

The Prince of Wales's Charitable Foundation

Trustees' report and consolidated statutory accounts For the year ended 31 March 2012

Registered Charity number 1127255

Registered Company number 06777589



Trustees' report and accounts

Contents	Page
Trustees' report	3-5
Statement of trustees' responsibilities	6
Independent Auditor's report to the members of The Prince of Wales's Charitable Foundation	7
Consolidated statement of financial activities	8
Foundation statement of financial activities	9
Consolidated balance sheet	10
Foundation balance sheet	11
Consolidated cash flow statement	12
Notes to the financial statements	13-24

Reference and Administrative Details for the year ended 31 March 2012

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):	Dame Amelia Fawcett DBE (appointed 22 September 2011) William Nye (appointed 11 April 2012) Sir Michael Rake KT John Varley (appointed 11 October 2011) Leslie Jane Ferrar (resigned 6 March 2012) Sir Michael Charles Gerrard Peat KCVO (resigned 27 October 2011) The Rt Hon the Lord Rothschild OM GBE (resigned 2 April 2012)
Director of Charities	Sir Tom Shebbeare KCVO (resigned 31 July 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 year ended 31 March 2012. 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 four Trustees of the Foundation, each of whom is required to contribute an amount not exceeding £10 in the event of it winding up at year end.

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.

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.

Risk Management

The Trustees are responsible for ensuring that the major risks to which the Foundation is exposed to have been reviewed and procedures have been established to manage those risks.

Achievements & Performance

International Sustainability Unit (ISU)

The issues around social and environmental sustainability have long been a matter of great importance to HRH The Prince of Wales. The ISU was established to facilitate a consensus on solutions to some of the key sustainability challenges facing the world, particularly focussing on the economic, environmental and social implications of the depletion of natural capital. In 2011/12 the ISU successfully continued work on its principal themes of food security, marine fisheries and Reducing Emissions from Deforestation and Land Degradation (REDD+).

High level convening around the science and economics of food security has established the ISU to advance this agenda at a global level, particularly on the need for countries to undertake economic reviews of food security within the context of water and energy security. Extensive consultation together with two well received reports released at a major international event, developed the case for sustainable fisheries. On forestry, the ISU released research on ways to stimulate REDD+ finance, and commissioned in-country research in three regions, while convening multiple stakeholders to develop consensus on key issues.

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.

Dumfries House

Dumfries House has been described as one of the country's finest Georgian properties and features one of the finest collections of furniture made by master carpenter Thomas Chippendale. In 2007, Dumfries House was saved for the Nation by a consortium led by The Foundation. During the year, grants have been given to The Great Steward of Scotland's Dumfries House Trust to help develop this historical property and keep it accessible to the public.

Directly Funded Activities and Grant-Making

During the year the Foundation spent £6,202,809 on charitable activities (2011 £4,711,429)

The Foundation carries out its charitable activities through internally run projects such as the International Sustainability Unit and Accounting for Sustainability and by providing grants to external organisations. During the year the Foundation spent £3,734,854 (2011 £3,185,660) on directly funded activities.

The Trustees of the Foundation consider grant applications on a quarterly basis. Responsibility for grants up to £10,000 has been delegated to the small grants committee whilst all major grants are approved by the Trustees. The Foundation gave grants totalling £2,467,956 during the year to 114 charity institutions (2011 £1,525,769 to 33 institutions).

Through its small grants programme the Foundation supported a number of different projects including a grass-roots community charity, Deptford Action Group for the Elderly, a contribution to the restoration of St David's Church, Tirabad and the Zambia Orphans of Aids' food programme at the Hope and Faith Community School in Lusaka. In addition, the Foundation has also supported appeals, such as The Swansea Valley Miners Appeal, The Welsh Guards Afghanistan Appeal and Selby Abbey Organ Appeal.

Commercial Activities

The Prince's Social Enterprises Limited (PSEL, a trading name for PCF Social Enterprises Limited) continues to act as the holding group for social enterprises founded by HRH The Prince of Wales, which donate their profits to the Foundation. During the year, Traditional Arts Limited has been wound up. AG Carrick Ltd and Duchy Originals Ltd are the two principal social enterprises within PSEL.

AG Carrick, which includes the Highgrove range of home and lifestyle gifts as well as the tours of the gardens at Highgrove House, increased its contribution again. This was due to the success of new product introductions, a full year of trading at the new shop in Bath, a new relationship for distribution of food products through Fortnum and Mason, an extension into corporate gifting, and more events at Highgrove House.

