

Company Registration No: SC375263  
Charity Registration No: SC041370

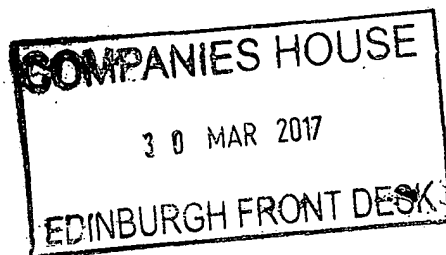
**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Consolidated financial statements and Trustees' Report**  
**For the year ended 30 June 2016**

THURSDAY



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SCT 30/03/2017 #530  
COMPANIES HOUSE



**Saffery Champness**  
CHARTERED ACCOUNTANTS

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Charity information**

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|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| <b>Members of the Board of Trustees</b><br><b>(at date of approval of these financial statements)</b> | Alastair Salvesen CBE<br>Elizabeth Salvesen                                       |
| <b>Charity number</b>                                                                                 | SC041370                                                                          |
| <b>Company registration number</b>                                                                    | SC375263                                                                          |
| <b>Registered office</b>                                                                              | 10 Infirmary Street<br>Edinburgh<br>EH1 1LT                                       |
| <b>Auditor</b>                                                                                        | Saffery Champness<br>Edinburgh Quay<br>133 Fountainbridge<br>Edinburgh<br>EH3 9BA |
| <b>Bankers</b>                                                                                        | Bank of Scotland Plc<br>38 St Andrews Square<br>Edinburgh<br>EH2 2YR              |
| <b>Solicitors</b>                                                                                     | Murray Beith Murray W.S.<br>3 Glenfinlas Street<br>Edinburgh<br>EH3 6AQ           |

**The Dovecot Foundation**  
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**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Report of the Trustees**  
**For the year ended 30 June 2016**

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**Trustees' responsibilities statement**

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 30 June 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The charity has its registered address at 10 Infirmary Street, Edinburgh, EH1 1LT.

**Directors and the Trustees**

The Dovecot Foundation's Articles provide for a minimum of three directors (who are also the trustees for the purpose of charity law). There are currently two trustees. A search is on-going to add to the board, with a view to complementing the existing skill-sets and expertise available to the charity in furthering its aims and objectives.

The following Trustees have held office since 1 July 2015:

Alastair Salvesen CBE

Elizabeth Salvesen

**Structure, governance and management**

The Dovecot Foundation was formed by Alastair and Elizabeth 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 subsidiary undertakings to a great extent. The charity was incorporated on 22 March 2010.

The Dovecot Foundation's objectives and governance arrangements are set out in its Memorandum and Articles of Association dated 17 March 2010. The Dovecot Foundation's primary charitable purposes are:

1. The advancement of the arts, heritage and culture and in particular, visual art, craft and design in all its forms.
2. The advancement of education including education training and research and broader education in the development of individual capabilities, skills and understanding of art, craft and design.
3. The advancement of the arts, heritage and culture and advancement of education by preserving for the public at large and promoting the use of the building known as "the Dovecot" for public benefit and community use.

The Dovecot Foundation's cultural and educational objectives are delivered by its subsidiary undertaking, Dovecot Studios Limited. Any profits made by Dovecot Studios Limited are covenanted to The Dovecot Foundation.

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**Report of the Trustees (continued)**  
**For the year ended 30 June 2016**

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Operating from a refurbishment of the Infirmary Street Baths in Edinburgh, which gives life and purpose to what was a derelict building, Dovecot Studios runs a tapestry and weaving studio, several exhibiting galleries of international quality, a café and a retail outlet.

Dovecot Studios is commissioned by public, corporate and private clients to create the highest quality tapestries and rugs. It also collaborates with artists, makers, collectors and other cultural organisations to develop and promote art, craft and design, generally.

The Infirmary Street refurbishment was conceived of and financed by Dovecot Properties Limited which, prior to 30 June 2014, was wholly owned by Alastair Salvesen CBE. In 2010, residential flats which also formed part of the building were sold by Dovecot Properties Limited to the Alastair Salvesen 1985 Charitable Trust which subsequently gifted them to The Dovecot Foundation. In June 2014, Alastair Salvesen CBE capitalised the balance of the loans he provided to Dovecot Properties Limited to undertake the renovations to the building in exchange for additional shares in the company. He then gifted his entire share- holding in Dovecot Properties Limited to The Dovecot Foundation so that The Dovecot Foundation can benefit from its profits and assets going forward.

Dovecot Properties Limited charges rent to Dovecot Studios Limited at a market rate and collects rent from the offices within the Infirmary Street building. It covenants its annual profits to The Dovecot Foundation.

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 at Infirmary Street.

The board of trustees is responsible for overall strategy and group resource planning. Day-to-day delivery of operations in line with agreed business plan priorities and budgeted resource allocations is delegated to the Director and two other senior managers, all of whom are employed by Dovecot Studios.

The Boards of The Dovecot Foundation and its subsidiaries, Dovecot Properties Limited and Dovecot Studios Limited, meet regularly with senior management to consider operational and financial reports of the activities. Meetings are conducted to formal agendas and are minuted.

The board of The Dovecot Foundation determines the remuneration of senior managers on a discretionary basis within the context of the medium-term business plan and annual budgets. During the period the senior management team consisted of:

Director – David Weir  
Head of Studio Projects – Sandra Crow  
Head of Finance & Operations – Graeme Wallace

### **Objectives and activities**

The Dovecot Foundation's principal objectives in 2015-16 were to:

1. Develop further artistic collaborations, critical to our long-term sustainability as a key player in the Scottish craft, design and visual arts community. To move further towards a cost neutral exhibition programme and increase public funding applications to support this.
  2. Maintain and increase sales of tapestries and rugs.
  3. Maintain and increase income contribution from Dovecot events, retail and the cafe operation to support the running costs of Dovecot Studios generally.
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4. Further develop the Dovecot team to deliver the ambitious programme of activities and deliver each of the above objectives.

#### **Social investment policy**

The trustees regard Dovecot Studios Limited, The Dovecot Foundation's wholly owned and controlled trading subsidiary, as an appropriate vehicle for delivering The Dovecot Foundation's charitable purposes in relation to artistic endeavour and educational benefit – by virtue of Dovecot Studios' carrying on of tapestry weaving, mounting a programme of art exhibitions in the course of the year and offering public access to the Dovecot building.

Accordingly, the residual operating costs of Dovecot Studios are in effect underwritten by the Dovecot Foundation, which also provides financial support (within the scope of The Dovecot Foundation's heritage asset conservation purpose) towards the overhead costs associated with operating from the Dovecot building.

#### **Measures of success**

Visitor numbers, including online engagement, tapestry and rug sales achieved, and critical approval of Dovecot Studios' artistic output and exhibition programme are the main criteria against which the trustees gauge success and assess impact in relation to The Dovecot Foundation's charitable aims and objectives each year.

#### **Achievements and performance**

Total visitors to Dovecot in 2015-16 were recorded as 51,566 (2015: 43,721), an increase of 18% on the previous year. Website and social media indicators also continued during the year to demonstrate a growing level of Dovecot online community engagement with the work of the Studio and the exhibitions programme.

#### **Exhibitions and related events**

The following exhibitions, variously reflecting the international, contemporary and collaborative outlook on which Dovecot Studio's artistic practice is centred, opened in the year:

##### **Kwang Young Chun Aggregations 31 July – 26 September 2015**

The first solo exhibition in Scotland of internationally renowned Korean artist Kwang Young Chun, the works in *Aggregations* are made up from the careful assemblage of various sized triangular packages, wrapped with Korean mulberry paper, dyed, and tied with handmade mulberry string. *Aggregations* embodies traditions of making and social histories from the artist's Korean culture whilst drawing from his painterly background and training in America and the influence of Abstract Expressionism, deftly merging the two to create a visual language that is uniquely and distinctly the artist's own. The presence of Korean text and the different stories and histories they contain tell also of the social history of Korea, the tension between modernity and tradition, and the political importance of language in a world constantly in flux.

##### **Bernat Klein: A Life in Colour 31 July – 26 September 2015**

*Bernat Klein: A Life in Colour* was a retrospective exhibition of tapestries and paintings by the celebrated textile designer Bernat Klein CBE (1922-2014). By highlighting the paintings which directly fed his design process, and exhibiting the experimental tapestries Klein made with Dovecot in the 1970s, the exhibition provided a special insight into the life and work of this unique designer, colourist, painter and entrepreneur.

#### **Selected 2015 21 November to 23 December 2015**

Presented by Dovecot for the third year running, *Selected 2015* brought together 31 contemporary craft by makers hand-picked by a panel of industry experts. This selling exhibition of craft and design included key pieces and ranges of work in jewellery, silversmithing, ceramics, glass, textiles and furniture, by makers with Scottish connections. The *Selected 2015* panel comprised Mark Henderson (Founder: The New Craftsmen), Dr Elizabeth Goring (Independent Curator), Geoffrey Mann (Scottish artist, designer and lecturer), Jo Scott (Craft Scotland). In addition to the makers represented by *Selected 2015*, Dovecot invited Timorous Beasties, Dashing Tweeds and Method Studio to be part of + *Dovecot Selects* for the first time. These three established design studios represent Dovecot's close association with luxury craft making and collaboration. As members of the Walpole British luxury partnership, Dovecot and the + *Dovecot Selects* exhibitors reflect a mission to promote, protect and develop the unique qualities of British luxury: rich heritage, superior craftsmanship, contemporary design and style at the heart of the industry.

#### **Tuft Loving: recent projects from Dovecot rug-makers 21 December 2015 - 6 May 2017**

Dovecot, renowned for its output of high quality tapestries, has in recent years earned a reputation as a centre for the production of tufted rugs. Created in the same spirit of collaboration, quality, and sensitivity to colour blending and surface texture, Dovecot's rug tufters provide another way of creating bespoke textiles. Recent projects from Dovecot tufters have reached beyond the domestic or commercial interior, to include commissions for historic houses, for contemporary artists' installations and for use in performances. Overlooking the weaving floor, where tapestry and tufting is an ongoing process in Dovecot's busy studio, the exhibition aims to highlight the skills of the tufters, and the diversity of projects in which they have been recently involved.

