

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**(Registered Charity Number: 1110090)**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDING 31 MARCH 2017**



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT AND ACCOUNTS  
YEAR ENDED 31 MARCH 2017**

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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>	Simon Dow (Chair) Bruce Clitherow, TD, BSc MRICS Phil Jenkins BSc FRICS David Lavarack MBA, DipFS, ACIB Trevor Moross, BA, BSc, FRICS Sarah Philbrick BA, Msc Tristan Samuels BSc PLS Jane Staveley LLB, Solicitor Peter B G Williams, OBE, FCA
<b>Acquisition and Finance Committee</b>	Trevor Moross (Chair) Simon Dow Fenella Edge Phil Jenkins Richard Petty Sarah Philbrick Tristan Samuels Peter Williams
<b>Audit and Risk Committee</b>	David Lavarack (Chair) Richard Petty Jane Staveley Peter Williams
<b>Remuneration Committee</b>	Bruce Clitherow (Chair) Simon Dow David Lavarack
<b>Key management personnel</b>	Jon Gooding BSc FRICS (Chief Executive) Alex Glenister BA MSc MRICS Olivia Harris BSc FCA (Finance Director) Mark Kent BA Peter Kling BCom ACMA Sam While BA MSc Octavia Williams BA MSc MCIH

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

**Banker**

Barclays Bank plc  
Level 25  
1 Churchill Place  
London  
E14 5HP

**Solicitors**

Nabarro LLP  
125 London Wall  
London  
EC2Y 5AL

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

**Auditor**

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

**Investment Managers**

Cazenove Capital Management  
12 Moorgate  
London  
EC2R 6DA

**DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017**

The Trustee presents the annual report and audited financial statements for the year ended 31 March 2017. 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:

- Simon Dow (Chair)
- Ian Henderson (Former Chair) – Resigned 19<sup>th</sup> July 2016
- Catherine Longworth – Resigned 19<sup>th</sup> July 2016
- Rachel Whittaker – Resigned 19<sup>th</sup> July 2016
- Bruce Clitherow
- Phil Jenkins
- David Lavarack
- Trevor Moross
- Sarah Philbrick
- Tristan Samuels
- Jane Staveley
- Peter B G Williams

The company secretary was Jon Gooding BSc FRICS. (Retired 21 April 2017)

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 2017 (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.

The Chair of the Dolphin Square Charitable Foundation received a salary of £6,000 the remaining Governors of Dolphin Square Charitable Foundation received no remuneration during 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 2017 (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 the Chair of Dolphin Square Charitable Foundation and 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 and the surrounding boroughs 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.



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**CHAIR'S FOREWORD**

The last 12 months have seen us double the number of homes we manage to 600. We remain on course to beat our target of having 1000 homes completed by 2020.

The overwhelming majority of our homes are let at genuinely affordable rents which are on average about half the market rate. Our residents are working Londoners, with a focus on Westminster workers, who have been prioritised by the local authorities with whom we work.

We have built on the skills we gained when purchasing the New Era Estate in Hackney in 2014. In June 2016 we bought a portfolio of 75 homes in Ealing and Lewisham which had been previously owned by the Mayor's Office of Policing and Crime. In November we responded to the wishes of local residents and politicians by buying 49 homes on the Butterfields Estate in Walthamstow.

At the New Era Estate, with the support of tenants, we have rolled out a Personalised Rent Policy – the first we believe for any UK housing organisation – that innovatively attempts to match individuals' rents and their household resources.

In July Ian Henderson stood down as our Chair along with longstanding Governors Catherine Longworth and Rachel Whittaker all of whom had reached their maximum tenure. Ian, Catherine and Rachel made a huge contribution to the creation of the Charity; we were sorry to see them go and grateful for their endless commitment, wisdom and encouragement.

Jon Gooding retired as Chief Executive and Olivia Harris, previously our Finance Director, was appointed as his successor. Jon's legendary creativity, energy and humour are irreplaceable but a major part of his legacy is a strong, talented management team led by Olivia, made up of Alex Glenister, Mark Kent, Peter Kling, Octavia Williams and Sam While.

I have taken over as Chair and have had the great good fortune to inherit a board of Governors who have all the skills, confidence and good sense to ensure that our recent years of meeting the aspirations of our residents and partners will continue.

