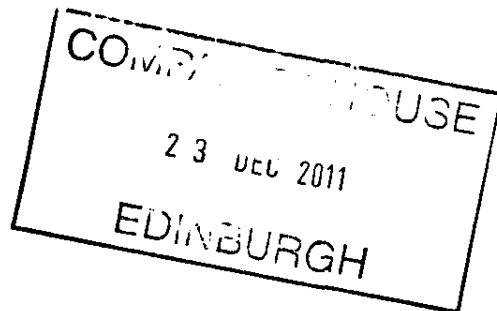


Company Registration No. SC375263
Charity Registration No. SC041370

THE DOVECOT FOUNDATION
ANNUAL REPORT
FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011



Saffery Champness
CHARTERED ACCOUNTANTS

THE DOVECOT FOUNDATION

LEGAL AND ADMINISTRATION INFORMATION

Trustees	A E H Salvesen E E Salvesen
Company number	SC375263
Charity number	SC041370
Registered office	10 Infirmary Street Edinburgh EH1 1LT
Independent Auditors	Saffery Champness Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR
Solicitors	MBM Commercial LLP 5th Floor, 125 Princes Street Edinburgh EH2 4AD

THE DOVECOT FOUNDATION

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THE DOVECOT FOUNDATION

TRUSTEES REPORT

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011

The Trustees present their report and financial statements for The Dovecot Foundation for the period ended 30 June 2011. The legal and administrative information included on the previous page forms part of the report. The financial statements are prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Trust's constitution, applicable law and the requirements of the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

The charity was incorporated on 22 March 2010 and as such the first financial statements of the entity have been prepared for the fifteen months to 30 June 2011.

The charity has registered address at 10 Infirmary Street, Edinburgh.

Directors and the Trustees

The directors of the charitable company (the Charity) are its Trustees for the purpose of charity law.

The following Trustees have held office since 22 March 2010:

A E H Salvesen	(Appointed 22 March 2010)
E E Salvesen	(Appointed 22 March 2010)

Structure, governance and management

The Dovecot Foundation was formed by A E H and E E Salvesen to advance and support visual arts, craft and design at a national and international level in Scotland. They are the directors of the Dovecot Foundation board and have funded the Dovecot Foundation's activities and those of its related parties to a very large extent.

Dovecot Studios Limited was previously controlled by the Trustees of the AEH Salvesen 1985 Charitable Trust but in August 2010 that Trust gifted its shares in Dovecot Studios Limited to The Dovecot Foundation. Operating from a refurbishment of the Infirmary Street Baths in Edinburgh, which gives life and purpose to what was a derelict building, Dovecot Studios houses a tapestry and weaving studio, several exhibiting galleries of international quality, a café and a retail outlet. Dovecot Studios manufactures high quality tapestries and weaving products which it sells to private and corporate buyers. It also collaborates with artists, makers, collectors and other arts centres to develop and promote arts, crafts and design generally. It is the principal outlet for the Dovecot Foundation's objectives. The board of Dovecot Studios Limited comprises its Director plus the directors of the Dovecot Foundation board. Both boards are supported by a permanent management team based in Infirmary Street and by outside consultants as necessary.

The Infirmary Street refurbishment was conceived of and financed by Dovecot Properties Limited which is wholly owned by A E H Salvesen. It charges rent to Dovecot Studios Limited at a market rate. It also has rental income from commercial offices within the Infirmary Street building. In 2010, residential flats which also formed part of the building were sold by Dovecot Properties Limited to the AEH Salvesen 1985 Charitable Trust which subsequently gifted them to the Dovecot Foundation. In addition to the value of the residential units, the Dovecot Foundation retains all rental income arising from them.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011

Dovecot Properties Limited has pledged to covenant all its pre-tax profits to The Dovecot Foundation from 2011/2012 and its intention is to gift the Infirmary Street building and any related rental benefits to the Dovecot Foundation once the latter achieves greater financial strength through its own income generating activities (including those of its subsidiary). The directors of Dovecot Properties Limited are A E H Salvesen and the Director of Dovecot Studios Limited. They are supported by a permanent management team and by outside consultants as necessary.