#### **W. Gordon Smith Award 12 January – 30 January 2016**

Dovecot was the venue for an exhibition of successful entries, invited from artists working in Scotland and Scottish artists working throughout the UK and abroad, to the W. Gordon Smith Award Competition. The competition organisers seek to celebrate the life of the distinguished art critic, author, dramatist and filmmaker. A pioneer of televised arts programmes in Scotland, W. Gordon Smith's series of films (Scope and Spectrum) for BBC Scotland throughout the late 1960s and 1970s are perhaps his greatest legacy.

#### **Necklace for an Elephant and Other Stories: The Working Lives of David Poston 12 February - 26 March 2016**

Described as a 'restless non-conformist', Poston's career has spanned jewellery, international development, photography and work as an inventor and designer. Including delicate pieces made of rose thorns, the hefty weight of a limestone necklace, a piece made of discarded Coca Cola bottle tops, Poston's jewellery speaks of his restless, experimental spirit. Between 2008 and the present, this celebrated jeweller, inventor and polymath collaborated with Dovecot Master Weaver Jonathan Cleaver on a series of extraordinary and imaginative masterworks. Together they developed a series of woven viscose, wire and stainless steel wire arm-wear pieces. One of these pieces is now in the collection of the National Museum of Scotland, while other objects produced during this collaboration featured in the exhibition, set within the wider context of Poston's work and life. Besides being a jeweller of international fame, Poston has pursued several other careers, some of them simultaneously and, for the first time, this exhibition brought together the different aspects of his creative career to show the significant wider impact he has made.

### **Dovecot Tapestry Studio Projects 2012 – 2015 April 2016**

This “pop-up” style exhibition offered a behind the scenes look at three major Dovecot tapestries produced in recent years: (1) *Large Tree Group* – a tapestry completed in 2013 from a painting by Victoria Crowe - was begun to celebrate the studios’ centenary in 2012. As a tapestry made completely from undyed and natural wools it is a unique piece in the history of tapestry. It was purchased for the National Museums of Scotland in 2014 and now has pride of place in Hawthornden Court at the entrance to the Museum’s Scottish galleries; (2) Alison Watt’s *Butterfly* now installed in the recently completed new foyer extension to the Theatre Royal in Glasgow, and (3) *Glass Onion*, created with Norwegian artist Magne Furuholmen.

### **The Scottish Endarkenment Art and Unreason 1945 to the present 13 May – 29 August 2016**

The Enlightenment is a familiar idea, as is the fact that light always casts a shadow. Curated by Bill Hare and Andrew Patrizio and co-produced by Dovecot, this major exhibition (which ran throughout the Edinburgh Art Festival 2016) proposed that many Scottish artists after 1945 have found more inspiration in the dark than in the light. The exhibition, which included works by John Bellany, Joyce Cairns, Alison Watt, and the Boyle Family, amongst many notable others, gained widespread media attention and many favourable critical reviews, as well as overwhelmingly positive feedback from exhibition-goers, contributing artists, lenders and the wider artistic community.

Artists contributing work to the exhibition expressed a strong affinity to the theme and commented that it was stimulating to be in an exhibition with a wide field of other artists from across disciplines and generations – rather than being included in exhibitions solely with their contemporary peers or ‘usual suspects’. The Learning events programme in support of the exhibition was the most varied Dovecot has ever offered. The comprehensive programme of over 24 events included talks, tours, performances, film screenings and a conference.

### **Tapestry Weaving & Rug Tufting Activities**

Work on the studio floor also demonstrated diversity, innovation and a continuing emphasis on creative collaboration.

1. Work continued throughout the year on two significant and prestigious large-scale tapestry commissions from separate livery companies, The Leathersellers’ Company and the Clothworkers’ Company. Both of the livery companies in question have flagship buildings in the City of London where the tapestries will be permanently installed following their completion in 2017. The designs for the works were developed in close partnership with the respective commissioners, with the Dovecot weaving team working collaboratively with renowned artists Victoria Crowe and Chris Ofili, respectively, to realise the concept for each piece. Work on both commissions carries on into the second half of 2016-17. The Ofili commission will, prior to its permanent installation, be displayed to the public in the Sunley Room at the National Gallery, London, as part of a major new Ofili exhibition in the summer of 2017.

2. Following its completion in July 2015, the tufted rug, *Diagrams of Love: Marriage of Eyes*, developed in collaboration with the celebrated visual artist, Linder Sterling, (made by Dovecot tufters Dennis Reinmueller, Kristi Vana and Jonathan Cleaver) was incorporated as the 'eighth dancer' into a contemporary dance piece, *Children of the Mantic Stain*. The piece was conceived by the artist (choreography by Kenneth Tindall, score by Maxwell Sterling, and 'signature sportswear' by Christopher Shannon) and given its world premiere by Northern Ballet at Hayward Touring's British Art Show 8 in the Tiled Hall, Leeds Art Gallery, in November 2015. The rug was exhibited as part of the onward British Art Show 8 tour, reaching the Scottish National Gallery of Modern Art, Modern 1, in Edinburgh in February 2016. A one-off public performance of the Linder Sterling dance piece was given on the Dovecot Studios Weaving Floor in March 2016, celebrating Dovecot Tapestry Studio's essential creative role in this innovative, multi-art form collaboration.
3. Master Weaver, David Cochrane, commenced work during the year on the second of a pair of works commissioned by an overseas private client; another finely woven botanical tapestry in collaboration with USA artist Kate Nessler. The piece was completed in August 2016.
4. An innovative digital technology access project was developed in the year with Napier University/Disneylabs, with funding from the higher education *Innovation Voucher* scheme. The project aim is to develop a virtual tour of the weaving floor and a preliminary version of the application was installed in the North Gallery as part of the *Colour & Light* exhibition which opened in November 2016. This project, as well as involving Dovecot in a creative partnership with world leaders in digital entertainment platform and computer games content development, will provide another access point for visitors to Dovecot, especially at times when access to the Studio viewing balcony is restricted due to weaving schedule considerations.
5. Dovecot attended London Craft Week ("LCW") at Ace Hotel (4-5 May 2016) and received around 200 visitors during that time. Listed on the LCW programme trail, and given the central location in Shoreditch, resulted in an entirely new audience accessing and gaining further understanding about Dovecot's practice. Demos were carried out by Apprentice Weaver Ben Hymers and around 5 visitors per day were able to practice weaving themselves.
6. As noted earlier, in the second half of 2015, National Museum of Scotland ("NMS") hung the *Large Tree Group* tapestry (2013, artist, Victoria Crowe, woven by Naomi Robertson, David Cochrane) at the entrance to their Scottish collection galleries. The hope is that this prominent position will help to widen the Dovecot audience, educate visitors to NMS that contemporary tapestry making exists and thrives in Scotland and encourage additional visits to Dovecot.

Dovecot Tapestry Studio projects and commissions *completed* in the year were:

- *Cattails* (Kate Nessler, David Cochrane)
  - Hearth rugs, *Golden Light*, edition 2/3, and *Ruby Embers*, edition 2/3 (Gary Fabian Miller, Dennis Reinmuller)
  - *Bowhill Smoking* rug (Timorous Beasties, Kristi Vana)
  - *The Weavers* rug, edition 2/8 (Adrian Wisznieswski, Dennis Reinmuller)
  - *Grangemouth at Night - Smoke and Lights* rug, editions 2/7 and 3/7 (Kurt Jackson, Dennis Reinmuller)
-

- *Landscape rug*, edition 2/8 (Nicholas Party, Kristi Vana)
- *Diagrams of Love: Marriage of Eyes rug* (Linder Sterling, Dennis Reinmuller, Kristi Vana, Jonathan Cleaver)

Dovecot Studios sold 9 (2015: 8) tapestries and rugs that were completed prior to, or during the year, and in relation to which a total of £91,284 (2015: £86,302) is recognised in incoming resources for the year.

A total of 14 (2015: 9) tapestry weaving and rug-making projects were started and completed in the year, or were work in progress at the end of the year, including 2 long-term contract commissioned tapestries in respect of which payments on account totalling £245,145 (2015: £157,111) are recognised in incoming resources for the year, and 2 Apprentice pieces.

### **Events Business**

Dovecot's Events business (carried on by Dovecot Studios Limited) generates funds in support of The Dovecot Foundation's charitable objectives.

Events enjoyed another successful year, generating turnover of £142,167 (2015: £150,093), including related hospitality revenue contributions and incurring associated costs of £98,493 (2015: £90,034). Dovecot has sought to establish itself as a unique Edinburgh events venue with ambitions to grow the annual revenue contribution from events for the benefit of The Dovecot Foundation's charitable purposes.

### **Fund-raising**

The fund-raising focus throughout the period remained on seeking ways to improve the trading contribution from Dovecot Studios Limited, to supplement a steady level of rental and other income generated from the parent charity's shareholdings and investment properties.

### **Financial review**

#### **Incoming resources and expenditure**

Income from donations was £157,343 (2015: £168,762).

Some £100,000 of a regular funding grant award from Creative Scotland amounting to £300,000 over three years (April 2015 – March 2018) is treated as restricted income due to the fact that the grant was awarded to The Dovecot Foundation for application by it to Dovecot Studios' contemporary visual arts exhibitions programme, tapestry weaving, rug tufting, and related educational activities.

Investment income, bank interest and grant income amounted to £134,679 (2015: £134,282). Rental income of £109,222 (2015: £111,200) from residential flats held as investment properties was offset by £34,314 of property management and similar costs (2015: £28,359).

Group trading income amounted to £616,034 (2015: £516,190). Included in which total was tapestry and rug sales income of £340,698 (2015: £295,478) and income from exhibitions sales, facilities hire, retail and cafe operations carried on by Dovecot Studios Limited of £275,336 (2015: £220,712).