I am delighted to record my gratitude to them and also to all the hardworking staff at the Charity who turn our plans into great places to live.

**Simon Dow**

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE**

**Homes available to rent**

Our current portfolio now comprises 600 homes for rent of which 85% are affordable housing, providing homes at an average rent of 53% of market rent whilst delivering a financial return that ensures the continued financial viability and growth of the Charity.

The construction of our properties at Kennington Lane, Thorney St and Lanhill Road was completed during the year. Together the properties provide 156 homes, including 146 restricted to households on incomes below the Mayor's intermediate household income thresholds. In accordance with our objectives, and subject to the terms of the planning consent, at each property priority was given to Westminster workers and residents, and (subject to affordability) to the lowest household income. At Kennington Lane, which is on the border of Lambeth and Southwark, 58% of tenants either worked or lived in Westminster prior to the start of their tenancy. At Thorney St and Lanhill Road, both of which are within Westminster all of the tenants work or lived in Westminster. Homes across these 3 properties were let in an average of 33 days from completion, excluding 3 properties that require adaptation. We are working closely with Westminster City Council to make these homes suitable for their nominated tenants who have severe mobility impairments.

Tenants at Lanhill Road include 12 participants of the Westminster Homeownership Accelerator (WHOA). This innovative project, possible only due to the generous support of Westminster City Council, will bring 50 additional homes into affordable housing. Tenants sign up to a 3 year tenancy at an affordable rent, and at the end of their tenancy will benefit from a house price growth over the 3 years, receiving a contribution towards a deposit to purchase their own home. Homes at Dibdin house, acquired in 2016 and since refurbished, will also form part of the WHOA, as will 22 homes forming part of the redevelopment of Westbourne Park Baptist Church.

During the year we were approached by residents and politicians in Walthamstow regarding the future of the Butterfields Estate. A significant number of homes on the estate had been acquired by an investor who was evicting tenants, before selling the homes on the open market. We acquired the estate as an investment, promising to protect the interests of the existing tenants for up to 5 years.

We also acquired 75 homes across 4 sites in Ealing and Forest Hill from the Mayor's Office of Policing and Crime. We have an obligation to honour the leases of existing tenants and thereafter the properties can be let on the open market or at affordable rents. We have undertaken welcome visits to tenants, a programme of safety improvements and brought the properties under our existing management agreement with Touchstone.

Our Personalised Rent policy at the New Era Estate in Hackney has been well received by residents and we have let the vacant units in line with this policy and to ensure financial viability for the estate as a whole. The policy also generated positive press coverage and we have been invited to share the policy with others in the sector.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

**Homes available to rent (continued)**

We continue to let 6 of our Queens Park properties to adults with learning difficulties and one key worker family. We have a further 20 homes within Westminster let to Residential Management Group and Connexions to house those registered as homeless within Westminster.

We let our first homes within our housing association subsidiary (a HCA Registered Provider of Social Housing); 37 Affordable Rent homes at Thorney St and 2 Social Rent family homes at Kennington Lane. We have developed effective working relationships with local welfare benefits teams to increase rent collection and manage arrears resulting in arrears that represent less than 2% of our annual rent roll.

An operational focus on improving the efficiency of our repairs service by grouping appointments for jobs of a similar trade together resulted in us completing repairs in an average of just 9 calendar days. 94% of surveyed customers who moved into our new homes this year were satisfied or very satisfied with the quality of their new home.

**Development properties and pipeline**

In addition to our completed properties we have a development pipeline comprising almost 200 further homes.

Development has continued at our site in Gorleston St and the property is scheduled for completion in summer 2017, bringing another 29 homes to the market, including 13 intermediate rental homes. A fall in market rents combined with our aim to maintain financially viable returns has resulted in fewer homes than originally planned at Gorleston St being voluntarily let at sub-market rents. We will look to increase the number of homes let at intermediate rents as market rents increase and provide additional cross subsidy.

Construction also continues at Westbourne Park Baptist Church to rebuild the church facilities and a library, with 32 affordable housing units above. Completion is scheduled for 2018. Construction has commenced on site at Lanark Rd, which at completion will provide 67 homes, due to complete in 2019.

