

THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES

England & Wales · Charity number 1132048

Details

Other names	THE FOUNDATION OF PRINCE WILLIAM AND PRINCE HARRY, THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE, THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE AND PRINCE HARRY, THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE AND THE DUKE AND DUCHESS OF SUSSEX, THE ROYAL FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	07033553
Registered	2009-10-08
Register	View on the Charity Commission register

Contact

Address	Kensington Palace Palace Green London W8 4PU
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Email	reception@royalfoundation.com
Website	www.royalfoundation.com

Activities

Objects: THE OBJECTS OF THE CHARITY ARE TO ADVANCE ANY PURPOSE WHICH IS CHARITABLE UNDER THE LAWS OF ENGLAND AND WALES.

Activities: The Foundation is a philanthropic investor in three key areas, both in the United Kingdom and overseas: helping disadvantaged young people, supporting military veterans and their families, and promoting sustainable development.

Classification

- **How:** Makes Grants To Organisations, Acts As An Umbrella Or Resource Body
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies

Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, NATIONAL AND OVERSEAS.
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£12,168,503	£11,891,291	£7,374,419	67
2023-12-31	£7,968,305	£8,650,179	£6,957,322	48
2022-12-31	£10,102,077	£14,967,558	£7,527,825	39
2021-12-31	£20,430,167	£16,360,873	£12,496,947	36
2020-12-31	£11,823,392	£9,156,411	£8,212,217	33

Trustees

Name	Role	Appointed
Simon Iain Patterson	Chair	2016-12-07
Alice Webb		2020-06-17
Claire Jessica Wills		2018-06-27
Ian John Patrick		2024-03-04
PIPPA HARRIS		2023-09-28
Sir David John Lewis		2024-06-20
Sir Rohinton Minoos Kalifa		2021-06-24
Thomas Garry White		2024-02-19
Zeinab Mohammed-Khair Badawi-Malik		2020-09-23

Accounts

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2024

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Report and Consolidated Financial Statements for the year ended 31 December 2024

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The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2024

THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553**Principals and Members, Officers and Professional Advisers****Principals and Members**

Their Royal Highnesses The Prince and Princess of Wales

Trustees

Lord Hague of Richmond – Chairman (until 1 January 2025)

Simon Patterson – Vice Chairman (until 1 January 2025) Chairman (from 2 January 2025)

Zeinab Badawi

Dame Pippa Harris

Sir Ron Kalifa OBE

Lady Pinsent (until 7 December 2024)

Alice Webb

Claire Wills

Sir David Lewis (from 20 June 2024)

Ex Officio Trustees

Ian Patrick (from 4 March 2024)

Lt Col Tom White MVO RM (from 19 February 2024)

Leadership Team

Amanda Berry CBE

Chief Executive

Tom Clements

Executive Director, Conservation (from 3 June 2024)

Pim Gregory

Executive Director, Homelessness (until 4th July 2025)

Christian Guy

Executive Director, The Royal Foundation Centre for Early Childhood

Kully Kaur-Ballagan

Director of Research and Impact

Kathryn Martindale

Director of Finance and Operations (from 4 July 2024)

Amy Pickerill

Creative Director (Maternity Leave from 8 May 2025)

Jas Sohal

Director of People and Culture (from 8 April 2024)

Melanie Waters OBE

Executive Director, Programmes (from 7 May 2024)

Damian Wilson

Director of Partnerships

Felicity Woodrow

Chief of Staff

Registered Office

Kensington Palace

Palace Green

London W8 4PU

Bankers

Barclays Bank plc

1 Churchill Place

London E14 5HP

Solicitors

Bates Wells LLP

10 Queen Street Place

London EC4R 1BE

Auditor

Crowe U.K. LLP

55 Ludgate Hill

London EC4M 7JW

Investment Advisors

Cazenove Capital (trading name of Schroder & Co. Limited)

1 London Wall Place,

London

EC2Y 5AU

LETTER FROM THE CHAIR OF THE BOARD AND THE CHIEF EXECUTIVE

The Royal Foundation leads with the belief that change is always possible and this positive approach, inspired by the drive and determination of Their Royal Highnesses The Prince and Princess of Wales, sees us taking on some of the greatest social and environmental challenges that exist today. In 2024 this commitment to make a real difference has resulted in optimistic and innovative solutions benefiting individuals, communities and society.

Building on our Principals' public platform and unique convening power, the Foundation takes pride in bringing people together to create positive change. We form partnerships with incredible people across the public, private and third sector building coalitions, generating new energy and ideas. Across our core focus areas – homelessness, conservation, early childhood and community – we pilot, develop and deliver ever-more ambitious programmes to create lasting impact.

As our homelessness programme **Homewards** entered its second year, its work gained more momentum. Each of the six Homewards flagship locations – Aberdeen, Bournemouth, Christchurch and Poole, Lambeth, Northern Ireland, Newport and Sheffield – published their local plans, deploying fresh thinking and new action towards ending homelessness. Their ambitious plans to make better use of data represents new thinking in the homelessness field, and each of them is undertaking an innovative housing project that will build or unlock homes in their area.

Over 1.8 million people watched the two-part documentary *Prince William: We Can End Homelessness* that aired in October on ITV, with many more watching on Disney+ around the world. The programme followed the first year of Homewards, the Foundation's transformative five-year initiative which aims to demonstrate that together, we can make homelessness rare, brief and unrepeatable.

Homewards formed an alliance with Blue Light Card, extending their discount scheme to the estimated 60,000 people who work in the UK's homelessness sector. The Homewards Partnership also welcomed international property consultancy Knight Frank, and City law firm Freshfields, who will help to find and facilitate housing opportunities in the six locations.

The Foundation's campaign against the illegal wildlife trade, **United for Wildlife**, continued to tackle the most pressing nature crises with some landmark initiatives and its Global Summit in Cape Town in November. At the summit, Prince William highlighted the work of the tens of thousands of rangers who risk their lives every day to safeguard precious species in Africa and announced a programme to provide them with a game-changing package of support including access to life insurance.

United for Wildlife strengthened its global efforts by adding chapters in West Africa and India where the public and private sectors will come together to target criminal networks. In December, United for Wildlife mobilised its Transport Taskforce, supported by partners Qatar Airways and Airlink, to repatriate 1,000 lemurs and tortoises to Madagascar and save them from the illicit international pet trade.

The Foundation's **Centre for Early Childhood** continued its unique and groundbreaking work, publishing a report setting out the business case for prioritising early childhood and identifying a £45.5 billion opportunity for the UK economy that could be unlocked. Business Taskforce members made significant commitments to this work going forward, including a specific early childhood fund of £5 million from The Co-Operative Group for local communities. Other highlights included the continuation of a trial of ADBB (Alarm Distress Baby Scale), a tool that focuses on a baby's social behaviours to help practitioners and families better understand the ways babies express their feelings.

Thousands of children every month will benefit from the Foundation's **Community Impact** initiative in Tyne & Wear, where our partnership with Birtley Community Pool now delivers much-needed swimming lessons. One in three children leave primary education unable to swim and this work has already led to other activity and partnerships being formed. The project was launched by His Royal Highness in October, alongside Olympic swimmers Tom Dean MBE and Adam Peaty OBE, and Paralympians Louise Fiddes and Maisie Summers-Newton MBE.

Our year drew to a close in December with the 'Together at Christmas' Carol Service at Westminster Abbey, spearheaded by The Princess of Wales and supported by the Royal Foundation. In addition, the Foundation

was proud to bring about 15 satellite services across the UK in venues including Rochester Cathedral and Royal Cornwall Hospital in Truro.

This years' service, watched by 3.3 million people on ITV, was themed around empathy and kindness, with the Abbey filled with 1,600 guests who have supported others in their community. Each of them received a special letter from Her Royal Highness, thanking them for providing comfort and hope to those who need it most.

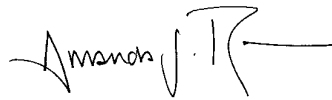
All of these achievements are only possible because of the dedication of everyone who works with the Foundation: our tireless staff, our Board of Trustees, and the countless people and organisations who partner with us. We offer our thanks to each and every one of them for their contribution in 2024 and look forward to our continuing work together in 2025.

The Foundation offers its deep gratitude to Lord Hague, as he ends his time as Chair of the Board of Trustees in December 2024. During his time as Chair, he has been an inspirational champion for the Foundation and has made an enormous contribution across our programmes. We look forward to continuing to work with him in his ongoing role as co-chair of United for Wildlife and send him our best wishes for his new role as Chancellor of the University of Oxford.

We look forward to the future with strength and vigour and would like to once again like to thank Their Royal Highnesses The Prince and The Princess of Wales for their continued vision and leadership.



Simon Patterson
Chair
June 2025



Amanda Berry CBE
Chief Executive

TRUSTEES' REPORT

The Trustees of The Royal Foundation of The Prince and Princess of Wales ("The Royal Foundation") present their annual report (including the Directors' and Strategic Report) for the year ended 31 December 2024 under the Companies Act 2006, together with the audited accounts for the year, in compliance with the 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 (FRS102) (Charities SORP (FRS102)).

OVERVIEW

Objectives and activities

The Royal Foundation of The Prince and Princess of Wales leads with the belief that change is always possible, and this positive approach sees it involved in issues that have previously seemed too big a challenge to many. The Royal Foundation works hand in hand with lived experience experts, organisations and groups to create lasting change. Through programmes such as The Centre for Early Childhood, Homewards and United for Wildlife, The Royal Foundation has created collaborative partnerships to make real world impact and tangible change.

The platform of Their Royal Highnesses allows the Foundation to bring awareness and attention to complex topics in new and different ways, such as 2024's *Homelessness: Reframed* exhibition at the Saatchi Gallery, and the two-part documentary *Prince William: We Can End Homelessness* on ITV and Disney+.

The Foundation continues to shift mindsets, and to inspire optimism that – together – we can create a better future for individuals, communities, society and the planet.

Partnerships: catalysing collaborative action and investment for more sustainable change

The Partnerships Team plays a central role in the successful delivery of The Royal Foundation's mission and approach. It works across the organisation to establish major strategic partnerships with philanthropy and business, in order to develop and scale our programmes.

The Royal Foundation has a small number of individuals who generously give unrestricted gifts to support the core of the organisation. This crucially enables early-stage programme design and development, together with central operational capacity.

Alongside these individuals, the Foundation also works with a group of trusts and other organisations that fund specific programmes from the point of launch, enabling their impact to be scaled and sustained. In both cases, the strategic value and collaboration of The Royal Foundation's philanthropic partners is as vital to its success as their financial support.

Research

High quality research ensures that our work is evidence-led, so that we can address some of society's toughest challenges and deliver the greatest impact.

Research and evaluation are fundamental in ensuring that programme design is underpinned by the best evidence, and that the resulting impact can be tracked and understood. In 2024, the Foundation invested further in its research and evaluation capacity, including integrating lived experience into all elements of programme design.

THE ROYAL FOUNDATION CENTRE FOR EARLY CHILDHOOD

The Royal Foundation Centre for Early Childhood (the Centre) was established by Her Royal Highness The Princess of Wales in 2021 to bring decades of ground-breaking scientific research about the unique importance of early childhood development to a more mainstream audience, thereby unleashing its potential to transform and build healthier societies.

Business Taskforce for Early Childhood

The Royal Foundation Business Taskforce for Early Childhood was established by her Royal Highness in 2023 to galvanise business action on the early years. Its founding members – Aviva, The Co-operative Group, Deloitte, Iceland Foods, IKEA UK and Ireland, the LEGO Group, NatWest Group and Unilever UK – are working together to identify the scale of the opportunity of investing in early childhood, and the role that business can play.

In May 2024, the Taskforce published its landmark report *Prioritising Early Childhood for a Happier, Healthier Society*. Produced by Deloitte, in partnership with the Taskforce and Centre for Early Childhood, the report identified an opportunity to generate at least £45.5 billion a year in added value for the UK economy, through investment in early childhood. This includes £12.2 billion from equipping people with improved social and emotional skills in early childhood, £16.1 billion from reducing the need to spend public funds on remedial steps for adverse childhood experiences and £17.2 billion from supporting parents and caregivers of under-fives who work. It also provided a Framework for action businesses could take to make a difference through the early years – with colleagues, customers and in communities.

Alongside the report, Business Taskforce members also announced a series of impact initiatives they would deliver following the case for change report, from supporting social and emotional development in nurseries to partnering with 'Baby Banks' to help families in need and reinvesting unspent Apprenticeship Levy funding to create hundreds of Early Year Apprentices for communities.

Sparkling innovation with Health Visitors in the NHS

The Centre for Early Childhood funded a successful NHS trial of the Alarm Distress Baby Scale (ADBB), a tool that focuses on a baby's social behaviours (such as eye contact, facial expression, vocalisation, and activity levels) to help practitioners and families better understand the ways babies express their feelings.

Health visitors from South Warwickshire NHS Foundation Trust and Humber Teaching NHS Foundation Trust were trained to use the tool and then use their enhanced observation skills during appointments across a four-month period in 2023.

They described the tool as "hugely beneficial" and said that it enabled them to have more meaningful conversations with parents and carers about the emotional wellbeing of their baby; promote positive parent-infant interactions, attachment, and bonding and identify babies and families in need of greater support during this critical period of development.

The report recommended a second phase of the research, involving a wider rollout within the NHS, which became a priority into 2025.

HOMEWARDS

In 2023, The Royal Foundation launched a new, transformative and ambitious five-year programme, Homewards, building on Prince William's lifelong commitment to tackling homelessness.

The aim of Homewards is to demonstrate that together it's possible to end homelessness – making it rare, brief and unrepeatable. And the realisation of that ambition is now well underway.

Changing the narrative

The public platform and convening power of Prince William and The Royal Foundation has allowed Homewards to make significant strides in changing public perceptions around homelessness.

In October 2024, the first year of Homewards was showcased in the ITV documentary *Prince William: We Can End Homelessness*, propelling the issue into the living rooms of over 1.8 million people in the UK, with many more watching on Disney+ internationally.

At the Saatchi Gallery, the groundbreaking exhibition *Homelessness: Reframed* told the stories of people experiencing homelessness through art, featuring work by Marc Quinn, Rankin, Philip Colbert and many more.

Homewards is collaborating with nine public figures as Advocates – including Steven Bartlett, Gail Porter and Tyrone Mings – who have generated significant media coverage.

Six flagship locations

The heart of the five-year Homewards programme is a partnership with six flagship locations across the UK – Aberdeen, Bournemouth, Christchurch and Poole, the borough of Lambeth, Newport, Northern Ireland and Sheffield. These locations span the four nations of the United Kingdom, and their geographical diversity reflects the breadth and complexity of homelessness.

Each of these locations has gathered together a powerful local coalition – businesses, local authorities, homelessness sector organisations and individuals – with the promise of creating, testing, scaling and sharing muscular new approaches to homelessness prevention. In Year One alone, 539 organisations and individuals joined these coalitions.

And each location created a detailed local plan, with actionable strategies and measurable targets. Now, in Year Two, those local plans are in motion:

- In **Newport**, cutting-edge Vasco translation devices are being used to offer real-time translation for people with limited English who are experiencing homelessness, so that they can access the support services they need
- In **Bournemouth, Christchurch and Poole**, a focus on employability has created an innovative partnership between Sunseeker, Poole College and Faithworks to provide training placements in boat-building
- A grant to Spiral Skills in **Lambeth** has facilitated the opening of a new support and skills space specifically for young people
- In **Northern Ireland**, we have expanded our strategic employer network, preparing the ground for employment pathways
- In **Sheffield**, we have developed Project Upstream, an initiative to identify and help local children who are at risk of homelessness

Funding for the flagship locations

Homewards has established the Homewards Fund, a facility to provide grants that can be used in flexible and innovative ways – such as to test new scalable approaches, to provide seed funding to attract additional investment, or to deliver additional capacity that unblocks barriers to ending homelessness.

Innovative housing projects

Each location has committed to delivering an innovative housing project, designed to be a scalable way of creating or unlocking homes in their area.

Aberdeen's innovative housing project focuses on finding better ways to use empty homes, while Sheffield is working with landlords to free up 33 three and four-bedroom homes for families experiencing, or on the brink of, homelessness.

By the end of Year One, over 100 homes were already in the pipeline.

The Homewards Partnership

Homewards has convened a powerful network of private-sector backers including Pret a Manger, Arup and Ikea who offer in-kind support, such as employment opportunities and essential items for establishing a home.

In 2024, the Homewards Partnership also welcomed international property consultancy Knight Frank, and City law firm Freshfields, who will help to find and facilitate housing opportunities in the six flagship locations.

Homewards has also formed an alliance with Blue Light Card, extending their discount scheme to the estimated 60,000 people who work in the UK's homelessness sector.

UNITED FOR WILDLIFE

United for Wildlife continues its work to develop an unprecedented global alliance of private sector, financial actors, governments and not-for-profit organisations, working together to foster an effective response to the most pressing nature crises, ensuring that both wildlife and people flourish.

Global Summit – Cape Town, November 2024

This year's annual summit, which ran alongside Earthshot Week in South Africa, brought together over 400 conservation champions from 300 different organisations across all sectors.

It paid tribute to, and bolstered practical support for, "Nature's Protectors", the frontline individuals and communities – from Rangers to Indigenous Peoples, who play such a critical role in the protection of our natural world.

Prince William announced The Ranger Welfare and Standards Initiative, a game-changing package of support for Rangers and other nature protection professionals. This five-year plan – the first of its kind across Africa – will provide 10,000 Rangers with affordable life insurance, as well as training and leadership development opportunities.

His Royal Highness's speech was livestreamed across major global news channels, with the Summit driving almost 3,000 news and social media mentions across the week. Keynote speakers included Cathy Dreyer, Head Ranger at Kruger National Park, SANParks, South Africa; Grace Pounsinsin, Conservation and Research Officer, Yayasan Sabah, Malaysia; and Juan Carlos Jiantich Arcos, Executive Secretary, Global Alliance of Territorial Communities.

As part of a roundtable chaired by Lord Hague at the Summit, several leading philanthropists made a \$90 million commitment to African conservation. For the first time, UNODC's Wildlife Inter-Regional Enforcement Network and Interpol's Wildlife Crime Working Group also joined the summit, expanding the alliance and its capacity to tackle international wildlife crime.

Global expansion

United for Wildlife launched its eighth and ninth regional chapters this year, in India and Nigeria.

The launch meeting of the Indian chapter brought together some of the largest financial institutions, transport companies, law enforcement agencies and conservation groups in India at Ranthambhore National Park. As a direct result, the US Embassy donated a large supply of first aid kits for Rangers across India.

Nigeria's launch saw over 20 organisations in attendance, from the private sector, law enforcement and government authorities, and conservation NGOs. United for Wildlife established landmark agreements with one of Nigeria's leading law enforcement agencies and the Nigerian Financial Intelligence Unit. The FIU endorsed the Statement of Principles, bringing the total number of signatories to 30.

Thanks to the ongoing work of United for Wildlife's Southeast Asia chapter, the Singaporean Government passed a new bill recognising illegal wildlife trade as a serious and organised crime, increasing possible sentences from two to 20 years.

Partnerships and collaboration

In February, United for Wildlife supported The Donkey Sanctuary in its successful lobby for greater protection for donkeys from organised donkey skin trafficking.

Donkeys are currently the world's most trafficked animal, with over 5 million killed each year for their skins. The landmark moratorium makes it illegal to slaughter donkeys for their skins across Africa, safeguarding both the donkeys and the millions of people whose livelihoods rely on them.

In December, United for Wildlife mobilised its Transport Taskforce, with support from partners Qatar Airways and Airlink, to repatriate 1,000 lemurs and tortoises to Madagascar and save them from the illicit international pet trade. Qatar Airways also worked this year with Animal Defenders International, to undertake the difficult task of moving six young lions from the illegal wildlife trade to the ADI Wildlife Sanctuary in Johannesburg.

COMMUNITY IMPACT

The Royal Foundation's developing Community Impact Programme aims to support community cohesion, identifying and building meaningful solutions to some of UK society's greatest community challenges. Working with communities, our aim is to create the conditions for equity, good health and stronger social connections.

Supporting the growth of local community places and spaces is at the heart of the programme. Work that began in Ceredigion in rural Wales in 2023, to support the care of local green spaces, continues. A further grant to the Ceredigion Association of Volunteer Organisations provides equipment and supports activities that keep children's and public parks flourishing. The Programme also supported a therapy garden at Bryn Awel rehabilitation centre in West Wales, to help improve the wellbeing of those living with substance abuse issues.

The Royal Foundation brought together almost 20 organisations from the swimming sector, including Swim England, for a roundtable in September. Working in partnership, the group has developed plans to enable more children to swim, break down the barriers to access and to protect pools and blue spaces for the future. The Foundation spearheaded a new partnership with the Birtley community, who took on the Birtley Community Pool in Tyne and Wear as a community run asset to support 16,000 people every month – including 6,500 children – to swim.

TOGETHER AT CHRISTMAS

In December, The Princess of Wales hosted the Foundation's fourth annual Christmas Carol Service at Westminster Abbey. The Service created a moment to reflect upon the importance of love and empathy, and how much we need each other. Westminster Abbey was filled with over 1,600 people, who have all supported others in their communities.

Designed to encompass people of all faiths and of none, the service saw Westminster Abbey choir perform Christmas carols, alongside performances by Olivia Dean, Gregory Porter, Paloma Faith and JP Cooper, as well as a specially composed piece by pianist Rosey Chan. Readings were delivered by speakers including The Prince of Wales, Olympian Adam Peaty OBE, Sophie Okonedo CBE, Michelle Dockery and Richard E. Grant.

Guests received an Order of Service, adorned with a beautiful bespoke illustration by illustrator Charlie Mackesy, and a special letter from The Princess of Wales, thanking them for all they have done to provide comfort and hope to those who need it the most.

Alongside the service at Westminster Abbey, 15 community carol services took place around the UK across December, hosted by Lord-Lieutenants and supported by The Royal Foundation.

The Service was broadcast on ITV1 on Christmas Eve, and repeated on Christmas morning, to a total audience of 3.3 million and had a reach of over 50 million through social media.

EMERGENCY RESPONDERS

The Royal Foundation is proud to have established the Emergency Responders Senior Leaders Board in 2020, bringing together leaders from across the UK's emergency services on a quarterly basis. The board shares best practices, and promotes collaborative efforts, to support the mental health and well-being of the UK's 300,000-plus emergency responders.

The Foundation would like to express its thanks to Chief Constable Gavin Stephens from the National Police Chiefs Council, who has chaired the Board up to this point. He has now handed over the role to the incoming chair of the National Fire Chiefs Council, Chief Fire Officer Phil Garrigan.

WHAT'S NEXT FOR THE ROYAL FOUNDATION?

2025 will see The Royal Foundation continue to tackle the illegal wildlife trade, work towards demonstrating that it is possible to end homelessness, highlight the vital importance of the early years and work with communities so they can thrive.

Homewards will expand the tangible action it has taken towards ending homelessness by, for example, by delivering jobs and homes for people experiencing homelessness in the Homewards flagship locations, and by widening and deepening the Homewards Partnership with business.

It will also continue to deploy the unique public platform of His Royal Highness The Prince of Wales, in order to change perceptions around homelessness and galvanise action across the public, private and third sectors.

United for Wildlife will redouble its focus on Nature's Defenders, enhancing the recognition, support and professionalisation of the frontline nature workforce by campaigning, mobilising support and scaling finance. Planned projects include:

- The release of United for Wildlife's *Guardians* docuseries
- Co-creating frameworks for welfare packages for rangers across insurance, training and mental health
- Working with key partners to leverage real progress at COP30.

The **Centre for Early Childhood** will publish, promote and support the implementation of a groundbreaking new Shaping Us Framework about social and emotional skills.

This Framework will inform Centre efforts to deepen public understanding about the importance of early childhood through the Shaping Us Campaign; it will inspire The Business Taskforce for Early Childhood's ongoing delivery and help to bring other companies on board through a set piece Summit.

The Framework will drive Centre efforts to support early years practitioners in communities up and down the UK and it will direct new Centre creative content, such as animated films showing people the everyday actions they can take to support positive early development from pregnancy to the age of five.

Community Impact will continue to highlight and support new community projects which create social connections and will recognise, celebrate and support community leaders who undertake to solve local community issues.

Finally, to close 2025, the 'Together at Christmas' will once again aim to bring together communities across the UK to celebrate people who have gone out of their way to help others with even more impactful local services.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2024 was £12.2m (2023, £8.0m). The increase in income from the prior year reflects the updated fundraising strategy and the development of the programmes which has resulted in greater unrestricted and restricted support. The Foundation's total income in 2023 included the net asset share from The Earthshot Prize, reflecting their status as an associate of The Royal Foundation. In 2024, the value of The Earthshot Prize's net assets reduced, versus 2023, and the reduction in the value is shown as expenditure.

98% of total income consists of donations, grants, royalty and legacy income (up from 81% in 2023) of which 45% was restricted (2023: 43%). The movement in % is largely a result of the net income share from The Earthshot Prize of £1.3m in 2023 being replaced by growth in donations and legacies in 2024.

Unrestricted income increased from £3.8m to £6.8m, an increase of 75% which reflects the continuing growth of the Foundation's donor base.

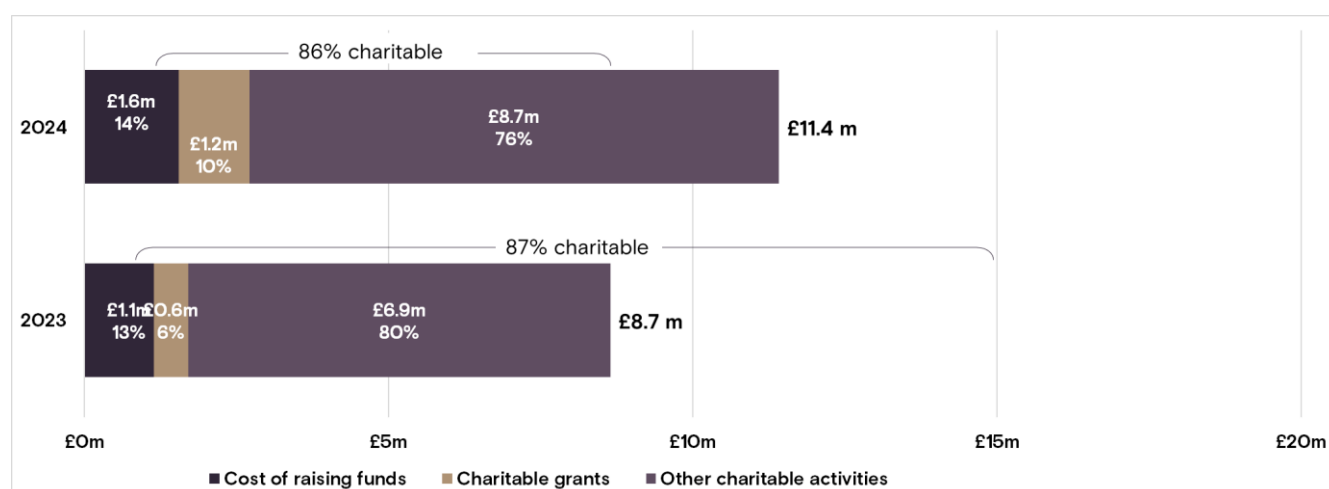
Expenditure

Total expenditure in 2024 was £11.9m (2023, £8.7m) of which 86% (2023 87%) was spent on charitable activities. The increase in expenditure of £3.2m from the comparable figures for 2023 is due to the increase in the delivery of charitable activities across the Foundation, with the biggest growth in Homelessness as the Homewards Project completed its first year of activity and delivery. Community Impact expenditure also increased as this work expanded with grants being distributed to projects across the country.

Charitable Activities

86% or £9.9m of the £11.4m spent in the year was incurred on charitable activities, a slight reduction in % from 87% but an increase in expenditure from £7.5m in 2023, with a significant increase in fundraising costs as the Foundation secured new donors, in line with financial forecasts, and began to focus on the increased income targets for 2025. Charitable expenditure includes amounts spent on delivering and designing projects, providing grant funding and all activities designed to convene and raise awareness.

The Royal Foundation's charitable expenditure was incurred across its core focus areas: Conservation, Early Childhood, Homelessness, Community Impact (including Emergency Responders, and Mental Health). The value of charitable grants increased by £600k to £1.2m as the activity for the Community Impact, United for Wildlife and Homewards programmes developed. Details are provided in Notes 5 and 6. A breakdown of the expenditure is shown below:



Following the public launch of the five year *Homewards* project in June 2023, spend on **Homelessness** has continued to grow significantly as its programme and investment in the six local areas develop (2024 £4.4m, 2023 £2.2m). This reflects increased staff costs as the dedicated Homewards delivery team expanded, as well as investing in evaluation measurement to support the development of the programme over the coming years.

The Early Years programme activity and expenditure was slightly reduced and slower than had been planned in 2024 to £2.2m (2023: £2.6m), as the team continued to work on the *Shaping Us* activity that was launched in January 2023. Communications, marketing and event costs reflect the continued activation and further development of the campaign, with grant expenditure incurred in relation to the health visitor trial and research projects.

United for Wildlife expenditure of £1.8m was a small increase on expenditure of £1.6m in 2023. The overseas activities, including the regional chapter network across four continents and a global summit held in South Africa to coincide with The Earthshot Prize Awards ceremony. The team continued to develop the strategy to grow the impact that this programme can deliver.

Mental Health spend reduced significantly from £0.6m in 2023 to £0.04m in 2024 as this activity was paused while the programme of work was developed, The Foundation will continue to develop its mental health programme in 2025, ensuring that it is embedded as part of all programmes.

Expenditure on **Community Impact, Emergency Responders** and other smaller projects increased to £1.5m in 2024 from £0.4m in 2023. This increase was mostly due to the growth in Community Impact activities with grants given to projects in Scotland, Wales and England.

There were no costs incurred in relation to **The Earthshot Prize** in 2024 all remaining commitments following the spin-off were completed in 2023.

Fundraising

The cost of raising funds increased from £1.1m in 2023 to £1.6m in 2024, reflecting additional investment in prospecting, securing new donors and leveraging corporate partners to support the planned growth of the key Charitable Programmes listed above. A number of prospects identified in 2024 have successfully converted into pledges and donations in early 2025.

Staff and support costs

Staff costs comprised £5m of total expenditure, an increase from 3.4m in 2023, reflecting the impact of investment in the team with new roles recruited in late 2023 and across 2024, as the Foundation's activities increased, and the activities of the programmes advanced. The average headcount across 2024 was 67 (2023: 48).

Support costs reduced from £2.2m to £1.9m, reflecting the continued close management and monitoring of costs, ensuring value for money and compliance with all regulatory and legal requirements. This reduction is also a result of the refinement of the cost allocation process. This amended process more accurately allocates support costs across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds for 2024 of £1.6m, (2023 £1.7m) the net of donations received for defined projects and the corresponding expenditure; and unrestricted funds for 2024 of £5.8m, (2023 £5.3m) to be spent in accordance with the charitable objectives at the discretion of the Trustees.

Reserves Policy

When setting the target level of reserves, the Trustees have had regard to the Charity Commission's guidance note CC19 and to the financial risk profile of the Foundation, recognising that most of the charity's income derives from voluntary donations whose recurrence can be uncertain. Reserves are held for both proactive and reactive reasons:

- To cover any unplanned reduction to income without compromising charitable and other activities.
- To take advantage of any short-term opportunities and to allow new projects to proceed to design and research stages prior to a project-specific fundraising strategy having been devised.
- To cover any unforeseen or emergency expenditure requirements.
- To cover timing differences and working capital requirements.

As such, the Trustees have agreed to target a level of reserves of between 9 and 12 months of operating expenditure. The level of reserves is calculated monthly and is reviewed by the Trustees at each of their quarterly Trustee meetings.

The total funds of the charity at 31 December 2024 stand at £7.4m (2023: £7.0m). The free reserves of the charity are £5.7m (2023: £5.1m). The unrestricted reserves represent 10 months of unrestricted expenditure (based on the budgeted 2025 rate of operating expenditure, £6.7m), down from 13 months in 2023 but still within the target range (9–12 months). The Board of Trustees continues to be prudent with the free reserves balances into 2025, as our fundraising strategy scales up and the major programmes grow and develop.

Free reserves of the charity are calculated as set out below:

	2024	2023
	£'000	£'000
Total Funds of The Royal Foundation	7,374	6,957
Less:		
Restricted Funds	(1,574)	(1,683)
Tangible Fixed Assets	(108)	(131)
Free Reserves	5,692	5,143

Investment Policy and Performance

The Trustees invest funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management. The investment objective is to generate a total return of at least inflation (UK CPI) plus 3% per annum net of all costs, through a fully diversified strategy and over a 5-year investment time horizon. The Finance Committee review the charity's investment policy annually and investment performance at their quarterly meetings.

In 2015, the trustees adopted the ethical investing guidelines of the Church of England's Ethical Investment Advisory Group. This prohibits investment in businesses which derive more than a de minimis limit from the following industries: alcohol, tobacco, pornography, armaments, gambling, doorstep lending, human embryonic cloning and the extraction, production and refining of fossil fuels. The trustees have delegated the review of the Investment Policy to the Finance Committee in 2025 and have requested that the investment policy is reviewed and updated.

During 2024 the portfolio, invested in Cazenove's Charity Responsible Multi-asset fund, increased in value from £1.7m to £1.8m with an unrealised capital gain of £140k. The value and composition of investments are summarised in Note 13 to the financial statements.

The portfolio is conservatively invested and diversified across multiple asset classes and therefore suffers less than the wider equity markets during periods of volatility.

Grant-making policy

Decisions on grants are made by the Trustees, on recommendation from the Executive. Trustees only approve grants or fund projects which demonstrate public benefit within the criteria of the Charity Commission's guidance. The Royal Foundation actively looks for opportunities where added leverage can be demonstrated from its involvement, but it does not accept unsolicited requests for funds.

Going concern

The financial review above considers the financial performance and position of The Royal Foundation. The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets for the period until 31 December 2026 and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2025 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors and foundations to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is not solicited but is received on an ad hoc basis. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation. Unrestricted reserves are targeted to be maintained between 9-12 months to allow for timing differences in receipts of donations.

As such, the Trustees believe that The Royal Foundation has adequate resources to continue its activities for the foreseeable future and that there is no material uncertainty in relation to the Foundation's status as a going concern. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

RISK MANAGEMENT

In line with governance best practice, the Trustees are committed to maintaining a strong risk management framework that supports The Royal Foundation to manage risks appropriately.

A strategic and operational risk register is reviewed regularly by the organisation's Leadership Team, Finance Committee and Trustees. The register considers the impact, likelihood, and level of mitigation of risks, with the management of each risk assigned to a senior member of staff. Quarterly reports are provided to the Board of Trustees and Finance and Governance and Nominations Committees, summarising the continuing and emerging high-concern risks and those where action is required.

The principal risks are those which, without effective mitigation, would have a serious impact on the work of The Royal Foundation. The highest rated risks and mitigations are summarised below:

- *Staff capacity:* The Royal Foundation runs a lean team with a number of active projects underway at any time. This can reduce our ability to respond to new opportunities or respond to development opportunities. There is also a risk of burnout and staff turnover could add further pressure. This risk is mitigated through proactive prioritisation and scheduling of work and an agile approach to resourcing, including where appropriate the use of secondees, contractors and working with partner organisations in order to manage capacity as required. The Foundation has also recruited a number of new roles over the past year, strengthening our core operations and reflecting the growth of our flagship programmes and has introduced controls to ensure that new recruitment is focussed on the areas of most need.
- *Income Profile:* The income from the Foundation does not come from a diverse range of sources which makes it more inherently risky. This risk is mitigated by having in place a clear and robust fundraising strategy with three distinct tiers, encouraging multi year agreements to give some certainty for future years and ensuring that all programmes take responsibility for the fundraising targets. A detailed due diligence process is in place which reduces the risk of non-payment and maximises effective partnerships. Budgets are carefully managed and costs gated until income is secure. The reserves policy considers the risk of income not being realised and ensures sufficient funds are available to allow The Royal Foundation to meet its commitments.
- *Business Continuity Planning:* A significant internal or external event or change could limit the Foundation's operational capacity and ability to deliver. Robust business continuity planning is required to ensure that the Foundation is best placed to respond to potential future changes. This includes planning for programme activity changes, change in senior personnel, future succession planning and the potential for cyber attacks on our systems. Being unprepared for any of these events would have a severe impact on our ability to fundraise effectively and delivery of planned activities. To mitigate this we have business continuity insurance in place and retain reserves based on our income and expenditure
- *Cybersecurity:* As a high-profile organisation The Royal Foundation faces increasing risk of its IT infrastructure being maliciously targeted, which could potentially lead to exposure or loss of critical assets or sensitive information. The Foundation maintains robust security protocols and controls, and regular staff training is carried out.

The Trustees are satisfied that the major risks identified have been reviewed and systems or procedures have been established to manage those risks.

CONSTITUTION

The Royal Foundation is registered as a charity with the Charity Commission under charity number 1132048 and is a company registered in England & Wales number 7033553.

The Royal Foundation was formed on 29 September 2009 as a charitable company limited by guarantee. It is governed by its revised Articles of Association which were passed by a special resolution dated 28 April 2011 and further amended by special resolutions dated 1 November 2011, 29 February 2012, 11 July 2012, 12 January 2017, 8 June 2018, 8 August 2019 and 20 June 2022.

TRF Trading Limited was formed on 26 January 2011 as a wholly-owned subsidiary to carry out trading activities on behalf of The Royal Foundation (see Note 3).

On 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund (the Diana Fund), registered charity 1064238, to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation became the sole member of the Diana Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of the Diana Fund, applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect on 31 December 2013. Any future income is received by The Royal Foundation as unrestricted funds. In accordance with a request by The Duke of Sussex, half of the net proceeds received by the Diana Fund since 18 December 2019 are being donated to Sentebale, a UK-registered charity of which The Duke of Sussex is a co-founder.

In July 2022, The Earthshot Prize was established as an independent charity, allowing it to expand at the rate needed to address the most significant challenges facing our planet. The Earthshot Prize is registered as a

charity with the Charity Commission under charity number 1198701 and is a company registered in England & Wales, number 13981670.

The Royal Foundation recognises The Earthshot Prize as an associate, reflecting the continuing close relationship between the two entities. As part of the founding documents of The Earthshot Prize, the trustees of The Royal Foundation are entitled to nominate at least one third of The Earthshot Prize's Board, as well as The Royal Foundation being a Member of The Earthshot Prize. As such, there are currently three Foundation-nominated trustees sitting on the Board of The Earthshot Prize: David Fein, Jason Knauf and Zoë Ware. There are also regular meetings between executives of both entities and The Earthshot Prize reports to the Board of The Royal Foundation on an annual basis.

The Royal Foundation accounts for The Earthshot Prize as an associate using the equity accounting method.

The American Friends of The Royal Foundation of The Prince and Princess of Wales, Inc., established in 2011 is a 501(c)(3) public charity, and whilst it is a separately controlled entity, its interests are aligned with those of The Royal Foundation. The American Friends support The Royal Foundation's programmes and initiatives, primarily focussing on projects that deliver impact on an international scale.

MEMBERS, TRUSTEES, DELEGATED COMMITTEES AND ADVISORY BOARDS

Members

The Prince and Princess of Wales have been members of The Royal Foundation since August 2019.

Trustees

Strong governance and management are critical to the success and reputation of The Royal Foundation. The Directors of The Royal Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees. The Trustees take overall responsibility for the charity and its work. They are responsible for ensuring The Royal Foundation is effectively and properly run and meets its goals as a charity.

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fundraising and the Trustees meet formally a minimum of four times a year. In 2024 this was under the Chairmanship of Lord Hague of Richmond and will be led by Simon Patterson in the future.

Trustee Recruitment

The Articles of Association of The Royal Foundation provide for the appointment of Directors, who also act as Trustees. After discussing and agreeing the specific skills and experience required to enhance the Trustee board, the Trustees draw up a list of potential candidates, which is approved by the members of The Royal Foundation. New Trustees are recruited through known sources such as The Royal Foundation's sub-committees or other areas of the charity sector.

The Chairman and Trustees interview prospective candidates, informed by the requirements of the Foundation's skills matrix which considers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is appointed by the Trustees, following formal nomination by The Prince of Wales in his role as Founder.

In addition, The Private Secretaries of The Prince and Princess of Wales are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

Trustee Induction

Upon appointment, each Trustee receives a copy of the Charity Commission for England and Wales publication "The essential trustee: what you need to know, what you need to do" and other relevant Charity Commission literature. In 2020, the Trustees reviewed the latest edition of the Charity Governance Code to ensure the charity complies with best practice. New Trustees are asked to sign up to a Code of Conduct.

Trustees meet with senior members of The Royal Foundation's management team and are introduced to staff as part of their induction process. They are also provided with comprehensive background documentation which covers incorporation, operations and finance, policies and more general information relevant to The Royal Foundation's history and associations. Whereas Trustees are recruited with their specific skills and experience in

mind, further project-based training is undertaken where necessary. This includes project visits to familiarise themselves with the full nature of The Royal Foundation's work as well as meeting with project partners, donors and other stakeholders.

Finance Committee

The Trustees have appointed a Finance sub-committee to help with the execution of its responsibilities, the members of which are appointed by the Trustees. The Finance Committee oversees in detail the financial plans and performance of the charity, reviews the risk management processes and monitors the performance of the investment portfolio, as well as being the primary forum for trustee interactions with the auditors.

The Finance Committee meets quarterly, is chaired by Sir Ron Kalifa OBE and comprises two further Trustees: Lady Pinsent (until 4th December 2024) and Dame Pippa Harris and three external advisory members: Kate Mathers, Virginia Henley and Simon Lyons, with Sean Carney joining as a further advisory member in June 2025. The Committee meetings are attended by members of the Leadership team, including the Chief Executive.

Governance and Nominations Committee

The Governance and Nominations Committee was constituted at the end of 2018 to lead the process for appointments and election to the Board of Trustees and independent members to its committees, and to review and make recommendations to the Board of Trustees relating to the overall governance arrangements of the organisation. The Governance and Nominations Committee meets at least twice a year, is chaired by Trustee Claire Wills and comprises two further Trustees, Alice Webb, and Tom White (from 20 June 2024).

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board of Trustees on remuneration matters. The committee was chaired by Lord Hague until his departure on 1st January 2025 and comprises four further trustees, Simon Patterson, Claire Wills, Alice Webb and Sir Ron Kalifa OBE. A new chair is to be appointed in 2025.

Advisory Boards and Councils

The Royal Foundation is fortunate to benefit from a network of experienced advisors and experts, who support and help steer The Royal Foundation's work through external advisory groups.

Advisory boards and councils that were active in the year included Early Years Advisory Group, and a National Expert Panel for Homelessness.

Senior Management

The Trustees have delegated authority to the Chief Executive and the Leadership Team for the day-to-day management of the organisation. The Leadership Team is led by the Chief Executive and has the delegated responsibility for the design and delivery of programmes and income generation, along with the administrative functions of finance, HR, health and safety, project evaluation, management information systems, marketing and communications.

Employment and Remuneration

The Royal Foundation recognises and values its people as its most important asset in achieving its aspirations. The Royal Foundation operates and maintains a legal, fair, equitable and affordable Pay and Benefits Framework for its diverse and talented workforce. The framework helps to attract, recruit, develop and retain employees with appropriate knowledge and relevant skills required to sustain delivery. The framework is continually reviewed through job evaluation, internal and external sector benchmarking to ensure that pay scales remain competitive and in line with the Foundation's current financial position. The organisation also provides learning and development to all staff through e-learning and in-person offers.

The Royal Foundation is committed to being a mentally healthy workplace and offers a number of health and wellbeing initiatives to ensure that all members of the team have the right resources and support in place to ensure good mental health.

The Royal Foundation remains committed to equality and diversity and to ensuring a positive, safe and respectful environment which promotes the wellbeing and dignity of its employees, applicants, partners, suppliers and those whose interests it represents. It aims to promote equality of opportunity and diversity and to tackle any forms of discrimination, harassment or bullying within its working environment, whether on grounds of age, disability, gender, gender reassignment, marriage or civil partnership, pregnancy or maternity, race or ethnic origin, religion or belief, sex or sexual orientation, and discrimination by association.

These principles underpin its professional behaviour and are embedded in its policies, procedures, day-to-day practices and external relationships. All policies and practices reflect current relevant legislation and will continue to comply with future legislation changes. The Foundation is continuing its work to place its approach to diversity as an employer, partner and designer of charitable initiatives at the centre of its overall strategy.

SUSTAINABILITY

In 2024, the Royal Foundation took important steps to embed sustainability into its culture and day-to-day operations, building on its 2023 commitment to further develop its sustainability policies. The Foundation initiated the development of a strategic sustainability framework to guide future activity, and to ensure best practice is adopted across all areas.

The first stage of this work focused on identifying the Foundation's most material topics of environmental and social impact, through a combination of internal consultation with senior leadership, trustees, and team members, as well as desk-based research into the expectations of external stakeholders. Alongside this, an initial review of operational practices, spanning office administration, programme delivery and event management, identified where sustainable policy changes could have the greatest positive impact.

This work is helping shape a clear and practical sustainability framework that reflects the Foundation's mission, culture, and ambitions, and will inform future efforts to track and improve performance. The Foundation is exploring opportunities for a phased rollout of policy updates, covering priority areas such as travel, event management and carbon reduction, as well as plans for sustainability training and the creation of a cross-functional taskforce to embed sustainable thinking across the organisation.

SAFEGUARDING

The Royal Foundation does not engage in any activity with children or vulnerable adults such as is regulated by safeguarding legislation, but it does take seriously its obligations to operate in such a way as to ensure so far as is possible that its work causes no harm to anyone with whom it engages.

Given these values and considering widely recognised risks, The Royal Foundation has developed its safeguarding policy to promote protection for all those people it encounters, both staff and volunteers within the charity as well as the partner organisations with which it works. The Foundation has committed to further develop its safeguarding policy and to provide appropriate training to staff and Trustees.

Should it come into contact with vulnerable groups The Royal Foundation takes responsibility to ensure it is doing all it can to protect such groups from all forms of harm that might occur as a result of that contact, including abuse, neglect and exploitation and to ensure appropriate action is taken if such harm occurs.

DATA PROTECTION

The organisation reviewed and revised where necessary its processes, policies and approaches in relation to data protection to ensure its compliance with the General Data Protection Regulation (2016/679 as implemented into UK Law ("the UK GDPR") and the Data Protection Act 2018. All staff are provided with appropriate training to ensure there is a good level of understanding throughout the whole organisation.

GOVERNANCE CODE

A governance code, endorsed by the Charity Commission and other industry bodies, was launched in 2017 and updated in 2020. Together with the Trustees, management have ensured that The Royal Foundation is substantially compliant with the code.

The code asks charities to “apply or explain”. Details of where the code has not been applied, or where steps have been taken to apply the code’s provisions during the year, are provided below:

- Equality, diversity and inclusion: formal targets for diversity of the Board have not previously been set but will be considered, monitored, and reported on. Diversity is always considered as part of the Trustee recruitment process.

During 2023, the Board undertook a Board evaluation exercise, conducted by an independent expert. The review found the Board to be operating accordingly and made a small number of best practice recommendations. These have been considered by the Board and they have worked to implement the recommendation in 2024 and will continue to review in 2025

FUNDRAISING

The Royal Foundation applies the support it receives only for its charitable purposes. The Foundation does not typically accept funds raised through activities considered ‘public fundraising’ such as sponsored challenges, but it welcomes donations and other funding from individuals, foundations, companies and other charities, engaging supporters around particular programmes or the charitable work of The Royal Foundation as a whole, in line with its gift acceptance policy. The Royal Foundation is committed to the highest standards in all of its fundraising activity and is open and honest in the information it provides to its supporters about its work and how their donations are used.

The Royal Foundation’s fundraising is carried out by its employees and Trustees through direct contact with supporters and potential supporters. Additionally, some of the Foundation’s existing donors make introductions to others also interested in supporting the Foundation’s work.

The protection of vulnerable donors is important to the Royal Foundation and as such it does not carry out targeted marketing or fundraising campaigns for public fundraising. It also ensures that all donors have an individual relationship with The Royal Foundation and are willingly engaged with the work that The Foundation does when entering into partnerships with them.

The Royal Foundation has voluntarily registered with the Fundraising Regulator. No complaints relating to fundraising activities were received during the year or in the previous year. The Royal Foundation takes care not to cause nuisance or disruption when communicating with its supporters and the fundraising team reports to the Board of Trustees and the Chief Executive on the delivery of its fundraising activity. The Royal Foundation will never sell or share data about its donors and has put in place controls to ensure the security of all data held. Where The Royal Foundation uses professional fundraisers or where it works with corporate partners (commercial participators), it has put in place policies and contractual arrangements to ensure their effective management and adherence to The Royal Foundation’s policies.

RELATED PARTIES

Further details about Related Parties can be found in Note 11 to the consolidated financial statements.

PUBLIC BENEFIT

The Charities Act 2011 requires all charities to explicitly consider how their charitable aims are carried out for the public benefit. The Royal Foundation is a public benefit entity under FRS 102.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the charity’s aims and objectives and setting grant-making policies.

The Trustees consider particularly how planned activities will contribute to the aims and objectives they have set.

DIRECTORS’ INDEMNITY INSURANCE

The Royal Foundation maintains management liability insurance for its Trustees and Officers. Further detail can be found in Note 11 to the consolidated financial statements.

TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors for Companies law purposes) are responsible for preparing the Trustees' Report (which incorporates the Directors' report for Companies law purposes) and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the integrity of the financial statements contained therein.

DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Report of the Trustees, which incorporates the requirements of the Strategic report and the Directors' report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, was approved by the Board in their capacity as Trustees and Company Directors on 26th June 2025 and signed on its behalf by:



Simon Patterson – Chair of The Royal Foundation
Kensington Palace
Palace Green London, W8 4PU

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES

Opinion

We have audited the financial statements of The Royal Foundation of the Prince and Princess of Wales ('the charitable company') and its subsidiary ('the group') for the year ended 31 December 2024 which comprise The Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2024 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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 Trustees' responsibilities statement set out on page 20, 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 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 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 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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011, together with the Charities SORP (FRS 102).

We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company and group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and group for fraud. The laws and regulations we considered in this context for the UK operations were taxation legislation, and employment legislation.

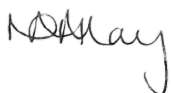
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income including fraud, to be within the timing and recognition of donation and grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date: 1 August 2025

Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2024

		2024				2023			
	Notes	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2024	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2023
		£	£	£	£	£	£		£
Income:									
Donations and Legacies	2	6,523,245	5,406,849	-	11,930,094	3,685,257	2,815,632	-	6,500,889
Net income on share of associate's surplus	20	-	-	-	-	-	1,283,059	-	1,283,059
Trading activities	3	84,038	-	-	84,038	13,129	-	-	13,129
Investment income	4	150,616	-	-	150,616	147,167	21,002	-	168,169
Other income	4	1,681	2,074	-	3,755	3,059	-	-	3,059
Total income		6,759,580	5,408,923	-	12,168,503	3,848,612	4,119,693	-	7,968,305
Expenditure:									
Raising funds	5	(1,554,817)	-	-	(1,554,817)	(1,017,891)	(128,052)	-	(1,145,943)
Charitable activities	5,6								
- Grants		(16,743)	(1,139,369)	-	(1,156,112)	(13,290)	(384,174)	(160,811)	(558,275)
- Other charitable activities		(3,185,562)	(5,521,024)	-	(8,706,586)	(2,026,345)	(4,919,616)	-	(6,945,961)
		(3,202,305)	(6,660,393)	-	(9,862,698)	(2,039,635)	(5,303,790)	(160,811)	(7,504,236)
Net expenditure on share of associate's deficit	20	-	(473,776)	-	(473,776)	-	-	-	-
Total expenditure		(4,757,122)	(7,134,169)	-	(11,891,291)	(3,057,525)	(5,431,842)	(160,811)	(8,650,179)
Net income/(expenditure) before investment gains		2,002,458	(1,725,246)	-	277,212	791,086	(1,312,149)	(160,811)	(681,874)
Net gains on investment	13	139,885	-	-	139,885	111,371	-	-	111,371
Net income/(expenditure)		2,142,343	(1,725,246)	-	417,097	902,457	(1,312,149)	(160,811)	(570,503)
Transfers between funds	19,20,21	(1,616,135)	1,616,135	-	-	(714,649)	714,649	-	-
Net movement in funds		526,208	(109,111)	-	417,097	187,808	(597,500)	(160,811)	(570,503)
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,274,686	1,682,636	-	6,957,322	5,086,878	2,280,136	160,811	7,527,825
Fund balances carried forward at 31 December	19,20,21	5,800,894	1,573,525	-	7,374,419	5,274,686	1,682,636	-	6,957,322

Discontinued operations in 2023 relates to The Earthshot Prize which was transferred out to a new charity on 15 July 2022.

There were no recognised gains or losses.

The notes on pages 27 to 44 also form part of these financial statements.

Consolidated and Charity balance sheet
As at 31 December 2024

	Notes	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Fixed assets					
Tangible fixed assets	12	108,067	131,091	108,067	131,091
Investments	13	2,829,168	3,163,059	1,837,661	1,697,776
Programme related investments	14	250,000	-	250,000	-
		<u>3,187,235</u>	<u>3,294,150</u>	<u>2,195,728</u>	<u>1,828,867</u>
Current assets					
Debtors	15	425,885	1,255,392	424,189	1,261,462
Cash at bank and in hand	21,23	5,099,865	3,288,363	5,076,418	3,274,755
		<u>5,525,750</u>	<u>4,543,755</u>	<u>5,500,607</u>	<u>4,536,217</u>
Creditors: amounts falling due within one year	16, 18	(1,338,566)	(880,583)	(1,313,425)	(873,046)
Net current assets		<u>4,187,184</u>	<u>3,663,172</u>	<u>4,187,182</u>	<u>3,663,171</u>
Net assets		<u>7,374,419</u>	<u>6,957,322</u>	<u>6,382,910</u>	<u>5,492,038</u>
The funds of the group/charity					
Unrestricted funds	19	5,800,894	5,274,686	5,798,252	5,272,044
Restricted funds	20	1,573,525	1,682,636	584,658	219,994
Total funds		<u>7,374,419</u>	<u>6,957,322</u>	<u>6,382,910</u>	<u>5,492,038</u>

The Charity's net (income) for the year ended 31 December 2024 totalled £(890,871) (2023: net expenditure £1,853,561).

