

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

(Registered Charity Number: 1110090)

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023**

CONTENTS

REFERENCE AND ADMINISTRATIVE DETAILS	1
REPORT OF THE CHAIR.....	3
REPORT OF THE TRUSTEE.....	5
STATEMENT OF TRUSTEE'S RESPONSIBILITIES	17
INDEPENDENT AUDITOR'S REPORT	18
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES.....	23
CONSOLIDATED BALANCE SHEET	24
BALANCE SHEET	25
CONSOLIDATED CASHFLOW STATEMENT	26
NOTES TO THE ACCOUNTS.....	27

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REFERENCE AND ADMINISTRATIVE DETAILS

Corporate Trustee:	Dolphin Square Charitable Trustee Limited
Brand name:	Dolphin Living
Governors of Corporate Trustee	Andrew Giblin (Chair) Deirdra Armsby Bruce Clitherow Jo Moran Julia Moulder Sarah Philbrick Sarah Smith Jane Staveley Anna Strongman
Acquisition, Finance and Development Committee	Julia Moulder (Chair) Fenella Edge Andrew Giblin Richard Petty Sarah Philbrick Anna Strongman
Audit and Risk Committee	Jane Staveley (Chair) Deidra Armsby Ben Laryea Sarah Smith
Operations Committee	Richard Petty (Chair) Bruce Clitherow Ben Laryea Jo Moran Sarah Philbrick
Remuneration and Nominations Committee	Bruce Clitherow (Chair) Andrew Giblin Richard Petty Jane Staveley
Key management personnel	Olivia Harris (Chief Executive) Jacqueline England Gary Preston Octavia Williams

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 55 Ludgate Hill London EC4M 7JW
Investment Managers	Cazenove Capital Management 12 Moorgate London EC2R 6DA

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE CHAIR FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The cost of living crisis presented the Group and its residents with a challenging environment during the 2022/23 financial year. Against this extremely difficult background, our team have maintained our proactive and collaborative approach whilst continuing to provide high quality and affordable homes to hard working Londoners.

Following the acquisition of three properties comprising 31 homes and the disposal of three homes during the year, the Group's portfolio totalled 819 homes at the year end. At which time occupancy was 96%.

Strong financial position

The Group's underlying financial performance during the year has been strong. As a result of the current year acquisitions, revenue increased by £0.8m to £12.6m and we achieved an operating surplus of £0.1m. 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 £168.5m. We completed two loan facilities during the year totalling £12.9m which will support our development plans going forward.

Strategy

The Board formulated a new strategy in 2020 which will take the Group through to 2024. It is based around three core pillars: customers, our homes, and growth, which are discussed in more detail later in this report.

Supporting our residents

The challenges faced by our residents caused by the continuing cost of living crisis are varied and, in some cases, extensive. We have continued our open dialogue with all residents and have encouraged those in need to approach us for assistance, particularly those in financial hardship. The response has been positive and we have provided assistance through rent deferrals and payment plans where appropriate.

Surveying our customers is an important tool to understand their views; our approach has changed for this coming year from an annual portfolio-wide survey to more frequent rolling surveys incorporating the new Tenant Satisfaction Measures ('TSMs') as set out by the Regulator of Social Housing. We have also held regular in person meetings with residents. These sources have and will continue to inform our approach and help us improve the services that we offer.

In addition to the annual surveys carried out by our managing agents, we carried out stock condition surveys at our older homes, as part of a programme to cover all homes every five years. This will inform future plans for improvements of these homes including works to comply with future sustainability legislation.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE CHAIR FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Properties and pipeline

We acquired three properties during the year comprising 31 homes for intermediate rent and have contracted to purchase a further 25 homes which will complete in autumn 2023.

Whilst our plans for the redevelopment of the New Era estate have been delayed as a result of the recent requirement by the London Borough of Hackney (LBH) and Emerging Building Regulations for a second staircase, we are working with LBH to produce a scheme which meets the new requirements and submit an updated planning application later in the year.

We are reviewing our homes built before 2013 to ensure that we can meet the emerging environmental/EPC requirements of these homes and deliver an improved offer to residents.

Environmental, social and governance (ESG) monitoring and reporting

Like all organisations, particularly those within real estate, we have both a responsibility and financial imperative to measure and improve our sustainability performance.

Our primary charitable objective is to *'provide reasonable assistance to those who cannot afford to rent or buy near their place of work'*. Delivering on this social purpose, with a particular focus on affordability of our homes, both in terms of rent and utilities, is therefore a priority.

As a property owner and developer, we are able to contribute to the reduction of carbon emissions through location, design, use and retrofit of our properties.

In 2020, the Group signed up as an early adopter of The Good Economy ESG reporting standard and delivered our first report in 2021. We also completed the Suss benchmark report during the year and will be including the outcomes in our 2023 ESG report in Autumn 2023 alongside our actions to actively address our environmental impact.

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.

Looking forward

Following the appointment of a dedicated Customer Services Director during the year, we are reviewing all aspects of our residents' customer experience and introducing improvements to our customer service offer in collaboration with our managing agent over the next year.

The organisation is well placed to continue to make significant progress and growth over the next decade, providing homes for the many people who keep London going and who help to make it such a successful, vibrant and multicultural city. I would like to thank the capable and dedicated team of trustees, executives and staff for helping to make this happen.

Andrew Giblin (Chair of Governors)



DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2023

The Trustee presents the annual report and audited financial statements for the year ended 31 March 2023. 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:

- Andrew Giblin (Chair)
- Deirdra Armsby
- Bruce Clitherow
- Jo Moran
- Julia Moulder
- Sarah Philbrick
- Sarah Smith
- Jane Staveley (resigned 26 July 2023)
- Anna Strongman

The company secretary is Olivia Harris.

