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 2017

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CHARTERED ACCOUNTANTS

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

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

The Dovecot Foundation
(A company limited by guarantee)
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Chairman's Foreword

The Dovecot Foundation and its trading subsidiary Dovecot Studios are recognised as one of the foremost tapestry studios in the world with a history of excellence since 1912 and I am pleased to report on one of the most significant and successful years in their history.

2016-17 was a year of exceptional achievement in which Dovecot created two landmark tapestries and contributed to a national exhibition and a major BBC documentary which reached a global audience. In 2013 The Clothworkers' Company approached Dovecot to make a tapestry and, at Dovecot's suggestion, the Turner Prize-winning artist Chris Ofili was commissioned to collaborate with the Studios. The tapestry "The Caged Bird's Song" was woven in Edinburgh over a period of two and a half years. Exhibited at The National Gallery in London from 26 April 2017, this work has publicised Dovecot as one of the world's most important tapestry studios in the 21st century.

This year also saw the completion of the Leathersellers' Tapestry in collaboration with the artist Victoria Crowe and the architect Eric Parry for a new hall at The Leathersellers' Company in London. This 52m² frieze tapestry, woven in nine sections, not only tells the story of leather production and the craftsmanship of textile makers but also addresses the acoustic aspects of the space. Dovecot wove the panels over a three-year period, completing the final panel, and installing them on three walls of the ceremonial hall in early 2017.

Alongside other tapestries and rugs created this year, Dovecot has worked to secure its legacy and continuity by investing in successive weaver apprentices. In 2017, the Dovecot Apprenticeship was further developed with an original outreach programme focused on 'The Weaver's Apprentice' exhibition. This proved popular with the media and visitors, highlighting how Dovecot has trained weavers over the last 100 years. The exhibition featured a series of tapestry demonstrations, which were also repeated at London Craft Week and at the National Gallery, London. Dovecot tapestries have also played a leading part in other exhibitions in 2016-17 at Norwich Castle Museum and Art Gallery, Southampton City Art Gallery and The Whitechapel Gallery, London.

This significant year in Dovecot's history is also fitting testimony to the tenure of David Weir who, during 17 years as Director, has established Dovecot's artistic programme. During this time, he settled the Studios into their new home, the old Infirmary Street Baths in Edinburgh, he strengthened the team of skilled craftsmen, began an apprenticeship scheme, gained new commissions for tapestries and grew the profile of Dovecot weavers throughout the world. Our original connection with the Australian Tapestry Company was renewed and Dovecot weavers were invited to weave in the Smithsonian in Washington. The Trustees of The Dovecot Foundation wish to record their thanks to David for his diligent and effective work over these years and wish him happiness in whatever role he may take. We are very pleased to welcome both Dr Brian Lang as the new Chairman of Dovecot Studios and Celia Joicey as the new Director.

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 2017 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.

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). 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 held office during the year:

A E H Salvesen CBE

E E Salvesen

Dr Brian Lang CBE FRSE (appointed 14 June 2017)

Structure, governance and management

The Dovecot Foundation was formed by A E H and E E Salvesen to advance and support visual arts, craft and design at a national and international level in Scotland. The Salvesens 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 has several cultural and educational objectives, and many of these are carried out by its subsidiary, Dovecot Studios Limited, which employs all the necessary craftsmen to weave tapestries and make rugs, often to contemporary designs, and other staff to meet its other objectives including presenting contemporary art exhibitions to the public. The Dovecot Foundation receives grants from several sources to assist these activities. Any profits made by Dovecot Studios are covenanted back to The Dovecot Foundation.

Operating from the refurbished Infirmary Street Baths, completed in 2008, in Edinburgh, 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 architects, artists, makers, collectors and other cultural organisations to develop and promote art, craft and design, generally.

The directors of The Dovecot Foundation are also directors of Dovecot Studios Limited. 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, supported by 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. Formal agendas are prepared and minutes of the meetings are recorded.

The Dovecot Foundation's board 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, and since, the senior management team consisted of:

Director – David Weir (until 31 August 2017), Celia Joicey (from 4 September 2017)
Head of Studio Projects – Sandra Crow (until 4 May 2017)
Head of Finance & Operations – Graeme Wallace
The Studio Manager & Master Weaver position held by Naomi Robertson became part of the senior management team on 1 May 2017.

Objectives and activities

The Dovecot Foundation's principal objectives in 2016-17 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.

2. Move further towards a cost neutral and, in due course, a financially contributive exhibition programme and to increase public funding applications to support this aim.

3. Maintain and increase sales of tapestries and rugs.

4. Maintain and increase income contribution from Dovecot events, retail and the cafe operation to support the running costs of Dovecot Studios.

5. 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 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 Dovecot Foundation provides financial support towards the 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 2016-17 were recorded as 52,102 (2016: 51,566), an increase of 1% 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.

