

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

(Registered Charity Number: 1110090)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2019

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**REPORT AND ACCOUNTS
YEAR ENDED 31 MARCH 2019**

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THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS

Corporate Trustee:	Dolphin Square Charitable Trustee Limited
Brand name:	Dolphin Living
Governors of Corporate Trustee	David Lavarack MBA, DipFS, ACIB (Chair) Deirdra Armsby BA (Hons) Bruce Clitherow, TD, BSc MRICS Andrew Giblin BSocSc Julia Moulder Sarah Philbrick Catriona Simons Jane Staveley Anna Strongman
Acquisition and Finance Committee	Andrew Giblin (Chair) David Lavarack Fenella Edge Julia Moulder Richard Petty Sarah Philbrick Anna Strongman
Audit and Risk Committee	Jane Staveley (Chair) Deidra Armsby Ben Laryea Richard Petty Catriona Simons
Remuneration and Nominations Committee	Bruce Clitherow (Chair) Andrew Giblin David Lavarack Jane Staveley
Key management personnel	Olivia Harris BSc FCA (Chief Executive) Alex Glenister BA MSc MRICS James Hedgman BBus CA Octavia Williams BSc MSc MCIH Sam While BA MSc

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

Banker

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

Solicitors

CMS Cameron McKenna Nabarro Olswang
LLP
Cannon Place
78 Cannon Street
London
EC4N 6AF

Stone King LLP
29 Ely Place
London
EC1N 6TD

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DT

Auditor

Crowe U.K. 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 2019

The Trustee presents the annual report and audited financial statements for the year ended 31 March 2019. 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:

- David Lavarack, (Chair) MBA, DipFS, ACIB
- Deirdra Armsby, BA (Hons)
- Bruce Clitherow, TD, BSc, MRICS
- Andrew Giblin, BSocSc
- Julia Moulder appointed 27 November 2018
- Sarah Philbrick
- Catriona Simons
- Jane Staveley
- Anna Strongman appointed 27 November 2018
- Peter B G Williams, OBE, FCA retired 19 July 2018

The company secretary is Olivia Harris BSc FCA.

There are four classes of membership:

- A The Dolphin Square Trust (represented by Bruce Clitherow)
- B Westminster City Council (represented by Deirdra Armsby)
- C CityWest Homes
- 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 2019 (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.

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 her team.

The Charity has committees covering areas of specialised interest: Acquisition & Finance; Audit & Risk; and, Remuneration & Nominations. 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 her 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 Governors of the 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 housing 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 2019 (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 Regulator of Social Housing), 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.

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 and the surrounding area, 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 2019 (Continued)**

CHAIR'S FOREWORD

The financial year completed has seen a solid performance by the charity and its subsidiaries with a strong financial result coupled with good operational delivery.

Our charitable object is to provide homes to those who cannot afford market housing. This is primarily met through the provision of intermediate rental homes which make up 82% of our property portfolio of 631 homes, with the rent levels on average set at 54% of local market rent. The homes are offered at a variety of rents, meaning we are supporting London workers on a range of incomes and in a range of occupations.

Although the number of homes available to rent has not increased during the year, we are making progress towards our target of 1,000 homes. A further 174 units across three developments are currently under construction and will become available during 2019/20. In addition, we have submitted planning applications in 2019 for two further developments. We now own homes and operate in 9 London boroughs.

We see the importance of resident engagement as part of the success of the charity. We regularly visit our estates and talk to residents about their experiences. We encourage resident forums and associations and we see this as an opportunity to create a sense of community. Moving forward we will continue to improve our communication channels including digital platforms where amongst other things residents will be able to report repairs and maintenance issues directly to us.

During the year we secured further funding from Canada life of £26m which was, in part, used to repay the Build to Rent facility from Homes England with the balance used to provide funding for our development at Lanark Road in Westminster.

The Board is also delighted to see the Westminster Home Ownership Accelerator scheme provide a further 6 grants to assist Londoners purchase a new home. In 2019 we should see more Londoners benefit from this scheme as the three year tenure for the original participants in the scheme draws to a close and new successful participants enter as their replacements.

I'm pleased to record my thanks to my fellow board members and to welcome Julia Moulder and Anna Strongman to the board who bring a wealth of development expertise and experience. I'd like to thank also our strong executive team who have been joined by Octavia Williams and James Hedgman during the year. The team are very ably led by our Chief Executive Olivia Harris and have all contributed to the good results achieved this year.

I look forward to working with the Board and executive team over the coming year to continue to deliver great homes and services to Londoners on limited incomes.



David Lavarack
Chair

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2019 (Continued)**

ACHIEVEMENTS AND PERFORMANCE

Homes available to rent

Our portfolio now comprises 645 units of which 631 are homes for rent and 14 are commercial units. Of the total portfolio 83% are affordable housing, providing homes at an average rent of 54% of market rent whilst delivering a financial return that ensures the continued financial viability and growth of the Charity.

A further 174 units are expected to be completed and available for rent during 2019 with planning being submitted for both the New Era estate and Parkhouse Lane over the summer of 2019.