We have forward funded the development of 68 homes in Kingsland Road, Hackney. The homes are being built above a new school and the planning consent designated all as open market. On completion of the development the Charity intends to offer half of the homes at intermediate rents.

We continue to be active in the market looking for opportunities to acquire sites, completed properties and existing stock. 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.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

**Funding**

The £63m of debt raised during 2016 is now almost fully spent or committed. The Charity has started the process of raising further debt. The proceeds from all loans will be used to further the objectives of the Charity in providing more homes at affordable rents

**The Team**

During the year Jon Gooding announced his intention to retire as Chief Executive, and following an open recruitment process Olivia Harris, Finance Director at the Charity since 2012, was appointed as his successor. Our Executive team is now at full capacity and comprises 14 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 are as outlined in the reference and administrative details on page 1.

**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.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**PUBLIC BENEFIT (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.

**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 £161 million in properties, working capital and liquid assets.

Included in general reserves are £0.4 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 £3.7m million. This is in excess of our target of 6 months of operating costs as funds are held for acquisition opportunities.

**FINANCIAL REVIEW**

Rental income amounted to £5.3 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 £0.2 million.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2017 (Continued)**

**FINANCIAL REVIEW (Continued)**

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 £12.5 million. After realised and unrealised losses on investments, general reserves of £161 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.

**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 2017 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 continue 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 2017 (Continued)**

**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, market rents have fallen over the last year and these challenge the viability of our direct development programme. We work to maximise the amount of affordable housing we provide whilst also aiming to help a wide range of beneficiaries and income brackets. In some schemes, this necessitates the provision of a small market rent or market sale element.

We continue to be open to 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 1000 homes by 2020.

## 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.

Approved and authorised for issue by the Trustee on 18<sup>th</sup> July 2017 and signed on its behalf



(Chair of Governors)



(Governor)



**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF  
THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
FOR THE YEAR ENDED 31 MARCH 2017**

We have audited the financial statements of The Dolphin Square Foundation for the year ended 31 March 2017 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 2017 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 2017**

**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

*4<sup>th</sup> August 2017*

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 2017**

	Note	Restricted 2017 £	Unrestricted 2017 £	Total 2017 £	2016 £
<b>Income and endowments from:</b>					
Restricted Income – Grants Receivable		12,500,000	-	12,500,000	-
Charitable activities		-	4,741,919	4,741,919	2,240,326
Other trading activities		-	589,250	589,250	382,735
Investment income		-	283,361	283,361	405,277
Profit on sale of land and buildings		-	894,712	894,712	230,404
<b>Total</b>		<u>12,500,000</u>	<u>6,509,242</u>	<u>19,009,242</u>	<u>3,258,742</u>
<b>Expenditure on:</b>					
Raising funds					
Investment management fees		-	19,748	19,748	21,784
Property management costs		-	88,984	88,984	125,623
Charitable activities					
Housing support	3	-	3,251,426	3,251,426	1,738,463
Strategic development	3	-	884,325	884,325	906,635
Finance Costs		-	2,154,641	2,154,641	100,414
<b>Total resources expended</b>		<u>-</u>	<u>6,399,124</u>	<u>6,399,124</u>	<u>2,892,919</u>
<b>Net incoming resources before (losses)/ gains on investments</b>		12,500,000	110,118	12,610,118	365,823
<b>Amortisation of goodwill</b>		-	(72,728)	(72,728)	(72,728)
<b>Net gains/(losses) on investments</b>		-	(45,923)	(45,923)	(125,479)
<b>Net income</b>		12,500,000	(8,533)	12,491,467	240,344
<b>Transfers</b>		4,884,332	(4,884,332)	-	-
<b>Net movement for the year</b>		17,384,332	(4,892,865)	12,491,467	167,616
Balance brought forward at 1 April		-	148,980,545	148,980,545	148,812,929
<b>Balance carried forward at 31 March</b>		<u>17,384,332</u>	<u>144,087,680</u>	<u>161,472,012</u>	<u>148,980,545</u>
Unrestricted Funds		-	144,087,680	144,087,680	148,980,545
Restricted Funds		17,384,332	-	17,384,332	-
<b>Balance carried forward at 31 March</b>		<u>17,384,332</u>	<u>144,087,680</u>	<u>161,472,012</u>	<u>148,980,545</u>

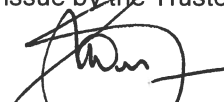
All amounts relate to continuing operations. All gains and losses recognised in the year are included in the Statement of Financial Activities.


