

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**(Registered Charity Number: 1110090)**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2021**



# **THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

## **REPORT AND ACCOUNTS YEAR ENDED 31 MARCH 2021**

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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>	David Lavarack (Chair) Deirdra Armsby Bruce Clitherow Andrew Giblin Julia Moulder Sarah Philbrick Sarah Smith Jane Staveley Anna Strongman
<b>Acquisition, Finance and Development Committee</b>	Andrew Giblin (Chair) David Lavarack Fenella Edge Julia Moulder Richard Petty Sarah Philbrick Anna Strongman
<b>Audit and Risk Committee</b>	Jane Staveley (Chair) Deidra Armsby Ben Laryea Sarah Smith
<b>Remuneration and Nominations Committee</b>	Bruce Clitherow (Chair) Andrew Giblin David Lavarack Jane Staveley
<b>Key management personnel</b>	Olivia Harris (Chief Executive) James Hedgman Sam While Octavia Williams

## THE DOLPHIN SQUARE CHARITABLE FOUNDATION

### REFERENCE AND ADMINISTRATIVE DETAILS (Continued)

<b>Banker</b>	Barclays Bank plc Level 25 1 Churchill Place London E14 5HP
<b>Solicitors</b>	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
<b>Auditor</b>	Crowe U.K. LLP 4th Floor St James House St James Square Cheltenham, GL50 3PR
<b>Investment Managers</b>	Cazenove Capital Management 12 Moorgate London EC2R 6DA

## **DOLPHIN SQUARE CHARITABLE FOUNDATION**

### **REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2021**

The Trustee presents the annual report and audited financial statements for the year ended 31 March 2021. 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 dated 11 May 2005.

#### **TRUSTEE**

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

- David Lavarack, (Chair)
- Deirdra Armsby
- Bruce Clitherow
- Andrew Giblin
- Julia Moulder
- Sarah Philbrick
- Sarah Smith
- Jane Staveley
- Anna Strongman

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 2021 (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 quarterly 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 & Development; 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 16 and 18 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 2021 (Continued)**

**SUBSIDIARIES, STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Charity has three subsidiaries, 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 2021 (Continued)**

**CHAIR'S FOREWORD**

The global pandemic has provided the Dolphin Living Group with a challenging environment for the 2020/21 financial year. Nevertheless, the whole executive and staff team have shown real dedication and professionalism throughout and have continued to provide high quality and affordable homes to hard working Londoners with little disruption to service levels.

**Supporting our tenants**

The challenges faced by our tenants caused by the fallout from the pandemic are varied and, in some cases, extensive. From the start of the pandemic we have had open dialogue with all tenants and have encouraged those in need to approach us for assistance, particularly those in financial hardship resulting from the various lockdowns. The response has been positive and we have provided assistance through rent deferrals where appropriate.

We have maintained our repairs and maintenance programme, continued with estate inspections through the pandemic and have increased our cleaning regime where it has been practical and safe to do so. In addition, we have kept communication channels open and have facilitated online resident events.

We will continue to take this proactive and collaborative approach through these difficult times and beyond.

**Growth in homes**

With the difficult backdrop of the pandemic, we have completed two new development schemes at Lanark Road in Westminster and Kingsland Road in Hackney during the year. This has added an additional 141 homes, taking the Group's portfolio to 798 homes. Letting these homes during a pandemic and the restrictive elements of lockdown has proven difficult, but I am pleased to report that we have achieved near full occupancy.

Construction continues at The Broadway development in Westminster where the Group has forward purchased 10 intermediate rent homes with completion due in winter 2021/2022.

Planning permission for the redevelopment of the New Era estate, creating 199 homes, was granted by the London Borough of Hackney in July 2020. We continue to work with the London Borough of Hackney to improve the affordable housing offer. In addition, we are engaged in discussions with the London Borough of Southwark on our planning application for the redevelopment of 90 homes at Camberwell. Both developments underpin our growth aspirations moving forward.

**Strong financial position**

The Group's underlying financial performance during the year has been robust. With the new schemes at Lanark Road and Kingsland Road becoming income generating, revenue has increased by £2.9m to £12.1m and we achieved an operating surplus of £3.7m. Although a further test of resilience will come after the end of the government's furlough scheme, our rent collection remains strong and we have seen only a relatively small increase in arrears. Our balance sheet continues to grow and strengthen with net assets of £166.7m. We will leverage this strong position to support our development plans with new lending facilities.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION  
REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2021 (Continued)**

**Health and safety**

Achieving full compliance with health and safety regulations remains firmly at the core of our approach. We regularly review our portfolio and take appropriate action to keep our homes safe and compliant with emerging fire safety legislation.

**ESG reporting early adoption**

In November 2020, the Group signed up as an early adopter of the Sustainability Reporting Standard for Social Housing. This evidences our commitment to achieving high performance in the areas of environmental, social and governance (ESG). We will be measured as an organisation on our environmental and social impacts and risks, and the quality of our governance. The objectives of ESG reporting closely align to the Group's charitable objectives, our culture and the future legislative requirements we expect to emerge in coming years. The Group is starting a programme of reviewing energy performance across our portfolio with a view to improving our sustainability.

**Looking forward**

The Board has formulated a new strategy which will take the Group through to 2024. It is based around three core pillars: customers, growth and our homes.

Our customers are our charitable beneficiaries. We will continue to provide good homes at below local market rent and to further improve our service levels and customer satisfaction. We have agreed an objective to grow our portfolio of affordable homes, with an additional 200 units to be delivered by 2024. Our new and existing homes will be well designed for city living, built to a high standard, safe and have long term sustainability.