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 2023 (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 was originally funded by a total of £125m received 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 and Development;
- Audit and Risk;
- Operations; and
- Remuneration and Nominations.

These committees meet regularly and help to implement the Board's decisions and report to the main board.

Training opportunities are regularly 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 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.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2023 (continued)

SUBSIDIARIES, STRUCTURE, GOVERNANCE AND MANAGEMENT

During 2023, one Governor of the Charity and two independent directors of Dolphin Living Limited, who are also members of the Board sub-committees, are due to resign. The process to recruit replacements has commenced and is based on an assessment of the Charity's business and skills 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.

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 2023 (continued)

ACHIEVEMENTS AND PERFORMANCE

Homes available to rent

During the year, we acquired three properties at Broadway, Millbank and Wardour Street which added 10, 13 and 8 homes respectively to our portfolio. We also disposed of three homes from our portfolio which now comprises 819 homes for rent and 13 commercial units. Of the total portfolio 72% is intermediate rent, providing homes at an average discount of 34% to market rent whilst delivering a financial return that ensures the continued financial viability and growth of the Charity.

	Number of homes			TOTAL	Commercial units	TOTAL
	Intermediate	Social	PRS/ Market sale			
Portfolio at 31 March 2022	573	49	169	791	13	804
Additions	31	-	-	31	-	31
Disposals	(3)	-	-	(3)	-	(3)
Portfolio at 31 March 2023	601	49	169	819	13	832
% of portfolio	72%	6%	20%	98%	2%	100%
Homes under construction	25	-	-	25	-	25
Forecast to 31 March 2024	626	49	169	844	13	857
Planning:						
Parkhouse Street	13	21	51	85	5	90
Forecast to 31 March 2027	639	70	220	929	18	947

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 homes are cross-subsidised by the 169 market rent homes.

Throughout the year we achieved 100% compliance (2022: 99%) with our Health and Safety KPI targets. These KPIs include:

- ensuring homes have current fire and general risk assessments, and valid gas and electrical certificates; and
- that they have been inspected in the current year.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Customer service

To meet the needs of our growing portfolio, and in line with the industry focus on customer service, we have undertaken a review of our residents' experience - from initial engagement to the end of their tenancy. This review has highlighted several areas on which to prioritise our focus, including resident engagement, repairs, arrears management and the onboarding process for new residents. In conjunction with our managing agent we will be addressing improvements in these areas throughout the coming year.

We have updated our customer satisfaction survey to include the new Tenant Satisfaction Measures (TSMs) and adapted the mechanics to provide a rolling set of data from across the portfolio. We will use this data to ensure we are taking action on the areas that matter most to our residents.

As we look to embed a customer service focus in every part of the organisation, we have begun meeting more frequently with our residents, both in groups and 1:1's, and during regular estate walk rounds. These meetings ensure our residents feel they have a voice and give us an opportunity to listen and act upon their feedback.

Development properties and pipeline

During the year we agreed to purchase 25 homes for intermediate rent at Marylebone Square, Westminster which are expected to complete in October.

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. This consent was subject to improving the affordable housing provision and financial viability and had been resolved with the London Borough of Hackney ('LBH'). However, the recent requirement for a second staircase in new developments above 18m has delayed our plans but we continue to work with LBH and a revised application will be submitted in late 2023 with a redesign of our plans to incorporate the second staircase and to ensure financial viability of the scheme.

We are reviewing the potential for our proposed development at Parkhouse Street, Camberwell, where we received resolution to grant planning for 85 homes during the year, to deliver greater charitable/social benefit. We are also reviewing our older (pre 2013) portfolio to deliver an improved offer to residents.

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.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2023 (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; our homes; and growth.

Customers

Our customers are our charitable beneficiaries and we 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.

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.

Growth

We will continue to provide good homes at below local market rent and to further improve our service levels and customer satisfaction. In 2021, we agreed an objective to grow our portfolio by 200 affordable homes which would be committed to by March 2024. Following the acquisitions made over the past two years, the outstanding target is 169 homes.

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. Whilst New Era remains a significant strategic development, the recent requirement for a second staircase in new developments above 18 metres has caused our plans to be delayed and will not be completed within the 2021-24 strategic plan timeframe. We continue to work with the London Borough of Hackney to deliver a revised design to incorporate the second staircase whilst providing a financially viable scheme.

Delays in the planning process at Parkhouse Street, Camberwell mean that this development will also not be completed within the 2021-2024 timeframe. Plans for both this and the New Era development are expected to be resolved within the next two years.

Construction continues at the Marylebone Square development in Westminster where the Group has forward purchased 25 intermediate rent homes with completion due in September 2023. This acquisition will take our portfolio to 844 homes.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2023 (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Environmental, social and governance (ESG) monitoring and reporting

Our stakeholders include our residents, local communities, investors, local government, our staff and Board. It is becoming increasingly important to maintain and increase our current and future appeal through measuring, reporting and improving our sustainability credentials. To this end, in 2020, the Group signed up as an early adopter of The Good Economy ESG reporting standard which sets out a number of baseline sustainability measures against which adopters must report and evidences our commitment to achieving high performance in all areas of ESG. We are 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. Our third report is due in Autumn 2023.

In both our homes, our office and through development and our supply chain we will:

- minimise our carbon footprint through reducing electricity and gas usage, and prioritising carbon reduction measures in our homes, developments and refurbishments;
- monitor our construction projects to reduce the environmental impact of activities on site;
- risk assess all our construction, development and refurbishment projects against the predicted local impacts of climate change;
- develop sustainable procurement processes for our goods and services;
- assess and improve carbon emissions across our housing stock;
- deliver net gain biodiversity at our developments, creating great places for both people and nature to thrive;
- work with residents so they can make greener choices; and
- encourage our residents to put the environment first and to integrate good environmental practices into their everyday lives.