The notes on pages 20 to 37 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
CONSOLIDATED BALANCE SHEET AS AT  
31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Goodwill	5		199,999		272,727
Freehold buildings	6		85,604,739		38,401,149
Leasehold buildings	7		73,112,949		45,410,640
Land and buildings under development	8		18,002,970		38,837,811
Tangible fixed assets	9		17,608		36,028
Investments	10		20,783,656		62,589,284
			197,721,921		185,547,639
<b>CURRENT ASSETS</b>					
Debtors and prepayments	11	2,935,988		2,309,929	
Cash at bank	12	32,613,199		22,033,534	
		35,549,187		24,343,463	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(3,879,131)		(3,504,471)	
<b>NET CURRENT ASSETS</b>			31,670,056		20,838,992
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			229,391,977		206,386,631
Creditors: amounts falling due after more than one year	14		(67,919,965)		(57,406,086)
<b>NET ASSETS</b>			161,472,012		148,980,545
Unrestricted funds			138,724,213		148,780,249
Designated funds			5,363,467		200,296
Total unrestricted funds			144,087,680		148,980,545
Restricted funds			17,384,332		-
<b>TOTAL FUNDS</b>	16		161,472,012		148,980,545

Approved and authorised for issue by the Trustee on 18 July 2017 and signed on its behalf

  
 (Chair of Governors)

  
 (Governor)

The notes on pages 20 to 37 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
BALANCE SHEET AS AT  
31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Freehold buildings	6		59,963,826		15,822,679
Leasehold buildings	7		73,112,949		45,410,640
Land and buildings under development	8		16,771,443		33,987,714
Tangible fixed assets	9		17,608		36,028
Investments	10		43,530,997		85,336,625
			193,396,823		180,593,686
<b>CURRENT ASSETS</b>					
Debtors and prepayments	11	7,954,031		5,916,547	
Cash at bank	12	31,808,402		21,924,406	
			39,762,433	27,840,953	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	13	(3,244,354)		(3,213,013)	
			36,518,079	24,627,940	
<b>NET CURRENT ASSETS</b>					
			229,914,902	205,221,626	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Creditors: amounts falling due after more than one year	14		(67,919,965)		(57,406,086)
			161,994,937	147,815,540	
<b>NET ASSETS</b>					
Designated funds			5,363,467		200,296
Unrestricted funds			139,247,138		147,615,244
			144,610,605	147,815,540	
Total unrestricted funds			17,384,332		-
Restricted funds			161,994,937	147,815,540	
<b>TOTAL FUNDS</b>	<b>16</b>		161,994,937	147,815,540	

Approved and authorised for issue by the Trustee on 18 July 2017 and signed on its behalf



(Chair of Governors)



(Governor)

The notes on pages 20 to 37 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	a	12,210,429	(855,794)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		286,625	402,013
Proceeds from the sale of property, plant and equipment		894,712	646,377
Purchase of property, plant and equipment		(54,972,084)	(31,278,845)
Proceeds from sale of investments		42,765,858	22,617,391
Purchase of investments		(1,006,154)	(56,470,939)
Net cash used in investing activities		(12,031,043)	(64,084,003)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(144,205)	(5,745)
Cash inflows from new borrowing		10,544,484	57,532,466
Net cash provided by (used in) financing activities		10,400,279	57,526,721
<b>Cash and cash equivalents:</b>			
Change in the reporting period		10,579,665	(7,413,076)
Balance brought forward at 1 April 2016		22,033,534	29,446,610
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>32,613,199</b>	<b>22,033,534</b>
<b>Note</b>			
<b>a. Reconciliation of cash flows from operating activities</b>			
Net income for the reporting period		12,491,467	167,616
Adjustments for:			
Depreciation charges		992,176	457,226
Amortisation of costs of raising finance		113,618	-
Losses on investments		45,923	125,479
Dividends, interest and rents from investments		(283,361)	(405,277)
Profit on the sale of fixed assets		(894,712)	(230,404)
Increase in debtors		(629,323)	(1,257,954)
Increase in creditors		427,022	287,520
<b>Net cash used in operating activities</b>		<b>12,210,429</b>	<b>(855,794)</b>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017**

**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 £19,084,447 in the year and a net movement on reserves of £14,179,398 after taking into account a profit on disposal of land and buildings of £894,712.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (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 2017 (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 2017 (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.