As highlighted in the Chairman's Foreword, the past 12 months represent a year of exceptional achievement for Dovecot thanks in large-part to the completion of the two London Livery Company tapestries. The realisation of Dovecot's vision, to place the studio weavers and the weaving floor at the heart of a public gallery and visitor attraction, has attracted increasing numbers of visitors to engage with heritage craft skills and has highlighted how museums and galleries can be engines of cultural renaissance and development. Dovecot's programme of exhibitions has not only increased annual visitor engagement and visitor satisfaction year-on-year, but it has also increased the profile of tapestry weaving both in Scotland and around the world.

Tapestry Weaving & Rug Tufting Activities

Studio projects 2016 – 2017:-

TAPESTRIES Title / Project	**Artist/Weavers**	**Date & Commissioner**	**Display & related events**
Sunflowers	*Kate Nessler/D.Cochrane*	Completed Aug 2016 Private client	
Leathersellers' Tapestry	Victoria Crowe/ N Robertson, R Richardson, EJ Webster, L Trotter, D Cochrane, B Hymers	Finished Dec 2016 Leathersellers	Hung in Leathersellers' Hall Jan 2017
The Caged Birds Song	*Chris Ofili/J. Cleaver, EJ Webster, L Trotter, N Robertson*	Completed – Apr 2017 Clothworkers	National Gallery (NG), London exhibition Workshops at NG Imagine, BBC documentary
Abandoned Cottage on the Island of Stroma	*HRH Prince of Wales/ B Hymers, N Robertson*	Started Jan 2017	
Voyage into the deepest, darkest blue	*Garry Fabian Miller/ D Cochrane, R Richardson, EJ Webster, N Robertson*	Started Jan 2017	In preparation for exhibition in 2018
Monarch of The Glen 2/5	*Peter Saville/ N Robertson, L Trotter, EJ Webster*	Started April 2017	
As Above, So Below – tapestry	Ben Hymers	Started Mar 2016	

RUGS Title / Project			
Soft Machine – Rug	*Jim Lambie/ D. Reinmüller, K. Vana*	Jul – Oct 2016	Studio Voltaire Dovecot Viewing Balcony
You Can Radiate Over Here	*Victoria Morton/ K Vana*	Started Jan 2017 Perse School Cambridge	
Hearth Rug, The Golden Light 3/3 – Rug	*Garry Fabian Miller/ L Trotter, B Hymers*	Started May 2017 Standard Life Aberdeen	

Exhibitions and related events

Exhibitions curated and displayed at Dovecot during 2016-17:

The Scottish Endarkenment, Art and Unreason 1945 to the present 13 May – 29 August 2016
Dovecot's summer 2016 Edinburgh Art Festival exhibition was curated by Bill Hare and Andrew Patrizio and co-produced by Dovecot. This major exhibition included works by John Bellany, Joyce Cairns, Alison Watt, and the Boyle Family, among many notable others. It 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.

North Lands Creative Glass, a Portrait at 20	16 September – 29 October 2016
This exhibition marked the twentieth anniversary of North Lands Creative Glass in Lybster: an internationally focussed residency programme and study centre for the art of glass. The introductory section of the exhibition brought together works from North Lands' own study collection of glass, together with a newly edited film by Anthony Scala, images from the North Lands archive and loans from private collections in the North Highlands. The second section focused on the work of ten invited artists closely involved with North Lands in the previous decade. Artists and designers were selected who demonstrated a very different range of conceptual and technical approaches, reflecting the diverse work of North Lands itself. The two sections together were designed to offer a portrait of this remarkable Scottish organisation, artist focussed and internationally recognised, but firmly located in its beautiful North Highland home.	
Colour and Light	5 November 2016 – 25 February 2017
Light is intrinsic to our experience of colour. A deep understanding and visual sense of both colour and light are therefore crucial to the creation of the tapestries and rugs produced by the weavers at Dovecot Tapestry Studio. In this exhibition, earlier Studio collaborations with Eduardo Paolozzi and Tom Phillips that have a graphic and pop sensibility in their use of colour, and in the inventive treatment of the project by the weaving team, were hung alongside more recent work, including a rug produced with Nicolas Party highlighting perfectly his bright and playful style. The exhibition also explored more recent collaborations with Garry Fabian Miller and David Poston, where the relationship between colour in wool and the effects of light in both creating and illuminating the woven or tufted object are brought to the fore.	
The Weaver's Apprentice, Dovecot's Apprentices: 1912 to the Present Day 10 Mar – 1 Jul 2017	
This exhibition provided an insight into the experience and history of apprenticeships at Dovecot, featuring details from the organisation's archive, as well as a showcase of the work of the Studio's current apprentice, Ben Hymers. Master Weavers from Dovecot's present and recent past invited the viewer into their own experiences as apprentices and revealed some of their earliest work in tapestry. The exhibition also commemorated the 100th anniversary of the deaths of Dovecot's two founding master weavers, John 'Jack' Glassbrook and Gordon Berry, killed during the First World War in 1917, and celebrated the ongoing legacy of their young apprentices' work, handed down through successive generations of weavers over the past century to the present day.	
Built-in Tapestry: Dovecot Tapestries and Architecture	18 May 2017 – 17 March 2018
Buildings featuring Dovecot tapestries include global company headquarters, key university buildings and architect-designed private homes. Some tapestries are commissioned as an integral part of a new architectural vision, whilst others reflect perfectly the settings for which they were designed. This exhibition on the Tapestry Studio Viewing Balcony provides deeper insight to Dovecot tapestries created for bold architectural projects. The tapestries, woven in collaboration with leading artists for private and public commissioners, are now situated in the architectural spaces they were designed for. The display therefore includes descriptive panels, woven samples and professional photographic imagery documenting the projects; from design to making and, finally, installation. The exhibition includes photography and film from the sites of major collaborations with Alison Watt for the Theatre Royal in Glasgow and Victoria Crowe for The Leathersellers' Company in London.	

