

The Prince of Wales's Charitable Foundation

Trustees' report and consolidated statutory accounts

For the year ended 31 March 2011
Registered Charity number 1127255
Registered Company number 06777589

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Trustees' report and accounts

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Reference and Administrative Details for the year ended 31 March 2011

Charity address and Registered Office	The Prince of Wales's Charitable Foundation Clarence House London SW1A 1BA
Charity Number:	1127255
Company Number:	06777589
Trustees (and Directors):	Leslie Jane Ferrar (Chairman) Dame Amelia Fawcett CBE (appointed 2/6/2011) Sir Michael Charles Gerrard Peat KCVO (until 11/10/2011) The Rt Hon the Lord Rothschild OM GBE Sir Michael Rake KT
Director of Charities	Sir Tom Shebbeare KCVO (until 31/7/2011)
Bankers:	Coutts & Co, 440 Strand, London WC2R 0QS
Solicitors:	Farrer and Co LLP, 66, Lincoln's Inn Fields London WC2A 3LH
Auditor:	KPMG LLP, 15 Canada Square London E14 5GL

Trustees' report

The trustees present their annual report and the consolidated statutory accounts for the period ended 31 March 2011. The financial statements have been prepared on the basis of the accounting policies set out in note 1 to the financial statements and comply with the applicable law and the requirements of the Statement of Recommended Practice Accounting and Reporting by Charities 2005.

Structure, Governance and Management

The Prince of Wales's Charitable Foundation ("The Foundation") is a company limited by guarantee, incorporated on 19th December 2008 and registered as a charity in England and Wales on 22nd December 2008.

The company was established under a Memorandum of Association which established the objects and powers of the Foundation and is governed under its Articles of Association. There are currently 5 Trustees of the Foundation, each of whom is required to contribute an amount not exceeding £10 in the event of it winding up.

The Trustees are appointed by HRH The Prince of Wales based on the appropriate expertise and experience and receive no remuneration for their services. In order to ensure the Trustees are able to fulfil their responsibilities, they seek and receive professional advice as required to ensure that they are properly briefed with regard to current and relevant regulatory developments. An induction programme is offered to new trustees to ensure they are appropriately briefed on the charity's aims and objectives.

The Trustees meet regularly to oversee the affairs of The Foundation and to consider charitable donations with the intention to support charitable bodies and purposes in accordance with its objects.

During the year the Trustees assessed and monitored the major risks to which the Foundation is exposed. In the 2010/11 financial year, the day to day running of The Foundation was the responsibility of the Director of Charities.

Objectives and Activities

The Foundation may support such charitable purpose or purposes as the Trustees shall in their absolute discretion think fit. Its purpose is to provide benefit to communities in the UK and across the world, through grant-giving as well as through the initiatives run by The Foundation from time to time.

International Sustainability Unit (ISU)

The ISU was established to facilitate consensus on how to resolve some of the key environmental challenges facing the world, such as food security and ecosystem resilience.

Global sustainability has long been an issue of great importance to HRH The Prince of Wales. The ISU utilises HRH's convening power and thought-leadership to bring together stakeholders from different, often opposing backgrounds and, informed by its research, work towards building a consensus on the problems and the potential solutions to pressing global environmental issues.

In 2010, the ISU carried out four key workstreams including Oslo REDD+, sustainable agriculture and marine ecosystems along with a number of projects across Africa, India, Qatar and Romania.

Results this year have been encouraging. The ISU has actively contributed to the REDD+ debate, both through research and through bringing partners together across government, private and NGO sectors together to pilot practical projects in Ghana, Indonesia, Liberia and Brazil. It has also published two key pieces of research on the economic opportunity of sustainably managed fisheries and sustainable food production.

Accounting for Sustainability (A4S)

A4S was established in 2004 to help businesses with practical advice on how to integrate sustainability into day-to-day decision-making and mainstream reporting. A4S has established the International Integrated Reporting Committee (the IIRC), to establish a global framework for integrated reporting. In time, this methodology will help

organizations embed sustainability in decision-making, ensuring the social, environmental and long-term economic context within which the business operates are taken fully into account

Grant-Making

The Trustees of The Foundation consider grant applications on a quarterly basis. The Small Grants Committee recommends awards up to £10,000 in value and these, along with all major grants, are approved by the Trustees. The Foundation gave grants and other expenditure totalling £4,711,429 during the year to 34 charity institutions (2010 £5,975,235 to 39 institutions).

Through its small grants programme The Foundation supported a number of different projects including an education programme for The War Memorials Trust, the restoration of Lichfield Cathedral, the development of the new youth wing at The Queen Mother Theatre and the Bettyhill Playpark, where funds contributed towards the refurbishment of the community play area. In addition, the Foundation supported appeals for assistance in New Zealand following the earthquake in Christchurch and the floods in Queensland.

Commercial Activities

Last year, a new company was established to oversee the commercial activities of the main trading subsidiaries whose profits are paid to the Foundation. PCF Social Enterprises Limited (trading as Prince's Social Enterprises Limited (PSEL)) acquired the share capital of AG Carrick Limited, Duchy Originals Limited and Traditional Arts Limited in a share for share exchange.

Progress within the Social Enterprises group has been strong during the course of 2010/11. The royalty due to Duchy Originals from Waitrose continued to grow significantly following the formal launch of the range in October 2010. There was also a strong performance from A G Carrick, which benefited from excellent demand for Highgrove Garden Tours, rapidly growing on-line sales of Highgrove products and the establishing of the Highgrove Shop in Bath.

Dumfries Farming and Land Ltd continues to develop the land at Knockroon as a sustainable mixed-use development that it is hoped will serve as a model community for Scotland. The ambition is that this development will not only create employment and help bring prosperity to the area, but will in the longer-term also generate profits for donation to charitable causes through The Foundation.