	Intermediate	Social	PRS	TOTAL No. of Housing Units	Commercial units	TOTAL No. of Units
Units in management						
Current Portfolio	534	39	58	631	14	645
<i>% of portfolio</i>	<i>83%</i>	<i>6%</i>	<i>9%</i>		<i>2%</i>	<i>100%</i>
Units under construction	106	10	58	174	0	174
Portfolio 31 March 2020	640	49	116	805	14	819
Planning	114	14	171	299	0	299
Forecasted Total	754	63	287	1,104	14	1,118

We continue to meet our charitable objectives with the majority of our affordable housing being intermediate rental homes. These homes provide stable tenancies at a range of rents affordable to households earning less than the affordable housing incomes limits set annually by the Mayor of London. Priority is given to those who can afford the rent yet earn the least and those who will most fully occupy each home. In following our charitable objects we aim to prioritise those with a Westminster connection.

Alongside our intermediate rental homes we provide a smaller number of homes at affordable and social rent that are subject to nominations by the local authority. We also own and let a portfolio of homes for those with a more acute housing need.

In 2016 we introduced a personalised rent approach for the tenants at the New Era estate which allowed rent levels to be set based on a residents ability to afford the rent. In March 2019 we saw the first three-year review of the policy. All participating tenants continued with this innovative rent setting approach. The design of this policy continued to support the low-income workers who live on the New Era estate and continues to be in alignment with our charitable objectives.

Throughout the year we maintained 100% compliance with Health & Safety targets.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

ACHIEVEMENTS AND PERFORMANCE (Continued)

Development properties and pipeline

Construction continues at Westbourne Park Baptist Church to rebuild the church facilities and a library, with 33 affordable homes above. The church facilities comprise a three storey church at basement and ground floor levels, a community hall and a children's library, as well as offices and meeting rooms. Completion is scheduled in the summer of 2019.

Construction commenced in July 2017 at our site on Lanark Rd, in Maida Vale. In June 2018 we obtained a variation to the planning consent increasing the total number of homes by 6 to 73 of which 49 will be affordable, enabling us to retain the development as 100% build to rent. The development also provides a much needed sports hall and youth club for the local community and is due to complete in early 2020.

Construction of the 68 homes on Kingsland Road, Hackney continues, and we are expecting the development to complete in autumn 2019. 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 has covenanted to offer at least half of the homes at sub-market rents. Providing that we gain a successful planning consent, these homes will be used to accommodate residents from the New Era estate whilst we rebuild the estate.

Since acquiring the New Era estate in the London Borough of Hackney in 2014 we have undertaken extensive repairs as well as surveying the estate both of which has informed our understanding of the longer term needs of the estate. Even with repairs it's become self-evident that the fabric of the estate limits the changes we could make through refurbishment. A key objective of the Charity is to provide quality homes to our residents and therefore we proposed to the residents' association an option to rebuild the estate as this would enable us to provide them each with a brand new home and better facilities. After extensive consultation we put a redevelopment proposal to residents and asked them whether they supported the proposal via a resident's ballot in early 2019. A 91% turnout and 91% being in favour, the result represented considerable support for our proposal and indeed the work and relationships we have developed with the tenants at New Era over time.

A planning application for 199 apartments and 344 square meters of retail space has been submitted to the London Borough of Hackney. The Build to Rent proposal includes 35% affordable housing and the rest as private rental housing. The existing tenants that are living on the estate when it was acquired in 2014 will be rehoused on the estate and new tenants brought in to the remainder of affordable housing units.

The charity has during the year acquired ten intermediate rental units forming a S106 agreement for a development at 8-10 Broadway SW1. The site is the former New Scotland Yard building and is at the heart of Westminster the Charity's location requirement. Completion of the development is expected in 2021 as which point the units will be let to working Londoners at intermediary rents.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

ACHIEVEMENTS AND PERFORMANCE (Continued)

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

In July 2018 the Foundation raised a further £26m loan with Canada Life. In part the proceeds from this loan were used to repay the Build to Rent facility from Homes England with the balance being used on the on-going development at Lanark Road. After the successful issue of a £25m charity bond in 2017, the Charity still has a further £20m of bonds available for future issue. The proceeds will be used to fund future development opportunities.

Strategy

We are now midway through the two-year 2018-2020 strategy where we set a target of having 1,000 units either in management or in planning. We are in a strong position to meet this target with a 174 units becoming available in 2019 and planning being submitted for a further 299.

The Board and Executive team have invested significant amounts of time and energy to the development of the New Era Estate in Hackney during the year with extensive interaction with tenants and with the London Borough of Hackney. There is a clear focus on getting design right to maximise our charitable objectives, service the existing tenants and maintain a sufficient yield on the investment. This is a significant and strategic development for the Foundation which warrants the investment of time and resource.

During the coming year we will once again sit down and review our achievements and update the strategy to look beyond 2020. This will continue to reflect the Board's desire to grow the portfolio in parallel to offering first class service to our existing tenants. The strategy will again set out the character of the Foundation and provide a new mandate for the Board and Executive team to move forward.

The Team

Our Executive team, led by Olivia Harris as Chief Executive, comprises 14 employees across property acquisition & development, property letting & management, and finance & management. Remuneration is reviewed annually with 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 and Nominations Committee who also approve the overall salary expenditure. Key management personnel is made up of Olivia Harris, Alexander Glenister, James Hedgman, Octavia Williams and Samuel While.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

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.