Exhibitions featuring Dovecot works in 2016-17

Eduardo Paolozzi, Whitechapel Gallery, London	16 February – 14 May 2017
Dovecot tapestries, woven in 1967 and 1982 in collaboration with Eduardo Paolozzi, were included in a major retrospective of the artist's work at Whitechapel Art Gallery, London, in the spring of 2017.	
Hayward Touring British Art Show 8	
Norwich Castle Museum and Art Gallery	24 June – 4 September 2016
Southampton City Art Gallery	8 Oct 2016 – 14 January 2017
The Dovecot rug *Diagrams of Love: Marriage of Eyes* featured in the British Art Show 8. A collaboration with the artist Linder and the Dovecot team Jonathan Cleaver, Dennis Reinmüller and Kristi Vana, the rug was shown in Norwich and Southampton, having previously travelled to Leeds, and Edinburgh. The rug is an integral part of the ballet, *Children of the Mantic Stain*, commissioned as part of British Art Show 8 and performed at the venues. The ballet is a collaboration with choreographer Kenneth Tindall, fashion designer Christopher Shannon, composer Maxwell Sterling and Northern Ballet. The final performance took place in Southampton City Art Gallery's Main Hall on Tuesday 29 November 6.30-7.30pm.	
National Gallery, London	26 April – 28 August 2017
The Dovecot tapestry *The Caged Bird's Song* was unveiled at The National Gallery in London, as the centrepiece to an exhibition titled Weaving Magic. The exhibition attracted rave reviews and unprecedented interest and media attention for the Studios.	

A series of public talks, curator's tours and special events was on offer throughout the year to complement the exhibitions programme. To complement this programme, an innovative digital technology access project was developed with Edinburgh Napier University / Disney Lab to create a 360° view of the weaving floor. A version of the application was installed in Dovecot Gallery as part of the *Colour & Light* exhibition which opened in November 2016. This project involved Dovecot in a creative partnership with world leaders in digital entertainment platform and computer games content development. Work to develop this digital content on new platforms to deepen public engagement is on-going. There are plans to increase Dovecot's public offer in future years, subject to funding.

Events Business

Dovecot Events enjoyed another successful year of growth, with turnover, including hospitality catering income, of £226,193 (2016: £142,167). Management efforts continue to focus on delivering further growth in the annual revenue contribution from events and facilities hire 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 Ltd, to supplement a steady level of rental and other income generated from the charity's shareholdings and investment properties. In future, a fund-raising strategy is required to establish new income streams that are sustainable in the long-term including widening support from charitable trusts and foundations, donations, sponsorship and partnerships.

Financial review

Incoming resources and expenditure

Group trading income amounted to £665,674 (2016: £616,034). Included in the total is: (1) tapestry and rug sales income of £360,326 (2016: £340,698), reflecting stage payments received in the year, the release of deferred income on completion of two long-term contracts, and proceeds from the sale of completed work; and (2) income from exhibitions sales, facilities hire, retail and cafe operations carried on by Dovecot Studios Ltd of £295,158 (2016: £268,723).

Income from listed investments and bank interest amounted to £29,425 (2016: £25,457). Rental income of £129,626 (2016: £109,222) from group investment properties was offset by attributed property management and similar costs of £44,553 (2016: £34,015).

Donations received by The Dovecot Foundation amounted to £273,707 (2016 -£157,343), including shares valued at £128,662 (2016 - £157,156) at the time they were gifted.

Some £100,000 of a regular funding grant award from Creative Scotland amounting to £300,000 over three years (April 2014 – March 2017) 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.

Total incoming resources of £1,198,431 (2016: £1,008,056) were offset by £957,144 (2016: £934,311) of resources expended. After recognition of an unrealised loss on investments of £269,590 (2016 - £84,278) there was a net decrease in total funds of £28,283 (2016: £10,533). Total funds at 30 June 2017 were £10,671,665 (2016: £10,699,948), of which £9.17 million is represented by group properties.

