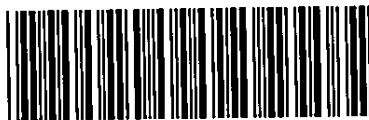


Company Registration No. SC375263
Charity Registration No. SC041370

THE DOVECOT FOUNDATION
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

THURSDAY



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SCT

28/03/2013

#193

COMPANIES HOUSE

Saffery Champness

CHARTERED ACCOUNTANTS

THE DOVECOT FOUNDATION

LEGAL AND ADMINISTRATION INFORMATION

Trustees	A E H Salvesen CBE 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	Murray Beith Murray W.S. 3 Glenfinlas Street Edinburgh EH3 6AQ

THE DOVECOT FOUNDATION

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THE DOVECOT FOUNDATION

TRUSTEES REPORT

FOR THE YEAR ENDED 30 JUNE 2012

The Trustees present their report and financial statements for The Dovecot Foundation for the year ended 30 June 2012. The Legal and Administration Information page forms part of this 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 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 1 July 2011:

A E H Salvesen CBE

E E Salvesen

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. The charity was incorporated on 22 March 2010.

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 CBE. Dovecot Properties Limited 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 YEAR ENDED 30 JUNE 2012

Dovecot Properties Limited has pledged to covenant all its pre-tax profits to The Dovecot Foundation from 2011/12 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 CBE, a Trustee, and D W D Weir, a 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.

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 2011/12 were:-

1. Maintain the subsidiary's general exhibition and education programme to bring Dovecot Studios to as wide an audience as possible.
2. Prepare for and curate a world class, museum standard exhibition at Dovecot Studios to celebrate its Centenary in the summer of 2012.
3. Maintain and increase private and public sales of tapestries and rugs.
4. Maintain and increase income contribution from events, retail and a cafe operation in the subsidiary to support the running costs of Dovecot Studios generally.
5. Develop a Marketing and PR function to promote each of the above objectives.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

Achievements and performance

During the period under review:-

1. £440,000 was granted as investment in the subsidiary's programme of exhibitions, weaving and education. Highlights of the programme included:-

- The making of 23 tapestries and rugs (16 in 2010/11) with a net realisable worth of £172,000 (2011: £102,000).

Works included "Kantha Diaries", a tapestry reflecting a visit to India by Dovecot's Naomi Robertson as part of the Heirlooms project, three contemporary rugs for the National Museum of Scotland and the National Lighthouse Museums and an important tapestry commission from the Scottish Parliament, "William Wallace Letters".

- Sales amounted to £33,000 (2011: £139,000) and the Directors' fears, raised in last year's report, that it would be difficult, in the current economic climate, to sustain and grow sales this year were fully justified.

Nevertheless, the Directors placed great emphasis on maintaining production of international quality work and on planning and preparing for the Centenary Project celebrating 100 years of weaving at Dovecot Studios.

As part of that project, two collaborations were commenced; the first with the artist Victoria Crowe is a tapestry of one of her "Shepherd" series made completely out of undyed British wool by Dovecot's David Cochrane (in collaboration with a group of spinners from the Scottish Borders); and the second, with Peter Saville, is a tapestry of his interpretation of Sir Peter Blake's painting after Sir Edward Landseer's "Monarch of the Glen".

Most of the preparatory work for the Centenary project was done in 2011/12 although the exhibition and related activities did not take place until the start of 2012/13 and will therefore be reported on in more depth in next year's report. Activities included the publication of "The Art of Modern Tapestry", an importance reference book of the collaboration between Dovecot Studios and major British contemporary artists during the past 100 years.

- Through the year the following exhibitions and events were also held:-

- o ROTOR: a multi-disciplinary show with Siobhan Davies Dance including performance, sound and installations.