In January 2011 detailed planning permission for the first phase of the development was received and construction started on site in April. HRH The Prince of Wales laid a Foundation stone to mark the commencement of the building work in May. The first phase will comprise eighty-seven homes, twelve work units, four commercial buildings and a local shop. Spread over an area of 28 hectares, the development will eventually accommodate around six hundred homes together with shops, workplaces and other community facilities.

Public Benefit

The Trustees have reviewed The Foundation's objectives and activities and achievements for the year under review and are satisfied The Foundation has complied with the requirements of public benefit reporting as set out in the Charity Commission's General Guidance on Public Benefit.

Financial results

The accounts will be filed with the Registrar of Companies.

Investment Policy

The investment policy is to maximise total return within a reasonable prudent investment spread. It is the policy that investment gains and losses, along with the investment managers' fees and rebates, are allocated to the appropriate fund.

Fixed asset investments are summarised at Note 7 on pages 18-20.

Creditor Policy

It is the Foundation's policy to agree terms of payment for transactions with its suppliers, and to adhere to such terms, subject to satisfactory completion of the transaction concerned. At 31 March 2011 the amounts due to trade creditors/non related parties represented approximately 39 days of average daily purchases throughout the year (2010 22 days) in respect of the Company and approximately 61 days (2010 57 days) in respect of the Group.

Reserves

A proportion of the Foundation's unrestricted income generally derives from its wholly owned and indirectly owned subsidiary undertakings. As a result, the Foundation's ability to make grants is dependent on fluctuations in the trading performance of those undertakings.

The Restricted Fund is to ensure donations intended for specific charities or causes are not used for other purposes. The Designated fund is for assets, liabilities and transactions that the Trustees have ring fenced for specific projects. Other unrestricted investment gains and losses are recorded in the General fund.

The aim of the Trustees is to establish a level of unrestricted reserves that will enable the organisation to operate from a financial perspective with a degree of certainty and flexibility. The Trustees have decided that to achieve this, free unrestricted reserves, excluding those represented by fixed assets, of approximately £1m, which, on average cover approximately two years operating expenditure are required.

During the year the Trustees reviewed the reserves policy and have decided that the Foundation's policy should be to set spending at a level intended to maximise public benefit whilst establishing and, where possible, growing a fund to ensure the Foundations' objectives can be met in both the short and long term.

At 31 March 2011, unrestricted reserves were in line with this policy.

Plans for Future Periods

The trustees intend to continue to support those charities in accordance with its objects and to build the reserves of the Foundation.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KPMG LLP continue in office as the Foundation's auditor.



Leslie Ferrar
Chairman Trustee

13th December 2011
Clarence House
London
SW1A 1BA

Statement of responsibilities of the Trustees of The Prince's Charities Foundation Limited in respect of the Trustees' annual report and the financial statements

The Trustees are responsible for preparing the Trustees' Annual 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. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Trustees must not approve the financial statements unless they are satisfied that

- the financial statements give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Prince of Wales's Charitable Foundation.

We have audited the financial statements of Prince of Wales's Charitable Foundation for the year ended 31 March 2011 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 2, the trustees (who are also 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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources including its income and expenditure for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

A J Sykes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL

December 2011

Consolidated statement of financial activities
(incorporating the consolidated income and expenditure account)
for the year ended 31 March 2011

	<i>Note</i>	General Fund £	Designated fund £	Restricted Fund £	Total 2011 £	Total 2010 £
Income and expenditure						
Activities to further the charity's objectives						
Donations	2	1,303,113	9,484,529	1,449,903	12,237,545	4,730,386
Investment income	3	64,801	-	-	64,801	57,892
Activities to generate funds						
Commercial trading operations (continuing)		8,086,518	-	-	8,086,518	4,921,475
Commercial trading operations (discontinuing)		149,633	-	-	149,633	587,967
Fund-raising		-	-	-	-	-
Total incoming resources		9,604,065	9,484,529	1,449,903	20,538,497	10,297,720
Resources expended						
Cost of generating funds						
Commercial trading operations (continuing)		(5,498,542)	-	-	(5,498,542)	(4,944,485)
Commercial trading operations (discontinuing)		(321,533)	-	-	(321,533)	(859,679)
Investment managers' fees		(9,483)	-	-	(9,483)	(30,002)
Fund raising costs		(45,000)	-	-	(45,000)	(45,000)
		(5,874,558)	-	-	(5,874,558)	(5,879,166)
Charitable activities:						
Children and youth	4	(3,508)	-	-	(3,508)	(14,131)
Culture	4	(862)	-	(1,089,309)	(1,090,171)	(1,547,073)
Education	4	(155,793)	-	(352,902)	(508,695)	(297,372)
Environment	4	(778,367)	(367,640)	(2,307,327)	(3,453,334)	(3,682,798)
Medical welfare	4	(776)	-	-	(776)	(324,450)
Overseas aid	4	(24,997)	-	-	(24,997)	(172,820)
Other	4	(387,452)	-	(23,604)	(411,056)	(731,251)
		(1,351,755)	(367,640)	(3,773,142)	(5,492,537)	(6,769,895)
Governance costs	5	(35,817)	-	-	(35,817)	(40,146)
Total resources expended		(7,262,130)	(367,640)	(3,773,142)	(11,402,912)	(12,689,207)
Net (outgoing)/incoming resources before transfers		2,341,935	9,116,889	(2,323,239)	9,135,585	(2,391,487)
Other recognised gains and losses						
Gain/(loss) on investment assets	7	(21,673)	-	(53,892)	(75,565)	(571,366)
Tax		(647)	-	-	(647)	(621)
Interest Receivable/(Payable)		68,157	-	-	68,157	-
Other Income		70,968	-	-	70,968	-
Revaluation		1,716,298	-	-	1,716,298	-
Exchange gain on deposits		9,101	-	(8,992)	109	(38,756)
Net movement in funds		4,184,139	9,116,889	(2,386,123)	10,914,905	(3,002,230)
Fund balances brought forward 2010		1,249,258	(5,496,243)	3,791,752	(455,233)	2,546,997
Fund balances carried forward		5,433,397	3,620,646	1,405,629	10,459,672	(455,233)

The results shown above relate to continuing activities, except where indicated. There are no recognised gains or losses other than those included above. The incoming resources and resources expended for the year are measured under the historical cost basis other than the restatement of the investment portfolio to market value including the revaluation of the land at Knockroon. The notes on pages 14 to 26 form part of these financial statements.