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**Report of the Trustees (continued)**  
**For the year ended 30 June 2016**

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Progress continued with two major long-term contract tapestry commissions from separate Corporation of London livery companies. These projects were started by Dovecot Studios in 2014 and will occupy the weaving team until early 2017. Payments on account receivable for these commissions will be spread over 3 financial years, with related long-term contract work-in-progress balances included in net assets at the balance sheet date.

Total incoming resources of £1,008,056 (2015: £868,303) were offset by £934,311 (2015: £967,534) of resources expended.

There was a net decrease in total funds of £10,533 (2015: £237,316) and total funds at 30 June 2016 were £10,699,948 (2015: £10,710,481).

**Trading subsidiary deficit**

The trading subsidiary, Dovecot Studios Limited, incurred a deficit of £55,576 in the year and has an accumulated profit and loss account deficit of £354,536 at 30 June 2016. The undertaking is maintained by on-going financial support from The Dovecot Foundation by way of programme-related investment.

**Assets and liabilities**

Consolidated fixed and current assets of The Dovecot Foundation and its subsidiaries totalled £10,947,554 (2015: £10,928,291) at the end of the year, including £3,316,893 (2015: £3,316,893) relating to the Ryden's valuation of investment properties and £5,853,107 (2015: £5,853,107) relating to land and buildings.

Total creditors falling due within one year amounted to £247,606 (2015: £217,810). Consolidated net current assets were £81,716 compared to £157,693 at the previous year end.

**Review of investment portfolio**

The Dovecot Foundation's listed investments are in Aggreko Plc shares and shares in the Teal Widgeon Fund. They are held in nominee accounts by Speirs and Jeffery and Murray Beith Murray W.S. As these holdings represent gifts made without restrictions by Alastair and Elizabeth Salvesen, or by the Alastair Salvesen 1985 Discretionary Trust, the Trustees view them as assets available to provide group operational working capital at the board's discretion.

The overall investment in these entities was valued at £1,397,372 at 30 June 2016 (2015: £1,324,476). The year on year movement in value was represented by net new gifts (after disposals) of £157,176 (2015: £2,970) and a net reduction in the market value of holdings carried forward at 30 June 2016 of £84,278 (2015: £133,385).

Notwithstanding a significant fall in the Aggreko Plc share price since year-end (see note 24 to the financial statements), the Trustees have decided to maintain The Dovecot Foundation's shareholding in Aggreko Plc as they remain confident in the long term prospects of that company.

The combined realisable value of The Dovecot Foundation's investment portfolio at the date of this report is sufficient to cover more than one year's operating outturn of the principal operating subsidiary.

## **Reserves**

The founding trustees are currently committed to providing funding towards the operating costs of the activities carried on within the group in furtherance of The Dovecot Foundation's objects. Accordingly, the trustees do not believe a formal reserves policy to be necessary.

## **Principal risks**

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 Dovecot Studios to The Dovecot Foundation are subject to detailed assessment of the programmes and activities being supported and by post event analysis and review.

The principal risks facing the group have been identified by the trustees as:

1. Variability of the tapestry commissioning "pipeline";  
*Mitigation:* The Dovecot Foundation's significant holdings of readily realisable investments which provide over 1 year's operating expenses cover; diversification of income streams through building-based trading activities (room hires, events, retail and café operations); on-going review of opportunities to develop new voluntary income streams
2. Dependency on a small pool of skilled weavers with knowledge of Dovecot Tapestry Studio's weaving practices;  
*Mitigation:* Apprenticeship programme; careful planning of project timelines and delivery schedules
3. Ability to achieve long-term board development and effective succession planning;  
*Mitigation:* Recruitment of new board members in progress (December 2016).

## **Future plans**

The Dovecot Foundation is established to fundraise and to receive grants which provide a source of funds for the cultural, artistic and educational activities of its wholly owned trading subsidiary, Dovecot Studios. The Trustees are committed to providing funds as necessary to support the charity's objectives for the foreseeable future.

All residual profits derived from Dovecot Studios' activities are covenanted to, and re-invested by, The Dovecot Foundation, in furtherance of the artistic, cultural and educational activities carried on by Dovecot Studios. The Dovecot Foundation's Trustees aim, thereby, to develop a financially resilient, confident organisation, able to take creative risks and nurture skills in a professional and business-like way.

Dovecot Studios will seek to carry on and promote public appreciation of contemporary tapestry weaving and textile art through its creative collaborations with leading contemporary artists in the delivery of tapestry and rug-making commissions.

The aims of *Dovecot Tapestry Studio* are ambitious yet realistic. The building blocks are already in place with a strong history of collaborating with some of the world's most respected artists on commissions for many international collections, both public and private. Research and development in both tapestry and rug tufting with emerging and established artists at an international level is growing, while the profile of the Studios both in Scotland and internationally continues to increase through the development of a strong online presence.

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*Dovecot Gallery* includes the exhibition programme which directly reflects our ethos as a working Tapestry Studio where the artist and maker relationship comes in to bright focus. The gallery spaces are uniquely placed to explore the process of contemporary making and the nature of collaboration, with exhibitions highlighting experimental practices and artistic excellence in this area with an international scope and ambition. Some exhibitions forge a direct link with the work of the Studios; others provide audiences with an in-depth understanding of the wider context of contemporary making. We endeavour to ensure that each exhibition in our programme encourages audiences to participate, engage, and consider the practice of making afresh.

Learning is core to the wider organisation. The ambition is to invest further in our skilled workforce, offering opportunities to develop and grow as professionals and as practitioners. Within the Tapestry Studio an apprenticeship programme is currently rolling out, adapted to the realities of learning in the 21<sup>st</sup> Century workplace. We will continue to take on new apprentice weavers as funding allows. We also aim to raise funds to develop a physical and digital archive of Dovecot's work with ambitions to build a significant resource for the study of tapestry worldwide.

We also aim to increase income generation through our on-site retail activities, developing a range of Dovecot merchandise and continuing to collaborate with high quality makers.

In the final quarter of 2015, we embarked on a business relationship with Queen Margaret University, offering two career development roles in the Dovecot Events team for final year students and recent graduates of the university's School of Arts, Social Sciences and Management Events Management course, as part of on-going efforts to strengthen our revenue-generating capacity while providing a supportive environment for staff to develop their workplace skills and long-term career prospects.

In short, our plan is to continue as a place of art and design excellence, the sum of its parts, all contributing creatively towards another hundred years of tapestry weaving and contemporary craft and making.

#### **Recruitment**

All employment contracts within the group are with Dovecot Studios Limited. Permanent appointments were made during the year to the posts of Receptionist and Front of House & Operations Assistant. Additionally, during the year, (as highlighted in the previous section) two one-year fixed term appointments were made to the post of Events Coordinator (both subsequently confirmed as permanent in November 2016).

All permanent posts are advertised on the corporate website and on Creative Scotland's website job opportunities page to encourage applications from the widest range of potential candidates.

#### **Trustees' Remuneration**

No Trustees received remuneration or expenses for their work in supporting the Charity.

The management wish to record their deep appreciation of the financial, professional and personal support of the Trustees throughout the year.

#### **Auditors**

In accordance with section 485 of the Companies Act 2006 a resolution proposing that Saffery Champness be re-appointed as auditor to the charity will be put at a General Meeting.

### **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: (1) there is no relevant audit information of which the charitable company's auditors are unaware; and (2) 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.

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**(A company limited by guarantee)**  
**Report of the Trustees (continued)**  
**For the year ended 30 June 2016**

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*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

  
.....

Alastair Salvesen CBE  
Trustee

25/3/17  
.....  
Date

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Independent auditor's report to the members and trustees**  
**For the year ended 30 June 2016**

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We have audited the financial statements of The Dovecot Foundation for the year ended 30 June 2016 set out on pages 15 to 44. 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), including Financial Reporting Standard 102.

This report is made solely to the Charity's members and the Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and 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, its members as a body and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 1, 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 auditor 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 and 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' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Independent auditor's report to the members and trustees (continued)**  
**For the year ended 30 June 2016**

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**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent charity's affairs as at 30 June 2016 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).

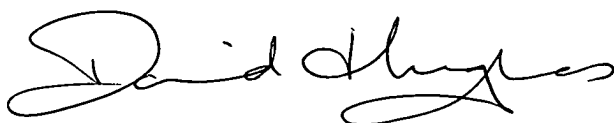
**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report, including the Strategic 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 amended) 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 or 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.



David Hughes (Senior Statutory Auditor)  
For and on behalf of Saffery Champness  
**Saffery Champness**  
Chartered Accountants  
Statutory Auditor