- o Heirlooms: a major exhibition of Indian and Javanese textiles which also showcased new work from three British craft makers: Naomi Robertson of Dovecot Studios, Deidre Nelson and Sara Sumsion. Heirlooms formed part of the Edinburgh International Festival and involved international collaboration and visits between the Indian and British craftsmen and women involved in the project.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

- o Chris Drury: an exhibition of the major UK land artist's work.
- o Doors Open Day: 700 visitors to Dovecot Studios celebrating the past and present of the Dovecot building.
- o Jungle City: collaborative support for the Elephant Family charity fund-raiser during the Edinburgh International Festival. Artists using some of Dovecot's facilities created exotic animal replicas of endangered species and after an auction of the works at the National Museum of Scotland a final display took place at Dovecot with 800 visitors in one day, including HRH The Duchess of Cornwall.
- o Scottish Furniture Makers Association exhibition: SFMA is one of the largest and most diverse bespoke furniture makers in Britain. The exhibition was opened by First Minister Alex Salmond MSP.
- o Inches Carr Trust "Craft in Dialogue": an exhibition of contemporary jewellery, silversmithing, glasswork, ceramics sculpture, stone carving and textiles from 27 established Scottish makers sponsored by the Inches Carr Trust.
- o All Tied Up: as part of its retail development and in collaboration with Ruthin Craft Centre in Wales, Dovecot's first selling exhibition majoring in high quality scarves and throws woven by established makers.
- o Jerwood Makers and Ptolemy Mann: part funded by Creative Scotland these exhibitions comprised a group show of pioneering commissions by makers and a solo show by the award winning textile artist Ptolemy Mann. Dovecot hopes to work collaboratively with her on a future tapestry project.
- o Amy Duncan: a memorial exhibition and retrospective of the artist's work with sale proceeds going to the Amy Winehouse Foundation. The family of Amy Duncan also commissioned two Dovecot tapestries, woven by Naomi Robertson.
- o Heriot Watt graduate exhibition and fashion show: an annual event which was curated and directed this year by Mark Eley of the fashion house Eley Kishimoto.
- o Tedx Simulcast: in conjunction with The Observer and The Guardian a simulcast conference attended by 150 people. The Tedx programme is designed to stimulate dialogue in communities and on this occasion was hosted by Kevin McKenna, former deputy director of The Herald and executive editor of the Daily Mail in Scotland.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

Financial review

Review of investment portfolio

The Dovecot Foundation's listed investments are in Aggreko shares and are held in nominee accounts by Spiers and Jeffery and Murray Beith Murray W.S. As these represent gifts made by Alastair and Elizabeth Salvesen without restrictions, the Directors view them as potential cash assets which may be realised as and when cash requirements need to be met. During the year £310,000 shares were sold and a further gift of £590,000 shares was made. The overall investment in Aggreko was valued at £1.275m at the end of the year which included an upward revaluation of the market price of £136,000 since the beginning of the year.

As noted in the notes to the accounts the Aggreko share price has fallen since the year-end and the Trustees are reviewing their investment strategy accordingly.

Incoming resources and expenditure

Voluntary income at £809,000 comprised the gift of shares above, plus a cash donation of £104,000 from Alastair Salvesen and £115,000 of covenanted profits from the associated company Dovecot Properties Limited.

Voluntary income in the previous financial period was £3.326m but this was inflated by the one-off gift of residential flats worth £1.770m and of shares in Dovecot Studios Limited valued at £255,000 when ownership of that company was passed to The Dovecot Foundation.

Investment income, bank interest and grant income amounted to £556,000 (2011: £47,000 over 15 months).

Rental income of £77,000 from the residential flats was offset by £21,000 of costs (2011: £96,000 and £35,000 respectively over 15 months).

Trading income amounted to £175,000 (2011: £236,000). Tapestry and rug sales at £33,000 fell well short of the previous year. Conversely other income from facilities hire, retail and the cafe operation increased from £97,000 in 2010/11 to £142,000 for the period under review. This represents a solid and welcome improvement given the difficult trading conditions for Dovecot's weaving products.

Total incoming resources of £1,618,000 (2011: £3,706,000 including the gift of residential flats and shares in Dovecot Studios Limited) were offset by £874,000 of resources expended (2011: £695,000, after discounting the amortisation of purchased goodwill on the transfer of Dovecot Studios Limited to the ownership of the Dovecot Foundation). Expenditure was primarily incurred in the subsidiary.