Following a review of the available industry benchmarks undertaken last year, SHIFT by Suss Housing was selected as a sustainability measure/benchmark and we completed the Suss benchmark report last year and included the outcomes in our 2022 Sustainability Report.

A sustainability group comprising the CEO and other senior members of staff was established during the year to monitor and review our progress against the Group's targets. Additionally, our Net Zero Carbon roadmap was established during the year and will be updated quarterly and used to guide the improvements required for each individual property.

The team

Our Executive team, led by Olivia Harris as Chief Executive, comprises 16 employees across property acquisition & development, property letting & management, and finance. Remuneration is reviewed annually with reference to current salaries, wage inflation and market rates. Management sets the remuneration for all staff except for senior management whose remuneration is set by the Remuneration and Nominations Committee who also approve the overall salary expenditure. Key management personnel are Olivia Harris (Chief Executive), Gary Preston (Finance Director), Octavia Williams (Operations Director) and Jacqueline England (Customer Services Director).

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2023 (continued)

FINANCIAL REVIEW

	2023	2022	2021	2020	2019
Net assets	£168.5m	£168.4m	£166.7m	£166.0m	£164.1m
Turnover	£12.7m	£12.5m	£12.1m	£9.2m	£9.7m
Operating surplus ¹	£4.4m	£5.6m	£4.3m	£3.7m	£3.9m
Operating margin ²	34%	45%	36%	40%	43%
Gearing ³	71%	63%	64%	64%	64%
Interest cover ⁴	3.1	3.2	3.2	5.1	4.9
Homes in portfolio	819	791	798	660	631
Homes completed in year	31	-	141	33	-

¹ Operating surplus excludes finance costs, restricted and investment income and goodwill amortisation.

² Operating surplus as a proportion of income from charitable and other trading activities.

³ Loans as a proportion of total funds.

⁴ Income from charitable and other trading activities divided by finance costs.

Turnover during 2022/23 increased from last year due to the three acquisitions comprising a total of 31 homes which completed during the year offset by the decrease in income resulting from the disposal of three homes that did not deliver our strategic objectives (2022: seven).

Rental income is received from two types of property;

- purpose-built developments; and
- existing properties that the Charity has acquired,

and from three sources;

- intermediate rent leases;
- market rent leases (residential and commercial); and
- leases under its objective to assist those in acute housing need.

Expenditure in the year was considerably higher than during the previous year due to an increased level of repairs at our properties as these properties age as well as post-lockdown catch-up and the high levels of inflation experienced during the year. 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 reflect the increased portfolio size. We expect our costs to again increase in 2023/24 in correlation with the increased revenue from the new homes being introduced and the ongoing high levels of inflation.

Net income for the Group for the year was £0.1m (2022: £1.7m). After realised and unrealised losses on investments, general reserves of £168.5m (2022: £168.4m) were carried forward.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

FINANCIAL REVIEW (continued)

Funding

In 2017, we issued a £25m charity bond and we have a further £20m of bonds available for future issue if required.

During the year we completed two new facilities of £10.0m and £2.9m with Legal and General and Unity Trust Bank respectively. We will continue to investigate the requirement for new funding facilities over the short and medium-term as we look to implement our development and acquisition strategies.

The financial strength of the Group remains strong with cash or near cash being £21.6m and a net asset position of £168.5m.

PLANS FOR FUTURE PERIODS

We will continue to build our portfolio of intermediate rental properties through direct development, working with developers to acquire the affordable housing element of larger schemes and through the acquisition of existing homes. 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 schemes which complete during the year at Broadway, Millbank and Wardour Street as well as Marylebone Square, which completes later this year, can be used to support future applications as a joint venture partner and we anticipate future opportunities and growth in similar areas.

Our planning consents at the New Era estate and Parkhouse Street, Camberwell will further enhance our growing portfolio of intermediate rents. We will cautiously progress these schemes as well as other development opportunities within our portfolio in terms of both the resource required and the 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 customer experience, as well as 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 a strong commitment embedded throughout the organisation to meet our customers' needs and in doing so fulfilling our charitable objectives.

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

We are considering the impact of rent reform on our tenancies and our ability to continue to deliver charitable benefit to those who need it.

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

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 MARCH 2023 (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.

FUTURE LEGISLATION

We actively track emerging legislation which, at present, includes the Fairer Private Rented Sector White Paper. Currently, it is too early to understand the impact on our organisation as much of the detail will only be decided following consultation with the sector.

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 reserves of £168.5m invested in properties, working capital and liquid assets. Included in general reserves are £3.1m of reserves designated for the long-term maintenance of the properties. The life cycle costs for our properties are reviewed annually and a long-term plan is in place to incur these costs at the end of their expected lives which are incorporated into our forecast cash flows. Free reserves, excluding fixed assets, long-term debt and committed funds, are £16.5m. This is in excess of our target of 12 months of operating costs as funds are held for acquisition opportunities.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 MARCH 2023 (continued)

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.

GOING CONCERN

The continuing cost of living crisis has impacted both the UK economy and to a lesser extent the charity's operations and finances. While the longer term impacts and length of the downturn resulting and the cost of living crisis still remain unknown, we expect that, in the short-term, the situation is manageable by the charity.

The cost of living crisis has had a impact on the core operations of the Charity and Group with increased costs reflecting ongoing high inflation levels. Whilst we have seen a small increase in the rent arrears position our collection rates of our residential income have remained high and the impact has been modest.

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.

The Charity, as disclosed in this report, has substantial cash reserves. Having forecasted the Group's cashflow out to 2024/25, and having stress tested the rental receipts and costs impacted by interest rate and inflationary increases, over that same period, the Governors consider that the Group has sufficient cash reserves to meet any potential falls in rental income as well as any interest rate and inflationary cost increases.