This will be my final report as Chair. After 10 years with the Group, it is time for me to step down. It has been a privilege to be part of such a capable and dedicated team of trustees, executives and staff. The organisation has achieved significant progress and growth over the past decade, providing many more homes for the wonderful people who keep London going and who help to make it such a vibrant, successful and multicultural city. I am delighted to be handing over to Andrew Giblin, in whose talented hands I am confident that the group will continue to prosper. I wish Andrew and the whole Dolphin team every success.

# THE DOLPHIN SQUARE CHARITABLE FOUNDATION

## REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2021 (Continued)

### ACHIEVEMENTS AND PERFORMANCE

#### Homes available to rent

During the year the Kingsland Road and Lanark Road developments completed which added a further 141 homes to our portfolio which now comprises 798 homes for rent and 13 commercial units. Of the total portfolio 72% is intermediate rent, providing homes at an average rent of 60% of market rent whilst delivering a financial return that ensures the continued financial viability and growth of the Charity. Of the 141 homes completed since 31 March 2020, 96% have been let during 2020/21 under difficult market conditions resulting from the covid-19 pandemic.

	Intermediate	Social	PRS	TOTAL No. of homes	Commercial units	TOTAL
<b>Homes in management</b>						
<b>Portfolio at 31 March 2020</b>	<b>510</b>	<b>39</b>	<b>111</b>	<b>660</b>	<b>13</b>	<b>673</b>
Additions	73	10	58	141	-	141
Disposals	(3)	-	-	(3)	-	(3)
<b>Portfolio at 31 March 2021</b>	<b>580</b>	<b>49</b>	<b>169</b>	<b>798</b>	<b>13</b>	<b>811</b>
% of portfolio	72%	6%	20%		2%	100%
Homes under construction	-	10	-	10	-	10
<b>Portfolio at 31 March 2022</b>	<b>580</b>	<b>59</b>	<b>169</b>	<b>808</b>	<b>13</b>	<b>821</b>
Planning	114	14	171	299	1	300
Existing units demolished for redevelopment	-96	-	-	-96	-11	-107
<b>Forecast to 31 March 2024</b>	<b>598</b>	<b>73</b>	<b>340</b>	<b>1,011</b>	<b>3</b>	<b>1,014</b>

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. Both our intermediate and social rent units are cross subsidised by the 169 market rent units.

Throughout the year we maintained 95% compliance (2020: 100%) with Health & Safety targets. The fall in performance reflects the restriction on operations during successive lockdowns. Since these have ended we have worked to regain 100% compliance.

## **THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

### **REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2021 (Continued)**

#### **ACHIEVEMENTS AND PERFORMANCE (Continued)**

##### **Development properties and pipeline**

During the year construction was completed at two developments. At Lanark Road, Westminster 73 homes were completed with a mix of intermediate, market and social rent. At Kingsland Road, Hackney 68 units were completed with a mix of 34 intermediate and 34 market rent.

Development continued at The Broadway, a development in the heart of Westminster, where the Charity has purchased 10 homes for intermediate rent. These units are expected to be completed by February 2022, providing 10 high quality intermediate homes for working Londoners on modest incomes.

In July 2020 the London Borough of Hackney resolved to grant planning consent for the New Era estate in Hackney where 199 new homes will be built. We have continued to work with the London Borough of Hackney to improve the affordable housing offer as required by the planning committee. We are having ongoing discussions with the London Borough of Southwark on our planning application for the redevelopment of 90 homes at Camberwell.

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 2017 we successfully issued a £25m charity bond. The Charity still has a further £20m of bonds available for future issue when required.

We anticipate acquiring new funding facilities during the coming year as we look to implement our development strategy.

The financial strength of the Group remains strong with cash or near cash being £16.8m and a net asset position of £166.7m. We are therefore well placed to look at a variety of funding avenues including the £20m unissued charity bonds as and when this funding is required.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**REPORT OF THE TRUSTEE**  
**FOR THE YEAR ENDED 31 MARCH 2021 (Continued)**

**ACHIEVEMENTS AND PERFORMANCE (Continued)**

**Strategy**

During 2020 the Board and the executive team formulated a new three year strategy to take the Group through to 2024. The strategy is broken down into three areas of focus; customers, growth and our homes.

*Customers*

Our customers are our charitable beneficiaries. Over the next 3 years we will continue to focus on:

- affordability and delivering intermediate rents at an average of two thirds of local market rent;
- improving service levels and customer satisfaction by staying ahead of all regulatory requirements including health & safety, reviewing and streamlining our approach to repairs, and enhancing technology to improve the customer experience; and
- being innovative in the way we service our customers.

*Growth*

We plan to grow our portfolio by committing to deliver 200+ new homes by 2024. A key element of the growth strategy is the development of the New Era estate in Hackney. The Board and Executive team have invested significant amounts of time and energy to the development over a number of years. We continue to interact with tenants and with the London Borough of Hackney. There has been a clear focus on getting the design right to maximise our charitable objectives, provide for the existing tenants and create sufficient returns on the investment. Having received resolution to grant planning approval we continue to work with the London Borough of Hackney to deliver as many affordable homes as possible. New Era remains a significant strategic development for Dolphin Living. To achieve our growth targets and proceed with New Era we will look to source new funding through 2021/22.

*Our Homes*

Both new and existing homes should meet the evolving needs of our customers in terms of quality, sustainability and safety. We will continue to improve our 200+ older homes through estate refurbishment or regeneration in consultation with our customers and by refurbishing individual homes as they fall vacant or as needs are identified; We will always aim for 100% health and safety compliance at our homes; and create a sustainability strategy in line with emerging best practice and plan how to deliver this across our homes.

**The Team**

Our Executive team, led by Olivia Harris as Chief Executive, comprises 13 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 (Chief Executive), James Hedgman (Finance Director), Samuel While (Development Director) and Octavia Williams (Operations and Compliance Director).