Every development scheme the Charity undertakes will have a proportion of the development providing 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.

CHARITY CODE OF GOVERNANCE

The Charity has adopted the new Charity Code of Governance as adopted by the Charities Commission. The Charity substantively complies with the Code of Governance and aspires to adopt all of the Code.

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 12 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 £164 million in properties, working capital and liquid assets.

Included in general reserves are £1.3 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

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

RESERVES POLICY (Continued)

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 £10.7m million. This is in excess of our target of 12 months of operating costs as funds are held for acquisition opportunities.

FINANCIAL REVIEW

	2019	2018	2017	2016	2015
Net assets	£164.1	£161.7m	£161.5m	£149.0m	£148.8m
Turnover	£9.7m	£8.7m	£19.0m	£3.3m	£10.9m
Operating surplus ^	£3.9m	£3.2m	£13.6m	£(0.2)m	£(0.1)m
Operating margin	40%	36%	72%	-5.2%	-0.6%
Gearing	69%	63%	45%	41%	2%
Interest cover	5.5	2.8	8.8	32.5	-
Units under management	631	629	600	444	371
Units completed in year	-	29	156	73	-

^ Operating surplus excludes finance costs, restricted and investment income and goodwill amortisation.

Rental income amounted to £9.7m million and reflects the increased units introduced in the previous financial year. We anticipate revenue to continue to grow in the coming and subsequent year with more units being added to the portfolio in 2019/2020. 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 £0.3 million.

Expenditure in the year reflects a full year of the Charity and subsidiaries operating at current capacity. There has been a drop in expenditure when compared to 2017/2018 financial year principally due to the higher capitalisation of interest and staff costs associated with developments.

Net income for the Group for the year was £2.4 million. After realised and unrealised losses on investments, general reserves of £164 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.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

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 Board 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 2019 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, 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 the needed skills.

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 existing homes where suitable opportunities arise. 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.

Our planning application submissions for the New Era estate and Camberwell will further enhance our growing portfolio of intermediate rents. We will cautiously progress these developments once planning has been granted in terms of both resource required and financial capacity to deliver them.

As the residential portfolio has grown so the future plans of the Charity have expanded to include the responsibilities of being a landlord. We aim to provide an exemplary service, ensuring that our

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2019 (Continued)

PLANS FOR FUTURE PERIODS (Continued)

homes are regularly upgraded and the portfolio delivers its potential. Throughout all the Charity does, from design, through construction and delivery, to management, there is embedded a strong commitment to meeting our customers' needs.

We will champion the provision of sub-market rental housing as essential in central London and other high value locations.

We are following closely the emerging Build to Rent planning policies and, whilst continuing to focus on our charitable objects, are adapting our offering to fit within this framework. What sets us apart from other Build to Rent providers is our stated goal to maximise the amount of sub-market rental housing within each development. We aim to help a wide range of beneficiaries and income brackets and this is achieved particularly effectively and efficiently through our personalised rent offer at the New Era estate. We hope to expand upon this approach in coming years.

To fund future growth we will raise additional finance as required but will always be mindful of maintaining the strong financial stability that currently exists.

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.

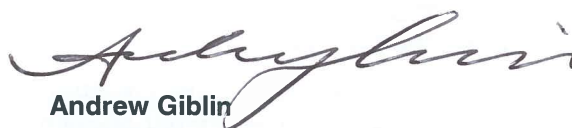
The Trustee is responsible for keeping accounting records that disclose with reasonable accuracy the financial position of the Charity and the Group and enable the trustee to ensure that the financial statements comply with the Charities Act 2011 and regulations made thereunder. The Trustee is also responsible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

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

Approved and authorised for issue by the Trustee on 16th July 2019 and signed on its behalf



David Lavarack
(Chair of Governors)



Andrew Giblin
(Governor)

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
THE DOLPHIN SQUARE CHARITABLE FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2019**

Opinion

We have audited the financial statements of Dolphin Square Charitable Foundation for the year ended 31 March 2019 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
THE DOLPHIN SQUARE CHARITABLE FOUNDATION (Continued)
FOR THE YEAR ENDED 31 MARCH 2019**

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; 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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
THE DOLPHIN SQUARE CHARITABLE FOUNDATION (Continued)
FOR THE YEAR ENDED 31 MARCH 2019**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

London

Date 24 July 2019

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019

	Restricted	Unrestricted	Total	Total
	2019	2019	2019	2018
Note	£	£	£	£
Income and endowments from:				
Restricted Income – Grants Receivable	500,000	-	500,000	83,326
Charitable activities	-	8,031,947	8,031,947	7,106,768
Other trading activities	-	700,494	700,494	922,255
Investment income	-	442,499	442,499	605,811
Profit on sale of land and buildings	-	65,986	65,986	-
Total	500,000	9,240,926	9,740,926	8,718,160
Expenditure on:				
Raising funds				
Investment management fees	-	45,118	45,118	32,352
Property management costs	-	-	-	228,066
Charitable activities				
Housing support	3	4,955,615	4,955,615	3,836,285
Strategic development	3	321,759	321,759	850,986
Finance Costs	-	1,761,748	1,761,748	3,088,040
Total resources expended	-	7,084,240	7,084,240	8,035,729
Net incoming resources before (losses)/ gains on investments	500,000	2,156,686	2,656,686	682,431
Amortisation of goodwill	-	(72,728)	(72,728)	(72,728)
Net gains/(losses) on investments	-	(181,327)	(181,327)	(399,775)
Net income	500,000	1,902,630	2,402,630	209,928
Transfers	16	2,699,591	(2,699,591)	-
Net movement for the year	3,199,591	(796,961)	2,402,630	209,928
Balance brought forward at 1 April	20,782,365	140,899,575	161,681,940	161,472,012
Balance carried forward at 31 March	16	23,981,956	164,084,570	161,681,940