Staff work a minimum of two days in the office with the remainder remotely. The IT platform supporting remote working continues to work well and in April 2022 we transferred our systems 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.

In 2021/22, we respecified and retendered our property management services and as a result reappointed Touchstone CPS for a term of three years and we have agreed to extend their contract for a further year. We have a continuous dialogue with them and they are key to delivering the Group's service model. They are part of a larger housing group of companies and are financially secure.

The executive team continue to monitor 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 the cost of living crisis, 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 2023 (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 ongoing process for identifying, evaluating and managing the Charity's significant risks that has been in place for the year ending 31 March 2023 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:

- external market risks including supply chain, cost inflation and labour shortages that would impact on the Charity's ability to deliver services and manage costs;
- regulatory changes, in particular around sustainability, fire safety and housing delivery policy, which increase costs and potentially absorb significant amounts of management resources, as well as impacting on the delivery of housing for intermediate rent;
- insufficient business continuity capacity in the event of a critical or emergency event, which could result in cessation or delay of delivery of strategic objectives, and in the most extreme case organisational failure; and
- dependency on key suppliers whereby Dolphin has significant exposure to the performance and financial stability of a small number of key suppliers.

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

- oversight by the Board and sub-committees of those risks and assurance on performance measures and reporting intended to mitigate the likelihood of occurrence or impact upon occurrence of those risks crystallising;
- setting and reporting of key performance indicators;
- sensitising and stress testing budgets and business plans;
- implementing service standards which can be flexed as required;
- recruiting and retaining suitably qualified and experienced staff and professional advisors to oversee, advise and manage properties;
- providing staff and Board members with training and information to keep abreast of regulatory changes;
- regular testing of the business continuity plan;
- robust procurement process including financial checks; and
- monthly health and safety monitoring of key supplier performance.

The Board continue to identify any skills gaps and the recruitment of new Governors is focused on acquiring the needed skills.

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 26 July 2023 and signed on its behalf.



Andrew Giblin
(Chair of Governors)



Julia Moulder
(Governor)

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
THE DOLPHIN SQUARE CHARITABLE FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2023**

Opinion

We have audited the financial statements of The Dolphin Square Charitable Foundation for the year ended 31 March 2023 which comprise consolidated statement of financial activities, consolidated balance sheet, 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 2023 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

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
THE DOLPHIN SQUARE CHARITABLE FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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 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 17, 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.

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. This description forms part of our Auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
THE DOLPHIN SQUARE CHARITABLE FOUNDATION
FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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 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 taxation and employment legislation.

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 and 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
FOR THE YEAR ENDED 31 MARCH 2023 (continued)**

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 U.K. LLP

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

Date *31 July 2023*

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Restricted 2023 £	Unrestricted 2023 £	Total 2023 £
Income and endowments from:				
Restricted income – grants receivable		-	-	-
Charitable activities		-	11,386,521	11,386,521
Other trading activities		-	1,249,946	1,249,946
Investment income		-	113,530	113,530
Profit on sale of land and buildings		-	344,436	344,436
Total		-	13,094,433	13,094,433
Expenditure on:				
Raising funds				
Investment management fees		-	-	-
Charitable activities				
Housing support	3	-	8,352,486	8,352,486
Strategic development	3	-	284,853	284,853
Finance costs		-	4,325,371	4,325,371
Total resources expended		-	12,962,710	12,962,710
Net income		-	131,723	131,723
Transfers	15	-	-	-
Net movement for the year		-	131,723	131,723
Balance brought forward at 1 April 2022		28,412,800	139,988,550	168,401,350
Balance carried forward at 31 March 2023	15	28,412,800	140,120,273	168,533,073

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 27 to 44 form part of the financial statements

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Note	Restricted 2022 £	Unrestricted 2022 £	Total 2022 £
Income and endowments from:				
Restricted income – grants receivable		68,782	-	68,782
Charitable activities		-	11,126,556	11,126,556
Other trading activities		-	612,299	612,299
Investment income		-	8,014	8,014
Profit on sale of land and buildings		-	654,027	654,027
Total		68,782	12,400,896	12,469,678
Expenditure on:				
Raising funds				
Investment management fees		-	-	-
Charitable activities				
Housing support	3	-	(6,555,574)	(6,555,574)
Strategic development	3	-	(262,823)	(262,823)
Finance costs		-	(3,909,932)	(3,909,932)
Total resources expended		-	(10,728,329)	(10,728,329)
Net income		68,782	1,672,567	1,741,349
Transfers	15	1,279,551	(1,279,551)	-
Net movement for the year		1,348,333	393,016	1,741,349
Balance brought forward at 1 April 2021		27,064,467	139,595,534	166,660,001
Balance carried forward at 31 March 2022	15	28,412,800	139,988,550	168,401,350

All amounts relate to continuing operations. All gains and losses recognised in the year are included in the statement of financial activities.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
CONSOLIDATED BALANCE SHEET AS AT
31 MARCH 2023

	Note	£	2023 £	£	2022 £
FIXED ASSETS					
Freehold buildings	5		94,925,886		95,168,610
Leasehold buildings	6		156,918,128		144,240,476
Land and buildings under development	7		15,618,419		19,276,730
Tangible fixed assets	8		97,376		61,524
Investments	9		-		7,887,904
			<u>267,559,809</u>		<u>266,635,244</u>
CURRENT ASSETS					
Debtors and prepayments	10	1,656,203		1,288,788	
Cash at bank	11	21,711,801		10,344,981	
		<u>23,368,004</u>		<u>11,633,769</u>	
LIABILITIES					
Creditors: amounts falling due within one year	12	(3,355,422)		(3,149,941)	
NET CURRENT ASSETS			<u>20,012,582</u>		<u>8,483,828</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>287,572,391</u>		<u>275,119,072</u>
Creditors: amounts falling due after more than one year	13		(119,039,318)		(106,717,722)
NET ASSETS			<u>168,533,073</u>		<u>168,401,350</u>
Unrestricted funds			133,296,640		133,427,070
Designated funds			6,823,633		6,561,480
Total unrestricted funds			<u>140,120,273</u>		<u>139,988,550</u>
Restricted funds			<u>28,412,800</u>		<u>28,412,800</u>
TOTAL FUNDS	15		<u>168,533,073</u>		<u>168,401,350</u>