## **THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

### **REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2021 (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 Charity Code of Governance as set out 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 regularly under review by the Acquisition, Finance and Development 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 £167 million in properties, working capital and liquid assets.

Included in general reserves are £2.2 million of reserves designated for the long-term maintenance of the properties. A review of the life cycle costs indicates that significant expenditure from designated

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**REPORT OF THE TRUSTEE**  
**FOR THE YEAR ENDED 31 MARCH 2021 (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**

	2021	2020	2019	2018	2017
Net assets	£166.7	£166.0	£164.1	£161.7m	£161.5m
Turnover	£12.1m	£9.2m	£9.7m	£8.7m	£19.0m
Operating surplus ^	£3.7m	£3.6m	£3.9m	£3.2m	£13.6m
Operating margin	37%	39%	40%	36%	72%
Gearing	67%	68%	69%	63%	45%
Interest cover	2.7	2.2	2.5	2.8	8.8
Homes and under management	798	660	631	629	600
Homes completed in year	141	33	-	29	156

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

Turnover during 2020/21 was significantly up over 2019/20 due to Lanark Road and Kingsland Road developments being completed and let during the year. In addition £0.5m grant income was received from Westminster City Council at the completion of Lanark Road compared to nil grant income in 2020. We also continue to dispose of homes that do not deliver our strategic objectives with three homes sold during the year (2020: three).

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. We anticipate revenue will grow in the coming year although at a slower rate than 2021 as we account for a full year of rental income at Kingsland Road and Lanark Road.

Expenditure in the year was considerably higher than during the previous year which included additional costs incurred in running new properties at Kingsland Road and Lanark Road. Furthermore capitalised interest was reduced resulting in higher interest cost as major developments during the year came to an end. In addition higher property management and depreciation costs reflects the increased portfolio size. We expect our costs to again increase in 2021/22 in correlation with the increased revenue from the new homes being introduced.

Net income for the Group for the year was £0.6 million (2020: £1.9 million). After realised and unrealised losses on investments, general reserves of £166.7 million (2020: £166.0 million) were carried forward.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**REPORT OF THE TRUSTEE**  
**FOR THE YEAR ENDED 31 MARCH 2021 (Continued)**

**GOING CONCERN**

Over the past 12 months the covid-19 pandemic has impacted both the UK economy and to a lesser extent the charity's operations and finances. The longer term impacts of the pandemic remain unknown however the short-term view, at least at the date of the signing of this report, is the situation is manageable by the charity.

The pandemic has had a marginal impact on the core operations of the Charity and Group as of June 2021. Costs have increased reflecting greater wear and tear within our properties as well as increased cleaning costs to keep our residents safe. We have seen an increase in the rent arrears position through the last 14 months however with collection rates of our residential income remaining high we see the impact as being modest. These rates will be truly tested once the government's furlough funding support ceases.

Where tenants have approached the Charity for assistance, we have addressed each case individually and on its merits. We are providing as much assistance as we can where appropriate to tenants and want to work with them to overcome any financial hardship they may sustain over this period of uncertainty.

The Charity, as disclosed in this report, has substantial cash reserves. With the development schemes at Kingsland Road and Lanark Road completing in June and July 2020 respectively, the Charity's contractual commitments have reduced significantly. Having forecasted the Group's cashflow out to 2023/24 and having stress tested the rental receipts over that same period, the Governors consider that the Group has sufficient cash reserves to meet an unexpected and significant fall in rental income.

In April 2021, the Charity moved offices from Belgrave Road to Castle Lane remaining in the Victoria and Westminster area. Most staff continue to work remotely though the offices are open to those that need to attend. The IT platform supporting remote working has worked well over the last 14 months with further plans to be completely 'cloud' based strengthening our strategy of working anywhere at any time. We have experienced no down time in systems during the year with no disruption to the service levels expected of the Group.

During the year we also respecified and retendered our property management services and as a result have reappointed Touchstone CPS for a further term of a minimum of three years. We continue to have a continuous dialogue with the Touchstone CPS who are key to delivering the Group's service model. They have continued to operate and deliver a solid service over the various lockdown periods. They are part of a larger housing group of companies and are financially secure.

The executive team are monitoring the financial position and performance of the Charity closely with updates on key metrics provided to governors on a monthly basis.

The Governors, although acknowledging the potential impact of Covid-19, are satisfied that the financial strength that underpins the Charity provides sufficient confidence that the Charity and its subsidiaries have the ability to continue to operate as a going concern.



## **THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

### **REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2021 (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 2021 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:

- The impact of Covid-19 pandemic on the Charity's ability to collect rents as they fall due and subsequent impact on cashflow;
- economic recession stemming from the Covid-19 pandemic;
- the removal of section 21 of the Housing Act 1988; 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;
- stress testing our budgets and our longer term forecasts;
- 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

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**REPORT OF THE TRUSTEE  
FOR THE YEAR ENDED 31 MARCH 2021 (Continued)**

**PLANS FOR FUTURE PERIODS (Continued)**

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. The successes we have had in the recently completed schemes at Westbourne Park Baptist Church, Kingsland Road and at Lanark Road 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 consent for the New Era estate and submitted application at Camberwell will further enhance our growing portfolio of intermediate rents. We will cautiously progress these developments 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 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 and in doing so fulfilling our charitable objectives.

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.