The board of The Dovecot Foundation meets regularly with senior management to consider management and financial reports of the activities of Dovecot Studios Limited. Meetings are conducted to formal agendas and are minuted. The board aspires to increasing the size and independence of its members commensurate with progress towards securing the Foundation's financial future.

Risk management

The Trustees have reviewed the major risks to which The Dovecot Foundation is exposed and have established procedures to manage those risks. This includes close management of cash flow, activity based budgeting and reporting and the discussion of financial and non-financial risks at regular meetings of the board(s).

Grant applications by the subsidiary to the Dovecot Foundation are subject to detailed verification of the value of the programmes and activities being supported and by post event analysis and review.

Objectives and activities

The Dovecot Foundation's principal objectives in 2010/2011 were:-

1. Continue to develop the subsidiary's exhibition and education programme to bring Dovecot Studios to as wide an audience as possible.
2. Maintain and increase private and corporate sales of tapestries and rugs and to develop a food and retail outlet at Infirmary Street to increase trading income.
3. Consolidate the management and reporting systems between the Dovecot Foundation, its subsidiary and related parties.
4. Identify priorities and develop a business plan for the subsidiary which could generate a greater contribution towards the costs of its activities.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011

Achievements and performance

During the period under review:-

1. £520,000 was granted as investment in the subsidiary's programme of exhibitions, weaving and education. Highlights of the programme included:

- The making of 16 tapestries and rugs (19 in 2009/2010) with a net realisable value of £102,000 (£129,000). Sales amounted to £139,000 of which £91,000 was of this year's works and £47,000 of works from prior years. Works included a Polynesian themed tapestry for a yacht, two Elizabeth Blackadder designs for private collections and a large memorial tapestry which now hangs in St Machars Cathedral in Aberdeen. This last work was the final tapestry made by Douglas Grierson, Dovecot's head weaver, who retired from full-time weaving in June 2011, after 50 years of service at Dovecot. Douglas Grierson now works part-time with Dovecot's apprentice weavers helping to keep the craft alive in Scotland.
- In June 2010, an exhibition in collaboration with Innovative Craft and supported by The Paul Hamlyn Foundation, a charitable organisation focusing on how arts and learning can affect social change. The exhibition resulted in further collaboration between the studio weavers and David Poston an artist jeweller. These collaborative pieces were shown at Collect with the Scottish Gallery and toured with the 'Sitting & Looking' exhibition at Somerset House.
- A collaboration with the William Scott Foundation to exhibit Dovecot's Scott Tapestries during the 2010 Edinburgh International Festival. 20% of sales were gifted to the Alzheimer's Society.
- A cultural exchange with weavers of the Pangnirtung Tapestry Studio at the Inuit, Uqqurmuit Centre for Arts and Crafts in Canada, resulting in a joint exhibition at Dovecot Studios in September 2010.
- A collaboration with Innovative Crafts in October 2010, with an exhibition of Jerwood Contemporary Makers. Jerwood is a charitable trust which champions emerging artists.
- An exhibition of the work on Anni Albers in February 2011, a major artist who had great influence on the textile and weaving medium. This show was in collaboration with Ruthin Gallery, a centre for applied arts in Wales.
- Spring 2011 saw a repeat of the previous year's exhibition of Kurt Jackson's paintings and sculptures, where Dovecot weaver Jonathan Cleaver showcased his rug of Kurt Jackson's nighttime painting of Grangemouth chemical works.
- Throughout the year Dovecot Studios welcomed artists, designers and makers to stage their own shows and exhibitions and supported fund-raising events for good causes. Highlights included a hugely popular showing of the Prestonpans Tapestry, the world premiere of Alexander MacColl-Smith's opera "Okavango" in aid of the Save the Children Fund, the launch of the Edinburgh Arts Festival and the end of year shows by students of the Heriot Watt School of Textile and Design and Telford College.

2. Commercial trading income in the subsidiary was increased from £229,000 in 2009/2010 to £236,000 in 2010/2011 and agreement to rent out space to a commercial café operation was reached at the end of June 2011. New retailing facilities were added to the main reception area of Infirmary Street at the same time. During the course of the period under review, Dovecot Studios further developed its events and hospitality services with a view to generating extra income from its attractive facilities in the future.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued)

FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011

3. A common accounting platform and budgetary disciplines introduced into the subsidiary in 2009/2010 and also deployed in Dovecot Properties Limited were extended to include The Dovecot Foundation.