Approved and authorised for issue by the Trustee on 26 July 2023 and signed on its behalf


Andrew Giblin
 (Chair of Governors)


Julia Moulder
 (Governor)


The notes on pages 27 to 44 form part of the financial statements

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
BALANCE SHEET AS AT 31 MARCH 2023

	Note	£	2023 £	£	2022 £
FIXED ASSETS					
Freehold buildings	5		69,911,134		70,128,274
Leasehold buildings	6		148,726,652		144,240,476
Land and buildings under development	7		9,157,636		15,914,044
Tangible fixed assets	8		97,376		61,524
Investments	9		26,059,666		33,947,570
			<u>253,952,464</u>		<u>264,291,888</u>
CURRENT ASSETS					
Debtors and prepayments	10	11,498,964		7,408,946	
Cash at bank	11	21,558,645		9,451,253	
		<u>33,057,609</u>		<u>16,860,199</u>	
LIABILITIES					
Creditors: amounts falling due within one year	12	(2,330,725)		(3,163,644)	
NET CURRENT ASSETS			<u>30,726,884</u>		<u>13,696,555</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>284,679,348</u>		<u>277,988,443</u>
Creditors: amounts falling due after more than one year	13		(116,212,686)		(106,717,722)
NET ASSETS			<u>168,466,662</u>		<u>171,270,721</u>
Unrestricted funds			133,230,229		136,296,441
Designated funds			6,823,633		6,561,480
Total unrestricted funds			<u>140,053,862</u>		<u>142,857,921</u>
Restricted funds			<u>28,412,800</u>		<u>28,412,800</u>
TOTAL FUNDS	15		<u>168,466,662</u>		<u>171,270,721</u>

The Charity had gross income of £11,063,713 (2022: £11,356,171) in the year and a net negative movement on reserves of £2,804,059 (2022: £1,772,445 positive).

Approved and authorised for issue by the Trustee on 26 July 2023 and signed on its behalf:


Andrew Giblin
 (Chair of Governors)


Julia Moulder
 (Governor)

The notes on pages 27 to 44 form part of the financial statements

THE DOLPHIN SQUARE CHARITABLE FOUNDATION
CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	a	994,202	1,850,365
Cash flows from investing activities:			
Interest from investments		113,350	8,014
Proceeds from the sale of property, plant and equipment		1,273,979	2,981,109
Purchase of property, plant and equipment		(11,259,492)	(3,368,241)
Amounts invested		-	-
Proceeds of sales of investments		7,887,904	-
Net cash used in investing activities		(1,984,259)	(379,118)
Cash flows from financing activities:			
Repayments of borrowing		(132,130)	-
New financing net of fees		12,489,007	-
Net cash provided by financing activities		12,356,877	-
Cash and cash equivalents:			
Change in the reporting period		11,366,820	1,471,247
Balance brought forward at 1 April		10,344,981	8,873,734
Cash and cash equivalents at the end of the reporting period		21,711,801	10,344,981

Note

a. Reconciliation of cash flows from operating activities

Net income for the reporting period	142,460	1,741,349
Adjustments for:		
Depreciation charges	1,517,479	994,004
Amortisation of costs of raising finance	70,905	72,232
Interest from investments	(113,350)	(8,014)
Profit on the sale of fixed assets	(344,436)	(654,292)
(Decrease)/increase in debtors	(367,415)	1,226,234
Increase/(decrease) in creditors	88,559	(1,521,148)
Net cash used in operating activities	994,202	1,850,365

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2023

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 the cost of living crisis 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. In addition, the Charity has substantial cash reserves to call upon if needed.

Having forecasted the Group's cashflow out to 2024/25 and having stress tested the rental receipts, and costs that could be impacted by interest rate and inflationary increases over that same period, the Governors feel that the Group has sufficient cash reserves to meet an any fall in rental income or increase in costs. In addition, the rent collection rates throughout 2022/23 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.

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 Group'. Only the financial activity of the Group is shown in the consolidated statement of financial activities.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2023 (continued)

2. ACCOUNTING POLICIES (continued)

(c) 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 ongoing 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.

Fixed asset depreciation

Tangible fixed assets are depreciated over their expected useful economic lives. The expected lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

(d) Grants and donations

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

(e) Rental income

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

(f) Investment income

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

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2023 (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.

Additions to tangible fixed assets comprise costs of a capital nature and include capitalised interest and certain staff costs directly attributable to the management of a development. Capitalised interest is calculated at the rate on associated borrowings applied to direct expenditure between the date of gaining planning consent and the date of practical completion.

Depreciation on 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
Freehold buildings	Over 100 to 150 years
Leasehold properties	Over the lower of their lease term and 150 years

Land is not depreciated.

(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 2023 (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 valuation 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.

(n) 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.