Foundation statement of financial activities
(incorporating the income and expenditure account)
for the year ended 31 March 2011

	<i>Note</i>	General fund £	Designated fund £	Restricted fund £	Total 2011 £	Total 2010 £
Income and expenditure						
Incoming resources from charitable activities						
Donations	2	2,581,423	9,484,529	1,449,903	13,515,855	4,769,287
Investment income	3	73,898	-	-	73,898	90,438
Activities to generate funds						
Total incoming resources		2,655,321	9,484,529	1,449,903	13,589,753	4,859,725
Resources expended						
Cost of generating funds:						
Investment managers' fees		(9,483)	-	-	(9,483)	(30,002)
Fundraising costs		(45,000)	-	-	(45,000)	(45,000)
		(54,483)	-	-	(54,483)	(75,002)
Charitable activities						
Children and youth	4	(3,508)	-	-	(3,508)	(14,131)
Culture	4	(862)	-	(1,089,309)	(1,090,171)	(1,547,073)
Education	4	(155,793)	-	(352,902)	(508,695)	(297,372)
Environment	4	(778,367)	(367,640)	(2,307,327)	(3,453,334)	(3,682,798)
Medical welfare	4	(776)	-	-	(776)	(324,450)
Overseas aid	4	(24,997)	-	-	(24,997)	(172,820)
Other	4	(387,452)	-	(23,604)	(411,056)	(731,251)
		(1,351,755)	(367,640)	(3,773,142)	(5,492,537)	(6,769,895)
Governance costs	5	(35,817)	-	-	(35,817)	(40,146)
Total resources expended		(1,442,055)	(367,640)	(3,773,142)	(5,582,837)	(6,885,043)
Net incoming/(outgoing) resources for the year		1,213,266	9,116,889	(2,323,239)	8,006,916	(2,025,318)
Other recognised gains and losses						
Gain/(loss) on investment assets	7	5,130,635	-	(53,892)	5,076,743	(1,140,559)
Exchange gain on deposits		7,122	-	(8,992)	(1,870)	(39,601)
Release of provision against amounts due from subsidiaries companies		-	-	-	-	-
Other Income		-	-	-	-	1,367
Net movement in funds		6,351,023	9,116,889	(2,386,123)	13,081,789	(3,204,111)
Fund balances transferred on 1 April 2010		(916,418)	(5,496,243)	3,791,752	(2,620,909)	583,202
Fund balances carried forward		5,434,605	3,620,646	1,405,629	10,460,880	(2,620,909)

The notes on pages 13 to 25 form part of these financial statements. For the current and previous years, all activities arise from continuing operations. There is no separate statement of recognised gains and losses other than the net movement in funds for the year.

There is no difference between the results as stated and the results on a historical cost basis other than the restatement of the investment portfolio to market value.

Consolidated balance sheet
at 31 March 2011

	Note	2011	2010
		£	£
Fixed assets			
Tangible fixed assets	6	3,867,164	2,049,272
Investments	7	<u>9,538,578</u>	<u>12,382,479</u>
		13,405,742	14,431,751
Current assets			
Stock	8	495,908	1,530,352
Debtors	9	2,137,930	1,289,979
Cash in Bank		<u>4,086,897</u>	<u>3,995,876</u>
		6,720,735	6,816,207
Creditors: amounts falling due within one year	10	<u>(4,166,805)</u>	<u>(6,703,191)</u>
Net current assets		2,553,930	113,016
Total assets less current liabilities		15,959,672	14,544,767
Creditors: amounts falling due after one year	10	<u>(5,500,000)</u>	<u>(15,000,000)</u>
Total net (liabilities)/assets		10,459,672	(455,233)
Funds			
General - unrestricted	11	5,433,397	1,249,258
Designated - unrestricted	11	3,620,646	(5,496,243)
Restricted	11	1,405,629	3,791,752
		<u>10,459,672</u>	<u>(455,233)</u>

The notes on pages 13 to 25 form part of these financial statements

Approved on behalf of the Trustees on 13th December 2011



Leslie Ferrar
Trustee

Company Number 06777589

Foundation balance sheet
at 31 March 2011

	<i>Note</i>	2011	2010
		£	£
Fixed assets			
Investments	7	1,090,206	4,984,107
Investment in subsidiaries	7	<u>7,544,930</u>	<u>2,392,622</u>
		8,635,136	7,376,729
Current assets			
Debtors - amounts falling due within one year	9	5,986,155	4,861,280
Cash at bank		<u>3,183,522</u>	<u>2,691,006</u>
		9,169,677	7,552,286
Creditors: amounts falling due within one year	10	<u>(1,843,933)</u>	<u>(2,549,924)</u>
Net current assets/(liabilities)		7,325,744	5,002,362
Total assets less current liabilities		15,960,880	12,379,091
Creditors: amounts falling due after one year	10	(5,500,000)	(15,000,000)
Total net assets/(liabilities)		10,460,880	(2,620,909)
Funds			
General - unrestricted	11	5,434,605	(916,418)
Designated - unrestricted	11	3,620,646	(5,496,243)
Restricted	11	<u>1,405,629</u>	<u>3,791,752</u>
		10,460,880	(2,620,909)