Duchy Originals' contribution derives from the royalties paid by the exclusive brand licensee, Waitrose Ltd. These have grown and have performed significantly better than the overall UK organic sector. This is a result of Waitrose's overall growth and continued development and extension of the Duchy Originals product range.

Dumfries Farming and Land Ltd, which is responsible for the mixed-use development at Knockroon, saw its first sales in the year despite tough conditions in the housing market. 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 2011. The first phase of the Knockroon development will comprise over eighty 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 in 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 2012 the amounts due to trade creditors/non related parties represented approximately 29 days of average daily purchases throughout the year (2011: 39 days) in respect of the Foundation and approximately 54 days (2011: 61 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 or investments,) of six months is required, approximately £4.5m.

At 31 March 2012, unrestricted reserves were in line with this policy. The designated reserves are currently higher than the unrestricted reserves policy due to holding funds for long term environmental and culture projects.

Plans for Future Periods

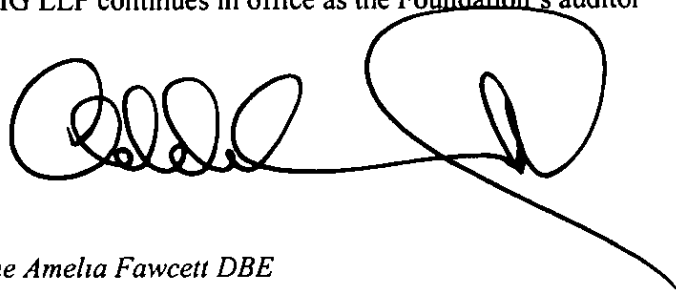
The trustees intend to continue to support those charities in accordance with its objects and to build the reserves of the Foundation.

Disclosure of information to auditor

The 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 Company's auditor is unaware, and each Trustee has taken all the steps that he/ she ought to have taken as a Trustee 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 continues in office as the Foundation's auditor.



Dame Amelia Fawcett DBE
Trustee
6th December 2012
Clarence House
London
SW1A 1BA

Statement of responsibilities of the Trustees of The Prince of Wales's Charitable 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 have 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 they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 group and the charitable company will continue its activities

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 auditor's report to the members of The Prince of Wales's Charitable Foundation

We have audited the financial statements of The Prince of Wales's Charitable Foundation for the year ended 31st March 2012 set out on pages 8 to 24. 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 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 6, 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 website 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's and the charitable company's affairs as at 31st March 2012 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 Companies Act 2006.

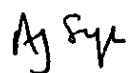
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual 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
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Trustees' Annual Report.



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

19 December 2012

Consolidated statement of financial activities
(incorporating the consolidated income and expenditure account)
for the year ended 31 March 2012

	<i>Note</i>	General Fund £000s	Designated fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
Incoming resources						
Voluntary income						
Donations	2	1,925	6,905	1,718	10,548	12,237
Investment income	3	19	3	-	22	65
Activities for generating funds						
Commercial trading operations (continuing)		7,358	-	-	7,358	8,086
Commercial trading operations (discontinuing)		-	-	-	-	150
Total incoming resources		9,302	6,908	1,718	17,928	20,538
Resources expended						
Cost of generating funds:						
Commercial trading operations (continuing)		(3,854)	-	-	(3,854)	(5,499)
Commercial trading operations (discontinuing)		-	-	-	-	(321)
Investment managers' fees		-	-	-	-	(9)
Fund raising costs		(45)	-	-	(45)	(45)
		(3,899)	-	-	(3,899)	(5,874)
Charitable activities:						
Children and youth	4	(17)	-	(256)	(273)	(3)
Culture	4	(9)	-	(1,464)	(1,473)	(1,090)
Education	4	(58)	-	(341)	(399)	(509)
Environment	4	(727)	(2,564)	(445)	(3,736)	(3,453)
Medical welfare	4	(20)	-	(12)	(32)	(1)
Overseas	4	(63)	-	(101)	(164)	(25)
Other	4	(486)	-	(146)	(632)	(411)
		(1,380)	(2,564)	(2,765)	(6,709)	(5,492)
Governance costs	5	(24)	-	-	(24)	(36)
Total resources expended		(5,303)	(2,564)	(2,765)	(10,632)	(11,402)
Net incoming/(outgoing) resources before transfers		3,999	4,344	(1,047)	7,296	9,136
Other recognised gains and losses						
Loss on investment assets	7	-	-	(105)	(105)	(75)
Tax		-	-	-	-	(1)
Interest (Payable)/Receivable		(12)	-	-	(12)	68
Other Income		446	-	-	446	71
Revaluation		(30)	-	-	(30)	1,716
Exchange gain on deposits		(4)	-	28	24	-
Net movement in funds		4,399	4,344	(1,124)	7,619	10,915
Fund balances brought forward 2011		5,433	3,621	1,406	10,460	(455)
Fund balances carried forward 2012		9,832	7,965	282	18,079	10,460

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. The notes on pages 13 to 24 form part of these financial statements.