Trading subsidiary deficit

The trading subsidiary, Dovecot Studios Limited, incurred a deficit of £12,154 (2016: £55,576) in the year and has an accumulated profit and loss reserves deficit of £366,690 at 30 June 2017 (2016: £354,536).

Dovecot Studios' accumulated deficit represents a history of trading losses incurred since incorporation, with the solvency of the undertaking maintained by on-going financial support received directly from Alastair and Elizabeth Salvesen and, since 2010, via 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 £10,960,688 at the end of the year (2016: £10,947,554), including £9,170,000 (2016 - £9,170,000) relating to the Trustees' valuation of group properties. Total creditors falling due within one year amounted to £289,023 (2016: £247,606).

Consolidated net current assets were £186,433 compared to £81,716 at the previous year end, reflecting higher year-end cash balances and net debtors associated, principally, with the completion of livery company commissions in the final quarter and increased facilities hire and hospitality trading activity over the course of the year.

Review of investment portfolio

The Dovecot Foundation's listed investments are in Aggreko plc shares and shares in the Teal Widgeon Fund. The Trustees view these holdings as assets available to provide group operational working capital at the board's discretion.

The overall investment in these holdings was valued at £1,256,444 at 30 June 2017 (2016: £1,397,372). The year on year movement in value was represented by new gifts of £128,662 (2016 - £157,156) and a net reduction in the market value of holdings carried forward at 30 June 2017 of £269,590 (2015 - £84,278).

Notwithstanding the continued decline in the Aggreko plc share price since year-end, 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 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 Trustees are confident of having sufficient funds, as required, for the near future, to cover the operating costs of the activities carried on by the group in furtherance of The Dovecot Foundation's objects, but if grants from public bodies reduce or cease this will prove more difficult. The Trustees have not believed that a formal reserves policy was necessary, but a new fund-raising strategy is certainly required.

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" and ultimate dependency on the founding Trustees for the solvency of subsidiary operations.
   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 and other primary purpose 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 delivery timelines.
3. Ability to achieve long-term board development and effective succession planning.
   Mitigation: Recruitment of new board members has progressed in 2017, with further appointments anticipated in 2018.
   Success in obtaining grants from public and private bodies to assist our artistic aims.
   Mitigation: Make targeted applications to receptive bodies.

Future plans

The Dovecot Foundation is established to fundraise and pass on grants received for the cultural, artistic and educational activities of its wholly owned trading subsidiary, Dovecot Studios. 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.

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 public and private tapestry and rug-making commissions.

Following David Weir's decision to step down as Director of Dovecot Studios after 17 years, we were very pleased to appoint Celia Joicey as Director and she started work in September 2017. Celia had been the Head of The Fashion and Textile Museum in London and previously the Head of Publications at the National Portrait Gallery in London and thus has a great insight into what Dovecot is doing and will provide us with new inspiration and energy for the future. She is initially leading a review of opportunities to generate new revenue streams from Dovecot's visitors, and its wider support base, through development of the existing public exhibitions and education programme and enhancement of the retail offer. A review of governance and our group structure is also aimed at unlocking Dovecot's latent fund-raising potential as a public benefit enterprise.

These initiatives have been brought into sharper focus following the disappointing news, received in January 2018, that Dovecot would not be going forward into Creative Scotland's next 3-year regular funding portfolio (from 1 April 2018).

Following discussions with Creative Scotland in the immediate wake of the announcement, the Trustees are reassured that Creative Scotland views the organisation favourably, despite the withdrawal of regular funding support, and is keen to continue to support Dovecot as a unique centre of craft and making excellence in Scotland. They have encouraged the organisation to explore future opportunities through Creative Scotland's various project funding schemes. In the meantime, Creative Scotland has invited Dovecot to apply for six months' transitional funding, with a value of up to £50k, and management will be submitting a brief proposal for consideration towards the end of March 2018.

Learning continues to be a core organisational aim. Within the Tapestry Studio an apprenticeship programme is currently rolling out, adapted to the realities of learning in the 21st Century workplace. Our second apprentice of recent years joined the Studio in September 2017, with the first one graduating to Junior Weaver in November 2017, on successful completion of his three-year apprenticeship term. We will continue to take on new apprentice weavers as funding allows.

A business relationship, begun in the final quarter of 2015 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, has reaped a significant dividend over the past two years, in terms of the growth in financial contribution delivered from our events and facilities hire business. At the same time, we have, through this partnership, also been able to provide a supportive environment for our Events team to develop their workplace skills and long-term career prospects.

Recruitment

All employment contracts within the group are with Dovecot Studios Limited. All permanent posts are advertised on Dovecot's 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 from their work in supporting the Charity.

Auditors

In accordance with section 485 of the Companies Act 2006 a resolution proposing that Saffery Champness LLP 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.