Loan transaction costs are amortised over the term of the loan.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

3. RESOURCES EXPENDED	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Charitable activities				
Housing support costs				
Staff costs	1,050,102	1,024,417	506,109	805,744
Grants payable	197,133	216,015	3,302,353	100
Direct costs	4,270,122	3,076,677	3,289,142	3,156,567
Property management	1,037,697	1,019,044	799,863	803,314
Office costs	110,981	77,048	100,889	126,335
Legal and professional fees	81,535	73,064	138,086	160,088
Support costs	13,929	10,958	32,727	25,914
Audit fees	60,551	54,343	43,407	37,780
Depreciation: buildings	1,530,436	1,004,008	1,455,477	964,462
	<u>8,352,486</u>	<u>6,555,574</u>	<u>9,668,053</u>	<u>6,080,304</u>
Strategic development costs				
Staff costs	26,043	24,881	12,953	22,785
Direct costs	-	-	-	-
Office costs	123,778	118,563	112,522	78,084
Legal and professional fees	112,597	100,897	-	-
Audit fees	3,200	3,350	-	-
Other	19,235	15,132	-	-
	<u>284,853</u>	<u>262,823</u>	<u>125,475</u>	<u>100,869</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 £264,702 (2022: £271,829).

Legal and professional fees include costs relating to Crowe U.K. LLP for accountancy and tax services which totalled £29,030 for the Group (2022: £50,938).

Grants comprise:	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Paid in the year	<u>197,133</u>	<u>216,015</u>	<u>3,288,096</u>	<u>303,778</u>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

4. STAFF COSTS	2023	2022
	£	£
Gross salaries	998,626	900,228
Employer's NI contributions	97,466	101,051
Employer's pension contributions	153,476	141,414
	<u>1,249,568</u>	<u>1,142,693</u>
Key management benefits	<u>598,365</u>	<u>585,788</u>

The average number of employees in the year was 15 (2022: 13). Employees are divided between housing support and strategic development, 7:8 (2022: 6:7), respectively.

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

	2023	2022
£60,000 - £69,999	3	4
£70,000 - £79,999	0	1
£80,000 - £89,999	0	-
£90,000 - £99,999	0	1
£100,000 - £109,999	1	-
£110,000 - £119,999	1	1
£140,000 - £149,999	0	1
£150,000 - £159,999	1	0

Pension payments of £153,476 (2022: £141,414) were made during the year in respect of 14 employees (2022: 17).

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

5. FREEHOLD LAND AND BUILDINGS:

Group	Land £	Buildings £	Total £
COST			
At 1 April 2022	42,344,016	56,680,445	99,024,461
Additions	-	155,183	155,183
At 31 March 2023	42,344,016	56,835,628	99,179,644
DEPRECIATION			
At 1 April 2022	-	3,855,851	3,855,851
Charge in the year	-	397,907	397,907
At 31 March 2023	-	4,253,758	4,253,758
NET BOOK VALUE			
At 31 March 2023	42,344,016	52,581,870	94,925,886
At 31 March 2022	42,344,016	52,824,594	95,168,610
Charity			
COST			
At 1 April 2022	21,435,768	51,995,395	73,431,163
Additions	-	148,703	148,703
At 31 March 2023	21,435,768	52,144,098	73,579,866
DEPRECIATION			
At 1 April 2022	-	3,302,889	3,302,889
Charge in the year	-	365,843	365,843
At 31 March 2023	-	3,668,732	3,668,732
NET BOOK VALUE			
At 31 March 2023	21,435,768	48,475,366	69,911,134
At 31 March 2022	21,435,768	48,692,506	70,128,274

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

6. LEASEHOLD BUILDINGS

Group	Total £
COST	
At 1 April 2022	149,022,248
Additions	7,369,382
Disposals	(974,148)
Transfers from land and buildings under development	7,344,466
At 31 March 2023	162,761,948
DEPRECIATION	
At 1 April 2022	4,781,772
Charge in the year	1,110,193
Disposals	(48,145)
At 31 March 2023	5,843,820
NET BOOK VALUE	
At 31 March 2023	156,918,128
At 31 March 2022	144,240,476
Charity	Total £
COST	
At 1 April 2022	149,022,248
Additions	181,464
Disposals	(974,148)
Transfers from land and buildings under development	6,298,013
At 31 March 2023	154,527,577
DEPRECIATION	
At 1 April 2022	4,781,772
Charge in the year	1,067,298
Disposals	(48,145)
At 31 March 2023	5,800,925
NET BOOK VALUE	
At 31 March 2023	148,726,652
At 31 March 2022	144,240,476

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

7. LAND AND BUILDINGS UNDER DEVELOPMENT

Group	Land £	Buildings under development £	Total £
At 1 April 2022	7,041,749	12,234,981	19,276,730
Additions	-	4,461,221	4,461,221
VAT adjustment	-	(664,047)	(664,047)
Transfer to leasehold buildings	-	(7,344,466)	(7,344,466)
Transfer to fixed assets	-	(107,060)	(107,060)
Amounts written off	-	(3,959)	(3,959)
At 31 March 2023	7,041,749	8,576,670	15,618,419
Charity			
At 1 April 2022	7,041,749	8,872,295	15,914,044
Additions	-	289,985	289,985
VAT adjustment	-	(664,047)	(664,047)
Transfer to leasehold buildings	-	(6,283,132)	(6,283,132)
Transfer to fixed assets	-	(44,674)	(44,674)
Transfer to subsidiary	-	(51,000)	(51,000)
Amounts written off	-	(3,540)	(3,540)
At 31 March 2023	7,041,749	2,115,887	9,157,636

8. TANGIBLE FIXED ASSETS

Group and Charity	Office improvements £	Computer and office equipment £	Total £
COST			
At 1 April 2022	72,566	106,504	179,070
Additions	44,674	16,433	61,107
Disposal	(29,354)	(5,154)	(34,508)
At 31 March 2023	87,886	117,783	205,669
DEPRECIATION			
At 1 April 2022	38,716	78,830	117,546
Charge in the year	8,642	16,100	24,742
Disposal	(29,354)	(4,641)	(33,995)
At 31 March 2023	18,004	90,289	108,293
NET BOOK VALUE			
At 31 March 2023	69,882	27,494	97,376
At 31 March 2022	33,850	27,674	61,524