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 20<sup>th</sup> July 2021 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 2021**

**Opinion**

We have audited the financial statements of Dolphin Square Charitable Foundation for the year ended 31 March 2021 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 2021 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**

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

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

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

**Other information**

The trustees are responsible for the other information contained within the annual report. 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF  
THE DOLPHIN SQUARE CHARITABLE FOUNDATION (Continued)  
FOR THE YEAR ENDED 31 MARCH 2021**

misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 set out on page 16, 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 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://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 2021**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the group and charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the group's and charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the group and charitable company for fraud. The only other laws and regulations we considered in this context are General Data Protection Regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, analytical procedures and sample testing of income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF  
THE DOLPHIN SQUARE CHARITABLE FOUNDATION (Continued)  
FOR THE YEAR ENDED 31 MARCH 2021**

**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

**Cheltenham**

**Date** *4 August 2021*

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	Restricted 2021 £	Unrestricted 2021 £	Total 2021 £
<b>Income and endowments from:</b>				
Restricted Income – Grants Receivable		504,747	-	504,747
Charitable activities		-	10,092,944	10,092,944
Other trading activities		-	1,113,930	1,113,930
Investment income		-	58,652	58,652
Profit on sale of land and buildings		-	334,046	334,046
<b>Total</b>		504,747	11,599,572	12,104,319
<b>Expenditure on:</b>				
Raising funds				
Investment management fees		-	5,216	5,216
Charitable activities				
Housing support	3	-	7,443,990	7,443,990
Strategic development	3	-	279,651	279,651
Finance Costs		-	3,743,514	3,743,514
<b>Total resources expended</b>		-	11,472,371	11,472,371
<b>Net incoming resources before losses on investments</b>		504,747	127,201	631,948
<b>Amortisation of goodwill</b>		-	-	-
<b>Net losses on investments</b>		-	(5,729)	(5,729)
<b>Net income</b>		504,747	121,472	626,219
<b>Transfers</b>	15	358,367	(358,367)	-
<b>Net movement for the year</b>		863,114	(236,895)	626,219
Balance brought forward at 1 April 2020		26,201,353	139,832,429	166,033,782
<b>Balance carried forward at 31 March 2021</b>	15	27,064,467	139,595,534	166,660,001

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 26 to 43 form part of the financial statements



**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Note	Restricted 2020 £	Unrestricted 2020 £	Total 2020 £
<b>Income and endowments from:</b>				
Restricted Income – Grants Receivable		-	-	-
Charitable activities		-	8,308,665	8,308,665
Other trading activities		-	699,442	699,442
Investment income		-	188,599	188,599
Profit on sale of land and buildings		-	23,941	23,941
<b>Total</b>		-	9,220,647	9,220,647
<b>Expenditure on:</b>				
Raising funds				
Investment management fees		-	19,543	19,543
Property management costs		-	-	-
Charitable activities				
Housing support	3	-	5,130,707	5,130,707
Strategic development	3	-	228,546	228,546
Finance Costs		-	1,802,066	1,802,066
<b>Total resources expended</b>		-	7,180,862	7,180,862
<b>Net incoming resources before (losses)/ gains on investments</b>		-	2,039,785	2,039,785
<b>Amortisation of goodwill</b>		-	(54,544)	(54,544)
<b>Net losses on investments</b>		-	(36,030)	(36,030)
<b>Net income</b>		-	1,949,211	1,949,211
<b>Transfers</b>	15	2,219,397	(2,219,397)	-
<b>Net movement for the year</b>		2,219,397	(270,185)	1,949,211
Balance brought forward at 1 April 2019		23,981,956	140,102,614	164,084,570
<b>Balance carried forward at 31 March 2020</b>	15	26,201,353	139,832,429	166,033,782

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**CONSOLIDATED BALANCE SHEET AS AT**  
**31 MARCH 2021**

	Note	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Freehold buildings	5		94,093,995		94,940,155
Leasehold buildings	6		147,141,485		89,850,237
Land and buildings under development	7		17,405,545		68,984,521
Tangible fixed assets	8		57,787		35,440
Investments	9		7,889,012		11,069,186
			<hr/>		<hr/>
			266,587,824		264,879,539
<b>CURRENT ASSETS</b>					
Debtors and prepayments	10	2,515,022		3,930,504	
Cash at bank	11	8,873,734		9,274,489	
		<hr/>		<hr/>	
		11,388,756		13,204,993	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	12	(4,327,837)		(4,941,170)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			7,060,919		8,263,823
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			273,648,743		273,143,362
Creditors: amounts falling due after more than one year	13		(106,988,742)		(107,109,580)
			<hr/>		<hr/>
<b>NET ASSETS</b>			166,660,001		166,033,782
			<hr/>		<hr/>
Unrestricted funds			131,766,268		132,415,909
Designated funds			7,829,268		7,416,520
			<hr/>		<hr/>
Total unrestricted funds			139,595,535		139,832,429
Restricted funds			27,064,466		26,201,353
			<hr/>		<hr/>
<b>TOTAL FUNDS</b>	14		166,660,001		166,033,782
			<hr/>		<hr/>

Approved and authorised for issue by the Trustee on 20 July 2021 and signed on its behalf



**David Lavarack**  
(Chair of Governors)



**Andrew Giblin**  
(Governor)

The notes on pages 26 to 43 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**BALANCE SHEET AS AT**  
**31 MARCH 2021**

	Note	£	2021 £	£	2020 £
<b>FIXED ASSETS</b>					
Freehold buildings	5		69,010,634		69,620,834
Leasehold buildings	6		147,141,484		89,850,237
Land and buildings under development	7		15,041,853		66,027,502
Tangible fixed assets	8		57,787		35,440
Investments	9		33,948,674		37,128,848
			<hr/>		<hr/>
			265,200,432		262,662,861
<b>CURRENT ASSETS</b>					
Debtors and prepayments	10	6,607,326		7,790,405	
Cash at bank	11	8,446,109		8,745,098	
		<hr/>		<hr/>	
		15,053,435		16,535,503	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	12	(3,766,849)		(3,392,758)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			11,286,586		13,142,745
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<hr/>		<hr/>
			276,487,018		275,805,606
Creditors: amounts falling due after more than one year	13		(106,988,742)		(107,109,580)
			<hr/>		<hr/>
<b>NET ASSETS</b>			169,498,276		168,696,026
			<hr/>		<hr/>
Unrestricted funds			134,409,320		134,918,080
Designated funds			8,024,490		7,576,593
			<hr/>		<hr/>
Total unrestricted funds			143,433,809		142,494,673
Restricted funds			27,064,466		26,201,353
			<hr/>		<hr/>
<b>TOTAL FUNDS</b>	14		169,498,276		168,696,026
			<hr/>		<hr/>

The Charity had gross income of £11,086,831 (2020: £8,217,997) in the year and a net movement on reserves of £802,250 (2020: £1,587,982).