The notes on pages 27 to 44 also form part of these financial statements.

The financial statements of The Royal Foundation of The Prince and Princess of Wales (registered number 7033553) were approved and authorised for issue by the Board of Trustees on 26th June 2025 and signed on its behalf by:



Simon Patterson – Trustee
Kensington Palace
Palace Green
London
W8 4PU

Consolidated Cash Flow Statement
For the year ended 31 December 2024

	Notes	2024 £	2023 £
Cash flows provided by operating activities:			
Net cash provided by operating activities	22	1,950,538	(1,970,128)
Cash flows from investing activities:			
Dividends and interest from investments	4	150,616	168,169
Purchase of tangible fixed assets	12	(39,652)	(118,713)
Programme related investments	14	(250,000)	-
<i>Net cash provided by investing activities</i>		<u>(139,036)</u>	<u>49,456</u>
<i>Change in cash and cash equivalents in the year</i>	22, 23	1,811,502	(1,920,672)
Cash and cash equivalents at the beginning of the year		3,288,378	5,209,050
Total cash and cash equivalents at the end of the year	22, 23	<u>5,099,880</u>	<u>3,288,378</u>

Analysis of changes in net funds

	1 January 2024 £	Cash flows £	Foreign exchange movements £	31 December 2024 £
Cash at bank and in hand	3,288,363	1,801,211	10,291	5,099,865
Cash in investment portfolio	15	-	-	15
	<u>3,288,378</u>	<u>1,801,211</u>	<u>10,291</u>	<u>5,099,880</u>

	1 January 2023 £	Cash flows £	Foreign exchange movements £	31 December 2023 £
Cash at bank and in hand	5,208,848	(1,934,650)	14,165	3,288,363
Cash in investment portfolio	202	(187)	-	15
	<u>5,209,050</u>	<u>(1,934,837)</u>	<u>14,165</u>	<u>3,288,378</u>

The notes on pages 27 to 44 also form part of these financial statements.

Notes to the consolidated financial statements

Year ended 31 December 2024

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

a) Basis of accounts preparation

The consolidated financial statements of The Royal Foundation have been prepared under the historical cost convention (with the exception of investments carried at valuation as noted in the accounting policy below) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the 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 (FRS102) (second edition – effective 1 January 2019) – (Charities SORP (FRS102)) and the Companies Act 2006.

b) Consolidation

The financial statements of the wholly owned subsidiary, TRF Trading Limited, have been consolidated with those of the charity on a line by line basis.

During the year ending December 2022, The Earthshot Prize programme that was incubated within The Royal Foundation was spun out into an independent charity, The Earthshot Prize (registered charity number 1198701). The Royal Foundation is one of the members of The Earthshot Prize and has the right to nominate up to three trustees to the new charity's board (four trustees in the event that the total number of trustees of the new charity is more than nine). As a result, The Royal Foundation considers that it has significant influence, but not does exert control, over the financial and operating policies of The Earthshot Prize, and it accounts for its interest in the latter as an associate using the equity accounting method with a one third interest. The consolidated financial statements include the Group's share of the surplus or deficit and net assets of The Earthshot Prize.

With effect from 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality.

On 18 December 2019 a deed was signed with Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal') from which date The Royal Foundation intends to grant 50% of the net income received by The Diana, Princess of Wales Memorial Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income will instead be donated to Sentebale, a registered charity of which The Duke of Sussex is a co-founder.

There are no members of the Foundation's Leadership Committee (one member until November 2023) as directors of the American Friends of The Royal Foundation of The Prince and Princess of Wales and the Foundation has no control or significant influence over the American Friends, and as such, has not consolidated the entity into the group accounts.

c) Going Concern

The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets for the period until 31 December 2026 and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial

performance and position have been undertaken in March 2025 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors and foundations to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is not solicited but is received on an ad hoc basis. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation. Unrestricted reserves are targeted to be maintained between 9-12 months to allow for timing differences in receipts of donations.

As such, the Trustees believe that The Royal Foundation has adequate resources to continue its activities for the foreseeable future and that there is no material uncertainty in relation to the Foundation's status as a going concern. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

The Trustees have identified no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern.

d) Judgements and estimates made by management

The preparation of the financial statements requires management to make significant judgements and estimates. These judgements and estimates are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. The items in the financial statements where these judgements and estimates have been made include:

- basis of allocation of support costs;
- income recognition, in particular estimating fair value of a gift in kind;
- estimating the liability from multi-year grant commitments; and
- rates of depreciation used in determining the carrying value of tangible fixed assets.

With respect to the next reporting period, January to December 2025, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees Annual Report for further information). The carrying value of the investment portfolio at the end of December 2024 was £1,837,660 (2023: £1,697,775). A thorough review of the going concern has been undertaken in March and June alongside quarterly forecasts produced by the budget holders throughout the year to ensure that we are on track. Multi year grants are conditional and small in proportion to budgets, these are all noted in the contingent liabilities note 16.

e) Fund accounting

Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are funds subject to specific restrictions imposed by the donor. All restrictions are in line with the charitable objectives of the charity.

All transfers between funds are recorded gross and shown on the Statement of Financial Activities or in the notes.

f) Income

Donations and gifts consist of the total donations from individuals, trusts and corporate entities. Income is recognised in the Statement of Financial Activities when there is evidence of entitlement, receipt is probable, and its amount can be measured reliably.

Grants consist of income receivable by The Royal Foundation from individuals, trusts and corporate entities. Income is recognised when there is entitlement to the grant, receipt is probable, and its amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised, and notification has been made by the

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2024

executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income consists of bank interest, and dividends and interest from the portfolio managed by Cazenove Capital Management. Investment income is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the money paid or payable by the bank or investment manager.

Gifts in kind are from donated services which are recognised at fair value when performed. Fair value is the amount the charity would have been willing to pay to obtain those services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from trading activities and other income are recorded on a receivable basis. Royalties are recognised when a statement is received, and income can be reliably measured.

g) Expenditure

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Expenditure is classified under the following activity headings:

- Raising funds, which comprise the costs incurred in supporting income generation activities, such as fundraising, and their associated support costs.
- Expenditure on charitable activities includes grants payable and costs incurred directly by The Royal Foundation in furtherance of its charitable objectives, along with associated support costs. Grants made are recognised when they have been approved and a legal or constructive obligation is in place. For multi-year grants The Foundation retains the control over future years funding which is renewed annually and as such the Foundation only recognises grants on an annual commitment basis. Direct costs comprise amounts spent in all activities designed to convene and raise awareness, and to provide the seed capital and grant funding.

Support costs have been allocated across the categories of charitable expenditure and raising funds. Support costs include premises, general management, IT, HR, office supplies and finance.

Support costs for charitable activities comprise costs attributable to operational and grant-making functions. Staff costs (including employer pension contributions and national insurance) are allocated between raising funds and charitable activities on a time spent basis. Office related costs including rent, IT, depreciation and stationery are allocated between raising funds and charitable activities on a headcount or FTE basis.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees together with an apportionment of overhead and support costs.

Redundancy or termination payments may apply when employment is ended by the Royal Foundation before the normal retirement date or end of employment contract. Costs are recognised when the agreement has been signed by both parties.

h) Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

The subsidiary company, TRF Trading Limited, made qualifying donations of all taxable profit to the parent charity. No corporation tax liability on the subsidiary arises in the accounts.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the year-end exchange rates. All differences are taken to the Statement of Financial Activities. The charity has not entered into any forward contracts during the year and there were no unsettled contracts outstanding as at 31 December 2023 or 31 December 2024.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

k) Investments

The fixed asset investment consists of the share in the subsidiary TRF Trading Limited which is stated at cost and a portfolio of listed investments. Listed investments are a form of basic financial instrument initially recognised at their transaction value and subsequently measured at fair value at the balance sheet date using the closing quoted market price. Any gain/loss on revaluation and disposal are recorded in the Statement of Financial Activities.

Cash held within the investment portfolio is highly liquid and subject to insignificant risk of change. However, these are maintained within fixed asset investments as they are intended for use on a continuing basis in the charity's activities.

Programme related investments are recognised at their initial cost, less any impairments. The Foundation recognises concessionary loans at the sum advanced less any provision considered necessary for sums that may prove to be irrecoverable.

l) Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and stated at historical cost less depreciation and applicable impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset to its estimated residual value evenly over its expected useful life, as follows:

- Computer equipment – 24 to 36 months on a straight line basis.
- Fixtures and Fittings – 36 months or over remaining life of the lease, on a straight line basis.
- Leasehold improvements – Over remaining life of the lease, on a straight line basis.

m) Operating Leases

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

n) Financial Instruments

The charity has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value. Financial assets comprise cash at bank and in hand, other debtors and prepayments and accrued income. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

o) Debtors

Debtors are recognised at the settlement amount due at the end of the period.

p) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2024

q) Irrecoverable VAT

Irrecoverable VAT is allocated to the principal areas of costs in which it has been incurred.

2 Income from donations and legacies

Group	2024			2023		
	Unrestricted funds	Restricted funds	Total 2024	Unrestricted funds	Restricted funds	Total 2023
	£	£	£	£	£	£
Donations	4,576,016	2,709,571	7,285,587	2,231,441	707,971	2,939,412
Grants	1,500,000	2,566,452	4,066,452	1,200,000	1,384,667	2,584,667
Legacies	142	35,000	35,142	5,661	-	5,661
Donated services	447,087	95,826	542,913	248,155	722,994	971,149
Total	6,523,245	5,406,849	11,930,094	3,685,257	2,815,632	6,500,889

In 2024, The Royal Foundation received £12,876, (2023: £40,050) from The Diana, Princess of Wales Memorial Fund.

Donated services of £542,913 (2023: £971,149) relate to gifts of services, including office space, venue hire, legal and professional fees, and advertising in support of the charity's programmes.

Income from donations and legacies for the charity alone, includes £10,038 unrestricted and £65,000 restricted (2023: £5,298 unrestricted, and £nil restricted), which has been gift aided to The Royal Foundation from its subsidiary, TRF Trading Limited and is eliminated on consolidation.

3 Income from trading activities

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 07506603, registered address Kensington Palace, Palace Green, London, W8 4PU), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its taxable profits to The Royal Foundation of The Prince and Princess of Wales. A summary of its results extracted from its full audited accounts is shown below:

	Year ended 31 December	
	2024	2023
	£	£
Turnover	84,038	13,129
Gross profit	84,038	13,129
Administrative expenses	(8,941)	(7,799)
Operating profit	75,097	5,330
Finance charges	(59)	(32)
Profit before taxation	75,038	5,298
Tax on profit	-	-
Profit after taxation	75,038	5,298
 Total shareholder's funds brought forward	 1	 1
Profit after taxation	75,038	5,298
Charitable donation to parent	(75,038)	(5,298)
Total shareholder's funds carried forward	1	1
 Assets, liabilities and shareholders' funds		
Assets	103,936	13,608
Liabilities	(103,935)	(13,607)
Funds surplus including 1 ordinary share of £1	1	1

4 Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2024 £	Unrestricted funds £	Restricted funds £	Total 2023 £
Investment Income:	150,616	-	150,616	147,167	21,002	168,169
Other Income:						
Sale of fixed asset	-	-	-	3,059	-	3,059
Miscellaneous income	1,681	2,074	3,755			
Total other income	1,681	2,074	3,755	3,059	-	3,059

5 Summary analysis of total expenditure - Group

	Unrestricted funds £	Restricted funds £	Total 2024 £	Unrestricted funds £	Restricted funds £	Total 2023 £
Raising funds	1,554,817	-	1,554,817	1,017,891	128,052	1,145,943
Charitable activities:						
- Direct costs - grant and donation funding of activities	16,743	1,139,369	1,156,112	13,290	544,985	558,275
- Direct costs - convening, collaboration and R&D	1,579,520	5,521,024	7,100,544	731,882	4,419,620	5,151,502
- Support costs	1,606,042	-	1,606,042	1,294,463	499,996	1,794,459
			-			-
Total charitable activities	3,202,305	6,660,393	9,862,698	2,039,635	5,464,601	7,504,236
	4,757,122	6,660,393	11,417,515	3,057,526	5,592,653	8,650,179

Included within Raising Funds are Investment management costs of £0 (2023: £215). Expenditure on Raising Funds for the charity alone excludes £7,319 (2023: £7,597) of non-intercompany expenses incurred by TRF Trading Limited.

6 Analysis of expenditure on charitable activities

2024 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2024 £
Emergency Responders	20,000	-	-	-	20,000
Mental Health	-	35,821	-	-	35,821
United for Wildlife Taskforces	258,500	1,375,775	138,595	11,050	1,783,920
The Earthshot Prize	-	-	-	-	-
Early Years	102,473	1,700,945	381,094	30,385	2,214,897
Empowering Communities	6,396	-	-	-	6,396
Homelessness	364,500	3,180,715	762,791	60,819	4,368,825
Community Impact	387,500	498,066	158,685	12,654	1,056,905
Other projects	-	309,222	46,279	3,690	359,191
Unrestricted donations (Sentebale & WellChild)	16,743	-	-	-	16,743
	1,156,112	7,100,544	1,487,444	118,598	9,862,698

2023 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2023 £
Emergency Responders	57,471	4,361	2,291	224	64,347
Mental Health	67,282	327,422	161,547	11,773	568,024
United for Wildlife Taskforces	150,204	1,080,720	298,575	23,508	1,553,007
The Earthshot Prize	160,811	(313)	-	-	160,498
Early Years	50,521	1,901,139	567,843	45,209	2,564,712
Empowering Communities	58,696	124	-	-	58,820
Homelessness	-	1,568,954	605,102	50,892	2,224,948
Other projects	-	269,095	27,495	-	296,590
Community Impact	-	-	-	-	-
Unrestricted donation to Sentebale	13,290	-	-	-	13,290
	558,275	5,151,502	1,662,853	131,606	7,504,236

7 Analysis of support costs and governance costs

2024	Premises & Office Costs	Finance, IT & General Management	Governance	Total 2024
	£	£	£	£
Raising funds	106,027	186,495	23,323	315,845
Emergency Responders	-	-	-	-
Mental Health	-	-	-	-
United for Wildlife Taskforces	50,235	88,360	11,050	149,645
Early Years	138,130	242,964	30,385	411,479
Homelessness	276,480	486,311	60,819	823,610
Community Impact	57,518	101,169	12,652	171,339
Other projects	16,774	29,503	3,692	49,969
	<u>645,164</u>	<u>1,134,802</u>	<u>141,921</u>	<u>1,921,887</u>

Raising Funds in the group totalled £1,554,817 which consisted of £1,238,972 of direct fundraising costs and £315,845 of support and governance costs.

Costs relating to Premises & Office Cost, Finance, IT & General Management are allocated on the basis of headcount, and Governance costs are allocated on the basis of headcount, with a time-share allocation for specific key staff.

2023	Premises & Office Costs	Finance, IT & General Management	Governance	Total 2023
	£	£	£	£
Raising funds	99,790	284,350	31,028	415,168
Emergency Responders	725	1,566	224	2,515
Mental Health	38,119	123,428	11,773	173,320
United for Wildlife Taskforces	76,118	222,457	23,508	322,083
Early Years	146,385	421,458	45,209	613,052
Homelessness	164,786	440,316	50,892	655,994
Community Impact	-	-	-	-
Other projects	-	27,495	-	27,495
	<u>525,923</u>	<u>1,521,071</u>	<u>162,634</u>	<u>2,209,627</u>

Raising Funds in the group in 2023 totalled £1,138,346 which consisted of £723,178 of direct fundraising costs and £415,168 of support and governance costs.

8 Analysis of grants and donations

	2024 £	2023 £
Emergency Responders		
College of Policing	20,000	-
Police Care UK (on behalf of the Network of Emergency Services Therapists)	-	87,470
	<u>20,000</u>	<u>87,470</u>
Homewards		
Homeless Link	349,500	-
Homewards Exhibition	15,000	-
	<u>364,500</u>	<u>-</u>
Community Impact		
Birtley Aquatic Centre	86,000	-
Greater Manchester Violence Reduction Unit	25,000	-
Tom Dean Swim School	20,000	-
NHS Charities Together	54,000	-
Cymdeithas Mudiadau Gwirfoddol Ceredigion	22,500	-
Street Soccer	150,000	-
Other	30,000	-
Life at No.27	-	2,282
Hideaway Youth Project	-	25,000
	<u>387,500</u>	<u>27,282</u>
COVID-19 response fund		
The Mix	-	40,000
<i>Total COVID-19 response fund</i>	<u>-</u>	<u>40,000</u>
Early Years		
Integrate Project	26,963	-
Institute of Health Visitors	75,510	50,521
Wellchild	-	6,216
	<u>102,473</u>	<u>56,737</u>
The Earthshot Prize		
Spin out to independent charity, The Earthshot Prize	-	160,811
	<u>-</u>	<u>160,811</u>
United for Wildlife Taskforces		
Focused Conservation Solutions	157,500	150,204
RWSI well being rights for Rangers	50,000	-
SAWC Braveheart Ranger	51,000	-
	<u>258,500</u>	<u>150,204</u>
Empowering Communities		
The Felix Project (donation)	6,396	58,698
	<u>6,396</u>	<u>58,698</u>
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	16,743	7,073
	<u>16,743</u>	<u>7,073</u>
TOTAL charitable grants and donations	<u>1,156,112</u>	<u>588,274</u>

Unless otherwise stated, all amounts are for single grants.

9 Total expenditure

The following have been charged within total expenditure:

	2024	2023
	£	£
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	45,650	37,837
Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	7,100	6,943
Depreciation of tangible fixed assets	62,676	43,558
Defined contribution pension costs	299,015	207,310

Auditor remuneration is stated net of irrecoverable VAT, which amounted to £8,000 (2023: £6,962) for audit services and £790 (2023: £786) for non-audit services.

10 Analysis of staff costs and the cost of key management personnel

	2024	2023
	£	£
Total staff costs comprised:		
Gross wages and salaries	4,192,956	2,881,029
Social security costs	491,613	320,519
Pension costs: defined contribution	299,015	207,310
Other benefits (including medical insurance)	58,970	21,949
	<u>5,042,554</u>	<u>3,430,807</u>

During 2024, there were redundancy or termination payments made which amounted to £22,462 (2023: £0). There were no outstanding payments at year end

All employees were employed by the charity. The average number of employees in the year was 67 (2023: 48). The average number of staff in the year was 57 full time (2023: 43) and 9 part time (2023: 5), with the part time staff representing an average of 6 FTE. (2023: 3).

For 2024, the key management personnel of the charity comprised the Trustees, the Chief Executive, the Director of Partnerships, the Director of Research and Impact, the Creative Director, the Executive Director Homewards, the Executive Director Centre for Early Childhood, Chief of Staff, the Director of People and Culture, the Executive Director Programmes, the Executive Director Conservation, the Director of Finance and Operations, and the Head of Finance (Interim). The total employee benefits of the key management personnel were £1,541,192 (2023: £1,024,935), including pension costs of £91,329 (2023: £66,223) and national insurance costs of £148,692 (2023: £99,238). The increase in key management personnel costs being driven by the recruitment of planned senior leadership posts during 2024.

The number of employees who earned over £60,000, including taxable benefits but excluding pension costs, was:

	2024	2023
£60,000 - £70,000	9	3
£70,001 - £80,000	8	8
£80,001 - £90,000	3	1
£90,001 - £100,000	1	-
£100,001 - £110,000	2	3
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-
£130,001 - £140,000	1	-
£200,001 - £210,000	1	1

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year totalled £299,015 (2023: £207,310). There were no outstanding balances as at 31 December 2024 or 31 December 2023.

11 Trustee remuneration, expenses and related party transactions

Unless otherwise stated in this note, there were no amounts outstanding with related parties as at 31 December 2024 or 31 December 2023.

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with the charity or a related entity (2023: £nil).

Expenses

£0 of travel expenses were reimbursed to Trustees during the year (2023: £72). £355 of Board meeting refreshments were incurred during the year (2023: £0).

Related Party transactions - Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £100,000 (2023: £100,000).

Claire Wills is a Trustee of The Royal Foundation and Partner of Freshfields Bruckhaus Deringer LLP. During the year, The Royal Foundation received pro bono legal advice from Freshfields valued at £81,514 (2023: £104,684) and use of office space for a meeting valued at £456 (2023: £0).

Tom White and Ian Patrick became ex officio trustees of The Royal Foundation on 19 February, and 4 March 2024, respectively, and are members of the Lord Chamberlain's Committee, the main governing body of The Royal Household. The Prince and Princess of Wales are members of The Royal Foundation in addition to their roles as patrons.

During the year, The Royal Foundation purchased £23,643 (2023: £6,957) of services from Kensington Palace relating to recharges of international travel costs and venue hire.

The Charity purchased insurance for Trustees and Officers during the year to indemnify them against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £970 (2023: £1,032)

11 Trustee remuneration, expenses and related party transactions (continued)

Related Party transactions - Subsidiaries and Associates

TRF Trading Limited

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 7506603), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Prince and Princess of Wales. At the year end, TRF Trading Limited owed £78,793 (2023: £7,484) to The Royal Foundation, including management charges of £1,681 (2023: £234) and a gift aid donation of £75,038 (2023: £5,298).

The Earthshot Prize

The Earthshot Prize programme was incubated within the Royal Foundation and was spun out into an independent charity in July 2022, together with all related assets and liabilities. The Earthshot Prize charity and its trading subsidiary TEP Trading Ltd are considered a related party for the reasons set out in the basis of consolidation note 1(b).

Related party transactions - Other

The Diana, Princess of Wales Memorial Fund

With effect from 1 April 2013, The Royal Foundation took over legal control of The Diana, Princess of Wales Memorial Fund in order to safeguard both the Fund's name and any further income donated to the Fund in the future. The Royal Foundation has not continued the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality. For further details of transactions, please refer to Note 2.

On 17 June 2020, in accordance with a request from The Duke of Sussex, the trustees approved the donation of 50% of future net income (backdated to 18 December 2019) received by The Diana, Princess of Wales Memorial Fund to Sentebale, a UK registered charity of which The Duke of Sussex is co-founder. During the year, donations of £10,827 (2023: £7,013) were paid to Sentebale.

American Friends of The Royal Foundation of The Prince and Princess of Wales, Inc.

The American Friends is a 501(c)(3) entity registered in the state of Delaware, USA. The Royal Foundation received £2,566,452 (2023: £1,659,667) of grant income from The American Friends.

12 Tangible fixed assets – Group and Charity

	Equipment
	£
Cost:	
Balance brought forward 1 January 2024	234,067
Additions	39,652
Disposals	-
Balance carried forward 31 December 2024	<u>273,719</u>
Depreciation:	
Balance brought forward 1 January 2024	102,976
Charge for the period	62,676
On disposals	-
Balance carried forward 31 December 2024	<u>165,652</u>
Net book value:	
Brought forward 1 January 2024	<u>131,091</u>
Carried forward 31 December 2024	<u>108,067</u>

13 Fixed Asset Investments

The Royal Foundation has funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2024.

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	1,697,775	1,586,592	1,697,775	1,586,592
Net gains on revaluation	139,885	111,371	139,841	111,371
Movement in cash	-	(188)	44	(188)
Market Value at 31 December	<u>1,837,660</u>	<u>1,697,775</u>	<u>1,837,660</u>	<u>1,697,775</u>
Investment in Subsidiary	-	-	1	1
Investment in Associate	<u>991,508</u>	<u>1,465,284</u>	-	-
Total	<u>2,829,168</u>	<u>3,163,059</u>	<u>1,837,661</u>	<u>1,697,776</u>

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Fund investments:				
Multi Asset funds	1,837,645	1,697,760	1,837,645	1,697,760
Cash and cash equivalents	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>
	<u>1,837,660</u>	<u>1,697,775</u>	<u>1,837,660</u>	<u>1,697,775</u>

The investment in the Associate represents the Foundation's one third share in The Earthshot Prize and amounted to £991,508 (2023: £1,465,284).

13 Fixed Asset Investments (continued)

The Royal Foundation's share of The Earthshot Prize's income and expenditure at 31 December 2024:

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Share of income	7,758,139	6,408,850	-	-
Share of expenditure	(8,575,427)	(7,081,140)	-	-

The charity also holds 1 ordinary share of £1 in TRF Trading Limited, a company registered in England and Wales no. 7506603. The company carries out trading activities to raise funds for the charity (see note 3).

14 Programme Related Investments

An unsecured loan of £250k to Mental Health Innovations meets the definition of "programme related investments" as set out in SORP. MHI were set up with funds raised through The Royal Foundation's "Heads Together" campaign and provide the "Shout" service, a 24/7 mental health crisis text line for the public benefit and this loan was to provide short term cover whilst longer term funding streams were secured. The first repayment is due in December 2025

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
At 1 January	-	-	-	-
Additions - concessionary loans (due after one year)	250,000	-	250,000	-
At 31 December	250,000	-	250,000	-

Contracts with NHS England were expected to underpin the costs of the service but the announcement that NHS England is being dissolved and its functions integrated into the Department of Health and Social Care has delayed the process, and the planned repayments. The Trustees of both organisations remain confident that the loan will be repaid in full, as contracts with DHSC conclude.

15 Debtors

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	80,489	-	-	-
Amounts owed by subsidiary	-	-	78,793	7,484
Prepayments and accrued income	345,396	1,251,924	345,396	1,250,510
Other debtors	-	3,468	-	3,468
	425,885	1,255,392	424,189	1,261,462

16 Creditors: amounts falling due within one year

	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade creditors	450,468	277,373	446,868	277,373
Charitable grants payable	193,896	-	193,896	-
Taxation and social security	159,997	102,731	145,715	102,194
Accruals and deferred income	520,048	485,169	512,789	478,169
Other creditors	14,157	15,310	14,157	15,310
	1,338,566	880,583	1,313,425	873,046

Charitable grants payable £193,896 is disclosed under note 18.

17 Contingent liabilities

The Royal Foundation's grant giving strategy includes awarding grants to projects over multiple years, funded from outside sources and key donors. As at 31 December 2024 the Foundation had grants which were approved by trustees but not yet awarded to the grantee, and grants which were awarded to the grantee but not yet paid, broken down as follows:

	Approved, not yet awarded		Awarded, not yet paid	
	2024	2023	2024	2023
	£	£	£	£
United for Wildlife Taskforces	-	150,000	234,000	-
Emergency Responders	-	12,530	12,530	-
Community Impact	-	-	143,500	-
Early Years	-	-	137,868	-
Homelessness	-	-	600,000	-
	-	162,530	1,127,898	-

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability .

As disclosed in note 1(b) and note 11, an agreement was signed with Sussex Royal on 18 December 2019, by which The Royal Foundation intends to donate 50% of the net income received by The Diana, Princess of Wales Memorial Fund from that date onwards, to Sussex Royal. In March 2020 The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income is instead being donated to Sentebale, a charity registered in the UK of which The Duke of Sussex is co-founder.

18 Grants to third parties	2024	2023
	£	£
Outstanding Liabilities at start of the year	-	-
Awarded during the year (note 8)	1,132,973	522,504
Paid during the year	(939,077)	(522,504)
Outstanding Liabilities at the end of the year	193,896	-
Grants falling due within one year	193,896	-

19 Analysis of movements in unrestricted funds

Group	Balance at 1 January 2024 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2024 £
Unrestricted funds - group: General funds	5,274,686	6,759,580	(4,757,122)	(1,616,135)	139,885	5,800,894

Charity	Balance at 1 January 2024 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2024 £
Unrestricted funds - charity: General funds	5,272,044	6,687,261	(4,749,803)	(1,551,135)	139,885	5,798,252

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Group	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2023 £
Unrestricted funds - group: General funds	5,086,878	3,848,612	(3,057,526)	(714,649)	111,371	5,274,686

Charity	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2023 £
Unrestricted funds - charity: General funds	5,084,235	3,841,016	(3,049,929)	(714,649)	111,371	5,272,044

20 Analysis of movements in restricted funds

<i>Group</i>	Balance at 1 January 2024 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2024 £
Restricted funds:						
Early Years	-	1,901,400	(1,467,508)	-	-	433,892
Mental Health	116,188	65,501	(35,821)	-	-	145,868
The Earthshot Prize	1,465,284	-	(473,776)	-	-	991,508
Emergency Responders	14,047	-	(20,000)	5,953	-	-
United for Wildlife Taskforces	8,900	806,367	(1,512,112)	696,845	-	-
Homelessness	50,189	2,630,030	(2,872,862)	192,643	-	-
Community Impact	25,000	-	(745,694)	720,694	-	-
Empowering Communities	3,028	5,625	(6,396)	-	-	2,257
	<u>1,682,636</u>	<u>5,408,923</u>	<u>(7,134,169)</u>	<u>1,616,135</u>	<u>-</u>	<u>1,573,525</u>

The table above summarises the main restricted funds.

The Early Years restricted fund relates to The Princess of Wales's Early Years programme of work which includes The Royal Foundation Centre for Early Childhood. cover the additional expenditure incurred in relation to the programme.

The funds received in relation to Mental Health relate to The Royal Foundation's work focusing on mental health and well-being which includes activities relating to *Heads Together*.

The Earthshot Prize fund consists of amounts relating to The Earthshot Prize programme, which is designed to incentivise change and help repair our planet over the next ten years. All of the restricted funds were transferred to the independent charity upon spinout of this programme in July 2022. The year end fund balance is The Foundation's interest as an associate investment in the independent Earthshot Prize charity.

Emergency Responders funds cover projects to support personnel currently serving in the emergency responders, or those who have previously served, and their families. In 2024 a transfer of £5,953 was made to this fund from unrestricted funds, to cover the additional expenditure incurred in relation to the programme.

United for Wildlife convenes the private sector and other organisations under the Transport and Financial Taskforces with the ambition of making it impossible for traffickers to use private sector infrastructure to finance and transport illegal wildlife and products with impunity. In 2024 a transfer of £696,845 was made to this fund from unrestricted funds, to cover the additional expenditure incurred in relation to the programme.

The Homelessness fund is a programme spearheaded by The Prince of Wales which launched in June 2023 with the aim of making homelessness rare, brief and unrepeatable. In 2024 a transfer of £192,643 was made to this fund from unrestricted funds, to cover the additional expenditure incurred in relation to the programme.

The Community Impact fund has been developed in response to the significant social and economic barriers that many communities across the UK are facing. In 2024 a transfer of £720,694 was made to this fund from unrestricted funds, to cover the additional expenditure incurred in relation to the programme.

The Empowering Communities fund relates to The Duchess of Sussex's Empowering Communities Through Food programme, funded by income received from sales of the *Together* cookbook published in 2018. Funds are being donated to The Felix Project in accordance with the wishes of The Duchess of Sussex.

<i>Group</i>	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2023 £
Restricted funds:						
Early Years	800,000	596,634	(2,111,283)	714,649	-	(0)
Mental Health	481,948	31,522	(397,282)	-	-	116,188
The Earthshot Prize	343,036	1,283,059	(160,811)	-	-	1,465,284
Emergency Responders	73,922	1,169	(61,044)	-	-	14,047
United for Wildlife Taskforces	739,732	524,512	(1,255,344)	-	-	8,900
Homelessness	-	1,598,257	(1,548,068)	-	-	50,189
Empowering Communities	2,309	84,540	(58,821)	-	-	28,028
	<u>2,440,947</u>	<u>4,119,693</u>	<u>(5,592,653)</u>	<u>714,649</u>	<u>-</u>	<u>1,682,636</u>

21 Analysis of group net assets between funds

	Group			Charity		
	Unrestricted funds £	Restricted funds £	Balance at 31 December 2024 £	Unrestricted funds £	Restricted funds £	Balance at 31 December 2024 £
Fixed assets	108,067	-	108,067	108,067	-	108,067
Fixed asset investments	1,837,660	991,508	2,829,168	1,837,661	-	1,837,661
Programme related investments	-	250,000	250,000	-	250,000	250,000
Cash	4,128,235	971,630	5,099,865	4,086,657	989,761	5,076,418
Other net current (liabilities)/assets	(273,068)	(639,613)	(912,681)	(234,133)	(655,103)	(889,236)
	<u>5,800,894</u>	<u>1,573,525</u>	<u>7,374,419</u>	<u>5,798,252</u>	<u>584,658</u>	<u>6,382,910</u>

	Group			Charity		
	Unrestricted funds £	Restricted funds £	Balance at 31 December 2023 £	Unrestricted funds £	Restricted funds £	Balance at 31 December 2023 £
Fixed assets	131,091	-	131,091	131,091	-	131,091
Fixed asset investments	1,697,775	1,465,284	3,163,059	1,697,776	-	1,697,776
Cash	2,633,653	654,710	3,288,363	2,617,402	657,353	3,274,755
Other net current liabilities	812,167	(437,358)	374,809	825,775	(437,359)	388,416
	<u>5,274,686</u>	<u>1,682,636</u>	<u>6,957,322</u>	<u>5,272,044</u>	<u>219,994</u>	<u>5,492,038</u>

22 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group	
	2024 £	2023 £
Net movement in funds	417,097	(570,503)
Adjustments for:		
Depreciation charge	62,676	43,558
Gains on investments	(139,885)	(111,371)
Dividends and interest included in investing activities	(150,616)	(168,169)
Decrease/(increase) in other debtors	829,507	(10,358)
Increase in creditors	457,983	129,774
Share of associate's net assets	473,776	(1,283,059)
Net cash provided by operating activities	<u>1,950,538</u>	<u>(1,970,128)</u>

23 Reconciliation of net cash flow to movement in net funds

	Group	
	2024 £	2023 £
Increase/(Decrease) in cash	1,811,502	(1,920,672)
Net funds at 1 January	<u>3,288,378</u>	<u>5,209,050</u>
Net funds at 31 December	<u>5,099,880</u>	<u>3,288,378</u>

24 Controlling Party

The controlling party of The Royal Foundation is HRH The Prince of Wales.

Accounts

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2023

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Report and Consolidated Financial Statements for the year ended 31 December 2023

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The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2023

THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553**Principals and Members, Officers and Professional Advisers****Principals and Members**

Their Royal Highnesses The Prince and Princess of Wales

Trustees

Lord Hague of Richmond – Chairman

Simon Patterson – Vice Chairman

Zeinab Badawi

Dame Pippa Harris (from 28 September 2023)

Sir Ron Kalifa OBE

Lady Pinsent

Alice Webb

Claire Wills

Ex Officio Trustees

Jean-Christophe Gray CBE (until 23 February 2023)

Ian Patrick (from 4 March 2024)

Lt Col Tom White MVO RM (from 19 February 2024)

Leadership Team

Amanda Berry OBE

Chief Executive

Chris Bates

Head of Finance (until 21 November 2023)

Tom Clements

Executive Director, Conservation (from 3 June 2024)

Pim Gregory

Director of Impact (until 31 October 2023); Executive Director, Homelessness (from 1 November 2023)

Christian Guy

Director of The Royal Foundation Centre for Early Childhood (from 22 May 2023 until 31 October 2023); Executive Director, The Royal Foundation Centre for Early Childhood (from 1 November 2023)

Kully Kaur-Ballagan

Director of Research (until 31 October 2023); Director of Research and Impact (from 1 November 2023)

Amy Pickerill

Creative Director (Maternity Leave February 2023 – March 2024)

Jas Sohal

Director of People and Culture (from 8 April 2024)

Melanie Waters

Executive Director, Programmes (from 7 May 2024)

Damian Wilson

Director of Partnerships

Felicity Woodrow

Head of Governance and Operations (until 31 October 2023); Chief of Staff (from 1 November 2023)

Registered Office

Kensington Palace

Palace Green

London W8 4PU

Bankers

Barclays Bank plc

1 Churchill Place

London E14 5HP

Solicitors

Bates Wells LLP

10 Queen Street Place

London EC4R 1BE

Auditor

Crowe U.K. LLP

55 Ludgate Hill

London EC4M 7JW

Investment Advisors

Cazenove Capital (trading name of Schroder & Co. Limited)

1 London Wall Place,

London

EC2Y 5AU

LETTER FROM THE CHAIR OF THE BOARD AND THE CHIEF EXECUTIVE

Driven by the passion and ambition of Their Royal Highnesses The Prince and Princess of Wales, our work is built on world-class research and close collaboration with a network of partners to incubate, pilot, fund and scale programmes.

In 2023, across a range of existing and new programmes, The Royal Foundation tackled some of society's greatest issues both at home and internationally, delivering positive sustainable change through innovative and optimistic solutions. We were more ambitious than ever before, bringing together the best and the brightest minds across the private, public and charity sectors to deliver projects that make a real difference to people and communities.

Highlights of the year included the launch of Homewards, the Foundation's transformative five-year programme that aims to demonstrate it is possible to end homelessness. In six locations across the UK, Homewards brings together local partners and people with lived experience of homelessness with the shared goal of making it rare, brief and unrepeatable.

Homewards demonstrates the power of The Royal Foundation to bring together hundreds of people and organisations across the private, public and voluntary sectors to create local coalitions to deliver ground-breaking programmes that inspire and catalyse change. The progress that Homewards has already made will be captured in a two-part documentary for ITV which started filming in 2023 and will follow its first 12 months.

Work undertaken by the Centre for Early Childhood highlighted how the Foundation is changing public perceptions and working constructively with both the Early Years sector and business. Launched in January 2023, Shaping Us is a long-term campaign that aims to raise awareness of the unique importance of early childhood development by changing and informing public perceptions around the issue.

The Centre also established The Royal Foundation Business Taskforce for Early Childhood. The Taskforce brought together eight of the biggest businesses in the UK to prioritise early childhood, leading to the publication of a case for change report and the launch of a number of practical initiatives including a research project in partnership with the University of Oxford and the NHS in which health visitors successfully trialled an innovative screening tool to improve parent-infant interactions and relationships.

One of our longest-running programmes, United for Wildlife, brings together over 400 members and partners from across law enforcement, finance, transport and other spheres to work together to end the illegal wildlife trade. As the programme enters its second decade, we are proud of the global presence it has built and the impact it has made. Momentum continued to build in 2023, with the programme supporting the training of 20,000 individuals on how to combat illegal wildlife trafficking last year. We were also pleased to launch our new United for Wildlife chapter in Latin America – our seventh globally – and to have hosted the United for Wildlife Summit in Singapore in November.

At the Foundation we believe in the vital importance of supporting communities so they can thrive. In 2023, we established new Community Impact projects, designed to make a tangible and long-lasting difference by supporting communities to solve challenges they themselves have identified.

The projects are varied but they share the goal of bringing people together and enabling community action around issues such as youth violence and addiction. Our work in Manchester, for instance, brought together The Mayor of Greater Manchester, Manchester City Council and the private sector to create a dedicated employment, skills and training programme for young people at risk of violence in the city. The three-year project, working with the Manchester Peace Together Alliance, addressed the underlying causes of youth violence and will showcase learnings and insights that will allow our partners on the ground to roll the initiative out across Manchester and beyond.

As we approached the end of the year, The Princess of Wales hosted her third annual Christmas Carol service broadcast on Christmas Eve by ITV, attended by 1,600 inspirational individuals from across the UK who work tirelessly to support young children in our society.

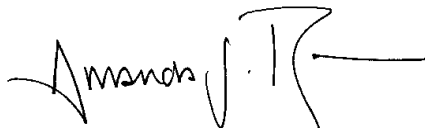
Alongside the service at Westminster Abbey, 12 further events took place across the UK, and over three million people watched the service on ITV on Christmas Eve bringing the nation together in a celebration of the power of community.

None of this would be possible without the dedication and talent of everyone involved with the Foundation, from the inspirational individuals and partner organisations we are proud to work with to our exceptionally hard-working staff. We are also truly fortunate to benefit from the wisdom and guidance of our Board of Trustees, who continue to help drive us forward as we work to create lasting change.

Finally, as we look forward with excitement to the future, we would like to sincerely thank The Prince and Princess of Wales for the strength of their vision and commitment which continues to allow the Foundation to achieve so much.



Lord Hague of Richmond
Chair



Amanda Berry OBE
Chief Executive

June 2024

TRUSTEES' REPORT

The Trustees of The Royal Foundation of The Prince and Princess of Wales ("The Royal Foundation") present their annual report (including the Directors' and Strategic Report) for the year ended 31 December 2023 under the Companies Act 2006, together with the audited accounts for the year, in compliance with the 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 (FRS102) (Charities SORP (FRS102)).

Objectives and activities

The Royal Foundation tackles society's greatest issues.

Guided by the interests and passions of The Prince and Princess of Wales, we drive change where it is needed most, with ambition and optimism to deliver a better future for all.

We partner with the best and the brightest to spotlight the issues and challenges we seek to address.

We inspire action whilst creating impact and sustainable change.

The work of The Royal Foundation is currently focused on the following themes: the environment and conservation, early childhood, mental health, the emergency responders' community and homelessness.

Core to the Foundation's approach are:

Optimism – Leading with the principle that change is always possible.

This positive approach has seen the Foundation work on issues that have previously seemed too big a challenge to many. Work on mental health, the environment and early childhood is underpinned by the belief that change can and will be seen.

Partnerships – Catalysing collaborative action and investment for more sustainable change.

The Partnerships Team plays a central role in the successful delivery of The Royal Foundation's mission and approach, working across the organisation to establish major strategic partnerships with philanthropy and business to develop and scale our programmes.

The Royal Foundation has a small number of individuals who generously give unrestricted gifts to support the core of the organisation. This crucially enables early-stage programme design and development, together with central operational capacity. Alongside these individuals, the Foundation also works with a group of trusts and other organisations who fund specific programmes from the point of launch, enabling their impact to be scaled and sustained.

In both cases, the strategic value and collaboration of The Royal Foundations' philanthropic partners is as vital to its success as their financial support.

Platform – Spotlighting issues and solutions

The platform of Their Royal Highnesses The Prince and Princess of Wales gives The Royal Foundation a unique opportunity to spotlight issues on an unparalleled scale.

The Foundation convenes powerful and diverse business leaders and coalitions to co-design, develop and invest in innovative solutions to society's greatest challenges. In the past year this has included the Homewards' 'Activators' and the Business Taskforce for Early Childhood

Research – High quality research ensures that our work is evidence-led so that we can address some of society's toughest challenges and deliver the greatest impact.

Research and evaluation are fundamental in ensuring that programme design is underpinned by the best evidence and the resulting impact can be tracked and understood.

In 2023, the Foundation invested further in its research and evaluation capacity, including integrating lived experience to all elements of programme design.

For example, evaluation and learning has been embedded as part of Homewards so that as delivery gets underway in each location, the team are able to understand more about what is working and ensure learnings are shared.

Through deeper understanding around public perceptions, the Foundation is better placed to shift the dial on deep-rooted views and misperceptions (for example around homelessness) and low levels of awareness (for example around the importance of early childhood). This research will help us to inform future communications and campaigns activities to ensure these resonate with the public in the right way.

Looking to the future, research and evaluation will remain at the root of all that the Foundation does. This includes collaboration with research experts to aid the design of programmes that deliver game-changing solutions with measurable, sustainable impact.

THE ROYAL FOUNDATION CENTRE FOR EARLY CHILDHOOD

The Royal Foundation Centre for Early Childhood (the Centre) was established by Her Royal Highness The Princess of Wales in 2021 to bring decades of ground-breaking scientific research about the unique importance of early childhood development to a more mainstream audience, thereby unleashing its potential to transform and build healthier societies.

Shaping Us

In January 2023, the Centre launched Shaping Us, a long-term campaign to raise public awareness about the importance of development in early childhood, illustrated by Layla's Story, a short film bringing to life key developmental milestones in the life of a little girl from the womb to the age of five.

Within four months of the campaign launching, the Centre saw early signs of progress, as their annual Public Perceptions Survey recorded a small, but nevertheless encouraging, increase in public awareness levels of the importance of early childhood development from 17% to 19%.

Business Taskforce

In March, The Royal Foundation Business Taskforce for Early Childhood was established, bringing together eight of the biggest businesses in the UK to work together to prioritise early childhood.

Since then, the Taskforce has been collaborating on a report setting out a business case for change. This includes the identification of five game-changing areas where business can act to have maximum impact and the development of a pledge to inspire the wider business community to join the movement and help create a happier, healthier society by investing in early childhood.

Alarm Distress Baby Scale trial

In June, the Centre funded its first UK innovation trial, testing a tool – the Alarm Distress Baby Scale – which supports Health Visitors to interpret baby behaviour and promote parent-infant relationships. The Princess of Wales saw the tool on a trip to Denmark in 2021 and was keen to explore whether it could be used effectively in the UK.

The trial ran in two NHS Trusts, in partnership with the Institute of Health Visiting and the University of Oxford, and the results were overwhelmingly positive. The tools helped practitioners to have more meaningful conversations with parents and carers about the emotional wellbeing of their baby, promoted positive parent-infant interactions and bonding and identified babies and families in need of greater support during this critical period.

A second phase for the trial is planned, bringing the benefits to more health visitors across the country so that more babies and their families receive the support they need to thrive. The importance of social and emotional development is a significant area of interest for the Centre and this trial was part of wider work to promote this aspect of child development.

Social and emotional development

To inform work that inspires greater action and investment on the critical importance of social and emotional development, the Centre conducted a first-of-its-kind global listening exercise to develop consensus on the universally relevant skills that matter most throughout our lives and which have their foundations in early childhood. The research involved experts in human development from 21 countries around the world, who took part in a two-stage survey process to generate a list of skills and then test the importance of these skills in shaping lives. Consensus was reached around key skills relating to knowing ourselves, managing our emotions, focusing our thoughts, communicating with others, nurturing our relationships and exploring the world.

The results were presented to an audience of cross-disciplinary leaders, child and adult specialists and global thinkers at the Shaping Us National Symposium in November. More than 100 experts took part in an action-focused discussion later in the day which will inform the Centre's future planning.

HOMEWARDS

In 2023, The Royal Foundation launched a new, transformative and ambitious five-year programme, Homewards, to demonstrate that together it's possible to end homelessness, making it rare, brief and unrepeated.

Following a two-year consultation and design period, Homewards is an ambitious but achievable way forward to tackle one of society's greatest challenges that utilises the platform and convening power of Prince William and The Royal Foundation and has the potential to make a huge impact in the UK and beyond.

Rooted in Prince William's lifelong commitment to tackling homelessness, Homewards is working in partnership with six flagship locations across the UK (Aberdeen, Bournemouth, Christchurch and Poole, the borough of Lambeth, Newport, Northern Ireland and Sheffield) to provide them with the tools and skills to focus on homelessness prevention. The programme is also working to change the narrative around homelessness. Independent research conducted on behalf of the Foundation shows that three in ten members of the public incorrectly think that street homelessness is more common than other types of homelessness and seven in ten don't know what's being done to end homelessness in the UK.

The Royal Foundation is supporting each location by providing additional capacity to convene partners and drive forward work in each of the six locations. Chosen due to their distinctiveness, potential and ambition, the wide-ranging geographical selection of the locations spans the four nations of the UK, whilst their diversity reflects the breadth and complexities of homelessness. Each location will deliver an innovative housing project that will test new ways to access and scale housing.

In addition, the Foundation has established the Homewards Fund, a fund of £3 million which each location can apply to for grant funding to use to unlock scalable solutions. Through the Homewards Partnership, locations also have access to an extensive network of experts, partners and resources to ensure best practice and all activity will be evaluated so that learnings and best practice can be shared.

The launch of Homewards in June saw Prince William undertake a UK tour of all six locations and meet local partners. Through support from the Homewards Sector Partners, a group of 16 national and international homelessness charities, our initial Homewards Activators, businesses from a range of industries, and our Advocates, a diverse group of high-profile individuals, coverage of the launch reached a global audience of 1.8 billion. This included interviews and features on Good Morning America, BBC Radio 4's Today programme, BBC Breakfast and local news stations. Since launch, all six Homewards locations have convened hundreds of new partners to galvanise local movement and form the beginnings of local coalitions.

In September, the programme shone a spotlight on the vital role business can play in supporting Homewards. On a visit to Bournemouth, the Foundation convened local businesses, including AFC Bournemouth and Lush, who joined Prince William and local coalition members to announce their commitment to the programme. We also worked closely with Homewards Activator Pret A Manger, who pledged to extend their Rising Stars programme and support at least 500 people experiencing, or at risk of homelessness, into jobs at Pret's UK shops, including in Homewards flagship locations where Pret has a presence.

UNITED FOR WILDLIFE

The Royal Foundation continues its longstanding effort to combat the illegal wildlife trade through United for Wildlife (UfW).

The programme expanded its membership by 35% (from 296 to 399 formal members), supported over 100 law enforcement investigations, and trained approximately 20,000 people in counter illegal wildlife trade practices. The programme also significantly strengthened its relationship with law enforcement authorities across the globe, announcing formal partnerships with Interpol, UN Office of Drugs and Crime (UNODC), The United States Department of Homeland Security and Dubai Police.

In June, the Foundation supported the launch of the RHINO MAN film, hosting a private screening in London for key stakeholders. The film raises awareness of the role of rangers and the challenges they face working on the front lines of conservation.

With support from the British Embassy in Bogota, United for Wildlife's seventh Regional Chapter (Latin America) was launched in Colombia in July. Some of the largest financial institutions, transport companies, law enforcement agencies and conservation groups in Latin America joined forces at the launch and committed to take action against the growing trends coming from the region.

In November, the United for Wildlife Global Summit took place in Singapore. Prince William brought together stakeholders from the network to share successes and learnings and encourage the cross-sector relationships that are essential to fighting the illegal wildlife trade.

United for Wildlife ended the year at COP28, with its Middle East and Northern Africa (MENA) Chapter hosting two events. A formal partnership with Dubai Police was announced and, in partnership with Lexis Nexis Risk Solutions, UfW launched a new global report on the illegal wildlife trade.

COMMUNITY IMPACT

In 2023, The Royal Foundation established two more Community Impact projects, both designed to leave a tangible legacy in communities visited by The Prince and Princess of Wales.

The Royal Foundation brought together The Mayor of Greater Manchester, Manchester City Council and the private sector to create the Manchester Peace Together Alliance's first dedicated employment, skills and training programme for young people at risk of violence in the city. The Manchester Peace Together Alliance is a community-led programme working to pinpoint and address the underlying causes of youth violence, providing activities and targeted mentoring programmes to support them to succeed. This three-year project will also showcase learnings and insights that will, in time, allow the initiative to be rolled out across Manchester and beyond.

In South Wales, the Foundation worked with Brynawel Rehabilitation Centre to help develop a therapy garden and allotments to support those who are receiving treatment for alcohol and drug dependency. The garden now incorporates horticultural therapy and gardening for residents from the community.

TOGETHER AT CHRISTMAS

In December, The Princess of Wales hosted the Foundation's third annual Christmas Carol Service at Westminster Abbey.

Linked to the Shaping Us campaign, the 2023 service was dedicated to all those working tirelessly to support our youngest children in those crucial early years. Westminster Abbey was filled with over 1,600 inspiring individuals from across the UK who were invited in recognition of their work supporting babies, young children and families. This included midwives, health visitors, early years practitioners, nursery teachers and community volunteers. The service showcased the golden opportunity of early childhood in shaping future society and why it is so important to build supportive, nurturing worlds around children and those who care for them.

The service featured some of the nation's favourite carols performed by the Westminster Abbey choir, as well as musical performances from James Bay, Jacob Collier, Freya Ridings and a special duet from Beverley Knight and Adam Lambert.

Readings were delivered by The Prince of Wales, Micheal Ward, Emma Willis, Jim Broadbent and Roman Kemp whilst a specially commissioned poem celebrating the wonder of early childhood, written by Joseph Coelho, the Children's Laureate, was read by *Call the Midwife* actress Leonie Elliott.

Alongside the service at Westminster Abbey, 12 Community Carol Services took place across the UK, hosted by Lord-Lieutenants and supported by The Royal Foundation. Linked to the Westminster Abbey service, these services provided an opportunity to bring communities together and thank those supporting our youngest children.

The service was broadcast on ITV1 on Christmas Eve and reached a total audience of 3.2 million people. The service received extensive media coverage, including 10 front pages and had a reach of over 38 million through social channels.

MENTAL HEALTH

Mental health has been at the heart of The Royal Foundation's work since the charity's inception. In 2023, the Foundation hosted Exploring our Emotional Worlds, a forum for young people, designed and delivered in partnership with The Mix charity and BBC Radio 1. 100 young people joined the event, with support from 10 leading mental health and youth charities, to start a conversation about why understanding our emotions is the bedrock of mental wellbeing.

Hearing directly from young people about the specific mental health challenges their generation faces, enabled insightful discussion of the solutions that might best support them to better look after their own and each other's mental wellbeing. These conversations are helping to inform the next phase of the Foundation's mental health programme.

We know this work is crucial if we are to create a healthier society for all. An independent survey of 3,000 young people across the UK, commissioned by the Foundation, helped showcase the role that social and emotional development plays in this group's current and future wellbeing, revealing 59% of 16–24 year olds think it's very important for young people to have greater awareness and understanding of social and emotional skills.

EMERGENCY RESPONDERS

The Royal Foundation continues to support the mental health and wellbeing of the emergency responder community, galvanising collaboration between the emergency services and the charities that support the workforce and their families.

The Royal Foundation's Emergency Responders Senior Leaders Board continues to go from strength to strength. Through collaboration, Ambulance and Fire services have launched dedicated, bespoke crisis helplines and the Police Service will follow suit imminently. The Senior Leaders Board also have oversight of newly formed cross-sector working groups that focus on culture across the different services and on the impact of dealing with traumatic events involving young people.

In November 2023, the third successful Emergency Services Mental Health and Wellbeing Symposium was hosted by the National Police Wellbeing Service in Manchester. The event explored emerging critical issues and saw the launch of several high-profile areas of work to support the mental health of those working in the emergency services. This included brand new resources for supporting families of police officers and staff, a relaunch of Blue Light Together – a digital hub to support the mental health of the work force – and the development of the Fire Service suicide prevention crisis line.

WHAT'S NEXT FOR THE ROYAL FOUNDATION?