Foundation statement of financial activities
(incorporating the income and expenditure account)
for the year ended 31 March 2012

	<i>Note</i>	General Fund £000s	Designated fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
Incoming resources						
Voluntary income						
Donations	2	5,456	6,905	1,718	14,079	13,516
Investment income	3	35	3	-	38	74
Total incoming resources		5,491	6,908	1,718	14,117	13,590
Resources expended						
Cost of generating funds:						
Investment managers' fees		-	-	-	-	(9)
Fundraising costs		(45)	-	-	(45)	(45)
		(45)	-	-	(45)	(54)
Charitable activities:						
Children and youth	4	(17)	-	(256)	(273)	(4)
Culture	4	(9)	-	(1,464)	(1,473)	(1,090)
Education	4	(58)	-	(341)	(399)	(509)
Environment	4	(727)	(2,564)	(445)	(3,736)	(3,453)
Medical welfare	4	(20)	-	(12)	(32)	(1)
Overseas	4	(63)	-	(101)	(164)	(25)
Other	4	(486)	-	(146)	(632)	(411)
		(1,380)	(2,564)	(2,765)	(6,709)	(5,493)
Governance costs	5	(24)	-	-	(24)	(36)
Total resources expended		(1,449)	(2,564)	(2,765)	(6,778)	(5,583)
Net incoming/(outgoing) resources for the year		4,042	4,344	(1,047)	7,339	8,007
Other recognised gains and losses						
Gain/(loss) on investment assets	7	361	-	(105)	256	5,077
Exchange gain on deposits		(4)	-	28	24	(2)
Net movement in funds		4,399	4,344	(1,124)	7,619	13,082
Fund balances brought forward 2011		5,434	3,621	1,406	10,461	(2,621)
Fund balances carried forward 2012		9,833	7,965	282	18,080	10,461

The notes on pages 13 to 24 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.

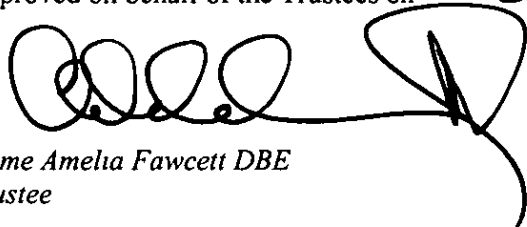
There is no difference between the results as stated and the results on a historical cost basis other than the restatement of the investment portfolio to market value.

Consolidated balance sheet
at 31 March 2012

	Note	2012 £000s	2011 £000s
Fixed assets			
Tangible fixed assets	6	3,839	3,867
Investments	7	<u>9,259</u>	<u>9,539</u>
		13,098	13,406
Current assets			
Stock	8	767	496
Debtors	9	1,774	2,138
Cash in Bank		<u>5,054</u>	<u>4,087</u>
		7,595	6,721
Creditors: amounts falling due within one year	10	<u>(2,614)</u>	<u>(4,167)</u>
Net current assets		<u>4,981</u>	<u>2,554</u>
Total assets less current liabilities		18,079	15,960
Creditors: amounts falling due after one year	10	<u>-</u>	<u>(5,500)</u>
Total net assets		<u>18,079</u>	<u>10,460</u>
Funds			
General - unrestricted	11	9,832	5,433
Designated - unrestricted	11	7,965	3,621
Restricted	11	282	1,406
		<u>18,079</u>	<u>10,460</u>