Approved and authorised for issue by the Trustee on 20 July 2021 and signed on its behalf



**David Lavarack**  
(Chair of Governors)



**Andrew Giblin**  
(Governor)

The notes on pages 26 to 43 form part of the financial statements

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	a	3,489,465	694,963
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		58,654	188,599
Proceeds from the sale of property, plant and equipment		1,570,206	1,364,983
Purchase of property, plant and equipment		(8,446,088)	(17,829,431)
Proceeds from sale of investments		3,098,174	13,337,992
Net cash used in investing activities		(3,719,054)	(2,937,857)
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(171,166)	(50,328)
Net cash provided by financing activities		(171,166)	(50,328)
<b>Cash and cash equivalents:</b>			
Change in the reporting period		(400,755)	(2,293,221)
Balance brought forward at 1 April		9,274,489	11,567,710
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>8,873,734</b>	<b>9,274,489</b>
<b>Note</b>			
<b>a. Reconciliation of cash flows from operating activities</b>			
Net income for the reporting period		626,219	1,949,211
Adjustments for:			
Depreciation charges		2,371,796	1,431,187
Amortisation of costs of raising finance		76,272	59,927
Losses on investments		5,729	36,030
Dividends, interest and rents from investments		(58,654)	(188,599)
Profit on the sale of fixed assets		(334,046)	(23,941)
Increase / (Decrease) in debtors		1,415,482	(1,206,352)
(Decrease)/Increase in creditors		(613,333)	(1,362,500)
<b>Net cash used in operating activities</b>		<b>3,489,465</b>	<b>694,963</b>

# THE DOLPHIN SQUARE CHARITABLE FOUNDATION

## NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2021

### 1. CHARITY INFORMATION

The Charity is registered with the Charity Commission, registration number 1110090. The registered address of the Charity is 1 Castle Lane, London, SW1E 6DR.

### 2. ACCOUNTING POLICIES

#### (a) Going Concern

Although the impact of Covid-19 to the economy has been significant the Charity and the Group are in a strong position to operate through the economic upheaval and be well placed for when the recovery comes. With the development schemes at Kingsland Road and Lanark Road completed during the 2020/21 financial year, the Group's contractual commitments are significantly reduced. In addition, the Charity has substantial cash reserves to call upon if needed.

Having forecasted the Group's cashflow out to 2023/24 and having stress tested the rental receipts over that same period, the Governors feel that the Group has sufficient cash reserves to meet an unexpected and significant fall in rental income. In addition the rent collection rates throughout 2020/21 remained high providing further confidence of the Group's cashflow and stability.

These accounts are therefore 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 three subsidiaries, DSF Developments Limited, Dolphin Living Limited and Hoxton Regeneration Limited are consolidated, on a line-by-line basis, to produce group financial statements. The consolidated entity is referred to as 'the

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MARCH 2021 (continued)**

**2. ACCOUNTING POLICIES (Continued)**

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.

**(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 that 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.

# THE DOLPHIN SQUARE CHARITABLE FOUNDATION

## NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2021 (continued)

### 2. ACCOUNTING POLICIES (Continued)

#### (f) Investment income

Interest income is included in incoming resources on a receivable basis.

#### (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.

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, the lease and building elements are depreciated separately over their expected useful economic lives.

Land is not depreciated.

Depreciation on other tangible assets 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 2021 (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) 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.

#### **(l) Lease commitments**

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

#### **(m) 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 2021 (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 £11,388,756 (2020: £13,204,993), investment assets at fair value through income and expenditure of £7,889,012 (2020: £11,069,186) and financial liabilities at amortised cost of £106,988,742 (2020: £107,109,580).

<b>3. RESOURCES EXPENDED</b>	<b>2021</b>		<b>2020</b>	
	<b>Group £</b>	<b>Charity £</b>	<b>Group £</b>	<b>Charity £</b>
<b>Charitable activities</b>				
<b>Housing support costs</b>				
Staff costs	855,160	234,205	697,603	513,252
Grants payable	45,149	10,000	135,519	660,050
Direct costs	3,153,780	2,488,771	2,027,963	1,780,704
Property management	786,900	614,494	651,830	504,842
Office costs	68,381	53,071	75,724	55,732
Legal and professional fees	112,342	195,944	94,599	71,555
Support costs	6,141	29,549	16,306	29,351
Audit fees	20,800	18,514	20,340	33,880
Depreciation: buildings	2,395,337	1,874,020	1,410,823	1,287,223
	<hr/>	<hr/>	<hr/>	<hr/>
	7,443,990	5,518,568	5,130,707	4,936,589
	<hr/>	<hr/>	<hr/>	<hr/>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

**3. RESOURCES EXPENDED (continued)**

	<b>2021</b>		<b>2020</b>	
	<b>Group £</b>	<b>Charity £</b>	<b>Group £</b>	<b>Charity £</b>
<b>Strategic development costs</b>				
Staff costs	19,638	324,711	27,299	27,345
Direct costs	18,372	-	-	-
Office costs	94,431	73,579	92,448	64,867
Legal and professional fees	135,529	34,323	83,160	77,492
Audit fees	3,200	3,200	3,120	3,120
Other	8,481	25,181	22,519	40,693
	<u>279,651</u>	<u>460,994</u>	<u>228,546</u>	<u>213,517</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 £363,168 (2020: £432,086).