29 / 3 / 2017

Edinburgh Quay  
133 Fountainbridge  
Edinburgh  
EH3 9BA

Saffery Champness is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Consolidated statement of financial activities (incorporating consolidated income and expenditure account)**  
**For the year ended 30 June 2016**

|                                                  | Notes    | Unrestricted funds<br>£ | Restricted funds<br>£ | Total funds<br>year to<br>30 June 2016<br>£ | Total funds<br>year to<br>30 June 2015<br>£ |
|--------------------------------------------------|----------|-------------------------|-----------------------|---------------------------------------------|---------------------------------------------|
| <b>Income and Endowments from:</b>               |          |                         |                       |                                             |                                             |
| Donations and legacies                           | 2        | 157,343                 | 100,000               | 257,343                                     | 217,831                                     |
| Income from trading activities:                  |          |                         |                       |                                             |                                             |
| Trading activities                               | 3        | 616,034                 | -                     | 616,034                                     | 516,190                                     |
| Other income:                                    |          |                         |                       |                                             |                                             |
| Investment income                                | 4        | 134,679                 | -                     | 134,679                                     | 134,282                                     |
| <b>Total income</b>                              |          | <b>908,056</b>          | <b>100,000</b>        | <b>1,008,056</b>                            | <b>868,303</b>                              |
| <b>Expenditure on:</b>                           |          |                         |                       |                                             |                                             |
| Costs of raising funds:                          |          |                         |                       |                                             |                                             |
| Trading operations                               | 5        | (320,997)               | -                     | (320,997)                                   | (360,040)                                   |
| Expenditure on charitable activities:            |          |                         |                       |                                             |                                             |
| Operation of Charity                             | 6        | (513,314)               | (100,000)             | (613,314)                                   | (607,494)                                   |
| <b>Total expenditure</b>                         | <b>8</b> | <b>(834,311)</b>        | <b>(100,000)</b>      | <b>(934,311)</b>                            | <b>(967,534)</b>                            |
| Net losses on investments                        | 11       | (84,278)                | -                     | (84,278)                                    | (138,085)                                   |
| <b>Net expenditure and net movement in funds</b> |          | <b>(10,533)</b>         | <b>-</b>              | <b>(10,533)</b>                             | <b>(237,316)</b>                            |
| <b>Reconciliation of funds:</b>                  |          |                         |                       |                                             |                                             |
| Total funds brought forward                      |          | 10,705,134              | 5,347                 | 10,710,481                                  | 10,947,797                                  |
| <b>Total funds carried forward</b>               |          | <b>10,694,601</b>       | <b>5,347</b>          | <b>10,699,948</b>                           | <b>10,710,481</b>                           |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 22 to 44 form part of these financial statements.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Charity statement of financial activities (incorporating an income and expenditure account)**  
**For the year ended 30 June 2016**

|                                                           | Notes    | Unrestricted funds<br>£ | Restricted funds<br>£ | Total funds<br>year to<br>30 June 2016<br>£ | Total funds<br>year to<br>30 June 2015<br>£ |
|-----------------------------------------------------------|----------|-------------------------|-----------------------|---------------------------------------------|---------------------------------------------|
| <b>Income and Endowments from:</b>                        |          |                         |                       |                                             |                                             |
| Donations and legacies                                    | 2        | 157,343                 | 100,000               | 257,343                                     | 220,008                                     |
| Other income:                                             |          |                         |                       |                                             |                                             |
| Investment income                                         | 4        | 460,425                 | -                     | 460,425                                     | 97,283                                      |
| <b>Total income</b>                                       |          | <b>617,768</b>          | <b>100,000</b>        | <b>717,768</b>                              | <b>317,291</b>                              |
| <b>Expenditure on:</b>                                    |          |                         |                       |                                             |                                             |
| Expenditure on charitable activities:                     |          |                         |                       |                                             |                                             |
| Dovecot Studios Limited                                   | 6        | (225,000)               | (100,000)             | (325,000)                                   | (465,921)                                   |
| Operation of Charity                                      | 6        | (43,536)                | -                     | (43,536)                                    | (37,906)                                    |
| <b>Total expenditure</b>                                  | <b>8</b> | <b>(268,536)</b>        | <b>(100,000)</b>      | <b>(368,536)</b>                            | <b>(503,827)</b>                            |
| Net loss on investments                                   | 11       | (84,278)                | -                     | (84,278)                                    | (138,085)                                   |
| <b>Net income/(expenditure) and net movement in funds</b> |          | <b>264,954</b>          | <b>-</b>              | <b>264,954</b>                              | <b>(324,621)</b>                            |
| <b>Reconciliation of funds</b>                            |          |                         |                       |                                             |                                             |
| Total funds brought forward                               |          | 10,697,744              | 5,347                 | 10,703,091                                  | 11,027,712                                  |
| <b>Total funds carried forward</b>                        |          | <b>10,962,698</b>       | <b>5,347</b>          | <b>10,968,045</b>                           | <b>10,703,091</b>                           |

The statement of financial activities includes all gains and losses recognised in the year.

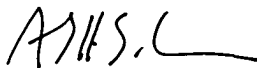
All income and expenditure derive from continuing activities.

The notes on pages 22 to 44 form part of these financial statements.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Consolidated balance sheet**  
**As at 30 June 2016**

|                                                |              | <b>30 June<br/>2016<br/>£</b> | <b>30 June<br/>2015<br/>£</b> |
|------------------------------------------------|--------------|-------------------------------|-------------------------------|
|                                                | <b>Notes</b> |                               |                               |
| <b>Fixed assets</b>                            |              |                               |                               |
| Tangible assets                                | <b>10</b>    | 5,903,967                     | 5,911,419                     |
| Investment properties                          | <b>10</b>    | 3,316,893                     | 3,316,893                     |
| Investments                                    | <b>11</b>    | 1,397,372                     | 1,324,476                     |
|                                                |              | <u>10,618,232</u>             | <u>10,552,788</u>             |
| <b>Current assets</b>                          |              |                               |                               |
| Stock                                          | <b>12</b>    | 118,095                       | 134,803                       |
| Debtors                                        | <b>13</b>    | 57,205                        | 62,321                        |
| Cash at bank and in hand                       |              | 154,022                       | 178,379                       |
|                                                |              | <u>329,322</u>                | <u>375,503</u>                |
| <b>Liabilities</b>                             |              |                               |                               |
| Creditors: amounts falling due within one year | <b>14</b>    | (247,606)                     | (217,810)                     |
| <b>Net current assets</b>                      |              | <u>81,716</u>                 | <u>157,693</u>                |
| <b>Total assets less current liabilities</b>   |              | <u>10,699,948</u>             | <u>10,710,481</u>             |
| <b>The funds of the Group</b>                  |              |                               |                               |
| Restricted income funds                        | <b>15</b>    | 5,347                         | 5,347                         |
| Unrestricted income funds                      | <b>16</b>    | 10,694,601                    | 10,705,134                    |
| <b>Total funds</b>                             | <b>17</b>    | <u>10,699,948</u>             | <u>10,710,481</u>             |

These financial statements were approved by the Trustees on 25/3/2017 and are signed on their behalf:

  
Alastair Salvesen CBE  
Chairman of Trustees

Registered in Scotland No. SC375263

The notes on pages 22 to 44 form part of these financial statements.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Charity balance sheet**  
**As at 30 June 2016**

|                                                |              | <b>30 June<br/>2016<br/>£</b> | <b>30 June<br/>2015<br/>£</b> |
|------------------------------------------------|--------------|-------------------------------|-------------------------------|
|                                                | <b>Notes</b> |                               |                               |
| <b>Fixed assets</b>                            |              |                               |                               |
| Tangible assets                                | <b>10</b>    | 1,770,000                     | 1,770,000                     |
| Investments                                    | <b>11</b>    | 9,146,126                     | 9,073,228                     |
|                                                |              | <u>10,916,126</u>             | <u>10,843,228</u>             |
| <b>Current assets</b>                          |              |                               |                               |
| Debtors                                        | <b>13</b>    | 8,112                         | 7,013                         |
| Cash at bank and in hand                       |              | 55,468                        | 57,743                        |
|                                                |              | <u>63,580</u>                 | <u>64,756</u>                 |
| <b>Liabilities</b>                             |              |                               |                               |
| Creditors: amounts falling due within one year | <b>14</b>    | (11,661)                      | (204,893)                     |
| <b>Net current assets/(liabilities)</b>        |              | <u>51,919</u>                 | <u>(140,137)</u>              |
| <b>Total assets less current liabilities</b>   |              | <u>10,968,045</u>             | <u>10,703,091</u>             |
| <b>The funds of the Charity</b>                |              |                               |                               |
| Restricted income funds                        | <b>15</b>    | 5,347                         | 5,347                         |
| Unrestricted income funds                      | <b>16</b>    | 10,962,698                    | 10,697,744                    |
| <b>Total funds</b>                             | <b>17</b>    | <u>10,968,045</u>             | <u>10,703,091</u>             |

These financial statements were approved by the Trustees on 25/5/2017 and are signed on their behalf:

  
Alastair Salvesen CBE  
Chairman of Trustees

Registered in Scotland No. SC375263

The notes on pages 22 to 44 form part of these financial statements.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Statement of changes in equity**  
**For the year ended 30 June 2016**

| <b>Group</b>                   |              | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------------|--------------|-------------------------------------|-----------------------------------|--------------------|
|                                | <b>Notes</b> |                                     |                                   |                    |
| <b>Balance at 1 July 2014</b>  | <b>22</b>    | 10,905,599                          | 42,198                            | 10,947,797         |
| <b>Year ended 30 June 2015</b> |              |                                     |                                   |                    |
| Net expenditure                |              | (62,380)                            | (36,851)                          | (99,231)           |
| Net losses on investments      |              | (138,085)                           | -                                 | (138,085)          |
| <b>Balance at 30 June 2015</b> | <b>22</b>    | 10,705,134                          | 5,347                             | 10,710,481         |
| <b>Year ended 30 June 2016</b> |              |                                     |                                   |                    |
| Net income                     |              | 73,745                              | -                                 | 73,745             |
| Net losses on investments      |              | (84,278)                            | -                                 | (84,278)           |
| <b>Balance at 30 June 2016</b> | <b>17</b>    | 10,694,601                          | 5,347                             | 10,699,948         |

| <b>Charity</b>                 |              | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------------|--------------|-------------------------------------|-----------------------------------|--------------------|
|                                | <b>Notes</b> |                                     |                                   |                    |
| <b>Balance at 1 July 2014</b>  | <b>22</b>    | 10,985,514                          | 42,198                            | 11,027,712         |
| <b>Year ended 30 June 2015</b> |              |                                     |                                   |                    |
| Net expenditure                |              | (149,685)                           | (36,851)                          | (186,536)          |
| Net losses on investments      |              | (138,085)                           | -                                 | (138,085)          |
| <b>Balance at 30 June 2015</b> | <b>22</b>    | 10,697,744                          | 5,347                             | 10,703,091         |
| <b>Year ended 30 June 2016</b> |              |                                     |                                   |                    |
| Net income                     |              | 349,232                             | -                                 | 349,232            |
| Net losses on investments      |              | (84,278)                            | -                                 | (84,278)           |
| <b>Balance at 30 June 2016</b> | <b>17</b>    | 10,962,698                          | 5,347                             | 10,968,045         |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Consolidated and Charity statement of cash flows**  
**For the year ended 30 June 2016**