The notes on pages 13 to 24 form part of these financial statements

Approved on behalf of the Trustees on 6th December 2012



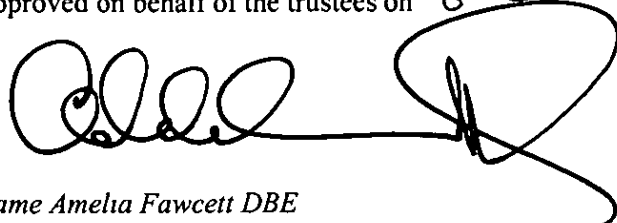
Dame Amelia Fawcett DBE
Trustee

Foundation balance sheet
at 31 March 2012

	<i>Note</i>	2012	2011
		£000s	£000s
Fixed assets			
Investments	7	950	1,090
Investments in subsidiaries	7	<u>8,722</u>	<u>7,545</u>
		9,672	8,635
Current assets			
Debtors - amounts falling due within one year	9	4,956	5,986
Cash in Bank		<u>4,173</u>	<u>3,184</u>
		9,129	9,170
Creditors: amounts falling due within one year	10	<u>(721)</u>	<u>(1,844)</u>
Net current assets		8,408	7,326
Total assets less current liabilities		18,080	15,961
Creditors: amounts falling due after one year	10	<u>-</u>	<u>(5,500)</u>
Total net assets		18,080	10,461
Funds			
General - unrestricted	11	9,833	5,434
Designated - unrestricted	11	7,965	3,621
Restricted	11	282	1,406
		<u>18,080</u>	<u>10,461</u>

The notes on pages 13 to 24 form part of these financial statements

Approved on behalf of the trustees on 6th December 2012



Dame Amelia Fawcett DBE
Trustee

Consolidated cash flow statement
for the year ended 31 March 2012

	<u>2012</u>	<u>2011</u>
	<u>£000s</u>	<u>£000s</u>
Reconciliation of net outgoing resources to the net cash outflow from trading and charitable activities		
Net incoming resources	7,742	9,136
Depreciation/Impairment	132	86
Net interest receivable	(22)	(65)
(Increase)/Decrease in stock	(271)	1,034
Decrease/(Increase) in debtors	364	(848)
(Decrease) in creditors	(1,099)	(2,536)
Net cash (out)/inflow from trading and charitable activities	<u>6,846</u>	<u>6,807</u>
Cash flow statement		
	<u>2012</u>	<u>2011</u>
	<u>£000s</u>	<u>£000s</u>
Net cash inflow from trading and charitable activities	6,846	6,807
Return on investments and servicing finance (note 1)	(93)	(18)
Capital expenditure (note 1)	164	2,691
Tax paid	-	(1)
Cash inflow before management of liquid resources and financing	<u>6,917</u>	<u>9,479</u>
Financing – repayment of borrowings	(5,500)	(9,500)
Increase/(Decrease) in cash	<u>1,417</u>	<u>(21)</u>
Reconciliation of net cash flow to movement in net debt		
	<u>2012</u>	<u>2011</u>
	<u>£000s</u>	<u>£000s</u>
Increase/(Decrease) in cash	1,417	(21)
Decrease in borrowings	5,500	9,500
Movement in net funds in the year (note 2)	<u>6,917</u>	<u>9,479</u>
Net debt at the start of the year	(1,863)	(11,342)
Net credit at the end of the year (note 2)	<u>5,054</u>	<u>(1,863)</u>

Notes to the consolidated cash flow statement

	<u>2012</u>	<u>2011</u>
	<u>£000s</u>	<u>£000s</u>
Note 1		
Return on investments and servicing of finance		
Interest (paid)/received	(12)	57
Exchange gains	24	-
Realised/unrealised gains	(105)	(75)
	<u>(93)</u>	<u>(18)</u>
Capital expenditure		
Purchase of tangible fixed assets	(116)	(324)
Disposal of tangible fixed assets	-	171
Decrease in investments	280	2,844
	<u>164</u>	<u>2,691</u>

Note 2 - Analysis of changes in net debt

	<u>Cash at bank</u>	<u>Overdrafts</u>	<u>Bank loan due more than 1 year</u>	<u>Total</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
At 1 April 2011	4,087	(450)	(5,500)	(1,863)
Cash flow	967	450	5,500	6,917
At 31 March 2012	<u>5,054</u>	<u>-</u>	<u>-</u>	<u>5,054</u>

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

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice Accounting and Reporting by Charities 2005 and applicable United Kingdom accounting standards

The accounts of trading subsidiary companies have been consolidated in accordance with FRS 2

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 2013 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 Prince of Wales's Charitable Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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

Notes (continued)

1. Accounting policies (continued)

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 are charged in the year a constructive obligation is created not withstanding that a proportion may be disbursed in subsequent accounting periods.

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. Stocks representing land undergoing development, are transferred at value from investments at the point a tranche of development is agreed. These are held as work in progress and amortised to the profit and loss account as units are sold.