4. Management in the subsidiary was re-organised to recognize changes in departmental focus and responsibilities and to give more transparency to the reporting of departmental activity and effectiveness.

Throughout the period, the board and management focused on streamlining the operations of the subsidiary into weaving, the exhibition programme, events management, education and retail activities. With the incorporation of The Dovecot Foundation, the board are now able to attract public grants and private sponsorship within the umbrella of charitable status to help fund its main work through its subsidiary and reduced its reliance on the philanthropy of its founding directors.

Financial review

Incoming resources and expenditure

Voluntary income at £3.327m was inflated by the gift of five residential units by the AEHS Salvesen 1985 Charitable Trust in 2010 with a value of £1.770m. Further gifts of publicly quoted shares and personal donations from the Salvesen family amounted to £1.301m. Gifted shares to the value of £0.322m were sold for a net gain of £84,000 in the period under review to finance the subsidiary's operations.

Investment income, bank interest and grant income amounted to £47,000.

Rental income of £95,000 from the residential units was offset by rental investment (primarily initial fitting out costs etc) of £40,000. Trading income amounted to £236,000 which was chiefly the sale of tapestries and rugs, plus the income from exhibitions.

Total incoming resources of £3.706m were offset by £695,000 of resources expended (primarily in the subsidiary), £623,000 of prior period losses in the subsidiary at the time of its acquisition plus £84,000 of realised gains on the disposal of some of the publicly quoted shares gifted by the Salvesen family. The net total funds as at 30th June 2011 stood at £2.421m.

Assets and liabilities

Consolidated fixed and current assets of The Dovecot Foundation and its subsidiary totalled £3.274m at the period end. Total creditors, all falling due within one year, amounted to £853,000 of which the largest portion (£517,000) reflects non-interest bearing loans from the AEH Salvesen 1985 Charitable Trust which are repayable on demand. The trustees do not anticipate that these loans will be required to be repaid in the foreseeable future.

The Dovecot Foundation's listed investments are all in Aggreko shares and are held in nominee accounts by Spiers & Jeffery and Murray Beith Murray WS. As these represent gifts from the Salvesen family rather than investments made by The Dovecot Foundation, the trustees view them as potential cash assets which may be realised as and when cash requirements need to be met.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011

Notwithstanding the £111,000 profit recorded in the subsidiary for the period, outstanding creditors at £98,000 and debtors at £104,000 at 30th June 2011 indicate that the subsidiary has some way to go to generate an underlying cash surplus and will continue to rely on the realisation of asset sales, public grants and private donations for the foreseeable future. The trustees are committed to finance ongoing operations of The Foundation and its subsidiary until greater grant support from public and private sources can be secured and surpluses from the commercial activities of the subsidiary can be developed.

Future plans

2012 marks the Centenary of Dovecot Studios tapestry and rug making activities. From 2008 to 2011 Dovecot Studios has focused its efforts on creating a creative and management team capable of taking forward its core weaving activity as part of a wider initiative to deliver excellence in craft-making, visual art and design both collaboratively and independently. In the recent and present economic climate, conditions for increasing, let alone protecting domestic sales of products and services have been very difficult and the board acknowledge that this is likely to continue for the foreseeable future. The 2012 Centenary provides an opportunity to project Dovecot Studios and The Dovecot Foundation to a national and international audience through a series of exhibitions and related programmes. This is intended to maximise public, corporate and private awareness of, and interest in its activities and products with a view to increasing financial support through sales, grants and sponsorship.

In addition to promoting its core products and activities, Dovecot Studios aims to maximise parallel income from events management opportunities in the Infirmary Street building and from retail sales and visitor fees next year.

Trustees' Remuneration

With the exception of the Director of Dovecot Studios Limited, who is a full-time salaried employee, none of the trustees received remuneration from their work in supporting the Charity. The management wish to record their deep appreciation of the financial, professional and personal support of those trustees.