After adding the realised gains on the sale of shares and the revaluation of the shares during the year, net total funds at the end of the year were £3.357m (2011: £2.421m).

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

Assets and liabilities

Consolidated fixed and current assets of The Dovecot Foundation and its subsidiary totalled £3.680m at the end of the year (2011: £3.274m). These include £272,000 of debtors of which £202,000 comprised the proceeds from a sale of shares by the Dovecot Foundation which were contracted just before the end of the year but for which payment was not received until immediately after it.

Total creditors amounted to £323,000 and are shown as due within one year.

Consolidated net current assets were £289,000 compared to net current liabilities of £220,000 at the previous year end.

Future plans

The Trustees are aware of the continuing need to fund The Dovecot Foundation and its subsidiary from asset sales, private donations and public grants. They are committed to providing funds as necessary to support the charity's objectives which are principally embodied in the programme of its subsidiary.

This was the first year that reaching out to an international market was part of Dovecot's strategic planning and formed the main thrust of the Centenary project. The investment in this strategy was, and continues to be high, but The Dovecot Foundation and its subsidiary need to reach international as well as national audiences and buyers if they are to thrive.

The Centenary year has been deliberately programmed to achieve excellence and to build on Dovecot's reputation as a high quality visitor attraction for international visitors to the City of Edinburgh. The longer term plan foresees continuing shortfalls in required trading income in the coming year, while Dovecot builds a more resilient and sustainable economy. This is required to ensure its continuation as a unique centre of excellence for craft and making in Scotland, with a one-hundred year old tapestry studio at its heart.

Recruitment

Recognising the commercial imperative of connecting with a national and international audience, the Trustees reorganised the management team during the year to allow the appointment of a new Marketing Coordinator to research and design attractive marketing proposals to visitors, users and potential commissioners. Initial results have been favourable with far greater media coverage nationally and internationally, increased visitor numbers and an enhanced website which is attracting impressive numbers of site visits.

During 2013 the Trustees expect to increase the resources devoted to sales growth both through recruitment and the development of strategic partnerships with agents and galleries.

THE DOVECOT FOUNDATION

TRUSTEES REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2012

Trustees' Remuneration

No Trustees received remuneration or expenses 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 YEAR ENDED 30 JUNE 2012

Statement of Trustees' responsibilities

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 parent charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the 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 group and parent charitable company 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 parent charitable company 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 auditors are 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 auditors are 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



A E H Salvesen CBE

Trustee

21/3/13

THE DOVECOT FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS AND TRUSTEES OF THE DOVECOT FOUNDATION

We have audited the group and parent charitable company financial statements (the "financial statements") of The Dovecot Foundation for the year ended 30 June 2012 set out on pages 11 to 25. 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 charitable company's members and the Trustees, 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 charitable 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 charitable company, the charitable company's members and trustees 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 Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable 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 group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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.

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 charitable company's affairs as at 30 June 2012 and of the group's incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

THE DOVECOT FOUNDATION

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

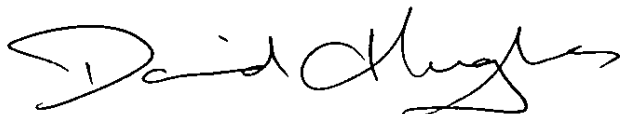
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year 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 and the Charities Accounts (Scotland) Regulations 2006 (as required) requires us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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)