**(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.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

**2. ACCOUNTING POLICIES (Continued)**

**(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 £26,385,154 (2016: £24,343,463), investment assets at fair value through income and expenditure of £20,783,656 (2016: £62,589,284) and financial liabilities at amortised cost of £72,674,026 (2016: £60,910,557).

**3. RESOURCES EXPENDED**

	2017		2016	
	Group	Charity	Group	Charity
	£		£	
<b>Charitable activities</b>				
<b>Housing support costs</b>				
Staff costs	512,713	370,980	419,158	284,753
Grants payable	10,200	10,200	55,151	55,151
Direct costs	90,383	90,383	-	-
Property management	1,456,567	1,209,108	715,332	409,431
Office costs	142,171	108,488	87,329	57,845
Legal and professional fees	99,683	71,928	74,609	53,504
Support costs	23,853	17,588	20,091	20,091
Audit fees	16,892	10,862	10,212	5,232
Depreciation: buildings	898,964	819,349	356,581	290,089
	<u>3,251,426</u>	<u>2,708,886</u>	<u>1,738,463</u>	<u>1,176,096</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

3. <b>RESOURCES EXPENDED</b> <b>(Continued)</b>	2017		2016	
	Group	Charity	Group	Charity
<b>Strategic development costs</b>				
Staff costs	529,133	462,450	420,892	385,835
Direct costs	142,314	142,314	277,483	232,271
Office costs	108,060	95,146	85,857	77,900
Legal and professional fees	81,521	62,038	94,772	74,052
Audit fees	11,988	8,352	11,344	7,648
Other	11,309	11,309	16,287	16,282
	<u>884,325</u>	<u>780,609</u>	<u>906,635</u>	<u>793,988</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 £46,920 for the Group.

<b>Grants comprise:</b>	2017		2016	
	Group	Charity	Group	Charity
Paid in the year	10,200	10,200	55,151	55,151
	<u>10,200</u>	<u>10,200</u>	<u>55,151</u>	<u>55,151</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

4. STAFF COSTS	2017	2016
	£	£
Gross salaries	835,099	622,993
Employer's NI contributions	93,500	72,773
Employer's pension contributions	27,942	22,278
	<u>956,541</u>	<u>718,044</u>
Key management benefits	<u>667,021</u>	<u>572,334</u>

The average number of employees in the year was 15 (2016: 13). Employees are divided between housing support and strategic development, 9:6, respectively.

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

	2017	2016
£60,000 - £69,999	1	3
£70,000 - £79,999	3	2
£80,000 - £89,999	1	-
£140,000 - £149,999	-	1
£200,000 - £209,999	1	-

Pension payments of £27,942 were made during the year in respect of twelve of the employees (2016: £22,278).

5. GOODWILL	Total £
<b>Cost</b>	
At 1 April 2016	363,639
Additions	-
At 31 March 2017	<u>363,639</u>
<b>Amortisation</b>	
At 1 April 2016	90,912
Amortisation Charge	72,728
At 31 March 2017	<u>163,640</u>
<b>Net Book Value</b>	
At 1 April 2016	<u>272,727</u>
At 31 March 2017	<u>199,999</u>

The goodwill will be amortised over 5 years.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

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

	Land	Buildings	Total
	£	£	£
<b>COST</b>			
<b>Cost at 1 April 2016</b>	26,792,171	11,852,729	38,644,900
Additions	7,588,002	40,069,177	47,657,179
Disposal	-	-	-
<b>Cost at 31 March 2017</b>	<u>34,380,173</u>	<u>51,921,906</u>	<u>86,302,079</u>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2016</b>	-	243,751	243,751
Charge in the year	-	453,589	453,590
Disposal	-	-	-
<b>Balance at 31 March 2017</b>	<u>-</u>	<u>697,340</u>	<u>697,341</u>
<b>Net book value at 31 March 2017</b>	<u>34,380,173</u>	<u>51,224,566</u>	<u>85,604,739</u>
Net book value at 31 March 2016	<u>26,792,171</u>	<u>11,608,978</u>	<u>38,401,149</u>

