £	Surplus/ (deficit) £	Net losses on Investments £	Balance 31 March 2016 £
Unrestricted funds	146,340,191	1,400,532	(125,479)	147,615,244
Sinking fund	76,296	124,000	-	200,296
	<u>146,416,487</u>	<u>1,524,532</u>	<u>(125,479)</u>	<u>147,815,540</u>

**17. TRUSTEES' EXPENSES**

The Governors of Dolphin Square Charitable Foundation received no remuneration during the year. Expenses of £2,149 (2015: £1,084) were reimbursed to one (2015: two) Governor for travel, entertaining and subsistence expenses incurred for business purposes.

**18. CONTROLLING PARTY**

The ultimate controlling party is the Dolphin Square Charitable Trustee Limited, which is the trustee for the Charity.

**19. RELATED PARTY TRANSACTIONS**

The group operates a cost sharing agreement whereby support costs are shared between the entities within the group. The employees are jointly employed by all group operating entities. The details of these and other related party transactions can be found in the investment and debtors notes above.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2016 (continued)**

**20. COMMITMENTS**

The Charity and the Group has the following commitments payable within the year to 31 March 2016:

<b>OPERATING LEASE: GROUP AND CHARITY</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Lease payments within one year	69,113	68,083
Lease payments later than one year not later than five years	276,533	276,533

Amounts payable under operating leases during the year ended 31 March 2016 amounted to £70,033.

At the year end, the corporate trustee had authorised the following capital commitments for the Charity and the Group:

	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>Authorised</b>	<b>Contracted for</b>	<b>Authorised</b>	<b>Contracted</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Churchill Gardens	-	-	2,000,000	380,634
Trenchard House	45,556	45,556	2,548,000	2,548,000
Kings Cross	-	-	2,457,737	2,457,737
Cleland House	4,625,106	4,625,106	7,918,870	7,918,870
Newington Butts	4,023,908	4,023,908	15,277,000	15,277,000
Lanhill	2,333,324	2,333,324	-	-
Met Police Portfolio	17,640,000	-	-	-
Dibdin Portfolio	225,297	225,297	-	-

Further developments have been agreed in principle by the Governors, up to a total of £42.7 million, although the exact amounts are yet to be finalised.