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 22 to 40 form part of the financial statements

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

CONSOLIDATED BALANCE SHEET AS AT
31 MARCH 2019

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Goodwill	5		54,544		127,272
Freehold buildings	6		95,966,560		96,161,820
Leasehold buildings	7		71,741,109		72,778,194
Land and buildings under development	8		70,940,169		34,057,111
Tangible fixed assets	9		50,768		59,607
Investments	10		24,503,136		39,240,403
			<u>263,256,286</u>		<u>242,424,407</u>
CURRENT ASSETS					
Debtors and prepayments	11	2,724,152		3,035,057	
Cash at bank	12	11,567,710		18,115,185	
		<u>14,291,862</u>		<u>21,150,242</u>	
LIABILITIES					
Creditors: amounts falling due within one year	13	(6,303,670)		(4,261,057)	
			<u>7,988,192</u>		<u>16,889,185</u>
NET CURRENT ASSETS					
			<u>271,244,478</u>		<u>229,391,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Creditors: amounts falling due after more than one year	14		(107,159,908)		(97,631,652)
			<u>164,084,570</u>		<u>161,681,940</u>
NET ASSETS					
Unrestricted funds			133,336,876		134,811,564
Designated funds			6,765,738		6,088,011
			<u>140,102,614</u>		<u>140,899,575</u>
Total unrestricted funds			23,981,956		20,782,365
Restricted funds					
			<u>164,084,570</u>		<u>161,681,940</u>
TOTAL FUNDS	16		<u>164,084,570</u>		<u>161,681,940</u>

Approved and authorised for issue by the Trustee on 16 July 2019 and signed on its behalf



David Lavarack
(Chair of Governors)



Andrew Giblin
(Governor)

The notes on pages 22 to 40 form part of the financial statements

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**BALANCE SHEET AS AT
31 MARCH 2019**

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Freehold buildings	6		70,340,947		70,516,564
Leasehold buildings	7		71,741,109		72,778,194
Land and buildings under development	8		68,296,473		33,018,049
Tangible fixed assets	9		50,768		59,607
Investments	10		50,562,798		61,987,744
			<hr/>		<hr/>
			260,992,095		238,360,158
CURRENT ASSETS					
Debtors and prepayments	11	6,634,334		7,331,439	
Cash at bank	12	10,202,821		17,223,153	
			<hr/>	<hr/>	
			16,837,155	24,554,592	
LIABILITIES					
Creditors: amounts falling due within one year	13	(3,561,298)		(1,673,043)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			13,275,857		22,881,549
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>		<hr/>
			274,267,952		261,241,707
Creditors: amounts falling due after more than one year	14		(107,159,908)		(97,631,652)
			<hr/>		<hr/>
NET ASSETS			167,108,044		163,610,055
Unrestricted funds			136,325,746		136,785,306
Designated funds			6,800,342		6,042,384
			<hr/>		<hr/>
Total unrestricted funds			143,126,088		142,827,690
Restricted funds			23,981,956		20,782,365
			<hr/>		<hr/>
TOTAL FUNDS	16		167,108,044		163,610,055

The Charity had gross income of £9,132,115 (2018: £9,275,600) in the year and a net movement on reserves of £3,497,989 (2018: 1,615,118).

Approved and authorised for issue by the Trustee on 19 July 2019 and signed on its behalf


David Lavarack
 (Chair of Governors)


Andrew Giblin
 (Governor)

The notes on pages 22 to 40 form part of the financial statements

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Cash flows from operating activities:			
Net cash used in operating activities	a	5,966,579	1,852,086
Cash flows from investing activities:			
Dividends, interest and rents from investments		442,499	605,810
Proceeds from the sale of property, plant and equipment		665,013	-
Purchase of property, plant and equipment		(37,608,642)	(27,647,895)
Proceeds from sale of investments		14,974,614	24,528,986
Purchase of investments		(600,000)	(43,385,506)
Net cash used in investing activities		(22,126,516)	(45,898,605)
Cash flows from financing activities:			
Repayments of borrowing		(15,834,701)	(148,594)
Cash inflows from new borrowing		25,447,164	29,697,099
Net cash provided by financing activities		9,612,463	29,548,505
Cash and cash equivalents:			
Change in the reporting period		(6,547,475)	(14,498,014)
Balance brought forward at 1 April 2018		18,115,185	32,613,199
Cash and cash equivalents at the end of the reporting period		11,567,710	18,115,185
Note			
a. Reconciliation of cash flows from operating activities			
Net income for the reporting period		2,402,630	156,173
Adjustments for:			
Depreciation charges		1,440,467	1,402,156
Amortisation of costs of raising finance		67,083	104,583
Losses on investments		181,327	399,775
Dividends, interest and rents from investments		(442,499)	(605,810)
Profit on the sale of fixed assets		(65,986)	-
Increase / (Decrease) in debtors		310,905	(99,069)
Increase in creditors		2,072,651	440,522
Net cash used in operating activities		5,966,579	1,798,330

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2019

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) 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.