**FREEHOLD LAND AND BUILDINGS: CHARITY**

	Land	Buildings	Total
	£	£	£
<b>COST</b>			
<b>Cost at 1 April 2016</b>	7,897,833	8,086,577	15,984,410
Additions	5,574,091	38,941,030	44,515,121
Disposal	-	-	-
<b>Cost at 31 March 2017</b>	<u>13,471,924</u>	<u>47,027,607</u>	<u>60,499,531</u>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2016</b>	-	161,731	161,731
Charge in the year	-	373,974	373,974
Disposal	-	-	-
<b>Balance at 31 March 2017</b>	<u>-</u>	<u>535,705</u>	<u>535,705</u>
<b>Net book value at 31 March 2017</b>	<u>13,471,924</u>	<u>46,491,902</u>	<u>59,963,826</u>
Net book value at 31 March 2016	<u>7,897,833</u>	<u>7,924,846</u>	<u>15,822,679</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

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

	<b>Total</b>
	<b>£</b>
<b>COST</b>	
<b>Cost at 1 April 2016</b>	45,683,594
Additions	15,363,130
Transfers from land and buildings under development	12,784,554
	<b>Cost at 31 March 2017</b>
	73,831,278
 <b>AMORTISATION</b>	
<b>Balance at 1 April 2016</b>	272,954
Charge in the year	445,375
	<b>Balance at 31 March 2017</b>
	718,329
 <b>Net book value at 31 March 2017</b>	 73,112,949
 Net book value at 31 March 2016	 45,410,640

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

	<b>Land</b>	<b>Buildings under development</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost at 1 April 2016</b>	10,096,291	28,741,520	38,837,811
Additions	-	21,725,449	21,725,449
Completions	(7,595,371)	(34,964,919)	(42,560,290)
	<b>Cost at 31 March 2017</b>	<b>15,502,050</b>	<b>18,002,970</b>
	2,500,920	15,502,050	18,002,970

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

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

	Land £	Buildings under development £	Total £
<b>Cost at 1 April 2016</b>	7,750,000	26,237,714	33,987,714
Additions	-	17,952,277	17,952,277
Completions	(5,249,080)	(29,919,468)	(35,168,548)
<b>Cost at 31 March 2017</b>	<u>2,500,920</u>	<u>14,270,523</u>	<u>16,771,443</u>

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

	Office Improvements £	Furniture in properties £	Computer and Office Equipment £	Total £
<b>COST</b>				
<b>Cost at 1 April 2016</b>	55,641	22,537	77,647	155,825
Additions	-	-	2,062	2,062
Disposal	-	(18,361)	(63,199)	(81,560)
<b>Cost at 31 March 2017</b>	<u>55,641</u>	<u>4,176</u>	<u>16,510</u>	<u>76,326</u>
<b>DEPRECIATION</b>				
<b>Balance at 1 April 2016</b>	35,052	20,104	64,641	119,797
Charge in the year	11,276	2,129	7,077	20,482
Disposal	-	(18,361)	(63,199)	(81,560)
<b>Balance at 31 March 2017</b>	<u>46,328</u>	<u>3,871</u>	<u>8,519</u>	<u>58,719</u>
<b>Net book value at 31 March 2017</b>	<u>9,313</u>	<u>305</u>	<u>7,991</u>	<u>17,608</u>
Net book value at 31 March 2016	<u>20,589</u>	<u>2,433</u>	<u>13,006</u>	<u>36,028</u>



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

**10. FIXED ASSET INVESTMENTS: GROUP**

	2017 £	2016 £
<b>Market value at 1 April 2016</b>	1,045,923	5,281,402
Additions	-	-
Disposals	1,048,249	(4,202,189)
Unrealised losses	-	(33,290)
Realised gains	2,326	
<b>Market value at 31 March 2017</b>	-	1,045,923
Cash held as an investment	20,783,656	61,543,361
<b>Total market value at 31 March 2017</b>	20,783,656	62,589,284
Historical cost at 31 March 2017	20,783,656	62,655,260