Legal and professional fees include payments made to Crowe U.K. LLP for accountancy and tax services. These payments total £40,080 for the Group (2020: £21,090).

	<b>2021</b>		<b>2020</b>	
<b>Grants comprise:</b>	<b>Group £</b>	<b>Charity £</b>	<b>Group £</b>	<b>Charity £</b>
Paid in the year	<u>45,149</u>	<u>129,441</u>	<u>135,519</u>	<u>831,183</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

<b>4. STAFF COSTS</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Gross salaries	845,836	753,714
Employer's NI contributions	102,363	90,171
Employer's pension contributions	127,503	89,288
	<hr/>	<hr/>
	1,075,702	933,173
	<hr/>	<hr/>
Key management benefits	560,003	577,845
	<hr/>	<hr/>

The average number of employees in the year was 13 (2020: 13). Employees are divided between housing support and strategic development, 6:7, respectively.

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

	<b>2021</b>	<b>2020</b>
£60,000 - £69,999	1	-
£70,000 - £79,999	-	1
£80,000 - £89,999	1	-
£90,000 - £99,999	1	-
£100,000 - £109,999	1	2
£140,000 - £149,999	1	1

Pension payments of £87,223 (2020: £40,580) were made during the year in respect of 14 employees.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

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

	<b>Land £</b>	<b>Buildings £</b>	<b>Total £</b>
<b>COST</b>			
<b>Cost at 1 April 2020</b>	37,575,498	60,498,310	98,073,808
Additions	-	605,793	605,793
Disposals	(314,286)	(307,863)	(622,149)
Completions	-	-	-
<b>Cost at 31 March 2021</b>	<b>37,261,212</b>	<b>60,796,239</b>	<b>98,057,451</b>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2020</b>	-	3,133,653	3,133,653
Charge in the year	-	829,804	829,804
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>3,963,457</b>	<b>3,963,457</b>
<b>Net book value at 31 March 2021</b>	<b>37,261,212</b>	<b>56,832,783</b>	<b>94,093,995</b>
Net book value at 31 March 2020	37,575,498	57,364,657	94,940,155

**FREEHOLD LAND AND BUILDINGS: CHARITY**

	<b>Land £</b>	<b>Buildings £</b>	<b>Total £</b>
<b>COST</b>			
<b>Cost at 1 April 2020</b>	16,667,249	55,665,279	72,332,528
Additions	-	544,118	544,118
Disposals	(314,286)	(101,687)	(415,973)
Completions	-	-	-
<b>Cost at 31 March 2021</b>	<b>16,352,963</b>	<b>56,107,710</b>	<b>72,460,673</b>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2020</b>	-	2,711,694	2,711,694
Charge in the year	-	745,039	745,039
Disposals	-	(6,694)	(6,694)
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>3,450,039</b>	<b>3,450,039</b>
<b>Net book value at 31 March 2021</b>	<b>16,352,963</b>	<b>52,657,671</b>	<b>69,010,634</b>
Net book value at 31 March 2020	16,667,249	52,953,585	69,620,834

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

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

	<b>Total £</b>
<b>COST</b>	
<b>Cost at 1 April 2020</b>	92,142,499
Additions	336,667
Disposals	(613,674)
Transfers from land and buildings under development	59,075,283
<b>Cost at 31 March 2021</b>	<b>150,940,775</b>
<b>AMORTISATION</b>	
<b>Balance at 1 April 2020</b>	2,292,262
Charge in the year	1,523,878
Disposals	(16,850)
<b>Balance at 31 March 2021</b>	<b>3,799,290</b>
<b>Net book value at 31 March 2021</b>	<b>147,141,485</b>
Net book value at 31 March 2020	89,850,238

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

	<b>Land £</b>	<b>Buildings under development £</b>	<b>Total £</b>
<b>Cost at 1 April 2020</b>	7,041,749	61,942,772	68,984,521
Additions	-	7,496,307	7,496,307
Completions	-	(59,075,284)	(59,075,284)
<b>Cost at 31 March 2021</b>	<b>7,041,749</b>	<b>10,363,796</b>	<b>17,405,545</b>

**LAND AND BUILDINGS UNDER DEVELOPMENT: CHARITY**

	<b>Land £</b>	<b>Buildings under development £</b>	<b>Total £</b>
<b>Cost at 1 April 2020</b>	7,041,749	58,985,753	66,027,502
Additions	-	8,089,634	8,089,634
Completions	-	(59,075,283)	(59,075,283)
<b>Cost at 31 March 2021</b>	<b>7,041,749</b>	<b>8,000,104</b>	<b>15,041,853</b>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

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

	<b>Office Improvements</b>	<b>Computer and Office Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>			
<b>Cost at 1 April 2020</b>	29,354	64,868	94,222
Additions	43,212	14,435	57,647
Disposal	-	(530)	(530)
<b>Cost at 31 March 2021</b>	<b>72,566</b>	<b>78,773</b>	<b>151,339</b>
<b>DEPRECIATION</b>			
<b>Balance at 1 April 2020</b>	13,755	45,026	58,781
Charge in the year	16,314	18,647	34,961
Disposal	-	(190)	(190)
<b>Balance at 31 March 2021</b>	<b>30,069</b>	<b>63,483</b>	<b>93,552</b>
<b>Net book value at 31 March 2021</b>	<b>42,497</b>	<b>15,290</b>	<b>57,787</b>
Net book value at 31 March 2020	15,599	19,841	35,440