The notes on pages 13 to 25 form part of these financial statements

Approved on behalf of the trustees on 13th December 2011

Leslie Ferrar

Leslie Ferrar
Trustee

Company Number 06777589

Consolidated cash flow statement
for the year ended 31 March 2011

	2011	2010
	£	£
Reconciliation of net outgoing resources to the net cash outflow from trading and charitable activities		
Net incoming/(outgoing) resources	9,135,585	(2,362,635)
Depreciation/Impairment	86,163	188,784
Net interest receivable	(64,801)	(57,892)
Decrease/(Increase) in stock	1,034,444	(310,207)
Decrease/(Increase) in debtors	(847,951)	427,197
(Decrease)/increase in creditors	(2,536,386)	(212,247)
Net cash (out)/inflow from trading and charitable activities	6,807,054	(2,327,000)
	2011	2010
	£	£
Cash flow statement		
Net cash (out)/inflow from trading and charitable activities	6,807,054	(2,327,000)
Return on investments and servicing finance (note 1)	(17,824)	(512,785)
Capital expenditure (note 1)	2,690,862	248,037
Tax paid	(647)	-
Cash (outflow)/inflow before management of liquid resources and financing	9,479,445	(2,591,748)
 Financing – repayment of borrowings	 (9,500,000)	 (5,000,000)
(Decrease)/increase in cash	(20,555)	(7,591,748)
	2011	2010
	£	£
Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash	(20,555)	(7,591,748)
Decrease in borrowings	9,500,000	5,000,000
 Movement in net fund in the year (note 2)	 9,479,445	 (2,591,748)
Net debt at the start of the year	(11,342,977)	(8,751,229)
Net debt at the end of the year (note 2)	(1,863,532)	(11,342,977)

Notes to the consolidated cash flow statement

Note 1

Return on investments and servicing of finance

	2011	2010
	£	£
Interest received	56,793	86,472
Exchange gains	109	(38,756)
Realised/unrealised gains	(74,726)	(571,366)
	(17,824)	(512,785)

Capital expenditure

	2011	2010
	£	£
Purchase of tangible fixed assets	(323,823)	(515,866)
Disposal of tangible fixed assets	170,784	757,880
Decrease/(Increase) in investments	2,843,901	6,023
	2,690,862	248,037

Note 2 - Analysis of changes in net debt

	Cash at bank	Overdrafts	Bank loan due more than 1 year	Total
	£	£	£	£
At 1 April 2010	3,995,876	(338,853)	(15,000,000)	(11,342,977)
Cash flow	91,021	(111,576)	9,500,000	9,479,455
At 31 March 2011	4,086,897	(450,429)	(5,500,000)	(1,863,532)

Notes

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Foundation's accounts except for the valuation of subsidiary undertakings which is explained below

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act, the Statement of Recommended Practice Accounting and Reporting by Charities 2005 and applicable United Kingdom accounting standards

The accounts have been prepared on an accruals basis and the historical cost basis, except for the revaluation of investments to market value

The Trustees have a reasonable expectation that the company has adequate resources to enable it to meet its obligations as they fall due, they have reviewed cash flow forecasts and the Foundations commitments for the period to 31 March 2012 and conclude that it is appropriate to adopt the going concern basis of accounting preparation in the annual financial statements

Basis of consolidation

The consolidated financial statements incorporate the Foundation and its subsidiary undertakings. The acquisition method of accounting has been adopted. The assets and liabilities of subsidiaries are recorded initially at their fair values on the date of acquisition

Investments

Investments are included in the balance sheet at their market values at the financial year end which are determined as follows

- (i) UK listed securities are stated at mid-market values ruling at the year end
- (ii) Investments in unit trusts and managed funds are stated at the average of the latest bid and offer prices quoted by the trust managers prior to the year end
- (iii) Land stated as valued by appropriately qualified experts
- (iv) Investments in subsidiary companies are valued at their net book value

Realised and unrealised investments gains and losses are included in the Statement of Financial Activities

Investment income

Dividends and interest are credited to income on the basis of the due date for payment and are recorded in the General Fund

Covenanted income and donations

Covenanted income is recognised in the year in which the covenanted profits were generated. Donations (including any related tax reclaim) are recognised when due

Liabilities

Liabilities are recognised when a constructive obligation falls due. Grants payable are recognised when the trustees enter into an unconditional commitment to pay the grant

Taxation

The group has no liability to tax as the Foundation is exempt from tax in respect of its income applied to charitable purposes and its subsidiaries transfer all of their taxable profits to the Foundation by Gift Aid or Deed of Covenant

Expenditure

Expenditure (including irrecoverable VAT) is charged to the Statement of Financial Activities (SOFA). Costs of generating funds comprise the expenditure incurred in raising funds and in managing the investment portfolio. Support costs comprise the expenditure incurred in running the Foundation. Governance costs comprise the expenditure incurred in meeting statutory requirements, including the audit fee. Grants payable: the total sum awarded during the year is expensed in the SOFA, where a constructive obligation exists notwithstanding that a proportion will be disbursed in subsequent accounting periods

Notes (continued)

Foreign currency

Transactions in foreign currencies are recorded at the average rate of exchange for the year. Balances in foreign currencies are translated at the rate ruling at the balance sheet date and translation gains or losses are recorded in the Statement of Financial Activities.

Funds

The Trustees have determined that realised and unrealised investment gains and losses should be recorded in the General Fund, or, where such gains and losses can be separately identified, to the restricted fund, together with the investment managers' fees. Transfers from the General Fund and specific receipts are recorded in the Designated Fund as determined by the trustees. Both the Designated and General Funds are unrestricted and are available for use for any purpose at the discretion of the Trustees. The Restricted Fund includes those amounts which are subject to specific restrictions on their use, and for which sufficient resources are held.