Auditors

Saffery Champness were appointed auditors to the charity and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011

Trustees responsibilities in relation to the financial statements

The trustees (who are also directors of The Dovecot Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small Company Provision

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Trustees

 20/12/11

A E H Salvesen

Trustee

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THE DOVECOT FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE DOVECOT FOUNDATION

We have audited the group and parent company financial statements (the "financial statements") of The Dovecot Foundation for the 15 month period ended 30 June 2011 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

THE DOVECOT FOUNDATION

INDEPENDENT AUDITORS' REPORT (continued) TO THE MEMBERS OF THE DOVECOT FOUNDATION

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2011 and of the group's incoming resources and application of resources, including its income and expenditure for the period 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

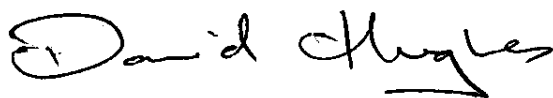
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements and the Trustees' report in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report.



David Hughes (Senior Statutory Auditor)
for and on behalf of Saffery Champness
(Saffery Champness is eligible to act as an auditor in
terms of section 1212 of the Companies Act 2006)

22.12.11
.....

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

THE DOVECOT FOUNDATION

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE 15 MONTH PERIOD ENDED 30 JUNE 2011**

		Unrestricted General Funds 2011 £
	Notes	
Incoming resources		
Voluntary income	4	3,326,935
<i>Activities for generating funds:</i>		
Commercial trading operations		236,445
Rental income		95,852
Investment income	5	15,828
<i>Incoming resources from charitable activities</i>		
Grants	6	31,000
Total incoming resources		<u>3,706,060</u>
Resources expended		
Charitable activities	7	(487,663)
Cost of generating funds	8	(860,741)
Governance costs	9	(12,956)
Other interest payable	10	(8,110)
Total resources expended		<u>(1,369,470)</u>
Net incoming resources before other recognised gains and losses	11	2,336,590
Other recognised gains		
Realised gain on sale of investments		84,270
Net movement in funds		<u>2,420,860</u>
Total funds at 30 June 2011		<u><u>2,420,860</u></u>

There are no recognised gains or losses other than those passing through the statement of financial activities.

The notes on pages 11 to 22 form part of these financial statements.

THE DOVECOT FOUNDATION

**BALANCE SHEETS
AS AT 30 JUNE 2011**

	Notes	Group 2011 £	Charity 2011 £
Fixed assets			
Tangible assets	13 and 14	1,781,132	1,770,000
Investments	15	859,484	1,114,778
		<u>2,640,616</u>	<u>2,884,778</u>
Current assets			
Stocks	16	205,017	-
Debtors	17	101,897	1,510
Cash at bank and in hand		326,642	103,606
		<u>633,556</u>	<u>105,116</u>
Creditors: amounts falling due within one year	18	<u>(853,312)</u>	<u>(57,677)</u>
Net current liabilities		<u>(219,756)</u>	<u>47,439</u>
Total assets less current (liabilities) / assets		<u>2,420,860</u>	<u>2,932,217</u>
Funds of the charity			
Unrestricted funds	20	<u>2,420,860</u>	<u>2,932,217</u>
		<u>2,420,860</u>	<u>2,932,217</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The notes on pages 11 to 22 form part of these financial statements.

Approved by the Board and authorised for issue on 20/12/11



A E H Salvesen
Trustee

Company Registration No. SC375263

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities (revised 2005), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 June 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Incoming resources

Incoming resources are recognised on an accruals basis with no capital incoming resources deemed to be a permanent endowment.

1.5 Goodwill

Goodwill arising on the acquisition of subsidiaries is written off in full in year of acquisition.

1.6 Resources expended

Resources expended are included in the statement of financial activities on an accruals basis.

All costs have been directly attributed to one of the functional categories of resource expended in the statement of financial activities as follows:-

Cost of generating funds - these are costs associated with raising funds from all the possible sources of incoming resources and typically include letting management costs.

Charitable activities - these are costs relating to expenditure on preserving and maintaining Charity assets and incurred in meeting its charitable objectives.

Governance costs - these are costs associated with meeting the constitutional and statutory requirements of the charity and include professional fees and other similar costs linked to the strategic management of the Charity.

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 30 JUNE 2011

1 Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	10% Straight Line
Fixtures, fittings & equipment	25% Straight Line

Tangible fixed assets include investment properties valued by the Trustees on an existing use open market value basis with no depreciation charged.

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1.12 Fund Accounting

The charity has one fund being an unrestricted general reserves fund. The unrestricted fund can be used in accordance with the charitable objectives at the discretion of the Trustees. Net incoming resources are added to unrestricted reserves.