2024 will see the Foundation continue to highlight the vital importance of the early years, further working towards demonstrating that it is possible to end homelessness, developing our mental health programme to better support future generations, working with communities so they can thrive and tackling the illegal wildlife trade.

In 2024, Homewards will be firmly established in each of its six locations, with tailored actions plans in delivery that support local and national solutions to ending homelessness, and inspiring optimism that homelessness can be ended if we work together.

The Centre for Early Childhood is looking forward to scaling up the work of the Business Taskforce, following the recent publication of their report *Prioritising early childhood for a happier, healthier society: How business can drive, and benefit from, transformative change in the UK*, which sets out the business case for prioritising early childhood.

The Foundation's work combatting the illegal wildlife trade will continue through United for Wildlife. Since January, the team has already brought together the North America and Latin America Chapters, hosted the India Chapter, with further regional Chapter meetings planned for later this year.

Following the successful Community Impact days in 2023, this programme will continue this work in 2024, enabling more communities across the UK to solve challenges they have identified, by drawing on the convening power of The Royal Foundation and Their Royal Highnesses' unique platform to galvanise action and support.

Informed by learnings from the recent youth mental health forum and key partners in this sector, the Foundation will continue to develop its mental health programme. Mental health is a vital aspect of so much of the Foundation's activity, and the development of this work will help to broaden the impact of our flagship programmes.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2023 was £8.0m, (2022, £10.1m). The reduction in income from the prior year reflects the significant funds that were raised in 2022 for The Earthshot Prize, ahead of its spinout from The Royal Foundation and establishment as an independent charity. The Foundation's total income recognises net income share from The Earthshot Prize, reflecting Earthshot's status as an associate of The Royal Foundation.

81% of total income consists of donations, grants, royalty and legacy income (down from 95% in 2022) of which 43% was restricted (2022: 73%). Again, the movement here reflects the high level of restricted income raised for The Earthshot Prize ahead of spinout.

Unrestricted income increased from £2.7m to £3.8m, an increase of 42% which reflects the continuing growth of the Foundation's donor base.

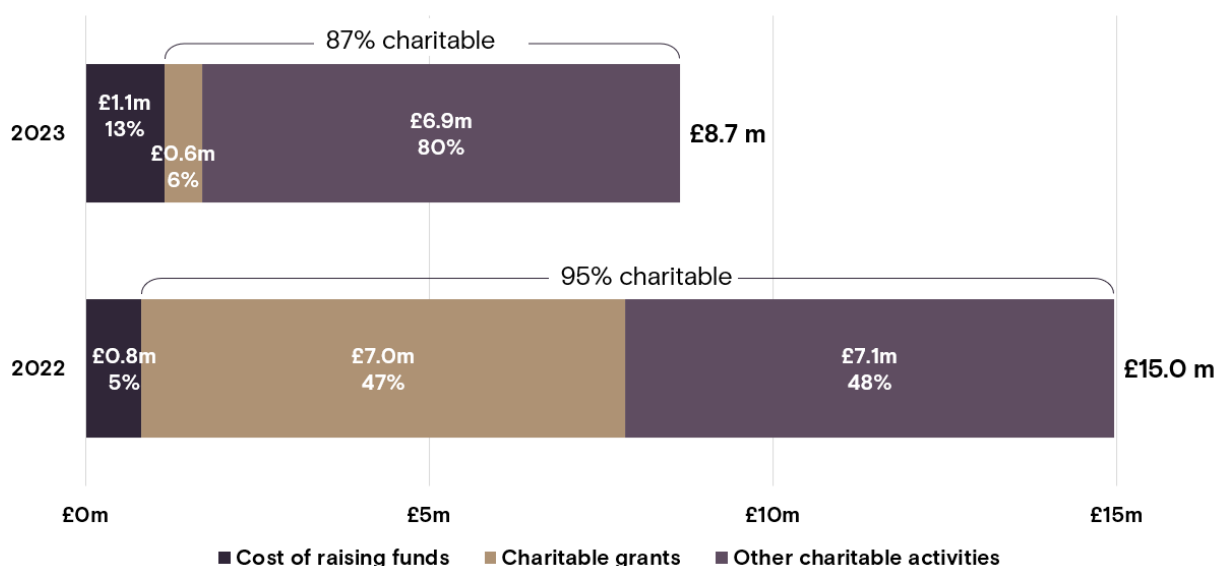
Expenditure

Total expenditure in 2023 was £8.7m of which 87% was spent on charitable activities. The comparable figures for 2022 were £15.0m of expenditure of which 95% was spent on charitable activities, again reflecting The Earthshot Prize spinning out of The Royal Foundation in July 2022. Expenditure incurred by The Royal Foundation in respect of The Earthshot Prize fell from £9.0m in 2022 (of which £6.6m related to restricted funds transferred to the newly independent charity upon spin out and treated as grant expenditure) to £0.2m in 2023.

Charitable Activities

87% of the £8.7m spent in the year was incurred on charitable activities, down from 95% in 2022, with a small increase in fundraising costs as the Foundation secured new donors in line with financial forecasts and increased income targets for 2024. Charitable expenditure includes amounts spent on designing and incubating projects, providing grant funding and all activities designed to convene and raise awareness.

The Royal Foundation's charitable expenditure was incurred across its core focus areas: Conservation (including both United for Wildlife and the final payments of restricted funds relating to The Earthshot Prize), Early Childhood, Homelessness, Emergency Responders, and Mental Health. The value of charitable grants decreased significantly, with the 2022 figure including the £6.6m transferred to The Earthshot Prize at spin-out. Details are provided in Notes 5 and 6. A breakdown of the expenditure is shown below:



The Early Years programme incurred the highest expenditure (£2.6m; 2022: £1.8m) as following investment in The Centre for Early Childhood team and increasing activity following the *Shaping Us* campaign launched in January 2023. Communications, marketing and event costs reflect the activation around the campaign and the subsequent *Shaping Us* symposium, with grant expenditure incurred in relation to the health visitor trial and research projects.

Following the public launch of *Homewards* in June, spend on **Homelessness** grew significantly (2023 £2.2m, 2022 £0.5m). This reflects increased staff costs as a dedicated Homewards team was built, as well as investing in evaluation measurement to support the development of the programme over the coming years.

United for Wildlife continued to ramp up activities overseas including the establishment of the regional chapter network across four continents and a global summit held in Singapore to coincide with The Earthshot Prize Awards ceremony, which saw programme expenditure growing from £1.3m in 2022 to £1.6m in 2023.

Mental Health spend also increased year-on-year from £0.1m in 2022 to £0.6m in 2023 as the Foundation partnered with Radio One and The Mix to deliver a youth mental health forum in the autumn. This forum will help to inform the development of the Foundation's future mental health activity.

Expenditure on **Emergency Responders** and other smaller projects, including the final transfer of restricted funds to **The Earthshot Prize**, accounts for the remaining £0.5m spend in 2023.

Fundraising

The cost of raising funds increased from £0.8m in 2022 to £1.1m in 2023, reflecting additional investment in prospecting, securing new donors and leveraging corporate partners to support the planned growth of the key Charitable Programmes listed above. A number of prospects identified in 2023 have successfully converted into pledges in early 2024.

Staff and support costs

Staff costs comprised £3.4m of total expenditure, a small increase from 3.2m in 2022, reflecting the impact of investment in the team with new roles recruited in late 2022 and across 2023, as the Foundation's activities increased and new flagship programmes were launched. The average headcount across the whole of 2023 was 48 (2022: 39).

Support costs increased from £1.6m to £2.2m, reflecting increased headcount and the associated management and operating costs as the Foundation makes important investment in its resources and infrastructure. The Royal Foundation continues to monitor and manage support costs closely, ensuring value for money and compliance with all regulatory and legal requirements. Support costs are allocated across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds for 2023 of (£1.7m), 2022 (£2.4m) are donations received for defined projects; and unrestricted funds for 2023 of (£5.3m), 2022 (£5.1m) to be spent in accordance with the charitable objectives at the discretion of the Trustees.

Reserves Policy

When setting the target level of reserves, the Trustees have had regard to the Charity Commission's guidance note CC19 and to the financial risk profile of the Foundation, recognising that most of the charity's income derives from voluntary donations whose recurrence can be uncertain. Reserves are held for both proactive and reactive reasons:

- To cover any unplanned reduction to income without compromising charitable and other activities.
- To take advantage of any short-term opportunities and to allow new projects to proceed to design and research stages prior to a project-specific fundraising strategy having been devised.
- To cover any unforeseen or emergency expenditure requirements.
- To cover timing differences and working capital requirements.

As such, the Trustees target a level of reserves of between 12 and 16 months of operating expenditure. The level of reserves is calculated monthly and is reviewed by the Trustees at each of their quarterly Trustee meetings.

The total funds of the charity as at 31 December 2023 stand at £7.0m (2022: £7.5m). The free reserves of the charity are £5.1m (2022: £5.0m). The unrestricted reserves represent 13 months of unrestricted expenditure (based on the budgeted 2024 rate of spend), down from 15 months in 2022 but still within the target range (12–16 months). The Board of Trustees continues to be prudent with the free reserves balances into 2024, as our fundraising strategy scales up and the major programmes grow and develop.

Free reserves of the charity are calculated as set out below:

	2023	2022
	£'000	£'000
Total Funds of The Royal Foundation	6,957	7,528
Less:		
Restricted Funds	(1,683)	(2,441)
Tangible Fixed Assets	(131)	(56)
Free Reserves	<u>5,143</u>	<u>5,031</u>

Investment Policy and Performance

The Trustees invest funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management. The investment objective is to generate a total return of at least inflation (UK CPI) plus 3% per annum net of all costs, through a fully diversified strategy and over a 5-year investment time horizon. The Finance Committee review the charity's investment policy annually and investment performance at their quarterly meetings.

In 2015, the trustees adopted the ethical investing guidelines of the Church of England's Ethical Investment Advisory Group. This prohibits investment in businesses which derive more than a de minimis limit from the following industries: alcohol, tobacco, pornography, armaments, gambling, doorstep lending, human embryonic cloning and the extraction, production and refining of fossil fuels.

During 2023 the portfolio, invested in Cazenove's Charity Responsible Multi-asset fund, increased in value from £1.59m to £1.70m with an unrealised capital gain of £111k. The value and composition of investments are summarised in Note 13 to the financial statements.

The portfolio is conservatively invested and diversified across multiple asset classes, and therefore suffers less than the wider equity markets during periods of volatility.

Grant-making policy

Decisions on grants are made by the Trustees. Trustees only approve grants or fund projects which demonstrate public benefit within the criteria of the Charity Commission's guidance. The Royal Foundation actively looks for opportunities where added leverage can be demonstrated from its involvement but it does not accept unsolicited requests for funds.

Going concern

The financial review above considers the financial performance and position of The Royal Foundation. The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets for the period until 31 July 2025 and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2024 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors and foundations to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is not solicited but is received on an ad hoc basis. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation.

As such, the Trustees believe that The Royal Foundation has adequate resources to continue its activities for the foreseeable future and that there is no material uncertainty in relation to the Foundation's status as a going concern. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

RISK MANAGEMENT

In line with governance best practice, the Trustees are committed to maintaining a strong risk management framework that supports The Royal Foundation to manage risks appropriately.

A strategic and operational risk register is reviewed regularly by the organisation's Leadership Team, Finance Committee, Governance and Nominations Committee and Trustees. The register considers the impact, likelihood, and level of mitigation of risks, with the management of each risk assigned to a senior member of staff. Quarterly reports are made to the Trustee Board and Finance and Governance and Nominations Committees, of continuing and emerging high-concern risks and those where action is required.

The principal risks are those which, without effective mitigation, would have a serious impact on the work of The Royal Foundation. The highest rated risks are summarised below:

- *Staff capacity.* The Royal Foundation runs a lean team which requires considerable attention to resource allocation and capacity given the number of active projects being worked on. This risk is mitigated through proactive prioritisation and scheduling of work and an agile approach to resourcing, including where appropriate the use of secondees, contractors and working with partner organisations in order to manage capacity as required. The Foundation has also recruited a number of new roles over the past year, strengthening our core operations and reflecting the growth of our flagship programmes.
- *Cybersecurity.* As a high-profile organisation The Royal Foundation faces increasing risk of its IT infrastructure being maliciously targeted, which could potentially lead to exposure or loss of critical assets or sensitive information. The Foundation maintains robust security protocols and controls, and regular staff training is carried out.

The Trustees are satisfied that the major risks identified have been reviewed and systems or procedures have been established to manage those risks.

CONSTITUTION

The Royal Foundation is registered as a charity with the Charity Commission under charity number 1132048 and is a company registered in England & Wales number 7033553.

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2023

The Royal Foundation was formed on 29 September 2009 as a charitable company limited by guarantee. It is governed by its revised Articles of Association which were passed by a special resolution dated 28 April 2011 and further amended by special resolutions dated 1 November 2011, 29 February 2012, 11 July 2012, 12 January 2017, 8 June 2018, 8 August 2019 and 20 June 2022.

TRF Trading Limited was formed on 26 January 2011 as a wholly-owned subsidiary to carry out trading activities on behalf of The Royal Foundation (see Note 3).

On 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund (the Diana Fund), registered charity 1064238, to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation became the sole member of the Diana Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of the Diana Fund, applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect on 31 December 2013. Any future income is received by The Royal Foundation as unrestricted funds. In accordance with a request by The Duke of Sussex, half of the net proceeds received by the Diana Fund since 18 December 2019 are being donated to Sentebale, a UK-registered charity of which The Duke of Sussex is a patron.

In July 2022, The Earthshot Prize was established as an independent charity, allowing it to expand at the rate needed to address the most significant challenges facing our planet. The Earthshot Prize is registered as a charity with the Charity Commission under charity number 1198701 and is a company registered in England & Wales, number 13981670.

The Royal Foundation recognises The Earthshot Prize as an associate, reflecting the continuing close relationship between the two entities. As part of the founding documents of The Earthshot Prize, the trustees of The Royal Foundation are entitled to nominate at least one third of The Earthshot Prize's Board, as well as The Royal Foundation being a Member of The Earthshot Prize. As such, there are currently three Foundation-nominated trustees sitting on the Board of The Earthshot Prize: David Fein, Jason Knauf and Zoë Ware. There are also regular meetings between executives of both entities and The Earthshot Prize reports to the Board of The Royal Foundation on an annual basis.

The Royal Foundation accounts for The Earthshot Prize as an associate using the equity accounting method.

The American Friends of The Royal Foundation of The Prince and Princess of Wales, Inc., established in 2011 is a 501(c)(3) public charity, and whilst it is a separately controlled entity, its interests are aligned with those of The Royal Foundation. The American Friends support The Royal Foundation's programmes and initiatives, primarily focussing on projects that deliver impact on an international scale.

MEMBERS, TRUSTEES, DELEGATED COMMITTEES AND ADVISORY BOARDS

Members

The Prince and Princess of Wales have been members of The Royal Foundation since August 2019.

Trustees

Strong governance and management are critical to the success and reputation of The Royal Foundation. The Directors of The Royal Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees. The Trustees take overall responsibility for the charity and its work. They are responsible for ensuring The Royal Foundation is effectively and properly run and meets its goals as a charity.

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fundraising and the Trustees meet formally a minimum of four times a year under the Chairmanship of Lord Hague of Richmond.

Trustee Recruitment

The Articles of Association of The Royal Foundation provide for the appointment of Directors, who also act as Trustees. After discussing and agreeing the specific skills and experience required to enhance the Trustee board, the Trustees draw up a list of potential candidates, which is approved by the members of The Royal Foundation.

New Trustees are recruited through known sources such as The Royal Foundation's sub-committees or other areas of the charity sector.

The Chairman and Trustees interview prospective candidates, informed by the requirements of the Foundation's skills matrix which considers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is appointed by the Trustees, following formal nomination by The Prince of Wales in his role as Founder.

In addition, The Private Secretaries of The Prince and Princess of Wales are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

Trustee Induction

Upon appointment, each Trustee receives a copy of the Charity Commission for England and Wales publication "The essential trustee: what you need to know, what you need to do" and other relevant Charity Commission literature. In 2020, the Trustees reviewed the latest edition of the Charity Governance Code to ensure the charity complies with best practice. New Trustees are asked to sign up to a Code of Conduct.

Trustees meet with senior members of The Royal Foundation's management team and are introduced to staff as part of their induction process. They are also provided with comprehensive background documentation which covers incorporation, operations and finance, policies and more general information relevant to The Royal Foundation's history and associations. Whereas Trustees are recruited with their specific skills and experience in mind, further project-based training is undertaken where necessary. This includes project visits to familiarise themselves with the full nature of The Royal Foundation's work as well as meeting with project partners, donors and other stakeholders.

Finance Committee

The Trustees have appointed a Finance sub-committee to help with the execution of its responsibilities, the members of which are appointed by the Trustees. The Finance Committee oversees in detail the financial plans and performance of the charity, reviews the risk management processes and monitors the performance of the investment portfolio, as well as being the primary forum for trustee interactions with the auditors.

The Finance Committee meets quarterly, is chaired by Sir Ron Kalifa OBE and comprises three further Trustees: Jean-Christophe Gray (until 23 November 2023), Lady Pinsent, Dame Pippa Harris (from 1 January 2024) and three external advisory members: Ben Moorhead DL (until 12 September 2023), Catherine Biscoe FCA (until 12 September 2023), Kate Mathers (from 12 September 2023), Virginia Henley (from 12 September 2023) and Simon Lyons (from 12 September 2023). The Committee meetings are attended by members of the Leadership Committee, including the Chief Executive.

Governance and Nominations Committee

The Governance and Nominations Committee was constituted at the end of 2018 to lead the process for appointments and election to the Board of Trustees and independent members to its committees, and to review and make recommendations to the Board of Trustees relating to the overall governance arrangements of the organisation. The Governance and Nominations Committee meets at least twice a year, is chaired by trustee Claire Wills and comprises two further trustees, Alice Webb, Jean-Christophe Gray (until 28 November 2023) and Tom White (from 20 June 2024).

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board of Trustees on remuneration matters. The committee is chaired by Lord Hague and comprises four further trustees, Simon Patterson, Claire Wills, Alice Webb and Sir Ron Kalifa OBE.

Advisory Boards and Councils

The Royal Foundation is fortunate to benefit from a network of experienced volunteers, who support and help steer The Royal Foundation's work through external advisory groups.

Advisory boards and councils that were active in the year included the Emergency Services Senior Leaders Board, Early Years Advisory Group, and a National Expert Panel for Homelessness.

Senior Management

The Trustees have delegated authority to the Chief Executive and the Leadership Team for the day-to-day management of the organisation. The Leadership Team is led by the Chief Executive and has the delegated responsibility for the design and delivery of programmes and income generation, along with the administrative functions of finance, HR, health and safety, project evaluation, management information systems, marketing and communications.

Employment and Remuneration

The Royal Foundation recognises and values its people as its most important asset in achieving its aspirations. The Royal Foundation operates and maintains a legal, fair, equitable and affordable Pay and Reward Framework for its diverse and talented workforce. The framework helps to attract, recruit, develop and retain employees with appropriate knowledge and relevant skills required to sustain delivery. The framework is continually reviewed through job evaluation, internal and external sector benchmarking to ensure that pay scales remain competitive and in line with the Foundation's current financial position. The organisation also offers a learning and development programme to all staff.

The Royal Foundation is committed to being a mentally healthy workplace and offers a number of health and wellbeing initiatives to ensure that all members of the team have the right resources and support in place to ensure good mental health.

The Royal Foundation remains committed to equality and diversity and to ensuring a positive, safe and respectful environment which promotes the wellbeing and dignity of its employees, applicants, partners, suppliers and those whose interests it represents. It aims to promote equality of opportunity and diversity and to tackle any forms of discrimination, harassment or bullying within its working environment, whether on grounds of age, disability, gender, gender reassignment, marriage or civil partnership, pregnancy or maternity, race or ethnic origin, religion or belief, sex or sexual orientation, and discrimination by association.

These principles underpin its professional behaviour and are embedded in its policies, procedures, day-to-day practices and external relationships. All policies and practices reflect current relevant legislation and will continue to comply with future legislation changes. The Foundation is continuing its work to place its approach to diversity as an employer, partner and designer of charitable initiatives at the centre of its overall strategy.

SUSTAINABILITY

The Foundation committed to further develop its sustainability policies during 2023 and to clarify the role sustainability should play in its values, culture and programmes. As a charitable foundation which seeks to influence significant and positive societal change, and specifically societal change to create a healthier planet, we recognise that positive sustainability action should be ingrained in everything we do. The Royal Foundation will adopt its role in addressing this fundamental societal challenge by advocating practical sustainable best practice throughout its operations and programmes.

The Royal Foundation's Sustainability Strategy, which will be adopted in 2024, outlines how we will reduce our carbon footprint, promote sustainability throughout our programmes, and reduce our negative environmental operational impact.

SAFEGUARDING

The Royal Foundation does not engage in any activity with children or vulnerable adults such as is regulated by safeguarding legislation, but it does take seriously its obligations to operate in such a way as to ensure so far as is possible that its work causes no harm to anyone with whom it engages.

Given these values and considering widely recognised risks, The Royal Foundation has developed its safeguarding policy to promote protection for all those people it encounters, both staff and volunteers within the charity as well as the partner organisations with which it works.

Should it come into contact with vulnerable groups The Royal Foundation takes responsibility to ensure it is doing all it can to protect such groups from all forms of harm that might occur as a result of that contact, including abuse, neglect and exploitation and to ensure appropriate action is taken if such harm occurs.

DATA PROTECTION

The organisation reviewed and revised where necessary its processes, policies and approaches in relation to data protection to ensure its compliance with the General Data Protection Regulation (2016/679 as implemented into UK Law ("the UK GDPR") and the Data Protection Act 2018. All staff are provided with appropriate training to ensure there is a good level of understanding throughout the whole organisation.

GOVERNANCE CODE

A governance code, endorsed by the Charity Commission and other industry bodies, was launched in 2017 and updated in 2020. Together with the Trustees, management have ensured that The Royal Foundation is substantially compliant with the code.

The code asks charities to "apply or explain". Details of where the code has not been applied, or where steps have been taken to apply the code's provisions during the year, are provided below:

- Equality, diversity and inclusion: formal targets for diversity of the Board have not previously been set but will be considered, monitored, and reported on. Diversity is always considered as part of the Trustee recruitment process.

During 2023, the Board undertook a Board evaluation exercise, conducted by an independent expert. The review found the Board to be operating accordingly and made a small number of best practice recommendations which have been considered by the Board and implemented where appropriate.

FUNDRAISING

The Royal Foundation applies the support it receives only for its charitable purposes. The Foundation does not accept funds raised through activities considered 'public fundraising' such as sponsored challenges, but it welcomes donations and other funding from individuals, foundations, companies and other charities, engaging supporters around particular programmes or the charitable work of The Royal Foundation as a whole, in line with its gift acceptance policy. The Royal Foundation is committed to the highest standards in all of its fundraising activity and is open and honest in the information it provides to its supporters about its work and how their donations are used.

The Royal Foundation's fundraising is carried out by its employees and Trustees through direct contact with supporters and potential supporters. Additionally, some of the Foundation's existing donors make introductions to others also interested in supporting the Foundation's work.

The Royal Foundation has voluntarily registered with the Fundraising Regulator. No complaints relating to fundraising activities were received during the year or in the previous year. The Royal Foundation takes care not to cause nuisance or disruption when communicating with its supporters and the fundraising team reports to the Board of Trustees and the Chief Executive on the delivery of its fundraising activity. The Royal Foundation will never sell or share data about its donors and has put in place controls to ensure the security of all data held. Where The Royal Foundation uses professional fundraisers or where it works with corporate partners (commercial participators), it has put in place policies and contractual arrangements to ensure their effective management and adherence to The Royal Foundation's policies.

RELATED PARTIES

Further details about Related Parties can be found in Note 11 to the consolidated financial statements.

PUBLIC BENEFIT

The Charities Act 2011 requires all charities to explicitly consider how their charitable aims are carried out for the public benefit. The Royal Foundation is a public benefit entity under FRS.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and setting grant-making policies.

The Trustees consider particularly how planned activities will contribute to the aims and objectives they have set.

DIRECTORS' INDEMNITY INSURANCE

The Royal Foundation maintains management liability insurance for its Trustees and Officers. Further detail can be found in Note 11 to the consolidated financial statements.

TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors for Companies law purposes) are responsible for preparing the Trustees' Report (which incorporates the Directors' report for Companies law purposes) and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the integrity of the financial statements contained therein.

DISCLOSURE OF INFORMATION TO AUDITOR

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Report of the Trustees, which incorporates the requirements of the Strategic report and the Directors' report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, was approved by the Board in their capacity as Trustees and company Directors on 20 June 2024 and signed on its behalf by:



Lord Hague of Richmond – Chair of The Royal Foundation
Kensington Palace
Palace Green London, W8 4PU

NDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES

Opinion

We have audited the financial statements of The Royal Foundation of the Prince and Princess of Wales ('the charitable company') and its subsidiary ('the group') for the year ended 31 December 2023 which comprise The Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2023 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.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent company 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 trustees' responsibilities statement set out on page 19, 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 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 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 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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011, together with the Charities SORP (FRS 102).

We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the charitable company and group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and group for fraud. The laws and regulations we considered in this context for the UK operations were taxation legislation, and employment legislation.

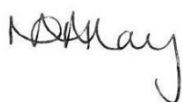
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, recognition of grants awarded and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

Date 29 July 2024

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2023

Consolidated statement of financial activities (including the income and expenditure account)

For the year ended 31 December 2023

		2023				2022			
	Notes	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2023	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2022
		£	£	£	£	£	£		£
Income:									
Donations and Legacies	2	3,685,257	2,816,632	-	6,500,889	2,594,478	2,802,519	4,177,775	9,574,772
Net income on share of associate's surplus	18	-	1,283,059	-	1,283,059	-	182,225	-	182,225
Trading activities	3	13,129	-	-	13,129	200	2,308	219,427	221,935
Investment income	4	147,167	21,002	-	168,169	68,500	-	-	68,500
Other income	4	3,059	-	-	3,059	54,645	-	-	54,645
Total income		3,848,612	4,119,693	-	7,968,305	2,717,823	2,987,052	4,397,202	10,102,077
Expenditure:									
Raising funds	5	(1,017,891)	(128,052)	-	(1,145,943)	(625,529)	(49,350)	(139,888)	(814,767)
Charitable activities	5,6								
- Grants		(13,290)	(384,174)	(160,811)	(558,275)	(5,918)	(429,305)	(6,598,622)	(7,033,845)
- Other charitable activities		(2,026,345)	(4,919,616)	-	(6,945,961)	(1,930,663)	(2,819,311)	(2,368,972)	(7,118,946)
		(2,039,635)	(5,303,790)	(160,811)	(7,504,236)	(1,936,581)	(3,248,616)	(8,967,594)	(14,152,791)
Total expenditure		(3,057,526)	(5,431,842)	(160,811)	(8,650,179)	(2,562,110)	(3,297,967)	(9,107,482)	(14,967,558)
Net (expenditure)/income before investment gains		791,086	(1,312,149)	(160,811)	(681,874)	155,713	(310,914)	(4,710,280)	(4,865,481)
Net (losses)/gains on investment	13	111,371	-	-	111,371	(103,641)	-	-	(103,641)
Net income/(expenditure)		902,457	(1,312,149)	(160,811)	(570,503)	52,072	(310,914)	(4,710,280)	(4,969,122)
Transfers between funds	17,18,19	(714,649)	714,649	-	-	(412,674)	412,674	-	-
Net movement in funds		187,808	(597,500)	(160,811)	(570,503)	(360,602)	101,760	(4,710,280)	(4,969,122)
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,086,878	2,280,136	160,811	7,527,825	5,447,480	2,178,376	4,871,091	12,496,947
Fund balances carried forward at									
31 December	17,18,19	5,274,686	1,682,636	0	6,957,322	5,086,878	2,280,136	160,811	7,527,825

Discontinued operations in 2022 relates to The Earthshot Prize which was transferred out to a new charity on 15 July 2022.

There were no other recognised gains or losses.

The notes on pages 26 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2023

Consolidated and Charity Balance Sheet

As at 31 December 2023

	Notes	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible fixed assets	12	131,091	55,936	131,091	55,936
Investments	13	3,163,059	1,768,817	1,697,776	1,586,593
		3,294,150	1,824,753	1,828,867	1,642,529
Current assets					
Debtors	14	1,255,392	1,245,034	1,261,462	1,255,456
Cash at bank and in hand	22, 23	3,288,363	5,208,848	3,274,755	5,182,150
		4,543,755	6,453,882	4,536,217	6,437,606
Creditors: amounts falling due within one year	15	(880,583)	(750,810)	(873,046)	(734,536)
Net current assets		3,663,172	5,703,072	3,663,171	5,703,070
Net assets		6,957,322	7,527,825	5,492,038	7,345,599
The funds of the group/charity					
Unrestricted funds	17	5,274,686	5,086,878	5,272,044	5,084,235
Restricted funds	18	1,682,636	2,440,947	219,994	2,261,364
Total funds		6,957,322	7,527,825	5,492,038	7,345,599

The Charity's net expenditure for the year ended 31 December 2023 totalled £1,853,561 (2022: £5,151,347).

The notes on pages 26 to 44 also form part of these financial statements.

The financial statements of The Royal Foundation of The Prince and Princess of Wales (registered number 7033553) were approved and authorised for issue by the Board of Trustees on 20 June 2024 and signed on its behalf by:



Lord Hague of Richmond – Trustee
Kensington Palace
Palace Green
London
W8 4PU

Consolidated Cash Flow Statement
For the year ended 31 December 2023

	Notes	2023 £	2022 £
Cash flows provided by operating activities:			
Net cash provided by operating activities	21	(1,970,128)	(6,897,610)
Cash flows from investing activities:			
Dividends and interest from investments	4	168,169	68,500
Transfer of fixed assets to The Earthshot Prize	12	-	28,962
Purchase of tangible fixed assets	12	(118,713)	(81,351)
Net cash provided by investing activities		49,456	16,111
Change in cash and cash equivalents in the year	22, 23	(1,920,672)	(6,881,499)
Cash and cash equivalents at the beginning of the year		5,209,050	12,090,549
Total cash and cash equivalents at the end of the year	22, 23	3,288,378	5,209,050

Analysis of changes in net funds

	1 January 2023 £	Cash flows £	Foreign exchange movements £	31 December 2023 £
Cash at bank and in hand	5,208,848	(1,934,650)	14,165	3,288,363
Cash in investment portfolio	202	(187)	-	15
	<u>5,209,050</u>	<u>(1,934,837)</u>	<u>14,165</u>	<u>3,288,378</u>
	1 January 2022 £	Cash flows £	Foreign exchange movements £	31 December 2022 £
Cash at bank and in hand	10,939,633	(5,676,140)	(54,645)	5,208,848
Cash in investment portfolio	1,150,916	(1,150,714)	-	202
	<u>12,090,549</u>	<u>(6,826,854)</u>	<u>(54,645)</u>	<u>5,209,050</u>

The notes on pages 26 to 44 also form part of these financial statements.

Notes to the consolidated financial statements

Year ended 31 December 2023

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

a) Basis of accounts preparation

The consolidated financial statements of The Royal Foundation have been prepared under the historical cost convention (with the exception of investments carried at valuation as noted in the accounting policy below) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the 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 (FRS102) (second edition – effective 1 January 2019) – (Charities SORP (FRS102)) and the Companies Act 2006.

b) Consolidation

The financial statements of the wholly owned subsidiary, TRF Trading Limited, have been consolidated with those of the charity on a line by line basis.

During the year ending December 2022, The Earthshot Prize programme that was incubated within The Royal Foundation was spun out into an independent charity, The Earthshot Prize (registered charity number 1198701). The Royal Foundation is one of the members of The Earthshot Prize and has the right to nominate up to three trustees to the new charity's board (four trustees in the event that the total number of trustees of the new charity is more than nine). As a result, The Royal Foundation considers that it has significant influence, but not does exert control, over the financial and operating policies of The Earthshot Prize, and it accounts for its interest in the latter as an associate using the equity accounting method with a one third interest. The consolidated financial statements include the Group's share of the surplus or deficit and net assets of The Earthshot Prize.

With effect from 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality.

On 18 December 2019 a deed was signed with Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal') from which date The Royal Foundation intends to grant 50% of the net income received by The Diana, Princess of Wales Memorial Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income will instead be donated to Sentebale, a registered charity of which The Duke of Sussex is a patron.

Although one member of the Foundation's Leadership Committee (two members until 17 June 2022) is a director of the American Friends of The Royal Foundation of The Prince and Princess of Wales, the Foundation has no control or significant influence over the American Friends and as such, has not consolidated the entity into the group accounts.

c) Going Concern

The Trustees have identified no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern.

The Royal Foundation of The Prince and Princess of Wales

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The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets for the period until 31 July 2025 and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2024 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors and foundations to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is not solicited but is received on an ad hoc basis. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation. As such, the Trustees believe that The Royal Foundation has adequate resources to continue its activities for the foreseeable future and that there is no material uncertainty in relation to the Foundation's status as a going concern.

Accordingly, these accounts have been prepared on the going concern basis. Further information is given in the Trustees' report.

d) Judgements and estimates made by management

The preparation of the financial statements requires management to make significant judgements and estimates. These judgements and estimates are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. The items in the financial statements where these judgements and estimates have been made include:

- basis of allocation of support costs;
- income recognition, in particular estimating fair value of a gift in kind;
- estimating the liability from multi-year grant commitments; and
- rates of depreciation used in determining the carrying value of tangible fixed assets.

With respect to the next reporting period, January to December 2024, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees Annual Report for further information). The carrying value of the investment portfolio at the end of December 2023 was £1,697,775 (2022: £1,586,592).

e) Fund accounting

Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are funds subject to specific restrictions imposed by the donor. All restrictions are in line with the charitable objectives of the charity.

All transfers between funds are recorded gross and shown on the Statement of Financial Activities or in the notes.

f) Income

Donations and gifts consist of the total donations from individuals, trusts and corporate entities. Income is recognised in the Statement of Financial Activities when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Grants consist of income receivable by The Royal Foundation from individuals, trusts and corporate entities. Income is recognised when there is entitlement to the grant, receipt is probable and its amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

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Investment income consists of bank interest, and dividends and interest from the portfolio managed by Cazenove Capital Management. Investment income is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the money paid or payable by the bank or investment manager.

Gifts in kind are from donated services which are recognised at fair value when performed. Fair value is the amount the charity would have been willing to pay to obtain those services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from trading activities and other income are recorded on a receivable basis.

g) Expenditure

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Expenditure is classified under the following activity headings:

- Raising funds, which comprise the costs incurred in supporting income generation activities, such as fundraising, and their associated support costs.
- Expenditure on charitable activities includes grants payable and costs incurred directly by The Royal Foundation in furtherance of its charitable objectives, along with associated support costs. Grants made are recognised when they have been approved and a legal or constructive obligation is in place. For multi-year grants The Foundation retains the control over future years funding which is renewed annually and as such the Foundation only recognises grants on an annual commitment basis. Direct costs comprise amounts spent in all activities designed to convene and raise awareness, and to provide the seed capital and grant funding.

Support costs have been allocated across the categories of charitable expenditure and raising funds. Support costs include premises, general management, IT, HR, office supplies and finance.

Support costs for charitable activities comprise costs attributable to operational and grant-making functions. Staff costs (including employer pension contributions and national insurance) are allocated between raising funds and charitable activities on a time spent basis. Office related costs including rent, IT, depreciation and stationery are allocated between raising funds and charitable activities on a headcount or FTE basis.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees together with an apportionment of overhead and support costs.

h) Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

The subsidiary company, TRF Trading Limited, made qualifying donations of all taxable profit to the parent charity. No corporation tax liability on the subsidiary arises in the accounts.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the year-end exchange rates. All differences are taken to the Statement of Financial Activities. The charity has not entered into any forward contracts during the year and there were no unsettled contracts outstanding as at 31 December 2022 or 31 December 2023.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

k) Investments

The fixed asset investment consists of the share in the subsidiary TRF Trading Limited which is stated at cost and a portfolio of listed investments. Listed investments are a form of basic financial instrument initially recognised at their transaction value and subsequently measured at fair value at the balance sheet date using the closing quoted market price. Any gain/loss on revaluation and disposal are recorded in the Statement of Financial Activities.

Cash held within the investment portfolio is highly liquid and subject to insignificant risk of change. However, these are maintained within fixed asset investments as they are intended for use on a continuing basis in the charity's activities.

l) Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and stated at historical cost less depreciation and applicable impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset to its estimated residual value evenly over its expected useful life, as follows:

- Computer equipment – 24 to 36 months on a straight line basis.
- Fixtures and Fittings – 36 months or over remaining life of the lease, on a straight line basis.
- Leasehold improvements – Over remaining life of the lease, on a straight line basis.

m) Operating Leases

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

n) Financial Instruments

The charity has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value. Financial assets comprise cash at bank and in hand, other debtors and prepayments and accrued income. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

o) Debtors

Debtors are recognised at the settlement amount due at the end of the period.

p) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

q) Irrecoverable VAT

Irrecoverable VAT is allocated to the principal areas of costs in which it has been incurred.

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2. Income from donations and legacies

Group	2023			2022		
	Unrestricted funds	Restricted funds	Total 2023	Unrestricted funds	Restricted funds	Total 2022
	£	£	£	£	£	£
Donations	2,231,441	707,971	2,939,412	2,335,640	802,913	3,138,553
Grants	1,200,000	1,384,667	2,584,667	200,000	5,495,525	5,695,525
Legacies	5,661	-	5,661	11,685	2,000	13,685
Donated services	248,155	722,994	971,149	47,153	679,856	727,009
Total	3,685,257	2,815,632	6,500,889	2,594,478	6,980,294	9,574,772

In 2023, The Royal Foundation received £40,050 (2022: £26,843) from The Diana, Princess of Wales Memorial Fund.

Donated services of £971,149 (2022: £727,009) relate to gifts of services, including office space, seconded staff, legal and professional fees and advertising, in support of the charity's programmes.

Income from donations and legacies for the charity alone, includes £5,298 unrestricted and £nil restricted (2022: £22 unrestricted, and £176,676 restricted), which has been gift aided to The Royal Foundation from its subsidiary, TRF Trading Limited and is eliminated on consolidation.

3. Income from trading activities

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 07506603, registered address Kensington Palace, Palace Green, London, W8 4PU), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its taxable profits to The Royal Foundation of The Prince and Princess of Wales. A summary of its results extracted from its full audited accounts is shown below:

	Year ended 31 December	
	2023	2022
	£	£
Turnover	13,129	221,935
Gross profit	13,129	221,935
Administrative expenses	(7,799)	(45,112)
Operating profit	5,330	176,823
Finance charges	(32)	(25)
Profit before taxation	5,298	176,798
Tax on profit on ordinary activities	-	-
Profit after taxation	5,298	176,798
Total shareholder's funds brought forward	1	1
Profit after taxation	5,298	176,798
Charitable donation to parent	(5,298)	(176,798)
Total shareholder's funds carried forward	1	1
Assets Liabilities and shareholders' funds		
Assets	13,608	26,698
Liabilities	(13,607)	(26,697)
Funds surplus including 1 ordinary share of £1	1	1

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4. Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2023 £	Unrestricted funds £	Restricted funds £	Total 2022 £
Investment Income:	147,167	21,002	168,169	68,500	-	68,500
Other Income:						
Foreign exchange gains	-	-	-	54,645	-	54,645
Sale of fixed asset	3,059	-	3,059	-	-	-
Total other income	3,059	-	3,059	54,645	-	54,645

Other income for the charity alone derives from income received from TRF Trading Limited, consisting of £234 (2022: £4,439) relating to a resource sharing agreement recharge.

5. Summary analysis of total expenditure – Group

	Unrestricted funds £	Restricted funds £	Total 2023 £	Unrestricted funds £	Restricted funds £	Total 2022 £
Raising funds	1,017,891	128,052	1,145,943	625,529	189,238	814,767
Charitable activities:						
- Direct costs – grant and donation funding of activities	13,290	544,985	558,275	5,918	7,027,927	7,033,845
- Direct costs – convening, collaboration and R&D	731,882	4,419,620	5,151,502	858,805	4,954,444	5,813,249
- Support costs	1,294,463	499,996	1,794,459	1,071,858	233,839	1,305,697
			-			
Total charitable activities	<u>2,039,635</u>	<u>5,464,601</u>	<u>7,504,236</u>	<u>1,936,581</u>	<u>12,216,210</u>	<u>14,152,791</u>
	<u>3,057,526</u>	<u>5,592,653</u>	<u>8,650,179</u>	<u>2,562,110</u>	<u>12,405,448</u>	<u>14,967,558</u>

Included within Raising Funds are Investment management costs of £215 (2022: £4,574). Expenditure on Raising Funds for the charity alone excludes £7,597 (2022: £40,698) of non-intercompany expenses incurred by TRF Trading Limited.

6. Analysis of expenditure on charitable activities

2023 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2023 £
Emergency Responders	57,471	4,361	2,291	224	64,347
Mental Health	67,282	327,422	161,547	11,773	568,024
United for Wildlife Taskforces	150,204	1,080,720	298,575	23,508	1,553,007
The Earthshot Prize	160,811	(313)	-	-	160,498
Early Years	50,521	1,901,139	567,843	45,209	2,564,712
Empowering Communities	58,696	124	-	-	58,820
COVID-19 response fund	-	-	-	-	-
Homelessness	-	1,568,954	605,102	50,892	2,224,948
Other projects	-	269,095	27,495	-	296,590
Unrestricted donations (Sentebale & WellChild)	13,290	-	-	-	13,290
	558,275	5,151,502	1,662,853	131,606	7,504,236

2022 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2022 £
Emergency Responders	147,836	104,201	55,866	8,058	315,961
Mental Health	13,043	66,392	42,708	4,233	126,376
United for Wildlife Taskforces	150,000	865,361	211,703	30,405	1,257,469
The Earthshot Prize	6,598,622	2,437,873	386,691	63,450	9,486,636
Early Years	-	1,539,825	256,056	40,098	1,835,979
Empowering Communities	20,649	129	-	-	20,778
COVID-19 response fund	97,777	-	-	-	97,777
Homelessness	-	345,028	109,242	17,765	472,035
Other projects	-	454,440	70,060	9,362	533,862
Unrestricted donation to Sentebale	5,918	-	-	-	5,918
	7,033,845	5,813,249	1,132,326	173,371	14,152,791

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7. Analysis of support costs and governance costs

2023	Premises & Office Costs	Finance, IT & General Management	Governance	Total 2023
	£	£	£	£
Raising funds	99,790	284,350	31,028	415,168
Emergency Responders	725	1,566	224	2,515
Mental Health	38,119	123,428	11,773	173,320
United for Wildlife Taskforces	76,118	222,457	23,508	322,083
The Earthshot Prize	-	-	-	-
Other projects	-	27,495	-	27,495
Early Years	146,385	421,458	45,209	613,052
Homelessness	164,786	440,316	50,892	655,994
Empowering Communities	-	-	-	-
COVID-19 Response Fund	-	-	-	-
	525,923	1,521,071	162,634	2,209,627

Raising Funds in the group totalled £1,138,346 which consisted of £723,178 of direct fundraising costs and £415,168 of support and governance costs.

Costs relating to Premises, General Management, IT, HR, Office supplies and governance are allocated on the basis of headcount and specific salaries. Finance costs are allocated on the basis of salaries only.

2022	Premises & Office Costs	Finance, IT & General Management	Governance	Total 2022
	£	£	£	£
Raising funds	57,582	97,505	27,476	271,320
Emergency Responders	16,195	16,515	8,058	63,924
Mental Health	8,509	25,025	4,233	46,941
United for Wildlife Taskforces	61,113	74,810	30,405	242,108
The Earthshot Prize	131,408	102,090	63,450	450,141
Other projects	18,816	30,956	9,362	79,422
Early Years	80,596	82,597	40,098	296,154
Homelessness	35,707	35,035	17,765	127,007
	409,926	464,533	200,847	1,577,017

Raising Funds in the group in 2022 totalled £777,857 which consisted of £506,537 of direct fundraising costs and £271,320 of support and governance costs.

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8. Analysis of grants and donations

	2023 £	2022 £
Emergency Responders		
Mind (for the <i>Blue Light Together</i> digital gateway) (2 grants)	-	117,836
Police Care UK (on behalf of the Network of Emergency Services Therapists)	87,470	30,000
	87,470	147,836
COVID-19 Response Fund		
Hospice UK	-	97,777
The Mix	40,000	-
	40,000	97,777
<i>Total COVID-19 response fund</i>		
Mental Health		
<i>Community Impact</i>		
Two Ridings Community Foundation	-	13,043
Life at No.27	2,282	-
Hideaway Youth Project	25,000	-
	27,282	-
Early Years		
Institute of Health Visitors	50,521	-
WellChild	6,216	-
	56,737	-
The Earthshot Prize		
Spin out to independent charity, The Earthshot Prize	160,811	6,598,622
	160,811	6,598,622
United for Wildlife Taskforces		
Focused Conservation Solutions	150,204	150,000
	150,204	150,000
Empowering Communities		
The Felix Project (donation)	58,698	20,649
	58,698	20,649
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	7,073	5,918
	7,073	5,918
TOTAL charitable grants and donations	588,275	7,033,845
Unless otherwise stated, all amounts are for single grants.		

9. Total expenditure

The following have been charged within total expenditure:

	2023 £	2022 £
Auditor remuneration:		
- Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	37,837	48,413
- Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	6,943	6,498
Depreciation of tangible fixed assets	43,558	25,094
Operating lease payments	-	348,742
Defined contribution pension costs	207,310	185,672

Auditor remuneration is stated net of irrecoverable VAT, which amounted to £6,962 (2022: £5,570) for audit services and £786 (2022: £692) for non-audit services.

10. Analysis of staff costs and the cost of key management personnel

	2023	2022
	£	£
Total staff costs comprised:		
Gross wages and salaries	2,881,029	2,629,492
Social security costs	320,519	321,464
Pension costs: defined contribution	207,310	185,672
Other benefits (including medical insurance)	21,949	36,770
	3,430,807	3,173,398

There were no termination costs during 2023 or 2022.

All employees were employed by the charity with the exception of 1 US-based individual who was employed via a third party payroll agency until June 2022 after which the individual transferred out with The Earthshot Prize. The average number of employees in the year was 48 (2022: 39). The average number of staff in the year was 43 full time (2022: 37) and 5 part time (2022: 3), with the part time staff representing an average of 3 FTE. (2022: 2).

For 2023, the key management personnel of the charity comprised the Trustees, the Chief Executive, the Director of Partnerships, the Director of Research and Impact, the Creative Director, the Executive Director Programmes, the Executive Director Centre for Early Childhood, Chief of Staff, and the Head of Finance. The total employee benefits of the key management personnel were £1,024,935 (2022: £1,077,184), including pension costs of £66,223 (2022: £67,384) and national insurance costs of £99,238 (2022: £111,197).

The number of employees who earned over £60,000, including taxable benefits but excluding pension costs, was:

	2023	2022
£60,000 – £70,000	3	5
£70,001 – £80,000	8	3
£80,001 – £90,000	1	2
£90,001 – £100,000	–	–
£100,001 – £110,000	3	5
£200,001 – £210,000	1	–

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year totalled £207,310 (2022: £185,672). There were no outstanding balances as at 31 December 2023 or 31 December 2022.

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11. Trustee remuneration, expenses and related party transactions

Unless otherwise stated in this note, there were no amounts outstanding with related parties as at 31 December 2023 or 31 December 2022.

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with the charity or a related entity (2022: £nil).

Expenses

£72 of travel expenses were reimbursed to Trustees during the year (2022: £311).

Related Party transactions – Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £100,000 (2022: £100,000).

Claire Wills is a Trustee of The Royal Foundation and Partner of Freshfields Bruckhaus Deringer LLP. During the year, The Royal Foundation received pro bono legal advice from Freshfields valued at £104,684 (2022: £475,000) and use of office space for a meeting valued at £0 (2022: £500).

Jean-Christophe Gray, CBE became an ex officio trustee of The Royal Foundation on 15 February 2021 and is a member of the Lord Chamberlain's Committee, the main governing body of The Royal Household. The Prince and Princess of Wales are members of The Royal Foundation in addition to their roles as patrons.

During the year, The Royal Foundation purchased £6,957 of services from Kensington Palace relating to recharges of international travel costs and venue hire (2022: £33,342 relating to communications, recharges of international travel costs and medical costs). The Royal Foundation recharged £0 costs to Kensington Palace (2022: £684 for an event at COP26 co-hosted by the Foundation and the Prince of Wales's Sustainable Markets Initiative).

Included in these accounts is an accrual for £20,000 (2022: nil) covering the costs of a trip to Singapore by HRH The Prince of Wales whilst undertaking work on United for Wildlife, on behalf of the Charity. As at the time of signing, no charges have been received.

The Royal Household at Kensington Palace provided no pro bono services to The Royal Foundation (2022: pro bono communications services valued at £1,020).

The Charity purchased insurance for Trustees and Officers during the year to indemnify them against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £1,032 (2022: £955)

Related Party transactions – Subsidiaries and Associates

TRF Trading Limited

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 7506603), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Prince and Princess of Wales. At the year end, TRF Trading Limited owed £7,484 (2022: £12,923) to The Royal Foundation, including management charges of £234 (2022: £4,439) and a gift aid donation of £5,298 (2022: £5,984).

The Earthshot Prize

The Earthshot Prize programme was incubated within The Royal Foundation and was spun out into an independent charity in July 2022, together with all related assets and liabilities. The Earthshot Prize charity and its trading subsidiary TEP Trading Ltd are considered a related party for the reasons set out in the basis of consolidation note 1(b). £6,427,808 of restricted funds were transferred to the new charity upon spin out and as noted above, a further £170,814 was transferred in December 2022 in respect of the transfer of Earthshot-related trading activities.

The spin out also included the transfer to the new charity of £28,961 of fixed assets, £3,000,000 of accrued income debtors, £5,000 of other debtors, £4,100,000 of outstanding grant liabilities due to the year one prize winners and £820,516 of other liabilities.

During the year TEP Trading Ltd, the wholly owned subsidiary of The Earthshot Prize charity, paid TRF Trading Ltd £100,000 as consideration for the transfer of Earthshot-related trading activities.

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As at 31 December 2022, there was a retention balance being held of £147,811 and a debtor balance of £13,000 which consisted of costs paid on behalf of the new charity after the spin out. Both of these outstanding balances were fully settled in February 2023.

Related party transactions - Other

The Diana, Princess of Wales Memorial Fund

With effect from 1 April 2013, The Royal Foundation took over legal control of The Diana, Princess of Wales Memorial Fund in order to safeguard both the Fund's name and any further income donated to the Fund in the future. The Royal Foundation has not continued the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality. For further details of transactions, please refer to Note 2.

On 17 June 2020, in accordance with a request from The Duke of Sussex, the trustees approved the donation of 50% of future net income (backdated to 18 December 2019) received by The Diana, Princess of Wales Memorial Fund to Sentebale, a UK registered charity of which The Duke of Sussex is patron. During the year, donations of £7,073 (2022: £5,918) were paid to Sentebale.

American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, Inc.

The American Friends is a 501(c)(3) entity registered in the state of Delaware, USA. Elaine Dodds, Director of Development (until she stepped down from that role on 16 June 2022) was an ex officio director of the American Friends. Chris Bates, Head of Finance, is also an ex officio director of The American Friends. During the year, The Royal Foundation received £1,659,667 (2022: £3,442,642) of grant income from The American Friends.

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12. Tangible fixed assets – Group and Charity

	Equipment £
Cost:	
Balance brought forward 1 January 2023	118,033
Additions	118,713
Disposals	(2,679)
Balance carried forward 31 December 2023	234,067
Depreciation:	
Balance brought forward 1 January 2023	62,097
Charge for the period	43,558
On disposals	(2,679)
Balance carried forward 31 December 2023	102,976
Net book value:	
Brought forward 1 January 2023	55,936
Carried forward 31 December 2023	131,091

The disposals consisted of IT equipment.

13. Fixed Asset Investments

The Royal Foundation has funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2023.

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	1,586,592	2,848,168	1,586,592	2,848,168
Proceeds on disposal	-	(1,154,633)	-	(1,154,633)
Net gains on revaluation	111,371	(110,862)	111,371	(110,862)
Movement in cash	(188)	3,919	(188)	3,919
Market Value at 31 December	1,697,775	1,586,592	1,697,775	1,586,592
Investment in Subsidiary	-	-	1	1
Investment in Associate	1,465,284	182,225	-	-
Total	3,163,059	1,768,817	1,697,776	1,586,593

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Fund investments:				
Multi Asset funds	1,697,760	1,586,390	1,697,760	1,586,390
Cash and cash equivalents	15	202	15	202
	1,697,775	1,586,592	1,697,775	1,586,592

The investment in the Associate represents the Foundation's one third share in The Earthshot Prize and amounted to £1,465,284 (2022: £182,225).

The Royal Foundation of The Prince and Princess of Wales

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For the year ended 31 December 2023

13. Fixed Asset Investments (continued)

The Royal Foundation's share of The Earthshot Prize's income and expenditure at 31 December 2023:

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Share of income	6,408,850	182,225	-	-
Share of expenditure	(7,081,140)	-	-	-

The Cazenove portfolio is invested as follows:

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Cazenove Charity Responsible Multi-Asset Fund	1,697,760	1,586,390	1,697,760	1,586,390
Cash	15	202	15	202
	1,697,775	1,586,592	1,697,775	1,586,592

The charity also holds 1 ordinary share of £1 in TRF Trading Limited, a company registered in England and Wales no. 7506603. The company carries out trading activities to raise funds for the charity (see note 3).

14. Debtors

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Amounts owed by subsidiary	-	-	7,484	10,424
Prepayments and accrued income	1,251,924	1,191,033	1,250,510	1,191,031
Other debtors	3,468	54,001	3,468	54,001
	1,255,392	1,245,034	1,261,462	1,255,456

During the year the charity entered into O (2022: 3) forward contracts for the purchase of US dollars in order to manage its exchange rate exposure. No amounts are held at year end (2022: £nil).