Fixed assets and depreciation

Expenditure on fixed assets is capitalised and depreciation charged to write off the cost, less residual value, over the estimated useful lives of the assets on a straight line basis as set out below. Freehold land is not depreciated.

Motor vehicles	25% per annum
Fixtures and fittings	25% per annum
Computers	25% per annum
Leasehold improvements	Over duration of lease

Stock

Stock is valued at the lower of cost and net realisable value.

2 Donations

	Group 2011 £	Foundation 2011 £	Group 2010 £	Foundation 2010 £
Unrestricted Donations				
Donations from subsidiary undertakings	-	1,278,310	-	38,901
Miscellaneous donations	1,303,113	1,303,113	1,034,414	1,034,414
	<u>1,303,133</u>	<u>2,581,423</u>	<u>1,034,414</u>	<u>1,073,315</u>
Designated Donations				
Miscellaneous donations	9,484,529	9,484,529	1,298,637	1,298,637
Restricted Donations				
Miscellaneous donations	1,449,903	1,449,903	2,397,335	2,397,335
	<u>12,237,545</u>	<u>13,515,855</u>	<u>4,730,386</u>	<u>4,769,287</u>

Notes (continued)

3. Investment income

Group	General Fund £	Designated Fund £	Restricted Fund £	Total 2011 £	Total 2010 £
UK Equity unit trusts	-	-	-	-	6,657
UK Fixed interest	-	-	-	-	887
UK Index linked	2,865	-	-	2,865	4,754
UK Equity	5,616	-	-	5,616	-
Overseas Index linked	3,536	-	-	3,536	16,637
Overseas Equity	20,504	-	-	20,504	-
Short term deposits	32,280	-	-	32,280	28,957
	64,801	-	-	64,801	57,892
	General Fund £	Designated Fund £	Restricted Fund £	Total 2011 £	Total 2010 £
Foundation					
UK Equity unit trusts	-	-	-	-	6,657
UK Fixed interest	-	-	-	-	887
UK Index linked	2,865	-	-	2,865	4,754
UK Equity	5,616	-	-	5,616	8,837
Overseas Index linked	3,536	-	-	3,536	16,637
Overseas Equity	20,503	-	-	20,503	23,821
Loans to subsidiaries	30,772	-	-	30,772	22,188
Short term deposits	10,606	-	-	10,606	6,657
	73,898	-	-	73,898	90,438

4. Charitable activities

The Foundation and Group's charitable activities comprise

	Directly Funded Activities £	Grants £	Support costs £	Total 2011 £	Total 2010 £
<u>General fund</u>					
Children and youth	1,235	800	1,473	3,508	-
Culture	-	500	362	862	5,226
Education	-	90,369	65,424	155,793	276,665
Environment	-	451,500	326,867	778,367	368,000
Medical welfare	-	450	326	776	324,450
Overseas	-	14,500	10,497	24,997	4,355
Other	94,518	130,228	162,706	387,452	131,738
	95,753	688,347	567,655	1,351,755	1,110,434
<u>Designated fund</u>					
Environmental	367,640	-	-	367,640	-
Culture	-	-	-	-	476,050
	367,640	-	-	367,640	476,050
<u>Restricted fund</u>					
Children and youth	-	-	-	-	14,131
Culture	462,685	565,000	61,624	1,089,309	1,065,797
Education	138,216	194,722	19,964	352,902	20,707
Environment	2,101,797	75,000	130,530	2,307,327	3,314,798
Overseas	-	-	-	-	168,465
Other	19,569	2,700	1,335	23,604	599,513
	2,722,267	837,422	213,453	3,773,142	5,183,411
Total	3,185,660	1,525,769	781,108	5,492,537	6,769,895

Notes (continued)

4. Charitable activities (continued)

Support costs are allocated to the categories of charitable activities on a pro-rata basis as it is not possible to allocate the costs on a specific basis. Grants and other expenditure totalling £4,711,429 were made in respect to 34 charity institutions (2010 £5,975,235 to 39 institutions)

As agreed with the Charity Commission, disclosure is made of the following donations over £10,000 made during the year

	General Fund 2011 £	Restricted Fund 2011 £	Total 2011 £	Total 2010 £
The Great Steward of Scotland's Dumfries House Trust	60,000	525,000	585,000	975,000
The Prince's Foundation for the Built Environment	410,000	75,000	485,000	175,000
The Prince's Teaching Institute	-	108,050	108,050	82,863
United World Colleges	-	56,672	56,672	-
The Prince's Regeneration Trust	50,000	-	50,000	35,250
The Prince's School of Traditional Arts	49,119	-	49,119	85,000
North Highlands Initiative	41,328	-	41,328	-
The Prince's Foundation for Children & the Arts	-	30,000	30,000	-
Music in the Country Churches	-	20,000	20,000	20,000
The Prince's Drawing School	20,000	-	20,000	20,000
Philharmonia Trust Ltd	-	20,000	20,000	-
Cambrian Mountains Initiative	14,000	-	14,000	19,000
INTBAU	10,000	-	10,000	-
The Prince's Foundation for Integrated Health	-	-	-	186,000
The Mihai Eminescu Trust	-	-	-	157,755
Wells for India	-	-	-	52,565
Centrepont	-	-	-	46,195
The Diana Princess of Wales Memorial	-	-	-	46,195
The English National Ballet	-	-	-	46,195
The Leprosy Mission England & Wales	-	-	-	46,195
The National AIDS Trust	-	-	-	46,195
The Royal Marsden Hospital	-	-	-	46,195
Great Ormond Street Hospital	-	-	-	37,883
INTACH	-	-	-	26,283
Business in the Community	-	-	-	10,000
Peak Choice Ltd	-	-	-	10,000
Others	33,900	2,700	36,600	-
	<u>688,347</u>	<u>837,422</u>	<u>1,525,769</u>	<u>2,169,769</u>