|                                                     | <b>Consolidated</b>           |                               | <b>Charity</b>                |                               |
|-----------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                                     | <b>30 June<br/>2016<br/>£</b> | <b>30 June<br/>2015<br/>£</b> | <b>30 June<br/>2016<br/>£</b> | <b>30 June<br/>2015<br/>£</b> |
| Net cash inflow/(outflow) from operating activities | 110,301                       | 141,166                       | (233,302)                     | 140,703                       |
| <b>Cashflows from investing activities</b>          |                               |                               |                               |                               |
| Fixed asset purchases                               | (2,938)                       | (16,300)                      | -                             | -                             |
| Investment purchases                                | (157,176)                     | (167,970)                     | (157,176)                     | (167,970)                     |
| Interest received                                   | 66                            | 15                            | 16                            | 15                            |
| Dividends received                                  | 25,390                        | 23,067                        | 388,187                       | 23,067                        |
| <b>Net cash used in investing activities</b>        | <b>(134,658)</b>              | <b>(161,188)</b>              | <b>231,027</b>                | <b>(144,888)</b>              |
| Decrease in cash                                    | (24,357)                      | (20,022)                      | (2,275)                       | (4,185)                       |
| Cash at 1 July 2015                                 | 178,379                       | 198,401                       | 57,743                        | 61,928                        |
| <b>Cash at 30 June 2016</b>                         | <b>154,022</b>                | <b>178,379</b>                | <b>55,468</b>                 | <b>57,743</b>                 |

|                                                            | <b>30 June<br/>2016<br/>£</b> | <b>30 June<br/>2015<br/>£</b> | <b>30 June<br/>2016<br/>£</b> | <b>30 June<br/>2015<br/>£</b> |
|------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net (expenditure)/income                                   | (10,533)                      | (237,316)                     | 264,954                       | (324,623)                     |
| Investment income                                          | (25,456)                      | (23,082)                      | (388,203)                     | (23,082)                      |
| Depreciation                                               | 10,390                        | 13,103                        | -                             | -                             |
| Decrease in deferred income                                | -                             | -                             | -                             | (9,400)                       |
| Investment revaluation                                     | 84,278                        | 298,385                       | 84,278                        | 298,385                       |
| Decrease in stocks                                         | 16,708                        | 10,519                        | -                             | -                             |
| Decrease/(increase) in debtors                             | 5,116                         | 43,748                        | (1,099)                       | 7,088                         |
| Increase/(decrease) in creditors                           | 29,798                        | 35,809                        | (193,232)                     | 192,335                       |
| <b>Net cash inflow/(outflow) from operating activities</b> | <b>110,301</b>                | <b>141,166</b>                | <b>(203,302)</b>              | <b>140,703</b>                |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Consolidated and Charity statement of cash flows (continued)**  
**For the year ended 30 June 2016**

|                       | 1 July 2015    | Cashflows       | Other<br>non-cash<br>changes | 30 June 2016   |
|-----------------------|----------------|-----------------|------------------------------|----------------|
| <b>Group</b>          | £              | £               | £                            | £              |
| Cash in hand, at bank | <u>178,379</u> | <u>(24,357)</u> | <u>-</u>                     | <u>154,022</u> |
| <b>Net cash</b>       | <u>178,379</u> | <u>(24,357)</u> | <u>-</u>                     | <u>154,022</u> |
|                       |                |                 |                              |                |
| <b>Charity</b>        | £              | £               | £                            | £              |
| Cash in hand, at bank | <u>57,743</u>  | <u>(2,275)</u>  | <u>-</u>                     | <u>55,468</u>  |
| <b>Net cash</b>       | <u>57,743</u>  | <u>(2,275)</u>  | <u>-</u>                     | <u>55,468</u>  |

The notes on pages 22 to 44 form part of these financial statements.

## 1.1 Accounting convention and accounting policies

### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Dovecot Foundation 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 note(s).

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

### Reconciliation with previous generally accepted accounting practice

These financial statements for the year ended 30 June 2016 are the first financial statements of The Dovecot Foundation prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 July 2014. In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP (FRS 102) the restatement of comparative figures was required. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102, other than certain items being reclassified in the statement of financial activities.

Group and Charity statement of financial activities have been presented for the prior year in note 22.

### Significant judgments and estimation uncertainty

When applying the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results could differ from such estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements are:

- **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, future investment, economic utilization and the physical condition of the assets. See note 10 for carrying amounts of tangible assets.

**1.1 Accounting convention and accounting policies (continued)**

- **Impairment of debtors**

The Charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management consider factors including the current credit rating of the debtor, the substance of the deferred production costs and historical experience. See note 13 for carrying amount of debtors.

- **Stock**

The Charity makes an estimate of the recoverable value of stocks for the following items as follows:

Raw materials are valued at original cost. Finished goods are valued based on the labour and absorption costs per hour or square metre. Work in progress is valued based on labour costs, calculated according to the standard rate per hour or square metre. For any small items the valuation is based on the production costs per unit or square metre.

- **Long term contracts**

The Charity receives partial or full payments before certain projects have completed. Long-term contracts are reviewed annually to estimate their progress and to recognise revenue in line with the stage of completion. The area that has been completed to date is compared to the final tapestry size in order to establish the percentage completed at the year end. Revenue is recognised in line with this percentage and any additional payments are taken to deferred income.

**1.2 Consolidation**

The consolidated financial statements consolidate the financial statements of The Dovecot Foundation Limited and all its subsidiary undertakings, Dovecot Properties Limited, and Dovecot Studios Limited, drawn up to 30 June 2016.

**1.3 Investment in subsidiaries**

The consolidated financial statements incorporate the financial statements of the Charity and entities (including special purpose entities) controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Financial Activities from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

**1.4 Investments and investment income**

Fixed asset investments are stated at original cost and revalued for any increase or decrease in the market value of the investments in the year. Any gain or loss in the year is recognised in the Statement of Financial Activities.

Income from investments is accounted for on a receivable basis. Gains or losses realised over the previous year end valuation on sale of investments are credited or charged to the Statement of Financial Activities. The Trustees deem the value of investments to have remained unchanged since the previous accounting period.

**1.5 Fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                    |                     |
|--------------------|---------------------|
| Land and buildings | - Nil               |
| Plant & Machinery  | - 10 straight line  |
| Motor Vehicles     | - 25% straight line |

Restricted funds received from grant aiding bodies and from donations, as a contribution to capital expenditure, are amortised to the Statement of Financial Activities over the estimated useful lives of the assets to which they relate, in line with depreciation.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the Statement of Financial Activities.

**1.6 Impairment of fixed assets**

At each reporting end date, the Charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

**1.7 Financial instruments**

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Charity's Balance Sheet when the Charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 1.7 Financial instruments (continued)

### Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

### Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Financial Activities, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

### Impairment of financial assets

Financial assets, other than those held at fair value through the Statement of Financial Activities, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in the statement of financial activities.

### De-recognition of financial assets

Financial assets are de-recognised only when the contractual rights to the cash flows from the asset expire, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

### Classification of financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.7 Financial instruments (continued)**

**Other financial liabilities**

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through the Statement of Financial Activities. Changes in the fair value of derivatives are recognised in the Statement of Financial Activities as appropriate.

**De-recognition of financial liabilities**

Financial liabilities are de-recognised when, and only when, the Charity's obligations are discharged, cancelled, or they expire.

**1.8 Taxation**

The Charity is a charity for the purposes of Section 505 ICTA 1988 and is exempt from taxation on the whole of its income. The subsidiaries are not charities. Dovecot Properties Limited has, however, agreed to donate to The Dovecot Foundation any surplus profit.

**1.9 Income resources from charitable activities**

Income from the sale of tapestries is included in incoming resources in the period in which the relevant sale takes place.

**1.10 Trading activities**

Income from trading activities is included in the period in which the Group is entitled to receipt.

Tapestry sales are treated as trading activities and related production costs are treated as charitable activities. Tapestry production is treated as charitable activities as it meets the Charity's aims and objectives.

**1.11 Donations and Grants**

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

When donors specify that donations and grants given to the Charity must be used in future accounting periods, the income is deferred until those periods.

When donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants, including capital grants, are for particular restricted purposes, which do not amount to pre-conditions regarding entitlement, this income is included in incoming resources in restricted funds when receivable.

**1.12 Interest receivable**

Interest is included when receivable by the Group.

**1.13 Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any Value Added Tax which cannot be recovered.

**1.14 Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1.16 Pension costs**

The Charity makes pension contributions to employees' personal pension plans which are charged to the Statement of Financial Activities account when paid.

**1.17 Restricted Funds**

These are funds from a donor or grant body that can only be used for a particular restricted purpose within the objects of the charity.

**1.18 Unrestricted Funds**

These are funds which can be used in accordance with the charitable objects at the discretion of the Trustees. In particular circumstances the Board will designate reserves as appropriate.

**1.19 Allocation of support costs**

Support costs include back office costs, finance, personnel, payroll and governance costs which support the Foundation's artistic and educational programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in notes 5 and 6.