15. Creditors: amounts falling due within one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	277,373	101,669	277,373	101,669
Taxation and social security	102,731	73,538	102,194	65,971
Accruals and deferred income	485,169	565,025	478,169	556,318
Other creditors	15,310	10,578	15,310	10,578
	880,583	750,810	873,046	734,536

The Royal Foundation of The Prince and Princess of Wales

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For the year ended 31 December 2023

16. Contingent liabilities

The Royal Foundation's grant giving strategy includes awarding grants to projects over multiple years, funded from outside sources and key donors. As at 31 December 2023 the Foundation had grants which were approved by trustees but not yet awarded to the grantee, and grants which were awarded to the grantee but not yet paid, broken down as follows:

	Approved, not yet awarded		Awarded, not yet paid	
	2023	2022	2023	2022
	£	£	£	£
United for Wildlife Taskforces	150,000	300,000	-	-
Emergency Responders	12,530	-	-	70,000
The Earthshot Prize	-	-	-	147,810
COVID response fund	-	-	-	-
	162,530	300,000	-	217,810

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability.

As disclosed in note 1(b) and note 11, an agreement was signed with Sussex Royal on 18 December 2019, by which The Royal Foundation intends to donate 50% of the net income received by The Diana, Princess of Wales Memorial Fund from that date onwards, to Sussex Royal. In March 2020 The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income is instead being donated to Sentebale, a charity registered in the UK of which The Duke of Sussex is a patron. Donations to Sentebale are being paid twice a year, in January and July.

The Royal Foundation of The Prince and Princess of Wales

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For the year ended 31 December 2023

17. Analysis of movements in unrestricted funds

Group	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2023 £
Unrestricted funds – group:						
General funds	5,086,878	3,848,612	(3,057,526)	(714,649)	111,371	5,274,686

Charity	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2023 £
Unrestricted funds – charity:						
General funds	5,084,235	3,841,016	(3,049,929)	(714,649)	111,371	5,272,044

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Group	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Unrestricted funds – group:						
General funds	5,447,480	2,717,823	(2,562,110)	(412,674)	(103,641)	5,086,878

Charity	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Unrestricted funds – charity:						
General funds	5,444,836	2,722,184	(2,566,470)	(412,674)	(103,641)	5,084,235

The Royal Foundation of The Prince and Princess of Wales

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For the year ended 31 December 2023

18. Analysis of movements in restricted funds

Group	Balance at 1 January 2023 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2023 £
Restricted funds:						
Early Years	800,000	596,634	(2,111,283)	714,649	-	-
Mental Health	481,948	31,522	(397,282)	-	-	116,188
The Earthshot Prize	343,036	1,283,059	(160,811)	-	-	1,465,284
Emergency Responders	73,922	1,169	(61,044)	-	-	14,047
United for Wildlife Taskforces	739,732	524,512	(1,255,344)	-	-	8,900
Homelessness	-	1,598,257	(1,548,068)	-	-	50,189
Empowering Communities	2,309	84,540	(58,821)	-	-	28,028
	<u>2,440,947</u>	<u>4,119,693</u>	<u>(5,592,653)</u>	<u>714,649</u>	<u>-</u>	<u>1,682,636</u>

The table above summarises the main restricted funds.

The Early Years restricted fund relates to The Princess of Wales's Early Years programme of work which includes The Royal Foundation Centre for Early Childhood. In 2023 a transfer of £714,649 was made to this fund from unrestricted funds, to cover the additional expenditure incurred in relation to the programme.

The funds received in relation to Mental Health relate to The Royal Foundation's work focusing on mental health and well-being which includes activities relating to Heads Together.

The Earthshot Prize fund consists of amounts relating to The Earthshot Prize programme, which is designed to incentivise change and help repair our planet over the next ten years. All of the restricted funds were transferred to the independent charity upon spinout of this programme in July 2022. Also included in the year end fund balance is The Foundation's interest as an associate investment in the independent Earthshot Prize charity.

Emergency Responders funds cover projects to support personnel currently serving in the emergency responders, or those who have previously served, and their families.

United for Wildlife convenes the private sector and other organisations under the Transport and Financial Taskforces with the ambition of making it impossible for traffickers to use private sector infrastructure to finance and transport illegal wildlife and products with impunity. Included within this fund is £0 (2022: £7,251) of income received from the European Union for a project titled "Disrupting illicit supply chains of wildlife in Asia by leveraging civil society partnerships to increase the effectiveness of Government action".

The Homelessness fund is a programme spearheaded by The Prince of Wales which launched in June 2023 with the aim of making homelessness rare, brief and unrepeatable.

The Empowering Communities fund relates to The Duchess of Sussex's Empowering Communities Through Food programme, funded by income received from sales of the Together cookbook published in 2018. Funds are being donated to The Felix Project in accordance with the wishes of The Duchess of Sussex.

Group	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Restricted funds:						
COVID-19 response fund	120,229	-	(97,777)	(22,452)	-	-
Early Years	860,191	1,125,000	(1,470,298)	285,107	-	800,000
Mental Health	532,637	36,746	(87,435)	-	-	481,948
The Earthshot Prize	4,871,091	4,581,926	(9,109,981)	-	-	343,036
Emergency Responders	124,618	170,000	(243,148)	22,452	-	73,922
United for Wildlife Taskforces	540,701	1,188,867	(989,836)	-	-	739,732
Homelessness	-	217,000	(344,567)	127,567	-	-
Carol Service	-	41,628	(41,628)	-	-	-
Empowering Communities	-	23,087	(20,778)	-	-	2,309
	<u>7,049,467</u>	<u>7,384,254</u>	<u>(12,405,448)</u>	<u>412,674</u>	<u>-</u>	<u>2,440,947</u>

19. Analysis of group net assets between funds

	Group			Charity		
	Unrestricted funds	Restricted funds	Balance at 31 December 2023	Unrestricted funds	Restricted funds	Balance at 31 December 2023
	£	£	£	£	£	£
Fixed assets	131,091	-	131,091	131,091	-	131,091
Fixed asset investments	1,697,775	1,465,284	3,163,059	1,697,776	-	1,697,776
Cash	2,633,653	654,710	3,288,363	2,617,402	657,353	3,274,755
Other net current (liabilities)/assets	812,167	(437,358)	374,809	825,775	(437,359)	388,416
	5,274,686	1,682,636	6,957,322	5,272,044	219,994	5,492,038

	Group			Charity		
	Unrestricted funds	Restricted funds	Balance at 31 December 2022	Unrestricted funds	Restricted funds	Balance at 31 December 2022
	£	£	£	£	£	£
Fixed assets	55,936	-	55,936	55,936	-	55,936
Fixed asset investments	1,586,592	182,225	1,768,817	1,586,593	-	1,586,593
Cash	3,620,444	1,588,404	5,208,848	3,613,208	1,568,942	5,182,150
Other net current liabilities	(176,094)	670,318	494,224	(171,502)	692,422	520,920
	5,086,878	2,440,947	7,527,825	5,084,235	2,261,364	7,345,599

20. Operating leases - Group and Charity

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	Property 2023	Other 2023	Total 2023	Property 2022	Other 2022	Total 2022
	£	£	£	£	£	£
Within one year	-	-	-	88,150	-	88,150
	-	-	-	88,150	-	88,150

The Royal Foundation of The Prince and Princess of Wales

Company Registration No. 07033553

For the year ended 31 December 2023

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group	
	2023	2022
	£	£
Net movement in funds	(570,503)	(4,969,125)
Adjustments for:		
Depreciation charge	43,558	25,094
Losses/(gains) on investments	(111,371)	110,862
Dividends and interest included in investing activities	(168,169)	(68,500)
Transfer of debtor balances to The Earthshot Prize	-	3,005,000
Decrease/(increase) in other debtors	(10,358)	1,136,876
Transfer of creditor balances to The Earthshot Prize	-	(5,033,599)
(Decrease)/increase in creditors	129,774	(921,993)
Share of associate's net assets	(1,283,059)	(182,225)
Net cash provided by operating activities	(1,970,128)	(6,897,610)

22. Reconciliation of net cash flow to movement in net funds

	Group	
	2023	2022
	£	£
(Decrease)/increase in cash	(1,920,672)	(6,881,499)
Net funds at 1 January	5,209,050	12,090,549
Net funds at 31 December	3,288,378	5,209,050

23. Controlling Party

The controlling party of The Royal Foundation is HRH The Prince of Wales.

Accounts

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Report and Consolidated Financial Statements for the year ended 31 December 2022

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

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The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Principals and Members

TRH The Prince and Princess of Wales

Trustees

Lord Hague of Richmond – Chairman
Simon Patterson – Vice Chairman
Zeinab Badawi
Sir Ron Kalifa OBE
Charles Mindenhall (resigned 29 June 2022)
Lady Pinsent
Alice Webb
Claire Wills

Ex Officio Trustees

Hannah Cockburn-Logie OBE, MVO (resigned 31 October 2022)
Jean-Christophe Gray CBE

Leadership Committee

Amanda Berry OBE	Chief Executive Officer (from 21 June 2022)
Chris Bates	Head of Finance
Elaine Dodds	Director of Development (until 17 June 2022)
Pim Gregory	Director of Impact
Christian Guy	Director of The Royal Foundation Centre for Early Childhood (from 22 May 2023)
Hannah Jones	Chief Executive Officer, The Earthshot Prize (until 15 July 2022)
Kully Kaur-Ballagan	Director of Research
Roxane Philson	Director of The Royal Foundation Centre for Early Childhood (until 31 August 2022)
Amy Pickerill	Chief Content Officer, The Earthshot Prize (from 1 January 2022 to 31 May 2022); Creative Director (from 1 June 2022)
Fiona Treharne	Chief Operating Officer, The Earthshot Prize (from 1 January 2022 to 15 July 2022)
Damian Wilson	Director of Partnerships
Felicity Woodrow	Head of Governance and Operations

Registered Office

Kensington Palace
Palace Green
London W8 4PU

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Solicitors

Bates Wells LLP
10 Queen Street Place
London EC4R 1BE

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Investment Advisors

Cazenove Capital (trading name of Schroder & Co. Limited)
1 London Wall Place
London EC2Y 5AU

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Letter from the Chair of the Board

It is with the support of our partners and friends that 2022 was another fantastic year for The Royal Foundation.

The Foundation continued to work with a vast and impressive network in the UK and around the world, governed by the optimism instilled by our Principals and the passion to tackle some of the critical issues we face at home and overseas.

We were delighted to welcome Amanda Berry OBE – following her 24-year tenure as CEO of BAFTA – as our new Chief Executive Officer. Amanda's extensive experience and determined leadership has already been invaluable and will continue to be of tremendous importance as we drive forward our ambitious work.

The pages of this report describe how 2022 was a busy and successful year. As you will read, The Earthshot Prize was established as an independent entity, allowing it to expand at the rate needed to address the most significant challenges facing our planet. This is a fantastic example of The Royal Foundation's ability to spearhead initiatives that can go on successfully to stand alone.

The Royal Foundation Centre for Early Childhood has visited Denmark to learn more about child-centred society and launched an annual perceptions survey that will act as a long-term measurement tool to inform our work. At the end of January 2023 The Princess of Wales launched a high-profile campaign, focusing on the importance of early childhood.

The United for Wildlife Taskforces have seen remarkable numbers of criminal investigations into the illegal trafficking of wildlife products, contributing to over 500 law enforcement investigations.

This is a marker of incredible progress in the fight to end the illegal wildlife trade.

We celebrated five years since the launch of Heads Together with continued efforts in the mental health space, alongside fresh thinking on how we continue to support this ground-breaking work.

In the coming year, The Royal Foundation will launch a new innovative programme focused on homelessness. This important issue has long been one to which The Prince of Wales and the Foundation have been committed, and we look forward to announcing further details in the near future. Alongside this, and as part of our new and established programmes, we will continue to ensure that we support those experiencing the effects of the cost of living crisis, an issue that closely affects much of the work already undertaken by the Foundation.

Across all our existing and new areas, we will continue to be ambitious and determined, to take an optimistic view that change is possible, and that together we can create a better world for those in our communities and beyond.

As ever, I thank all those who made our tremendous efforts last year possible, in particular my fellow Trustees both past and present who have given so freely of their time, and I am grateful for such strong continued support as we look ahead to an exciting year to come.



Lord Hague of Richmond
Chair of The Royal Foundation

22 June 2023

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Letter from the Chief Executive Officer

My first 12 months as CEO of The Royal Foundation have been incredibly rewarding. I have been so inspired by the dedication and commitment of Their Royal Highnesses The Prince and Princess of Wales; our work is guided by their passions and interests enabling us to deliver innovative programmes that inspire action, impact and sustainable change.

I also have the absolute joy of working alongside a truly incredible team, both staff and our Board of Trustees, who ensure we deliver truly positive impact against some of the most important issues of our time.

The Royal Foundation is a special organisation, and I believe uniquely placed to bring together some of the best and brightest minds in the world to deliver our ambitious and optimistic programmes of work as we tackle society's greatest issues. We believe that positive change is possible and together we can create a better world for those in our communities and beyond.

To deliver change we must understand the opportunity that exists, and every aspect of our work is evidence-led, and we use detailed and inquisitive research ensuring impact and credibility of our work.

Our donors and partners share our values and support us with real energy and ensure momentum behind the work that we do. It is fundraising that powers our successes, including The Earthshot Prize, which evolved in 2022 from a programme created within the Foundation into an independent, globally recognised, charity. It is a wonderful demonstration of how the Foundation can apply our optimistic mindset to originate, develop, build and invest in game-changing ideas from initial conception to full implementation. These initiatives may then develop or scale further, either within the Foundation or outside of it, depending on the best route to achieving tangible and sustainable impact.

Pioneering activity from the Royal Foundation Centre for Early Childhood; ground-breaking action under the *United for Wildlife* banner; and a carol service from Westminster Abbey, dedicated to Her Late Majesty Queen Elizabeth II and thanking those who shared the values she stood for, were just a few of the highlights from the Foundation's work last year. There is much to be proud of, and it sets the bar high for future work.

We can only do what we do because of the incredible network that supports the Foundation, and I wanted to take this opportunity to sincerely thank all those who have made our work possible.



Amanda Berry OBE
Chief Executive Officer of The Royal Foundation

22 June 2023

The Royal Foundation of The Prince and Princess of Wales (formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Trustees' Report

The Trustees of The Royal Foundation of The Prince and Princess of Wales ("The Royal Foundation") present their annual report for the year ended 31 December 2022 under the Companies Act 2006, together with the audited accounts for the year, and confirm that the latter complies with the requirements of the Act, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and the 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 (FRS102) (Charities SORP (FRS102)).

Objectives and activities

The Royal Foundation tackles society's greatest issues.

Guided by the interests and passions of The Prince and Princess of Wales, we drive change where it is needed most, with ambition and optimism to deliver a better future for all.

We partner with the best and the brightest to spotlight the issues and challenges we seek to address.

We inspire action whilst creating impact and sustainable change.

The work of The Royal Foundation is currently focused on the following themes: the environment and conservation, early childhood, mental health, the emergency responders community and homelessness.

Our approach

Core to our approach is:

Optimism – We lead with the principle that change is always possible.

This positive approach has seen us work on issues that have previously seemed too big a challenge to many. Our work on mental health, the environment and early childhood is underpinned by the confidence that we believe change can and will be seen.

Our mental health work proves this belief; five years since the launch of *Heads Together*, the services available due to our continued advocacy are vital to many. *Shout*, the text-based crisis service The Royal Foundation established, reached one million conversations at the start of the year and the number of emergency responders accessing the award-winning *Blue Light Together*, which provides access to mental health resources to those working in the emergency services, has doubled.

Partnerships and convening – We believe in the power of fostering collaborative action for more sustainable change.

Central to our work is convening groups, organisations and people around particular problem areas to establish never before seen partnerships and the best ways of working together to generate global and local impact.

Internationally, this is evidenced in our *United for Wildlife* work. This unique model enables collaboration between the financial, transport, conservation sectors and law enforcement and has seen over 500 criminal investigations and more than 300 arrests take place in a bid to stop wildlife trafficking. New partnerships with organisations such as the International Air Transport Association and Interpol have further strengthened the *United for Wildlife* network's ability to respond to, detect, disrupt and investigate wildlife trafficking activity in a way that has not been possible until now.

Our convening power has proved hugely fruitful at a local level. This year, for the first time, Their Royal Highnesses saw an opportunity to bring together local stakeholders to galvanise long-term mental health support for young people in Scarborough. Thanks to the collaboration between The Royal

The Royal Foundation of The Prince and Princess of Wales (formerly The Royal Foundation of The Duke and Duchess of Cambridge)

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Trustees' Report (continued)

Foundation, local businesses, councils and charitable organisations, an incredible £350,000 was unlocked.

We've built partnerships in the UK with leading charities and the Ambulance, Fire, Police and Search and Rescue services to enable us to allow 45,000 emergency responders to access vital resources needed to help them manage their mental health. The continued collaboration between these partners ensures that mental health remains a focus on the agenda for employees' wellbeing.

Platform - The platform of The Prince and Princess of Wales allows us to spotlight issues on an unparalleled scale.

Their Royal Highnesses have continued their support for mental health, speaking to the nation during the Mental Health Minute, sharing the floor with FIFA World Cup hopefuls Harry Kane and Declan Rice on the importance of wellbeing, and advising and sharing best practices to help inform The First Lady of Ukraine's mental-health strategy.

As part of his 40th birthday celebrations, The Prince of Wales highlighted an issue on which The Royal Foundation will be increasingly focused in 2023, homelessness. During various Royal visits, The Princess of Wales has worked to increase awareness and support for early childhood, particularly raising the issue with broader audiences.

Research - Research plays a vital role in the approach we take.

It allows us to understand the issues we want to tackle, how best to approach them and how we'll have the most impact by engaging with those who can help us to drive change.

We were able to dig deeper into public perceptions of childhood through research which showed us that too few people recognise the importance of early childhood which will be central to our awareness-raising campaigning for 2023.

Analysing the impact our work is having is crucial too. Working alongside Oxford University, we have determined the link between establishing the *United for Wildlife* Taskforces and the collective efforts at elevating the issues of illegal wildlife trafficking.

As we enter 2023, research will be paramount in responding to the burgeoning issues we want to approach next. Our research on homelessness in the UK will help us understand the problem in more depth and, just as importantly, provide a clearer sense of how the public understands it.

Moving forward, we will be using research to inform our evaluation work to ensure we are tracking our progress, project by project.

The Royal Foundation Centre for Early Childhood

Over the last decade, The Princess of Wales has dedicated much of her attention to understanding more about how early childhood experiences underpin some of society's biggest challenges.

Launched in 2021, the Royal Foundation Centre for Early Childhood drives awareness of the extraordinary impact of early childhood, to transform society for the future.

Insights from world-leading approaches

As a country, Denmark has created an enabling culture for this crucial life stage and is widely recognised for its approach and investment in early childhood development. In February, The Princess of Wales travelled to Copenhagen to learn more about their focus on infant mental wellbeing and how they harness the power of nature, relationships and playful learning for the first five years of life.

The Royal Foundation of The Prince and Princess of Wales (formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Trustees' Report (continued)

In December, The Princess of Wales visited The Center on the Developing Child at Harvard University. The Harvard Center, a long-standing friend of The Royal Foundation, is a world-leader in research into the lifelong impact of experiences in early childhood and Her Royal Highness had the opportunity to hear about how research and advances in science are helping pave the way for promising futures for every child.

Both trips brought Her Royal Highness's advocacy to an international stage, whilst highlighting the importance of collaboration between international organisations through showcasing and sharing best practices.

Driving change through research

In June, the Royal Foundation Centre for Early Childhood unveiled new research findings into early childhood development. The Princess of Wales and the Centre hosted a roundtable with Ministers, senior civil servants and early childhood expert representatives to discuss the results and the broader importance it can have on the wider society.

Our public perceptions research provided an invaluable platform to bring together the best minds to discuss its findings.

Shaping Us

In early 2023, The Princess of Wales spearheaded the launch of a public awareness campaign, that is building on the work already undertaken by the Royal Foundation Centre for Early Childhood.

The Centre wants to engage the nation with the message that it's our shared responsibility to ensure every child has an equal opportunity to fulfil their potential, and we all stand to benefit from a world full of happier, healthier individuals.

Work this year, including the campaign, will focus on raising awareness of this crucial issue.

Alongside this, the Centre's activity will also include the commissioning of world-leading research and continuing to work collaboratively with both the public and private sector to transform the way we think about early childhood development.

The Earthshot Prize

The Royal Foundation's model allows it to develop and incubate programmes until they are ready to become independent and fulfil their full potential.

After a hugely successful first two years creating and establishing The Earthshot Prize within The Royal Foundation, it became an independent charity in July 2022 to allow it to scale the support it can give to climate-saving solutions globally. The Earthshot Prize is a global environmental prize and platform set up to discover, accelerate and scale ground-breaking solutions set to repair our planet.

As with each of The Royal Foundation's projects, it is rooted in optimism – an opportunity to inspire people worldwide that solving the most significant challenge facing the planet is possible. The first ever Earthshot Prize Winners were awarded late in 2021, and early 2022 saw the inaugural broadcast ceremony win both a Royal Society Television Award and a BAFTA.

Sustained support

Continuing relationships with Finalists and Winners after the ceremony is key to the success of The Earthshot Prize model in accelerating climate solutions.

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Trustees' Report (continued)

In February 2022, The Prince of Wales attended the first ever Earthshot Prize Innovation Showcase. Held in Dubai, the showcase offered Earthshot Prize Finalists from 2021 the opportunity to profile their solutions on a stage like no other to seek support to help scale their work.

As part of this event a further £1 million investment was announced to expand two of the showcased solutions – Coral Vita and Living Seawalls.

Support for each of the brilliant solutions profiled by The Earthshot Prize doesn't end after the annual prize ceremony. Sustained support is helping each solution to scale at the rate needed to tackle the urgent issues facing the planet.

An independent entity set for success

Drawing on 12 years of experience from The Royal Foundation, taking counsel from leading experts and undergoing a year's worth of planning, the foundations are set to ensure The Earthshot Prize will succeed.

An inspiring Board was established, comprising of world-renowned experts in the field and chaired by Christiana Figueres. She has been a Member of The Earthshot Prize Council since 2020 and is the co-founder of Global Optimism and former UN Climate Chief responsible for delivering the landmark Paris Agreement on Climate Change in 2015. The collaborative partnership between The Royal Foundation and The Earthshot Prize will continue to be strong, with The Prince of Wales taking the position of President at The Earthshot Prize and the two teams continuing to work closely together.

The Earthshot Prize becoming an independent charity proves that The Royal Foundation's model of applying the power of research, convening and partnerships can help build, scale and deliver innovative solutions for global issues.

United for Wildlife

The trafficking of illegal wildlife products is the fourth largest illicit crime globally, with the cost to animal and human life too great to ignore.

Founded in 2014, *United for Wildlife* aims to make it impossible for traffickers to transport, finance or profit from illegal wildlife products.

The programme has combined forces with the private sector through its Financial and Transport Taskforces. These groups' role is to bring together businesses in these sectors from across the world, alongside key partners in law enforcement and NGOs, to disrupt the criminal networks operating in this space globally.

Sustained progress celebrated with thanks to United for Wildlife's network

Since 2017, the *United for Wildlife* network has contributed to over 500 law enforcement investigations, over 300 arrests and thousands of workers receiving specialist training to improve our response in the fight against illegal trafficking.

Bringing the power of collective work to a regional level

United for Wildlife has continued to bring the collective power of the global Taskforces to a regional level, setting up Regional Chapters consisting of a mixture of sectors. The aim is for these groups to work together to break the chains of the illegal wildlife trade specific to their location.

In 2022, we have operationalised these groups by creating Chapters in these regions:

- The Middle East and North Africa

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- Southern Africa
- North America

Uniting key players to drive change

In October, The Prince of Wales joined 300 leading figures from the private sector, conservation organisations and law enforcement globally at *United for Wildlife's* Global Summit in London.

The summit highlighted the critical role collaboration across sectors could play in addressing this global issue. It was also a forum to spotlight positive recent developments made possible by the work of the network, including the high-profile sentencing of Moazu Kromah for conspiring to traffic more than \$7 million of rhino horn and elephant ivory and the illegal poaching of approximately 135 animals.

The summit also paid tribute to wildlife rangers, those on the frontline against commercial poachers. The death earlier in the year of Anton Mzimba, a close colleague of many in the network, served as a harsh reminder of the everyday threat to human life and the lasting impacts associated to it.

Powerful partnerships

An exciting new partnership between the International Air Transport Association and Interpol will link the Transport and Financial Taskforces in a way that enables them to respond to seizures of trafficked goods, which has not been possible until now.

We are also exploring the potential for a more formal collaboration with the United Nations Office on Drugs and Crime (UNODC) and are excited to share further details with our partners in due course. The combined strength of this partnership will enable further convening of conservation and commercial organisations with a global network of UNODC wildlife crime advisers and local law enforcement.

It's a partnership that we hope will pave the way for further disruption to the illegal wildlife trade on a global scale.

Mental Health

2022 marked five years since the launch of *Heads Together*, the campaign that set out to change the national conversation on mental health. Data from 2017-2022 showed that around six million additional people in the UK spoke about their mental health, and in November 2022, [a report](#) analysing its impact over the last five years was released.

Continuing the conversation to end the stigma

The Prince and Princess of Wales were involved in various awareness-raising moments throughout 2022, ensuring the conversation around mental health remains at the top of the agenda.

Every Mind Matters

In support of Better Health – Every Mind Matters, a service which offers advice to tackle loneliness and provides NHS-approved tips to help people look after their mental wellbeing, the 2022 Mental Health Minute was broadcast to over 500 UK radio stations to mark Mental Health Awareness Week.

The specially recorded message, voiced by Their Royal Highnesses, called on the nation to 'lift someone out of loneliness' by encouraging small acts of kindness to help someone who may be feeling lonely.

World Mental Health Day

In October, to mark World Mental Health Day, The Prince and Princess of Wales visited BBC Radio 1's Newsbeat to participate in a special episode about young people and mental health.

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Game of 5s show

Ahead of the 2022 FIFA World Cup, The Prince of Wales sat down with Harry Kane and Declan Rice in collaboration with football media company COPA90 to produce a special episode of the popular 'Game of 5s' show.

The conversation between the three leaned on different footballing memories to help them delve into experiences of the highs and lows of life as professionals and as fans. This film was viewed 13.6 million times.

Supporting Ukraine

In November, The Princess of Wales and The Royal Foundation convened a virtual roundtable to provide advice and share best practices to help support the First Lady of Ukraine's mental health strategy, which was announced in 2022.

Topics discussed included how to reduce stigma, the value of support groups for children and veterans and the mental health support available to Ukrainians living in the UK.

The roundtable was followed by a visit from The Princess of Wales to the Reading Ukrainian Support Centre, where she saw first-hand the assistance available for those living in Britain.

Keeping momentum

The report released on the impact of *Heads Together* and our continued commitment to changing the conversation on mental health has allowed us to reflect on what's needed next in this space. This year, we will continue to aim for society-wide change, prioritising prevention and early mental health support for anyone who needs it.

Emergency Responders

The Royal Foundation remains committed to supporting the emergency responder community, especially when it comes to addressing the demands placed on the mental health and wellbeing of those who work within it.

87% of emergency services staff and volunteers have experienced stress and poor mental health during their work, so the need for support is clear.

Blue Light Together

As a response to the Covid-19 crisis, together with Mind, The Ambulance Staff Charity, Police Care UK and The Fire Fighters Charity, The Royal Foundation established Blue Light Together, a central hub for UK emergency services staff, volunteers, retirees, friends and family looking for support with their mental health and wellbeing.

The resources are continually updated, with research also carried out amongst emergency responders each year, to help support the campaign.

Lasting impact

The Policy Institute at King's College London conducted a qualitative evaluation of The Royal Foundation's Emergency Responders Programme from August to November 2022.

Early findings from the evaluation indicate the following positive impacts from the programme:

- Reduction in stigma around discussing mental health and accessing services
- Acting as a catalyst for galvanising collaboration between emergency services

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Trustees' Report (continued)

- Improvements in mental health have been recorded by some providers, particularly where support is tailored
- Ripple effect: inspiring independent action to improve mental health provision across the emergency services

Together at Christmas

The Princess of Wales hosted the second annual Christmas carol service at Westminster Abbey in December to recognise the selfless efforts of individuals, families and communities across the UK and spotlight the impact coming together to support each other can have on us all.

The Princess of Wales and other members of The Royal Family, including His Majesty The King were joined by over 1,800 inspiring people from every corner of the country, whilst satellite services were carried out in locations including Belfast, Glasgow and Swansea.

The service paid tribute to Her Late Majesty Queen Elizabeth II and the values she demonstrated throughout her reign. Those invited to the Abbey personified her principles of supporting others in their community, and showing compassion and empathy.

The Westminster Abbey choir performed some of the nation's most beloved carols and there were celebrity performances from Craig David, Alexis Ffrench, Samantha Barks, and a special duet from Alfie Boe and Melanie C. The service also included a series of pre-recorded films, one of them featuring a local Ukrainian school in London, who were invited to perform at the service. There were also poignant readings from The Prince of Wales and other special guests.

Running in tandem with the service at the Abbey, a family of 'Together at Christmas' community carol services also took place. Hosted by Lord Lieutenants, and supported by The Royal Foundation, these events were part of community carol services across the UK in December, shining a spotlight on the unsung heroes in local communities.

The service was broadcast on ITV on Christmas Eve and reached an audience of 4.5 million, topping viewing figures from the year before. The carol service received extensive media coverage in both national and regional press and reached 55.7 million people online.

It will continue to act as an incredible platform to recognise worthy individuals, and celebrate issues and specific interests of Their Royal Highnesses and The Royal Foundation.

What's next for The Royal Foundation?

Whilst 2023 brings a continued focus on our conservation, early childhood and mental health work, the ever-changing climate will always present us with other prevalent social issues to tackle.

Leaning on our research-led foundations and convening the best people and organisations in certain sectors, we are framing how The Royal Foundation can play a role in tackling the Homelessness crisis here in the UK.

More than a quarter of a million children and adults in the UK are living without the safety or security of a home. Even before the cost of living crisis, the rate of homelessness in England alone was estimated to increase by a third over the next five years.

First introduced to the issue of homelessness by his mother, some of The Prince of Wales's earliest patronages were leading homeless charities The Passage and Centrepoin.

To mark his 40th birthday last year, His Royal Highness supported the work of The Big Issue, writing for the magazine and taking to the streets to sell copies with vendors.

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This deep-rooted commitment to homelessness has inspired The Royal Foundation's next bold mission, focused on this issue.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2022 was £10.1m, a drop of 50% compared to 2021 (£20.4m). As flagged in last year's annual report, this drop was expected following the spin out of The Earthshot Prize in July 2022.

95% of total income consisted of donations, grants, royalty and legacy income (down from 98% in 2021) of which 73% was restricted (2021: 91%). Despite the spin out of The Earthshot Prize, that project still accounted for 62% of restricted income in the year, down from 89% in 2021.

Unrestricted income increased from £1.8m to £2.7m, an increase of 48% which reflected a new corporate partnership, some significant auction income received in 2022 and a new programme partnership which is partly unrestricted.

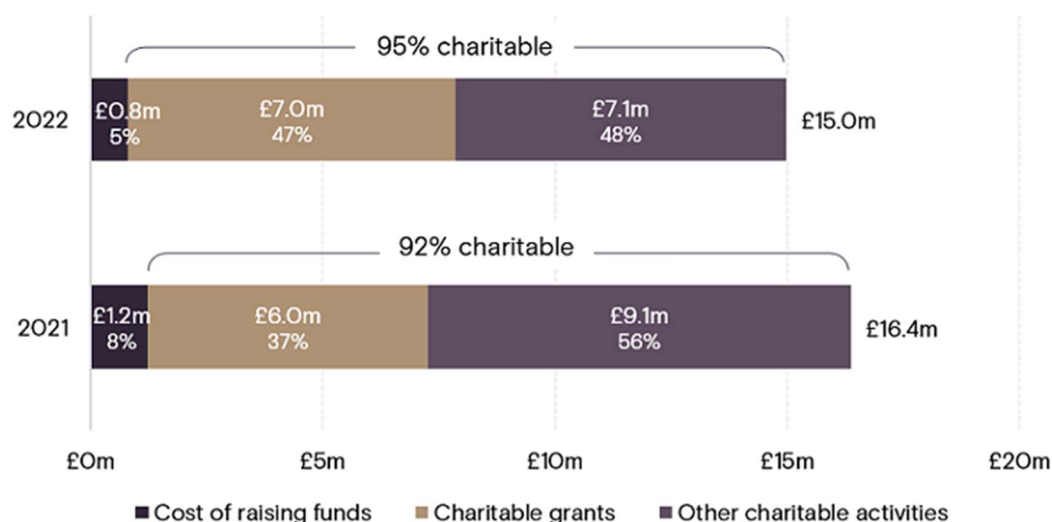
Expenditure

Total expenditure in 2022 was £15.0m of which 95% was spent on charitable activities. The comparable figures for 2021 were £16.4m of expenditure of which 92% was spent on charitable activities. The decrease in expenditure reflects the spin out of The Earthshot Prize, where expenditure fell from £12.1m in 2021 (including the five £1m prizes awarded at the inaugural awards ceremony) to £9.1m in 2022, of which £6.6m related to restricted funds transferred to the newly independent charity upon spin out, which has been treated as grant expenditure.

Charitable Activities

95% of the £15.0m spent in the year was incurred on charitable activities, up from 92% in 2021. Charitable expenditure includes amounts spent on incubating projects, providing grant funding and all activities designed to convene and raise awareness.

A breakdown of the expenditure is shown below:



The Royal Foundation's charitable expenditure was incurred across its core focus areas: Conservation (including both The Earthshot Prize until it span out, and United for Wildlife), Early Years, Emergency

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Responders and Mental Health, and new for this year: homelessness. In addition there was some legacy expenditure in relation to the COVID-19 response fund set up in 2020 that wound down in 2022, and on the Empowering Communities programme. The ratio of grants to direct charitable costs varied considerably between each programme, reflecting the varied nature of the work that The Royal Foundation undertakes and the different stage each programme is at in its lifecycle.

The Earthshot Prize incurred the largest amount of expenditure (£9.1m; 2021: £12.1m), which reflected the transfer of £6.6m of restricted funding to the new charity in July 2022.

Expenditure on **Early Years** activities increased from £0.6m to £1.5m as we continued to build the team working in the Centre for Early Childhood that was established in 2021, and as activity ramped up ahead of the *Shaping Us* campaign that launched in January 2023.

As the world opened up after the COVID-19 pandemic, **United for Wildlife** was able to ramp up activities overseas including the establishment of the regional chapter network across 4 continents. As a result, costs doubled from £0.5m in 2021 to £1.0m in 2022.

The **COVID-19 Response Fund** wound down in 2022 with final grant payments of £98k disbursed in the year, which brought the total disbursed to a range of partner organisations to £1.9m.

Expenditure on **Emergency Responders** and other **mental health** related projects fell to £0.30m in 2022 (2021: £0.60m), which reflected the drawing to a close of a major funding agreement. Mental health remains a core strand of the Foundation's activities and a new strategy for this area is under development.

Fundraising

The cost of raising funds fell from £1.2m in 2021 to £0.8m, reflecting some one off costs incurred in 2021 in connection with the production of The Earthshot Prize book, which are treated as trading costs. Fundraising costs for the charity fell slightly from £0.9m to £0.8m.

Staff and support costs

Staff costs comprised 21% (£3.2m) of total expenditure, up from 16% in 2021 (£2.6m). This reflected a ramping up of The Earthshot Prize team as it established itself as a new charity (headcount of 20 at the point of spin out), and the impact of new roles recruited in both 2021 and 2022 as part of the new strategy focused around research, impact and partnerships. Total headcount reached a peak of 53 in June while average headcount across the whole of 2022 was 39 (2021: 36).

Support costs increased from £1.3m to £1.6m, reflecting increased premises costs after the Foundation moved into new office space in January 2022. The Royal Foundation continues to manage support costs closely, ensuring value for money and compliance with all regulatory and legal requirements. Support costs are allocated across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds (£2.44m) are donations received for defined projects; and unrestricted funds (£5.09m) to be spent in accordance with the charitable objectives at the discretion of the Trustees.

Reserves Policy

The trustees approved an update to the reserves policy in March 2022 to target a range of 12-16 months of operating expenditure (formerly the target level of reserves was 12 months of operating expenditure).

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When setting the target level of reserves, the Trustees have had regard to the Charity Commission's guidance note CC19 and to the financial risk profile of the Foundation, recognising that most of the charity's income derives from voluntary donations whose recurrence can be uncertain. Reserves are held for both proactive and reactive reasons:

- To cover any unplanned reduction to income without compromising charitable and other activities.
- To take advantage of any short term opportunities and to allow new projects to proceed to design and research stages prior to a project-specific fundraising strategy having being devised.
- To cover any unforeseen or emergency expenditure requirements.
- To cover timing differences and working capital requirements.

The level of reserves is calculated monthly and is reviewed by the Trustees at each of their quarterly Trustee meetings.

The total funds of the charity as at 31 December 2022 stand at £7.5m (2021: £12.5m). The free reserves of the charity are £5.0m (2020: £5.4m). The unrestricted reserves represent 15 months of unrestricted expenditure (based on the budgeted 2023 rate of spend), down from 17 months in 2021. The Board of Trustees continues to be prudent with the free reserves balances into 2023, as we evolve our fundraising strategy, scale up the early years programme and incubate a new homelessness programme in 2023, as well as continuing to invest in implementing our new strategy which will see us embed research, partnerships, and impact delivery at the centre of our activity.

Free reserves of the charity are calculated as set out below:

	2022	2021
	£'000	£'000
Total Funds of The Royal Foundation	7,528	12,497
Less:		
Restricted Funds	(2,441)	(7,049)
Tangible Fixed Assets	(56)	(29)
Free Reserves	<u>5,031</u>	<u>5,419</u>

The level of free reserves provides assurance that The Royal Foundation can continue operating as a going concern.

Investment Policy and Performance

The Trustees invests funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management. The investment objective is to generate a total return of at least inflation (UK CPI) plus 3% per annum net of all costs, through a fully-diversified strategy and over a 5-year investment time horizon. The Finance Committee review the charity's investment policy annually and investment performance at their quarterly meetings. In 2015, the trustees adopted the ethical investing guidelines of the Church of England's Ethical Investment Advisory Group. This prohibits investment in businesses which derive more than a de minimis limit from the following industries: alcohol, tobacco, pornography, armaments, gambling, doorstep lending, human embryonic cloning and the extraction, production and refining of fossil fuels.

During 2022 the fixed income part of the portfolio was liquated and converted into cash in order to generate a better level of returns. This realised proceeds of £1.15m and a capital gain of £7k. The rest of

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the portfolio, invested in Cazenove's Charity Responsible Multi-asset fund, fell in value from £1.70m to £1.59m for a capital loss of £110k. Net of income and management charges, this reflected a loss of 3.3% in the year. Over the 5-year investment horizon of the investment objective, the portfolio gained in value by 3.2% per annum, equivalent to CPI – 0.7%. The value and composition of investments are summarised in Note 13 to the financial statements.

The portfolio is conservatively invested and diversified across multiple asset classes, and therefore suffers less than the wider equity markets during periods of volatility.

Grant-making policy

Decisions on grants are made by the Trustees. Trustees only approve grants or fund projects which demonstrate public benefit within the criteria of the Charity Commission's guidance. The Royal Foundation actively looks for opportunities where added leverage can be demonstrated from its involvement but it does not accept unsolicited requests for funds.

Going concern

The financial review above considers the financial performance and position of The Royal Foundation. The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2023 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors and foundations to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is not solicited but is received on an ad hoc basis and whilst gratefully received, is not critical to the running of the charity or to fund its charitable activities. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation.

As such, the Trustees believe that The Royal Foundation and its subsidiary, TRF Trading Limited, have adequate resources to continue their activities for the foreseeable future and that there is no material uncertainty in relation to the Foundation's status as a going concern. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

Risk management

In line with governance best practice, the Trustees are committed to maintaining a strong risk management framework that supports The Royal Foundation to manage risks appropriately.

A strategic and operational risk register is reviewed regularly by the organisation's Leadership Committee, Finance Committee, Governance and Nominations Committee and Trustees. The register considers the impact, likelihood, and level of mitigation of risks, with the management of each risk assigned to a senior member of staff. Quarterly reports are made to the Trustee Board and Finance and Governance and Nominations Committees, of continuing and emerging high-concern risks and those where action is required.

The principal risks are those which, without effective mitigation, would have a serious impact on the work of The Royal Foundation. The highest rated risks are summarised below:

- *Staff capacity.* The Royal Foundation runs a lean team which requires considerable attention to resource allocation and capacity given the number of active projects being worked on. This risk

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is mitigated through proactive prioritisation and scheduling of work and an agile approach to resourcing, including where appropriate the use of secondees, contractors and working with partner organisations in order to manage capacity as required.

- *Cybersecurity.* As a high profile organisation The Royal Foundation faces increasing risk of its IT infrastructure being maliciously targeted, which could potentially lead to exposure or loss of critical assets or sensitive information. The Foundation maintains robust security protocols and controls, and regular staff training is carried out.

The Trustees are satisfied that the major risks identified have been reviewed and systems or procedures have been established to manage those risks.

Constitution

The Royal Foundation is registered as a charity with the Charity Commission under charity number 1132048 and is a company registered in England & Wales number 7033553.

The Royal Foundation was formed on 29 September 2009 as a charitable company limited by guarantee. It is governed by its revised Articles of Association which were passed by a special resolution dated 28 April 2011 and further amended by special resolutions dated 1 November 2011, 29 February 2012, 11 July 2012, 12 January 2017, 8 June 2018, 8 August 2019 and 20 June 2022.

TRF Trading Limited was formed on 26 January 2011 as a wholly-owned subsidiary to carry out trading activities on behalf of The Royal Foundation (see Note 3).

On 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund (the Diana Fund), registered charity 1064238, to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation became the sole member of the Diana Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of the Diana Fund, applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect on 31 December 2013. Any future income is received by The Royal Foundation as unrestricted funds.

In accordance with a request by The Duke of Sussex, half of the net proceeds received by the Diana Fund since 18 December 2019 are being donated to Sentebale, a UK-registered charity of which The Duke of Sussex is a patron.

The American Friends of The Royal Foundation of The Prince and Princess of Wales, Inc., established in 2011 is a 501(c)(3) public charity, and whilst it is a separately controlled entity its interests are aligned with those of The Royal Foundation. The American Friends support The Royal Foundation's programmes and initiatives, primarily focussing on projects that deliver impact on an international scale.

Members, Trustees, Delegated Committees and Advisory Boards

Members

In addition to their roles as patrons, The Prince and Princess of Wales have been members of The Royal Foundation since August 2019.

Trustees

Strong governance and management are critical to the success and reputation of The Royal Foundation. The Directors of The Royal Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees. The Trustees take overall responsibility for the

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charity and its work. They are responsible for ensuring The Royal Foundation is effectively and properly run and meets its goals as a charity.

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fundraising and the Trustees meet formally a minimum of four times a year under the Chairmanship of Lord Hague of Richmond.

Trustee Recruitment

The Articles of Association of The Royal Foundation provide for the appointment of Directors, who also act as Trustees. After discussing and agreeing the specific skills and experience required to enhance the Trustee board, the Trustees draw up a list of potential candidates, which is approved by the members of The Royal Foundation. New Trustees are recruited through known sources such as The Royal Foundation's sub-committees or other areas of the charity sector. The Chairman and Trustees interview prospective candidates, informed by the requirements of the Foundation's skills matrix which considers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is appointed by the Trustees, following formal nomination by The Prince of Wales in his role as Founder.

In addition, The Private Secretaries of The Prince and Princess of Wales are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

Trustee Induction

Upon appointment, each Trustee receives a copy of the Charity Commission for England and Wales publication "The essential trustee: what you need to know, what you need to do" and other relevant Charity Commission literature. In 2020, the Trustees reviewed the latest edition of the Charity Governance Code to ensure the charity complies with best practice. New Trustees are asked to sign up to a Code of Conduct.

Trustees meet with senior members of The Royal Foundation's management team and are introduced to staff as part of their induction process. They are also provided with comprehensive background documentation which covers incorporation, operations and finance, policies and more general information relevant to The Royal Foundation's history and associations. Whereas Trustees are recruited with their specific skills and experience in mind, further project-based training is undertaken where necessary. This includes project visits to familiarise themselves with the full nature of The Royal Foundation's work as well as meeting with project partners, donors and other stakeholders.

Finance Committee

The Trustees have appointed a Finance sub-committee to help with the execution of its responsibilities, the members of which are appointed by the Trustees. The Finance Committee oversees in detail the financial plans and performance of the charity, reviews the risk management processes and monitors the performance of the investment portfolio.

The Finance Committee meets quarterly, is chaired by Sir Ron Kalifa OBE and comprises three further Trustees: Simon Patterson, Jean-Christophe Gray, Lady Pinsent, and two external advisory members: Ben Moorhead, DL and Catherine Biscoe FCA. The Committee meetings are attended by members of the Leadership Committee, including the Chief Executive.

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Trustees' Report (continued)

Governance and Nominations Committee

The Governance and Nominations Committee was constituted at the end of 2018 to lead the process for appointments and election to the Board of Trustees and independent members to its committees, and to review and make recommendations to the Board of Trustees relating to the overall governance arrangements of the organisation. The Governance and Nominations Committee meets at least twice a year, is chaired by trustee Claire Wills and comprises two further trustees, Alice Webb and Hannah Cockburn-Logie (until her retirement on 31 October 2022), and subsequently, Jean-Christophe Gray.

Remuneration Committee

The Remuneration Committee reviews and makes recommendations to the Board of Trustees on remuneration matters. The committee is chaired by Lord Hague and comprises four further trustees, Simon Patterson, Claire Wills, Alice Webb and Sir Ron Kalifa OBE.

Earthshot Prize Transition Committee

This committee was constituted in December 2021 to oversee plans for the spin out of The Earthshot Prize as an independent charity, including the appointment of new board members and creation of constitutional documents. The committee was chaired by Lord Hague and comprised Sir Ron Kalifa OBE, Simon Patterson and Claire Wills as well as Christiana Figueres and David Fein, Chair and Vice Chair respectively of the new Earthshot Prize charity. The transition committee disbanded in June 2022.

Advisory Boards and Councils

The Royal Foundation is fortunate to benefit from a network of experienced volunteers, who support and help steer The Royal Foundation's work through external advisory groups. Advisory boards and councils that were active in the year included the Emergency Services Senior Leaders Board, Early Years Advisory Group, Earthshot Prize Council and a Mental Health Research Group.

Senior Management

The Trustees have delegated authority to the Chief Executive and the Leadership Committee for the day-to-day management of the organisation. The Leadership Committee is led by the Chief Executive (or as a collective decision-making body during the period when there was no Chief Executive in post) and has the delegated responsibility for the design and delivery of programmes and income generation, along with the administrative functions of finance, HR, health and safety, project evaluation, management information systems, marketing and communications.

Employment and Remuneration

The Royal Foundation recognises and values its people as its most important asset in achieving its aspirations. The Royal Foundation operates and maintains a legal, fair, equitable and affordable Pay and Reward Framework for its diverse and talented workforce. The framework helps to attract, recruit, develop and retain employees with appropriate knowledge and relevant skills required to sustain delivery. The framework is continually reviewed through job evaluation, internal and external sector benchmarking to ensure that pay scales remain competitive and remains in line with the Foundation's current financial position. The organisation also offers a wide-ranging learning and development programme to all staff.

The Royal Foundation is committed to being a mentally healthy workplace and offers a number of health and wellbeing initiatives to ensure that all members of the team have the right resources and support in place to ensure good mental health.

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Trustees' Report (continued)

The Royal Foundation remains committed to equality and diversity and to ensuring a positive, safe and respectful environment which promotes the wellbeing and dignity of its employees, applicants, partners, suppliers and those whose interests it represents. It aims to promote equality of opportunity and diversity and to tackle any forms of discrimination, harassment or bullying within its working environment, whether on grounds of age, disability, gender, gender reassignment, marriage or civil partnership, pregnancy or maternity, race or ethnic origin, religion or belief, sex or sexual orientation, and discrimination by association.

These principles underpin its professional behaviour and are embedded in its policies, procedures, day-to-day practices and external relationships, with staff undertaking training on diversity, inclusion and unconscious bias. All policies and practices reflect current relevant legislation and will continue to comply with future legislation changes. The Foundation is continuing its work to place its approach to diversity as an employer, partner and designer of charitable initiatives at the centre of its overall strategy.

Sustainability

As a small organisation of predominantly office-based knowledge workers, The Royal Foundation has a relatively limited environmental footprint. Nonetheless, given our interest in and focus on conservation we strive to demonstrate best practice, minimise our carbon footprint, and play our part in contributing towards the United Nations goal of being carbon neutral by 2050.

Furthermore, with climate change and sustainability representing some of society's greatest challenges, these are issues which present the Foundation with exactly the type of opportunities that we seek to tackle.

During 2023 we are working to further develop our sustainability policies and look forward to reporting further progress next year.

Safeguarding

The Royal Foundation does not engage in any activity with children or vulnerable adults such as is regulated by safeguarding legislation, but it does take seriously its obligations to operate in such a way as to ensure so far as is possible that its work causes no harm to anyone with whom it engages.

Given these values and considering widely recognised risks, The Royal Foundation has developed its safeguarding policy to promote protection for all those people it encounters, both staff and volunteers within the charity as well as the partner organisations with which it works.

Should it come into contact with vulnerable groups The Royal Foundation takes responsibility to ensure it is doing all it can to protect such groups from all forms of harm that might occur as a result of that contact, including abuse, neglect and exploitation and to ensure appropriate action is taken if such harm occurs.

Data Protection

The organisation reviewed and revised where necessary its processes, policies and approaches in relation to data protection to ensure compliance with the General Data Protection Regulation (GDPR) changes which came into effect in May 2018. All staff are provided with appropriate training to ensure there is a good level of understanding throughout the whole organisation.

Governance Code

A governance code, endorsed by the Charity Commission and other industry bodies, was launched in 2017 and updated in 2020. Together with the Trustees, management have ensured that The Royal Foundation is substantially compliant with the code.

The Royal Foundation of The Prince and Princess of Wales (formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Trustees' Report (continued)

The code asks charities to “apply or explain”. Details of where the code has not been applied, or where steps have been taken to apply the code’s provisions during the year, are provided below:

- Equality, diversity and inclusion: formal targets for diversity of the Board have not previously been set but will be considered, monitored, and reported on. Diversity is always considered in Trustee recruitment.

During 2023 we are undertaking a Board evaluation exercise, conducted by an independent expert. Recommendations made during this process will be considered by the Board and implemented later in the year.

Fundraising

The Royal Foundation applies the support it receives only for its charitable purposes. The Foundation does not accept funds raised through activities considered ‘public fundraising’ such as sponsored challenges, but it welcomes donations and other funding from individuals, foundations, companies and other charities, engaging supporters around particular programmes or the charitable work of The Royal Foundation as a whole, in line with its gift acceptance policy. The Royal Foundation is committed to the highest standards in all of its fundraising activity and is open and honest in the information it provides to its supporters about its work and how their donations are used.

The Royal Foundation’s fundraising is carried out by its employees and Trustees through direct contact with supporters and potential supporters. Additionally, some of the Foundation’s existing donors make introductions to others also interested in supporting the Foundation’s work.

The Royal Foundation has voluntarily registered with the Fundraising Regulator. No complaints relating to fundraising activities were received during the year or in the prior year. The Royal Foundation takes care not to cause nuisance or disruption when communicating with its supporters and the fundraising team reports to the Board of Trustees and the Chief Executive on the delivery of its fundraising activity. The Royal Foundation will never sell or share data about its donors and has put in place controls to ensure the security of all data held. Where The Royal Foundation uses professional fundraisers or where it works with corporate partners (commercial participators), it has put in place policies and contractual arrangements to ensure their effective management and adherence to The Royal Foundation’s policies.

Related Parties

Further details about Related Parties can be found in Note 11 to the consolidated financial statements.

Public Benefit

The Royal Foundation is a public benefit entity under FRS 102. The Trustees confirm that they have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the charity’s aims and objectives and setting grant-making policies.

The Trustees consider particularly how planned activities will contribute to the aims and objectives they have set.

Directors’ indemnity insurance

The Royal Foundation maintains liability insurance for its Trustees and Officers.

Trustees’ Responsibilities

The Trustees (who are also the Directors for Companies law purposes) are responsible for preparing the Trustees’ Report (which incorporates the Directors’ report for Companies law purposes) and the financial

The Royal Foundation of The Prince and Princess of Wales
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Trustees' Report (continued)

statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the integrity of the financial statements contained therein.

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and takes advantage of the small companies' exemption from the requirement to prepare a strategic report.

Approved by the Board of Trustees on 22 June 2023 and signed on its behalf by



Lord Hague of Richmond – Chair of The Royal Foundation
Kensington Palace
Palace Green
London, W8 4PU

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES**

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2022 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Royal Foundation of the Prince and Princess of Wales ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 December 2022 which comprise the consolidated statement of financial activities (including the income and expenditure account), charity statement of financial activities (including the income and expenditure account), the consolidated and charity balance sheet, the consolidated and charity cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The Royal Foundation of The Prince and Princess of Wales
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES (continued)**

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

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

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES (continued)**

for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent 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 auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Charitable Company and the sector in which it operates;
- Discussion with management and those charged with governance including the Finance Committee; and
- Obtaining and understanding of the Group's and Charitable Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to include but not limited to, the Companies Act, the Charities Act, FRS102, Charities SORP, fundraising regulations and UK tax legislation.