Small Company Provisions

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

On behalf of the Trustees



A E H Salvesen CBE
Trustee

28/03/13
Date

Opinion

We have audited the financial statements of The Dovecot Foundation for the year ended 30 June 2017 which comprise the statement of financial activities, balance sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 30 June 2017 and of the group and parent charitable company'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 Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the group or the parent charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, 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, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



David Hughes (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

Saffery Champness LLP

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Date: 28/3/18.

Saffery Champness LLP is eligible to act as auditors 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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total funds year to 30 June 2017 £	Total funds year to 30 June 2016 £
Income and Endowments from:					
Donations and legacies	2	273,706	100,000	373,706	257,343
Income from trading activities: Trading activities	3	665,674	-	665,674	616,034
Other income: Investment income	4	159,051	-	159,051	134,679
Total income		1,098,431	100,000	1,198,431	1,008,056
Expenditure on: Costs of raising funds: Trading operations	5	(333,827)	-	(333,827)	(320,997)
Expenditure on charitable activities: Operation of Charity	6	(523,297)	(100,000)	(623,297)	(613,314)
Total expenditure	8	(857,124)	(100,000)	(957,124)	(934,311)
Net losses on investments	11	(269,590)	-	(269,590)	(84,278)
Net expenditure and net movement in funds		(28,283)	-	(28,283)	(10,533)
Reconciliation of funds: Total funds brought forward		10,694,601	5,347	10,699,948	10,710,481
Total funds carried forward		10,666,318	5,347	10,671,665	10,699,948

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

All income and expenditure derives from continuing activities.

The notes on pages 23 to 43 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 2017

	Notes	Unrestricted funds £	Restricted funds £	Total funds year to 30 June 2017 £	Total funds year to 30 June 2016 £
Income and Endowments from:					
Donations and legacies	2	273,706	100,000	373,706	257,343
Other income:					
Investment income	4	303,755	-	303,755	460,425
Total income		577,461	100,000	677,461	717,768
Expenditure on:					
Expenditure on charitable activities:					
Dovecot Studios Limited	6	(268,000)	(100,000)	(368,000)	(325,000)
Operation of Charity	6	(50,894)	-	(50,894)	(43,536)
Total expenditure	8	(318,894)	(100,000)	(418,894)	(368,536)
Net loss on investments	11	(269,590)	-	(269,590)	(84,278)
Net (expenditure)/income and net movement in funds		(11,023)	-	(11,023)	264,954
Reconciliation of funds					
Total funds brought forward		10,962,698	5,347	10,968,045	10,703,091
Total funds carried forward		10,951,675	5,347	10,957,022	10,968,045

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 23 to 43 form part of these financial statements.

The Dovecot Foundation
(A company limited by guarantee)
Consolidated balance sheet
As at 30 June 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	**10**	5,911,895	5,903,967
Investment properties	**10**	3,316,893	3,316,893
Investments	**11**	1,256,444	1,397,372
		10,485,232	10,618,232
Current assets			
Stock	**12**	111,649	118,095
Debtors	**13**	125,407	57,205
Cash at bank and in hand		238,400	154,022
		475,456	329,322
Liabilities			
Creditors: amounts falling due within one year	**14**	(289,023)	(247,606)
Net current assets		186,433	81,716
Total assets less current liabilities		10,671,665	10,699,948
The funds of the Group			
Restricted income funds	**15**	5,347	5,347
Unrestricted income funds	**16**	10,666,318	10,694,601
Total funds	**17**	10,671,665	10,699,948

These financial statements were approved by the Trustees on 28/03/18... and are signed on their behalf:

Alastair Salvesen CBE
Chairman of Trustees

Company registration No. SC375263

The notes on pages 23 to 43 form part of these financial statements.

The Dovecot Foundation
(A company limited by guarantee)
Charity balance sheet
As at 30 June 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	**10**	11,637	-
Investment properties	**10**	1,770,000	1,770,000
Investments	**11**	9,005,198	9,146,126
		10,786,835	10,916,126
Current assets			
Debtors	**13**	14,991	8,112
Cash at bank and in hand		166,683	55,468
		181,674	63,580
Liabilities			
Creditors: amounts falling due within one year	**14**	(11,487)	(11,661)
Net current assets		170,187	51,919
Total assets less current liabilities		10,957,022	10,968,045
The funds of the Charity			
Restricted income funds	**15**	5,347	5,347
Unrestricted income funds	**16**	10,951,675	10,962,698
Total funds	**17**	10,957,022	10,968,045

These financial statements were approved by the Trustees on 28/03/2018..... and are signed on their behalf:

.....
Alastair Salvesen CBE
Chairman of Trustees

Company registration No. SC375263

The notes on pages 23 to 43 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 2017