<b>Market values at 31 March 2017 are analysed as:</b>	2017 £	2016 £
Bonds	-	1,045,923
Cash	20,783,656	61,543,361
	20,783,656	62,589,284

**FIXED ASSET INVESTMENTS: CHARITY**

	2017 £	2016 £
<b>Market value at 1 April 2016</b>	23,793,264	28,028,743
Disposals	(1,048,249)	(4,202,189)
Unrealised losses	-	(33,290)
Realised gains	2,326	-
<b>Market value at 31 March 2017</b>	22,747,341	23,793,264
Cash held as an investment	20,783,656	61,543,361
<b>Total market value at 31 March 2017</b>	43,530,997	85,336,625
Historical cost at 31 March 2017	43,530,997	85,402,601

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

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

Market values at 31 March 2017 are analysed as:	2017 £	2016 £
Bonds	-	1,045,923
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	20,783,656	61,543,361
	<u>43,530,997</u>	<u>85,336,625</u>

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:

	2017 £	2016 £
Cash	<u>20,783,656</u>	<u>61,543,361</u>

**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>2017 £</b>	<b>2017 £</b>	<b>2017 £</b>	<b>2017 £</b>
Assets	3,247,736	22,274	20,138,363	23,911,434
Liabilities	3,250,350	253,383	22,337,174	2,769,561
Fund/net assets	(2,614)	(231,109)	(2,198,811)	21,141,873
Income	33,890,527	112,677	-	962,533
Expenditure	33,800,283	195,560	857,718	986,859
Profit/(loss)	90,244	(82,883)	(857,718)	(24,326)

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

**11. DEBTORS**

	2017 £		2016 £	
	Group	Charity	Group	Charity
Trade debtors	5,283	434	15,299	8,449
Accrued interest	-	-	3,264	3,264
VAT	208,232	-	231,471	224,423
Other debtors	2,569,467	2,490,091	2,004,821	1,962,158
Prepayments	153,006	128,961	55,074	51,436
Intra group debts	-	5,334,545	-	3,666,817
	2,935,988	7,954,031	2,309,929	5,916,547
	2,935,988	7,954,031	2,309,929	5,916,547

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 £1,018,503 (2016:£ 1,514,727) under the development agreement, £467,946 (2016: £Nil) for a gift, £73,965 (2016: £35,264) for shared costs and £Nil (2016: £268,470) 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 £66,416 (2016: £27,675) for shared costs, £Nil (2016: £120,160) for expenses, £581,556 (2016: £441,812) for a gift, £887,427 (2016: £899,677) and £1,143,964 (2016: £241,094) under loan agreements. Both loan agreements have a ten year term and are repayable in eight and nine years, respectively.

At the year end the amounts owed to the Charity by Dolphin Living Limited were £249,520 (2016:£145,000) for shared costs and expenses.

At the year end the amount owed to the Charity by Hoxton Holdco Limited was £22,212,831 (2016: £21,358,491) under a loan agreement. The loan is repayable in eight years.

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 £193,458 (2016: £93,458) is currently held in reserve for specific development costs.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

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

	2017		2016	
	£		£	
	Group	Charity	Group	Charity
Trade creditors	78,107	40,376	40,295	33,627
Development creditors	557,047	557,047	49,785	49,785
Social security & other taxes	29,032	27,570	23,315	21,290
VAT	-	857,127	11,657	11,657
Accruals	1,845,370	704,157	2,198,933	1,954,225
Development retentions	1,010,049	489,867	779,985	779,985
Loans	88,639	88,639	141,289	141,289
Intercompany creditors	-	260,678	-	-
Other creditors	270,887	218,893	259,212	221,155
	<u>3,879,131</u>	<u>3,244,354</u>	<u>3,504,471</u>	<u>3,213,013</u>

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

	2017		2016	
	£		£	
Amounts due:	Group	Charity	Group	Charity
One to two years	92,434	92,434	94,316	94,316
Two to five years	11,033,930	11,033,930	307,326	307,326
More than five years	56,793,601	56,793,601	57,004,444	57,004,444
	<u>67,919,965</u>	<u>67,919,965</u>	<u>57,406,086</u>	<u>57,406,086</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 2.25% above Bank of England base rate until 2041. The interest rate on £10.7 million of the debt is floating at 2.2% above European Commission reference rate until 2021.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