The Group and Charitable Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law and data protection laws.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES (continued)**

- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the finance committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's and Charitable Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be the use of journal entries and significant accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including allocation of costs and apportionment of costs between charitable and fundraising expenditure and the valuation of gifts in kind.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES (continued)**

Use of our report

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. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

73D8B18FE9AC4C9...
Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 22 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553
Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2022

		2022				2021			
	Notes	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2022	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2021
			(continuing operations)	(discontinued operations)			(continuing operations)	(discontinued operations)	
		£	£	£	£	£	£		£
Income:									
Donations and Legacies	2	2,594,478	2,802,519	4,177,775	9,574,772	1,801,227	18,149,557	-	19,950,784
Net income on share of associate's surplus		-	182,225	-	182,225	-	-	-	-
Trading activities	3	200	2,308	219,427	221,935	-	442,430	-	442,430
Investment income	4	68,500	-	-	68,500	464	-	-	464
Other income	4	54,645	-	-	54,645	36,489	-	-	36,489
Total income		2,717,823	2,987,052	4,397,202	10,102,077	1,838,180	18,591,986	-	20,430,167
Expenditure:									
Raising funds	5	(625,529)	(49,350)	(139,888)	(814,767)	(606,783)	(623,905)	-	(1,230,687)
Charitable activities	5,6								
- Grants		(5,918)	(429,305)	(6,598,622)	(7,033,845)	(9,683)	(6,023,294)	-	(6,032,977)
- Other charitable activities		(1,930,663)	(2,819,311)	(2,368,972)	(7,118,946)	(1,361,732)	(7,732,386)	(3,091)	(9,097,209)
		(1,936,581)	(3,248,616)	(8,967,594)	(14,152,791)	(1,371,415)	(13,755,680)	(3,091)	(15,130,186)
Total expenditure		(2,562,110)	(3,297,966)	(9,107,482)	(14,967,558)	(1,978,197)	(14,379,585)	(3,091)	(16,360,873)
Net (expenditure)/income before investment gains		155,713	(310,914)	(4,710,280)	(4,865,481)	(140,017)	4,212,402	(3,091)	4,069,293
Net (losses)/gains on investment	13	(103,641)	-	-	(103,641)	215,437	-	-	215,437
Net income/(expenditure)		52,072	(310,914)	(4,710,280)	(4,969,122)	75,419	4,212,402	(3,091)	4,284,730
Transfers between funds	17,18,19	(412,674)	412,674	-	-	-	(3,091)	3,091	-
Net movement in funds		(360,602)	101,760	(4,710,280)	(4,969,122)	75,419	4,209,311	-	4,284,730
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,447,480	2,178,376	4,871,091	12,496,947	5,372,061	2,840,156	-	8,212,217
Fund balances carried forward at 31 December	17,18,19	5,086,878	2,280,136	160,811	7,527,825	5,447,480	7,049,467	-	12,496,947

Discontinued operations in 2022 relates to The Earthshot Prize which was transferred out to a new charity on 15 July 2022.

Discontinued operations in 2021 relates to The Duke of Sussex's *Headfit* programme, which was transferred to Armed Forces Covenant Fund Trust on 1 May 2021.

There were no other recognised gains or losses.

The notes on pages 30 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553
Charity statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2022

		2022				2021			
		Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2022	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2021
Income:									
Donations and Legacies	2	2,594,600	2,802,327	4,354,643	9,751,570	1,801,227	18,227,361	-	20,028,588
Investment income	4	68,500	-	-	68,500	464	-	-	464
Other income	4	59,084	-	-	59,084	36,489	8,849	-	45,338
Total income		2,722,184	2,802,327	4,354,643	9,879,154	1,838,180	18,236,210	-	20,074,390
Expenditure:									
Raising funds	5	(629,889)	(46,851)	(97,329)	(774,069)	(606,783)	(268,128)	-	(874,910)
Charitable activities	5,6								
- Grants		(5,918)	(429,305)	(6,598,622)	(7,033,845)	(9,683)	(6,023,294)	-	(6,032,977)
- Other charitable activities		(1,930,663)	(2,819,311)	(2,368,972)	(7,118,946)	(1,361,732)	(7,732,386)	(3,091)	(9,097,209)
		(1,936,581)	(3,248,616)	(8,967,594)	(14,152,791)	(1,371,415)	(13,755,680)	(3,091)	(15,130,186)
Total expenditure		(2,566,470)	(3,295,467)	(9,064,923)	(14,926,860)	(1,978,197)	(14,023,808)	(3,091)	(16,005,096)
Net income/(expenditure) before investment gains		155,714	(493,140)	(4,710,280)	(5,047,706)	(140,017)	4,212,402	(3,091)	4,069,294
Net (losses)/gains on investment	13	(103,641)	-	-	(103,641)	215,437	-	-	215,437
Net (expenditure)/income		52,073	(493,140)	(4,710,280)	(5,151,347)	75,419	4,212,402	(3,091)	4,284,730
Transfers between funds	18,19,20	(412,674)	412,674	-	-	-	(3,091)	3,091	-
Net movement in funds		(360,601)	(80,466)	(4,710,280)	(5,151,347)	75,419	4,209,311	-	4,284,730
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,444,836	2,181,019	4,871,091	12,496,946	5,369,417	2,842,799	-	8,212,216
Funds balances carried forward at 31 December		5,084,235	2,100,553	160,811	7,345,599	5,444,837	7,052,110	-	12,496,947

Discontinued operations in 2022 relates to The Earthshot Prize which was transferred out to a new charity on 15 July 2022.

Discontinued operations in 2021 relates to The Duke of Sussex's *Headfit* programme, which was transferred to Armed Forces Covenant Fund Trust on 1 May 2021.

There were no other recognised gains or losses.

The notes on pages 30 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Consolidated and Charity balance sheet
As at 31 December 2022

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible fixed assets	12	55,936	28,641	55,936	28,641
Investments	13	1,768,817	2,848,168	1,586,593	2,848,169
		1,824,753	2,876,809	1,642,529	2,876,810
Current assets					
Debtors	14	1,245,034	5,386,907	1,255,456	5,417,559
Cash at bank and in hand	22, 23	5,208,848	10,939,633	5,182,150	10,501,471
		6,453,882	16,326,540	6,437,606	15,919,030
Creditors: amounts falling due within one year	15	(750,810)	(6,706,402)	(734,536)	(6,298,894)
Net current assets		5,703,072	9,620,138	5,703,070	9,620,136
Net assets		7,527,825	12,496,947	7,345,599	12,496,946
The funds of the group/charity					
Unrestricted funds	17	5,086,878	5,447,480	5,084,235	5,444,836
Restricted funds	18	2,440,947	7,049,467	2,261,364	7,052,110
Total funds		7,527,825	12,496,947	7,345,599	12,496,946

The notes on pages 30 to 44 also form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of The Royal Foundation of The Prince and Princess of Wales (registered number 7033553) were approved by the Board of Trustees on 22 June 2023 and signed on its behalf by:



Lord Hague of Richmond – Trustee
Kensington Palace
Palace Green
London
W8 4PU

Company Registration No. 07033553

Consolidated Cash Flow Statement
For the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows provided by operating activities:			
Net cash provided by operating activities	21	(6,897,610)	4,852,054
Cash flows from investing activities:			
Dividends and interest from investments	4	68,500	464
Transfer of fixed assets to The Earthshot Prize	12	28,962	-
Purchase of tangible fixed assets	12	(81,351)	(27,134)
Net cash (used in)/provided by investing activities		16,111	(26,670)
Change in cash and cash equivalents in the year	22, 23	(6,881,499)	4,825,384
Cash and cash equivalents at the beginning of the year		12,090,549	7,265,165
Total cash and cash equivalents at the end of the year	22, 23	5,209,050	12,090,549

Analysis of changes in net funds

	1 January 2022 £	Cash flows £	Foreign exchange movements £	31 December 2022 £
Cash at bank and in hand	10,939,633	(5,676,140)	(54,645)	5,208,848
Cash in investment portfolio	1,150,916	(1,150,714)	-	202
	<u>12,090,549</u>	<u>(6,826,854)</u>	<u>(54,645)</u>	<u>5,209,050</u>

	1 January 2021 £	Cash flows £	Foreign exchange movements £	31 December 2021 £
Cash at bank and in hand	6,109,566	4,866,557	(36,490)	10,939,633
Cash in investment portfolio	1,155,599	(4,683)	-	1,150,916
	<u>7,265,165</u>	<u>4,861,874</u>	<u>(36,490)</u>	<u>12,090,549</u>

The notes on pages 30 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

a) Basis of accounts preparation

The consolidated financial statements of The Royal Foundation have been prepared under the historical cost convention (with the exception of investments carried at valuation as noted in the accounting policy below) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the 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 (FRS102) (second edition – effective 1 January 2019) – (Charities SORP (FRS102)) and the Companies Act 2006.

b) Consolidation

The financial statements of the wholly owned subsidiary, TRF Trading Limited, have been consolidated with those of the charity on a line by line basis.

During the year, The Earthshot Prize programme that was incubated within The Royal Foundation was spun out into an independent charity, The Earthshot Prize (registered charity number 1198701). The Royal Foundation is one of the members of The Earthshot Prize and has the right to nominate up to three trustees to the new charity's board (four trustees in the event that the total number of trustees of the new charity is more than nine). As a result, The Royal Foundation considers that it has significant influence, but not does exert control, over the financial and operating policies of The Earthshot Prize, and it accounts for its interest in the latter as an associate using the equity accounting method with a one third interest. The consolidated financial statements include the Group's share of the surplus or deficit and net assets of The Earthshot Prize.

With effect from 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality.

On 18 December 2019 a deed was signed with Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal') from which date The Royal Foundation intends to grant 50% of the net income received by The Diana, Princess of Wales Memorial Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income will instead be donated to Sentebale, a registered charity of which The Duke of Sussex is a patron.

Although one member of the Foundation's Leadership Committee (two members until 17 June 2022) is a director of the American Friends of The Royal Foundation of The Prince and Princess of Wales, the Foundation has no control or significant influence over the American Friends and as such, has not consolidated the entity into the group accounts.

c) Going Concern

The Trustees have identified no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern. The level of reserves and available liquid resources is reviewed regularly by the trustees, with close scrutiny of the fundraising pipeline which forms the key income stream for the charity. The Foundation is primarily reliant on donations from a group of individual donors to fund its core costs, with minimal reliance on commercial sponsorship. Stress testing of extreme downside scenarios has

The Royal Foundation of The Prince and Princess of Wales

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Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies (continued)

c) Going Concern (continued)

been conducted which indicates that The Royal Foundation and its subsidiary are financially secure for the foreseeable future.

We remain resilient through having a robust balance sheet, a conservative investment policy, avoiding undue risk, and through sound financial planning and management.

Accordingly, these accounts have been prepared on the going concern basis. Further information is given in the Trustees' report.

d) Judgements and estimates made by management

The preparation of the financial statements requires management to make significant judgements and estimates. These judgements and estimates are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. The items in the financial statements where these judgements and estimates have been made include:

- basis of allocation of support costs;
- income recognition, in particular estimating fair value of a gift in kind;
- estimating the liability from multi-year grant commitments; and
- rates of depreciation used in determining the carrying value of tangible fixed assets.

With respect to the next reporting period, January to December 2023, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees Annual Report for further information). The carrying value of the investment portfolio at the end of December 2022 was £1,586,592 (2021: £2,848,168).

e) Fund accounting

Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are funds subject to specific restrictions imposed by the donor. All restrictions are in line with the charitable objectives of the charity.

All transfers between funds are recorded gross and shown on the Statement of Financial Activities or in the notes.

f) Income

Donations and gifts consist of the total donations from individuals, trusts and corporate entities. Income is recognised in the Statement of Financial Activities when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Grants consist of income receivable by The Royal Foundation from individuals, trusts and corporate entities. Income is recognised when there is entitlement to the grant, receipt is probable and its amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income consists of bank interest, and dividends and interest from the portfolio managed by Cazenove Capital Management. Investment income is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the money paid or payable by the bank or investment manager.

The Royal Foundation of The Prince and Princess of Wales

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Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies (continued)

f) Income (continued)

Gifts in kind are from donated services which are recognised at fair value when performed. Fair value is the amount the charity would have been willing to pay to obtain those services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from trading activities and other income are recorded on a receivable basis.

g) Expenditure

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Expenditure is classified under the following activity headings:

- Raising funds, which comprise the costs incurred in supporting income generation activities, such as fundraising, and their associated support costs.
- Expenditure on charitable activities includes grants payable and costs incurred directly by The Royal Foundation in furtherance of its charitable objectives, along with associated support costs. Grants made are recognised when they have been approved and a legal or constructive obligation is in place. For multi-year grants, with the exception of Earthshot Prizes (which are awarded as grants to the winners), The Foundation retains the control over future years funding which is renewed annually and as such the Foundation only recognises grants on an annual commitment basis. Earthshot Prize grants are recognised in full once they have been awarded to the winners but are paid in instalments over a period of 2-3 years. These were held as current debtors, due to the transfer out of The Earthshot Prize during the year.

Direct costs comprise amounts spent in all activities designed to convene and raise awareness, and to provide the seed capital and grant funding.

Support costs have been allocated across the categories of charitable expenditure and raising funds. Support costs include premises, general management, IT, HR, office supplies and finance.

Support costs for charitable activities comprise costs attributable to operational and grant-making functions. Staff costs (including employer pension contributions and national insurance) are allocated between raising funds and charitable activities on a time spent basis. Office related costs including rent, IT, depreciation and stationery are allocated between raising funds and charitable activities on a headcount or FTE basis.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees together with an apportionment of overhead and support costs.

h) Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

The subsidiary company, TRF Trading Limited, made qualifying donations of all taxable profit to the parent charity. No corporation tax liability on the subsidiary arises in the accounts.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the year-end

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies (continued)

i) Foreign currencies (continued)

exchange rates. All differences are taken to the Statement of Financial Activities. The charity entered into a number of forward contracts during the year for the purchase of US dollars in order to manage its exchange rate exposure. There were no unsettled contracts outstanding as at 31 December 2021 or 31 December 2022.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

k) Investments

The fixed asset investment consists of the share in the subsidiary TRF Trading Limited which is stated at cost and a portfolio of listed investments. Listed investments are a form of basic financial instrument initially recognised at their transaction value and subsequently measured at fair value at the balance sheet date using the closing quoted market price. Any gain/loss on revaluation and disposal are recorded in the Statement of Financial Activities.

Cash held within the investment portfolio is highly liquid and subject to insignificant risk of change. However, these are maintained within fixed asset investments as they are intended for use on a continuing basis in the charity's activities.

l) Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and stated at historical cost less depreciation and applicable impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset to its estimated residual value evenly over its expected useful life, as follows:

- Computer equipment – 24 to 36 months on a straight line basis.
- Fixtures and Fittings – 36 months or over remaining life of the lease, on a straight line basis.
- Leasehold improvements – Over remaining life of the lease, on a straight line basis.

m) Operating Leases

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

n) Financial Instruments

The charity has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value. Financial assets comprise cash at bank and in hand, other debtors and prepayments and accrued income. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

o) Debtors

Debtors are recognised at the settlement amount due at the end of the period.

p) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

r) Irrecoverable VAT

Irrecoverable VAT is allocated to the principal areas of costs in which it has been incurred.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

2 Income from donations and legacies

Group	2022			2021		
	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Donations	2,335,640	802,913	3,138,553	1,182,629	1,206,057	2,388,686
Grants	200,000	5,495,525	5,695,525	326,550	16,617,673	16,944,223
Legacies	11,685	2,000	13,685	183,066	-	183,066
Donated services	47,153	679,856	727,009	108,982	325,827	434,809
Total	2,594,478	6,980,294	9,574,772	1,801,227	18,149,557	19,950,784

In 2022, The Royal Foundation received £26,843 (2021: £17,841) from The Diana, Princess of Wales Memorial Fund.

Donated services of £727,009 (2021: £434,809) relate to gifts of services, including seconded staff, legal and professional fees and advertising, in support of the charity's programmes.

Income from donations and legacies for the charity alone, includes £122 unrestricted and £176,676 restricted (2021: £77,804 restricted), which has been gift aided to The Royal Foundation from its subsidiary, TRF Trading Limited and is eliminated on consolidation.

3 Income from trading activities

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 07506603, registered address Kensington Palace, Palace Green, London, W8 4PU), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its taxable profits to The Royal Foundation of The Prince and Princess of Wales. A summary of its results extracted from its full audited accounts is shown below:

	Year ended 31 December	
	2022 £	2021 £
Turnover	221,935	442,430
Gross profit	221,935	442,430
Administrative expenses	(45,112)	(364,626)
Operating profit	176,823	77,804
Finance charges	(25)	-
Profit on ordinary activities before taxation	176,798	77,804
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	176,798	77,804
Total shareholder's funds brought forward	1	1
Profit on ordinary activities after taxation	176,798	77,804
Charitable donation to parent	(176,798)	(77,804)
Total shareholder's funds carried forward	1	1
Assets, liabilities and shareholders' funds		
Assets	26,698	494,163
Liabilities	(26,697)	(494,162)
Funds surplus including 1 ordinary share of £1	1	1

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

4 Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Investment Income:	68,500	-	68,500	464	-	464
Other Income:						
Foreign exchange gains	54,645	-	54,645	36,489	-	36,489
Total other income	54,645	-	54,645	36,489	-	36,489

Other income for the charity alone derives from income received from TRF Trading Limited, consisting of £4,439 (2021: £8,849) relating to a resource sharing agreement recharge.

5 Summary analysis of total expenditure – Charity

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Raising funds	629,889	144,180	774,069	606,782	268,128	874,910
Charitable activities:						
- Direct costs – grant and donation funding of activities	5,918	7,027,927	7,033,845	9,683	6,023,294	6,032,977
- Direct costs – convening, collaboration and R&D	858,805	4,954,444	5,813,249	650,524	7,495,364	8,145,888
- Support costs	1,071,858	233,839	1,305,697	711,208	240,113	951,321
Total charitable activities	1,936,581	12,216,210	14,152,791	1,371,415	13,758,771	15,130,186
	2,566,470	12,360,390	14,926,860	1,978,197	14,026,899	16,005,096

Included within Raising Funds are Investment management costs of £4,574 (2021: £4,682). Expenditure on Raising Funds for the charity alone excludes £40,698 (2021: £355,777) of non-intercompany expenses incurred by TRF Trading Limited.

6 Analysis of expenditure on charitable activities

2022 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2022 £
Emergency Responders	147,836	104,201	55,866	8,058	315,961
Mental Health	13,043	66,392	42,708	4,233	126,376
United for Wildlife Taskforces	150,000	865,361	211,703	30,405	1,257,469
The Earthshot Prize	6,598,622	2,437,873	386,691	63,450	9,486,636
Early Years	-	1,539,825	256,056	40,098	1,835,979
Empowering Communities	20,649	129	-	-	20,778
COVID-19 response fund	97,777	-	-	-	97,777
Homelessness	-	345,028	109,242	17,765	472,035
Other projects	-	454,440	70,060	9,362	533,862
Unrestricted donation to Sentebale	5,918	-	-	-	5,918
	7,033,845	5,813,249	1,132,326	173,371	14,152,791
2021 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2021 £
Emergency Responders	206,500	185,470	84,456	8,958	485,384
Mental Health	-	119,881	21,586	3,400	144,867
United for Wildlife Taskforces	163,916	336,179	94,210	11,213	605,518
The Earthshot Prize	5,000,000	6,572,657	445,372	62,862	12,080,891
Early Years	16,252	724,235	180,474	21,699	942,660
Empowering Communities	76,111	1,941	5,326	248	83,626
COVID-19 response fund	560,515	10,000	-	-	570,515
Other projects	-	195,525	9,912	1,605	207,042
Unrestricted donation to Sentebale	9,683	-	-	-	9,683
	6,032,977	8,145,888	841,336	109,985	15,130,186

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

7 Analysis of support costs and governance costs

2022	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2022
	£	£	£	£	£	£	£	£
Raising funds	57,582	97,505	40,750	18,053	28,466	1,488	27,476	271,320
Emergency Responders	16,195	16,515	7,779	4,603	10,338	436	8,058	63,924
Mental Health	8,509	25,025	1,095	2,418	5,431	230	4,233	46,941
United for Wildlife Taskforces	61,113	74,810	17,753	17,370	39,010	1,647	30,405	242,108
The Earthshot Prize	131,408	102,090	28,225	40,122	81,409	3,438	63,450	450,141
Other projects	18,816	30,956	2,421	5,348	12,011	507	9,362	79,422
Early Years	80,596	82,597	16,336	22,907	51,448	2,172	40,098	296,154
Homelessness	35,707	35,035	4,595	10,149	22,793	963	17,765	127,007
Empowering Communities	-	-	-	-	-	-	-	-
COVID-19 response fund	-	-	-	-	-	-	-	-
	409,926	464,533	118,954	120,970	250,906	10,881	200,847	1,577,017

Raising Funds in the group totalled £777,857 which consisted of £506,537 of direct fundraising costs and £271,320 of support and governance costs.

Costs relating to Premises, General Management, IT, HR, Office supplies and governance are allocated on the basis of headcount and certain salaries. Finance costs are allocated on the basis of salaries only.

2021	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2021
	£	£	£	£	£	£	£	£
Raising funds	64,137	113,213	63,063	26,205	31,294	8,353	30,942	337,207
Emergency Responders	19,972	19,341	21,835	8,990	11,900	2,418	8,958	93,414
Mental Health	6,766	3,433	3,356	2,597	4,516	918	3,400	24,986
United for Wildlife Taskforces	24,247	21,616	19,924	10,502	14,894	3,027	11,213	105,423
The Earthshot Prize	126,244	94,356	75,120	49,182	83,500	16,970	62,862	508,234
Other conservation	3,193	1,620	1,309	1,226	2,131	433	1,605	11,517
Early Years	44,183	52,796	31,231	17,583	28,823	5,858	21,699	202,173
Empowering Communities	494	251	3,994	190	330	67	248	5,574
COVID-19 response fund	-	-	-	-	-	-	-	-
	289,236	306,626	219,832	116,475	177,388	38,044	140,927	1,288,528

Raising Funds in the group in 2021 totalled £1,230,687 which consisted of £888,137 of direct fundraising costs and £342,550 of support and governance costs.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

8 Analysis of grants and donations

	2022	2021
	£	£
Emergency Responders		
Mind (for the <i>Blue Light Together</i> digital gateway) (2 grants)	117,836	200,000
Police Care UK (on behalf of the Network of Emergency Services Therapists)	30,000	-
Mountain Rescue England & Wales	-	6,500
	<u>147,836</u>	<u>206,500</u>
COVID-19 response fund		
Best Beginnings	-	29,727
Hospice UK	97,777	50,477
Mind	-	249,984
Place2Be	-	46,145
The Ambulance Staff Charity	-	134,182
The Mix	-	50,000
<i>Total COVID-19 response fund</i>	<u>97,777</u>	<u>560,515</u>
Mental Health		
<i>Community Impact</i>		
Two Ridings Community Foundation	13,043	-
Early Years		
London School of Economics	-	16,252
The Earthshot Prize		
Takachar (Clean our Air)	-	1,000,000
Coral Vita (Revive our Oceans)	-	1,000,000
Enapter (Fix our Climate)	-	1,000,000
City of Milan (Build a Waste-free World)	-	1,000,000
Costa Rica (Protect and restore Nature)	-	1,000,000
Spin out to independent charity, The Earthshot Prize	6,598,622	-
	<u>6,598,622</u>	<u>5,000,000</u>
United for Wildlife Taskforces		
Basel Institute on Governance	-	63,916
Focused Conservation Solutions	150,000	100,000
	<u>150,000</u>	<u>163,916</u>
Empowering Communities		
Al Manaar, The Muslim Cultural Heritage Trust	-	47,691
The Felix Project (donation)	20,649	28,420
	<u>20,649</u>	<u>76,111</u>
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	5,918	9,683
	<u>5,918</u>	<u>9,683</u>
TOTAL charitable grants and donations	<u>7,033,845</u>	<u>6,032,977</u>

Unless otherwise stated, all amounts are for single grants.

9 Total expenditure

The following have been charged within total expenditure:

	2022	2021
	£	£
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	48,413	28,550
Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	6,498	5,886
Depreciation of tangible fixed assets	25,094	15,568
Operating lease payments	348,742	134,292
Defined contribution pension costs	185,672	155,619

Auditor remuneration is stated net of irrecoverable VAT, which amounted to £5,570 (2021: £5,300) for audit services and £692 (2021: £677) for non-audit services.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

10 Analysis of staff costs and the cost of key management personnel

	2022	2021
	£	£
Total staff costs comprised:		
Gross wages and salaries	2,629,492	2,152,324
Social security costs	321,464	247,597
Pension costs: defined contribution	185,672	155,619
Other benefits (including medical insurance)	36,770	38,059
	<u>3,173,398</u>	<u>2,593,599</u>

There were no termination costs during 2022 or 2021.

All employees were employed by the charity with the exception of 1 US-based individual who was employed via a third party payroll agency until June 2022 after which the individual transferred out with The Earthshot Prize. The average number of employees in the year was 39 (2021: 36). The average number of staff in the year was 37 full time (2021: 36) and 3 part time (2021: 1), with the part time staff representing an average of 2 FTE. (2021: 1).

For 2022, the key management personnel of the charity comprised the Trustees, the Chief Executive, the Director of Impact, the Director of Research, the Director of Partnerships, the Director of Development, the Directors of The Earthshot Prize and the Royal Foundation Centre for Early Childhood, the Creative Director, the Head of Finance and the Head of Governance and Operations. The total employee benefits of the key management personnel were £1,077,184 (2021: £971,759), including pension costs of £67,384 (2021: £55,956) and national insurance costs of £111,197 (2021: £98,483).

The number of employees who earned over £60,000, including taxable benefits but excluding pension costs, was:

	2022	2021
£60,000 – £70,000	5	4
£70,001 – £80,000	3	2
£80,001 – £90,000	2	–
£90,001 – £100,000	–	4
£100,001 – £110,000	5	–
£170,001 – £180,000	–	1

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year totalled £185,672 (2021: £155,619). There were no outstanding balances as at 31 December 2022 or 31 December 2021.

11 Trustee remuneration, expenses and related party transactions

Unless otherwise stated in this note, there were no amounts outstanding with related parties as at 31 December 2022 or 31 December 2021.

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with the charity or a related entity (2021: £nil).

Expenses

£311 of expenses were reimbursed to or paid on behalf of Trustees during the year (2021: £78).

Related Party transactions – Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £100,000 (2021: £100,000).

Claire Wills is a Trustee of The Royal Foundation and Managing Partner of Freshfields Bruckhaus Deringer LLP. During the year, The Royal Foundation received pro bono legal advice from Freshfields valued at £475,000 (2021: £101,336) and use of office space for a meeting valued at £500 (2021: £nil).

Jean-Christophe Gray, CBE became an *ex officio* trustee of The Royal Foundation on 15 February 2021 and is a member of the Lord Chamberlain's Committee, the main governing body of The Royal Household. Hannah Cockburn-Logie, OBE, MVO was an *ex officio* Trustee of The Royal Foundation and a member of the Lord Chamberlain's Committee until her retirement as a Trustee on 31 October 2022. The Prince and Princess of Wales are members of The Royal Foundation in addition to their roles as patrons.

During the year, The Royal Foundation purchased £33,342 of services from The Royal Household relating to premises costs, recharges of overseas tour costs and medical insurance for its staff (2021: £21,166 relating to communications, recharges of tour costs and medical costs). The Royal Foundation recharged £684 of costs to the The Royal Household in relation to overseas events of the Foundation in Dubai and Denmark (2021: £1,360 for an event at COP26 co-hosted by the Foundation and the Prince of Wales's Sustainable Markets Initiative).

11 Trustee remuneration, expenses and related party transactions (continued)

There were no charges outstanding as at 31 December 2022 (2021: £1,218 of charges were outstanding). In addition, the Royal Household at Kensington Palace provided pro bono postage to The Royal Foundation valued at £1,020 (2021: pro bono communications services valued at £40,000).

Related Party transactions – Subsidiaries and Associates

TRF Trading Limited

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 7506603), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Prince and Princess of Wales. At the year end, TRF Trading Limited owed £12,923 (2021: £86,853) to The Royal Foundation, comprised of management charges of £4,439 (2021: £8,849) and a gift aid donation of £5,984 (2021: £77,804). A further £170,814 was donated during the year end in connection with the transfer of trading activities to the trading subsidiary of the independent Earthshot Prize charity.

The Earthshot Prize

The Earthshot Prize programme was incubated within the Royal Foundation and was spun out into an independent charity in July 2022, together with all related assets and liabilities. The Earthshot Prize charity and its trading subsidiary TEP Trading Ltd are considered a related party for the reasons set out in the basis of consolidation note 1(b). £6,427,808 of restricted funds were transferred to the new charity upon spin out and as noted above, a further £170,814 was transferred in December 2022 in respect of the transfer of Earthshot-related trading activities. The spin out also included the transfer to the new charity of £28,962 of fixed assets, £3,000,000 of accrued income debtors, £5,000 of other debtors, £4,100,000 of outstanding grant liabilities due to the year 1 prize winners and £820,516 of other liabilities. During the year TEP Trading Ltd, the wholly owned subsidiary of The Earthshot Prize charity, paid TRF Trading Ltd £100,000 as consideration for the transfer of Earthshot-related trading activities. As at 31 December 2022, there was a retention balance being held of £160,811 and a debtor balance of £13,000 which consisted of costs paid on behalf of the new charity after the spin out. Both of these outstanding balances were fully settled after the year end.

Related party transactions – Other

The Diana, Princess of Wales Memorial Fund

With effect from 1 April 2013, The Royal Foundation took over legal control of The Diana, Princess of Wales Memorial Fund in order to safeguard both the Fund's name and any further income donated to the Fund in the future. The Royal Foundation has not continued the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality. For further details of transactions, please refer to Note 2.

On 17 June 2020, in accordance with a request from The Duke of Sussex, the trustees approved the donation of 50% of future net income (backdated to 18 December 2019) received by The Diana, Princess of Wales Memorial Fund to Sentebale, a UK registered charity of which The Duke of Sussex is patron. During the year, donations of £5,918 (2021: £9,683) were paid to Sentebale.

American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, Inc.

The American Friends is a 501(c)(3) entity registered in the state of Delaware, USA. Elaine Dodds, Director of Development (until she stepped down from that role on 16 June 2022) was an *ex officio* director of the American Friends. Chris Bates, Head of Finance, is also an *ex officio* director of The American Friends. During the year, The Royal Foundation received £3,442,642 (2021: £5,648,869) of grant income from The American Friends.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022
12 Tangible fixed assets – Group and Charity
Equipment
£
Cost:

Balance brought forward 1 January 2022	71,815
Additions	81,351
Disposals	(35,133)
Balance carried forward 31 December 2022	118,033

Depreciation:

Balance brought forward 1 January 2022	43,174
Charge for the period	25,094
On disposals	(6,171)
Balance carried forward 31 December 2022	62,097

Net book value:

Brought forward 1 January 2022	28,641
Carried forward 31 December 2022	55,936

The disposals consisted of IT equipment that was transferred at their net book value to The Earthshot Prize upon spinout of that programme.

13 Fixed Asset Investments

The Royal Foundation had funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2022.

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	2,848,168	2,637,414	2,848,168	2,637,414
Proceeds on disposal	(1,154,633)	-	(1,154,633)	-
Net gains on revaluation	(110,862)	215,437	(110,862)	215,437
Movement in cash	3,919	(4,683)	3,919	(4,683)
Market Value at 31 December	1,586,592	2,848,168	1,586,592	2,848,168
Investment in Subsidiary	-	-	1	1
Investment in Associate	182,225	-	182,225	-
Total	1,768,817	2,848,168	1,768,818	2,848,169

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Fund investments:				
Multi Asset funds	1,586,390	1,697,252	1,586,390	1,697,252
Cash and cash equivalents	202	1,150,916	202	1,150,916
	1,586,592	2,848,168	1,586,592	2,848,168

The investment in the Associate represents the Foundation's one third share in The Earthshot Prize.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022
13 Fixed Asset Investments (continued)

The Cazenove portfolio is invested as follows:

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Cazenove Charity Responsible Multi-Asset Fund	1,586,390	1,697,251	1,586,390	1,697,251
JP Morgan GBP Liquidity Fund	-	1,147,177	-	1,147,177
Cash	202	3,740	202	3,740
	1,586,592	2,848,168	1,586,592	2,848,168

The charity also holds 1 ordinary share of £1 in TRF Trading Limited, a company registered in England and Wales no. 7506603. The company carries out trading activities to raise funds for the charity (see note 3).

14 Debtors

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed by subsidiary	-	-	10,424	86,653
Prepayments and accrued income	1,191,033	5,311,776	1,191,031	5,255,775
Other debtors	54,001	75,131	54,001	75,131
	1,245,034	5,386,907	1,255,456	5,417,559

During the year the charity entered into 3 (2021: 12) forward contracts for the purchase of US dollars in order to manage its exchange rate exposure. All contracts were settled during the year and so no amounts are held at year end (2021: £nil).

'Prepayments and accrued income' in 2021 included £5m of grant income from Earthshot Prize Founding Partners, of which £1m was an instalment relating to 2021 which was received in January 2022. The other £4m consisted of instalments relating to future years which were required to be accrued in line with the Charities SORP, of which £1m was received in 2022 and the remaining £3m debtor balance was transferred to the independent Earthshot Prize charity when that programme span out in July 2022.

15 Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	101,669	393,857	101,669	97,918
Charitable grants	-	5,000,000	-	5,000,000
Taxation and social security	73,538	149,811	65,971	95,352
Accruals and deferred income	565,025	1,156,037	556,318	1,098,927
Other creditors	10,578	6,697	10,578	6,697
	750,810	6,706,402	734,536	6,298,894

The £5m of charitable grant accruals in 2021 related to the five Earthshot Prizes won at the inaugural awards ceremony in October 2021, which were accrued in full in line with the accounting policy on grant expenditure and are being paid to the winners over the period 2022 to 2025. £0.9m was paid to prize winners during the first half of 2022 and the remaining £4.1m of liabilities were transferred to the independent Earthshot Prize charity when that programme span out in July 2022.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

16 Contingent liabilities

The Royal Foundation's grant giving strategy includes awarding grants to projects over multiple years, funded from outside sources and key donors. As at 31 December 2022 the Foundation had grants which were approved by trustees but not yet awarded to the grantee, and grants which were awarded to the grantee but not yet paid, broken down as follows:

	Approved, not yet awarded		Awarded, not yet paid	
	2022	2021	2022	2021
	£	£	£	£
United for Wildlife Taskforces	300,000	-	-	150,000
Emergency Responders	-	100,000	70,000	100,000
The Earthshot Prize	-	-	147,810	-
COVID response fund	-	-	-	199,045
	300,000	100,000	217,810	449,045

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability with the exception in 2021 of the £5m awarded to winners of the inaugural Earthshot Prize where the liabilities were transferred out to the independent charity when that programme span out in July 2022.

As disclosed in note 1(b) and note 11, an agreement was signed with Sussex Royal on 18 December 2019, by which The Royal Foundation intends to donate 50% of the net income received by The Diana, Princess of Wales Memorial Fund from that date onwards, to Sussex Royal. In March 2020 The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income is instead being donated to Sentebale, a charity registered in the UK of which The Duke of Sussex is a patron. Donations to Sentebale are being paid twice a year, in January and July.

17 Analysis of movements in unrestricted funds

Group	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Unrestricted funds - group:						
General funds	5,447,480	2,717,823	(2,562,110)	(412,674)	(103,641)	5,086,878
Charity						
	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Unrestricted funds - charity:						
General funds	5,444,836	2,722,184	(2,566,470)	(412,674)	(103,641)	5,084,235

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Group	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Unrestricted funds - group:						
General funds	5,372,061	1,838,180	(1,978,198)	-	215,437	5,447,480
Designated funds						
	5,372,061	1,838,180	(1,978,198)	-	215,437	5,447,480
Charity						
	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Unrestricted funds - charity:						
General funds	5,369,417	1,838,180	(1,978,198)	-	215,437	5,444,836
Designated funds						
	5,369,417	1,838,180	(1,978,198)	-	215,437	5,444,836

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

18 Analysis of movements in restricted funds

Group	Balance at 1 January 2022	Income	Expenditure	Transfers between funds	Gains & Losses	Balance at 31 December 2022
	£	£	£	£	£	£
Restricted funds:						
COVID-19 response fund	120,229	-	(97,777)	(22,452)	-	-
Early Years	860,191	1,125,000	(1,470,298)	285,107	-	800,000
Mental Health	532,637	36,746	(87,435)	-	-	481,948
The Earthshot Prize	4,871,091	4,581,926	(9,109,981)	-	-	343,036
Emergency Responders	124,618	170,000	(243,148)	22,452	-	73,922
United for Wildlife Taskforces	540,701	1,188,867	(989,836)	-	-	739,732
Homelessness	-	217,000	(344,567)	127,567	-	-
Carol Service	-	41,628	(41,628)	-	-	-
Empowering Communities	-	23,087	(20,778)	-	-	2,309
	<u>7,049,467</u>	<u>7,384,254</u>	<u>(12,405,448)</u>	<u>412,674</u>	<u>-</u>	<u>2,440,947</u>

The table above summarises the main restricted funds.

The COVID-19 response fund was set up in 2020 in response to the global pandemic. All funds were disbursed to 10 leading charities to support frontline workers and boost mental health provision. The final grants were disbursed in 2022 and the fund has now closed. During the year there was a transfer of £22,452 to the Emergency Responder programme to fund the second year of the *Blue Light Together* website and programme of resources

The Early Years restricted fund relates to The Princess of Wales's Early Years programme of work which includes The Royal Foundation Centre for Early Childhood. During the year there was a shortfall of £285,107 for activities in 2022 which was funded by a transfer from unrestricted reserves.

The funds received in relation to Mental Health relate to The Royal Foundation's work focusing on mental health and well-being which includes activities relating to *Heads Together*.

The Earthshot Prize fund consists of amounts relating to The Earthshot Prize programme, which is designed to incentivise change and help repair our planet over the next ten years. With the exception of a small retention that was held post spin out (and which was settled in February 2023), most of the restricted funds were transferred to the independent charity upon spinout of this programme in July 2022. Also included in the year end fund balance is The Foundation's interest as an associate investment in the independent Earthshot Prize charity.

Emergency Responders funds cover projects to support personnel currently serving in the emergency responders, or those who have previously served, and their families. As noted above there was a transfer of £22,452 during the year from the COVID-19 response fund to fund the second year of the *Blue Light Together* website and programme of resources.

United for Wildlife convenes the private sector and other organisations under the Transport and Financial Taskforces with the ambition of making it impossible for traffickers to use private sector infrastructure to finance and transport illegal wildlife and products with impunity. Included within this fund is £7,251 (2021: £28,688) of income received from the European Union for a project titled "Disrupting illicit supply chains of wildlife in Asia by leveraging civil society partnerships to increase the effectiveness of Government action".

The Homelessness fund is a new programme spearheaded by The Prince of Wales which launched in June 2023 with the aim of making homelessness rare, brief and unrepeatable. During the year there was a shortfall of funding of £127,567 which was funded by a transfer from unrestricted reserves.

The Empowering Communities fund relates to The Duchess of Sussex's Empowering Communities Through Food programme, funded by income received from sales of the *Together* cookbook published in 2018. Funds are being donated to The Felix Project in accordance with the wishes of The Duchess of Sussex.

Group	Balance at 1 January 2021	Income	Expenditure	Transfers between funds	Gains & Losses	Balance at 31 December 2021
	£	£	£	£	£	£
Restricted funds:						
COVID-19 response fund	629,719	51,026	(560,516)	-	-	120,229
Early Years	1,020,709	531,260	(691,778)	-	-	860,191
Mental Health	428,793	207,741	(103,897)	-	-	532,637
The Earthshot Prize	340,220	16,597,927	(12,067,056)	-	-	4,871,091
Emergency Responders	80,982	437,373	(393,737)	-	-	124,618
United for Wildlife Taskforces	269,829	755,642	(484,770)	-	-	540,701
Empowering Communities	69,904	11,018	(80,922)	-	-	-
	<u>2,840,156</u>	<u>18,591,987</u>	<u>(14,382,676)</u>	<u>-</u>	<u>-</u>	<u>7,049,467</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

19 Analysis of group net assets between funds

	Group			Charity		
	Unrestricted funds	Restricted funds	Balance at 31 December 2022	Unrestricted funds	Restricted funds	Balance at 31 December 2022
	£	£	£	£	£	£
Fixed assets	55,936	-	55,936	55,936	-	55,936
Fixed asset investments	1,586,592	182,225	1,768,817	1,586,592	-	1,586,592
Cash	3,620,444	1,588,404	5,208,848	3,613,208	1,568,942	5,182,150
Other net current (liabilities)/assets	(176,094)	670,318	494,224	(171,502)	692,422	520,920
	5,086,879	2,440,946	7,527,825	5,084,234	2,261,365	7,345,599

	Group			Charity		
	Unrestricted funds	Restricted funds	Balance at 31 December 2021	Unrestricted funds	Restricted funds	Balance at 31 December 2021
	£	£	£	£	£	£
Fixed assets	28,641	-	28,641	28,641	-	28,641
Fixed asset investments	2,848,168	-	2,848,168	2,848,168	-	2,848,168
Cash	3,199,496	7,740,137	10,939,633	3,196,852	7,304,619	10,501,471
Other net current liabilities	(628,825)	(690,670)	(1,319,495)	(628,825)	(252,509)	(881,334)
	5,447,480	7,049,467	12,496,947	5,444,836	7,052,110	12,496,946

20 Operating leases – Group and Charity

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	Property 2022	Other 2022	Total 2022	Property 2021	Other 2021	Total 2021
	£	£	£	£	£	£
Within one year	88,150	-	88,150	145,679	-	145,679
	88,150	-	88,150	145,679	-	145,679

21 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group	
	2022	2021
	£	£
Net movement in funds	(4,969,122)	4,284,730
Adjustments for:		
Depreciation charge	25,094	15,568
Losses/(gains) on investments	110,862	(215,437)
Losses on disposal of fixed assets	-	453
Dividends and interest included in investing activities	(68,500)	(464)
Transfer of debtor balances to The Earthshot Prize	3,005,000	-
Decrease/(increase) in other debtors	1,136,873	(5,251,627)
Transfer of creditor balances to The Earthshot Prize	(5,033,599)	-
(Decrease)/increase in creditors	(921,993)	6,018,831
Share of associate's net assets	(182,225)	-
Net cash provided by operating activities	(6,897,610)	4,852,054

22 Reconciliation of net cash flow to movement in net funds

	Group	
	2022	2021
	£	£
Decrease/(increase) in cash	(6,881,499)	4,825,384
Net funds at 1 January	12,090,549	7,265,165
Net funds at 31 December	5,209,050	12,090,549

23 Controlling Party

The controlling party of The Royal Foundation is HRH The Prince of Wales.

Accounts

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Duke and Duchess of Cambridge

Report and Consolidated Financial Statements for the year ended 31 December 2021

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

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The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Principals and Members

TRH The Duke and Duchess of Cambridge

Trustees

Lord Hague of Richmond – Chairman
Simon Patterson – Vice Chairman
Zeinab Badawi
Sir Ron Kalifa OBE (appointed 24 June 2021)
Charles Mindenhall
Lady Pinsent
Alice Webb
Claire Wills

Ex Officio Trustees

Hannah Cockburn-Logie OBE, MVO
Jean-Christophe Gray CBE (appointed 15 February 2021)

Leadership Committee (formerly Senior Management Team)

Jason Knauf	Chief Executive Officer (until 31 December 2021)
Amanda Berry OBE	Chief Executive Officer (from 21 June 2022)
Chris Bates	Head of Finance
Elaine Dodds	Director of Development (until 17 June 2022)
Pim Gregory	Director of Impact
Hannah Jones	Chief Executive Officer, The Earthshot Prize (from 21 June 2021)
Kully Kaur-Ballagan	Director of Research (from 6 September 2021)
Roxane Philson	Director of The Royal Foundation Centre for Early Childhood
Amy Pickerill	Director of The Earthshot Prize (to 31 December 2021); Chief Content Officer, The Earthshot Prize (from 1 January 2022 to 31 May 2022); Creative Director (from 1 June 2022)
Fiona Treharne	Chief Operating Officer, The Earthshot Prize (from 1 January 2022)
Damian Wilson	Director of Partnerships (from 8 November 2021)
Felicity Woodrow	Head of Governance and Operations

Registered Office

Kensington Palace
Palace Green
London W8 4PU

Bankers

Barclays
1 Churchill Place
London E14 5HP

Solicitors

Bates Wells LLP
10 Queen Street Place
London EC4R 1BE

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Investment Advisors

Cazenove Capital (trading name of Schroder & Co. Limited)
1 London Wall Place
London EC2Y 5AU

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Letter from the Chair

Over the course of 2021, The Royal Foundation, like organisations across the globe, delivered its work against a backdrop of continued uncertainty caused by Covid-19. I am immensely proud that against this challenging context that, supported by the optimistic leadership and ambition of The Duke and Duchess of Cambridge, The Royal Foundation has delivered another extraordinary year.

2021 was a crucial year for the future of our planet, with the release of the IPCC report and COP26 taking place in Glasgow, and it was in this context that we announced the first five winners of The Earthshot Prize. In the year since The Duke of Cambridge launched The Earthshot Prize, its achievements have been truly astounding. The Prize was the subject of a documentary series broadcast in the Autumn and we awarded the first winners at an inspiring London ceremony, the television broadcast of which has subsequently been recognised with multiple awards. Through this work, we have taken our message of urgent optimism to the best part of a billion people globally, establishing the Prize as one of the most powerful platforms for environmental action on the planet. This is just the beginning and as The Earthshot Prize continues its journey as an independent charity, we look forward to more amazing achievements in 2022 as The Prize ceremony moves to USA.

Last year also saw the launch of The Royal Foundation Centre for Early Childhood, with the mission to drive awareness of, and action on, the transformative impact of the early years. The landmark report *Big Change Starts Small* is already reframing the strategic importance of the early years for leaders across society. The leadership of The Duchess of Cambridge continues to drive The Centre for Early Childhood's work in raising awareness of the importance of early childhood, supporting landmark research, encouraging efforts to build awareness across society and shining a spotlight on best practice in the UK and internationally.

Elsewhere in The Royal Foundation, United for Wildlife goes from strength to strength, with 2021 seeing a 200% increase in investigations of illegal wildlife products, supported by our global financial and transport taskforce coalition. This success has continued to galvanize our networks as our taskforces expand into regional chapters, increasing this powerful alliance of public private partnerships supporting action against criminal networks who seek to profit from this illegal trade.

The Royal Foundation's work with The Emergency Responder Senior Leaders Board came to fruition at a landmark summit in November. Convened by The Royal Foundation, the Senior Leaders Board have committed to an unprecedented four nation agreement to dramatically increase the provision of mental health services for the emergency service community right across the UK. We owe an enormous debt of gratitude to our emergency services, and it has been a privilege to acknowledge this important issue on a national stage.

As the year ended, we were pleased to be able to support the nation coming together in a moment of reflection with the Together at Christmas Carol Service at Westminster Abbey, led by The Duchess of Cambridge. Broadcast to the nation on Christmas Eve, it was a moment to reflect on the importance of connection after a difficult year and to celebrate how individuals and charitable organisations across the UK went above and beyond in the service of their communities.

Our achievements during the last twelve months are the result of the efforts of a wide-ranging group of individuals and partner organisations, our generous supporters and our incredible hard-working staff. Partnership working is at the heart of everything we achieve at The Royal Foundation. It is their commitment and collaboration that enables the Foundation to continue to deliver high-impact work. I would like to end by thanking them all for their energy and enthusiasm. On behalf of the Board of Trustees, I would also like to take this opportunity to thank Jason Knauf for his incredible service as CEO of the Foundation and to welcome his successor Amanda Berry as she takes up her new post.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Letter from the Chair (continued)

Finally, I would like to mark our thanks to The Duke and Duchess of Cambridge, whose vision and commitment to the causes they care deeply about allow us to deliver such important work.

A handwritten signature in blue ink, appearing to read 'Lord Hague'.

**Lord Hague of Richmond
Chair of The Royal Foundation**

29 June 2022

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Trustees' Report

The Trustees of The Royal Foundation of The Duke and Duchess of Cambridge ("The Royal Foundation") present their annual report for the year ended 31 December 2021 under the Companies Act 2006, together with the audited accounts for the year, and confirm that the latter complies with the requirements of the Act, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and the 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 (FRS102) (Charities SORP (FRS102)).

Objectives and activities

The Royal Foundation is the primary philanthropic and charitable vehicle for The Duke and Duchess of Cambridge. It mobilises leaders, businesses and people so that together we can address society's greatest challenges. Led by The Duke and Duchess of Cambridge, our work is built on world-class research, long-term partnerships, and measurable, scalable impact.

The Royal Foundation is using its unique position to convene on a global scale, to help bring together people, their ideas and resources to develop and implement solutions. The work of The Royal Foundation is focused on the following themes: the environment and conservation, early childhood, mental health, the emergency responders community and in the short term, on a response to COVID-19. The Royal Foundation continues to work to identify areas where it is able to bring its unique position and influence to deliver impact and positive change on the biggest scale.

Overview of activities

The pages that follow tell the extraordinary story of what The Royal Foundation of The Duke and Duchess of Cambridge has achieved with our partners in 2021. In another year of global challenge and uncertainty, we harnessed the optimistic leadership of our Principals to great effect.

While delivering the most significant projects in our history, including the inaugural Earthshot Prize and launch of The Royal Foundation Centre for Early Childhood, we have also worked with The Duke and Duchess of Cambridge to implement and design a new strategy that will allow us to further increase our ambitions. We have reoriented our teams around our strengths in Research, Partnerships, and Impact and have identified several new areas for major projects that will be explored in the year ahead.

The Earthshot Prize

The Earthshot Prize is the most prestigious global environment prize in history, designed to incentivise change and help repair our planet over the next ten years. The Prize aims to turn the current pessimism surrounding environmental issues into optimism, by highlighting the ability of human ingenuity to bring about change, and inspiring collective action. Throughout 2021, The Earthshot Prize has inspired an urgent debate on climate change with optimism, reaching millions with this message through a landmark 5-part TV and radio series, and publication of The Earthshot Prize book.

In October 2021, during a spectacular inaugural Earthshot Prize Awards Ceremony, broadcast to millions worldwide on BBC and Discovery, the first-ever Winners of The Earthshot Prize were named. Each represents an extraordinary solution to our greatest environmental challenges and were awarded £1 million to scale their ground breaking work, supported by our Global Alliance, an international network of advisers.

The first year of The Earthshot Prize has been extraordinary, sparking hope and innovation around the world and saw our finalists meet global leaders and inspire international debate at COP26. It has laid the foundations on which the Prize can realise its potential and ambition over this critical decade. 2022 will see The Earthshot Prize transition out of The Royal Foundation to become an independent organisation, continuing to work together closely. Detailed planning for this move is underway alongside strategic

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Trustees' Report (continued)

planning for the future, with over a thousand submissions having been received when nominations for the second year of the Prize closed in March 2022.

The Royal Foundation Centre for Early Childhood

In June 2021, The Duchess of Cambridge launched The Royal Foundation's Centre for Early Childhood to drive awareness of the critical importance of early childhood and the impact these years can have on the adults we become. Built on a decade of work from The Duchess of Cambridge, the important work of the Centre will focus on research, campaigns and collaborations, changing what we think and do on early childhood, in order to transform society for generations to come.

The Centre launched with the publication of its inaugural report [*Big Change Starts Small*](#), in partnership with the Harvard Center on the Developing Child and the London School of Economics. This landmark report brought together leading sector research and highlighted the critical lifelong impact of the early years. In the months that followed, we have driven awareness of vital research including the University College London's new cohort study into the holistic development of children from the age of zero to five years; supported curriculum content on neuroscience and the importance of early childhood development and commissioned original research to inform future work.

Looking ahead, The Royal Foundation's Centre for Early Childhood is set to increase awareness of the issues, both in the UK and internationally, to increase knowledge, foster change, and, over time, inspire a cultural shift on early childhood.

United for Wildlife (UfW)

The Royal Foundation's United for Wildlife Taskforces, convened by The Duke of Cambridge, are committed to identifying, reporting, and disrupting the threat of the illegal wildlife trade (IWT) – a transnational, serious and organised crime. Five years on from the launch of the first Taskforce, we are seeing encouraging results from our partnership approach, which is successfully driving increased awareness, training, and regional cooperation and supporting law enforcement.

In 2021, the Taskforces have continued to work at pace, focused on galvanizing existing partnerships and building strong Regional Chapters to help directly target and tackle high-risk IWT areas. In 2021, United for Wildlife launched four new Chapters: East Africa, Southern Africa, Hong Kong and Southeast Asia/Australasia, enhancing regional collaboration between the private sector, NGOs and law enforcement, allowing for a fast, agile and effective response to tackling the IWT in that region.

United for Wildlife is also supporting technological innovation to help its partners identify wildlife crime and support law enforcement. In November, The Duke of Cambridge visited Microsoft's UK HQ to see their highly anticipated Project SEEKER – a technology that can be easily installed in luggage and cargo scanners at airports, ports and borders, to automatically alert enforcement agencies when it detects an illegal wildlife item. United for Wildlife's global network of expertise on the illegal wildlife trade helped to support the design of the technology and will be working with its partner organisations in the transport sector to support the global roll out of SEEKER.

Mental Health

Mental Health continues to be a key priority for The Royal Foundation. During 2021, we have continued to support various stands of mental health related activity including the implementation of the Mentally Healthy Football Declaration, and supporting the successful return of the Mental Health Minute, which saw 500 radio stations across the UK simultaneously broadcast a one-minute message to mark mental health week. In July 2021, the Mental Health Research Group convened by The Foundation in 2020 published its original paper. This group of experts was convened the previous year as an independent group of mental health experts tasked with examining how research can become more inclusive and

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Trustees' Report (continued)

representative of UK society. This independent research has contributed valuable knowledge to the sector.

Covid-19 response

In 2020, as the COVID-19 pandemic put immense strain on demand for mental health services, The Royal Foundation established the £1.8m COVID-19 Response Fund. £0.56m (2020: £1.16m) of vital financial support was disbursed during the year to 10 leading charities supporting frontline workers, emergency responders and boosting mental health provision. This year, as the pandemic has continued to place unprecedented pressure on support services around the UK, tangible and meaningful impact has been delivered by each of the ten grant recipients.