Notes (continued)

5. Support and Governance costs

Foundation

	General Fund £	Restricted Fund £	Total 2011 £	Total 2010 £
<u>Support costs</u>				
Accounting	75,000	-	75,000	75,000
Professional	249,174	56,051	305,225	200,632
Salaries & employment costs	204,851	133,390	338,241	386,547
Staff expenses	51,461	24,012	75,473	74,114
Miscellaneous	(12,831)	-	(12,831)	58,367
	<u>567,655</u>	<u>213,453</u>	<u>781,108</u>	<u>794,660</u>
<u>Governance costs</u>				
Legal	28,356	-	28,356	34,396
Audit	7,461	-	7,461	5,750
	<u>35,817</u>	<u>-</u>	<u>35,817</u>	<u>40,146</u>
	<u>603,472</u>	<u>213,453</u>	<u>816,925</u>	<u>834,806</u>

No salaries were paid or expenses reimbursed to trustees in the current or previous year

The audit fee of the group amounted to £23,450 (2010 £30,500)

The salaries are made up as follows

	Gross wages & salaries	Employers NI costs	Pension and Healthcare contributions	Total
2011	£303,581	£36,975	£39,037	£379,593
2010	£345,410	£40,431	£45,706	£431,547

£45,000 of salaries is allocated to fundraising and not reflected in Salaries and employment costs above

Average number of full-time equivalent employees per department

	2011	2010
Director of Charities & Assistant	2	2
Head of Development & Assistant	1	2
Head of Operations & Assistant	2	14
Analyst	1	06
	<u>6</u>	<u>6</u>

The numbers of employees whose emoluments for the year were over £60,000 (including taxable benefits in kind but not employer pension contributions), fell within the following band

£60,000 - £69,999	1
£130,000 - £139,999	1

Pension contributions:

A contribution of £28,911 (2010 £19,650) was made in the year for the provision of money purchase benefits, for the employee whose emoluments for the year were over £60,000

There are 5 (2010 4) employees to whom retirement benefits are accruing under money purchase schemes. There are no (2010 none) employees to whom retirement benefits are accruing under defined benefit schemes

Notes (continued)

6. Tangible fixed assets

Group	Computers £	Fixtures & fittings £	Leasehold Improvements £	Land and Buildings	Total £
Cost or valuation					
At 1 April 2010	74,797	102,273	319,841	1,781,558	2,278,469
Additions	22,559	164,828	6,715	129,721	323,823
Revaluation	-	-	-	1,693,343	1,693,343
Disposals	(1,800)	(112,587)	-	-	(114,387)
at 31 March 2011	<u>95,556</u>	<u>154,514</u>	<u>326,556</u>	<u>3,604,622</u>	<u>4,181,248</u>
Depreciation					
At 1 April 2010	39,355	31,912	157,930	-	229,197
Charge for the year	19,074	51,352	15,737	-	86,163
Disposals	-	(1,276)	-	-	(1,276)
at 31 March 2011	<u>58,429</u>	<u>81,988</u>	<u>173,667</u>	<u>-</u>	<u>314,084</u>
Net book value as at 31 March 2011	<u>37,127</u>	<u>72,526</u>	<u>152,889</u>	<u>3,604,622</u>	<u>3,867,164</u>
Net book value as at 31 March 2010	<u>35,442</u>	<u>70,361</u>	<u>161,911</u>	<u>1,781,558</u>	<u>2,049,272</u>

The Charity owns no tangible fixed assets

7. Fixed asset investments

Group	Cost at 31 March 2011 £	Market value at 31 March 2011 £	Cost at 30 March 2010 £	Market value at 30 March 2010 £
Listed investments				
UK Equity investments	-	-	220,413	259,204
UK Index linked	-	-	456,567	499,051
Overseas Fixed interest	-	-	82,403	86,932
Overseas Index linked	236	361	955,777	1,135,561
Overseas Equity investments	8,903	118,563	1,294,389	1,644,869
Precious metals	-	-	144,831	263,744
Forwards	-	-	(880)	10,861
	<u>9,139</u>	<u>118,924</u>	<u>3,153,500</u>	<u>3,900,222</u>
UK property	268,000	8,448,372	268,000	7,398,372
Other UK Investments	950,000	950,000	600,000	600,000
	<u>1,227,139</u>	<u>9,517,296</u>	<u>4,021,500</u>	<u>11,898,594</u>
UK £ capital cash account	-	-	401,989	401,989
US \$ capital cash account	21,282	21,282	81,896	81,896
	<u>21,282</u>	<u>21,282</u>	<u>483,885</u>	<u>483,885</u>
	<u>1,248,421</u>	<u>9,538,578</u>	<u>4,505,385</u>	<u>12,382,479</u>

The UK property relates to land acquired for development

Notes (continued)

7. Fixed asset investments (continued)

Foundation	Cost at 31 March 2011 £	Market value at 31 March 2011 £	Cost at 30 March 2010 £	Market value at 30 March 2010 £
Listed investments				
UK Equity investments	-	-	220,413	259,203
UK Index linked	-	-	456,567	499,051
Overseas Fixed interest	-	-	82,403	86,932
Overseas Index linked	236	361	955,777	1,135,561
Overseas Equity investments	8,903	118,563	1,294,389	1,644,869
Precious metals	-	-	144,831	263,744
Forwards	-	-	(880)	10,861
	9,139	118,924	3,153,500	3,900,221
Unlisted investments				
Investment in subsidiary companies	11 3,286,633	7,544,930	3,286,633	2,392,622
Other UK investments	950,000	950,000	600,000	600,000
	4,245,772	8,613,854	7,040,133	6,892,843
UK capital cash account	-	-	401,989	401,989
US\$ capital cash account	21,282	21,282	81,896	81,896
	21,282	21,282	483,885	483,885
	4,267,054	8,635,136	7,524,018	7,376,728

