

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

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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

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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, Travalyst 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

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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

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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

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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.

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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)

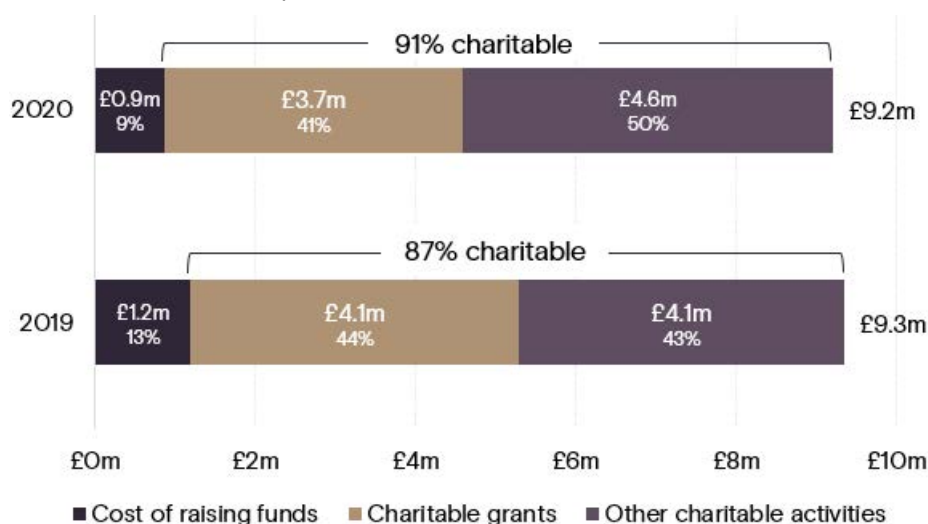
Expenditure

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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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

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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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

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 | 5,354 | 1,897 |

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.

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)

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.

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)

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.

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)

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.

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)

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

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

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

Company Registration No. 07033553

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 | 18,19,20 | 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 |
| | <hr/> 623,242 | <hr/> 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 |
| | <hr/> - | <hr/> 140,000 |
| <i>CASEVAC</i> | | |
| The CASEVAC Club | - | 10,000 |
| <i>Contact (military mental health)</i> | | |
| Help for Heroes | - | 16,300 |
| | <hr/> - | <hr/> 16,300 |
| <i>Total 'Supporting Those Who Serve'</i> | <hr/> 623,242 | <hr/> 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> | <hr/> 1,115,124 | <hr/> - |

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 |
| | <hr/> 232,290 | <hr/> 407,582 |
| <i>Shout (Crisis Text Line)</i> | | |
| Mental Health Innovations | - | 600,000 |
| <i>Total Mental Health</i> | <hr/> 357,290 | <hr/> 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 |
| | <hr/> 115,000 | <hr/> 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 |
| | <hr/> 643,850 | <hr/> 383,696 |
| <i>Serious Youth Violence</i> | | |
| MAC UK | - | 30,000 |
| <i>Total Young People</i> | <hr/> 758,850 | <hr/> 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 |
| | <hr/> 323,944 | <hr/> 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) | - |
| | <hr/> 299,999 | <hr/> 140,000 |
| <i>WILDLABS.net</i> | | |
| Fauna & Flora International | 10,000 | 10,000 |
| <i>Total Conservation</i> | <hr/> 640,898 | <hr/> 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 | - | - |
| | <u>3,935,324</u> | <u>4,776,164</u> | <u>(6,632,743)</u> | <u>1,256,633</u> | <u>-</u> | <u>3,335,378</u> |

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 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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.