28.3.2013

**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 YEAR ENDED 30 JUNE 2012**

		Unrestricted General Funds 2012 £	Unrestricted General Funds 2011 £
	Notes		
Incoming resources			
Voluntary income	4	809,629	3,326,935
<i>Activities for generating funds:</i>			
Commercial trading operations		175,460	236,445
Rental income		77,451	95,852
Investment income	5	11,256	15,828
<i>Incoming resources from charitable activities:</i>			
Grants	6	544,550	31,000
Total incoming resources		<u>1,618,346</u>	<u>3,706,060</u>
Resources expended			
Charitable activities	7	(597,643)	(487,663)
Cost of generating funds	8	(258,437)	(860,741)
Governance costs	9	(18,150)	(12,956)
Other interest payable	10	-	(8,110)
Total resources expended		<u>(874,230)</u>	<u>(1,369,470)</u>
Net incoming resources before other recognised gains and losses	11	744,116	2,336,590
Other recognised gains			
Realised gain on sale of investments		56,262	84,270
Revaluation gain on investments	15	135,921	-
Net movement in funds		<u>936,299</u>	<u>2,420,860</u>
Total funds at 30 June 2011		<u>2,420,860</u>	-
Total funds at 30 June 2012		<u><u>3,357,159</u></u>	<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 13 to 25 form part of these financial statements.

THE DOVECOT FOUNDATION

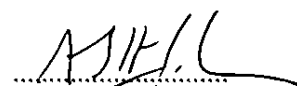
BALANCE SHEETS AS AT 30 JUNE 2012

		Group		Charity	
	Notes	2012	2011	2012	2011
		£	£	£	£
Fixed assets					
Tangible assets	13 and 14	1,792,573	1,781,132	1,770,000	1,770,000
Investments	15	1,275,297	859,484	1,530,591	1,114,778
		<u>3,067,870</u>	<u>2,640,616</u>	<u>3,300,591</u>	<u>2,884,778</u>
Current assets					
Stocks	16	309,684	205,017	-	-
Debtors	17	271,661	101,897	214,998	1,510
Cash at bank and in hand		31,006	326,642	24,689	103,606
		<u>612,351</u>	<u>633,556</u>	<u>239,687</u>	<u>105,116</u>
Creditors: amounts falling due within one year	18	<u>(323,062)</u>	<u>(853,312)</u>	<u>(24,762)</u>	<u>(57,677)</u>
Net current assets/(liabilities)		<u>289,289</u>	<u>(219,756)</u>	<u>214,925</u>	<u>47,439</u>
Total Assets less Current Liabilities		<u>3,357,159</u>	<u>2,420,860</u>	<u>3,515,516</u>	<u>2,932,217</u>
Funds of the charity					
Unrestricted funds	20	<u>3,357,159</u>	<u>2,420,860</u>	<u>3,515,516</u>	<u>2,932,217</u>
		<u>3,357,159</u>	<u>2,420,860</u>	<u>3,515,516</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 13 to 25 form part of these financial statements.

Approved by the Board and authorised for issue on 21/3/13.



A E H Salvesen CBE
Trustee

Company Registration No. SC375263

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 2012. 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 YEAR ENDED 30 JUNE 2012

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 held at market 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 year 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 year 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 YEAR ENDED 30 JUNE 2012

3	Net incoming resources	2012	2011
		£	£
	Net incoming resources is stated after charging:		
	Depreciation of tangible assets	7,081	3,883
	Auditors' remuneration	4,400	7,625
		<u> </u>	<u> </u>
 4	 Voluntary Income	 2012	 2011
		£	£
	The voluntary income was made up of donations as follows:		
	Gift of Aggreko shares	590,229	1,181,139
	A E H Salvesen donations	104,400	120,000
	Covenanted profits from Dovecot Properties Limited	115,000	-
	Gift of Flats 1 - 5 Old Infirmary Lane, Edinburgh	-	1,770,000
	Gift of shares in Dovecot Studios Limited	-	255,296
	Cray Trust donation	-	500
		<u> </u>	<u> </u>
		809,629	3,326,935
		<u> </u>	<u> </u>
 5	 Investment income	 2012	 2011
		£	£
	Income from listed investments	11,256	15,718
	Bank interest	-	110
		<u> </u>	<u> </u>
		11,256	15,828
		<u> </u>	<u> </u>
 6	 Grant income	 2012	 2011
		£	£
	Creative Scotland	18,000	30,000
	A E H Salvesen's Charitable Trust	516,800	-
	Edinburgh International Festival	7,750	-
	The Binks Trust	2,000	-
	Dyers Company	-	1,000
		<u> </u>	<u> </u>
		544,550	31,000
		<u> </u>	<u> </u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2012**