(c) 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.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2019 (continued)

2. ACCOUNTING POLICIES (Continued)

(d) 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.

(e) 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 homes 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.

(f) Investment income

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

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2019 (continued)

2. ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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

(i) 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 2019 (continued)

2. ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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
----------	-------------------

(l) 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.

(m) Lease commitments

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

(n) 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 2019 (continued)**

2. ACCOUNTING POLICIES (Continued)

(o) 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 £14,291,863 (2018: £21,150,242), investment assets at fair value through income and expenditure of £24,503,136 (2018: £39,240,403) and financial liabilities at amortised cost of £107,159,908 (2018: £97,661,691).

3. RESOURCES EXPENDED

	2019		2018	
	Group £	Charity £	Group £	Charity £
Charitable activities				
Housing support costs				
Staff costs	623,430	461,913	444,213	292,713
Grants payable	90,231	165,339	20,217	65,844
Direct costs	2,011,750	1,650,956	-	-
Property management	621,227	481,916	1,830,868	1,633,789
Office costs	57,295	32,379	106,233	62,909
Legal and professional fees	145,834	72,301	98,652	55,481
Support costs	16,215	34,565	9,608	9,321
Audit fees	20,940	31,770	17,009	5,009
Depreciation: buildings	1,368,693	1,278,742	1,309,485	1,229,192
	<u>4,955,615</u>	<u>4,209,881</u>	<u>3,836,285</u>	<u>3,354,258</u>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

3. RESOURCES EXPENDED Continued)	2019		2018	
	Group £	Charity £	Group £	Charity £
Strategic development costs				
Staff costs	29,831	29,831	511,555	377,849
Direct costs	30,485	-	139,458	28,890
Office costs	79,436	44,892	125,263	96,286
Legal and professional fees	156,464	100,241	54,521	36,796
Audit fees	3,060	3,060	8,265	6,465
Other	22,483	46,586	11,924	11,704
	<u>321,759</u>	<u>224,610</u>	<u>850,986</u>	<u>557,990</u>

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

During the year salary costs capitalised to developments amounted to £431,086 (2018: nil).

Legal and professional fees include payments made to Crowe U.K. LLP for accountancy and tax services. These payments total £21,090 for the Group (2018: £38,058).

Grants comprise:	2019		2018	
	Group £	Charity £	Group £	Charity £
Paid in the year	90,231	165,339	20,217	65,844
	<u>90,231</u>	<u>165,339</u>	<u>20,217</u>	<u>65,844</u>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

4. STAFF COSTS	2019	2018
	£	£
Gross salaries	715,924	787,312
Employer's NI contributions	71,955	87,704
Employer's pension contributions	61,385	40,580
	<hr/>	<hr/>
	849,264	915,596
	<hr/>	<hr/>
Key management benefits	645,703	605,297
	<hr/>	<hr/>

The average number of employees in the year was 13 (2018: 14). Employees are divided between housing support and strategic development, 6:7, respectively.

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

	2019	2018
£60,000 - £69,999	1	1
£70,000 - £79,999	0	1
£80,000 - £89,999	1	2
£90,000 - £99,999	1	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-

Pension payments of £68,881 (2018: 40,580) were made during the year in respect of 16 employees including 4 former employees.

5. GOODWILL	Total
	£
Cost	
At 1 April 2018	363,639
Additions	-
	<hr/>
At 31 March 2019	363,639
	<hr/>
Amortisation	
At 1 April 2018	236,367
Amortisation Charge	72,727
	<hr/>
At 31 March 2019	309,094
	<hr/>
Net Book Value	
At 31 March 2019	54,545
	<hr/>
At 1 April 2018	127,272
	<hr/>

The goodwill has arisen on the purchase of the Hoxton Holdco Limited. During the year the Hoxton Holdco Limited sold its investment in Hoxton Regeneration Limited to the Group's ultimate parent Dolphin Square Charitable Foundation. The goodwill continues to be amortised over 5 years.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

6. FREEHOLD LAND AND BUILDINGS: GROUP

	Land £	Buildings £	Total £
COST			
Cost at 1 April 2018	37,575,498	60,067,386	97,642,884
Additions	-	631,076	631,076
Disposal	-	-	-
Cost at 31 March 2019	37,575,498	60,698,462	98,273,960
DEPRECIATION			
Balance at 1 April 2018	-	1,481,064	1,481,064
Charge in the year	-	826,336	826,336
Disposal	-	-	-
Balance at 31 March 2019	-	2,307,400	2,307,400
Net book value at 31 March 2019	37,575,498	58,391,062	95,966,560
Net book value at 31 March 2018	37,575,498	58,586,322	96,161,820