Investments in subsidiary companies are stated at net asset value and represent the holdings of 2 ordinary shares of £1 each, the whole of the issued capital, in The Prince's Charities Events Ltd, Dumfries Estate (Glenside) Ltd, Dumfries Estate (Orchardton) Ltd, Dumfries Estate (Pennyfadzeoch) Ltd, Dumfries Farming and Land Ltd, PCF Sustainable Development, and Ecologic Transilvania SRL and the holdings of 100 ordinary shares of £1 each, the whole of the issued capital in PCF Social Enterprises Ltd and the holdings of 1 ordinary share of £1 each in the whole of the issued share capital in Highgrove Enterprises Ltd, Burleigh Pottery Ltd, Golden Jubilee Events Limited, all companies are incorporated in England and Wales except for Ecologic Transilvania which is registered in Romania. The Prince of Wales's Charitable Foundation also indirectly holds Duchy Originals Ltd, Traditional Arts Ltd, and A G Carrick Ltd, companies incorporated in England and Wales.

Notes (continued)

7. Fixed asset investments (continued)

Group	Listed Investments £	UK Property £	Other Investments £	2011 £	2010 £
Movements during the year					
Opening market value of investments	3,901,116	7,398,372	600,000	11,899,488	12,233,011
Sales proceeds of disposals	(4,446,534)	-	-	(4,446,534)	(5,577,634)
Acquisitions at cost	739,068	1,050,000	350,000	2,139,068	5,814,582
Donations	-	-	-	-	-
Realised and unrealised gains (<i>losses</i>)	(74,726)	-	-	(74,726)	(571,366)
Closing market value of investments	118,924	8,448,372	950,000	9,517,296	11,898,593
Investment gain (<i>loss</i>)	(75,565)	-	-	(75,565)	(692,855)
Exchange movement	839	-	-	839	121,489
	(74,726)	-	-	(74,726)	(571,366)
Foundation	Listed Investments	Subsidiary Undertakings	Other Investments £	2011 £	2010 £
Movements during the year					
Opening market value of investments	3,901,116	2,392,622	600,000	6,893,738	7,428,310
Sales proceeds of disposals	(4,446,534)	-	-	(4,446,534)	(5,577,634)
Acquisitions at cost	739,068	-	350,000	1,089,068	6,182,727
Donations	-	-	-	-	-
Realised and unrealised gains (<i>losses</i>)	(74,726)	5,152,308	-	5,077,582	(1,140,560)
Closing market value of investments	118,924	7,544,930	950,000	8,613,854	6,892,843
Investment gain (<i>loss</i>)	(75,565)	5,152,308	-	5,076,743	(1,262,049)
Exchange movement	839	-	-	839	121,489
	74,726	5,152,308	-	5,077,582	(1,140,560)

8. Stock

Group	2011 £	2010 £
Work in progress	-	888,481
Finished goods	495,908	641,971
	495,908	1,530,352

The Charity carries no stock

Notes (continued)

9. Debtors

	Group 2011 £	Foundation 2011 £	Group 2010 £	Foundation 2010 £
Trade debtors	1,349,533	-	682,069	-
Amount due from subsidiary undertakings - gross	-	5,199,486	-	4,414,296
Taxation & social security	300	-	52,546	-
Other Debtors	161,050	151,376	40,688	11,187
Prepayments & accrued income	627,047	635,293	514,676	435,797
	<u>2,137,930</u>	<u>5,986,155</u>	<u>1,289,979</u>	<u>4,861,280</u>

10. Creditors

	Group 2011 £	Foundation 2011 £	Group 2010 £	Foundation 2010 £
Amounts falling due within one year				
Bank overdraft	450,429	-	338,853	-
Trade creditors	2,360,099	1,341,541	2,628,274	1,217,796
Taxation and social security	211,861	-	61,255	-
Accruals and deferred income	1,144,416	502,392	2,786,114	427,086
Amounts due to subsidiary undertakings	-	-	-	18,144
Other creditors	-	-	888,695	886,898
	<u>4,166,805</u>	<u>1,843,933</u>	<u>6,703,191</u>	<u>2,549,924</u>
Amounts falling due greater than one year				
Bank loan	<u>5,500,000</u>	<u>5,500,000</u>	<u>15,000,000</u>	<u>15,000,000</u>

The bank loan of £5.5m (2010: £15m) is due for repayment by 30 November 2024. Interest is charged at 2% above LIBOR for the term.

Total amounts repayable in instalments

	2011 £	2010 £
Between 2 and 5 years	-	5,000,000
More than 5 years	<u>5,500,000</u>	<u>10,000,000</u>
Total	<u>5,500,000</u>	<u>15,000,000</u>

Notes (continued)

11. Analysis of funds

Group

	At 1 April 2010	Income	Expenditure	Investment gains/(losses)	At 31 March 2011
	£s	£s	£s	£s	£s
Restricted	3,791,752	1,449,903	(3,773,142)	(62,884)	1,405,629
Designated	(5,496,243)	9,484,529	(367,640)	-	3,620,646
Unrestricted	1,249,258	9,604,065	(7,262,130)	1,842,204	5,433,397
Total Funds	(455,233)	20,538,497	(11,402,912)	1,779,320	10,459,672
	General Fund	Designated Fund	Restricted Fund	Total 2011	Total 2010
	£	£	£	£	£
Net Assets					
Investments	4,817,525	8,448,372	139,845	13,405,742	14,431,751
Current assets	4,654,209	672,274	1,394,252	6,720,735	6,816,207
Current liabilities	(4,038,337)	-	(128,468)	(4,166,805)	(6,703,191)
Long term liabilities	-	(5,500,000)	-	(5,500,000)	(15,000,000)
	5,433,397	3,620,646	1,405,629	10,459,672	(455,233)