**15. MOVEMENT ON RESERVES: GROUP**

	Balance 1 April 2016 £	Surplus/ (deficit) £	Net losses on Investments	Transfer £	Balance 31 March 2017 £
Unrestricted funds	148,780,249	37,390	(45,923)	(10,047,503)	138,724,213
Designated funds					
WHOA fund	-	-	-	4,964,037	4,964,037
Sinking fund	200,296	-	-	199,134	399,430
Total unrestricted funds	148,980,545	37,390	(45,923)	(4,884,332)	144,087,680
Restricted Funds	-	12,500,000	-	4,884,332	17,384,332
	<u>148,980,545</u>	<u>12,537,390</u>	<u>(45,923)</u>	<u>-</u>	<u>161,472,012</u>

**MOVEMENT ON RESERVES: GROUP**

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

**MOVEMENT ON RESERVES: CHARITY**

	Balance 1 April 2016 £	Surplus/ (deficit) £	Net losses on Investments	Transfer £	Balance 31 March 2017 £
Unrestricted funds	147,615,244	1,725,320	(45,923)	(10,047,503)	139,247,138
Designated funds					
WHOA fund	-	-	-	4,964,037	4,964,037
Sinking fund	200,296	-	-	199,134	399,430
Total unrestricted funds	147,815,540	1,725,320	(45,923)	(4,884,332)	144,610,605
Restricted Funds	-	12,500,000	-	4,884,332	17,384,332
	<u>147,815,540</u>	<u>14,225,320</u>	<u>(45,923)</u>	<u>-</u>	<u>161,994,937</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

**MOVEMENT ON RESERVES: CHARITY**

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

The transfer of funds from unrestricted to restricted relates to the purchase or development of homes for use in the WHOA scheme, and reflects expenditure over and above the restricted grant received. The homes, and funds, are restricted for the duration of the scheme (15 years).

The transfer of funds from unrestricted to the designated sinking fund is 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 transfer of funds from unrestricted to the designated WHOA fund reflects the contingent liability for the payment of enhanced deposits to the participants of the scheme. The amount designated is the net present value of projected enhanced deposit payments over the duration of the scheme.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2017 (continued)**

**16. RESTRICTED FUNDS: GROUP**

	<b>Restricted Funds £</b>	<b>Designated Funds £</b>	<b>Unrestricted Funds £</b>
Fixed assets	17,384,332	-	-
Current assets	-	5,363,467	210,523,309
Liabilities	-	-	(71,799,096)
<b>Total Funds</b>	<u>17,384,332</u>	<u>5,363,467</u>	<u>138,724,213</u>

**RESTRICTED FUNDS: CHARITY**

	<b>Restricted Funds £</b>	<b>Designated Funds £</b>	<b>Unrestricted Funds £</b>
Fixed assets	17,384,332	-	-
Assets	-	5,363,467	210,411,456
Liabilities	-	-	(71,164,318)
<b>Total Funds</b>	<u>17,384,332</u>	<u>5,363,467</u>	<u>139,247,138</u>

The restricted income received has been used to fund the purchase or development of properties to be utilised in the WHOA scheme. The assets acquired using the restricted funds are restricted in so far as they are being used by the scheme.

**17. TRUSTEES' EXPENSES**

The Chair of the Dolphin Square Charitable Foundation received a salary of £6,000 the remaining Governors of Dolphin Square Charitable Foundation received no remuneration during the year. Expenses of £Nil (2016: £2,149) were reimbursed to no (2016: one) 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 2017 (continued)**

**20. COMMITMENTS**

The Charity and the Group has the following commitments payable within the year to 31 March 2017:

<b>OPERATING LEASE: GROUP AND CHARITY</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Lease payments within one year	69,113	69,113
Lease payments later than one year not later than five years	207,339	276,533
	<u>276,452</u>	<u>345,646</u>

Amounts payable under operating leases during the year ended 31 March 2017 amounted to £74,687.

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Authorised</b>	<b>Contracted for</b>	<b>Authorised</b>	<b>Contracted</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital commitments	35,907,383	35,907,383	28,893,191	11,253,191
	<u>35,907,383</u>	<u>35,907,383</u>	<u>28,893,191</u>	<u>11,253,191</u>