1.13 Grants

Grant income is credited to the Statement of Financial Activities during the year of receipt, none of the grant is conditional and therefore none is treated as Deferred income.

1.14 Donations received

Donations are added to the Charity's unrestricted funds except where designated for a specific purpose.

2 Incoming resources

The total incoming resources of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 30 JUNE 2011

3	Net incoming resources	2011
		£
	Net incoming resources is stated after charging:	
	Depreciation of tangible assets	3,883
	Auditors' remuneration	3,000
		<u>6,883</u>
4	Voluntary Income	2011
		£
	The voluntary income was made up of donations as follows:	
	Gift of Flats at 1 - 5 Old Infirmary Lane, Edinburgh	1,770,000
	Gift of Aggreko shares	1,181,139
	Gift of shares in Dovecot Studios Limited	255,296
	A E H Salvesen donations	120,000
	Cray Trust donation	500
		<u>3,326,935</u>
5	Investment income	2011
		£
	Income from listed investments	15,718
	Bank interest	110
		<u>15,828</u>
6	Grant income	2011
		£
	Creative Scotland	30,000
	Dyers Company	1,000
		<u>31,000</u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2011**

7 Resources expended : Charitable activities

	2011
	£
Advancement of the arts	
Exhibition costs	36,658
Temporary staff	25,209
	61,867
 Education of art, craft and design	
Purchases	204,649
Closing stocks	(179,180)
Wages and salaries	145,376
Staff training	732
	171,577
 Preservation of the Dovecot building	
Repairs and renewals	15,722
Service charges	166,286
Insurance	29,286
Refurbishment of flats	7,590
Letting agent fees	26,858
	8,495
	254,219
	487,663

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 30 JUNE 2011

8 Resources expended: cost of generating funds

	2011 £
Unrestricted general funds	
Other costs:	
- Wages and Salaries	59,002
- Legal and Professional	79,460
- Depreciation	3,883
- Other Costs	44,289
Total other costs	186,634
Amortisation of purchased goodwill	674,107
Total cost of generating funds	<u>860,741</u>

The amortisation of purchased goodwill relates to the investment in Dovecot Studios Limited which has been eliminated in the year of acquisition.

9 Resources expended: governance costs

	2011 £
Accountancy and audit fees	12,956
	<u>12,956</u>

10 Interest payable

	2011 £
Other interest	<u>8,110</u>

11 Taxation

The Charity is a registered charity and is not liable to United Kingdom income or corporation tax on charitable activities.

Additionally, on the basis of the financial statements no provision has been made for corporation tax within the subsidiary undertaking.

THE DOVECOT FOUNDATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2011****12 Net incoming resources for the financial period**

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The net incoming resources for the financial period is made up as follows:

	2011
	£
Holding company's net incoming resources for the financial period	<u>2,932,217</u>

13 Tangible fixed assets**Group**

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
Additions	<u>8,893</u>	<u>6,122</u>	<u>15,015</u>
At 30 June 2011	<u>8,893</u>	<u>6,122</u>	<u>15,015</u>
Depreciation			
Charge for the period	<u>1,806</u>	<u>2,077</u>	<u>3,883</u>
At 30 June 2011	<u>1,806</u>	<u>2,077</u>	<u>3,883</u>
Net book value			
At 30 June 2011	<u>7,087</u>	<u>4,045</u>	<u>11,132</u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2011**

14 Tangible fixed assets		
Investment properties	Group	Company
	£	£
Cost		
Additions	1,770,000	1,770,000
At 30 June 2011	1,770,000	1,770,000
Depreciation		
Net book value		
At 30 June 2011	1,770,000	1,770,000

The policy of the Trustees is not to revalue the properties in the period of acquisition. These investment properties have therefore been included in the accounts at their original book cost.