Group	Notes	Unrestricted funds £	Restricted funds £	Total £
Balance at 1 July 2015		10,705,134	5,347	10,710,481
Year ended 30 June 2016				
Net income		73,745	-	73,745
Net losses on investments		(84,278)	-	(84,278)
Balance at 30 June 2016		10,694,601	5,347	10,699,948
Year ended 30 June 2017				
Net income		241,307	-	241,307
Net losses on investments		(269,590)	-	(269,590)
Balance at 30 June 2017	**17**	10,666,318	5,347	10,671,665

Charity	Notes	Unrestricted funds £	Restricted funds £	Total £
Balance at 1 July 2015		10,697,744	5,347	10,703,091
Year ended 30 June 2016				
Net income		349,232	-	349,232
Net losses on investments		(84,278)	-	(84,278)
Balance at 30 June 2016		10,962,698	5,347	10,968,045
Year ended 30 June 2017				
Net income		258,567	-	258,567
Net losses on investments		(269,590)	-	(269,590)
Balance at 30 June 2017	**17**	10,951,675	5,347	10,957,022

The Dovecot Foundation
(A company limited by guarantee)
Consolidated and Charity statement of cash flows (continued)
For the year ended 30 June 2017

	Consolidated		Charity	
	2017	2016	2017	2016
	£	£	£	£
Cashflows from operating activities				
Net (expenditure)/income	(28,283)	(10,533)	(11,023)	264,954
Investment income	(29,425)	(25,456)	(211,129)	(388,203)
Depreciation	12,351	10,390	1,662	-
Investment revaluation	269,590	84,278	269,590	84,278
Decrease in stocks	6,446	16,708	-	-
(Increase)/decrease in debtors	(68,202)	5,116	(6,879)	(1,099)
Increase/(decrease) in creditors	41,417	29,798	(174)	(193,232)
Net cash inflow/(outflow) from operating activities	203,894	110,301	42,047	(233,302)
Cashflows from investing activities				
Fixed asset purchases	(20,279)	(2,938)	(13,299)	-
Investment purchases	(128,662)	(157,176)	(128,662)	(157,176)
Interest received	7	66	7	16
Dividends received	29,418	25,390	211,122	388,187
Net cash (used in)/received from investing activities	(119,516)	(134,658)	69,168	231,027
Increase/(decrease) in cash	84,378	(24,357)	111,215	(2,275)
Cash at 1 July 2016	154,022	178,379	55,468	57,743
Cash at 30 June 2017	238,400	154,022	166,683	55,468

Group – net cash	1 July 2016 £	Cashflows £	Other non-cash changes £	30 June 2017 £
Cash in hand, at bank	154,022	84,378	-	238,400

Charity – net cash	£	£	£	£
Cash in hand, at bank	55,468	111,215	-	166,683

The notes on pages 23 to 43 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 the Companies Act 2006 and the Charities SORP (FRS 102) Accounting and Reporting by Charities: Statement of Recommended Practice (effective 1 January 2016).

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 £.

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.

- **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.

1.1 Accounting convention and accounting policies (continued)

- **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 and its subsidiary undertakings, Dovecot Properties Limited and Dovecot Studios Limited, drawn up to 30 June 2017.

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 unlisted 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
Fixtures, fittings & equipment	- 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.

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.

1.7 Financial instruments (continued)

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.

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 any surplus profit to The Dovecot Foundation.

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 allowances for obsolete and slow moving stock.

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.

2. Donations and legacies

	Unrestricted funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Group and charity				
Gifts from related parties	273,662	-	273,662	157,176
Donations received	44	-	44	167
Creative Scotland	-	100,000	100,000	100,000
	273,706	100,000	373,706	257,343

3. Trading activities

	Unrestricted funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Group				
Tapestry and rug sales	360,326	-	360,326	340,698
Exhibition sales	2,707	-	2,707	49,449
Facilities hire	226,193	-	226,193	142,167
Shop	42,264	-	42,264	56,744
Cafe	23,994	-	23,994	20,363
Other income	10,190	-	10,190	6,613
	665,674	-	665,674	616,034

4. Investment income

	Unrestricted funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Group				
Dividends received	29,418	-	29,418	25,391
Rental income	129,626	-	129,626	109,222
Bank interest received	7	-	7	66
	159,051	-	159,051	134,679

	Unrestricted funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Charity				
Dividends received	211,122	-	211,122	388,187
Rental income	92,626	-	92,626	72,222
Bank interest received	7	-	7	16
	303,755	-	303,755	460,425

Included within 'dividends received' are gift aid distributions from Dovecot Properties Limited, the charity's subsidiary, totalling £181,704 (2016: £168,202). In addition, dividends of Nil (2016: £194,595) were also received from Dovecot Properties Limited.