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

**9. FIXED ASSET INVESTMENTS: GROUP**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Market value at 1 April</b>	1,205,729	5,441,759
Additions	-	-
Disposals	(1,200,000)	(4,200,000)
Unrealised losses	(5,729)	(36,030)
<b>Market value at 31 March</b>	<b>-</b>	<b>1,205,729</b>
Cash held as an investment	7,889,012	9,863,457
<b>Total market value at 31 March</b>	<b>7,889,012</b>	<b>11,069,186</b>
Historical cost at 31 March	7,889,012	11,069,945

<b>Market values at 31 March are analysed as:</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Bonds	-	1,205,729
Cash	7,889,012	9,863,457
	<b>7,889,012</b>	<b>11,069,186</b>

**FIXED ASSET INVESTMENTS: CHARITY**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Market value at 1 April</b>	27,265,391	31,501,421
Additions	-	-
Disposals	(1,200,000)	(4,200,000)
Unrealised gains/(losses)	(5,729)	(36,030)
<b>Market value at 31 March</b>	<b>26,059,662</b>	<b>27,265,391</b>
Cash held as an investment	7,889,012	9,863,457
<b>Total market value at 31 March</b>	<b>33,948,674</b>	<b>37,128,848</b>
Historical cost at 31 March	30,636,352	33,843,204

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

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

<b>Market values at 31 March 2021 are analysed as:</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bonds	-	1,205,729
Investment in subsidiaries	100	100
Purchase of Shares	26,059,562	26,059,562
Cash	7,889,012	9,863,457
	<hr/>	<hr/>
	33,948,674	37,128,848
	<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 (2020: £26,059,662) in wholly owned subsidiaries, DSF Developments Limited and Hoxton Regeneration Limited, which are consolidated in the Group balance sheet.

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash	<hr/> 7,889,012	<hr/> 9,863,457

**Subsidiaries**

	<b>DSF Developments Limited</b>	<b>Dolphin Living Limited</b>	<b>Hoxton Regeneration Limited</b>
Company Number	8327131	32446R	597445
Incorporation	England	England	England
Shareholding	100%	100%	100%
	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Assets	2,062,946	987,918	23,206,243
Liabilities	(2,062,846)	(522,706)	(4,415,127)
Fund/net assets	100	421,590	18,791,116
Income	(2,045,010)	(1,551,573)	(1,036,142)
Expenditure	2,045,010	1,548,880	1,036,142
Profit/(loss)	-	2,693	-



# THE DOLPHIN SQUARE CHARITABLE FOUNDATION

## NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2021 (continued)

### 10. DEBTORS

	2021 £		2020 £	
	Group	Charity	Group	Charity
Trade debtors	1,396,076	-	1,202,837	-
Other debtors	781,733	913,231	995,319	1,147,487
Prepayments	337,213	335,424	189,848	187,950
Intra group debts	-	5,358,671	-	4,912,468
Downham Road Ltd Loan	-	-	1,542,500	1,542,500
	<u>2,515,022</u>	<u>6,607,326</u>	<u>3,930,504</u>	<u>7,790,405</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 Limited were £1,378,214 (2020: £1,299,488) under the development agreement, which included a gift of £2,121 (2020: £12,497) and £191,472 (2020: £189,492) for shared costs.

At the year end the amounts owed to the Charity by Hoxton Regeneration Limited were £3,467,135 (2020: £2,055,596) from two loan agreements £865,074 (2020: £2,268,933) and £1,198,202 (2020: £1,190,522). Both loan agreements have a ten-year term and are repayable in five and six years, respectively. During the year shared costs recharged by the Charity to Hoxton regeneration amounted to £103,253 (2020: £56,363).

At the year end the amounts owed to the Charity by Dolphin Living Limited were £513,322 (2020: £448,225) for shared costs and expenses.

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

During the year the loan to Downham Road Limited was paid in full.

### 11. CASH AT BANK

An amount of £250,000 (2020: £250,000) is currently held in reserve for specific development costs.

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

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

	<b>2021</b>		<b>2020</b>	
	<b>£</b>		<b>£</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
Trade creditors	1,666,578	1,883,043	1,437,318	93,359
Development creditors	-	-	-	-
Social security & other taxes	22,095	20,133	22,912	22,912
VAT	7,488	7,488	52,614	52,614
Accruals	1,052,849	1,018,227	1,456,827	1,407,265
Development retentions	646,472	-	1,301,386	-
Loans	-	-	-	-
Intercompany creditors	-	-	-	1,199,113
Other creditors	932,355	837,958	670,113	617,495
	<u>4,327,837</u>	<u>3,766,849</u>	<u>4,941,170</u>	<u>3,392,758</u>

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

	<b>2021</b>		<b>2020</b>	
	<b>£</b>		<b>£</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
Amounts due:				
One to two years	85,808	85,808	81,056	81,056
Two to five years	389,346	389,346	369,087	369,087
More than five years	106,513,588	106,513,588	106,659,437	106,659,437
	<u>106,988,742</u>	<u>106,988,742</u>	<u>107,109,580</u>	<u>107,109,580</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 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 2021 (continued)**

**14. MOVEMENT ON RESERVES: GROUP**

	<b>Balance 1 April 2020 £</b>	<b>Surplus/ (deficit) £</b>	<b>Net losses on Investments £</b>	<b>Transfer £</b>	<b>Balance 31 March 2021 £</b>
Unrestricted funds	132,415,909	162,350	(5,729)	(806,264)	131,766,266
Designated funds					
WHOA fund	5,680,847	(35,149)	-	-	5,645,698
Sinking fund	1,735,673	-	-	447,897	2,183,570
Total unrestricted funds	139,832,429	127,201	(5,729)	(358,367)	139,595,534
Restricted Funds	26,201,353	504,747	-	358,367	27,064,467
	<u>166,033,782</u>	<u>631,948</u>	<u>(5,729)</u>	<u>-</u>	<u>166,660,001</u>