Emergency Responders

Supporting the mental health of the emergency responder community in the UK has continued to be a strategic priority for the Foundation this year. The unique stressors of working on the frontline have been exacerbated by the ongoing pandemic, and bringing about sustainable, positive change is more important than ever. This year, the Emergency Services Senior Leaders Board, representing 135 blue light organisations, first convened in 2020 by The Duke of Cambridge, has focused on driving improved collaboration across the services. Unprecedented work has been delivered in 2021 as a result.

Our flagship event was the Emergency Services Symposium, which brought together over 120 leaders from all emergency services with keynote speeches from The Metropolitan Police Commissioner, The Secretary of State for Health and Social Care, and The Duke of Cambridge, placing this important issue on a significant national platform. The Duke of Cambridge announced the Mental Health at Work Commitment for The Emergency Services – an unprecedented agreement signed by senior leaders across UK emergency services to implement a uniform set of mental health standards to support their 400,000 staff. The commitment forms part of the new Blue Light Together package of mental health support for the emergency services. Developed with our charity partners, Blue Light Together gives emergency responders, their friends, families, and retirees access to a new resource website providing specialised mental health information and advice. Additionally, we have developed The Network of Emergency Services Therapists – a planned directory of therapists accessible via the new website, who have specialist experience in addressing the complex mental health needs of emergency responders.

STRATEGY

As noted in our 2020 annual report, a revised strategy for the Foundation was approved in December 2020. This plan will transform our ambitions for the Foundation and the positive impact we will make over the next decade. We have reoriented our teams around our strengths in Research, Partnership and Impact, which will underpin our work to mobilise leaders, businesses and people so that together we can address society's greatest challenges.

RESEARCH – We explore the challenges that need fresh, collaborative leadership. Informed by evidence-based analysis, familiarity with key sources of data and extensive networks of expertise, we advise our Principals and our partners with clear, thoughtful insight. We evaluate our impact and continually sharpen our approach.

PARTNERSHIPS – We pride ourselves on being the best partners to work with in international philanthropy by bringing together inspirational coalitions to deliver game changing impact for society's greatest challenges. We build relationships across all sectors and levels of society – companies, NGOs, charities, policy leaders, activists, donors, academics and people with diverse on-the-ground experience. We forge meaningful links and frame opportunities for action.

IMPACT – We build platforms – collaborations, taskforces, and initiatives – where leaders from all parts of society can come together to identify emerging challenges, agree joint action, and make a real

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difference on issues that need fresh solutions. Informed by our research insights and effective partnerships, our work will develop and enable tangible change through effective and specific problem-solving.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2021 was £20.4m, an increase of 73% on 2020 (£11.8m) which in turn was an increase of 77% on 2019 (£6.7m). 98% of total income consisted of donations, grants, royalty and legacy income (unchanged as a proportion compared to 2020) of which 91% was restricted (2020: 41%). Restricted fund income nearly quadrupled to £18.6m, due primarily to income relating to the inaugural Earthshot Prize which accounted for 89% of restricted income and 81% of total income in the year. With the Earthshot Prize spinning out to become an independent charity in the second half of 2022, income is expected to revert back to a lower level in 2022. Unrestricted income fell by 3.6% to £1.8m, reflecting some large unrestricted donations received in the prior year.

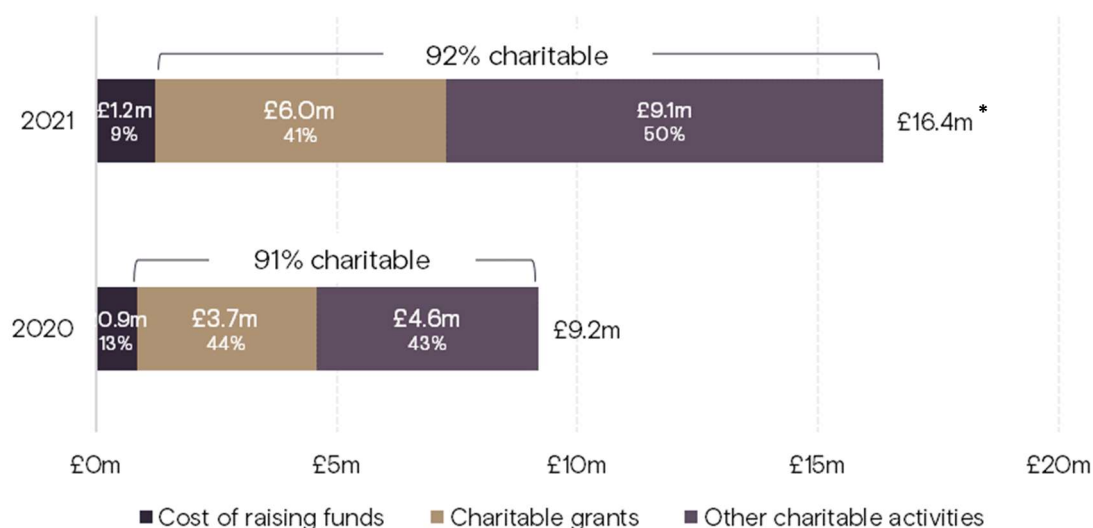
Expenditure

Total expenditure in 2021 increased to £16.4m (2020: £9.2m), of which £15.1m was spent on charitable activities. The increased level of expenditure predominantly reflects the inaugural Earthshot Prize taking place in October 2021. The Earthshot Prize accounted for £12.1m of expenditure in the year (2020: £1.5m), including the cost of the 5 prizes of £1m each which have been fully accrued. These were awarded as grants to the winners in 2022 and will be paid out over a period of up to 3 years.

Charitable Activities

92% of the £16.4m spent in the year was incurred on charitable activities, marginally up from 91% in 2020. Charitable expenditure includes amounts spent on incubating projects, providing grant funding and all activities designed to convene and raise awareness.

A breakdown of the expenditure is shown below:



The Royal Foundation's charitable expenditure was incurred across its core focus areas: Conservation (including both The Earthshot Prize and United for Wildlife), Early Years, Emergency Responders and Mental Health, as well as an additional programme of activity undertaken in response to COVID-19. The ratio of grants to direct charitable costs varied considerably between each programme, reflecting the

* Number does not add up due to rounding.

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varied nature of the work that the Royal Foundation undertakes and the different stage each programme is at in its lifecycle.

The Earthshot Prize was the largest area of programmatic work (£12.1m; 2020: £1.7m), reflecting the evolution of this project from its planning, research and design stage in 2020 into a fully realised prize culminating in a high profile awards ceremony in 2021. With The Earthshot Prize transitioning out of the Foundation in the second half of 2022, it is expected that expenditure for this project and for the Foundation as a whole will be considerably lower in 2022 compared to 2021.

The Royal Foundation's **COVID-19 Response Fund** distributed a further £0.6m in grant funding in 2021 (£1.1m in 2020) to support the urgent needs of a number of partner organisations as they responded to new challenges presented by the pandemic. These grants were primarily focused on mental health activity, reflecting The Royal Foundation's longstanding interest in this area.

Expenditure on **Emergency Responders** and other **mental health** related projects fell to £0.60m in 2021 (2020: £1.20m), which reflected the high profile **Heads Up** campaign taking place in the prior year. 2021 has been a year of transition for our mental health activities as we focus on devising a new strategy in this area for 2022 and beyond.

Expenditure on **Early Years** activities was £0.9m in 2021, down from £1.1m in 2020. This reflects the costs in 2020 of the landmark *5 Big Questions* survey and subsequent nationwide research activities, the findings of which were publicly announced in November 2020.

Fundraising

The cost of raising funds increased from £0.9m in 2020 to £1.2m in 2021. This reflects increased levels of fundraising activity in support of The Earthshot Prize, in particular the production costs of the Earthshot Prize book, which are treated as trading costs. Fundraising costs for the charity only rose slightly from £0.8m to £0.9m.

Staff and support costs

Staff costs comprised 16% (£2.6m) of total expenditure, down from 24% in 2020 (£2.2m). This reflects a changing mix of expenditure as 2021 saw material costs incurred on the Earthshot Prize awards ceremony and related cost of the prizes. The absolute increase in staff costs reflects a modest increase in headcount as we scaled up the Earthshot Prize team and recruited roles relating to the new strategy focusing around research, partnerships and impact pillars. Average headcount in 2021 was 36 (2020: 33).

Support costs decreased modestly from £1.4m to £1.3m, reflecting reduced premises costs after the lease for office space was surrendered in August 2021. The Royal Foundation continues to manage support costs closely, ensuring value for money and compliance with all regulatory and legal requirements. Support costs are allocated across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds (£7.05m) are donations received for defined projects; and unrestricted funds (£5.45m) to be spent in accordance with the charitable objectives at the discretion of the Trustees.

Reserves Policy

The trustees approved an update to the reserves policy in March 2022 to target a range of 12–16 months of operating expenditure (formerly the target level of reserves was 12 months of operating expenditure).

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When setting the target level of reserves, the Trustees have had regard to the Charity Commission's guidance note CC19 and to the financial risk profile of the Foundation, recognising that most of the charity's income derives from voluntary donations whose recurrence can be uncertain. Reserves are held for both proactive and reactive reasons:

- To cover any unplanned reduction to income without compromising charitable and other activities.
- To take advantage of any short term opportunities and to allow new projects to proceed to design and research stages prior to a project-specific fundraising strategy having being devised.
- To cover any unforeseen or emergency expenditure requirements.
- To cover timing differences and working capital requirements.

The level of reserves is calculated monthly and is reviewed by the Trustees at each of their quarterly Trustee meetings.

The total funds of the charity as at 31 December 2021 stand at £12.5m (2020: £8.2m). The free reserves of the charity are £5.4m (2020: £5.4m). The unrestricted reserves represent 18 months of unrestricted expenditure (based on the budgeted 2022 rate of spend), unchanged from 2021. The Board of Trustees continues to be prudent with the free reserves balances into 2022, as we emerge from the Covid-19 pandemic, spin out the Earthshot Prize and scale up early years and other new projects in 2022, as well as invest in implementing our new strategy which will see us embed research, partnerships, and impact delivery at the centre of our activity.

Free reserves of the charity are calculated as set out below:

	2021 £'000	2020 £'000
Total Funds of The Royal Foundation	12,497	8,212
Less:		
Restricted Funds	(7,049)	(2,840)
Tangible Fixed Assets	(29)	(18)
Approved grants not funded by Restricted Funds	-	-
Free Reserves	<u>5,419</u>	<u>5,354</u>

The level of free reserves provides assurance that The Royal Foundation can continue operating as a going concern.

Investment Policy and Performance

The Trustees invests funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management. The investment objective is to generate a total return of at least inflation (UK CPI) plus 3% per annum net of all costs, through a fully-diversified strategy and over a 5-year investment time horizon. The Finance Committee review the charity's investment policy annually and investment performance at their quarterly meetings. In 2015, the trustees adopted the ethical investing guidelines of the Church of England's Ethical Investment Advisory Group. This prohibits investment in businesses which derive more than a de minimis limit from the following industries: alcohol, tobacco, pornography, armaments, gambling, doorstep lending, human embryonic cloning and the extraction, production and refining of fossil fuels.

During 2021 the value of the portfolio increased from £2.64m to £2.85m, a gain of 8%. Over the 5-year investment horizon of the investment objective, the portfolio gained in value by 5.5% per annum,

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equivalent to CPI + 3.1%. The value and composition of investments are summarised in Note 13 to the financial statements.

The portfolio is conservatively invested and diversified across multiple asset classes, and therefore suffers less than the wider equity markets during periods of volatility.

Grant-making policy

Decisions on grants are made by the Trustees. Trustees only approve grants or fund projects which demonstrate public benefit within the criteria of the Charity Commission's guidance. The Royal Foundation actively looks for opportunities where added leverage can be demonstrated from its involvement but it does not accept unsolicited requests for funds.

Going concern

The financial review above considers the financial performance and position of The Royal Foundation. The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2022 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is received on an ad hoc basis and whilst gratefully received, is not critical to the running of the charity or to fund its charitable activities. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation.

As such, the Trustees believe that The Royal Foundation and its subsidiary, TRF Trading Limited, have adequate resources to continue their activities for the foreseeable future. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

Risk management

In line with governance best practice, the Trustees are committed to maintaining a strong risk management framework that supports The Royal Foundation to manage risks appropriately.

A strategic and operational risk register is reviewed regularly by the organisation's Leadership Committee, Finance Committee, Governance and Nominations Committee and Trustees. The register considers the impact, likelihood, and level of mitigation of risks, with the management of each risk assigned to a senior member of staff. Quarterly reports are made to the Trustee Board and Finance and Governance and Nominations Committees, of continuing and emerging high-concern risks and those where action is required.

The principal risks are those which, without effective mitigation, would have a serious impact on the work of The Royal Foundation. These are summarised below:

- *Transition plans for The Earthshot Prize.* Given the ambition, complexity and scale of The Earthshot Prize, considerable attention is being given to governance arrangements and management of the planned spin out into a newly established charity. An internal project board, transition committee of trustees and a finance sub-group of the transition committee have all been established and are meeting regularly to mitigate the risks of spin out and the financial viability of the Earthshot Prize as an independent charity.
- *Staff capacity.* The Royal Foundation runs a lean team which requires considerable attention to resource allocation and capacity given the number of active projects being worked on. This risk

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is mitigated through proactive prioritisation and scheduling of work and an agile approach to resourcing, including where appropriate the use of secondees, contractors and working with partner organisations in order to manage capacity as required.

The Trustees are satisfied that the major risks identified have been reviewed and systems or procedures have been established to manage those risks.

Constitution

The Royal Foundation is registered as a charity with the Charity Commission under charity number 1132048 and is a company registered in England & Wales number 7033553.

The Royal Foundation was formed on 29 September 2009 as a charitable company limited by guarantee. It is governed by its revised Articles of Association which were passed by a special resolution dated 28 April 2011 and further amended by special resolutions dated 1 November 2011, 29 February 2012, 11 July 2012, 12 January 2017, 8 June 2018 and 8 August 2019.

TRF Trading Limited was formed on 26 January 2011 as a wholly-owned subsidiary to carry out trading activities on behalf of The Royal Foundation (see Note 3).

On 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund (the Diana Fund), registered charity 1064238, to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation became the sole member of the Diana Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of the Diana Fund, applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect on 31 December 2013. Any future income is received by The Royal Foundation as unrestricted funds.

On 18 December 2019, an agreement was signed with the Sussex Royal Foundation by which The Royal Foundation intended to grant half of the net future proceeds received by the Diana Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly, as requested by The Duke of Sussex, the Trustees approved the donating of their share of the net income of the Diana Fund to Sentebale, a UK-registered charity of which The Duke of Sussex is a patron. Donations to Sentebale are being paid biannually with the first donation paid in July 2020.

The American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, established in 2011 is a 501(c)(3) public charity, and whilst it is a separately controlled entity its interests are aligned with those of The Royal Foundation. The American Friends support The Royal Foundation's programmes and initiatives, primarily focussing on projects that deliver impact on an international scale.

Members, Trustees, Delegated Committees and Advisory Boards

Members

Following the organisation's restructure in August 2019, The Duke and Duchess of Cambridge became members of The Royal Foundation in addition to their roles as patrons.

Trustees

Strong governance and management are critical to the success and reputation of The Royal Foundation. The Directors of The Royal Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees. The Trustees take overall responsibility for the

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Trustees' Report (continued)

charity and its work. They are responsible for ensuring The Royal Foundation is effectively and properly run and meets its goals as a charity.

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fundraising and the Trustees meet formally a minimum of four times a year under the Chairmanship of Lord Hague of Richmond.

Trustee Recruitment

The Articles of Association of The Royal Foundation provide for the appointment of Directors, who also act as Trustees. After discussing and agreeing the specific skills and experience required to enhance the Trustee board, the Trustees draw up a list of potential candidates, which is approved by the members of The Royal Foundation. New Trustees are recruited through known sources such as The Royal Foundation's sub-committees or other areas of the charity sector. The Chairman and Trustees interview all candidates, completing skills matrices in respect of the candidate after each interview. The matrix skill set covers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is appointed by the Trustees, following formal nomination by The Duke of Cambridge in his role as Founder.

In addition, The Private Secretaries of The Duke and Duchess of Cambridge are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

Following a discussion at the March 2022 Board Meeting, the Foundation is in the process of revising its trustee terms and expects to change the term length from three terms of three years to two terms of four years (with an extension available in exceptional cases) to better enable trustee succession planning and continuity.

Trustee Induction

Upon appointment, each Trustee receives a copy of the Charity Commission for England and Wales publication "The essential trustee: what you need to know, what you need to do" and other relevant Charity Commission literature. In 2020, the Trustees reviewed the latest edition of the Charity Governance Code to ensure the charity complies with best practice. New Trustees are asked to sign up to a Code of Conduct.

Trustees meet with senior members of The Royal Foundation's management team and are introduced to staff as part of their induction process. They are also provided with comprehensive background documentation which covers incorporation, operations and finance, policies and more general information relevant to The Royal Foundation's history and associations. Whereas Trustees are recruited with their specific skills and experience in mind, further project-based training is undertaken where necessary. This includes project visits to familiarise themselves with the full nature of The Royal Foundation's work as well as meeting with project partners, donors and other stakeholders.

Finance Committee

The Trustees have appointed a Finance sub-committee to help with the execution of its responsibilities, the members of which are appointed by the Trustees. The Finance Committee oversees in detail the financial plans and performance of the charity, reviews the risk management processes and monitors the performance of the investment portfolio.

The Finance Committee meets quarterly and comprises three Trustees, Ron Kalifa (who assumed the Chair upon his appointment as a trustee in June 2021), Simon Patterson (Chairman prior to Ron Kalifa's appointment) and Lady Pinsent, and three external advisory members: Ben Moorhead, DL, Claire Brown

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Trustees' Report (continued)

FCA (until May 2021) and Catherine Biscoe FCA. The Committee meetings are attended by members of the Leadership Committee, including the Chief Executive.

Governance and Nominations Committee

The Governance and Nominations Committee was constituted at the end of 2018 to lead the process for appointments and election to the Board of Trustees and independent members to its committees, and to review and make recommendations to the Board of Trustees relating to the overall governance arrangements of the organisation. The Governance and Nominations Committee is chaired by trustee Claire Wills and comprises two further trustees, Alice Webb and Hannah Cockburn-Logie, and meets at least twice a year.

Remuneration Committee

The Remuneration Committee was constituted at the end of 2020 to review and make recommendations to the Board of Trustees on remuneration matters. The committee is chaired by Lord Hague and comprises four further trustees, Simon Patterson, Claire Wills, Alice Webb and Rob Kalifa (who was appointed in December 2021).

Earthshot Prize Transition Committee

This was constituted in December 2021 to oversee plans for the spin out of The Earthshot Prize as an independent charity, including the appointment of new board members and creation of constitutional documents. The committee is chaired by Lord Hague and comprises Ron Kalifa, Simon Patterson and Claire Wills as well as Christiana Figueres and David Fein, Chair elect and Vice Chair elect respectively of the new Earthshot Prize charity.

Advisory Boards and Councils

The Royal Foundation is fortunate to benefit from a network of experienced volunteers, who support and help steer The Royal Foundation's work through external advisory groups. Advisory boards and councils that were active in the year included the Emergency Services Senior Leaders Board, Early Years Steering Group, Earthshot Prize Council and a Mental Health Research Group.

Senior Management

The Trustees have delegated authority to the Chief Executive and the Leadership Committee (formerly Senior Management Team) for the day-to-day management of the organisation. The Leadership Committee is led by the Chief Executive (or as a collective decision-making body during the period when there was no Chief Executive in post) and has the delegated responsibility for the design and delivery of programmes and income generation, along with the administrative functions of finance, HR, health and safety, project evaluation, management information systems, marketing and communications.

Employment and Remuneration

The Royal Foundation recognises and values its people as its most important asset in achieving its aspirations. The Royal Foundation operates and maintains a legal, fair, equitable and affordable Pay and Reward Framework for its diverse and talented workforce. The framework helps to attract, recruit, develop and retain employees with appropriate knowledge and relevant skills required to sustain delivery. The framework is continually reviewed through job evaluation, internal and external sector benchmarking to ensure that pay scales remain competitive and remains in line with the Foundation's current financial position. The organisation also offers a wide-ranging learning and development programme to all staff.

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Trustees' Report (continued)

The Royal Foundation is committed to being a mentally healthy workplace and offers a number of health and wellbeing initiatives to ensure that all members of the team have the right resources and support in place to ensure good mental health.

The Royal Foundation remains committed to equality and diversity and to ensuring a positive, safe and respectful environment which promotes the wellbeing and dignity of its employees, applicants, partners, suppliers and those whose interests it represents. It aims to promote equality of opportunity and diversity and to tackle any forms of discrimination, harassment or bullying within its working environment, whether on grounds of age, disability, gender, gender reassignment, marriage or civil partnership, pregnancy or maternity, race or ethnic origin, religion or belief, sex or sexual orientation, and discrimination by association.

These principles underpin its professional behaviour and are embedded in its policies, procedures, day-to-day practices and external relationships, with staff undertaking training on diversity, inclusion and unconscious bias. All policies and practices reflect current relevant legislation and will continue to comply with future legislation changes. The Foundation is continuing its work to place its approach to diversity as an employer, partner and designer of charitable initiatives at the centre of its overall strategy.

Safeguarding

The Royal Foundation does not engage in any activity with children or vulnerable adults such as is regulated by safeguarding legislation, but it does take seriously its obligations to operate in such a way as to ensure so far as is possible that its work causes no harm to anyone with whom it engages.

Given these values and considering widely recognised risks, The Royal Foundation has developed its safeguarding policy to promote protection for all those people it encounters, both staff and volunteers within the charity as well as the partner organisations with which it works.

Should it come into contact with vulnerable groups The Royal Foundation takes responsibility to ensure it is doing all it can to protect such groups from all forms of harm that might occur as a result of that contact, including abuse, neglect and exploitation and to ensure appropriate action is taken if such harm occurs.

Data Protection

The organisation reviewed and revised where necessary its processes, policies and approaches in relation to data protection to ensure compliance with the General Data Protection Regulation (GDPR) changes which came into effect in May 2018. All staff are provided with appropriate training to ensure there is a good level of understanding throughout the whole organisation.

Governance Code

A governance code, endorsed by the Charity Commission and other industry bodies, was launched in 2017 and updated in 2020. Together with the Trustees, management have ensured that The Royal Foundation is substantially compliant with the code.

The code asks charities to “apply or explain”. Details of where the code has not been applied, or where steps have been taken to apply the code’s provisions during the year, are provided below:

- Equality, diversity and inclusion:
 - Formal targets for diversity of the Board have not previously been set but will be considered, monitored, and reported on. Diversity is always considered in Trustee recruitment.

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Trustees' Report (continued)

Fundraising

The Royal Foundation applies the support it receives only for its charitable purposes. The Foundation does not accept funds raised through activities considered 'public fundraising' such as sponsored challenges, but it welcomes donations and other funding from individuals, foundations, companies and other charities, engaging supporters around particular programmes or the charitable work of The Royal Foundation as a whole, in line with its gift acceptance policy. The Royal Foundation is committed to the highest standards in all of its fundraising activity and is open and honest in the information it provides to its supporters about its work and how their donations are used.

The Royal Foundation's fundraising is carried out by its employees and Trustees through direct contact with supporters and potential supporters. Additionally, some of the Foundation's existing donors make introductions to others also interested in supporting the Foundation's work.

The Royal Foundation has voluntarily registered with the Fundraising Regulator. No complaints relating to fundraising activities were received during the year. The Royal Foundation takes care not to cause nuisance or disruption when communicating with its supporters and the fundraising team reports to the Board of Trustees and the Chief Executive on the delivery of its fundraising activity. The Royal Foundation will never sell or share data about its donors and has put in place controls to ensure the security of all data held. Where The Royal Foundation uses professional fundraisers or where it works with corporate partners (commercial participators), it has put in place policies and contractual arrangements to ensure their effective management and adherence to The Royal Foundation's policies.

Related Parties

Further details about Related Parties can be found in Note 11 to the consolidated financial statements.

Public Benefit

The Royal Foundation is a public benefit entity under FRS 102. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and setting grant-making policies.

The Trustees consider particularly how planned activities will contribute to the aims and objectives they have set.

Directors' indemnity insurance

The Royal Foundation maintained liability insurance throughout the year for its Trustees and Officers.

Auditor

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Trustees' Responsibilities

The Trustees (who are also the Directors for Companies law purposes) are responsible for preparing the Trustees' Report (which incorporates the Directors' report for Companies law purposes) and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources

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Trustees' Report (continued)

and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the integrity of the financial statements contained therein.

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and takes advantage of the small companies' exemption from the requirement to prepare a strategic report.

Approved by the Board of Trustees on 29 June 2022 and signed on its behalf by



Lord Hague of Richmond – Chair of The Royal Foundation
Kensington Palace
Palace Green
London, W8 4PU

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2021 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Royal Foundation of the Duke and Duchess of Cambridge ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 December 2021 which comprise the consolidated and charity statement of financial activities, the consolidated statement of financial activities, the charity statement of financial activities, the consolidated and charity balance sheet, the consolidated and charity cashflow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

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

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

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 auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We made enquiries of management and the Board, including:
 - How they identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
 - Their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - Which internal controls have been established to mitigate risks related to fraud or noncompliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with the Companies Act 2006, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management;
- We read minutes of meetings to those charged with governance;

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the allocation of costs including apportionment of costs between charitable and fundraising expenditure and the valuation of gifts in kind.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

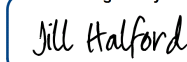
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Jill Halford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

Date 29 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

**Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2021**

		2021				2020			
Notes		Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2021	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2020
		£	£	£	£	£	£		£
Income:									
Donations and Legacies	2	1,801,227	18,149,557	-	19,950,784	6,803,259	4,383,531	435,615	11,622,405
Trading activities	3	-	442,430	-	442,430	-	140,274	-	140,274
Investment income	4	464	-	-	464	10,112	-	-	10,112
Other income	4	36,489	-	-	36,489	50,601	-	-	50,601
Total income		1,838,180	18,591,987	-	20,430,167	6,863,972	4,523,805	435,615	11,823,392
Expenditure:									
Raising funds	5	(606,783)	(623,905)	-	(1,230,687)	(560,178)	(295,151)	-	(855,329)
Charitable activities	5,6								
- Grants		(9,683)	(6,023,294)	-	(6,032,977)	(4,449)	(2,453,054)	(1,274,047)	(3,731,550)
- Other charitable activities		(1,361,732)	(7,732,386)	(3,091)	(9,097,209)	(1,198,671)	(3,302,142)	(115,389)	(4,616,202)
		(1,371,415)	(13,755,680)	(3,091)	(15,130,186)	(1,203,120)	(5,755,196)	(1,389,436)	(8,347,752)
Total expenditure		(1,978,197)	(14,379,585)	(3,091)	(16,360,873)	(1,763,298)	(6,050,347)	(1,389,436)	(9,203,081)
Net (expenditure)/income before investment gains		(140,017)	4,212,402	(3,091)	4,069,293	5,100,674	(1,526,542)	(953,821)	2,620,311
Net gains on investment	13	215,437	-	-	215,437	122,881	-	-	122,881
Net income/(expenditure)		75,419	4,212,402	(3,091)	4,284,730	5,223,555	(1,526,542)	(953,821)	2,743,192
Transfers between funds	17,18,19	-	(3,091)	3,091	-	(1,985,141)	1,422,669	562,472	-
Net movement in funds		75,419	4,209,311	-	4,284,730	3,238,414	(103,873)	(391,349)	2,743,192
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,372,061	2,840,156	-	8,212,217	2,133,647	2,944,029	391,349	5,469,025
Fund balances carried forward at 31 December	17,18,19	5,447,480	7,049,467	-	12,496,947	5,372,061	2,840,156	-	8,212,217

Discontinued operations in 2021 relates to The Duke of Sussex's *Headfit* programme, which was transferred to Armed Forces Covenant Fund Trust on 1 May 2021.

Discontinued activities in 2020 related to The Duke of Sussex's *Endeavour Fund* programme, which was transferred to Invictus Games Foundation on 1 June 2020 and to the *Coach Core* programme, which was transferred to a new independent charity, Coach Core Foundation, on 1 April 2020.

There were no other recognised gains or losses.

The notes on pages 25 to 43 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Charity statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2021

		2021				2020			
	Notes	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2021	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2020
		£	£	£	£	£	£	£	£
Income:									
Donations and Legacies	2	1,801,227	18,227,361	-	20,028,588	6,803,259	4,474,329	435,615	11,713,202
Investment income	4	464	-	-	464	10,112	-	-	10,112
Other income	4	36,489	8,849	-	45,338	53,407	-	-	53,407
Total income		1,838,180	18,236,210	-	20,074,390	6,866,778	4,474,329	435,615	11,776,722
Expenditure:									
Raising funds	5	(606,783)	(268,128)	-	(874,910)	(555,330)	(253,329)	-	(808,659)
Charitable activities	5,6								
- Grants		(9,683)	(6,023,294)	-	(6,032,977)	(4,449)	(2,453,054)	(1,274,047)	(3,731,550)
- Other charitable activities		(1,361,732)	(7,732,386)	(3,091)	(9,097,209)	(1,198,671)	(3,302,142)	(115,389)	(4,616,202)
		(1,371,415)	(13,755,680)	(3,091)	(15,130,186)	(1,203,120)	(5,755,196)	(1,389,436)	(8,347,752)
Total expenditure		(1,978,197)	(14,023,808)	(3,091)	(16,005,096)	(1,758,450)	(6,008,525)	(1,389,436)	(9,156,411)
Net income/(expenditure) before investment gains		(140,017)	4,212,402	(3,091)	4,069,294	5,108,328	(1,534,196)	(953,821)	2,620,311
Net gains on investment	13	215,437	-	-	215,437	122,881	-	-	122,881
Net (expenditure)/income		75,419	4,212,402	(3,091)	4,284,730	5,231,209	(1,534,196)	(953,821)	2,743,192
Transfers between funds	18,19,20	-	(3,091)	3,091	-	(1,985,141)	1,422,669	562,472	-
Net movement in funds		75,419	4,209,311	-	4,284,730	3,246,068	(111,527)	(391,349)	2,743,192
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,369,417	2,842,799	-	8,212,216	2,123,349	2,954,326	391,349	5,469,024
Funds balances carried forward at 31 December	18,19,20	5,444,837	7,052,110	-	12,496,947	5,369,417	2,842,799	-	8,212,216

Discontinued operations in 2021 relates to The Duke of Sussex's *Headfit* programme, which was transferred to Armed Forces Covenant Fund Trust on 1 May 2021.

Discontinued activities in 2020 related to The Duke of Sussex's *Endeavour Fund* programme, which was transferred to Invictus Games Foundation on 1 June 2020 and to the *Coach Core* programme, which was transferred to a new independent charity, Coach Core Foundation, on 1 April 2020.

There were no other recognised gains or losses.

The notes on pages 25 to 43 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Consolidated and Charity balance sheet As at 31 December 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible fixed assets	12	28,641	17,528	28,641	17,528
Investments	13	2,848,168	2,637,414	2,848,169	2,637,415
		2,876,809	2,654,942	2,876,810	2,654,943
Current assets					
Debtors	14	5,386,907	135,280	5,417,559	222,082
Cash at bank and in hand	22, 23	10,939,633	6,109,566	10,501,471	6,017,947
		16,326,540	6,244,846	15,919,030	6,240,029
Creditors: amounts falling due within one year	15	(6,706,402)	(687,571)	(6,298,894)	(682,756)
Net current assets		9,620,138	5,557,275	9,620,136	5,557,273
Net assets		12,496,947	8,212,217	12,496,946	8,212,216
The funds of the group/charity					
Unrestricted funds	17	5,447,480	5,372,061	5,444,836	5,369,417
Restricted funds	18	7,049,467	2,840,156	7,052,110	2,842,799
Total funds		12,496,947	8,212,217	12,496,946	8,212,216

The notes on pages 25 to 43 also form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge (registered number 7033553) were approved by the Board of Trustees on 29 June 2022 and signed on its behalf by:

Lord Hague of Richmond – Trustee
Kensington Palace
Palace Green
London
W8 4PU

Consolidated and Charity Cash Flow Statement
For the year ended 31 December 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows provided by operating activities:					
Net cash provided by operating activities	21	4,852,054	2,853,317	4,505,510	2,794,497
Cash flows from investing activities:					
Dividends and interest from investments	4	464	10,112	464	10,112
Purchase of fixed asset investments	13	-	(1,147,325)	-	(1,147,325)
Proceeds from sale of fixed asset investments	13	-	1,146,742	-	1,146,742
Disposal of current asset investments	-	-	2,000,000	-	2,000,000
Purchase of tangible fixed assets	12	(27,134)	(12,694)	(27,134)	(12,694)
Net cash (used in)/provided by investing activities		(26,670)	1,996,835	(26,670)	1,996,835
Change in cash and cash equivalents in the year	22, 23	4,825,384	4,850,152	4,478,840	4,791,332
Cash and cash equivalents at the beginning of the year		7,265,165	2,415,013	7,173,545	2,382,213
Total cash and cash equivalents at the end of the year	22, 23	12,090,549	7,265,165	11,652,385	7,173,545

The notes on pages 25 to 43 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

a) Basis of accounts preparation

The consolidated financial statements of The Royal Foundation have been prepared under the historical cost convention (with the exception of investments carried at valuation as noted in the accounting policy below) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the 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 (FRS102) (second edition – effective 1 January 2019) – (Charities SORP (FRS102)) and the Companies Act 2006.

b) Consolidation

The financial statements of the wholly owned subsidiary, TRF Trading Limited, have been consolidated with those of the charity on a line by line basis.

With effect from 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality.

On 18 December 2019 a deed was signed with Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal') from which date The Royal Foundation intends to grant 50% of the net income received by The Diana, Princess of Wales Memorial Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income will instead be donated to Sentebale, a registered charity of which The Duke of Sussex is a patron.

Although two members of the Foundation's Leadership Committee are directors of the American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, the Foundation has no control or significant influence over the American Friends and as such, has not consolidated the entity into the group accounts.

c) Going Concern

The Trustees have identified no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern. The level of reserves and available liquid resources is reviewed regularly by the trustees, with close scrutiny of the fundraising pipeline which forms the key income stream for the charity. The Foundation is primarily reliant on donations from a group of individual donors to fund its core costs, with minimal reliance on commercial sponsorship. Stress testing of extreme downside scenarios has been conducted which indicates that The Royal Foundation and its subsidiary are financially secure for the foreseeable future.

We remain resilient through having a robust balance sheet, a conservative investment policy, avoiding undue risk, and through sound financial planning and management.

Accordingly, these accounts have been prepared on the going concern basis. Further information is given in the Trustees' report.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies (continued)

d) Judgements and estimates made by management

The preparation of the financial statements requires management to make significant judgements and estimates. These judgements and estimates are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. The items in the financial statements where these judgements and estimates have been made include:

- basis of allocation of support costs;
- income recognition, in particular estimating fair value of a gift in kind;
- estimating the liability from multi-year grant commitments; and
- rates of depreciation used in determining the carrying value of tangible fixed assets.

With respect to the next reporting period, January to December 2022, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees Annual Report for further information). The carrying value of the investment portfolio at the end of December 2021 was £2,848,168 (2020: £2,637,414).

e) Fund accounting

Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are funds subject to specific restrictions imposed by the donor. All restrictions are in line with the charitable objectives of the charity.

All transfers between funds are recorded gross and shown on the Statement of Financial Activities or in the notes.

f) Income

Donations and gifts consist of the total donations from individuals, trusts and corporate entities. Income is recognised in the Statement of Financial Activities when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Grants consist of income receivable by The Royal Foundation from individuals, trusts and corporate entities. Income is recognised when there is entitlement to the grant, receipt is probable and its amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income consists of bank interest, and dividends and interest from the portfolio managed by Cazenove Capital Management. Investment income is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the money paid or payable by the bank or investment manager.

Gifts in kind are from donated services which are recognised at fair value when performed. Fair value is the amount the charity would have been willing to pay to obtain those services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from trading activities and other income are recorded on a receivable basis.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies (continued)

g) Expenditure

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Expenditure is classified under the following activity headings:

- Raising funds, which comprise the costs incurred in supporting income generation activities, such as fundraising, and their associated support costs.
- Expenditure on charitable activities includes grants payable and costs incurred directly by The Royal Foundation in furtherance of its charitable objectives, along with associated support costs. Grants made are recognised when they have been approved and a legal or constructive obligation is in place. For multi-year grants, with the exception of Earthshot Prizes (which are awarded as grants to the winners), The Foundation retains the control over future years funding which is renewed annually and as such the Foundation only recognises grants on an annual commitment basis. Earthshot Prize grants are recognised in full once they have been awarded to the winners but are paid in instalments over a period of 2-3 years.

Direct costs comprise amounts spent in all activities designed to convene and raise awareness, and to provide the seed capital and grant funding.

Support costs have been allocated across the categories of charitable expenditure and raising funds. Support costs include premises, general management, IT, HR, office supplies and finance.

Support costs for charitable activities comprise costs attributable to operational and grant-making functions. Staff costs (including employer pension contributions and national insurance) are allocated between raising funds and charitable activities on a time spent basis. Office related costs including rent, IT, depreciation and stationery are allocated between raising funds and charitable activities on a headcount or FTE basis.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees together with an apportionment of overhead and support costs.

h) Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

The subsidiary company, TRF Trading Limited, made qualifying donations of all taxable profit to the parent charity. No corporation tax liability on the subsidiary arises in the accounts.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the year-end exchange rates. All differences are taken to the Statement of Financial Activities. The charity entered into a number of forward contracts during the year for the purchase of US dollars in order to manage its exchange rate exposure. There were no unsettled contracts outstanding as at 31 December 2020 or 31 December 2021.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies (continued)

j) Pension costs (continued)

contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

k) Investments

The fixed asset investment consists of the share in the subsidiary TRF Trading Limited which is stated at cost and a portfolio of listed investments. Listed investments are a form of basic financial instrument initially recognised at their transaction value and subsequently measured at fair value at the balance sheet date using the closing quoted market price. Any gain/loss on revaluation and disposal are recorded in the Statement of Financial Activities.

Cash held within the investment portfolio is highly liquid and subject to insignificant risk of change. However, these are maintained within fixed asset investments as they are intended for use on a continuing basis in the charity's activities.

l) Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and stated at historical cost less depreciation and applicable impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset to its estimated residual value evenly over its expected useful life, as follows:

- Computer equipment – 24 to 36 months on a straight line basis.
- Fixtures and Fittings – 36 months or over remaining life of the lease, on a straight line basis.
- Leasehold improvements – Over remaining life of the lease, on a straight line basis.

m) Operating Leases

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

n) Financial Instruments

The charity has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value. Financial assets comprise cash at bank and in hand, other debtors and prepayments and accrued income. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

o) Debtors

Debtors are recognised at the settlement amount due at the end of the period.

p) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

q) Termination costs

Termination costs are recognised when the charity is demonstrably committed to terminate the employment of an employee.

r) Irrecoverable VAT

Irrecoverable VAT is allocated to the principal areas of costs in which it has been incurred.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

2 Income from donations and legacies

Group	2021			2020		
	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Donations	1,182,629	1,206,057	2,388,686	1,365,984	1,791,240	3,157,224
Grants	326,550	16,617,673	16,944,223	5,233,766	2,771,085	8,004,851
Legacies	183,066	-	183,066	1,455	-	1,455
Donated services	108,982	325,827	434,809	202,054	256,821	458,875
Total	1,801,227	18,149,557	19,950,784	6,803,259	4,819,146	11,622,405

In 2021, The Royal Foundation received £17,841 (2020: £15,750) from The Diana, Princess of Wales Memorial Fund.

Included within unrestricted grant income in 2020 were amounts from a certain funder of which £750,000 was designated for The Earthshot Prize and £340,000 was designated for the Early Years programme. There were no designated funds in 2021.

Donated services of £434,809 (2020: £458,875) relate to gifts of services, including seconded staff, legal and professional fees and advertising, in support of the charity's programmes.

Income from donations and legacies for the charity alone, includes £77,804 restricted (2020: £90,798 restricted), which has been gift aided to The Royal Foundation from its subsidiary, TRF Trading Limited and is eliminated on consolidation.

3 Income from trading activities

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 07506603, registered address Kensington Palace, Palace Green, London, W8 4PU), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its taxable profits to The Royal Foundation of The Duke and Duchess of Cambridge. A summary of its results extracted from its full audited accounts is shown below:

	Year ended 31 December	
	2021 £	2020 £
Turnover	442,430	140,274
Gross profit	442,430	140,274
Administrative expenses	(364,626)	(44,421)
Operating profit	77,804	95,853
Finance charges	-	(5,055)
Profit on ordinary activities before taxation	77,804	90,798
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	77,804	90,798
Total shareholder's funds brought forward	1	1
Profit on ordinary activities after taxation	77,804	90,798
Charitable donation to parent	(77,804)	(90,798)
Total shareholder's funds carried forward	1	1
Assets, liabilities and shareholders' funds		
Assets	494,163	98,420
Liabilities	(494,162)	(98,419)
Funds surplus including 1 ordinary share of £1	1	1

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

4 Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Investment Income:	464	-	464	10,112	-	10,112
Other Income:						
Foreign exchange gains	36,489	-	36,489	50,601	-	50,601
Total other income	36,489	-	36,489	50,601	-	50,601

Other income for the charity alone derives from income received from TRF Trading Limited, consisting of £8,849 (2020: £2,805) relating to a resource sharing agreement recharge.

5 Summary analysis of total expenditure – Charity

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Raising funds	606,783	268,128	874,910	555,330	253,329	808,659
Charitable activities:						
- Direct costs – grant and donation funding of activities	9,683	6,023,294	6,032,977	4,449	3,727,101	3,731,550
- Direct costs – convening, collaboration and R&D	650,524	7,495,364	8,145,888	377,920	3,191,933	3,569,853
- Support costs	711,208	240,113	951,321	820,751	225,598	1,046,349
Total charitable activities	1,371,415	13,758,771	15,130,186	1,203,120	7,144,632	8,347,752
	1,978,198	14,026,899	16,005,096	1,758,451	7,397,961	9,156,411

Included within Raising Funds are Investment management costs of £4,682 (2020: £4,913). Expenditure on Raising Funds for the charity alone excludes £355,777 (2020: £46,670) of non-intercompany expenses incurred by TRF Trading Limited.

6 Analysis of expenditure on charitable activities

2021 activities	Grant funding of £	Direct costs £	Support costs £	Governance costs £	Total 2021 £
Emergency Responders	206,500	185,470	84,456	8,958	485,384
Mental Health	-	119,881	21,586	3,400	144,867
United for Wildlife Taskforces	163,916	336,179	94,210	11,213	605,518
The Earthshot Prize	5,000,000	6,572,657	445,372	62,862	12,080,891
Early Years	16,252	724,235	180,474	21,699	942,660
Empowering Communities	76,111	1,941	5,326	248	83,626
COVID-19 response fund	560,515	10,000	-	-	570,515
Other projects	-	195,525	9,912	1,605	207,042
Unrestricted donation to Sentebale	9,683	-	-	-	9,683
	6,032,977	8,145,888	841,336	109,985	15,130,186

2020 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2020 £
Supporting Those Who Serve	623,242	355,381	90,958	11,616	1,081,197
Mental Health	357,290	546,760	150,154	15,597	1,069,801
Young People	758,850	62,160	21,246	3,238	845,494
United for Wildlife Taskforces	299,999	184,867	80,363	7,424	572,653
The Earthshot Prize	-	1,341,582	323,590	36,163	1,701,335
Other conservation	340,899	137,037	5,667	864	484,467
Early Years	-	872,245	185,411	21,741	1,079,397
Empowering Communities	231,697	14,812	5,810	648	252,967
COVID-19 response fund	1,115,124	55,009	77,763	8,096	1,255,992
Unrestricted donation to Sentebale	4,449	-	-	-	4,449
	3,731,550	3,569,853	940,962	105,387	8,347,752

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

7 Analysis of support costs and governance costs

2021	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2021
	£	£	£	£	£	£	£	£
Raising funds	64,137	113,213	63,063	26,205	31,294	8,353	30,942	337,207
Emergency Responders	19,972	19,341	21,835	8,990	11,900	2,418	8,958	93,414
Mental Health	6,766	3,433	3,356	2,597	4,516	918	3,400	24,986
United for Wildlife Taskforces	24,247	21,616	19,924	10,502	14,894	3,027	11,213	105,423
The Earthshot Prize	126,244	94,356	75,120	49,182	83,500	16,970	62,862	508,234
Other projects	3,193	1,620	1,309	1,226	2,131	433	1,605	11,517
Early Years	44,183	52,796	31,231	17,583	28,823	5,858	21,699	202,173
Empowering Communities	494	251	3,994	190	330	67	248	5,574
COVID-19 response fund	-	-	-	-	-	-	-	-
	289,236	306,626	219,832	116,475	177,388	38,044	140,927	1,288,528

Raising Funds in the group totalled £1,230,687 which consisted of £888,137 of direct fundraising costs and £342,550 of support and governance costs.

Costs relating to Premises, General Management, IT, HR, Office supplies and governance are allocated on the basis of headcount and certain salaries. Finance costs are allocated on the basis of salaries only.

2020	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2020
	£	£	£	£	£	£	£	£
Raising funds	70,028	99,276	35,238	26,610	54,850	3,223	29,734	318,959
Supporting Those Who Serve	26,380	21,873	12,249	9,418	19,779	1,259	11,616	102,574
Mental Health	36,791	52,828	18,917	14,015	25,913	1,690	15,597	165,751
Young People	7,320	5,601	1,597	2,592	3,785	351	3,238	24,484
United for Wildlife Taskforces	17,886	26,970	12,779	7,045	14,879	804	7,424	87,787
The Earthshot Prize	85,057	112,115	38,816	32,250	51,433	3,919	36,163	359,753
Other conservation	1,952	1,494	426	691	1,009	94	864	6,530
Early Years	51,354	58,246	19,274	19,607	34,574	2,356	21,741	207,152
Empowering Communities	1,464	1,121	1,880	518	757	70	648	6,458
COVID-19 response fund	21,602	27,646	8,394	9,781	9,463	877	8,096	85,859
	319,834	407,170	149,570	122,527	216,442	14,643	135,121	1,365,307

Raising Funds in the group in 2020 totalled £855,329 which consisted of £531,522 of direct fundraising costs and £323,807 of support and governance costs.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

8 Analysis of grants and donations

	2021	2020
	£	£
Supporting Those Who Serve		
<i>Emergency Responders</i>		
Mind (for the <i>Blue Light Together</i> digital gateway)	200,000	-
Mountain Rescue England & Wales	6,500	-
	<u>206,500</u>	<u>-</u>
<i>The Endeavour Fund</i>		
Conservation in Action	-	20,000
Help For Heroes (Sports Recovery Coaching Academy)	-	10,500
Hidden Valley Bushcraft	-	12,438
Invictus Games Foundation (transfer of The Endeavour Fund programme)	-	560,984
Team Force of Nature	-	19,320
	<u>-</u>	<u>623,242</u>
<i>Total 'Supporting Those Who Serve'</i>	<u>206,500</u>	<u>623,242</u>
COVID-19 response fund		
Anna Freud Centre	-	143,524
Best Beginnings	29,727	29,728
CALM	-	171,142
Hospice UK	50,477	50,478
Mental Health Innovations (Shout)	-	140,000
Mind	249,984	249,984
Place2Be	46,145	46,145
The Ambulance Staff Charity	134,182	134,182
The Mix	50,000	50,000
Young Minds	-	99,941
<i>Total COVID-19 response fund</i>	<u>560,515</u>	<u>1,115,124</u>
Mental Health		
<i>Mental Health at Work</i>		
Mind	-	125,000
<i>Mentally Healthy Schools</i>		
Anna Freud Centre (two grants in 2020)		232,290
	<u>-</u>	<u>232,290</u>
<i>Total Mental Health</i>	<u>-</u>	<u>357,290</u>
Early Years		
London School of Economics	16,252	-
Young People		
<i>Full Effect (Nottingham Youth Violence Prevention Initiative)</i>		
EPIC Partners	-	57,500
Community Recording Studio	-	57,500
	<u>-</u>	<u>115,000</u>
<i>Coach Core</i>		
Active Derbyshire (Sport England funded)	-	20,000
Coach Core Foundation (transfer of the Coach Core programme to independent charity)	-	525,650
Bisham Abbey (Berkshire/Sport England funded)	-	20,000
Inspiring Healthy Lifestyles (Manchester)	-	14,700
Leicestershire and Rutland Sport (Sport England funded)	-	30,000
Middlesbrough FC Foundation	-	6,500
Tyne and Wear Sport (Sport England funded)	-	20,000
West of England Sport Trust (WeSport)	-	7,000
	<u>-</u>	<u>643,850</u>
<i>Total Young People</i>	<u>-</u>	<u>758,850</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

8 Analysis of grants and donations (continued)

	2021 £	2020 £
Conservation		
<i>The Earthshot Prize</i>		
Takachar (Clean our Air)	1,000,000	-
Coral Vita (Revive our Oceans)	1,000,000	-
Enapter (Fix our Climate)	1,000,000	-
City of Milan (Build a Waste-free World)	1,000,000	-
Costa Rica (Protect and restore Nature)	1,000,000	-
	<u>5,000,000</u>	<u>-</u>
<i>Onsite protection</i>		
Eastern Cape Parks and Tourism Agency	-	5,000
Lowveld Rhino Trust	-	55,000
Save The Rhino International (two grants)	-	110,577
Wilderness Foundation Africa	-	23,270
Wildlife Conservation Society	-	20,000
Zoological Society of London (four grants)	-	110,097
	<u>-</u>	<u>323,944</u>
<i>Travalyst (Sustainable tourism)</i>		
Sussex Royal The Foundation of The Duke and Duchess of Sussex	-	6,955
<i>United for Wildlife Taskforces</i>		
Basel Institute on Governance (three grants in 2020)	63,916	274,656
Focused Conservation Solutions	100,000	50,000
University of Groningen (refund)	-	(24,657)
	<u>163,916</u>	<u>299,999</u>
<i>WILDLABS.net</i>		
Fauna & Flora International	-	10,000
	<u>-</u>	<u>10,000</u>
Total Conservation	<u>5,163,916</u>	<u>640,898</u>
Empowering Communities		
Al Manaar, The Muslim Cultural Heritage Trust	47,691	47,691
The Felix Project (donation)	28,420	81,006
UnLtd	-	103,000
	<u>76,111</u>	<u>231,697</u>
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	9,683	4,449
	<u>9,683</u>	<u>4,449</u>
TOTAL charitable grants and donations	<u>6,032,977</u>	<u>3,731,550</u>

Unless otherwise stated, all amounts are for single grants.

9 Total expenditure

The following have been charged within total expenditure:

	2021 £	2020 £
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	28,550	30,231
Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	5,886	12,209
Depreciation of tangible fixed assets	15,568	18,955
Operating lease payments	134,292	190,705
Defined contribution pension costs	155,619	141,879

Auditor remuneration is stated net of irrecoverable VAT, which amounted to £5,300 (2020: £4,829) for audit services and £677 (2020: £1,226) for non-audit services.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

10 Analysis of staff costs and the cost of key management personnel

	2021 £	2020 £
Total staff costs comprised:		
Gross wages and salaries	2,152,324	1,739,684
Redundancy costs (excluding associated social security and pension costs)	-	96,319
Social security costs	247,597	201,773
Pension costs: defined contribution	155,619	141,879
Other benefits (including medical insurance)	38,059	45,701
	2,593,599	2,225,356

There were no termination costs during the year. In 2020 termination costs were £106,947 which related to 4 individuals. That included ex gratia payments of £32,080 which were made as part of settlement agreements with 3 former employees at the time of leaving, and which were fully paid in the year. These payments were approved by the trustees in line with the Foundation's redundancy policy.

All employees are employed by the charity with the exception of 1 US-based individual who was employed via a third party payroll agency. The average number of employees in the year was 36 (2020: 33). The average number of staff in the year was 36 full time (2020: 32) and 1 part time (2020: 2), with the part time staff representing an average of 1 FTE. (2020: 1).

For 2021, the key management personnel of the charity comprised the Trustees, the Chief Executive, the Director of Impact, the Director of Research, the Director of Partnerships, the Director of Development, the Directors of The Earthshot Prize and the Royal Foundation Centre for Early Childhood, the Head of Finance, the Head of Governance and Operations and the Head of Engagement. The total employee benefits of the key management personnel were £971,759 (2020: £870,875), including pension costs of £55,956 (2020: £55,482) and national insurance costs of £98,483 (2020: £84,125).

The number of employees who earned over £60,000, including taxable benefits and termination payments but excluding pension costs, was:

	2021	2020
£60,000 – £70,000	4	4
£70,001 – £80,000	2	-
£80,001 – £90,000	-	2
£90,001 – £100,000	4	1
£100,001 – £110,000	-	1
£140,001 – £150,000	-	1
£170,001 – £180,000	1	-

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year totalled £155,619 (2020: £141,879). There were no outstanding balances as at 31 December 2021 or 31 December 2020.

11 Trustee remuneration, expenses and related party transactions

Unless otherwise stated in this note, there were no amounts outstanding with related parties as at 31 December 2021 or 31 December 2020.

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with the charity or a related entity (2020: £nil).

Expenses

During the year the Trustees incurred expenses in the UK totalling £78 (2020: £nil) for travel and other expenses.

Related Party transactions – Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £100,000 (2020: £100,116).

Sir Keith Mills GBE, DL was Chairman and Trustee of The Royal Foundation until 9 December 2020 and was also Chairman and Trustee of Invictus Games Foundation, a charity to which The Royal Foundation granted £560,984 in 2020 in relation to the transfer of The Endeavour Fund programme.

Charles Mindenhall is a trustee of Mental Health Innovations, a charity to which The Royal Foundation granted £140,000 in 2020 in relation to the COVID response fund (2021: £nil).

Claire Wills is a Trustee of The Royal Foundation and Managing Partner of Freshfields Bruckhaus Deringer LLP. During the year, The Royal Foundation received pro bono legal advice from Freshfields valued at £101,336 (2020: £5,700).