The Dovecot Foundation  
(A company limited by guarantee)  
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For the year ended 30 June 2016

2. Donations and legacies

|                    | Unrestricted<br>funds | Restricted<br>funds | Total funds<br>year to<br>30 June 2016 | Total funds<br>year to<br>30 June 2015 |
|--------------------|-----------------------|---------------------|----------------------------------------|----------------------------------------|
|                    | £                     | £                   | £                                      | £                                      |
| <b>Group</b>       |                       |                     |                                        |                                        |
| Gift of shares     | 157,176               | -                   | 157,176                                | 167,970                                |
| Donations received | 167                   | -                   | 167                                    | 791                                    |
| Creative Scotland  | -                     | 100,000             | 100,000                                | 49,070                                 |
|                    | <u>157,343</u>        | <u>100,000</u>      | <u>257,343</u>                         | <u>217,831</u>                         |
| <b>Charity</b>     |                       |                     |                                        |                                        |
| Gift of shares     | 157,176               | -                   | 157,176                                | 167,970                                |
| Donations received | 167                   | -                   | 167                                    | 791                                    |
| Creative Scotland  | -                     | 100,000             | 100,000                                | 51,247                                 |
|                    | <u>157,343</u>        | <u>100,000</u>      | <u>257,343</u>                         | <u>220,008</u>                         |

3. Trading activities

|                        | Unrestricted<br>funds | Restricted<br>funds | Total funds<br>Year to<br>30 June 2016 | Total funds<br>Year to<br>30 June 2015 |
|------------------------|-----------------------|---------------------|----------------------------------------|----------------------------------------|
|                        | £                     | £                   | £                                      | £                                      |
| <b>Group</b>           |                       |                     |                                        |                                        |
| Tapestry and rug sales | 340,698               | -                   | 340,698                                | 275,296                                |
| Exhibition sales       | 49,449                | -                   | 49,449                                 | 16,658                                 |
| Facilities hire        | 142,167               | -                   | 142,167                                | 150,093                                |
| Shop                   | 56,744                | -                   | 56,744                                 | 47,968                                 |
| Cafe                   | 20,363                | -                   | 20,363                                 | 18,766                                 |
| Other income           | 6,613                 | -                   | 6,613                                  | 7,409                                  |
|                        | <u>616,034</u>        | <u>-</u>            | <u>616,034</u>                         | <u>516,190</u>                         |

The Dovecot Foundation  
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Notes to the financial statements (continued)  
For the year ended 30 June 2016

4. Investment income

|                        | Unrestricted<br>funds | Restricted<br>funds | Total funds<br>Year to<br>30 June 2016 | Total funds<br>Year to<br>30 June 2015 |
|------------------------|-----------------------|---------------------|----------------------------------------|----------------------------------------|
|                        | £                     | £                   | £                                      | £                                      |
| <b>Group</b>           |                       |                     |                                        |                                        |
| Dividends received     | 25,391                | -                   | 25,391                                 | 23,067                                 |
| Rental income          | 109,222               | -                   | 109,222                                | 111,200                                |
| Bank interest received | 66                    | -                   | 66                                     | 15                                     |
|                        | <u>134,679</u>        | <u>-</u>            | <u>134,679</u>                         | <u>134,282</u>                         |
| <b>Charity</b>         |                       |                     |                                        |                                        |
| Dividends received     | 388,187               | -                   | 388,187                                | 23,068                                 |
| Rental income          | 72,222                | -                   | 72,222                                 | 74,200                                 |
| Bank interest received | 16                    | -                   | 16                                     | 15                                     |
|                        | <u>460,425</u>        | <u>-</u>            | <u>460,425</u>                         | <u>97,283</u>                          |

5. Trading activities

|                      | Unrestricted<br>funds | Restricted<br>funds | Total funds<br>Year to<br>31 Mar 2016 | Total funds<br>Year to<br>31 Mar 2015 |
|----------------------|-----------------------|---------------------|---------------------------------------|---------------------------------------|
|                      | £                     | £                   | £                                     | £                                     |
| <b>Group</b>         |                       |                     |                                       |                                       |
| Operation of studios | 305,341               | -                   | 305,341                               | 349,032                               |
| Depreciation         | 4,079                 | -                   | 4,079                                 | 5,146                                 |
| Governance costs     | <u>11,577</u>         | <u>-</u>            | <u>11,577</u>                         | <u>5,862</u>                          |
|                      | <u>320,997</u>        | <u>-</u>            | <u>320,997</u>                        | <u>360,040</u>                        |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**5. Trading activities (continued)**

**Analysis of expenditure on trading activities**

| <b>Group</b>                 | <b>Total<br/>£</b> | <b>Events<br/>£</b> | <b>Retail<br/>£</b> | <b>Cafe<br/>£</b> |
|------------------------------|--------------------|---------------------|---------------------|-------------------|
| Staff costs                  | 48,881             | 32,703              | 16,178              | -                 |
| Cost of sales                | 118,641            | 36,730              | 80,955              | 956               |
| Equipment & general expenses | 3,664              | 3,300               | 364                 | -                 |
| Depreciation                 | 4,079              | 3,013               | 1,012               | 54                |
| Governance costs             | 11,577             | 5,348               | 5,116               | 1,113             |
| Support costs                | 134,155            | 73,539              | 51,439              | 9,177             |
|                              | <u>320,997</u>     | <u>154,633</u>      | <u>155,064</u>      | <u>11,300</u>     |

Support costs comprise shared staff, premises and facilities costs. Staff costs are apportioned on the basis of head count, premises and facilities costs are apportioned on the basis of floor space utilised in activities.

**6. Charitable activities**

| <b>Group</b>                      | <b>Unrestricted<br/>funds<br/>£</b> | <b>Restricted<br/>funds<br/>£</b> | <b>Total funds<br/>Year to<br/>30 June 2016<br/>£</b> | <b>Total funds<br/>Year to<br/>30 June 2015<br/>£</b> |
|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Provision of charitable services: |                                     |                                   |                                                       |                                                       |
| Operating expenses                | 475,486                             | 100,000                           | 575,486                                               | 583,246                                               |
| Depreciation                      | 6,311                               | -                                 | 6,311                                                 | 7,957                                                 |
| Governance costs                  | 31,517                              | -                                 | 31,517                                                | 16,291                                                |
|                                   | <u>513,314</u>                      | <u>100,000</u>                    | <u>613,314</u>                                        | <u>607,494</u>                                        |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**6. Charitable activities (continued)**

| Charity                              | Unrestricted funds | Restricted funds | Total Year to 30 June 2016 | Total Year to 30 June 2015 |
|--------------------------------------|--------------------|------------------|----------------------------|----------------------------|
|                                      | £                  | £                | £                          | £                          |
| Provision of charitable services:    |                    |                  |                            |                            |
| Donations to Dovecot Studios Limited | 225,000            | 100,000          | 325,000                    | 465,921                    |
| Operating expenses                   | 29,351             | -                | 29,351                     | 24,391                     |
| Governance costs                     | 14,185             | -                | 14,185                     | 13,515                     |
|                                      | <u>268,536</u>     | <u>100,000</u>   | <u>368,536</u>             | <u>503,827</u>             |

The grant received from Creative Scotland Limited was transferred to Dovecot Studios Limited to support tapestry production costs, the exhibitions programme and related educational activities.

**Analysis of expenditure on charitable activities**

| Group                         | Total £        | Tapestry £        | Exhibitions £        | Other £        |
|-------------------------------|----------------|-------------------|----------------------|----------------|
| Staff                         | 207,103        | 172,543           | 34,560               | -              |
| Materials & other consumables | 61,757         | 40,384            | 21,373               | -              |
| Equipment                     | 3,576          | 1,099             | 2,477                | -              |
| Promotion & awareness raising | 33,821         | 5,090             | 28,731               | -              |
| Depreciation                  | 6,311          | 4,940             | 1,371                | -              |
| Governance costs              | 31,517         | 17,973            | 13,544               | -              |
| Support costs                 | 234,915        | 119,366           | 115,104              | 445            |
| Investment management costs   | 34,314         | -                 | -                    | 34,314         |
|                               | <u>613,314</u> | <u>361,395</u>    | <u>217,160</u>       | <u>34,759</u>  |
| <b>Charity</b>                | <b>Total £</b> | <b>Tapestry £</b> | <b>Exhibitions £</b> | <b>Other £</b> |
| Dovecot Studios Limited       | 325,000        | 325,000           | -                    | -              |
| Governance costs              | 14,185         | 9,486             | 4,699                | -              |
| Support costs                 | 633            | 424               | 209                  | -              |
| Investment management costs   | 28,718         | -                 | -                    | 28,718         |
|                               | <u>368,536</u> | <u>334,910</u>    | <u>4,908</u>         | <u>28,718</u>  |

**The Dovecot Foundation**  
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**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**6. Charitable activities (continued)**

Support costs comprise shared staff, premises and facilities costs. Staff costs are apportioned on the basis of head count, premises and facilities costs are apportioned on the basis of floor space utilised in activities.

**7. Governance costs**

|                        | Unrestricted<br>funds | Restricted<br>funds | Total<br>Year to<br>30 June 2016 | Total<br>Year to<br>30 June 2015 |
|------------------------|-----------------------|---------------------|----------------------------------|----------------------------------|
|                        | £                     | £                   | £                                | £                                |
| <b>Group</b>           |                       |                     |                                  |                                  |
| Auditor's remuneration | 23,072                | -                   | 23,072                           | 17,300                           |
|                        | <u>23,072</u>         | <u>-</u>            | <u>23,072</u>                    | <u>17,300</u>                    |
| <b>Charity</b>         |                       |                     |                                  |                                  |
| Auditor's remuneration | 13,362                | -                   | 13,362                           | 11,388                           |
|                        | <u>13,362</u>         | <u>-</u>            | <u>13,362</u>                    | <u>11,388</u>                    |

**8. Total resources expended**

|                               | Staff costs    | Depreciation  | Other costs    | Total funds<br>Year to<br>30 June 2016 | Total funds<br>Year to<br>30 June 2015 |
|-------------------------------|----------------|---------------|----------------|----------------------------------------|----------------------------------------|
|                               | £              | £             | £              | £                                      | £                                      |
| <b>Group</b>                  |                |               |                |                                        |                                        |
| Direct charitable expenditure | 310,222        | 6,311         | 265,264        | 581,797                                | 591,203                                |
| Governance costs              | -              | -             | 43,094         | 43,094                                 | 22,153                                 |
| Trading activities            | 167,164        | 4,079         | 138,177        | 309,420                                | 354,178                                |
|                               | <u>477,386</u> | <u>10,390</u> | <u>446,535</u> | <u>934,311</u>                         | <u>967,534</u>                         |
| <b>Charity</b>                |                |               |                |                                        |                                        |
| Direct charitable expenditure | -              | -             | 354,176        | 354,176                                | 479,316                                |
| Governance costs              | -              | -             | 14,185         | 14,185                                 | 13,515                                 |
|                               | <u>-</u>       | <u>-</u>      | <u>368,361</u> | <u>368,361</u>                         | <u>492,831</u>                         |

**The Dovecot Foundation**  
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**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**8. Total resources expended (continued)**

|                                          | <b>Group</b>        |                     | <b>Charity</b>      |                     |
|------------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                          | <b>Year to</b>      | <b>Year to</b>      | <b>Year to</b>      | <b>Year to</b>      |
|                                          | <b>30 June 2016</b> | <b>30 June 2015</b> | <b>30 June 2016</b> | <b>30 June 2015</b> |
|                                          | <b>£</b>            | <b>£</b>            | <b>£</b>            | <b>£</b>            |
| <b>The aggregate payroll costs were:</b> |                     |                     |                     |                     |
| Staff costs                              | 437,967             | 385,985             | -                   | -                   |
| Social security costs                    | 34,514              | 31,344              | -                   | -                   |
| Pension costs                            | 4,905               | 4,382               | -                   | -                   |
|                                          | <u>477,386</u>      | <u>421,711</u>      | <u>-</u>            | <u>-</u>            |

The average monthly headcount was 25 staff (2015: 30).