5. Trading activities

	Unrestricted funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Group				
Operation of studios	317,752	-	317,752	305,341
Depreciation	4,619	-	4,619	4,079
Governance costs	11,456	-	11,456	11,577
	333,827	-	333,827	320,997

5. Trading activities (continued)

Analysis of expenditure on trading activities

Group	Events	Retail	Cafe	Total
	£	£	£	£
Staff costs	50,163	27,923	-	78,086
Cost of sales	75,031	23,635	-	98,666
Equipment & general expenses	11,300	1,359	597	13,256
Depreciation	3,809	720	90	4,619
Governance costs	6,484	3,388	1,584	11,456
Support costs	73,613	41,098	13,033	127,744
	220,400	98,123	15,304	333,827

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

	Unrestricted funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Group				
Provision of charitable services:				
Operating expenses	485,772	100,000	585,772	575,486
Depreciation	7,732	-	7,732	6,311
Governance costs	29,793	-	29,793	31,517
	523,297	100,000	623,297	613,314

6. Charitable activities (continued)

Charity	Unrestricted funds £	Restricted funds £	Total funds year to 30 June 2017 £	Total funds year to 30 June 2016 £
Provision of charitable services:				
Donations to Dovecot Studios Limited	268,000	100,000	368,000	325,000
Operating expenses	34,727	-	34,727	29,351
Depreciation	1,662	-	1,662	-
Governance costs	14,505	-	14,505	14,185
	318,894	100,000	418,894	368,536

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

Analysis of expenditure on charitable activities

Group	Tapestry £	Exhibitions £	Other £	Total £
Staff	193,444	31,823	-	225,267
Materials & other consumables	9,276	25,820	-	35,096
Equipment	1,097	347	-	1,444
Promotion & awareness raising	7,283	22,066	-	29,349
Depreciation	6,282	1,450	-	7,732
Governance costs	21,008	8,785	-	29,793
Support costs	152,307	95,590	-	247,897
Investment management costs	-	-	46,719	46,719
	390,697	185,881	46,719	623,297

Charity	Tapestry £	Exhibitions £	Other £	Total £
Dovecot Studios Limited	368,000	-	-	368,000
Depreciation	1,088	574	-	1,662
Governance costs	9,504	5,001	-	14,505
Support costs	81	42	-	123
Investment management costs	-	-	34,604	34,604
	378,673	5,617	34,604	418,894

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 funds	Restricted funds	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£
Group				
Auditor's remuneration	24,057	-	24,057	23,072
Charity				
Auditor's remuneration	12,972	-	12,972	13,362

8. Total resources expended

	Staff costs	Depreciation	Other costs	Total funds year to 30 June 2017	Total funds year to 30 June 2016
	£	£	£	£	£
Group					
Direct charitable expenditure	330,614	7,732	255,158	593,504	581,797
Governance costs	-	-	41,249	41,249	43,094
Trading activities	167,189	4,619	150,563	322,371	309,420
	497,803	12,351	446,970	957,124	934,311
Charity					
Direct charitable expenditure	-	1,662	402,817	404,479	354,176
Governance costs	-	-	14,505	14,505	14,185
	-	1,662	417,322	418,984	368,361

8. Total resources expended (continued)

	Group		Charity	
	Year to 30 June 2017 £	Year to 30 June 2016 £	Year to 30 June 2017 £	Year to 30 June 2016 £
The aggregate payroll costs were:				
Staff costs	452,799	437,967	-	-
Social security costs	37,592	34,514	-	-
Pension costs	7,412	4,905	-	-
	497,803	477,386	-	-

The average monthly headcount was 22 staff (2016: 25).

No employee received emoluments of more than £60,000 during the year (2016: 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:

	Group		Charity	
	Year to 30 June 2017 £	Year to 30 June 2016 £	Year to 30 June 2017 £	Year to 30 June 2016 £
Depreciation	12,351	10,390	1,662	-
Auditor's remuneration	24,057	23,072	12,972	13,362

10. Tangible fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Group				
Cost				
At 1 July 2016	5,853,107	74,686	30,922	5,958,715
Additions	-	4,257	16,022	20,279
At 30 June 2017	5,853,107	78,943	46,944	5,978,994
Depreciation				
At 1 July 2016	-	28,271	26,477	54,748
Charge for the year	-	7,899	4,452	12,351
At 30 June 2017	-	36,170	30,929	67,099
Net book value				
At 30 June 2017	5,853,107	42,773	16,015	5,911,895
At 30 June 2016	5,853,107	46,415	4,445	5,903,967

10. Tangible fixed assets (continued)

	Fixtures, fittings & equipment	Total
	£	£
Charity		
Cost		
At 1 July 2016	-	-
Additions	13,299	13,299
At 30 June 2017	13,299	13,299
Depreciation		
At 1 July 2016	-	-
Charge for the year	1,662	1,662
At 30 June 2017	1,662	1,662
Net book value		
At 30 June 2017	11,637	11,637
At 30 June 2016	-	-

Investment properties

	Group	Charity
	£	£
Valuation		
At 1 July 2016 & 30 June 2017	3,316,893	1,770,000
Net book value		
At 30 June 2017	3,316,893	1,770,000
At 30 June 2016	3,316,893	1,770,000

Certain of the Group's and Charity's investment 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.