FREEHOLD LAND AND BUILDINGS: CHARITY

	Land £	Buildings £	Total £
COST			
Cost at 1 April 2018	16,667,249	55,088,450	71,755,699
Additions	-	560,770	560,770
Disposal	-	-	-
Cost at 31 March 2019	16,667,249	55,649,220	72,316,469
DEPRECIATION			
Balance at 1 April 2018	-	1,239,135	1,239,135
Charge in the year	-	736,387	736,387
Disposal	-	-	-
Balance at 31 March 2019	-	1,975,522	1,975,522
Net book value at 31 March 2019	16,667,249	53,673,698	70,340,947
Net book value at 31 March 2018	16,667,249	53,849,315	70,516,564

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

7. LEASEHOLD BUILDINGS: GROUP AND CHARITY

	Total £
COST	
Cost at 1 April 2018	74,022,285
Additions	80,014
Disposals	(597,575)
	<hr/>
Cost at 31 March 2019	73,504,724
	<hr/>
AMORTISATION	
Balance at 1 April 2018	1,244,091
Charge in the year	519,524
	<hr/>
Balance at 31 March 2019	1,763,615
	<hr/>
Net book value at 31 March 2019	71,741,109
	<hr/>
Net book value at 31 March 2018	72,778,194
	<hr/>

8. LAND AND BUILDINGS UNDER DEVELOPMENT: GROUP

	Land £	Buildings under development £	Total £
Cost at 1 April 2018	7,041,749	27,015,362	34,057,111
Additions	-	36,883,058	36,883,058
Completions	-	-	-
	<hr/>	<hr/>	<hr/>
Cost at 31 March 2019	7,041,749	63,898,420	70,940,169
	<hr/>	<hr/>	<hr/>

8. LAND AND BUILDINGS UNDER DEVELOPMENT: CHARITY

	Land £	Buildings under development £	Total £
Cost at 1 April 2018	7,041,749	25,976,300	33,018,049
Additions	-	35,278,424	35,278,424
Completions	-	-	-
	<hr/>	<hr/>	<hr/>
Cost at 31 March 2019	7,041,749	61,254,724	68,296,473
	<hr/>	<hr/>	<hr/>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

9. TANGIBLE FIXED ASSETS: GROUP AND CHARITY

	Office Improve ments £	Furniture in properties £	Computer and Office Equipment £	Total £
COST				
Cost at 1 April 2018	29,354	294	45,362	75,010
Additions	-	-	14,494	14,494
Disposal	-	(294)	(1,403)	(1,697)
Cost at 31 March 2019	29,354	-	58,453	87,807
DEPRECIATION				
Balance at 1 April 2018	2,013	245	13,145	15,403
Charge in the year	5,871	-	16,010	21,881
Disposal	-	(245)	-	(245)
Balance at 31 March 2019	7,884	-	29,154	37,039
Net book value at 31 March 2019	21,470	-	29,299	50,768
Net book value at 31 March 2018	27,341	49	32,217	59,607

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

10. FIXED ASSET INVESTMENTS: GROUP

	2019	2018
	£	£
Market value at 1 April 2018	13,303,086	14,302,861
Additions	600,000	-
Disposals	(8,280,000)	(600,000)
Unrealised losses	(181,327)	(399,775)
	<hr/>	<hr/>
Market value at 31 March 2019	5,441,759	13,303,086
Cash held as an investment	19,061,377	25,937,317
	<hr/>	<hr/>
Total market value at 31 March 2019	24,503,136	39,240,403
	<hr/>	<hr/>
Historical cost at 31 March 2019	24,663,660	39,629,060
	<hr/>	<hr/>

Market values at 31 March 2019 are analysed as:	2019	2018
	£	£
Bonds	5,441,759	13,303,086
Cash	19,061,377	25,937,317
	<hr/>	<hr/>
	24,503,136	39,240,403
	<hr/>	<hr/>

FIXED ASSET INVESTMENTS: CHARITY

	2019	2018
	£	£
Market value at 1 April 2018	36,050,427	22,747,341
Additions	3,912,321	14,302,861
Disposals	(8,280,000)	(600,000)
Unrealised losses	(181,327)	(399,775)
	<hr/>	<hr/>
Market value at 31 March 2019	31,501,421	36,050,427
Cash held as an investment	19,061,377	25,937,316
	<hr/>	<hr/>
Total market value at 31 March 2019	50,562,798	61,987,743
	<hr/>	<hr/>
Historical cost at 31 March 2019	47,381,001	62,376,401
	<hr/>	<hr/>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

10. FIXED ASSET INVESTMENTS: CHARITY (Continued)

Market values at 31 March 2019 are analysed as:	2019	2018
	£	£
Bonds	5,441,759	-
Investment in subsidiaries	100	100
Purchase of Shares	26,059,562	1,345,156
Loans made to subsidiary	-	21,402,085
Cash	19,061,377	20,783,656
	<hr/>	<hr/>
	50,562,798	43,530,997
	<hr/>	<hr/>

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 £26,059,662 (2018: £22,747,341) in wholly owned subsidiaries, DSF Developments Limited and Hoxton Regeneration Limited, which are consolidated in the Group balance sheet.

During the year, Hoxton Holdco Limited sold the entire issued share capital of Hoxton Regeneration Limited to its ultimate parent The Dolphin Square Charitable Foundation.