No employee received emoluments of more than £60,000 during the year (2015: none).

During the year or the previous year, no Trustee received remuneration, reimbursement of expenses or payment for professional or other services supplied to the Group.

**9. Net incoming resources**

Net incoming resources are stated after charging:

|                        | <b>Group</b>        |                     | <b>Charity</b>      |                     |
|------------------------|---------------------|---------------------|---------------------|---------------------|
|                        | <b>Year to</b>      | <b>Year to</b>      | <b>Year to</b>      | <b>Year to</b>      |
|                        | <b>30 June 2016</b> | <b>30 June 2015</b> | <b>30 June 2016</b> | <b>30 June 2015</b> |
|                        | <b>£</b>            | <b>£</b>            | <b>£</b>            | <b>£</b>            |
| Depreciation           | 10,390              | 13,103              | -                   | -                   |
| Auditors' remuneration | <u>23,072</u>       | <u>17,300</u>       | <u>13,362</u>       | <u>11,388</u>       |

**The Dovecot Foundation**  
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**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**10. Tangible fixed assets**

|                               | <b>Land and<br/>buildings</b> | <b>Plant and<br/>machinery</b> | <b>Fixtures,<br/>fittings &amp;<br/>equipment</b> | <b>Total</b>     |
|-------------------------------|-------------------------------|--------------------------------|---------------------------------------------------|------------------|
|                               | <b>£</b>                      | <b>£</b>                       | <b>£</b>                                          | <b>£</b>         |
| <b>Group<br/>Cost</b>         |                               |                                |                                                   |                  |
| At 1 July 2015                | 5,853,107                     | 73,763                         | 28,907                                            | 5,955,777        |
| Additions                     | -                             | 923                            | 2,015                                             | 2,938            |
|                               | <u>5,853,107</u>              | <u>74,686</u>                  | <u>30,922</u>                                     | <u>5,958,715</u> |
| At 30 June 2016               | 5,853,107                     | 74,686                         | 30,922                                            | 5,958,715        |
| <b>Depreciation</b>           |                               |                                |                                                   |                  |
| At 1 July 2015                | -                             | 20,797                         | 23,561                                            | 44,358           |
| Charge for the year           | -                             | 7,474                          | 2,916                                             | 10,390           |
|                               | <u>-</u>                      | <u>28,271</u>                  | <u>26,477</u>                                     | <u>54,748</u>    |
| At 30 June 2016               | -                             | 28,271                         | 26,477                                            | 54,748           |
| <b>Net book value</b>         |                               |                                |                                                   |                  |
| At 30 June 2016               | <u>5,853,107</u>              | <u>46,415</u>                  | <u>4,445</u>                                      | <u>5,903,967</u> |
| At 30 June 2015               | <u>5,853,107</u>              | <u>52,966</u>                  | <u>5,346</u>                                      | <u>5,911,419</u> |
| <b>Investment properties</b>  |                               |                                |                                                   |                  |
|                               |                               |                                | <b>Group</b>                                      | <b>Charity</b>   |
|                               |                               |                                | <b>£</b>                                          | <b>£</b>         |
| <b>Valuation</b>              |                               |                                |                                                   |                  |
| At 1 July 2015 & 30 June 2016 |                               |                                | <u>3,316,893</u>                                  | <u>1,770,000</u> |
| <b>Net book value</b>         |                               |                                |                                                   |                  |
| At 30 June 2016               |                               |                                | <u>3,316,893</u>                                  | <u>1,770,000</u> |
| At 30 June 2015               |                               |                                | <u>3,316,893</u>                                  | <u>1,770,000</u> |

Certain of the Group's and Charity's freehold properties are valued at their open market value for existing use by Ryden LLP, Chartered Surveyors. The last valuation carried out was in the year to 30 June 2010. Given the specialist nature of these properties, the Trustees believe that the valuation is still appropriate.

The Dovecot Foundation  
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Notes to the financial statements (continued)  
For the year ended 30 June 2016

11. Investments

Group

|                       | Listed<br>investment<br>£ | Total<br>£ |
|-----------------------|---------------------------|------------|
| <b>Valuation</b>      |                           |            |
| At 1 July 2015        | 1,324,474                 | 1,324,474  |
| Additions             | 157,176                   | 157,176    |
| Revaluation           | (84,278)                  | (84,278)   |
| At 30 June 2016       | 1,397,372                 | 1,397,372  |
| <b>Net book value</b> |                           |            |
| At 30 June 2016       | 1,397,372                 | 1,397,372  |
| At 30 June 2015       | 1,324,474                 | 1,324,474  |

Unlisted investments are held primarily as long-term investments.

Charity

|                          | Listed<br>investments<br>£    | Unlisted<br>investments<br>£         | Total<br>£         |
|--------------------------|-------------------------------|--------------------------------------|--------------------|
| <b>Cost or valuation</b> |                               |                                      |                    |
| At 1 July 2015           | 1,324,474                     | 7,748,754                            | 9,073,228          |
| Additions                | 157,176                       | -                                    | 157,176            |
| Revaluation              | (84,278)                      | -                                    | (84,278)           |
| At 30 June 2016          | 1,397,372                     | 7,748,754                            | 9,146,126          |
| <b>Net book value</b>    |                               |                                      |                    |
| At 30 June 2016          | 1,397,372                     | 7,748,754                            | 9,146,126          |
| At 30 June 2015          | 1,324,474                     | 7,748,754                            | 9,073,228          |
|                          | <b>Market<br/>value<br/>£</b> | <b>Trustees'<br/>valuation<br/>£</b> | <b>Total<br/>£</b> |
| At 30 June 2016          | 1,397,372                     | 7,748,754                            | 9,146,126          |
| At 30 June 2015          | 1,324,474                     | 7,748,754                            | 9,073,228          |

**The Dovecot Foundation**  
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**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**11. Investments (continued)**

Included in the above are unlisted investments of which The Dovecot Foundation has 2 (2015: 2) wholly owned subsidiaries.

|                                         | <b>2016</b>               |                         | <b>2015</b>                             |                                         |
|-----------------------------------------|---------------------------|-------------------------|-----------------------------------------|-----------------------------------------|
|                                         | <b>£</b>                  |                         | <b>£</b>                                |                                         |
| Cost as at 1 July 2015 and 30 June 2016 | <u>7,748,754</u>          |                         | <u>7,748,754</u>                        |                                         |
|                                         | <b>Unrestricted funds</b> | <b>Restricted funds</b> | <b>Total funds year to 30 June 2016</b> | <b>Total funds year to 30 June 2015</b> |
|                                         | <b>£</b>                  | <b>£</b>                | <b>£</b>                                | <b>£</b>                                |
| <b>Shares in subsidiaries</b>           |                           |                         |                                         |                                         |
| Undertakings at cost                    | <u>7,748,754</u>          | <u>-</u>                | <u>7,748,754</u>                        | <u>7,748,754</u>                        |

**The Dovecot Foundation**  
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**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**11. Investments (continued)**

Dovecot Studios Limited and Dovecot Properties Limited are wholly owned subsidiaries of The Dovecot Foundation. Dovecot Properties Limited gifts all of its profits to The Dovecot Foundation.

Dovecot Studios Limited (SC214852):

|                                | <b>2016</b> | <b>2015</b> |
|--------------------------------|-------------|-------------|
|                                | <b>£</b>    | <b>£</b>    |
| Turnover                       | 957,912     | 981,652     |
| Expenditure                    | (1,013,488) | (1,064,352) |
| Net loss                       | (55,576)    | (82,700)    |
| Assets                         | 301,634     | 379,659     |
| Liabilities                    | (400,429)   | (422,878)   |
| Aggregate capital and reserves | (98,795)    | (43,219)    |

Dovecot Properties Limited (SC295845):

|                                | <b>2016</b> | <b>2015</b> |
|--------------------------------|-------------|-------------|
|                                | <b>£</b>    | <b>£</b>    |
| Turnover                       | 248,198     | 253,363     |
| Expenditure                    | (79,996)    | (76,055)    |
| Net profit                     | 168,202     | 177,308     |
| Amount gift aided to charity   | (168,202)   | -           |
| Retained in subsidiary         | -           | 177,308     |
| Assets                         | 7,514,997   | 7,697,502   |
| Liabilities                    | (38,826)    | (26,736)    |
| Aggregate capital and reserves | 7,476,171   | 7,670,766   |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**12. Stocks**

|       | <b>Group</b>                          |                                       | <b>Charity</b>                        |                                       |
|-------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|       | <b>Year to<br/>30 June 2016<br/>£</b> | <b>Year to<br/>30 June 2015<br/>£</b> | <b>Year to<br/>30 June 2016<br/>£</b> | <b>Year to<br/>30 June 2015<br/>£</b> |
| Stock | 118,095                               | 134,803                               | -                                     | -                                     |