2. Donations

	Group 2012 £000s	Foundation 2012 £000s	Group 2011 £000s	Foundation 2011 £000s
Unrestricted Donations				
Donations from subsidiary undertakings	-	3,531	-	1,279
Miscellaneous donations	1,925	1,925	1,303	1,303
	<u>1,925</u>	<u>5,456</u>	<u>1,303</u>	<u>2,582</u>
Designated Donations				
Miscellaneous donations	6,905	6,905	9,484	9,484
Restricted Donations				
Miscellaneous donations	1,718	1,718	1,450	1,450
	<u>10,548</u>	<u>14,079</u>	<u>12,237</u>	<u>13,516</u>

Notes (continued)

3. Investment income

Group	General Fund £000s	Designated Fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
UK Index linked	-	-	-	-	3
UK Equity	-	-	-	-	6
Overseas Index linked	-	-	-	-	4
Overseas Equity	-	-	-	-	20
Short term deposits	19	3	-	22	32
	19	3	-	22	65
Foundation	General Fund £000s	Designated Fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
UK Index linked	-	-	-	-	3
UK Equity	-	-	-	-	6
Overseas Index linked	-	-	-	-	4
Overseas Equity	-	-	-	-	20
Investment Interest	1	-	-	1	-
Loans to subsidiaries	16	-	-	16	31
Short term deposits	18	3	-	21	10
	35	3	-	38	74

4. Charitable activities

The Foundation and Group's charitable activities comprise

	Directly Funded Activities £000s	Grants £000s	Support costs £000s	Total 2012 £000s	Total 2011 £000s
<u>General fund</u>					
Children and youth	10	1	6	17	4
Culture	-	6	3	9	1
Education	-	38	20	58	156
Environment	19	453	255	727	778
Medical welfare	-	13	7	20	1
Overseas	-	41	22	63	25
Other	155	161	170	486	387
	184	713	483	1,380	1,352
<u>Designated fund</u>					
Environmental	2,564	-	-	2,564	368
	2,564	-	-	2,564	368
<u>Restricted fund</u>					
Children and youth	60	194	2	256	-
Culture	442	1,010	12	1,464	1,089
Education	138	200	3	341	353
Environment	315	126	4	445	2,307
Medical welfare	12	-	-	12	-
Overseas	-	100	1	101	-
Other	20	125	1	146	24
	987	1,755	23	2,765	3,773
Total	3,735	2,468	506	6,709	5,493

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 totalling £2,467,956 were made to 114 charity institutions (2011 £1,525,769 to 33 institutions)

In the year the Foundation acted as agent for Yerevan My Love (YML) transferring a total of £588,448 (2011 £859,506). The Foundation has no control over the ultimate use of these funds, and as such this amount is not recognised in the statement of financial activities or Balance Sheet. There are no resources held on behalf of YML at the balance sheet date.

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

	General Fund 2012 £000s	Restricted Fund 2012 £000s	Total 2012 £000s	Total 2011 £000s
The Great Steward of Scotland's Dumfries House Trust	-	1,070	1,070	585
The Soil Association	200	-	200	-
The Prince's Foundation for Building Community	65	79	144	485
The Prince's Teaching Institute	-	132	132	108
The Prince of Wales Foundation	-	100	100	-
The Prince's Trust	-	100	100	-
North Highlands Initiative	50	47	97	41
The Prince's Regeneration Trust	90	-	90	50
Scottish Business in the Community	-	47	47	-
Prince's Scottish Youth Business	-	47	47	-
The Prince's Trust – Scotland	-	47	47	-
Children & the Arts	10	35	45	20
The Rare Breeds Survival Trust	32	-	32	-
The Prince's Countryside Fund	25	-	25	-
Prince's Charities Canada	25	-	25	-
PRIME	25	-	25	-
United World Colleges	-	23	23	57
Myddfai Parish Church	12	-	12	-
The British Horse Loggers	11	-	11	-
The Prince's Drawing School	-	10	10	20
Anglo Romanian Trust for Traditional Architecture	10	-	10	-
The Environmental Law Foundation	10	-	10	-
The Prince's School of Traditional Arts	-	-	-	49
Barr Environmental Ltd	-	-	-	30
Music in the Country Churches	-	-	-	20
Philharmonia Trust Ltd	-	-	-	14
INTBAU	-	-	-	10
Others	148	18	166	37
	713	1,755	2,468	1,526

Notes (continued)