Comparable historical cost for the investment properties included at valuation:

	£
Cost	
Additions	1,770,000
At 30 June 2011	1,770,000
Depreciation based on cost	
Charge for the period	-
At 30 June 2011	-
Net book value	
At 30 June 2011	1,770,000

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2011**

**15 Fixed asset investments
Group**

	Listed investments £	Total £
Cost		
Additions	1,181,140	1,181,140
Disposals	(321,656)	(321,656)
	<u>859,484</u>	<u>859,484</u>
At 30 June 2011		
	<u>859,484</u>	<u>859,484</u>
Net book value		
At 30 June 2011	<u>859,484</u>	<u>859,484</u>

Charity

	Listed investments £	Unlisted investments £	Total £
Cost			
Additions	1,181,138	255,296	1,436,434
Disposals	(321,656)	-	(321,656)
	<u>859,482</u>	<u>255,296</u>	<u>1,114,778</u>
At 30 June 2011			
	<u>859,482</u>	<u>255,296</u>	<u>1,114,778</u>
Net book value			
At 30 June 2011	<u>859,482</u>	<u>255,296</u>	<u>1,114,778</u>

	Market value £	Trustees' valuation £	Total £
At 30 June 2011	<u>987,648</u>	<u>255,296</u>	<u>1,242,944</u>

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 30 JUNE 2011

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company which was acquired in July 2010.

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Dovecot Studios Limited	Scotland	Ordinary	100.00

The aggregate amount of capital and reserves and the results of this undertaking for the period ended 30 June 2011 was as follows:

		Capital and reserves 2011 £	Profit for the year 2011 £
	Principal activity		
Dovecot Studios Limited	Tapestry hand-weaving and rug tufting	(256,061)	111,234

16 Stocks and work in progress

	Group 2011 £	Company 2011 £
Raw materials and consumables	16,889	-
Work in progress	11,410	-
Finished goods and goods for resale	176,718	-
	<u>205,017</u>	<u>-</u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2011**

17 Debtors

	Group 2011 £	Company 2011 £
Trade debtors	52,223	510
Other debtors	36,600	-
Prepayments and accrued income	13,074	1,000
	<u>101,897</u>	<u>1,510</u>

18 Creditors : amounts falling due within one year

	Group 2011 £	Company 2011 £
Trade creditors	210,069	514
Amounts owed to group undertakings	45,433	48,741
Taxes and social security costs	6,861	-
Other creditors	577,005	-
Accruals and deferred income	13,944	8,422
	<u>853,312</u>	<u>57,677</u>

19 Pension and other post-retirement benefit commitments

Defined contribution

	2011 £
Contributions payable by the group for the period	<u>1,961</u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2011**

**20 Statement of movements on funds
Group**

**Movement on
unrestricted
funds
£**

Net incoming resources for the financial period	2,420,860
Balance at 30 June 2011	<u>2,420,860</u>

Charity

**Movement in
unrestricted
funds
£**

Net incoming resources for the period	<u>2,932,217</u>
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21 Financial commitments

At 30 June 2011 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2011 £
Expiry date: In over five years	<u>140,000</u>

22 Directors' remuneration

**2011
£**

Remuneration	<u>39,329</u>
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The group remuneration relates to payments made to directors of the subsidiary undertaking.
No remuneration was paid to the directors of the parent company.

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 30 JUNE 2011

23 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2011 Number
Full time	13
Part time	10
	<u>23</u>

Employment costs

	2011 £
Wages and salaries	184,705
Social security costs	17,712
Other pension costs	1,961
	<u>204,378</u>

No remuneration or expenses were advanced to the Trustees during the period.

Remuneration paid to the director of the subsidiary company did not exceed £60,000.

24 Related party transactions

Group

During the period A E H Salvesen and E E Salvesen, Trustees of the charity, gifted the following items: Flats 1-5 Old Infirmary Lane, Edinburgh, of £1,770,000; 2,747 shares in Dovecot Studios Limited of £255,296; 77,700 Aggreko shares of £1,181,138 and donations of £120,000. A loan balance of £516,800 is due to A E H Salvesen's 1985 Charitable Trust in respect of funding advanced to Dovecot Studios Limited.

Expenses and service charges totalling £288,697 were charged to The Dovecot Foundation by Dovecot Properties Limited with £224,186 outstanding at the period end. A E H Salvesen is a trustee of The Dovecot Foundation and a director of Dovecot Properties Limited and as such they are under common control.

The charity has elected to take advantage of the exemption granted in Financial Reporting Standard 8 - "Related Party Disclosures" available to 100% owned subsidiaries and has not disclosed transactions with those companies in The Dovecot Foundation Group.