**13. Debtors**

|                                    | <b>Group</b>                          |                                       | <b>Charity</b>                        |                                       |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|                                    | <b>Year to<br/>30 June 2016<br/>£</b> | <b>Year to<br/>30 June 2015<br/>£</b> | <b>Year to<br/>30 June 2016<br/>£</b> | <b>Year to<br/>30 June 2015<br/>£</b> |
| Trade debtors                      | 25,050                                | 2,766                                 | 4,329                                 | -                                     |
| Amounts owed by Group undertakings | -                                     | -                                     | 3,783                                 | -                                     |
| Other debtors                      | -                                     | 31,529                                | -                                     | 6,608                                 |
| Prepayments                        | 32,155                                | 28,026                                | -                                     | 405                                   |
|                                    | 57,205                                | 62,321                                | 8,112                                 | 7,013                                 |

**14. Creditors: amounts falling due within one year**

|                                    | <b>Group</b>                          |                                       | <b>Charity</b>                        |                                       |
|------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|                                    | <b>Year to<br/>30 June 2016<br/>£</b> | <b>Year to<br/>30 June 2015<br/>£</b> | <b>Year to<br/>30 June 2016<br/>£</b> | <b>Year to<br/>30 June 2015<br/>£</b> |
| Trade creditors                    | 37,098                                | 28,262                                | 661                                   | -                                     |
| Amounts owed to Group undertakings | -                                     | -                                     | -                                     | 195,000                               |
| Taxation and social security       | 32,337                                | 18,686                                | -                                     | -                                     |
| Other creditors                    | 7,031                                 | 6,707                                 | -                                     | -                                     |
| Accruals and deferred income       | 171,140                               | 164,155                               | 11,000                                | 9,893                                 |
|                                    | 247,606                               | 217,810                               | 11,661                                | 204,893                               |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**15. Restricted funds – Group and Charity**

|                        | Balance at<br>1 July 2015 | Movement<br>Incoming | in resources:<br>Outgoing<br>and transfers | Balance at<br>30 June 2016 |
|------------------------|---------------------------|----------------------|--------------------------------------------|----------------------------|
|                        | £                         | £                    | £                                          | £                          |
| Creative Scotland Fund | 5,347                     | 100,000              | (100,000)                                  | 5,347                      |

The Creative Scotland Fund represents grants received from Creative Scotland for the purpose of funding activities to promote tapestry, arts, crafts and design. Outgoing resources relate to the costs of putting on these activities.

**16. Unrestricted funds**

| Group                      | Balance at<br>1 July 2015 | Total Income | Movement<br>in expenditure:<br>outgoing<br>and transfers | Balance at<br>30 June 2016 |
|----------------------------|---------------------------|--------------|----------------------------------------------------------|----------------------------|
|                            | £                         | £            | £                                                        | £                          |
| General unrestricted funds | 10,705,134                | 908,056      | (918,589)                                                | 10,694,601                 |

| Charity                    | Balance at<br>1 July 2015 | Total Income | Movement<br>in expenditure:<br>outgoing<br>and transfers | Balance at<br>30 June 2016 |
|----------------------------|---------------------------|--------------|----------------------------------------------------------|----------------------------|
|                            | £                         | £            | £                                                        | £                          |
| General unrestricted funds | 10,697,744                | 617,768      | (352,814)                                                | 10,962,698                 |

The Dovecot Foundation.  
(A company limited by guarantee)  
Notes to the financial statements (continued)  
For the year ended 30 June 2016

17. Analysis of net assets (between restricted and unrestricted funds)

| Group              | Tangible<br>fixed<br>assets<br>£ | Investments<br>£ | Other net<br>assets<br>£ | Total<br>£ |
|--------------------|----------------------------------|------------------|--------------------------|------------|
| Creative Scotland  | -                                | -                | 5,347                    | 5,347      |
| Restricted funds   | -                                | -                | 5,347                    | 5,347      |
| Unrestricted funds | 9,220,860                        | 1,397,372        | 76,369                   | 10,694,601 |
|                    | 9,220,860                        | 1,397,372        | 81,716                   | 10,699,948 |
| Charity            | Tangible<br>fixed<br>assets<br>£ | Investments<br>£ | Other net<br>assets<br>£ | Total<br>£ |
| Creative Scotland  | -                                | -                | 5,347                    | 5,347      |
| Restricted funds   | -                                | -                | 5,347                    | 5,347      |
| Unrestricted funds | 1,770,000                        | 9,146,126        | 46,572                   | 10,962,698 |
|                    | 1,770,000                        | 9,146,126        | 51,919                   | 10,968,045 |

**18. Operating lease commitments**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2016         | 2015         |
|----------------------------|--------------|--------------|
|                            | £            | £            |
| Within one year            | 6,600        | 7,385        |
| Between two and five years | 1,678        | -            |
|                            | <u>8,278</u> | <u>7,385</u> |

**19. Related party transactions**

The Charity was under the control of the Trustees throughout the current and previous year. During the year, Elizabeth Salvesen, a Trustee of the Charity, gifted 14,800 Aggreko Plc shares valued at £157,176 (2015: £167,970).

**20. Company limited by guarantee**

The Dovecot Foundation is a company limited by guarantee and has no share capital. It is registered in Scotland and is a charity for tax purposes.

The liability of each member in the event of a winding up is limited to £1.

**21. Going concern**

The Trustees consider the Charity and Group to be a going concern and the financial statements have been prepared on that basis. The future operations of the Charity and Group are dependent on the continued financial support of Alastair Salvesen CBE and Elizabeth Salvesen, the generation of future operating surpluses and sufficient ongoing operating cash flow.

The Charity meets its day to day working capital requirements through available cash resources which include receipts from sales. The Board is aware of the continued reliance on gifts of Aggreko shares from Elizabeth Salvesen.

Against this background the Board has carefully considered the financial prospects of the Group and has approved financial operating projections and estimates prepared by management which include revenue assumptions for sales together with dividends. The Board has also approved current and projected cash flows and is satisfied that the Charity and Group can meet debts as they fall due for the foreseeable future. The financial statements have therefore been drawn up on a going concern basis.

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**22. Prior year statement of financial activities**

| <b>Group</b>                                     | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>Funds<br/>£</b> | <b>Total funds<br/>2015<br/>£</b> |
|--------------------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| <b>Income and Endowments from:</b>               |                                     |                                   |                                   |
| Donations and legacies                           | 168,761                             | 49,070                            | 217,831                           |
| Income from other trading activities:            |                                     |                                   |                                   |
| Trading activities                               | 516,190                             | -                                 | 516,190                           |
| Other income:                                    |                                     |                                   |                                   |
| Investment income                                | 134,282                             | -                                 | 134,282                           |
| <b>Total income</b>                              | <b>819,233</b>                      | <b>49,070</b>                     | <b>868,303</b>                    |
| <b>Expenditure on:</b>                           |                                     |                                   |                                   |
| Costs of raising funds:                          |                                     |                                   |                                   |
| Trading operations                               | (360,040)                           | -                                 | (360,040)                         |
| Expenditure on charitable activities:            |                                     |                                   |                                   |
| Operation of Charity                             | (521,573)                           | (85,921)                          | (607,494)                         |
| <b>Total expenditure</b>                         | <b>(881,613)</b>                    | <b>(85,921)</b>                   | <b>(967,534)</b>                  |
| Net losses on investments                        | (138,085)                           | -                                 | (138,085)                         |
| <b>Net expenditure and net movement in funds</b> | <b>(200,465)</b>                    | <b>(36,851)</b>                   | <b>(237,316)</b>                  |
| <b>Reconciliation of funds:</b>                  |                                     |                                   |                                   |
| Total funds brought forward                      | 10,905,599                          | 42,198                            | 10,947,797                        |
| <b>Total funds carried forward</b>               | <b>10,705,134</b>                   | <b>5,347</b>                      | <b>10,710,481</b>                 |

**The Dovecot Foundation**  
**(A company limited by guarantee)**  
**Notes to the financial statements (continued)**  
**For the year ended 30 June 2016**

**22. Prior year statement of financial activities (continued)**

| <b>Charity</b>                                   | <b>Unrestricted<br/>Funds<br/>£</b> | <b>Restricted<br/>Funds<br/>£</b> | <b>Total funds<br/>2015<br/>£</b> |
|--------------------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| <b>Income and Endowments from:</b>               |                                     |                                   |                                   |
| Donations and legacies                           | 170,938                             | 49,070                            | 220,008                           |
| Other income:                                    |                                     |                                   |                                   |
| Investment income                                | 97,283                              | -                                 | 97,283                            |
| <b>Total income</b>                              | <b>268,221</b>                      | <b>49,070</b>                     | <b>317,291</b>                    |
| <b>Expenditure on:</b>                           |                                     |                                   |                                   |
| Expenditure on charitable activities:            |                                     |                                   |                                   |
| Operation of Charity                             | (417,906)                           | (85,921)                          | (503,827)                         |
| <b>Total expenditure</b>                         | <b>(417,906)</b>                    | <b>(85,921)</b>                   | <b>(503,827)</b>                  |
| Net losses on investments                        | (138,085)                           | -                                 | (138,085)                         |
| <b>Net expenditure and net movement in funds</b> | <b>(287,770)</b>                    | <b>(36,851)</b>                   | <b>(324,621)</b>                  |
| <b>Reconciliation of funds:</b>                  |                                     |                                   |                                   |
| Total funds brought forward                      | 10,985,514                          | 42,198                            | 11,027,712                        |
| <b>Total funds carried forward</b>               | <b>10,697,744</b>                   | <b>5,347</b>                      | <b>10,703,091</b>                 |

**23. Financial assets and liabilities**

Financial assets at amortised cost comprise cash and debtors as disclosed in the consolidated and Charity's balance sheet. Financial instruments at amortised cost comprise all creditors as disclosed in the consolidated and Charity's balance sheet.

**24. Post balance sheet events**

**Charity**

The Charity holds an investment portfolio which was valued at £1,397,372 at the year-end date. Due to a post year-end diminution in the fair value of the investments the equivalent investment valuation at 17 March 2017 was £1,114,358, representing a diminution in valuation of £283,014 (20%).