5. Support and Governance costs

Foundation

	General Fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
<u>Support costs</u>				
Accounting	75	-	75	75
Professional	38	-	38	128
Consultants	128	10	138	177
Salaries & employment costs	167	-	167	338
Office expenses	42	13	55	76
Miscellaneous	33	-	33	(13)
	<u>483</u>	<u>23</u>	<u>506</u>	<u>781</u>
<u>Governance costs</u>				
Salaries & employment costs	15	-	15	-
Legal	1	-	1	28
Audit	8	-	8	8
	<u>24</u>	<u>-</u>	<u>24</u>	<u>36</u>
	<u>507</u>	<u>23</u>	<u>530</u>	<u>817</u>

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

The audit fee of the group amounted to £38,650 (2011 £30,500)

The salaries are made up as follows

		<u>Gross wages & salaries £000s</u>	<u>Employers NI costs £000s</u>	<u>Pension and healthcare contributions £000s</u>	<u>Total £000s</u>
<u>Support & Governance Costs</u>					
	2012	151	13	22	186
	2011	280	34	39	353
<u>Charitable Activities</u>					
	2012	828	103	43	974
	2011	606	70	33	709

£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

	2012	2011
Support & Governance Costs	5.5	5.5
Charitable Activities	14.5	11
	<u>20</u>	<u>16.5</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 bands

£70,000 - £79,999	1
£80,000 - £89,999	1
£100,000 - £109,999	1
£110,000 - £119,999	1
£170,000 - £179,999	1

Pension contributions:

A contribution of £28,911 (2011 £19,650) was made in the year for the provision of money purchase benefits, for the employees whose emoluments for the year were over £60,000. There are 5 (2011 4) employees to whom retirement benefits are accruing under money purchase schemes. There are no (2011 none) employees to whom retirement benefits are accruing under defined benefit schemes.

Notes (continued)

6. Tangible fixed assets

Group	Plant & Equipment £000s	Computers £000s	Fixtures & fittings £000s	Leasehold Improvements £000s	Land and Buildings £000s	Total £000s
Cost or valuation						
At 1 April 2011	-	95	154	327	3,605	4,181
Additions	1	42	72	-	1	116
Revaluation	-	-	71	-	(83)	(12)
Disposals	-	-	-	-	-	-
at 31 March 2012	<u>1</u>	<u>137</u>	<u>297</u>	<u>327</u>	<u>3,523</u>	<u>4,285</u>
Depreciation						
At 1 April 2011	-	58	82	174	-	314
Charge for the year	-	26	90	16	-	132
Disposals	-	-	-	-	-	-
at 31 March 2012	<u>-</u>	<u>84</u>	<u>172</u>	<u>190</u>	<u>-</u>	<u>446</u>
Net book value as at 31 March 2012	<u>1</u>	<u>53</u>	<u>125</u>	<u>137</u>	<u>3,523</u>	<u>3,839</u>
Net book value as at 31 March 2011	<u>-</u>	<u>37</u>	<u>72</u>	<u>153</u>	<u>3,605</u>	<u>3,867</u>

The Charity owns no tangible fixed assets

7. Fixed asset investments

Group	Cost at 31 March 2012 £000s	Market value at 31 March 2012 £000s	Cost at 31 March 2011 £000s	Market value at 31 March 2011 £000s
Listed investments				
Overseas Equity investments	<u>-</u>	<u>-</u>	<u>9</u>	<u>119</u>
	-	-	9	119
UK property	<u>268</u>	<u>8,309</u>	<u>268</u>	<u>8,449</u>
Other UK Investments	<u>950</u>	<u>950</u>	<u>950</u>	<u>950</u>
	<u>1,218</u>	<u>9,259</u>	<u>1,227</u>	<u>9,518</u>
US \$ capital cash account	<u>-</u>	<u>-</u>	<u>21</u>	<u>21</u>
	-	-	21	21
	<u>1,218</u>	<u>9,259</u>	<u>1,248</u>	<u>9,539</u>

The UK property relates to land acquired for development

Notes (continued)

7. Fixed asset investments (continued)

Foundation		Cost at 31 March 2012 £000s	Market value at 31 March 2012 £000s	Cost at 31 March 2011 £000s	Market value at 31 March 2011 £000s
Listed investments					
Overseas Equity investments		-	-	9	119
		-	-	9	119
Unlisted investments					
Investment in subsidiary companies	11	1,495	8,722	3,287	7,545
Other UK investments		950	950	950	950
		<u>2,445</u>	<u>9,672</u>	<u>4,237</u>	<u>8,495</u>
US\$ capital cash account		-	-	21	21
		-	-	21	21
		<u>2,445</u>	<u>9,672</u>	<u>4,267</u>	<u>8,635</u>