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

11 Trustee remuneration, expenses and related party transactions (continued)

Jean-Christophe Gray, CBE became an ex officio trustee of The Royal Foundation on 15 February 2021 and is a member of the Lord Chamberlain's Committee, the main governing body of The Royal Household. Hannah Cockburn-Logie, OBE, MVO has been an ex officio Trustee of The Royal Foundation since 8 June 2020 and is a member of the Lord Chamberlain's Committee. Simon Case, CVO was an ex officio Trustee of The Royal Foundation and a member of the Lord Chamberlain's Committee until 8 September 2020. The Duke and Duchess of Cambridge are members of The Royal Foundation in addition to their roles as patrons.

During the year, The Royal Foundation purchased £21,166 of services from The Royal Household relating to premises costs, recharges of overseas tour costs and medical insurance for staff (2020: £20,833 relating to communications, recharges of tour costs and medical costs). The Royal Foundation recharged £1,360 of costs to the The Royal Household in relation to an event at COP26 co-hosted by the Foundation and the Prince of Wales's Sustainable Markets Initiative. As at 31 December 2021, £1,218 (2020: £793) of charges were outstanding, all of which were settled after the year end. In addition, the Royal Household at Kensington Palace provided pro bono communications services to The Royal Foundation valued at £40,000 (2020: £80,000).

Related Party transactions – Subsidiaries

TRF Trading Limited

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 7506603), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Duke and Duchess of Cambridge. At the year end, TRF Trading Limited owed £86,853 (2020: £93,604) to The Royal Foundation, comprised of management charges of £8,849 (2020: £2,805) and a gift aid donation of £77,804 (2020: £90,798).

Related party transactions – Other

Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal')

Sussex Royal was formed during 2019 to be a philanthropic vehicle for The Duke and Duchess of Sussex, who were Principals of The Royal Foundation until August 2019. A grant of £6,955 (2019: £44,901) restricted to The Duke of Sussex's *Travalyst* sustainable tourism programme was paid to Sussex Royal in April 2020, which represented the remaining balance of a grant awarded in an agreement dated 18 December 2019 to transfer the *Travalyst* programme to Sussex Royal. No grants were paid or awarded to the company Travalyst Limited in 2020 or 2021.

The Diana, Princess of Wales Memorial Fund

With effect from 1 April 2013, The Royal Foundation took over legal control of The Diana, Princess of Wales Memorial Fund in order to safeguard both the Fund's name and any further income donated to the Fund in the future. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality. For further details of transactions, please refer to Note 2.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

11 Trustee remuneration, expenses and related party transactions (continued)

On 17 June 2020, in accordance with a request from The Duke of Sussex, the trustees approved the donation of 50% of future net income (backdated to 18 December 2019) received by The Diana, Princess of Wales Memorial Fund to Sentebale, a UK registered charity of which The Duke of Sussex is patron. During the year, donations of £9,683 (2020: £4,435) were paid to Sentebale.

American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, Inc.

The American Friends is a 501(c)(3) entity registered in the state of Delaware, USA. Elaine Dodds, Director of Development and Chris Bates, Head of Finance, were appointed as *ex officio* directors of The American Friends on 4 August 2020. During the year, The Royal Foundation received £5,648,869 (2020: £2,591,799 for the period 4 August 2020 to 31 December 2020) of grant income from The American Friends.

Key Management Personnel

In 2020, £29,381 of ex gratia termination costs were paid to 2 key management personnel. There were no such payments in 2021.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2021

12 Tangible fixed assets – Group and Charity

	Equipment	Fixtures & Fittings	Leasehold Improvements	Total
	£	£	£	£
Cost:				
Balance brought forward 1 January 2021	78,841	34,634	100,466	213,941
Additions	27,134	-	-	27,134
Disposals	(34,160)	(34,634)	(100,466)	(169,260)
Balance carried forward 31 December 2021	71,815	-	-	71,815
Depreciation:				
Balance brought forward 1 January 2021	63,522	32,425	100,466	196,413
Charge for the period	13,775	1,793	-	15,568
On disposals	(34,123)	(34,218)	(100,466)	(168,807)
Balance carried forward 31 December 2021	43,174	-	-	43,174
Net book value:				
Brought forward 1 January 2021	15,319	2,209	-	17,528
Carried forward 31 December 2021	28,641	-	-	28,641

13 Fixed Asset Investments

The Royal Foundation has funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2021.

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	2,637,414	2,516,804	2,637,414	2,516,804
Additions at cost	-	1,147,325	-	1,147,325
Proceeds on disposal	-	(1,146,742)	-	(1,146,742)
Net gains on revaluation	215,437	122,881	215,437	122,881
Movement in cash	(4,683)	(2,854)	(4,683)	(2,854)
Market Value at 31 December	2,848,168	2,637,414	2,848,168	2,637,414
Investment in Subsidiary	-	-	1	1
Total	2,848,168	2,637,414	2,848,169	2,637,415

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Fund investments:				
Multi Asset funds	1,697,252	1,481,815	1,697,252	1,481,815
Cash and cash equivalents	1,150,916	1,155,599	1,150,916	1,155,599
Total	2,848,168	2,637,414	2,848,168	2,637,414

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021
13 Fixed Asset Investments (continued)

The Cazenove portfolio is invested as follows:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Cazenove Charity Responsible Multi-Asset Fund	1,697,251	1,481,815	1,697,251	1,481,815
JP Morgan GBP Liquidity Fund	1,147,177	1,148,328	1,147,177	1,148,328
Cash	3,740	7,271	3,740	7,271
	2,848,168	2,637,414	2,848,168	2,637,414

The charity also holds 1 ordinary share of £1 in TRF Trading Limited, a company registered in England and Wales no. 7506603. The company carries out trading activities to raise funds for the charity (see note 3).

14 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by subsidiary	-	-	86,653	93,604
Prepayments and accrued income	5,311,776	130,455	5,255,775	128,358
Other debtors	75,131	4,825	75,131	120
	5,386,907	135,280	5,417,559	222,082

During the year the charity entered into 12 (2020: 3) forward contracts for the purchase of US dollars in order to manage its exchange rate exposure. All contracts were settled during the year and so no amounts are held at year end (2020: £nil).

'Prepayments and accrued income' includes £5m of grant income from Earthshot Prize Founding Partners, of which £1m is an instalment relating to 2021 which was received in January 2022 and £4m are instalments relating to future years which are required to be accrued in line with the Charities SORP. As discussed in the Trustees' Report and in note 25, the future year instalments will be transferred to the independent Earthshot Prize charity when that entity is established, and they are therefore disclosed as current debtors.

15 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	393,858	277,311	97,918	277,311
Charitable grants	5,000,000	50,794	5,000,000	50,794
Taxation and social security	149,811	65,405	95,352	65,405
Accruals and deferred income	1,156,037	292,179	1,098,927	287,364
Other creditors	6,697	1,882	6,697	1,882
	6,706,402	687,571	6,298,894	682,756

The £5m of charitable grant accruals in 2021 relates to the five Earthshot Prizes won at the inaugural awards ceremony in October 2021, which have been accrued in full in line with the accounting policy on grant expenditure and will be paid to the winners over the period 2022 to 2025. As discussed in the Trustees' Report and note 25, these liabilities will be transferred to the independent Earthshot Prize charity when that entity is established, and they are therefore disclosed as falling due within one year.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

16 Contingent liabilities

The Royal Foundation's grant giving strategy includes awarding grants to projects over multiple years, funded from outside sources and key donors. As at 31 December 2021 the Foundation had grants which were approved by trustees but not yet awarded to the grantee, and grants which were awarded to the grantee but not yet paid, broken down as follows:

	Approved, not yet awarded		Awarded, not yet paid	
	2021	2020	2021	2020
	£	£	£	£
United for Wildlife Taskforces	-	-	150,000	313,916
Emergency Responders	100,000	-	100,000	-
COVID response fund	-	-	199,045	759,561
Empowering Communities	-	-	-	47,691
	100,000	-	449,045	1,121,168

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability with the exception of the £5m relating to The Earthshot Prize.

As disclosed in note 1(b) and note 11, an agreement was signed with Sussex Royal on 18 December 2019, by which The Royal Foundation intends to donate 50% of the net income received by The Diana, Princess of Wales Memorial Fund from that date onwards, to Sussex Royal. In March 2020 The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income is instead being donated to Sentebale, a charity registered in the UK of which The Duke of Sussex is a patron. Donations to Sentebale are being paid twice a year, in January and July.

17 Analysis of movements in unrestricted funds

Group	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Unrestricted funds - group:						
General funds	5,372,061	1,838,180	(1,978,198)	-	215,437	5,447,480
Charity						
	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Unrestricted funds - charity:						
General funds	5,369,417	1,838,180	(1,978,198)	-	215,437	5,444,836

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Unrestricted funds - group:						
General funds	2,133,647	5,773,972	(1,763,298)	(895,141)	122,881	5,372,061
Designated funds	-	1,090,000	-	(1,090,000)	-	-
	2,133,647	6,863,972	(1,763,298)	(1,985,141)	122,881	5,372,061
Charity						
	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Unrestricted funds - charity:						
General funds	2,123,349	5,776,778	(1,758,450)	(895,141)	122,881	5,369,417
Designated funds	-	1,090,000	-	(1,090,000)	-	-
	2,123,349	6,866,778	(1,758,450)	(1,985,141)	122,881	5,369,417

Designated funds were received from a certain grant funder and consist of £750,000 designated to The Earthshot Prize and £340,000 designated to the Early Years programme. Although these designated funds are unrestricted, they have been designated to respect the non-binding preference of the funder, which fell short of imposing a restriction in trust law. All designated funds were transferred to restricted funds during the year to cover the costs of the programmes they funded.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

18 Analysis of movements in restricted funds

Group	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Restricted funds:						
COVID-19 response fund	629,719	51,026	(560,516)	-	-	120,229
Early Years	1,020,709	531,260	(691,778)	-	-	860,191
Mental Health	428,793	207,741	(103,897)	-	-	532,637
The Earthshot Prize	340,220	16,597,927	(12,067,056)	-	-	4,871,091
Emergency Responders	80,982	437,373	(393,737)	-	-	124,618
United for Wildlife Taskforces	269,829	755,642	(484,770)	-	-	540,701
Empowering Communities	69,904	11,018	(80,922)	-	-	-
	<u>2,840,156</u>	<u>18,591,987</u>	<u>(14,382,676)</u>	<u>-</u>	<u>-</u>	<u>7,049,467</u>

The table above summarises the main restricted funds.

The COVID-19 response fund was set up in 2020 in response to the global pandemic. All funds raised are being disbursed to 10 leading charities to support frontline workers and boost mental health provision. £1.68m had been disbursed through to 31 December 2021 and a final £0.10m will be disbursed in 2022 before the fund closes.

The Early Years restricted fund relates to The Duchess of Cambridge's Early Years programme of work which includes The Royal Foundation Centre for Early Childhood.

The funds received in relation to Mental Health relate to The Royal Foundation's work focusing on mental health and well-being which includes activities relating to *Heads Together*.

The Earthshot Prize fund consists of amounts relating to The Earthshot Prize programme, which is designed to incentivise change and help repair our planet over the next ten years. Included within the £12.1m of expenditure this year were the costs of hosting the inaugural awards and the five prizes of £1m each awarded to the winners.

Emergency Responders funds cover projects to support personnel currently serving in the emergency responders, or those who have previously served, and their families.

United for Wildlife convenes the private sector and other organisations under the Transport and Financial Taskforces with the ambition of making it impossible for traffickers to use private sector infrastructure to finance and transport illegal wildlife and products with impunity. Included within this fund is £28,688 (2020: £nil) of income received from the European Union for a project titled "Disrupting illicit supply chains of wildlife in Asia by leveraging civil society partnerships to increase the effectiveness of Government action".

The Empowering Communities fund relates to The Duchess of Sussex's Empowering Communities Through Food programme, funded by income received from sales of the *Together* cookbook published in 2018. Funds are being donated to The Felix Project in accordance with the wishes of The Duchess of Sussex.

Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Restricted funds:						
Coach Core	55,303	421,393	(701,175)	224,479	-	-
COVID-19 response fund	-	1,744,842	(1,115,123)	-	-	629,719
Early Years	1,185,893	371,400	(876,584)	340,000	-	1,020,709
Empowering Communities	201,620	114,775	(246,491)	-	-	69,904
Mental Health	1,114,614	285,394	(966,410)	(4,805)	-	428,793
Other conservation	137,367	122,053	(475,831)	216,411	-	-
The Earthshot Prize	23,614	1,085,908	(1,519,302)	750,000	-	340,220
The Endeavour Fund	329,091	14,222	(681,306)	337,993	-	-
Supporting Those Who Serve	287,876	26,360	(238,059)	4,805	-	80,982
United for Wildlife Taskforces	-	773,073	(503,244)	-	-	269,829
Young People	-	-	(116,258)	116,258	-	-
	<u>3,335,378</u>	<u>4,959,420</u>	<u>(7,439,783)</u>	<u>1,985,141</u>	<u>-</u>	<u>2,840,156</u>

The funds received in relation to Coach Core programmes were used to train the next generation of inspirational sports coaches for young people throughout the UK. The programme was transferred to a new independent charity, Coach Core Foundation, effective from midnight on 31 March 2020. Prior to the spin out there was a transfer of £224,479 (2019: £51,779) from unrestricted funds to meet the costs of the Coach Core programme and its transfer out of the Foundation.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

19 Analysis of group net assets between funds

	Group			Charity		
	Unrestricted funds	Restricted funds	Balance at 31 December 2021	Unrestricted funds	Restricted funds	Balance at 31 December 2021
	£	£	£	£	£	£
Fixed assets	28,641	-	28,641	28,641	-	28,641
Fixed asset investments	2,848,168	-	2,848,168	2,848,168	-	2,848,168
Cash	3,199,496	7,740,137	10,939,633	3,196,852	7,304,619	10,501,471
Other net current liabilities	(628,825)	(690,670)	(1,319,495)	(628,825)	(252,509)	(881,334)
	5,447,480	7,049,467	12,496,947	5,444,836	7,052,110	12,496,946

	Group			Charity		
	Unrestricted funds	Restricted funds	Balance at 31 December 2020	Unrestricted funds	Restricted funds	Balance at 31 December 2020
	£	£	£	£	£	£
Fixed assets	17,528	-	17,528	17,528	-	17,528
Fixed asset investments	2,637,414	-	2,637,414	2,637,414	-	2,637,414
Cash	2,856,179	3,253,387	6,109,566	2,853,535	3,164,412	6,017,947
Other net current liabilities	(139,060)	(413,231)	(552,291)	(139,060)	(321,613)	(460,673)
	5,372,061	2,840,156	8,212,217	5,369,417	2,842,799	8,212,216

20 Operating leases – Group and Charity

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	Property 2021	Other 2021	Total 2021	Property 2020	Other 2020	Total 2020
	£	£	£	£	£	£
Within one year	145,679	-	145,679	116,919	9,525	126,444
Between two and 5 years	-	-	-	-	18,256	18,256
	145,679	-	145,679	116,919	27,781	144,700

The Foundation vacated the lease for its main office in August 2021. In September 2021 a license agreement was signed to occupy space at Kensington Palace. In December 2021 a new lease was signed to occupy space at a coworking premises.

21 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Net movement in funds	4,284,730	2,743,192	4,284,730	2,743,192
Adjustments for:				
Depreciation charge	15,568	18,955	15,568	18,955
(Gains) on investments	(215,437)	(122,881)	(215,437)	(122,881)
Losses on disposal of fixed assets	453	-	453	-
Dividends and interest included in investing activities	(464)	(10,112)	(464)	(10,112)
(Increase)/decrease in debtors	(5,251,627)	341,849	(5,195,477)	282,866
Increase/(decrease) in creditors	6,018,831	(117,686)	5,616,137	(117,523)
Net cash provided by operating activities	4,852,054	2,853,317	4,505,510	2,794,497

Notes to the consolidated financial statements (continued)

Year ended 31 December 2021

22 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Increase in cash	4,825,384	4,850,152	4,478,840	4,791,332
Net funds at 1 January	7,265,165	2,415,013	7,173,545	2,382,213
Net funds at 31 December	12,090,549	7,265,165	11,652,385	7,173,545

23 Net debt reconciliation

Group	1 January 2021	Cash flows	Foreign exchange movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	6,109,566	4,866,557	(36,490)	10,939,633
Cash in investment portfolio	1,155,599	(4,683)	-	1,150,916
	7,265,165	4,861,874	(36,490)	12,090,549

Charity	1 January 2021	Cash flows	Foreign exchange movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	6,017,947	4,520,013	(36,490)	10,501,471
Cash in investment portfolio	1,155,598	(4,683)	-	1,150,915
	7,173,545	4,515,330	(36,490)	11,652,386

Group	1 January 2020	Cash flows	Foreign exchange movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	1,256,560	4,903,607	(50,601)	6,109,566
Cash in investment portfolio	1,158,453	(2,854)	-	1,155,599
	2,415,013	4,900,753	(50,601)	7,265,165

Charity	1 January 2020	Cash flows	Foreign exchange movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	1,223,761	4,844,787	(50,601)	6,017,947
Cash in investment portfolio	1,158,452	(2,854)	-	1,155,598
	2,382,213	4,841,933	(50,601)	7,173,545

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

24 Funds received as agent

There were no funds received as agent during 2021.

During 2020, TRF Trading Limited received £70,532 of funds as agent on behalf of CALM and Mind, two partner charities on the *Heads Up* mental health programme. The funds were disbursed in full during the year with no balances outstanding as at 31 December 2020.

During 2020 a donation of £13,573 was received on behalf of the Royal Marines Charity in relation to The Endeavour Fund. The donation was forwarded on to the Royal Marines Charity and there was no outstanding balance as at 31 December 2020.

25 Post balance sheet events

On 29 June 2022, the Trustees approved the transfer of The Earthshot Prize programme to the independent charity, The Earthshot Prize (registered charity number 1198701 and registered company number 13981670).

26 Controlling Party

The controlling party of The Royal Foundation is HRH The Duke of Cambridge.

Accounts

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Duke and Duchess of Cambridge

Report and Consolidated Financial Statements for the year ended 31 December 2020

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

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The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Principals and Members

TRH The Duke and Duchess of Cambridge

Trustees

Sir Keith Mills, GBE, DL – Chairman (until 31 October 2020; resigned as a Trustee on 9 December 2020)
Lord Hague of Richmond – Chairman (appointed Trustee on 17 June 2020 and Chairman on 1 November 2020)
Simon Patterson (appointed Vice Chairman on 17 June 2020)
Zeinab Badawi (appointed 23 September 2020)
Tessa Green, CBE (resigned 17 June 2020)
Jamie Lowther-Pinkerton, LVO, MBE, DL (resigned 17 June 2020)
Charles Mindenhall
Lady Pinsent
Alice Webb (appointed 17 June 2020)
Claire Wills

Ex Officio Trustees

Simon Case, CVO (resigned 8 September 2020)
Hannah Cockburn-Logie OBE, MVO (appointed 9 June 2020)
Jean-Christophe Gray CBE (appointed 15 February 2021)

Senior Management Team

Jason Knauf	Chief Executive Officer
Rob Abercrombie	Director of Transformation (until 14 August 2020)
Chris Bates	Head of Financial Management and Reporting (from 1 September 2020)
Aida Cable	Director of Programmes, The Duchess of Cambridge (until 30 November 2020)
Sarah Conlon	Head of HR (until 30 November 2020)
Elaine Dodds	Director of Development
Pim Gregory	Director of Programmes, The Duke of Cambridge (from 20 January 2020); Director of Impact (from 1 February 2021)
Roxane Philson	Early Years Campaign Director (from 16 September 2020)
Amy Pickerill	Director of The Earthshot Prize
Felicity Woodrow	Head of Financial Planning and Governance (from 1 September 2020)

Registered Office

Kensington Palace
Palace Green
London W8 4PU

Bankers

Barclays
1 Churchill Place
London E14 5HP

Solicitors

Bates Wells LLP
10 Queen Street Place
London EC4R 1BE

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Investment Advisors

Cazenove Capital (trading name of Schroder & Co. Limited)
1 London Wall Place
London EC2Y 5AU

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Letter from the Chair of the board

Over the course of the past twelve months, like organisations right around the world, The Royal Foundation has been forced to adapt rapidly to the unforeseen circumstances brought about by the COVID-19 pandemic. I am immensely proud that in that time we have been able to respond to the needs of the nation, providing support to many of those most in need.

At the same time, we have made extraordinary progress on far reaching initiatives. In October 2020, we launched our most ambitious programme to date, The Earthshot Prize, bringing together the most global, diverse coalition of partners in the Foundation's history. We continued our longstanding work on early childhood, using landmark research to further The Duchess of Cambridge's commitment to elevating the status of the Early Years to its rightful place among the most vital issues of our time.

Building on the legacy of the Heads Together campaign, 2020 saw us transform the degree to which mental health is prioritised within football – from the Premier League to the grassroots, through the Heads Up campaign which was led by The Duke of Cambridge. And through the United for Wildlife taskforces, we have now trained 80,000 staff across the transport and financial sectors in how to spot and stop illegal wildlife trafficking and supported dozens of seizures and arrests in the process.

Crucially, last year The Royal Foundation was able to provide urgent mental health support to tens of thousands of people in the UK, including emergency responders, through our COVID-19 response fund – at a time when our charity partners were facing extreme funding pressure just as demand for their services increased.

Additionally in this exceptional year, a number of longstanding initiatives came to a close or transitioned out of The Royal Foundation. During the course of 2020 and into 2021, we have seen Coach Core, the Endeavour Fund, Travalyt and HeadFIT all transitioning out of The Royal Foundation after a period of incubation.

Our achievements during the last twelve months are the result of the efforts of a wide-ranging group of individuals and partner organisations. It is their commitment and collaboration that enables the Foundation to continue to deliver high-impact work and plan ahead for the coming years which are set to be our most ambitious yet, and I would like to end by thanking them all.

Thank you to our Principals, Their Royal Highnesses The Duke and Duchess of Cambridge, whose vision, ambition and commitment to the causes they care most about continues to propel the work of the Foundation.

I would like to extend particular thanks to Sir Keith Mills who preceded me as Chairman, a role he held for five years. He oversaw a period of significant change and growth at The Royal Foundation, particularly in terms of the scale of its ambition and impact. Two longstanding Trustees, Jamie Lowther-Pinkerton and Tessa Green, also stepped down from the Board after 20 combined years of service and were fundamental to the establishment and early years of the Foundation. I would also like to formally welcome the new trustees who, like me, have joined the Board of The Royal Foundation in the course of the last twelve months; Alice Webb and Zeinab Badawi.

Thank you also to everyone who works at the Foundation for your enthusiasm, energy and dedication, particularly as we have continued to work remotely, away from colleagues and teams.

Finally, on behalf of the Foundation and our Principals, I would also like to extend our thanks to all of our partners and donors who are so generous with their support and expertise across our broad portfolio of activities.

At the start of 2021, we embarked on a new strategy, built around The Royal Foundation's strengths in research, partnerships and impact delivery. This approach will help us respond to new challenges where we are best placed to make a difference, while continuing to step up the global ambition for The Duke and Duchess' philanthropic work. The Royal Foundation is in a strong position to continue and strengthen this work in the years ahead.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Letter from the Chair of the board (continued)

A handwritten signature in blue ink, appearing to read 'Lord Hague'.

**Lord Hague of Richmond
Chair of The Royal Foundation**

24 June 2021

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Trustees' Report – incorporating the Directors' report for Companies Act purposes

The Trustees of The Royal Foundation of The Duke and Duchess of Cambridge ("The Royal Foundation") present their annual report for the year ended 31 December 2020 under the Companies Act 2006, together with the audited accounts for the year, and confirm that the latter complies with the requirements of the Act, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and the 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 (FRS102) (Charities SORP (FRS102)).

Objectives and activities

The Royal Foundation is the primary philanthropic and charitable vehicle for The Duke and Duchess of Cambridge. The Royal Foundation seeks to use its unique influence to address some of today's greatest challenges and make a sustained impact on the issues that matter to our Principals and to society.

Increasingly, The Royal Foundation is using its unique position to convene on a global scale, to help bring together people, their ideas and resources to develop and implement solutions. The work of The Royal Foundation is focused on the following themes: the environment and conservation, early years, mental health, the emergency responders community and in the short term, on a response to COVID-19. The Royal Foundation continues to work to identify areas where it is able to bring its unique position and influence to deliver impact and positive change on the biggest scale.

Overview of activities

At the start of 2020, The Duke and Duchess of Cambridge had ambitious plans for the impact they wanted to achieve with The Royal Foundation. And as the year unfolded in an unexpected and extraordinarily challenging way, those ambitions did not recede – they grew.

With the help of our supporters, partners and friends, The Royal Foundation was able to deliver an ambitious programme of activity in 2020 and lay the groundwork for a bigger, bolder 2021, positioning impact at the heart of all of The Foundation's activities and delivering real change across our existing focus areas, as well as identifying new themes for our future work.

During the course of 2020, the Foundation's management team, working closely with our Principals and Board, spent considerable time developing the organisation's strategy for the next decade. These plans were formally approved by the Board in December 2020 and will see the Foundation reorientate around three strategic strengths: research, partnerships and impact; which will enable us to identify and respond to new challenges where the Foundation is uniquely placed to make a difference. By combining our leadership in these areas, we will multiply the scale of the impact we can generate on any issue.

The Earthshot Prize

The Earthshot Prize is the most prestigious global environment prize in history, designed to incentivise change and help repair our planet over the next ten years. The Prize aims to turn the current pessimism surrounding environmental issues into optimism, by highlighting the ability of human ingenuity to bring about change, and inspiring collective action.

The Earthshot Prize was publicly launched in October 2020, with international press coverage and engagement, and inspiring optimism and enthusiasm on a global scale. Nominations for the Prize closed in early 2021, with the first winners of this decade-long initiative to be announced in the autumn.

United for Wildlife (UfW)

Throughout 2020, United for Wildlife, The Royal Foundation's programme working to disrupt the illegal wildlife trade (IWT), continued at pace. Convened by The Duke of Cambridge, our Financial and Transport Taskforces have demonstrated significant and wide-ranging impact, providing support to 50 law enforcement investigations in 2020, resulting in multiple interdictions, seizures and arrests, with a further

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

ramping up of activity in 2021. Membership of the taskforces also grew in 2020, following activation of regional UfW chapters and the intergovernmental Financial Action Task Force's recent commitment to prioritise IWT, and we have experienced significant advancements in how conversation organisations, law enforcement and the private sector are working together to address this challenge.

Looking ahead, our ambition remains to embed the practices of the Taskforces within the transport and financial industries, ensuring that tackling the IWT becomes standard practice for all members by 2022. To support this aim, October saw us launch the world's first IWT Anti Money Laundering course, which was made available to all Taskforce members free of charge. Since the start of the programme in 2016, thousands of members of staff from across both Taskforces have been trained in counter-IWT practices.

Together with its project partners Global Environment Facility, the UK Government through the IWT Challenge Fund and ZSL, UfW has played a central role in establishing the Rhino Impact Investment Project which has developed the world's first "pay-for-results" financial instrument for species conservation. A US\$45m bond is being issued in 2021 with the aim of increasing the black rhino population across two sites in South Africa by 4% per annum, which if successful could open the gates to further novel financing mechanisms to channel much needed funds to the conservation sector.

Early Years

The Royal Foundation's work looking at the early years continues, building on the Duchess of Cambridge's longstanding interest in this area. 2020 saw the Foundation spark a national conversation on the early years with our *5 Big Questions* survey, alongside extensive qualitative and ethnographic research, a nationally representative survey, and a dedicated survey exploring the impact of COVID-19 on parents, with findings presented to a global audience in November 2020. The Foundation and Her Royal Highness also worked with BBC Education's *Tiny Happy People* initiative, designed to tackle the language and communication gap in children when they start school in the UK.

2021 has seen us further develop our early years strategy, building on the input and insights from our expert steering group and Ipsos MORI public research. In June 2021 The Duchess launched the Centre for Early Childhood which will drive awareness of and action on the extraordinary impact of the early years, in order to transform society for generations to come. To coincide with the launch, the Centre has published its inaugural report, *Big Change Starts Small*, which brings together leading sector research in one place and underlines the critical lifelong impact of the early years on individuals, our economy and society at large.

Mental Health

Following on from the success of The Royal Foundation's *Heads Together* partnerships and campaign, mental health continues to be a focus area for the organisation.

Heads Up

2020 saw us deliver the *Heads Up* campaign – a partnership between the FA and The Royal Foundation that harnessed the power and influence of football to change the conversation on mental health. Whilst some plans were disrupted due to the pandemic, our work with the FA reached across all areas of football, from grassroots to the elite level. As a legacy of the *Heads Up* campaign, The Royal Foundation convened the UK-wide football family to commit to ensuring that mental health and fitness remains a key priority at all levels of the game, with the signing of the Mentally Healthy Football Declaration.

To ensure the impact of this work is seen for generations to come, The Royal Foundation continues to sit alongside the Implementation Group, driving its commitment forward, and working to understand both the economic impact and social return on football's investment into mental health.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Heads Together

During 2020, we also worked with our charity partners to ensure that projects funded by the Heads Together campaign, including Mentally Healthy Schools, Mental Health at Work, HeadFit and Shout, have sustainable pathways in the future. All of these programmes, co-founded by The Royal Foundation, have seen a significant upturn in demand as a result of the pandemic.

COVID-19 Response

The pandemic also saw us launch our COVID-19 Response Fund, which enabled us to award £1.9 million in grant funding to ten leading charities, supporting frontline workers and boosting mental health provision in key areas. In addition, The Royal Foundation convened the Mental Health Research Group: COVID-19. Bringing together knowledge and expertise from across the mental health sector, the Group aims to identify and help address the barriers to more collaborative and better coordinated mental health research, building a consensus across the UK around what the priorities are and using the pandemic as a catalyst for change.

Emergency Responders

Looking ahead, The Royal Foundation's mental health activities will also be focused on the emergency responder community. This work draws on The Duke of Cambridge's own experiences as a search and rescue helicopter pilot, Emergency Responders, as well as being informed by a research project The Royal Foundation undertook alongside Kings College London and The Open University. The results were published in July 2020, in the first ever multi-service, nationwide study in this area, and we have subsequently convened the Emergency Responder Senior Leaders Board, representing over 135 blue light organisations, and working on a number of joined up initiatives to develop mental health support across the sector, breaking down longstanding stigma and making help and information more accessible.

Transitioning Programmes

The Royal Foundation follows a model of incubating and scaling solutions so that they can provide sustained impact beyond the charity's initial involvement. As part of this process, several longstanding programmes have transitioned out of the Foundation. This included the *Full Effect* programme, which provided holistic support to target youth violence in Nottingham.

Following the decision of The Duke and Duchess of Sussex to leave The Royal Foundation in 2019, two of their programmes were transferred to other organisations in 2020: the Endeavour Fund found a new home with Invictus Games Foundation while Coach Core was transferred to a newly created charity, Coach Core Foundation. Where appropriate, remaining restricted funds have been granted to those organisations working towards the same objectives, agreed in consultation with The Duke and Duchess of Sussex and in line with the expectations of our donors.

After the year end, the HeadFIT military mental health programme was transferred to The Armed Forces Covenant Fund Trust, while final grants were disbursed to the Hubb Community Kitchen. This leaves The Royal Foundation now solely focused on the charitable interests of the Duke and Duchess of Cambridge.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2020 was £11.8m, an increase of 77% on 2019 (£6.7m). Of the total income, 98% (£11.6m) related to donations, grants, royalty and legacy income, of which 41% was restricted. Restricted fund income increased by 4% to £5.0m, as donors and funders continued to support our programmes. Unrestricted income increased by £5.0m to £6.9m, reflecting a strong fundraising performance.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

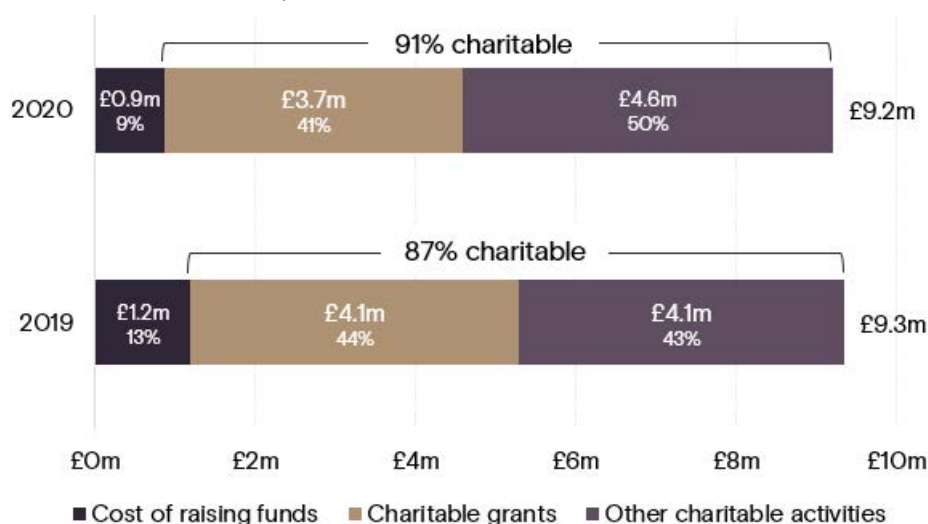
Expenditure

Total expenditure in 2020 remained broadly flat at £9.2m (2019: £9.3m), of which £8.3m was spent on charitable activities. This includes significant expenditure on grants as the Covid-19 Response Fund was distributed to partner charities, as well as reflecting longstanding programmes which transitioned out of TheRoyal Foundation in 2020, in particular Coach Core and the Endeavour Fund. The Earthshot Prize and our work on the early years also incurred significant expenditure as these programmes continue to progress through research, design and implementation phases.

Charitable Activities

Of the £9.2m spent in 2020, £8.3m was spent on charitable activities, representing 91% of total expenditure. This includes amounts spent on incubating projects, providing grant funding and all activities designed to convene and raise awareness. This represents a slight increase on the prior year: for 2019, expenditure on charitable activities was £8.2m, representing 87% of total expenditure, reflecting the increased, unplanned charitable activity in response to the pandemic, as well as significant expenditure developing the major initiatives on early years and conservation.

A breakdown of the expenditure is shown below:



The Royal Foundation's charitable expenditure was incurred across its core focus areas: Conservation (including both The Earthshot Prize and United for Wildlife), Early Years, Emergency Responders and Mental Health, as well as an additional programme of activity undertaken in response to COVID-19. The transition of programmes out of The Royal Foundation, including work focused on young people, supporting those who serve and empowering communities, is also included within charitable expenditure. The ratio of grants to direct charitable costs varied considerably between each programme, reflecting the varied nature of the work that the Royal Foundation undertakes and the different stage each programme is at in its lifecycle.

The Earthshot Prize was the largest area of programmatic work (£1.7m), reflecting the ambition and global reach of this project as it progressed from research and design phases into implementation. This spend reflects the significant investment made in the team recruited to deliver the Prize, continued programme design work and an international communications campaign to support the public launch in October 2020.

The Royal Foundation's **COVID-19 Response Fund** distributed £1.1m in grant funding in 2020, with a further £0.8m awarded and to be paid in 2021, to support the urgent needs of a number of partner organisations as they responded to new challenges presented by the pandemic. These grants were primarily focused on mental health activity, reflecting The Royal Foundation's longstanding interest in this area. Expenditure on other **mental health** related projects totalled £1.1m (2019: £2.0m), largely in relation to the **Heads Up** campaign and grants awarded to Heads Together partners in previous years to develop and scale tools for schools and workplaces.

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The Foundation's **Early Years** activity continued, incurring expenditure of £1.1m, largely in relation to the landmark *5 Big Questions* survey and subsequent nationwide research activities, the findings of which were publicly announced in November 2020 and are informing the future strategy for this programme.

Two longstanding programmes exited The Royal Foundation in 2020: the Endeavour Fund, part of the **Supporting Those Who Serve** area of activity, and Coach Core, part of the Foundation's work to support young people. This incurred significant grant expenditure as restricted funds were transferred alongside these major programmes.

Fundraising

The cost of raising funds decreased by 28% in 2020 to £0.9m (2019: £1.2m). This reflects that many planned fundraising activities and events were unable to take place due to ongoing Covid-19 restrictions.

Staff and support costs

In 2020, staff costs comprised 24% (£2.2m) of total expenditure. This is a decrease of 21% on 2019 (£2.8m), reflecting the reduced average headcount of 33 in 2020 (45 in 2019).

4 roles were made redundant in 2020 (2019: 8 roles) as part of the revised strategy for the Foundation, resulting in one-off termination costs of £106,947 (2019: £148,404).

Support costs decreased marginally to £1.4m (2019: £1.6m). The Royal Foundation continues to manage support costs closely, ensuring value for money and compliance with all regulatory and legal requirements. Support costs are allocated across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds (£2.84m) are donations received for defined projects; and unrestricted funds (£5.37m) to be spent in accordance with the charitable objectives at the discretion of the Trustees.

Reserves Policy

The Trustees recognise the need to hold sufficient free reserves to ensure the protection of core activities in the event of unforeseen circumstances including (1) any unplanned reduction to income particularly relating to funding of multi-year programmes; (2) unforeseen need for funds, for example seed funding and increased operational costs for an urgent programme; and (3) a need to fund short-term deficits to cover grants before income is received.

The level of reserves is calculated monthly and is reviewed by the Trustees at each of their quarterly Trustee meetings. Using a risk-based approach, the Trustees target a level of free reserves of 12 months of operational expenditure. This approach recognises that most of the charity's income comes from voluntary donations which are uncertain, but also affords The Royal Foundation the ability to respond rapidly to newly identified priorities when these arise.

The total funds of the charity as at 31 December 2020 stand at £8.2m (2019: £5.5m). The free reserves of the charity are £5.4m (2019: £1.9m). The unrestricted reserves represent 18 months of unrestricted expenditure (based on the budgeted 2021 rate of spend), up from 9 months in 2019, reflecting tight cost control and some large donations that were received in 2020. The Board of Trustees considered reserve levels throughout 2020 and judged it prudent to adopt a conservative position given the knowledge that, following detailed planning in previous years, 2021 would see an ambitious programme of activity and the continued uncertainties presented by the COVID-19 pandemic. The Board of Trustees continue to closely monitor the level of free reserves held by the Foundation and our target level of 12 months of free reserves remains unchanged. We continue to be prudent with our free reserves balance into 2021 as we

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emerge from the COVID-19 pandemic and scale up the ambitious Earthshot Prize and early years projects, as well as invest in delivering our new strategy which will see us embed research, partnerships, and impact delivery at the centre of our activity.

Free reserves of the charity are calculated as set out below:

	2020 £'000	2019 £'000
Total Funds of The Royal Foundation	8,212	5,469
Less:		
Restricted Funds	(2,840)	(3,335)
Tangible Fixed Assets	(18)	(24)
Approved grants not funded by Restricted Funds	-	(213)
Free Reserves	<u>5,354</u>	<u>1,897</u>

The level of free reserves provides assurance that The Royal Foundation can continue operating as a going concern.

Investment Policy and Performance

The Trustees invests funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management. The Finance Committee review the charity's investment policy annually. In 2015, the trustees adopted the ethical investing guidelines of the Church of England's Ethical Investment Advisory Group. This prohibits investment in businesses which derive more than a de minimis limit from the following industries: alcohol, tobacco, pornography, armaments, gambling, doorstep lending, human embryonic cloning and fossil fuel extraction specifically from thermal coal or tar sands. During the year we enhanced the fossil fuel exclusion to exclude companies whose activities are primarily involved in the extraction, production and refining of fossil fuels.

Investment performance is reviewed quarterly by the Finance Committee. During 2020 the value of the portfolio increased from £2.52m to £2.64m, a gain of 5%. The value and composition of investments are summarised in Note 13 to the financial statements.

The portfolio is conservatively invested and diversified across multiple asset classes, and therefore suffers less than the wider equity markets during periods of volatility.

Grant-making policy

Decisions on grants are made by the Trustees. Trustees only approve grants or fund projects which demonstrate public benefit within the criteria of the Charity Commission's guidance. The Royal Foundation actively looks for opportunities where added leverage can be demonstrated from its involvement.

Going concern

The financial review above considers the financial performance and position of The Royal Foundation. The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2021 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

The Foundation is primarily reliant on donations from a group of individual donors to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is received on an ad hoc basis and whilst gratefully received, is not critical to the running of the charity or to fund its charitable

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

activities. Investment income is retained within the portfolio and is not required to fund the core costs of the organisation.

As such, the Trustees believe that The Royal Foundation and its subsidiary, TRF Trading Limited, have adequate resources to continue their activities for the foreseeable future. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

Risk management

In line with governance best practice, the Trustees are committed to maintaining a strong risk management framework that supports The Royal Foundation to manage risks appropriately.

A strategic and operational risk register is reviewed regularly by the organisation's Senior Management Team, Finance Committee, Governance and Nominations Committee and Trustees. The register considers the impact, likelihood, and level of mitigation of risks, with the management of each risk assigned to a senior member of staff. Quarterly reports are made to the Trustee Board and Finance and Governance and Nominations Committees, of continuing and emerging high-concern risks and those where action is required.

The principal risks are those which, without effective mitigation, would have a serious impact on the work of The Royal Foundation. These are summarised below:

- *Project failure or limited impact.* The innovative and complex nature of several of the charity's programmes implies an increased risk of limited impact. This risk is mitigated through taking a rigorous approach to decision-making, recruiting sector expertise, and seeking external knowledge where needed, and maintaining strong financial control.
- *Adverse publicity, following receipt of funds from an inappropriate source.* The Royal Foundation mitigates this risk by conducting due diligence on the source of funds in line with The Royal Foundation's robust gift acceptance policy. This policy is reviewed annually, and more frequently when it requires further strengthening.
- *Disaster recovery and cyber security.* The Royal Foundation takes the threat of cyber attacks very seriously and undertakes regular reviews of systems, processes and staff awareness to ensure that these are up-to-date and in line with best practice.
- *Prolonged impact of Covid-19.* The Senior Management Team and Trustees regularly review the impact of the pandemic on the Foundation's workforce, with particular consideration of the requirement to work remotely for a sustained period and the impact of this on staff morale. Capacity and resourcing challenges are discussed on an individual basis, with office space available for those unable to work remotely.

The Trustees are satisfied that the major risks identified have been reviewed and systems or procedures have been established to manage those risks.

Constitution

The Royal Foundation is registered as a charity with the Charity Commission under charity number 1132048 and is a company registered in England & Wales number 7033553.

The Royal Foundation was formed on 29 September 2009 as a charitable company limited by guarantee. It is governed by its revised Articles of Association which were passed by a special resolution dated 28 April 2011 and further amended by special resolutions dated 1 November 2011, 29 February 2012, 11 July 2012, 12 January 2017, 8 June 2018 and 25 September 2019.

TRF Trading Limited was formed on 26 January 2011 as a wholly-owned subsidiary to carry out trading activities on behalf of The Royal Foundation (see Note 3).

On 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund (the Diana Fund), registered charity 1064238, to safeguard both the Fund's name and any future income

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

donated to the Fund once its operations had ceased. The Royal Foundation became the sole member of the Diana Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of the Diana Fund, applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect on 31 December 2013. Any future income is received by The Royal Foundation as unrestricted funds.

On 18 December 2019, an agreement was signed with the Sussex Royal Foundation by which The Royal Foundation intended to grant half of the net future proceeds received by the Diana Fund to Sussex Royal. In March 2020 The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly, as requested by The Duke of Sussex, the Trustees approved the donating of their share of the net income of the Diana Fund to Sentebale, a UK-registered charity of which The Duke of Sussex is a patron. Donations to Sentebale are being paid biannually with the first donation paid in July 2020.

The American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, established in 2011 is a 501(c)(3) public charity, and whilst it is a separately controlled entity its interests are aligned with those of The Royal Foundation. The American Friends support The Royal Foundation's programmes and initiatives, primarily focussing on projects that deliver impact on an international scale.

Members, Trustees, Delegated Committees and Advisory Boards

Members

Following the organisation's restructure in August 2019, The Duke and Duchess of Cambridge became members of The Royal Foundation in addition to their roles as patrons.

Trustees

Strong governance and management are critical to the success and reputation of The Royal Foundation. The Directors of The Royal Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees. The Trustees take overall responsibility for the charity and its work. They are responsible for ensuring The Royal Foundation is effectively and properly run and meets its goals as a charity.

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fundraising and the Trustees meet formally a minimum of four times a year under the Chairmanship of Lord Hague of Richmond (Sir Keith Mills GBE, DL until 1st November 2020).

Trustee Recruitment

The Articles of Association of The Royal Foundation provide for the appointment of Directors, who also act as Trustees. After discussing and agreeing the specific skills and experience required to enhance the Trustee board, the Trustees draw up a list of potential candidates, which is approved by the members of The Royal Foundation. New Trustees are recruited through known sources such as The Royal Foundation's sub-committees or other areas of the charity sector. The Chairman and Trustees interview all candidates, completing skills matrices in respect of each candidate after each interview. The matrix skill set covers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is appointed by the Trustees, following formal nomination by The Duke of Cambridge in his role as Founder.

In addition, The Private Secretaries of The Duke and Duchess of Cambridge are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Trustee Induction

Upon appointment, each Trustee receives a copy of the Charity Commission for England and Wales publication "The essential trustee: what you need to know, what you need to do" and other relevant Charity Commission literature. In 2020, the Trustees reviewed the latest edition of the Charity Governance Code to ensure the charity complies with best practice. New Trustees are asked to sign up to a Code of Conduct.

Trustees meet with senior members of The Royal Foundation's management team and are introduced to staff as part of their induction process. They are also provided with comprehensive background documentation which covers incorporation, operations and finance, policies and more general information relevant to The Royal Foundation's history and associations. Whereas Trustees are recruited with their specific skills and experience in mind, further project-based training is undertaken where necessary. This includes project visits to familiarise themselves with the full nature of The Royal Foundation's work as well as meeting with project partners, donors and other stakeholders.

Finance Committee

The Trustees have appointed a Finance sub-committee to help with the execution of its responsibilities, the members of which are appointed by the Trustees. The Finance Committee oversees in detail the financial plans and performance of the charity, reviews the risk management processes and monitors the performance of the investment portfolio.

The Finance Committee meets quarterly and comprises two Trustees, Simon Patterson (Chairman) and Lady Pinsent, and three external advisory members: Ben Moorhead, DL, Solicitor; Claire Brown FCA (until May 2021); Catherine Biscoe FCA. The Committee meetings are attended by members of the Senior Management Team, including the Chief Executive.

Governance and Nominations Committee

The Governance and Nominations Committee was constituted at the end of 2018 to lead the process for appointments and election to the Board of Trustees and independent members to its committees, and to review and make recommendations to the Board of Trustees relating to the overall governance arrangements of the organisation. The Governance and Nominations Committee is chaired by trustee Claire Wills and comprises two further trustees, Alice Webb and Hannah Cockburn-Logie, and meets at least twice a year.

Remuneration Committee

The Remuneration Committee was constituted at the end of 2020 to review and make recommendations to the Board of Trustees on remuneration matters. The committee is chaired by Lord Hague and comprises three further trustees, Simon Patterson, Claire Wills and Alice Webb.

Advisory Boards

The Royal Foundation is fortunate to benefit from a network of experienced volunteers, who support and help steer The Royal Foundation's work through external advisory groups. These included programme specific advisory groups for Coach Core and The Endeavour Fund prior to the transition of both of those programmes out of The Royal Foundation in 2020.

Senior Management

The Trustees have delegated authority to the Chief Executive and the Senior Management Team for the day-to-day management of the organisation. The Senior Management Team is led by the Chief Executive and has the delegated responsibility for the design and delivery of programmes and income generation, along with the administrative functions of finance, HR, health and safety, project evaluation, management information systems, marketing and communications.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Employment and Remuneration

The Royal Foundation recognises and values its people as its most important asset in achieving its aspirations. The Royal Foundation operates and maintains a legal, fair, equitable and affordable Pay and Reward Framework for its diverse and talented workforce. The framework helps to attract, recruit, develop and retain employees with appropriate knowledge and relevant skills required to sustain delivery. The framework is continually reviewed through job evaluation, internal and external sector benchmarking to ensure that pay scales remain competitive and remains in line with the Foundation's current financial position. The organisation also offers a wide-ranging learning and development programme to all staff.

The Royal Foundation is committed to being a mentally healthy workplace and offers a number of health and wellbeing initiatives to ensure that all members of the team have the right resources and support in place to ensure good mental health.

The Royal Foundation remains committed to equality and diversity and to ensuring a positive, safe and respectful environment which promotes the wellbeing and dignity of its employees, applicants, partners, suppliers and those whose interests it represents. It aims to promote equality of opportunity and diversity and to tackle any forms of discrimination, harassment or bullying within its working environment, whether on grounds of age, disability, gender, gender reassignment, marriage or civil partnership, pregnancy or maternity, race or ethnic origin, religion or belief, sex or sexual orientation, and discrimination by association.

These principles underpin its professional behaviour and are embedded in its policies, procedures, day-to-day practices and external relationships, with staff undertaking training on diversity, inclusion and unconscious bias. All policies and practices reflect current relevant legislation and will continue to comply with future legislation changes. In addition to this long-standing approach, the Foundation also has been working since early 2020 to place its approach to diversity – as an employer, partner, and designer of charitable initiatives – at the centre of its overall strategy.

Safeguarding

The Royal Foundation does not engage in any activity with children or vulnerable adults such as is regulated by safeguarding legislation, but it does take seriously its obligations to operate in such a way as to ensure so far as is possible that its work causes no harm to anyone with whom it engages.

Given these values and considering widely recognised risks, The Royal Foundation has developed its safeguarding policy to promote protection for all those people it encounters, both staff and volunteers within the charity as well as the partner organisations with which it works.

Should it come into contact with vulnerable groups The Royal Foundation takes responsibility to ensure it is doing all it can to protect such groups from all forms of harm that might occur as a result of that contact, including abuse, neglect and exploitation and to ensure appropriate action is taken if such harm occurs.

Data Protection

The organisation reviewed and revised where necessary its processes, policies and approaches in relation to data protection to ensure compliance with the General Data Protection Regulation (GDPR) changes which came into effect in May 2018. All staff are provided with appropriate training to ensure there is a good level of understanding throughout the whole organisation.

Governance Code

A governance code, endorsed by the Charity Commission and other industry bodies, was launched in 2017 and updated in 2020. Together with the Trustees, management have ensured that The Royal Foundation is substantially compliant with the code. In particular, the Board has reviewed its commitment to addressing equality, diversity and inclusion.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

The code asks charities to “apply or explain”. Details of where the code has not been applied, or where steps have been taken to apply the code’s provisions during the year, are provided below:

- Board effectiveness:
 - It is recommended that the Board of Trustees has a vice-chair or similar. Simon Patterson was appointed as the first vice-chair in June 2020.
 - It is recommended that Trustees review their performance with an external review every three years. A review of the Board’s skills and experience was carried out in early 2021 and has been used to inform decisions around trustee recruitment. An external review is due to be conducted later this year.
- Equality, diversity and inclusion
 - Formal targets for diversity of the Board have not previously been set but will be considered, monitored, and reported on. Diversity is always considered in Trustee recruitment and improving this has been a particular focus for the Board and Governance and Nominations Committee in 2020.

In July 2020, The Royal Foundation received correspondence from the Charity Commission regarding a regulatory question that was brought to their attention. This related to grants made by The Royal Foundation to Sussex Royal (later renamed MWX Foundation), the charity established by The Duke and Duchess of Sussex in 2019 and subsequently closed in 2020. The Royal Foundation and its Trustees responded to all questions raised by the Charity Commission, with the Commission concluding in September 2020 that the trustees acted appropriately in following the principles set out in the Commission’s guidance on trustee decision-making and in undertaking sufficient due diligence in relation to the funds transferred to Sussex Royal. The Charity Commission publicly confirmed in May 2021 that they now consider this case to be closed.

Fundraising

The Royal Foundation applies the support it receives only for its charitable purposes. The Foundation does not accept funds raised through activities considered ‘public fundraising’ such as sponsored challenges, but it welcomes donations and other funding from individuals, companies and other charities engaging supporters around particular programmes or the charitable work of The Royal Foundation as a whole, in line with its gift acceptance policy. The Royal Foundation is committed to the highest standards in all of its fundraising activity and is open and honest in the information it provides to its supporters about its work and how their donations are used.

The Royal Foundation’s fundraising is carried out by its employees and Trustees through direct contact with supporters and potential supporters. Additionally, some of the Foundation’s existing donors make introductions to others also interested in supporting the Foundation’s work.

The Royal Foundation has voluntarily registered with the Fundraising Regulator. No complaints relating to fundraising activities were received during the year. The Royal Foundation takes care not to cause nuisance or disruption when communicating with its supporters and the fundraising team reports to the Board of Trustees and the Chief Executive on the delivery of its fundraising activity. The Royal Foundation will never sell or share data about its donors and has put in place controls to ensure the security of all data held. Where The Royal Foundation uses professional fundraisers or where it works with corporate partners (commercial participators), it has put in place policies and contractual arrangements to ensure their effective management and adherence to The Royal Foundation’s policies.

Related Parties

Further details about Related Parties can be found in Note 11 to the consolidated financial statements.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Public Benefit

The Royal Foundation is a public benefit entity under FRS 102. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and setting grant-making policies.

The Trustees consider particularly how planned activities will contribute to the aims and objectives they have set.

Auditor

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Trustees' Responsibilities

The Trustees (who are also the Directors for Companies law purposes) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the integrity of the financial statements contained therein.