11. Investments

Group

	Listed investments £
Valuation	
At 1 July 2016	1,397,372
Additions	128,662
Revaluation	(269,590)
At 30 June 2017	1,256,444
Net book value	
At 30 June 2017	1,256,444
At 30 June 2016	1,397,372

Listed investments are held as long-term investments.

Charity

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 July 2016	1,397,372	7,748,754	9,146,126
Additions	128,662	-	128,662
Revaluation	(269,590)	-	(269,590)
At 30 June 2017	1,256,444	7,748,754	9,005,198
Net book value			
At 30 June 2017	1,256,444	7,748,754	9,005,198
At 30 June 2016	1,397,372	7,748,754	9,146,126

	Market value £	Trustees' valuation £	Total £
At 30 June 2017	1,256,444	7,748,754	9,005,198
At 30 June 2016	1,397,372	7,748,754	9,146,126

11. Investments (continued)

Included in the above are 2 (2016: 2) wholly owned subsidiaries.

	2017 £	2016 £
Cost as at 1 July 2016 and 30 June 2017	7,748,754	7,748,754

	Unrestricted funds £	Restricted funds £	Total funds year to 30 June 2017 £	Total funds year to 30 June 2016 £
Shares in subsidiaries				
Undertakings at cost	7,748,754	-	7,748,754	7,748,754

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):

	2017 £	2016 £
Turnover	1,028,468	957,912
Expenditure	(1,040,622)	(1,013,488)
Net loss	(12,154)	(55,576)
Assets	329,218	301,634
Liabilities	(440,167)	(400,429)
Aggregate capital and reserves	(110,949)	(98,795)

Dovecot Properties Limited (SC295845):

	2017 £	2016 £
Turnover	261,723	248,198
Expenditure	(80,019)	(79,996)
Net profit	181,704	168,202
Amount gift aided to charity	(181,704)	(168,202)
Retained in subsidiary	-	-
Assets	7,519,379	7,514,997
Liabilities	(43,208)	(38,826)
Aggregate capital and reserves	7,476,171	7,476,171

12. Stocks

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Stock	111,649	118,095	-	-

13. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	87,962	25,050	-	-
Amounts owed by Group undertakings	-	-	14,991	8,112
Taxation and social security	4,044	-	-	-
Prepayments	33,401	32,155	-	-
	125,407	57,205	14,991	8,112

14. Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	73,924	37,098	245	661
Taxation and social security	20,276	32,337	-	-
Other creditors	7,094	7,031	-	-
Accruals and deferred income	187,729	171,140	11,242	11,000
	289,023	247,606	11,487	11,661

15. Restricted funds – Group and Charity

	Balance at 1 July 2016	Incoming movement	Outgoing and transfers movement	Balance at 30 June 2017
	£	£	£	£
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 these activities.

16. Unrestricted funds

Group	Balance at 1 July 2016	Total Income	Movement in expenditure: outgoing and transfers	Balance at 30 June 2017
	£	£	£	£
General unrestricted funds	10,694,601	1,098,431	(1,126,714)	10,666,318

Charity	Balance at 1 July 2016	Total Income	Movement in expenditure: outgoing and transfers	Balance at 30 June 2017
	£	£	£	£
General unrestricted funds	10,962,698	577,461	(588,484)	10,951,675

17. Analysis of net assets between restricted and unrestricted funds

Group	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Restricted funds	-	-	5,347	5,347
Unrestricted funds	9,228,788	1,256,444	181,086	10,666,318
	9,228,788	1,256,444	186,433	10,671,665

Charity	Tangible fixed assets	Investments	Other net assets	Total
	£	£	£	£
Restricted funds	-	-	5,347	5,347
Unrestricted funds	1,781,637	9,005,198	164,840	10,951,675
	1,781,637	9,005,198	170,187	10,957,022

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:

	2017	2016
	£	£
Within one year	7,212	6,600
Between two and five years	-	1,678
	7,212	8,278

19. Related party transactions

The Charity was under the control of the Trustees throughout the current year and previous year. During the year, Elizabeth Salvesen, a Trustee of the Charity, gifted 14,700 (2016: 14,800) Aggreko Plc shares valued at £128,662 (2016: £157,176).

The Alastair Salvesen 1985 Charitable Trust, an entity controlled by Alastair Salvesen CBE, a Trustee of the Charity, donated £145,000 (2016: Nil).

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 shares from Alastair Salvesen CBE and 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.

22. Financial assets and liabilities

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

23. Post balance sheet events

Charity
The Charity holds an investment portfolio which was valued at £1,256,444 at the year-end date. Due to a post year-end diminution in the fair value of the investments the equivalent investment valuation at 20 March 2018 was £1,058,853, representing a diminution in valuation of £197,591 (15.7%).