The investments in subsidiary companies are stated at net asset value

Subsidiary	Country of Incorporation	Class of Shares	Percentage of Shares Held
The Prince's Charities Events Ltd	England & Wales	Ordinary Shares	100%
Dumfries Estate (Orchardton) Ltd	Scotland	Ordinary Shares	100%
Dumfries Farming and Land Ltd	England & Wales	Ordinary Shares	100%
Ecologic Transilvania SRL	Romania	Ordinary Shares	100%
PCF Social Enterprises Ltd	England & Wales	Ordinary Shares	100%
Highgrove Enterprises Ltd	England & Wales	Ordinary Share	100%
Golden Jubilee Events Ltd	England & Wales	Ordinary Share	100%
Duchy Originals Ltd	England & Wales	Ordinary Share	100% (Indirectly)
A G Carrick Ltd	England & Wales	Ordinary Share	100% (Indirectly)

Notes (continued)

7. Fixed asset investments (continued)

Group	Listed Investments £000s	UK Property £000s	Other Investments £000s	2012 £000s	2011 £000s
Movements during the year					
Opening market value of investments	119	8,448	950	9,517	11,899
Sales proceeds of disposals	(42)	-	-	(42)	(4,446)
Transfer to stock	-	(139)	-	(139)	2,139
Realised and unrealised gains (<i>losses</i>)	(77)	-	-	(77)	(75)
Closing market value of investments	-	8,309	950	9,259	9,517
Investment gain (<i>loss</i>)	(105)	-	-	(105)	(76)
Exchange movement	28	-	-	28	1
	(77)	-	-	(77)	(75)
Foundation	Listed Investments £000s	Subsidiary Undertakings £000s	Other Investments £000s	2012 £000s	2011 £000s
Movements during the year					
Opening market value of investments	119	7,545	950	8,614	6,894
Sales proceeds of disposals	(42)	-	-	(42)	(4,446)
Acquisitions at cost	-	-	-	-	1,089
Realised and unrealised gains (<i>losses</i>)	(77)	1,177	-	1,100	5,077
Closing market value of investments	-	8,722	950	9,672	8,614
Investment gain (<i>loss</i>)	(105)	1,177	-	1,072	5,077
Exchange movement	28	-	-	28	1
	(77)	1,177	-	1,100	5,078

8. Stock

Group	2012 £000s	2011 £000s
Work in progress	128	-
Finished goods	639	496
	<u>767</u>	<u>496</u>

Notes (continued)

9. Debtors

	Group 2012 £000s	Foundation 2012 £000s	Group 2011 £000s	Foundation 2011 £000s
Trade debtors	858	-	1,350	-
Amount due from subsidiary undertakings	-	4,659	-	5,200
Taxation & social security	51	-	-	-
Other Debtors	10	1	161	151
Prepayments & accrued income	855	296	627	635
	<u>1,774</u>	<u>4,956</u>	<u>2,138</u>	<u>5,986</u>

10. Creditors

	Group 2012 £000s	Foundation 2012 £000s	Group 2011 £000s	Foundation 2011 £000s
Amounts falling due within one year				
Bank overdraft	-	-	450	-
Trade creditors	1,632	464	2,360	1,342
Taxation and social security	161	31	212	-
Accruals and deferred income	653	226	1,145	502
Other creditors	168	-	-	-
	<u>2,614</u>	<u>721</u>	<u>4,167</u>	<u>1,844</u>

	Group 2012 £000s	Foundation 2011 £000s	Group 2012 £000s	Foundation 2011 £000s
Amounts falling due greater than one year				
Bank loan	-	-	5,500	5,500

The bank loan of £nil (2011 £5.5m)

Total amounts repayable in instalments

	2012 £000s	2011 £000s
More than 5 years	-	5,500
Total	<u>-</u>	<u>5,500</u>

Notes (continued)