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

	2019	2018
	£	£
Cash	<u>19,108,656</u>	<u>20,783,656</u>

Subsidiaries

	DSF Developments Limited	Dolphin Living Limited	Hoxton Holdco Limited	Hoxton Regeneration Limited
Company Number	8327131	32446R	114787	597445
Incorporation	England	England	Jersey	England
Shareholding	100%	100%	100%	100%
	2019	2019	2019	2019
	£	£	£	£
Assets	4,577,147	60,430	-	24,760,707
Liabilities	(4,577,047)	(298,283)	-	(3,730,279)
Fund/net assets	100	(241,383)	-	21,030,428
Income	14,595,391	1,167,381	-	1,043,908
Expenditure	(14,595,391)	(1,163,850)	(1,234,031)	(1,043,908)
Profit/(loss)	-	3,531	(1,234,031)	-

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

11. DEBTORS

	2019		2018	
	£		£	
	Group	Charity	Group	Charity
Trade debtors	975,242	734,645	1,700	1,700
VAT	-	9,781	487,161	464,023
Other debtors	1,531,220	730,014	1,494,698	1,419,373
Prepayments	217,690	215,704	1,051,498	174,289
Intra group debts	-	4,944,190	-	5,272,054
	<u>2,724,152</u>	<u>6,634,334</u>	<u>3,035,057</u>	<u>7,331,439</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 £1,493,144 (2018: £nil) under the development agreement, £185,150 (2018: £87,774) for a gift, £169,203 (2018: £58,697) for shared costs.

At the year end the amounts owed to the Charity by Hoxton Regeneration Limited were £123,383 (2018: £59,234) for shared costs, £70,515 (2018: £267,850) for expenses, £443,015 (2018: £603,144) for a gift, £865,074 (2018: £865,074) and £1,223,132 (2018: £1,223,132) under loan agreements. Both loan agreements have a ten year term and are repayable in seven and eight years, respectively.

At the year end the amounts owed to the Charity by Dolphin Living Limited were £284,072 (2018: £248,149) for shared costs and expenses.

At the year end the amount owed to the Charity by Hoxton Holdco Limited was nil (2018: £22,212,831) under a loan agreement.

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 £250,000 (2018: £100,000) is currently held in reserve for specific development costs.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
Trade creditors	3,340,229	979,037	55,073	43,743
Development creditors	150,625	-	1,046,756	163,627
Social security & other taxes	25,933	25,933	26,179	24,717
VAT	22,242	32,023	-	-
Accruals	1,023,107	888,611	1,586,533	719,822
Development retentions	1,197,246	150,625	969,342	150,625
Loans	-	-	30,038	30,038
Intercompany creditors	-	960,615	-	45,412
Other creditors	544,288	524,454	547,136	495,059
	<u>6,303,670</u>	<u>3,561,298</u>	<u>4,261,057</u>	<u>1,673,043</u>

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

Amounts due:	2019		2018	
	Group	Charity	Group	Charity
	£	£	£	£
One to two years	-	-	34,155	34,155
Two to five years	-	-	16,076,388	16,076,388
More than five years	107,159,908	107,159,908	81,521,109	81,521,109
	<u>107,159,908</u>	<u>107,159,908</u>	<u>97,631,652</u>	<u>97,631,652</u>

The cost of raising finance is amortised over the life of a loan in parallel with capital repayments.

The interest rates on £53.5 million and £26.0m of the debt is fixed at 3.73% and 3.48% respectively 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 £25 million of the debt is fixed at 4.25% until 2026.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

15. MOVEMENT ON RESERVES: GROUP

	Balance 1 April 2018 £	Surplus/ (deficit) £	Net losses on Investments £	Transfer £	Balance 31 March 2019 £
Unrestricted funds	134,811,564	2,164,188	(183,327)	(3,457,549)	133,336,876
Designated funds					
WHOA fund	5,248,132	(80,231)	-	310,061	5,477,962
Sinking fund	839,879	-	-	447,897	1,287,776
Total unrestricted funds	140,899,575	2,083,957	(183,327)	(2,699,591)	140,102,614
Restricted Funds	20,782,365	500,000	-	2,699,591	23,981,956
	161,681,940	2,583,957	(183,327)	-	164,084,570

MOVEMENT ON RESERVES: GROUP

	Balance 1 April 2017 £	Surplus/ (deficit) £	Net losses on Investments £	Transfer £	Balance 31 March 2018 £
Unrestricted funds	138,724,213	535,069	(399,775)	(4,047,943)	134,811,564
Designated funds					
WHOA fund	4,964,037	(8,692)	-	297,787	5,248,132
Sinking fund	399,430	-	-	440,449	839,879
Total unrestricted funds	144,087,680	526,377	(399,775)	(3,314,707)	140,899,575
Restricted Funds	17,384,332	83,326	-	3,314,707	20,782,365
	161,472,012	609,703	(399,775)	-	161,681,940