7 Resources expended : Charitable activities

	2012	2011
	£	£
Advancement of the arts		
Exhibition costs	67,550	36,658
Temporary staff	7,489	25,209
	<u>75,039</u>	<u>61,867</u>
 Education of art, craft and design		
Purchases	235,354	230,486
Closing stocks	(309,684)	(205,017)
Wages and salaries	303,737	145,376
Staff training	60	732
	<u>229,467</u>	<u>171,577</u>
 Preservation of the Dovecot building		
Repairs and renewals	6,101	15,722
Rent and rates	235,198	166,268
Service charges	22,925	29,286
Insurance	7,281	7,590
Refurbishment of flats	15,448	26,858
Letting agent fees	6,184	8,495
	<u>293,137</u>	<u>254,219</u>
	<u><u>597,643</u></u>	<u><u>487,663</u></u>

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

8 Resources expended: cost of generating funds

	2012 £	2011 £
Unrestricted general funds		
Other costs:		
- Wages and Salaries	74,962	59,002
- Legal and Professional	60,377	79,460
- Depreciation	7,081	3,883
- Other Costs	116,017	44,289
Total other costs	258,437	186,634
Amortisation of purchased goodwill	-	674,107
Total cost of generating funds	258,437	860,741

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

9 Resources expended: governance costs

	2012 £	2011 £
Accountancy and audit fees	18,150	12,956
	18,150	12,956

10 Interest payable

	2012 £	2011 £
Other interest	-	8,110

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 YEAR ENDED 30 JUNE 2012**

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 year is made up as follows:

	2012 £	2011 £
Holding company's net incoming resources for the financial period	<u>583,299</u>	<u>2,932,217</u>

13 Tangible fixed assets

Group

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 July 2011	8,893	6,122	15,015
Additions	5,400	13,122	18,522
At 30 June 2012	<u>14,293</u>	<u>19,244</u>	<u>33,537</u>
Depreciation			
At 1 July 2011	1,806	2,077	3,883
Charge for the year	1,521	5,560	7,081
At 30 June 2012	<u>3,327</u>	<u>7,637</u>	<u>10,964</u>
Net book value			
At 30 June 2012	<u>10,966</u>	<u>11,607</u>	<u>22,573</u>
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 YEAR ENDED 30 JUNE 2012**

14 Tangible fixed assets

Investment properties

	Group £	Company £
Valuation		
At 1 July 2011 & at 30 June 2012	<u>1,770,000</u>	<u>1,770,000</u>
Net book value		
At 30 June 2012	<u>1,770,000</u>	<u>1,770,000</u>
At 30 June 2011	<u>1,770,000</u>	<u>1,770,000</u>

The investment properties were valued at market value when transferred into The Dovecot Foundation at 31 March 2010. The Trustees have not instructed a subsequent valuation of these properties.

Comparable historical cost for the investment properties included at valuation:

	£
Cost	
At 1 July 2011 & at 30 June 2012	<u>1,770,000</u>
Depreciation based on cost	
At 1 July 2011 & at 30 June 2012	<u>-</u>
Net book value	
At 30 June 2012	<u>1,770,000</u>
At 30 June 2011	<u>1,770,000</u>

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2012

15 Fixed asset investments
Group

	Listed investments £	Total £
Valuation		
At 1 July 2011	859,484	859,484
Additions	590,209	590,209
Revaluation	135,921	135,921
Disposals	(310,317)	(310,317)
At 30 June 2012	1,275,297	1,275,297
Net book value		
At 30 June 2012	1,275,297	1,275,297
At 30 June 2011	859,484	859,484

Company

	Listed investments £	Unlisted investments £	Total £
Valuation			
At 1 July 2011	859,482	255,296	1,114,778
Additions	590,209	-	590,209
Revaluation	135,921	-	135,921
Disposals	(310,317)	-	(310,317)
At 30 June 2012	1,275,295	255,296	1,530,591
Net book value			
At 30 June 2012	1,275,295	255,296	1,530,591
At 30 June 2011	859,482	255,296	1,114,778