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

9. FIXED ASSET INVESTMENTS:

	2023	2022
Group	£	£
Cash held as an investment	<u>-</u>	<u>7,887,904</u>
Historical cost	<u>-</u>	<u>7,887,904</u>
Charity	2023	2022
	£	£
Investments in subsidiaries	26,059,666	26,059,666
Cash held as an investment	<u>-</u>	<u>7,887,904</u>
	<u>26,059,666</u>	<u>33,947,570</u>
Historical cost	<u>26,059,666</u>	<u>33,947,570</u>

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

Group and Charity	2023	2022
	£	£
Cash	<u>-</u>	<u>7,887,904</u>

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

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

9. FIXED ASSET INVESTMENTS (continued)

The investment in subsidiaries figures above represent investments in the following subsidiaries:

Subsidiaries

	DSF Developments Limited	Dolphin Living Limited	Hoxton Regeneration Limited
Company number	8327131	32446R	597445
Incorporation	England	England	England
Shareholding	100%	100%	100%
	2023 £	2023 £	2023 £
Assets	809,482	12,421,198	22,551,288
Liabilities	(812,240)	(9,012,427)	(4,879,609)
Fund/net assets	(2,758)	3,408,771	17,671,679
Income	298,583	5,066,736	1,047,482
Expenditure	(294,961)	(2,096,656)	(604,521)
Profit/(loss)	3,622	2,970,080	422,961

10. DEBTORS

	Group £		Charity £	
	2023	2022	2023	2022
Trade debtors	299,571	249,201	178,603	125,223
Other debtors	1,162,253	862,456	1,127,224	787,804
Prepayments	194,379	177,131	191,717	175,150
Amounts owed by subsidiaries	-	-	10,001,420	6,320,769
	<u>1,656,203</u>	<u>1,288,788</u>	<u>11,498,964</u>	<u>7,408,946</u>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2023 (continued)

10. DEBTORS (continued)

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 £154,818 (2022: £1,645,654) under the development agreement. During the year, a gift of £nil (2022: £nil) was donated by DSF Developments Limited to the Charity and shared costs of £132,351 were recharged by the Charity to DSF Developments Limited (2022: £nil).

At the year end, the amounts owed to the Charity by Hoxton Regeneration Limited were £4,764,925 (2022: £3,609,056) including two loan agreements for £865,074 (2022: £865,074) and £1,198,202 (2022: £1,198,202). Both loan agreements have a ten-year term and are repayable in three and four years respectively. During the year, shared costs of £297,972 were recharged by the Charity to Hoxton Regeneration Limited (2022: £148,782).

At the year end, the amounts owed to the Charity by Dolphin Living Limited were £5,946,851 (2022: £1,066,059) for shared costs and expenses including three loan agreements for £1,885,000 (2022: £nil), £1,500,000 (2022: £nil) and £2,285,000 (2022: £nil). During the year, shared costs of £296,478 were recharged by the Charity to Dolphin Living Limited (2022: £220,644).

11. CASH AT BANK

An amount of £250,000 (2022: £250,000) is currently held in reserve for specific development costs.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	88,767	244,865	26,739	981,716
Social security & other taxes	34,566	27,682	34,566	25,720
VAT	14,228	7,353	14,228	7,353
Accruals	1,456,426	1,121,801	1,423,903	1,100,169
Development retentions	819,221	646,472	-	-
Loans	106,185	203,706	106,185	203,706
Deferred income	27,834	27,374	27,834	27,834
Other creditors	808,195	870,688	697,270	817,146
	3,355,422	3,149,941	2,330,725	3,163,644

Deferred income relates to rental income received in advance from tenants which is then released after the year end in the period to which it relates.

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

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

Group	2023 £	2022 £
Loans maturing:		
Within one year	118,208	214,376
In one to two years	126,439	214,376
In two to five years	25,434,634	25,643,130
In more than five years	95,668,636	82,494,709
	121,347,917	108,566,591
Unamortised issue costs	(2,202,414)	(1,645,163)
	119,145,503	106,921,428
Due within one year	(106,185)	(203,706)
Due in more than one year	119,039,318	106,717,722
Charity	2023 £	2022 £
Loans maturing:		
Within one year	118,208	214,376
In one to two years	126,439	214,376
In two to five years	25,434,634	25,643,130
In more than five years	92,743,636	82,494,709
	118,422,917	108,566,591
Unamortised issue costs	(2,104,046)	(1,645,163)
	116,318,871	106,921,428
Due within one year	(106,185)	(203,706)
Due in more than one year	116,212,686	106,717,722

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

	2023 £	2022 £	Interest rate	Maturity Year
Fixed rate				
Loan	53,493,438	53,493,438	3.73%	2046
Loan	26,000,000	26,000,000	3.48%	2046
Loan	5,000,000	-	5.35%	2042
Loan	5,000,000	-	5.42%	2053
Charity bond	25,000,000	25,000,000	4.25%	2026
	114,493,438	104,493,438		
Floating rate				
Loan	3,929,479	4,073,153	2.25% above base rate	2041
Loan	2,925,000	-	1.35% above base rate	2032
	121,347,917	108,566,591		

At the balance sheet date, the Group held financial assets at amortised cost of £23,173,616 (2022: £11,454,797), financial assets at fair value through income and expenditure of £nil (2022: £7,887,764) and financial liabilities at amortised cost of £122,289,399 (2022: £109,447,390).