Foundation

	At 1 April 2010	Income	Expenditure	Investment gains/(losses)	At 31 March 2011
	£s	£s	£s	£s	£s
Restricted	3,791,752	1,449,903	(3,773,142)	(62,884)	1,405,629
Designated	(5,496,243)	9,484,529	(367,640)	-	3,620,646
Unrestricted	(916,418)	2,655,321	(1,442,055)	5,137,757	5,434,605
Total Funds	(2,620,909)	13,589,753	(5,582,837)	5,074,873	10,460,880
	General Fund	Designated Fund	Restricted Fund	Total 2011	Total 2010
	£	£	£	£	£
Net Assets					
Investments	46,919	8,448,372	139,845	8,635,136	7,376,729
Current assets	7,103,151	672,274	1,394,252	9,169,677	7,552,286
Current liabilities	(1,715,465)	-	(128,468)	(1,843,933)	(2,549,924)
Long term liabilities	-	(5,500,000)	-	(5,500,000)	(15,000,000)
	5,434,605	3,620,646	1,405,629	10,460,880	(2,620,909)

Notes (continued)

12. Subsidiary companies

Duchy Originals Limited licenses the exclusive right to originate, manufacture, distribute and sell Duchy Originals products in the UK to Waitrose. All profits are donated to The Prince of Wales's Charitable Foundation.

Duchy Originals Foods Limited manufactured a unique range of bakery products under the "Duchy Originals" name but has been discontinued during the year.

A.G. Carrick Limited exploits intellectual property rights generated by The Prince of Wales and donated to the company as well as running the Highgrove shops. The company covenants all of its taxable profits to the Foundation.

The Prince's Charities Events Limited has been formed to organise public events that will raise money for charitable causes.

Traditional Arts Limited owns and manages a range of fine art items produced using traditional skills and designs.

Dumfries Farming and Land Limited owns and manages development land.

Dumfries Estate (Glenside) Limited is responsible for estate ownership and management.

Dumfries Estate (Orchardton) Limited is responsible for estate ownership and management.

Dumfries Estate (Pennyfadzeoch) Limited is responsible for estate ownership and management.

PCF Sustainable Development - dormant

Ecologic Transilvania SRL is responsible for estate ownership and management of properties in Romania.

PCF Social Enterprises Limited, - dormant

Highgrove Enterprises Limited - dormant

Burleigh Pottery Ltd – dormant

Golden Jubilee Events Limited holds copyrights in the programme of the Golden Jubilee concerts. No material trade in the year.

Notes (continued)

Profit and loss account for the year ended 31 March 2011

	Duchy Originals Ltd £000s	Duchy Originals Foods Ltd £000s	AG Carrick Ltd £000s	The Prince's Charities Events Ltd £000s	Traditional Arts Ltd £000s	Dumfries Farming and Land Ltd £000s	Dumfries Estate (Glenside) Ltd £000s	Dumfries Estate (Orchardton) Ltd £000s	Dumfries Estate (Pennyfadzeoch) Ltd £000s	Ecologic Transylvania SRL £000s	PCF Social Enterprises £000s	Total 2011 £000s	Total 2010 £000s
Turnover	2,365	-	3,128	2,529	120	61	-	29	-	25	-	8,257	5,510
Cost of sales	-	-	(1,512)	(1,285)	(175)	-	-	-	-	-	-	(2,972)	(1,916)
Gross profit	2,365	-	1,616	1,244	(55)	61	-	29	-	25	-	5,285	3,594
Administration expenses	(194)	(4)	(1,222)	(1,136)	(140)	(19)	(60)	72	(24)	(38)	(1)	(2,766)	(4,048)
Trading profit	2,171	(4)	394	108	(195)	42	(60)	101	(24)	(13)	(1)	2,519	(454)
Interest receivable and other income	84	-	1	74	-	-	-	-	-	-	-	159	8
Interest payable	(16)	-	-	-	(18)	-	-	(15)	-	-	-	(49)	(83)
Profit/(loss) before tax and donations	2,239	(4)	395	182	(213)	42	(60)	86	(24)	(13)	(1)	2,629	(529)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	1	-	-	-	-	-	-	-	1	-
Donation to the Foundation	(625)	-	(312)	(255)	-	-	-	(86)	-	-	-	(1,278)	(39)
Taxation	-	-	-	-	-	-	-	-	-	(1)	-	(1)	-
Retained in subsidiary	1,614	(4)	83	(72)	(213)	42	(60)	-	(24)	(14)	(1)	1,351	(568)
Net assets at 31 March 2011													
Fixed assets	3	-	308	-	-	8,448	-	3,359	-	196	-	12,314	9,450
Current assets	1,811	-	1,058	267	15	59	-	132	-	33	-	3,375	4,149
Liabilities	(1,969)	-	(1,285)	(343)	(948)	(1,775)	-	(1,587)	-	(236)	(1)	(8,144)	(11,207)
	(155)	-	81	(76)	(933)	6,732	-	1,904	-	(7)	(1)	7,545	2,392

13. Related party transaction

The following material transaction with other entities in which trustees have executive responsibilities occurred during the year

A charge of £75,000 (2010 £75,000) was made for administration and accounting services provided by The Prince of Wales's Office. The balance owing at the end of the year is £75,000 (2010 £75,000)