	Market value £	Trustees' valuation £	Total £
At 30 June 2012	1,275,295	255,296	1,530,591
At 30 June 2011	987,648	255,296	1,242,944

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

15 Fixed asset investments (continued)

Holdings of more than 20 %

The company holds more than 20% of the share capital of the following company:

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 year ended 30 June 2012 was as follows:

		Capital and reserves 2012 £	Profit for the year 2012 £
Dovecot Studios Limited	Principal activity Tapestry hand-weaving and rug tufting	96,939	353,000

16 Stocks and work in progress

	Group 2012 £	2011 £	Company 2012 £	2011 £
Raw materials and consumables	16,474	16,889	-	-
Work in progress	36,152	11,410	-	-
Finished goods and goods for resale	257,058	176,718	-	-
	<u>309,684</u>	<u>205,017</u>	<u>-</u>	<u>-</u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2012**

17 Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	18,223	52,223	364	510
Other debtors	217,634	36,600	202,855	-
Prepayments and accrued income	35,804	13,074	11,779	1,000
	<u>271,661</u>	<u>101,897</u>	<u>214,998</u>	<u>1,510</u>

18 Creditors : amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	88,743	210,069	4,237	514
Amounts owed to group undertakings	113,599	45,433	3,900	48,741
Taxes and social security costs	7,416	6,861	-	-
Other creditors	72,993	577,005	-	-
Accruals and deferred income	40,311	13,944	16,625	8,422
	<u>323,062</u>	<u>853,312</u>	<u>24,762</u>	<u>57,677</u>

19 Pension and other post-retirement benefit commitments

Defined contribution

	2012	2011
	£	£
Contributions payable by the group for the year	<u>1,284</u>	<u>1,961</u>

THE DOVECOT FOUNDATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2012**

**20 Statement of movements on funds
Group**

	Movement on unrestricted funds £
Balance at 1 July 2011	2,420,860
Net incoming resources for the financial period	936,299
Balance at 30 June 2012	<u>3,357,159</u>

Charity

	Movement in unrestricted funds £
Balance at 1 July 2011	2,932,217
Net incoming resources for the period	583,299
Balance at 30 June 2012	<u>3,515,516</u>

21 Financial commitments

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
In over five years	<u>144,000</u>	<u>140,000</u>

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

22 Directors' remuneration	2012	2011
	£	£
Remuneration	47,250	45,000

The group remuneration relates to payments made to directors of the subsidiary undertaking.
No remuneration was paid to the Trustees of the parent charity.

23 Employees

Number of employees

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

	2012	2011
	Number	Number
Full time	12	13
Part time	7	10
	19	23

Employment costs	2012	2011
	£	£
Wages and salaries	350,692	184,705
Social security costs	26,428	17,712
Other pension costs	1,284	1,961
	378,404	204,378

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.

THE DOVECOT FOUNDATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 JUNE 2012

24 Related party transactions

Group

During the period A E H Salvesen CBE and E E Salvesen, Trustees of the charity, gifted the following items: 27,950 Aggreko shares of £590,229 and donations of £104,400. The A E H Salvesen's 1985 Charitable Trust advanced funds of £516,800 (2011: Nil) to Dovecot Studios Limited.

Expenses and service charges totalling £264,618 (2011: £288,697) were charged to The Dovecot Foundation by Dovecot Properties Limited, of which £118,546 (2011: £224,186) was due to Dovecot Properties Limited at the year-end. The Dovecot Foundation also received covenanted profits of £115,000 (2011: Nil) from Dovecot Properties Limited. A E H Salvesen CBE 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 wholly-owned subsidiaries and has not disclosed transactions with those companies in The Dovecot Foundation Group.

25 Post Balance Sheet Events

Charity

The charity holds a listed investment in Aggreko plc, which was valued at £1,275,295 at the year-end date. Due to a post year-end diminution in the share price for this company, the equivalent investment valuation at 28 February 2013 was £1,043,871, representing a diminution in valuation of £231,424.