14. MOVEMENTS IN NET DEBT

Group	At 1 April 2022 £	Cashflows £	Transfers £	Non-cash changes £	At 31 March 2023 £
Cash	(10,344,981)	(2,196,094)	(9,170,726)	-	(21,711,801)
Cash held as investments	(7,887,904)	(1,282,822)	9,170,726	-	-
Loans due within one year	203,706	-	(97,521)	-	106,185
Loans due in more than one year	106,717,722	12,153,170	97,521	70,905	119,039,318
	88,688,543	8,674,254	-	70,905	97,433,702
Charity					
Cash	(9,451,253)	(2,936,666)	(9,170,726)	-	(21,558,645)
Cash held as investments	(7,887,904)	(1,282,822)	9,170,726	-	-
Loans due within one year	203,706	-	(97,521)	-	106,185
Loans due in more than one year	106,717,722	9,326,538	97,521	70,905	116,212,686
	89,582,271	5,107,050	-	70,905	94,760,226

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

15. MOVEMENTS IN RESERVES

Group	At 1 April 2022 £	Surplus/ (deficit) £	Transfer £	At 31 March 2023 £
Unrestricted funds	133,427,070	(130,430)	-	133,296,640
Designated funds				
WHOA fund	3,930,013	(185,743)	-	3,744,270
Sinking fund	2,631,467	447,896	-	3,079,363
Total unrestricted funds	139,988,550	131,723	-	140,120,273
Restricted funds	28,412,800	-	-	28,412,800
	168,401,350	131,723	-	168,533,073

	At 1 April 2021 £	Surplus/ (deficit) £	Transfer £	At 31 March 2022 £
Unrestricted funds	131,766,266	1,888,582	(227,778)	133,427,070
Designated funds				
WHOA fund	5,645,698	(216,015)	(1,499,670)	3,930,013
Sinking fund	2,183,570	-	447,897	2,631,467
Total unrestricted funds	139,595,534	1,672,567	(1,279,551)	139,988,550
Restricted funds	27,064,467	68,782	1,279,551	28,412,800
	166,660,001	1,741,349	-	168,401,350

Charity	At 1 April 2022 £	Surplus/ (deficit) £	Transfer £	At 31 March 2023 £
Unrestricted funds	136,296,441	(3,066,212)	-	133,230,229
Designated funds				
WHOA fund	3,930,013	(185,743)	-	3,744,270
Sinking fund	2,631,467	447,896	-	3,079,363
Total unrestricted funds	142,857,921	(2,804,059)	-	140,053,862
Restricted funds	28,412,800	-	-	28,412,800
	171,270,721	(2,804,059)	-	168,466,662

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

15. MOVEMENTS IN RESERVES (continued)

Charity	At 1 April 2021 £	Surplus/ (deficit) £	Transfer £	At 31 March 2022 £
Unrestricted funds	134,409,319	2,003,970	(116,848)	136,296,441
Designated funds				
WHOA fund	5,840,921	(300,307)	(1,610,601)	3,930,013
Sinking fund	2,183,570	-	447,897	2,631,467
Total unrestricted funds	142,433,810	1,703,663	(1,279,552)	142,857,921
Restricted funds	27,064,466	68,782	1,279,552	28,412,800
	<u>169,498,276</u>	<u>1,772,445</u>	<u>-</u>	<u>171,270,721</u>

Restricted funds and the related transfer 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 designated WHOA fund and the related transfer reflects the contingent liability for the payment of enhanced deposits to the participants of the scheme. The expenditure of WHOA funds in the year relates to the successful payment of grants under the scheme.

The designated sinking fund and the related transfer 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 DOLPHIN SQUARE CHARITABLE FOUNDATION

**NOTES TO THE ACCOUNTS
YEAR ENDED 31 MARCH 2023 (continued)**

16. NET ASSETS ACROSS FUNDS

	Restricted funds £	Designated funds £	Unrestricted funds £
Group			
At 31 March 2023			
Fixed assets	28,412,800	-	239,147,009
Current assets	-	6,823,633	16,544,371
Liabilities	-	-	(122,394,740)
Total funds	<u>28,412,800</u>	<u>6,823,633</u>	<u>133,296,640</u>
 At 31 March 2022			
Fixed assets	28,412,800	-	238,222,444
Current assets	-	6,561,480	5,072,289
Liabilities	-	-	(109,867,663)
Total funds	<u>28,412,800</u>	<u>6,561,480</u>	<u>133,427,070</u>
 Charity			
At 31 March 2023			
Fixed assets	28,412,800	-	225,539,664
Current assets	-	6,823,633	26,233,976
Liabilities	-	-	(118,543,411)
Total funds	<u>28,412,800</u>	<u>6,823,633</u>	<u>133,230,229</u>
 At 31 March 2022			
Fixed assets	28,412,800	-	235,879,088
Current assets	-	6,561,480	10,201,031
Liabilities	-	-	(109,881,366)
Total funds	<u>28,412,800</u>	<u>6,561,480</u>	<u>136,198,753</u>

THE DOLPHIN SQUARE CHARITABLE FOUNDATION

NOTES TO THE ACCOUNTS YEAR ENDED 31 MARCH 2023 (continued)

16. TRUSTEES' EXPENSES

The Governors of Dolphin Square Charitable Foundation received no remuneration during the year. Expenses of £429 (2022: £977) were reimbursed to three (2022: three) 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 notes 4 and 10. There were no other related party transactions in the current or prior year.

19. COMMITMENTS

The Charity and the Group has the following commitments payable within the year to 31 March 2023:

OPERATING LEASE: Group and Charity	2023	2022
	£	£
Lease payments within one year	68,338	87,159
Lease payments later than one year not later than five years	68,338	89,976

Amounts payable under operating leases during the year ended 31 March 2023 amounted to £110,534 (2022: £82,363).

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

	2023	2023	2022	2022
	Authorised	Contracted	Authorised	Contracted
	£	£	£	£
Capital commitments	3,150,934	2,300,934	13,128,921	12,646,471