MOVEMENT ON RESERVES: CHARITY

	Balance 1 April 2018 £	Surplus/ (deficit) £	Net losses on Investments £	Transfer £	Balance 31 March 2019 £
Unrestricted funds	136,785,306	3,179,316	(181,327)	(3,457,549)	136,325,746
Designated funds					
WHOA fund	5,202,505	-	-	310,061	5,512,566
Sinking fund	839,879	-	-	447,897	1,287,776
Total unrestricted funds	142,827,690	3,179,316	(181,327)	(2,699,591)	143,126,087
Restricted Funds	20,782,365	500,000	-	2,699,591	23,981,956
	163,610,055	3,679,316	(181,327)	-	167,108,044

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

MOVEMENT ON RESERVES: CHARITY					
	Balance 1 April 2017 £	Surplus/ (deficit) £	Net losses on Investments £	Transfer £	Balance 31 March 2018 £
Unrestricted funds	139,247,138	1,985,886	(399,775)	(4,047,943)	136,785,306
Designated funds					
WHOA fund	4,964,037	(54,319)	-	292,787	5,202,505
Sinking fund	399,430	-	-	440,449	839,879
Total unrestricted funds	144,610,605	1,931,567	(399,775)	(3,314,707)	142,827,690
Restricted Funds	17,384,332	83,326	-	3,314,707	20,782,365
	161,994,937	2,014,893	(399,775)	-	163,610,055

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 expenditure of WHOA funds in the year relates to the successful payment of a grant under the scheme.

The transfer of funds from unrestricted to the designated sinking fund is for long term repair and renewal costs for both individual homes 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 2019 (continued)**

16. NET ASSETS ACROSS FUNDS: GROUP

	Restricted Funds 2019 £	Designated Funds 2019 £	Unrestricted Funds 2019 £
Fixed assets	23,481,957	-	-
Current assets	-	6,765,738	247,300,454
Liabilities	-	-	(113,463,578)
Total Funds	23,481,957	6,765,738	133,836,876

NET ASSETS ACROSS FUNDS: CHARITY

	Restricted Funds 2019 £	Designated Funds 2019 £	Unrestricted Funds 2019 £
Fixed assets	23,481,957	-	-
Assets	-	6,800,342	247,546,952
Liabilities	-	-	(110,721,206)
Total Funds	23,481,957	6,800,342	136,825,746

NET ASSETS ACROSS FUNDS: GROUP

	Restricted Funds 2018 £	Designated Funds 2018 £	Unrestricted Funds 2018 £
Fixed assets	20,782,365	-	-
Current assets	-	6,088,011	236,704,273
Liabilities	-	-	(101,892,709)
Total Funds	20,782,365	5,363,467	134,811,564

NET ASSETS ACROSS FUNDS: CHARITY

	Restricted Funds 2018 £	Designated Funds 2018 £	Unrestricted Funds 2018 £
Fixed assets	20,782,365	-	-
Assets	-	6,042,384	236,090,000
Liabilities	-	-	(99,304,694)
Total Funds	20,782,365	6,042,384	139,247,138

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

17. TRUSTEES' EXPENSES

The Governors of Dolphin Square Charitable Foundation received no remuneration during the year. Expenses of £404 (2018: £ Nil) were reimbursed to 2 (2018: nil) Governors 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.

20. COMMITMENTS

The Charity and the Group has the following commitments payable within the year to 31 March 2019:

OPERATING LEASE: GROUP AND CHARITY	2019	2018
	£	£
Lease payments within one year	79,772	90,019
Lease payments later than one year not later than five years	159,544	180,038
	<u> </u>	<u> </u>

Amounts payable under operating leases during the year ended 31 March 2019 amounted to £79,772.

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

	2019	2019	2018	2018
	Authorised	Contracted	Authorised	Contracted
	£	£	£	£
Capital commitments	27,464,280	27,139,347	25,395,177	25,395,177
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2019 (continued)**

21. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITY

	Note	Restricted 2018 £	Unrestricted 2018 £	Total 2018 £	2017 £
Income and endowments from:					
Restricted Income – Grants Receivable		83,326	-	83,326	12,500,000
Charitable activities		-	7,106,768	7,106,768	4,741,919
Other trading activities		-	922,255	922,255	589,250
Investment income		-	605,811	605,811	283,361
Profit on sale of land and buildings		-	-	-	894,712
Total		83,326	8,634,834	8,718,160	19,009,242
Expenditure on:					
Raising funds					
Investment management fees		-	32,352	32,352	19,748
Property management costs		-	228,066	228,066	88,984
Charitable activities					
Housing support	3	-	3,836,285	3,836,285	3,251,426
Strategic development	3	-	850,986	850,986	884,325
Finance Costs		-	3,088,040	3,088,040	2,154,641
Total resources expended		-	8,035,729	8,035,729	6,399,124
Net incoming resources before (losses)/ gains on investments		83,326	599,105	682,431	12,610,118
Amortisation of goodwill		-	(72,728)	(72,728)	(72,728)
Net gains/(losses) on investments		-	(399,775)	(399,775)	(45,923)
Net income		83,326	126,602	209,928	12,491,467
Transfers	16	3,314,707	(3,314,707)	-	-
Net movement for the year		3,398,033	(3,188,105)	209,928	12,491,467
Balance brought forward at 1 April		17,384,332	144,087,680	161,472,012	148,980,545
Balance carried forward at 31 March	16	20,782,365	140,899,575	161,681,940	161,472,012