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and takes advantage of the small companies' exemption from the requirement to prepare a strategic report.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Approved by the Board of Trustees on 24 June 2021 and signed on its behalf by



Lord Hague of Richmond – Chair of The Royal Foundation
Kensington Palace
Palace Green
London, W8 4PU

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INDEPENDENT AUDITOR'S REPORT TO MEMBERS AND TRUSTEES OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2020 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Royal Foundation of the Duke and Duchess of Cambridge ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 December 2020 which comprise the consolidated and charity statement of financial activities, the consolidated and charity balance sheet, the consolidated and charity cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 the Parent Charitable Company in accordance with the ethical requirements 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 related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Report and the Letter from the Chair of the Board. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly

The Royal Foundation of The Duke and Duchess of Cambridge

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INDEPENDENT AUDITOR'S REPORT TO MEMBERS AND TRUSTEES OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

Other information (continued)

stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Trustee's report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO MEMBERS AND TRUSTEES OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

Responsibilities of Trustees (continued)

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 auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We made enquiries of management, and the Board, including:
 - how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
 - their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with the Companies Act 2006, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO MEMBERS AND TRUSTEES OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Audit response to risks identified

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management;
- We read minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the allocation of costs including apportionment of costs between charitable and fundraising expenditure and the valuation of gifts in kind.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date: 29 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 7033553

Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2020

		2020				2019					
	Notes	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2020	Unrestricted Funds	Restricted Funds	Restricted Funds	Endowment Fund	Total	2019
			(continuing operations)	(discontinued operations)			(continuing operations)	(discontinued operations)			
		£	£	£	£	£	£	£	£	£	£
Income:											
Donations and Legacies	2	6,803,259	4,383,531	435,615	11,622,405	1,894,284	4,469,162	250,416	-	6,613,862	
Trading activities	3	-	140,274	-	140,274	5,683	11,887	15,231	-	32,801	
Investment income	4	10,112	-	-	10,112	7,800	29,468	-	-	37,268	
Other income	4	50,601	-	-	50,601	-	-	-	-	-	
Total income		6,863,972	4,523,805	435,615	11,823,392	1,907,767	4,510,517	265,647	-	6,683,931	
Expenditure:											
Raising funds	5	(560,178)	(295,151)	-	(855,329)	(1,175,115)	(10,198)	-	-	(1,185,313)	
Charitable activities	5,6										
- Grants		(4,449)	(2,453,054)	(1,274,047)	(3,731,550)	(145,000)	(3,806,489)	(144,901)	-	(4,096,390)	
- Other charitable activities		(1,198,671)	(3,302,142)	(115,389)	(4,616,202)	(1,388,893)	(2,557,364)	(113,791)	-	(4,060,048)	
		(1,203,120)	(5,755,196)	(1,389,436)	(8,347,752)	(1,533,893)	(6,363,853)	(258,692)	-	(8,156,438)	
Total expenditure		(1,763,298)	(6,050,347)	(1,389,436)	(9,203,081)	(2,709,008)	(6,374,051)	(258,692)	-	(9,341,751)	
Net income/(expenditure) before investment gains		5,100,674	(1,526,542)	(953,821)	2,620,311	(801,241)	(1,863,534)	6,955	-	(2,657,820)	
Net gains on investment	13	122,881	-	-	122,881	229,404	-	-	-	229,404	
Net income/(expenditure)		5,223,555	(1,526,542)	(953,821)	2,743,192	(571,837)	(1,863,534)	6,955	-	(2,428,416)	
Transfers between funds	18,19,20	(1,985,141)	1,422,669	562,472	-	(1,006,633)	1,256,633	-	(250,000)	-	
Net movement in funds		3,238,414	(103,873)	(391,349)	2,743,192	(1,578,470)	(606,901)	6,955	(250,000)	(2,428,416)	
Reconciliation of funds:											
Fund balances brought forward at 1 January		2,133,647	2,944,029	391,349	5,469,025	3,712,117	3,935,324	-	250,000	7,897,441	
Funds balances carried forward at 31 December	18,19,20	5,372,061	2,840,156	-	8,212,217	2,133,647	3,328,423	6,955	-	5,469,025	

Discontinued operations in 2020 relates to The Duke of Sussex's *Endeavour Fund* programme, which was transferred to Invictus Games Foundation on 1 June 2020 and to the Coach Core programme, which was transferred to a new independent charity, Coach Core Foundation, on 1 April 2020.

Discontinued operations in 2019 relates to The Duke of Sussex's *Travalyst* sustainable tourism programme, which was transferred to the Sussex Royal Foundation on 18 December 2019.

The total restricted fund balance brought forward of £3,335,378 agrees to the total 2019 restricted fund balance carried forward however the split between continuing and discontinuing activities differs due to the differing programmes disclosed in each financial year.

There were no other recognised gains or losses.

The notes on pages 25 to 44 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 7033553

Charity statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2020

		2020				2019				
Notes		Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2020	Unrestricted Funds	Restricted Funds	Restricted Funds	Endowment Fund	Total 2019
			(continuing operations)	(discontinued operations)			(continuing operations)	(discontinued operations)		
		£	£	£	£	£	£	£	£	£
Income:										
Donations and Legacies	2	6,803,259	4,474,329	435,615	11,713,203	1,894,982	4,481,049	265,647	-	6,641,678
Investment income	4	10,112	-	-	10,112	7,800	29,468	-	-	37,268
Other income	4	53,407	-	-	53,407	656	-	-	-	656
Total income		6,866,778	4,474,329	435,615	11,776,722	1,903,438	4,510,517	265,647	-	6,679,602
Expenditure:										
Raising funds	5	(555,330)	(253,329)	-	(808,659)	(1,170,786)	(10,198)	-	-	(1,180,984)
Charitable activities	5,6									
- Grants		(4,449)	(2,453,054)	(1,274,047)	(3,731,550)	(145,000)	(3,806,489)	(144,901)	-	(4,096,390)
- Other charitable activities		(1,198,671)	(3,302,142)	(115,389)	(4,616,202)	(1,388,893)	(2,557,364)	(113,791)	-	(4,060,048)
		(1,203,120)	(5,755,196)	(1,389,436)	(8,347,752)	(1,533,893)	(6,363,853)	(258,692)	-	(8,156,438)
Total expenditure		(1,758,450)	(6,008,525)	(1,389,436)	(9,156,411)	(2,704,679)	(6,374,051)	(258,692)	-	(9,337,422)
Net income/(expenditure) before investment gains		5,108,328	(1,534,196)	(953,821)	2,620,311	(801,241)	(1,863,534)	6,955	-	(2,657,820)
Net gains on investment	13	122,881	-	-	122,881	229,404	-	-	-	229,404
Net income/(expenditure)		5,231,209	(1,534,196)	(953,821)	2,743,192	(571,837)	(1,863,534)	6,955	-	(2,428,416)
Transfers between funds	18,19,20	(1,985,141)	1,422,669	562,472	-	(1,006,633)	1,256,633	-	(250,000)	-
Net movement in funds		3,246,068	(111,527)	(391,349)	2,743,192	(1,578,470)	(606,901)	6,955	(250,000)	(2,428,416)
Reconciliation of funds:										
Fund balances brought forward at 1 January		2,123,349	2,954,326	391,349	5,469,024	3,701,819	3,945,621	-	250,000	7,897,440
Funds balances carried forward at 31 December		5,369,417	2,842,799	-	8,212,216	2,123,349	3,338,720	6,955	-	5,469,024

Discontinued operations in 2020 relates to The Duke of Sussex's *Endeavour Fund* programme, which was transferred to Invictus Games Foundation on 1 June 2020 and to the *Coach Core* programme, which was transferred to a new independent charity, Coach Core Foundation, on 1 April 2020.

Discontinued operations in 2019 relates to The Duke of Sussex's *Travalyst* sustainable tourism programme, which was transferred to the Sussex Royal Foundation on 18 December 2019.

The total restricted fund balance brought forward of £3,345,675 agrees to the total 2019 restricted fund balance carried forward however the split between continuing and discontinuing activities differs due to the differing programmes disclosed in each financial year.

There were no other recognised gains or losses.

The notes on pages 25 to 44 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 7033553

Consolidated and Charity balance sheet As at 31 December 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Fixed assets					
Tangible fixed assets	12	17,528	23,789	17,528	23,789
Investments	13	2,637,414	2,516,804	2,637,415	2,516,805
		2,654,942	2,540,593	2,654,943	2,540,594
Current assets					
Debtors	14	135,280	477,129	222,082	504,948
Investments	15	-	2,000,000	-	2,000,000
Cash at bank and in hand	25	6,109,566	1,256,560	6,017,947	1,223,761
		6,244,846	3,733,689	6,240,029	3,728,709
Creditors: amounts falling due within one year	16	(687,571)	(805,257)	(682,756)	(800,279)
Net current assets		5,557,275	2,928,432	5,557,273	2,928,430
Net assets		8,212,217	5,469,025	8,212,216	5,469,024
The funds of the group/charity					
Unrestricted funds	18	5,372,061	2,133,647	5,369,417	2,123,349
Restricted funds	19	2,840,156	3,335,378	2,842,799	3,345,675
Total funds		8,212,217	5,469,025	8,212,216	5,469,024

The notes on pages 25 to 44 also form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge (registered number 7033553) were approved by the Board of Trustees on 24 June 2021 and signed on its behalf by:



Lord Hague of Richmond – Trustee
Kensington Palace
Palace Green
London
W8 4PU

Consolidated and Charity Cash Flow Statement
For the year ended 31 December 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Cash flows provided by/(used in) operating activities:					
Net cash provided by/(used in) operating activities	23	2,853,317	(1,716,536)	2,794,497	(1,728,176)
Cash flows from investing activities:					
Dividends and interest from investments	4	10,112	37,268	10,112	37,268
Purchase of fixed asset investments	13	(1,147,325)	-	(1,147,325)	-
Proceeds from sale of fixed asset investments	13	1,146,742	683,363	1,146,742	683,363
Disposal of current asset investments	15	2,000,000	-	2,000,000	-
Purchase of tangible fixed assets	12	(12,694)	(13,180)	(12,694)	(13,180)
Proceeds from sale of tangible fixed assets	12	-	140	-	140
Net cash provided by investing activities		1,996,835	707,591	1,996,835	707,591
Change in cash and cash equivalents in the year	24, 25	4,850,152	(1,008,945)	4,791,332	(1,020,585)
Cash and cash equivalents at the beginning of the year		2,415,013	3,423,958	2,382,213	3,402,798
Total cash and cash equivalents at the end of the year	24, 25	7,265,165	2,415,013	7,173,545	2,382,213

The notes on pages 25 to 44 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2020

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of accounts preparation

The consolidated financial statements of The Royal Foundation have been prepared under the historical cost convention (with the exception of investments carried at valuation as noted in the accounting policy below) in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the 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 (FRS102) (second edition – effective 1 January 2019) – (Charities SORP (FRS102)) and the Companies Act 2006.

b) Consolidation

The financial statements of the wholly owned subsidiary, TRF Trading Limited, have been consolidated with those of the charity on a line by line basis.

With effect from 1 April 2013, The Royal Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality.

On 18 December 2019 a deed was signed with Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal') from which date The Royal Foundation intends to grant 50% of the net income received by The Diana, Princess of Wales Memorial Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income will instead be donated to Sentebale, a registered charity of which The Duke of Sussex is a patron.

c) Going Concern

The Trustees have identified no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern. The level of reserves and available liquid resources has been reviewed regularly by the trustees since the onset of the COVID-19 crisis, with close scrutiny of the fundraising pipeline which forms the key income stream for the charity. The Foundation is primarily reliant on donations from a group of individual donors to fund its core costs, with minimal reliance on commercial sponsorship. Stress testing of extreme downside scenarios has been conducted which indicates that The Royal Foundation and its subsidiary are financially secure for the foreseeable future.

The Royal Foundation has not taken advantage of any government support schemes for which it is eligible (including furloughing of staff) as The Trustees have decided that it has sufficient resources of its own to be able to continue operating for the foreseeable future. Although The Trustees continue to be mindful of the need to manage the charity's resources responsibly, including through control of its cost base and sound financial planning, they have not sought to retrench in response to COVID-19 but have instead accelerated certain activities to ensure that The Royal Foundation is taking proactive steps to play its part where it can.

We remain resilient through having a robust balance sheet, a conservative investment policy, avoiding undue risk, and through sound financial planning and management.

Accordingly, these accounts have been prepared on the going concern basis. Further information is given in the Trustees' report.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2020

1. Accounting policies (continued)

d) Judgements and estimates made by management

The preparation of the financial statements requires management to make significant judgements and estimates. These judgements and estimates are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. The items in the financial statements where these judgements and estimates have been made include:

- basis of allocation of support costs;
- income recognition, in particular estimating fair value of a gift in kind;
- estimating the liability from multi-year grant commitments; and
- rates of depreciation used in determining the carrying value of tangible fixed assets.

With respect to the next reporting period, January to December 2021, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees Annual Report for further information). The carrying value of the investment portfolio at the end of December 2020 was £2,637,414 (2019: £2,516,804).

e) Fund accounting

Unrestricted funds are general funds that are available for use at the Trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are funds subject to specific restrictions imposed by the donor. All restrictions are in line with the charitable objectives of the charity.

During part of 2019, an expendable endowment fund was held by the charity under conditions prescribed by the donor with the associated interest income disclosed as unrestricted funds. The endowment fund was transferred to unrestricted funds when the prescribed conditions expired.

All transfers between funds are recorded gross and shown on the Statement of Financial Activities or in the notes.

f) Income

Donations and gifts consist of the total donations from individuals, trusts and corporate entities. Income is recognised in the Statement of Financial Activities when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

Grants consist of income receivable by The Royal Foundation from individuals, trusts and corporate entities. Income is recognised when there is entitlement to the grant, receipt is probable and its amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Investment income consists of bank interest, and dividends and interest from the portfolio managed by Cazenove Capital Management. Investment income is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the money paid or payable by the bank or investment manager.

Gifts in kind are from donated services which are recognised at fair value when performed. Fair value is the amount the charity would have been willing to pay to obtain those services on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from trading activities and other income are recorded on a receivable basis.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2020

1. Accounting policies (continued)

g) Expenditure

Expenditure is accounted for on an accruals basis. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Expenditure is classified under the following activity headings:

- Raising funds, which comprise the costs incurred in supporting income generation activities, such as fundraising, and their associated support costs.
- Expenditure on charitable activities includes grants payable and costs incurred directly by The Royal Foundation in furtherance of its charitable objectives, along with associated support costs. Grants made are recognised when they have been approved and a legal or constructive obligation is in place. For multi-year grants, The Foundation retains the control over future years funding which is renewed annually and as such the Foundation only recognises grants on an annual commitment basis.

Direct costs comprise amounts spent in all activities designed to convene and raise awareness, and to provide the seed capital and grant funding.

Support costs have been allocated across the categories of charitable expenditure and raising funds. Support costs include premises, general management, IT, HR, office supplies and finance.

Support costs for charitable activities comprise costs attributable to operational and grant-making functions. Staff costs (including employer pension contributions and national insurance) are allocated between raising funds and charitable activities on a time spent basis. Office related costs including rent, IT, depreciation and stationery are allocated between raising funds and charitable activities on a headcount or FTE basis.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit and legal fees together with an apportionment of overhead and support costs.

h) Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge arose in the period.

The subsidiary company, TRF Trading Limited, made qualifying donations of all taxable profit to The Royal Foundation of the Duke and Duchess of Cambridge. No corporation tax liability on the subsidiary arises in the accounts.

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the year-end exchange rates. All differences are taken to the Statement of Financial Activities. The charity entered into a number of forward contracts during the year for the purchase of US dollars in order to manage its exchange rate exposure. There were no unsettled contracts outstanding as at 31 December 2020.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2020

1. Accounting policies (continued)

k) Investments

The fixed asset investment consists of the share in the subsidiary TRF Trading Limited which is stated at cost and a portfolio of listed investments. Listed investments are a form of basic financial instrument initially recognised at their transaction value and subsequently measured at fair value at the balance sheet date using the closing quoted market price. Any gain/loss on revaluation and disposal are recorded in the Statement of Financial Activities.

Current asset investments consists of cash equivalents held on maturities of greater than three months but less than one year.

l) Tangible fixed assets

Tangible fixed assets costing more than £1,000 are capitalised and stated at historical cost less depreciation and applicable impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset to its estimated residual value evenly over its expected useful life, as follows:

- Computer equipment – 24 to 36 months on a straight line basis.
- Fixtures and Fittings – 36 months or over remaining life of the lease, on a straight line basis.
- Leasehold improvements – Over remaining life of the lease, on a straight line basis.

m) Operating Leases

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

n) Financial Instruments

The charity has financial instruments of a kind that qualify as basic financial instruments which are recognised at transaction value initially and subsequently at their settlement value. Financial assets comprise cash at bank and in hand, current asset investments (which are cash equivalents held on maturities of greater than three months but less than one year), other debtors and prepayments and accrued income. Financial liabilities comprise grants payable, other creditors and accrued expenditure.

o) Debtors

Debtors are recognised at the settlement amount due at the end of the period.

p) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

q) Termination costs

Termination costs are recognised when the charity is demonstrably committed to terminate the employment of an employee.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

2 Income from donations and legacies

Group	2020			2019		
	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Donations	1,365,984	1,791,240	3,157,224	1,872,104	2,704,831	4,576,935
Grants	5,233,766	2,771,085	8,004,851	–	1,723,858	1,723,858
Legacies	1,455	–	1,455	180	–	180
Donated services	202,054	256,821	458,875	22,000	290,889	312,889
Total	6,803,259	4,819,146	11,622,405	1,894,284	4,719,578	6,613,862

In 2020, The Royal Foundation received £15,750 (2019: £21,346) from The Diana, Princess of Wales Memorial Fund.

Included within unrestricted grant income in 2020 are amounts from a certain funder of which £750,000 has been designated for The Earthshot Prize and £340,000 has been designated for the Early Years programme.

Donated services of £458,875 (2019: £312,889) relate to gifts of services, including seconded staff, legal and professional fees and advertising, in support of the charity's programmes.

Income from donations and legacies for the charity alone, includes £90,798 restricted (2019: £27,118 restricted), which has been gift aided to The Royal Foundation from its subsidiary, TRF Trading Limited and is eliminated on consolidation.

3 Income from trading activities

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 07506603, registered address Kensington Palace, Palace Green, London W8 4PU), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its taxable profits to The Royal Foundation of The Duke and Duchess of Cambridge. A summary of its results extracted from its full audited accounts is shown below:

	Year ended 31 December	
	2020 £	2019 £
Turnover	140,274	32,801
Gross profit	140,274	32,801
Administrative expenses	(44,421)	(4,960)
Operating profit	95,853	27,841
Finance charges	(5,055)	(25)
Profit on ordinary activities before taxation	90,798	27,816
Tax on profit on ordinary activities	–	–
Profit on ordinary activities after taxation	90,798	27,816
Total shareholder's funds brought forward	1	1
Profit on ordinary activities after taxation	90,798	27,816
Charitable donation to parent	(90,798)	(27,816)
Total shareholder's funds carried forward	1	1
Assets, liabilities and shareholders' funds		
Assets	98,420	33,453
Liabilities	(98,419)	(33,452)
Funds surplus including 1 ordinary share of £1	1	1

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

4 Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Investment Income:	10,112	-	10,112	7,800	29,468	37,268
Other Income:						
Foreign exchange gains	50,601	-	50,601	-	-	-
Total other income	50,601	-	50,601	-	-	-

Other income for the charity alone derives from income received from TRF Trading Limited, consisting of £2,805 (2019: £656) relating to a resource sharing agreement recharge.

5 Summary analysis of total expenditure – Charity

	Unrestricted funds £	Restricted funds £	Total 2020 £	Unrestricted funds £	Restricted funds £	Total 2019 £
Raising funds	555,330	253,329	808,659	1,170,786	10,198	1,180,984
Charitable activities						
- Direct costs – grant and donation funding of activities	4,449	3,727,101	3,731,550	145,000	3,951,390	4,096,390
- Direct costs – convening, collaboration and R&D	377,920	3,191,933	3,569,853	379,327	2,671,155	3,050,482
- Support costs	820,751	225,598	1,046,349	1,009,566	-	1,009,566
Total charitable activities	1,203,121	7,144,632	8,347,752	1,533,893	6,622,545	8,156,438
	1,758,451	7,397,961	9,156,411	2,704,679	6,632,743	9,337,422

Included within Raising Funds are Investment management costs of £4,913 (2019: £7,757). Expenditure on Raising Funds for the charity alone excludes £46,670 (2019: £4,329) of non-intercompany expenses incurred by TRF Trading Limited.

6 Analysis of expenditure on charitable activities

2020 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2020 £
Supporting Those Who Serve	623,242	355,381	90,958	11,616	1,081,197
Mental Health	357,290	546,760	150,154	15,597	1,069,801
Young People	758,850	62,160	21,246	3,238	845,494
United for Wildlife Taskforces	299,999	184,867	80,363	7,424	572,653
The Earthshot Prize	-	1,341,582	323,590	36,163	1,701,335
Other conservation	340,899	137,037	5,666	864	484,467
Early Years	-	872,245	185,411	21,741	1,079,397
Empowering Communities	231,697	14,812	5,810	648	252,967
COVID-19 response fund	1,115,124	55,009	77,763	8,096	1,255,992
Unrestricted donation to Sentebale	4,449	-	-	-	4,449
	3,731,550	3,569,853	940,961	105,387	8,347,752
2019 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2019 £
Supporting Those Who Serve	435,926	669,966	180,002	29,244	1,315,138
Mental Health	1,207,493	555,984	190,230	30,905	1,984,612
Young People	573,696	457,090	184,707	30,008	1,245,501
United for Wildlife Taskforces	140,000	241,888	98,183	15,952	496,023
The Earthshot Prize	-	177,108	19,637	3,190	199,935
Other conservation	1,414,573	395,515	66,274	10,767	1,887,129
Early Years	-	469,147	67,501	10,967	547,615
Empowering Communities	179,702	83,784	61,937	10,062	335,485
Unrestricted grant to Sussex Royal	145,000	-	-	-	145,000
	4,096,390	3,050,482	868,471	141,095	8,156,438

The comparative figures have been adjusted to split out conservation activities between The Earthshot Prize, United for Wildlife Taskforces and other conservation, in line with the current year breakdown.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

7 Analysis of support costs and governance costs

2020	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2020
	£	£	£	£	£	£	£	£
Raising funds	70,028	99,276	35,238	26,610	54,850	3,223	29,734	318,959
Supporting Those Who Serve	26,380	21,873	12,249	9,418	19,779	1,259	11,616	102,574
Mental Health	36,791	52,828	18,917	14,015	25,913	1,690	15,597	165,751
Young People	7,320	5,601	1,597	2,592	3,785	351	3,238	24,484
United for Wildlife Taskforces	17,886	26,970	12,779	7,045	14,879	804	7,424	87,787
The Earthshot Prize	85,057	112,115	38,816	32,250	51,433	3,919	36,163	359,753
Other conservation	1,952	1,494	426	691	1,009	94	864	6,530
Early Years	51,354	58,246	19,274	19,607	34,574	2,356	21,741	207,152
Empowering Communities	1,464	1,120	1,880	518	757	70	648	6,458
COVID-19 response fund	21,602	27,646	8,394	9,781	9,463	877	8,096	85,859
	319,834	407,170	149,570	122,527	216,442	14,643	135,121	1,365,307

Raising Funds in the group totalled £855,329 which consisted of £531,522 of direct fundraising costs and £323,807 of support and governance costs.

Costs relating to Premises, General Management, IT, HT, Office supplies and governance are allocated on the basis of headcount and certain salaries. Finance costs are allocated on the basis of salaries only.

2019	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2019
	£	£	£	£	£	£	£	£
Raising funds	116,191	131,096	108,890	62,601	56,890	7,195	64,225	547,088
Supporting Those Who Serve	52,368	40,274	24,831	34,365	24,888	3,276	29,244	209,246
Mental Health	55,344	42,562	26,242	36,318	26,302	3,462	30,905	221,135
Young People	53,737	41,326	25,480	35,263	25,539	3,362	30,008	214,715
United for Wildlife Taskforces	28,565	21,967	13,544	18,744	13,576	1,787	15,952	114,135
The Earthshot Prize	5,713	4,394	2,709	3,749	2,715	358	3,190	22,828
Other conservation	19,281	14,828	9,142	12,653	9,163	1,206	10,767	77,040
Early Years	19,638	15,103	9,312	12,887	9,333	1,228	10,967	78,468
Empowering Communities	18,019	13,858	8,544	11,825	8,564	1,127	10,062	71,999
	368,856	325,408	228,694	228,405	176,970	23,001	205,320	1,556,654

Raising Funds in the group in 2019 totalled £1,185,313 which consisted of £638,225 of direct fundraising costs and £547,088 of support and governance costs.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

8 Analysis of grants and donations

	2020	2019
	£	£
Supporting Those Who Serve		
<i>Emergency Responders</i>		
King's College London	-	46,473
<i>The Endeavour Fund</i>		
65 Degrees North	-	15,000
Conservation in Action	20,000	5,000
Depththerapy	-	15,000
Flying For Freedom	-	6,600
Greater Sport	-	35,000
Grizzly Bear Ranch	-	10,800
Help For Heroes (Invictus Games)	-	25,000
Help For Heroes (Sports Recovery Coaching Academy)	10,500	-
Hidden Valley Bushcraft	12,438	12,438
Invictus Games Foundation	-	50,000
Invictus Games Foundation (transfer of The Endeavour Fund programme)	560,984	-
Team Endeavour Racing	-	2,000
Team Endeavour Running Club (refund)	-	(8,061)
Team Force of Nature	19,320	-
Turn To Starboard	-	28,000
Village of Forgiveness	-	26,376
	623,242	223,153
<i>Veterans Employment</i>		
Buildforce	-	20,000
HighGround	-	35,000
Mission Motorsport	-	30,000
Nomad Construction Training	-	10,000
Soldiers' Arts Academy	-	5,000
TechVets	-	40,000
	-	140,000
<i>CASEVAC</i>		
The CASEVAC Club	-	10,000
<i>Contact (military mental health)</i>		
Help for Heroes	-	16,300
	-	16,300
<i>Total 'Supporting Those Who Serve'</i>	623,242	435,926
 COVID-19 response fund		
Anna Freud Centre	143,524	-
Best Beginnings	29,728	-
CALM	171,142	-
Hospice UK	50,478	-
Mental Health Innovations (Shout)	140,000	-
Mind	249,984	-
Place2Be	46,145	-
The Ambulance Staff Charity	134,182	-
The Mix	50,000	-
Young Minds	99,941	-
<i>Total COVID-19 response fund</i>	1,115,124	-

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

8 Analysis of grants and donations (continued)

	2020	2019
	£	£
Mental Health		
<i>Mental Health at Work</i>		
Mind	125,000	199,911
<i>Mentally Healthy Schools</i>		
Anna Freud Centre (two grants)	232,290	325,820
Young Minds	-	6,120
Place2Be	-	75,642
	232,290	407,582
<i>Shout (Crisis Text Line)</i>		
Mental Health Innovations	-	600,000
<i>Total Mental Health</i>	357,290	1,207,493
Young People		
<i>Full Effect (Nottingham Youth Violence Prevention Initiative)</i>		
EPIC Partners	57,500	92,500
Community Recording Studio	57,500	67,500
	115,000	160,000
<i>Coach Core</i>		
Active Derbyshire (Sport England funded)	20,000	50,000
Coach Core Foundation (transfer of the Coach Core programme to independent charity)	525,650	-
Devon County Council (on behalf of Active Devon)	-	75,000
Birmingham Sport and Physical Activity Trust	-	37,500
Bisham Abbey (Berkshire/Sport England funded)	20,000	30,000
Inspiring Healthy Lifestyles (Manchester)	14,700	36,750
Leicestershire and Rutland Sport (Sport England funded)	30,000	-
Manchester City in the Community Foundation (refund)	-	(17,054)
Middlesbrough FC Foundation	6,500	58,500
Tyne and Wear Sport (Sport England funded)	20,000	50,000
West of England Sport Trust (WeSport)	7,000	63,000
	643,850	383,696
<i>Serious Youth Violence</i>		
MAC UK	-	30,000
<i>Total Young People</i>	758,850	573,696
Conservation		
<i>Onsite protection</i>		
Eastern Cape Parks and Tourism Agency	5,000	71,740
Elephants Without Borders	-	62,988
Fauna & Flora International	-	50,000
Lewa Wildlife Conservancy	-	46,893
Lowveld Rhino Trust	55,000	-
OI Pejeta Conservancy	-	71,419
Rhino Conservation Botswana	-	93,649
Save The Rhino International (two grants)	110,577	107,500
Southern African Wildlife College	-	-
Wilderness Foundation Africa	23,270	190,022
Wildlife Conservation Society	20,000	80,000
Zoological Society of London (four grants)	110,097	485,461
	323,944	1,259,672
<i>Travalyst (Sustainable tourism)</i>		
Sussex Royal The Foundation of The Duke and Duchess of Sussex	6,955	144,901
<i>United for Wildlife Taskforces</i>		
Basel Institute on Governance (three grants)	274,656	140,000
Focused Conservation Solutions	50,000	-
University of Groningen (refund)	(24,657)	-
	299,999	140,000
<i>WILDLABS.net</i>		
Fauna & Flora International	10,000	10,000
<i>Total Conservation</i>	640,898	1,554,573

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

8 Analysis of grants and donations (continued)

	2020	2019
	£	£
Empowering Communities		
Al Manaar, The Muslim Cultural Heritage Trust	47,691	179,702
UnLtd	81,006	-
Other donations (to 4 charities)	103,000	-
	<u>231,697</u>	<u>179,702</u>
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	4,449	-
Sussex Royal The Foundation of The Duke and Duchess of Sussex	-	145,000
	<u>4,449</u>	<u>145,000</u>
TOTAL charitable grants and donations	<u>3,731,550</u>	<u>4,096,390</u>

9 Total expenditure

The following have been charged within total expenditure:

	2020	2019
	£	£
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	35,060	25,358
Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	13,435	9,076
Depreciation of tangible fixed assets	18,955	43,969
Operating lease payments	190,705	198,511
Exchange gains/(losses)	50,602	(20,434)
Defined contribution pension costs	141,879	190,281

10 Analysis of staff costs and the cost of key management personnel

	2020	2019
	£	£
Total staff costs comprised:		
Gross wages and salaries	1,739,684	2,205,415
Redundancy costs (excluding associated social security and pension costs)	96,319	122,436
Social security costs	201,773	258,768
Pension costs: defined contribution	141,879	190,281
Other benefits (including medical insurance)	45,701	42,531
	<u>2,225,356</u>	<u>2,819,431</u>

Total termination costs during the year were £106,947 (2019: £148,404) which related to 4 individuals. This includes ex gratia payments of £32,080 (2019: £14,270) which were made as part of settlement agreements with 3 (2019: 3) former employees at the time of leaving, and which were fully paid in the year. These payments were approved by the trustees in line with the Foundation's redundancy policy.

All employees are employed by the charity. The average number of employees in the year was 33 (2019: 45). The average number of staff in the year was 32 full time (2019: 41) and 2 part time (2019: 5), with the part time staff representing an average of 1 FTE (2019: 3).

For 2020, the key management personnel of the charity comprised the Trustees, the Chief Executive, the Directors of Programmes, the Director of Development, the Directors of The Earthshot Prize and Early Years, the Director of Transformation, the two Heads of Finance and the Head of HR and the Business and Governance Manager. The total employee benefits of the key management personnel were £870,875 (2019: £652,392), including pension costs of £55,482 (2019: £39,581) and national insurance costs of £84,125 (2019: £65,677).

The number of employees who earned over £60,000, including taxable benefits and termination payments but excluding pension

	2020	2019
		
£60,000 - £70,000	4	5
£70,001 - £80,000	-	2
£80,001 - £90,000	2	3
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£120,001 - £130,000	-	1
£140,001 - £150,000	1	-

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year totalled £141,879 (2019: £190,281). There were no outstanding balances as at 31 December 2020 or 31 December 2019.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2020

11 Trustee remuneration, expenses and related party transactions

Unless otherwise stated in this note, there were no amounts outstanding with related parties as at 31 December 2020 or 31 December 2019.

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with the charity or a related entity (2019: £nil).

Expenses

During the year the Trustees incurred expenses in the UK totalling £nil (2019: £nil) for travel and other expenses.

Related Party transactions – Trustees

During the year, The Royal Foundation received aggregate donations from Trustees and their charitable foundations of £100,116 (2019: £230,075).

Sir Keith Mills GBE, DL was Chairman and Trustee of The Royal Foundation until 9 December 2020 and is also Chairman and Trustee of Invictus Games Foundation, a charity to which The Royal Foundation granted £560,984 in 2020 in relation to the transfer of The Endeavour Fund programme. In 2019 The Royal Foundation granted £50,000 to Invictus Games Foundation to fund their 2019/20 activities. Sir Keith Mills is also a director and majority shareholder of Origin Sports Group Ltd, a company which organised and promoted the King's Cup sailing regatta, a charity fundraising event held in 2019 and in which The Duke and Duchess of Cambridge took part. Origin Sports Group charged a management fee of £30,000 exclusive of VAT for their services relating to the regatta. The Duchess of Cambridge's Early Years programme was one of the eight beneficiaries of the regatta and it received £392,464 in 2019 from the event.

Charles Mindenhall is a trustee of Mental Health Innovations, a charity to which The Royal Foundation granted £140,000 during the year in relation to the COVID response fund (2019: £600,000 grants paid in relation to the *Shout* mental health programme). Charles Mindenhall is also a director of Contentive Limited, a company which donated £454 during 2019 (2020: £nil) to The Royal Foundation's Heads Together campaign, in relation to the HR Distinction Awards 2019.

Jamie Lowther-Pinkerton, LVO, MBE, DL was a Trustee of The Royal Foundation until 17 June 2020 and is on the advisory board of Village of Forgiveness, a charity to which The Royal Foundation (through The Endeavour Fund) granted £26,376 in 2019.

Claire Wills is a Trustee of The Royal Foundation and Managing Partner, London of Freshfields Bruckhaus Deringer LLP. During the year, The Royal Foundation received pro bono legal advice from Freshfields valued at £5,700 (2019: £nil).

Edward Harley, OBE, DL, was a Trustee of The Royal Foundation and Chair of the Finance Committee until 18 September 2019, and is also a Senior Advisor to Cazenove Capital Management, the wealth management and charity investment business of Schroder & Co. Another trustee chaired meetings held with Cazenove Capital Management when reviewing The Royal Foundation's investment portfolio managed by Cazenove Capital Management. During Edward Harley's tenure as a Trustee in 2019, Cazenove Capital Management charged £7,670 for managing the portfolio.

Simon Case, CVO was an ex officio Trustee of The Royal Foundation until 8 September 2020 and a member of the Lord Chamberlain's Committee, the main governing body of The Royal Household. Hannah Cockburn-Logie, OBE, MVO became an ex officio Trustee of The Royal Foundation on 8 June 2020 and is a member of the Lord Chamberlain's Committee. The Duke and Duchess of Cambridge have been members of The Royal Foundation since August 2019 in addition to their roles as patrons. During the year, The Royal Foundation purchased £20,833 (2019: £123,606) of services from The Royal Household relating to communications, recharges of tour costs, and medical insurance for staff. As at 31 December 2020, £793 of charges were outstanding, all of which were settled after the year end. In addition, the Royal Household at Kensington Palace provided pro bono communications services to The Royal Foundation valued at £80,000 per annum (2019: £nil).

Notes to the consolidated financial statements (continued)

Year ended 31 December 2020

11 Trustee remuneration, expenses and related party transactions (continued)

Related Party transactions – Subsidiaries

TRF Trading Limited

The charity has a wholly owned trading subsidiary, TRF Trading Limited (registered number 7506603), which was incorporated in Great Britain and registered in England and Wales on 26 January 2011.

TRF Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Duke and Duchess of Cambridge. At the year end, TRF Trading Limited owed £93,604 (2019: £28,472) to The Royal Foundation, comprised of management charges of £2,805 (2019: £656) and a gift aid donation of £90,798 (2019: £27,816).

Related party transactions – Other

Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal')

Sussex Royal was formed during 2019 to be a philanthropic vehicle for The Duke and Duchess of Sussex, who were Principals of The Royal Foundation until August 2019. It ceased operating in July 2020. A grant of £6,955 (2019: £44,901) restricted to The Duke of Sussex's *Travalyst* sustainable tourism programme was paid to Sussex Royal in April 2020, which represented the remaining balance of a grant awarded in an agreement dated 18 December 2019 to transfer the *Travalyst* programme to Sussex Royal. No other grants were paid to Sussex Royal during the year (2019: unrestricted grant of £145,000 and £100,000 grant restricted to *Travalyst* activities). No grants were paid or awarded to the company Travalyst Limited in 2019 or 2020.

The Diana, Princess of Wales Memorial Fund

With effect from 1 April 2013, The Royal Foundation took over legal control of The Diana, Princess of Wales Memorial Fund in order to safeguard both the Fund's name and any further income donated to the Fund in the future. The Royal Foundation will not continue the Fund's grant-making or charitable activities.

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on 31 December 2013. The financial statements of The Diana, Princess of Wales Memorial Fund Trust Company have not been consolidated on grounds of immateriality. For further details of transactions, please refer to Note 2.

On 31 March 2019 the endowment fund of £250,000 was transferred to unrestricted funds in accordance with the agreement relating to the closure of The Diana, Princess of Wales Memorial Fund.

On 17 June 2020, in accordance with a request from The Duke of Sussex, the trustees approved the donation of 50% of future net income (backdated to 18 December 2019) received by The Diana, Princess of Wales Memorial Fund to Sentebale, a UK registered charity of which The Duke of Sussex is patron. During the year, an initial donation of £4,435 was paid to Sentebale and after the year end, a second donation of £3,544 was paid in respect of net income received through to 31 December 2020.

American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, Inc.

The American Friends is a 501(c)(3) entity registered in the state of Delaware, USA. Elaine Dodds, Director of Development and Chris Bates, Head of Financial Management and Reporting, were appointed as *ex officio* directors of The American Friends on 4 August 2020. Since that date, and through to 31 December 2020, The Royal Foundation has received £2,591,799 of grant income from The American Friends.

Key Management Personnel

During the year, £29,381 (2019: £nil) of *ex gratia* termination costs were paid to 2 (2019: none) key management personnel.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2020

12 Tangible fixed assets – Group and Charity

	Equipment	Fixtures & Fittings	Leasehold Improvements	Total
	£	£	£	£
Cost:				
Balance brought forward 1 January 2020	104,674	34,634	100,466	239,774
Additions	12,694	-	-	12,694
Disposals	(38,527)	-	-	(38,527)
Balance carried forward 31 December 2020	78,841	34,634	100,466	213,941
Depreciation:				
Balance brought forward 1 January 2020	88,926	27,238	99,821	215,985
Charge for the period	13,123	5,187	645	18,955
On disposals	(38,527)	-	-	(38,527)
Balance carried forward 31 December 2020	63,522	32,425	100,466	196,413
Net book value:				
Brought forward 1 January 2020	15,748	7,396	645	23,789
Carried forward 31 December 2020	15,319	2,209	-	17,528

13 Fixed Asset Investments

The Royal Foundation has funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2020.

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	2,516,804	2,292,062	2,516,804	2,292,062
Additions at cost	1,147,325	-	1,147,325	-
Proceeds on disposal	(1,146,742)	(683,363)	(1,146,742)	(683,363)
Net gains on revaluation	122,881	229,404	122,881	229,404
Movement in cash	(2,854)	678,701	(2,854)	678,701
Market Value at 31 December	2,637,414	2,516,804	2,637,414	2,516,804
Investment in Subsidiary	-	-	1	1
Total	2,637,414	2,516,804	2,637,415	2,516,805

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Fund investments:				
Multi Asset funds	1,481,815	1,358,351	1,481,815	1,358,351
Cash and cash equivalents	1,155,599	1,158,453	1,155,599	1,158,453
Total	2,637,414	2,516,804	2,637,414	2,516,804

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020
13 Fixed Asset Investments (continued)

The Cazenove portfolio is invested as follows:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cazenove Charity Responsible Multi-Asset Fund	1,481,815	1,358,351	1,481,815	1,358,351
JP Morgan GBP Liquidity Fund	1,148,328	-	1,148,328	-
Schroder Sterling Liquidity Plus Fund	-	1,145,687	-	1,145,687
Cash	7,271	12,766	7,271	12,766
	2,637,414	2,516,804	2,637,414	2,516,804

The charity also holds 1 ordinary share of £1 in TRF Trading Limited, a company registered in England and Wales no. 7506603. The company carries out trading activities to raise funds for the charity (see note 3).

14 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Amounts owed by subsidiary	-	-	93,604	28,472
Prepayments and accrued income	130,455	469,935	128,358	469,282
Other debtors	4,825	7,194	120	7,194
	135,280	477,129	222,082	504,948

During the year the charity entered into three forward contracts for the purchase of US dollars in order to manage its exchange rate exposure. All three contracts were settled on 31 December 2020 and so no amounts are held at year end (2019: £nil).

15 Current asset investments

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Cash equivalents on deposit	-	2,000,000	-	2,000,000
	-	2,000,000	-	2,000,000

Current asset investments in 2019 were held in a 95-day notice account with Nationwide Building Society.

16 Creditors: amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	277,311	332,801	277,311	332,801
Charitable grants	50,794	26,330	50,794	26,330
Taxation and social security	65,405	58,632	65,405	58,423
Accruals and deferred income	292,179	369,366	287,364	364,597
Other creditors	1,882	18,128	1,882	18,128
	687,571	805,257	682,756	800,279

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

17 Contingent liabilities

The Royal Foundation's grant giving strategy includes awarding grants to projects over multiple years, funded from outside sources and key donors. As at 31 December 2020 the Foundation had grants which were approved by trustees but not yet awarded to the grantee, and grants which were awarded to the grantee but not yet paid, broken down as follows:

	Approved, not yet awarded		Awarded, not yet paid	
	2020	2019	2020	2019
	£	£	£	£
United for Wildlife Taskforces	-	-	313,916	110,000
Rhino impact investment	-	15,000	-	178,367
Other conservation	-	10,000	-	40,051
COVID response fund	-	-	759,561	-
The Endeavour Fund	-	220,500	-	32,438
Full Effect	-	-	-	115,000
Coach Core	-	-	-	220,250
Mentally Healthy Schools	-	154,324	-	87,716
Mental Health at Work	-	125,000	-	-
Empowering Communities	-	-	47,691	95,382
	-	524,824	1,121,168	879,204

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability.

As disclosed in note 1(b) and note 11, an agreement was signed with Sussex Royal on 18 December 2019, by which The Royal Foundation intends to donate 50% of the net income received by The Diana, Princess of Wales Memorial Fund from that date onwards, to Sussex Royal. In March 2020 The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly their share of the net income is instead being donated to Sentebale, a charity registered in the UK of which The Duke of Sussex is a patron. Donations to Sentebale are being paid twice a year, in January and July.

18 Analysis of movements in unrestricted funds

Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Unrestricted funds - group:						
General funds	2,133,647	5,773,972	(1,763,298)	(895,141)	122,881	5,372,061
Designated funds	-	1,090,000	-	(1,090,000)	-	-
	<u>2,133,647</u>	<u>6,863,972</u>	<u>(1,763,298)</u>	<u>(1,985,141)</u>	<u>122,881</u>	<u>5,372,061</u>
Charity						
	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Unrestricted funds - charity:						
General funds	2,123,349	5,776,778	(1,758,450)	(895,141)	122,881	5,369,417
Designated funds	-	1,090,000	-	(1,090,000)	-	-
	<u>2,123,349</u>	<u>6,866,778</u>	<u>(1,758,450)</u>	<u>(1,985,141)</u>	<u>122,881</u>	<u>5,369,417</u>

Unrestricted funds can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds were received from a certain grant funder and consist of £750,000 designated to The Earthshot Prize and £340,000 designated to the Early Years programme. Although these designated funds are unrestricted, they have been designated to respect the non-binding preference of the funder, which fell short of imposing a restriction in trust law. All designated funds were transferred to restricted funds during the year to cover the costs of the programmes they funded.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

18 Analysis of movements in unrestricted funds (continued)

Group	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2019 £
Unrestricted funds – group:						
General funds	3,712,117	1,907,767	(2,709,008)	(1,006,633)	229,404	2,133,647
Charity						
	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2019 £
Unrestricted funds – charity:						
General funds	3,701,819	1,903,438	(2,704,679)	(1,006,633)	229,404	2,123,349

19 Analysis of movements in restricted funds

Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Restricted funds:						
Coach Core	55,303	421,393	(701,175)	224,479	-	-
COVID-19 response fund	-	1,744,842	(1,115,123)	-	-	629,719
Early Years	1,185,893	371,400	(876,584)	340,000	-	1,020,709
Empowering Communities	201,620	114,775	(246,491)	-	-	69,904
Mental Health	1,114,614	285,394	(966,410)	(4,805)	-	428,793
Other conservation	137,367	122,053	(475,831)	216,411	-	-
The Earthshot Prize	23,614	1,085,908	(1,519,302)	750,000	-	340,220
The Endeavour Fund	329,091	14,222	(681,306)	337,993	-	-
Supporting Those Who Serve	287,876	26,360	(238,059)	4,805	-	80,982
United for Wildlife Taskforces	-	773,073	(503,244)	-	-	269,829
Young People	-	-	(116,258)	116,258	-	-
	<u>3,335,378</u>	<u>4,959,420</u>	<u>(7,439,783)</u>	<u>1,985,141</u>	<u>-</u>	<u>2,840,156</u>

The table above summarises the main restricted funds.

The funds received in relation to Coach Core programmes were used to train the next generation of inspirational sports coaches for young people throughout the UK. The programme was transferred to a new independent charity, Coach Core Foundation, effective from midnight on 31 March 2020. During the year, there was a transfer of £224,479 (2019: £51,779) from unrestricted funds to meet the costs of the Coach Core programme and its transfer out of the Foundation.

The COVID-19 response fund was set up during the year in response to the global pandemic. All funds raised are being disbursed to 10 leading charities to support frontline workers and boost mental health provision. Of the £1.12m expended in 2020, £1.06m was disbursed during the year and £0.05m was accrued at year end as required by the charity SORP. As disclosed in note 17, a further £0.76m will be disbursed in 2021 before the fund closes.

The opening restricted fund balance has been restated to split out conservation activities into The Earthshot Prize and other conservation activities. United for Wildlife Taskforces was disclosed as part of conservation activities in previous years but is also disclosed separately this year.

The Earthshot Prize fund consists of amounts relating to The Earthshot Prize programme, which is designed to incentivise change and help repair our planet over the next ten years. During the year, a transfer of £750,000 was made from unrestricted, designated funds to restricted funds.

Other Conservation funds help to convene sector leaders and strengthen collaborative working in the field of conservation. This fund also included the rhino impact investment programme. During the year, a transfer from unrestricted funds of £216,467 (2019: £936,131) was made to cover a shortfall in conservation programmes.

The Early Years restricted fund relates to The Duchess of Cambridge's Early Years programme of work. During the year, a transfer was made from unrestricted, designated funds to restricted funds.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

19 Analysis of movements in restricted funds (continued)

The Empowering Communities fund relates to The Duchess of Sussex's Empowering Communities Through Food programme, funded by income received from sales of the *Together* cookbook published in 2018. In accordance with the wishes of The Duchess of Sussex, in June 2020 the trustees approved the disbursement of funds to four charities in the UK, with the remaining funds, including all future income received from cookbook sales, being donated to The Felix Project.

The funds received in relation to Mental Health relate to The Royal Foundation's work focusing on mental health and well-being. There was a transfer of £4,805 during the year from the mental health fund to the 'Supporting Those Who Serve' fund to cover a deficit on the HeadFIT military mental health programme.

The funds received in relation to the Endeavour Fund were from donors to support injured, wounded and sick Servicemen and women with their recovery through the provision of sporting and adventure challenges. Effective from midnight on 31 May 2020, the Endeavour Fund programme was transferred to Invictus Games Foundation. During the year, there was a transfer of £337,993 from unrestricted reserves to meet the costs of the programme and its transfer out of the Foundation.

'Supporting Those Who Serve' funds (formerly called 'Military') cover projects to support personnel currently serving in the Armed Forces and emergency responders, or those who have previously served, and their families. This fund now consists solely of funds received in relation to the Emergency Responders programme, having previously included funds received in relation to military mental health, veterans' employment and emergency responders.

The Young People fund relates to funds received in support of a programme to prevent youth violence in St Ann's, Nottingham. During the year, a transfer of £116,258 (2019: £268,723) from unrestricted funds was made to cover a shortfall on Young People programmes.

Group	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2019 £
Restricted funds:						
Coach Core	185,874	499,045	(681,395)	51,779	-	55,303
Conservation	242,895	1,278,604	(2,296,649)	936,131	-	160,981
Early Years	329,386	1,297,966	(441,459)	-	-	1,185,893
Empowering Communities	317,772	120,325	(236,477)	-	-	201,620
Mental Health	1,702,922	1,092,168	(1,680,476)	-	-	1,114,614
The Endeavour Fund	439,455	354,178	(464,542)	-	-	329,091
Supporting Those Who Serve	717,020	133,878	(563,022)	-	-	287,876
Young People	-	-	(268,723)	268,723	-	-
	3,935,324	4,776,164	(6,632,743)	1,256,633	-	3,335,378

20 Expendable Endowment Fund

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Balance brought forward at 1 January	-	250,000	-	250,000
Transferred to unrestricted funds	-	(250,000)	-	(250,000)
Balance carried forward at 31 December	-	-	-	-

The endowment of £250,000 was received in 2012 from The Diana, Princess of Wales Memorial Fund as a contingency sum to provide against any unforeseen liabilities. In line with the closure agreement that saw the Royal Foundation assume control of the Diana Princess of Wales Memorial Fund, the endowment was transferred to unrestricted funds on 31 March 2019.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2020

21 Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Balance at 31 December 2020 £
Fixed assets	17,528	-	17,528
Fixed asset investments	2,637,414	-	2,637,414
Cash	2,856,179	3,253,387	6,109,566
Other net current assets	(139,060)	(413,231)	(552,291)
	5,372,061	2,840,156	8,212,217

	Unrestricted funds £	Restricted funds £	Balance at 31 December 2019 £
Fixed assets	23,789	-	23,789
Fixed asset investments	2,016,804	500,000	2,516,804
Current asset investments	-	2,000,000	2,000,000
Cash	108,049	1,148,511	1,256,560
Other net current liabilities	(14,995)	(313,133)	(328,128)
	2,133,647	3,335,378	5,469,025

22 Operating leases – Group and Charity

The minimum lease payments due over the lease terms are:

	Property 2020 £	Other 2020 £	Total 2020 £	Property 2019 £	Other 2019 £	Total 2019 £
Within one year	116,919	9,525	126,444	116,919	8,659	125,578
Between two and 5 years	-	18,256	18,256	-	25,256	25,256
	116,919	27,781	144,700	116,919	33,915	150,834

In January 2018 The Royal foundation signed a lease for additional office space adjacent to the existing office space. This lease expired in June 2019.

In February 2019 a variation to the lease for the main office space was signed which provides for an annual break option in August of each year. The minimum lease payments disclosed for property reflect the rent charge to the first available break date.

In January 2021, notice was served to the landlord of the main office space, to vacate the lease in August 2021.

23 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Net movement in funds	2,743,192	(2,428,416)	2,743,192	(2,428,416)
Adjustments for:				
Depreciation charge	18,955	43,969	18,955	43,969
Gains on investments	(122,881)	(229,404)	(122,881)	(229,404)
Losses on disposal of fixed assets	-	1,212	-	1,212
Dividends and interest included in investing activities	(10,112)	(37,268)	(10,112)	(37,268)
Decrease in debtors	341,849	683,800	282,866	656,466
(Decrease)/increase in creditors	(117,686)	249,571	(117,523)	265,265
Net cash provided by/(used in) operating activities	2,853,317	(1,716,536)	2,794,497	(1,728,176)

Notes to the consolidated financial statements (continued)

Year ended 31 December 2020

24 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Increase/(Decrease) in cash	4,850,152	(1,008,945)	4,791,332	(1,020,585)
Net funds at 1 January	2,415,013	3,423,958	2,382,213	3,402,798
Net funds at 31 December	7,265,165	2,415,013	7,173,545	2,382,213

25 Analysis of changes in net funds

Group	1 January 2020	Cash flows	Foreign exchange movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	1,256,560	4,903,607	(50,601)	6,109,566
Cash in investment portfolio	1,158,453	(2,854)	-	1,155,599
	2,415,013	4,900,753	(50,601)	7,265,165

Charity	1 January 2020	Cash flows	Foreign exchange movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	1,223,761	4,844,787	(50,601)	6,017,947
Cash in investment portfolio	1,158,452	(2,854)	-	1,155,598
	2,382,213	4,841,933	(50,601)	7,173,545

Group	1 January 2019	Cash flows	Foreign exchange movements	31 December 2019
	£	£	£	£
Cash at bank and in hand	2,944,206	(1,667,212)	(20,434)	1,256,560
Cash in investment portfolio	479,752	678,701	-	1,158,453
	3,423,958	(988,511)	(20,434)	2,415,013

Charity	1 January 2019	Cash flows	Foreign exchange movements	31 December 2019
	£	£	£	£
Cash at bank and in hand	2,923,046	(1,678,851)	(20,434)	1,223,761
Cash in investment portfolio	479,752	678,700	-	1,158,452
	3,402,798	(1,000,151)	(20,434)	2,382,213

Notes to the consolidated financial statements (continued)

Year ended 31 December 2020

26 Funds received as agent

During the year, TRF Trading Limited received £70,532 of funds as agent on behalf of CALM and Mind, two partner charities on the *Heads Up* mental health programme. The funds were disbursed in full during the year with no balances outstanding as at 31 December 2020.

During the year a donation of £13,573 was received on behalf of the Royal Marines Charity in relation to The Endeavour Fund. The donation was forwarded on to the Royal Marines Charity and there was no outstanding balance as at 31 December 2020.

In 2019, The Royal Foundation received £490,000 of funds as agent on behalf of seven charities nominated by The Duke and Duchess of Cambridge as beneficiaries of the inaugural King's Cup regatta, a fundraising event managed and promoted by Origin Sports Group Ltd and in which The Duke and Duchess of Cambridge participated. The funds were disbursed in full during the year with no balances outstanding as at 31 December 2019.

27 Post balance sheet events

On 30 April 2021, the HeadFIT military mental health programme was transferred to the Armed Forces Covenant Fund Trust as a non-cash transfer.

28 Controlling Party

The controlling party of The Royal Foundation is HRH The Duke of Cambridge.