11. Analysis of funds

Group

	At 1 April 2011	Income	Expenditure	Other Recognised gains/(losses)	At 31 March 2012
	£000s	£000s	£000s	£000s	£000s
Restricted	1,406	1,718	(2,765)	(77)	282
Designated	3,621	6,908	(2,564)	-	7,965
Unrestricted	5,433	9,748	(5,303)	(46)	9,832
Total Funds	<u>10,460</u>	<u>18,374</u>	<u>(10,632)</u>	<u>(123)</u>	<u>18,079</u>
	General Fund £000s	Designated Fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
Net Assets					
Investments	4,670	8,309	119	13,098	13,406
Current assets	3,276	2,915	1,404	7,595	6,721
Current liabilities	(2,488)	(27)	(99)	(2,614)	(4,167)
Long term liabilities	-	-	-	-	(5,500)
	<u>5,458</u>	<u>11,197</u>	<u>1,424</u>	<u>18,079</u>	<u>10,460</u>

Foundation

	At 1 April 2011	Income	Expenditure	Other Recognised gains/(losses)	At 31 March 2012
	£000s	£000s	£000s	£000s	£000s
Restricted	1,406	1,718	(2,765)	(77)	282
Designated	3,621	6,908	(2,564)	-	7,965
Unrestricted	5,434	5,491	(1,449)	357	9,833
Total Funds	<u>10,461</u>	<u>14,117</u>	<u>(6,778)</u>	<u>280</u>	<u>18,080</u>
	General Fund £000s	Designated Fund £000s	Restricted Fund £000s	Total 2012 £000s	Total 2011 £000s
Net Assets					
Investments	1,244	8,309	119	9,672	8,635
Current assets	4,810	2,915	1,404	9,129	9,170
Current liabilities	(595)	(27)	(99)	(721)	(1,844)
Long term liabilities	-	-	-	-	(5,500)
	<u>5,459</u>	<u>11,197</u>	<u>1,424</u>	<u>18,080</u>	<u>10,461</u>

Restricted Funds

	At 1 April 2011	Income	Expenditure	Other Recognised gains/(losses)	At 31 March 2012
	£000s	£000s	£000s	£000s	£000s
Culture	1,135	449	(1,444)	-	140
Education	23	-	(23)	-	-
Environment	227	274	(309)	(77)	115
Other	21	995	(989)	-	27
Total Funds	<u>1,406</u>	<u>1,718</u>	<u>(2,765)</u>	<u>(77)</u>	<u>282</u>

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.

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 gift aids 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** was dissolved on 28th February 2012.

Dumfries Farming and Land Limited owns and manages development land.

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

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

PCF Social Enterprises Limited is a holding company for the retail subsidiaries of The Prince of Wales's Charitable Foundation.

Highgrove Enterprises Limited - dormant.

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

Profit and loss account for the year ended 31 March 2012

	Duchy Originals 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 (Orchardton) Ltd £000s	Ecologic Transylvania SRL £000s	Golden Jubilee Events Ltd £000s	PCF Social Enterprises Ltd £000s	Total 2012 £000s	Total 2011 £000s
Turnover	2,963	4,000	34	18	300	30	35	3	-	7,383	8,257
Cost of sales	-	(1,792)	-	(1)	(277)	-	-	-	-	(2,070)	(2,972)
Gross profit	2,963	2,208	34	17	23	30	35	3	-	5,313	5,285
Administration expenses	271	(1,599)	(34)	929	(13)	(18)	(121)	(1)	(2)	(588)	(2,766)
Trading profit	3,234	609	-	946	10	12	(86)	2	(2)	4,725	2,519
Interest receivable and other income	-	1	-	-	-	-	-	-	-	1	159
Interest payable	(1)	-	-	(13)	-	(15)	-	-	-	(29)	(49)
Profit/(loss) before tax and donations	3,233	610	-	933	10	(3)	(86)	2	(2)	4,697	2,629
Dividends	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-	1
Donation to the Foundation	(2,877)	(619)	-	-	-	-	-	(2)	-	(3,498)	(1,278)
Taxation	-	-	-	-	-	-	-	-	-	-	(1)
Retained in subsidiary	356	(9)	-	933	10	(3)	(86)	-	(2)	1,199	1,351
Net assets at 31 March 2012											
Fixed assets	3	286	-	-	8,309	3,359	194	-	-	12,151	12,314
Current assets	1,277	1,569	54	-	158	56	8	2	-	3,124	3,375
Liabilities	(1,078)	(1,783)	(129)	-	(1,724)	(1,515)	(319)	(2)	(3)	(6,553)	(8,144)
	202	72	(75)	-	6,743	1,900	(117)	-	(3)	8,722	7,545

Notes (continued)

13. Related party transaction

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

A charge of £75,000 (2011 £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 £nil (2011 £75,000)