**MOVEMENT ON RESERVES: GROUP**

	<b>Balance 1 April 2019 £</b>	<b>Surplus/ (deficit) £</b>	<b>Net losses on Investments £</b>	<b>Transfer £</b>	<b>Balance 31 March 2020 £</b>
Unrestricted funds	133,336,876	2,110,711	(36,030)	(2,995,648)	132,415,909
Designated funds					
WHOA fund	5,477,962	(125,469)	-	328,354	5,680,847
Sinking fund	1,287,776	-	-	447,897	1,735,673
Total unrestricted funds	140,102,614	1,985,241	(36,030)	(2,219,397)	139,832,429
Restricted Funds	23,981,956	-	-	2,219,397	26,201,353
	<u>164,084,570</u>	<u>1,985,241</u>	<u>(36,030)</u>	<u>-</u>	<u>166,033,782</u>

**MOVEMENT ON RESERVES: CHARITY**

	<b>Balance 1 April 2020 £</b>	<b>Surplus/ (deficit) £</b>	<b>Net losses on Investments £</b>	<b>Transfer £</b>	<b>Balance 31 March 2021 £</b>
Unrestricted funds	134,918,080	303,232	(5,729)	(806,264)	134,409,319
Designated funds					
WHOA fund	5,840,921	-	-	-	5,840,921
Sinking fund	1,735,673	-	-	447,897	2,183,570
Total unrestricted funds	142,494,674	303,232	(5,729)	(358,367)	142,433,810
Restricted Funds	26,201,353	504,747	-	358,367	27,064,466
	<u>168,696,027</u>	<u>807,978</u>	<u>(5,729)</u>	<u>-</u>	<u>169,498,276</u>

**THE DOLPHIN SQUARE CHARITABLE FOUNDATION**

**NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MARCH 2021 (continued)**

<b>MOVEMENT ON RESERVES: CHARITY</b>					
	<b>Balance 1 April 2019 £</b>	<b>Surplus/ (deficit) £</b>	<b>Net losses on Investments £</b>	<b>Transfer £</b>	<b>Balance 31 March 2020 £</b>
Unrestricted funds	136,325,746	1,624,013	(36,030)	(2,995,648)	134,918,080
Designated funds					
WHOA fund	5,512,566	-	-	328,355	5,840,921
Sinking fund	1,287,776	-	-	447,897	1,735,673
Total unrestricted funds	143,126,087	1,624,013	(36,030)	(2,219,397)	142,494,674
Restricted Funds	23,981,957	-	-	2,219,397	26,201,353
	<u>167,108,044</u>	<u>1,624,013</u>	<u>(36,030)</u>	<u>-</u>	<u>168,696,027</u>

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 2021 (continued)**

**15. NET ASSETS ACROSS FUNDS: GROUP**

	<b>Restricted Funds 2021 £</b>	<b>Designated Funds 2021 £</b>	<b>Unrestricted Funds 2021 £</b>
Fixed assets	27,064,466	-	239,523,458
Current assets	-	7,829,268	3,559,488
Liabilities	-	-	(111,316,579)
<b>Total Funds</b>	<b>27,064,466</b>	<b>7,829,268</b>	<b>131,766,268</b>

**NET ASSETS ACROSS FUNDS: CHARITY**

	<b>Restricted Funds 2021 £</b>	<b>Designated Funds 2021 £</b>	<b>Unrestricted Funds 2021 £</b>
Fixed assets	27,064,466	-	238,135,966
Current assets	-	8,024,490	7,028,945
Liabilities	-	-	(110,755,591)
<b>Total Funds</b>	<b>27,064,466</b>	<b>8,024,490</b>	<b>134,409,319</b>

**NET ASSETS ACROSS FUNDS: GROUP**

	<b>Restricted Funds 2020 £</b>	<b>Designated Funds 2020 £</b>	<b>Unrestricted Funds 2020 £</b>
Fixed assets	26,201,353	-	238,678,186
Current assets	-	7,416,520	5,788,473
Liabilities	-	-	(112,050,750)
<b>Total Funds</b>	<b>26,201,353</b>	<b>7,416,520</b>	<b>132,415,909</b>

**NET ASSETS ACROSS FUNDS: CHARITY**

	<b>Restricted Funds 2020 £</b>	<b>Designated Funds 2020 £</b>	<b>Unrestricted Funds 2020 £</b>
Fixed assets	26,201,353	-	236,461,508
Assets	-	7,576,593	8,958,910
Liabilities	-	-	(110,502,338)
<b>Total Funds</b>	<b>26,201,353</b>	<b>7,576,593</b>	<b>134,918,080</b>

# THE DOLPHIN SQUARE CHARITABLE FOUNDATION

## NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2021 (continued)

### 16. TRUSTEES' EXPENSES

The Governors of Dolphin Square Charitable Foundation received no remuneration during the year. Expenses of £1,045 (2020: £ 1,045) were reimbursed to 2 (2020: 2) Governors for travel, entertaining and subsistence expenses incurred for business purposes.

### 17. CONTROLLING PARTY

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

### 18. 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.

### 19. COMMITMENTS

The Charity and the Group has the following commitments payable within the year to 31 March 2021:

<b>OPERATING LEASE: GROUP AND CHARITY</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Lease payments within one year	58,220	79,772
Lease payments later than one year not later than five years	177,136	-

Amounts payable under operating leases during the year ended 31 March 2021 amounted to £79,772 (2020: £79,772).

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

	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>Authorised</b>	<b>Contracted</b>	<b>Authorised</b>	<b>Contracted</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital commitments	6,757,625	4,213,796	10,271,284	8,343,643