

The Prince of Wales's Charitable Foundation

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Trustees' Report and Consolidated Statutory Accounts for the Year Ended 31st March 2016

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INTRODUCTION

The Trustees present their report, along with the financial statements of the Group and the Foundation (pages 23-44) for the year ended 31 March 2016.

Inspired by His Royal Highness The Prince of Wales's values of harmony and sustainability, the Charitable Foundation aims to transform lives and build sustainable communities.

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

The Prince of Wales's Charitable Foundation ("PWCF" or "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 founded under a Memorandum of Association which established the objects and powers of the Foundation and is governed under its Articles of Association.

Executive Summary 2016

Charitable Objects

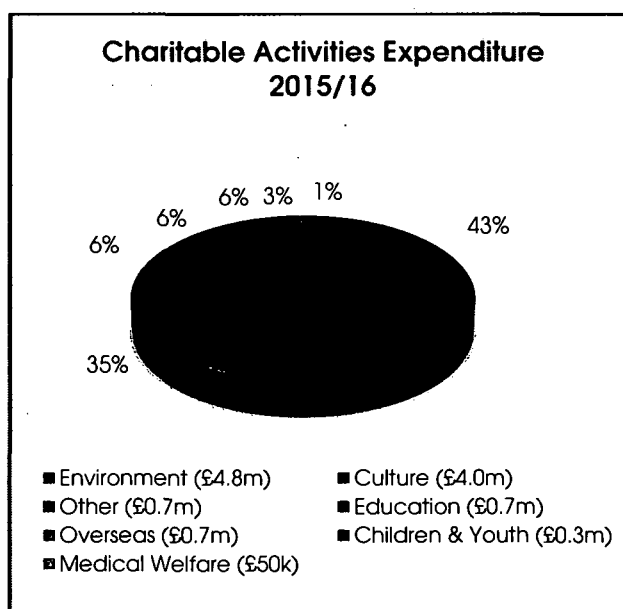
The Charitable Objects of PWCF are to support such charitable purpose or purposes as the Trustees shall in their absolute discretion from time to time think fit, whilst adhering to the Foundation's core principles:

1. to endeavour to maximise charitable impact;
2. to support HRH The Prince of Wales's charitable interests;
3. to uphold best-practice governance, management and systems;
4. to leverage HRH The Prince of Wales's ability to convene and facilitate; and
5. whenever possible, to use its own grants to leverage additional funding from other sources.

Activities

The work of the Foundation and its subsidiary organisations cover a number of activities (see chart below). The Foundation itself acts as a grant-making body, supporting a wide range of causes, and runs two internal charitable programmes; Accounting for Sustainability and the International Sustainability Unit (see pages 6 and 8, respectively). From time to time, PWCF also operates smaller projects that fit with His Royal Highness's charitable vision.

The Foundation's activities fall into seven categories: youth & children, culture, education, environment, medical, overseas and other. The amount spent and percentage of charitable expenditure for each of these categories is shown below:

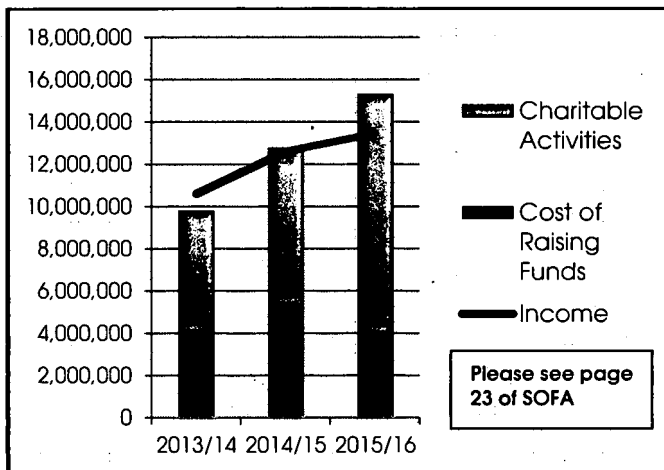


Financial Performance

The Foundation made a consolidated operating deficit for the 2015/16 financial year of £1.9m (2014/15: deficit of £193,000) and a net movement in funds deficit of £1.9m (2014/15: deficit of £134,000). There was, however, an underlying surplus of £62,000 before the effect of the transfer of Dumfries Farming and Land Limited (DFLL) to The Great Steward of Scotland's Dumfries House Trust (DHT) in the year. Discussed in detail on page 2.

The Foundation was able to increase grants from £4.6m in 2014/15 to £7.7m as a result of an increase in total income from £6.6m in 2014/15 to £9.6m.

Expenditure on charitable activities, including both grant-giving and internal programmes, increased by 51% over the prior year.



Accordingly, the Trustees consider this to have been a strong financial year.

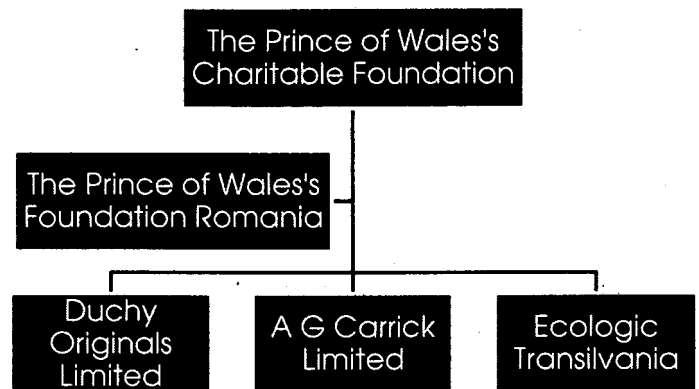
Structure

During 2015/16, the Trustees made significant changes to the structure of the Foundation and its subsidiary companies. The Foundation began the year with seven subsidiary companies; following the Trustees' decision to simplify the organisational structure, PWCF now has three subsidiary companies and a new charitable foundation registered in Romania - The Prince of Wales's Foundation Romania.

The three subsidiary companies closed were PCF Social Enterprises Limited (dissolved on 15th December 2015), Golden Jubilee Events Limited (dissolved on 3rd November 2015) and Prince's Charities Events Limited (dissolved on 1st March 2016). PCF Social Enterprises Limited acted as a holding company for Duchy Originals Limited and AG Carrick Limited, and, as a result, Duchy Originals and AG Carrick are now direct subsidiaries of the Foundation. Golden Jubilee Events Limited and Prince's Charities Events Limited had minimal activity, as the purposes for which they were set up were no longer relevant.

As part of the Trustees' decision to streamline PWCF's operations, the Trustees gifted DFLL to DHT, with the intention of DHT taking this project forward due to the synergies of the project and its close physical proximity to DHT. The transfer took place on 10th September 2015.

Current Structure:



The Prince's Charities

For 40 years His Royal Highness The Prince of Wales has been a leader in identifying charitable need and finding solutions through his group of charities to meet this demand.

From the early days of The Prince's Trust in the mid-1970s, his charitable interests have grown to represent a broad range of areas including the Built Environment, the Arts, Responsible Business and Enterprise, Young People, Global Sustainability and Rural Affairs. The Prince of Wales carries out dozens of engagements every year in support of his charities. Collectively, The Prince's Charities raise more than £100million annually to transform lives and build sustainable communities in the UK and overseas.

While each of his charities is an independent entity with a separate Board of Trustees, they all work together within "The Prince's Charities" family. The Prince of Wales's Charitable Foundation offers each individual charity within The Prince's Charities support and funding.

The Prince of Wales also has established charitable entities or initiatives in Australia, Canada, New Zealand, Romania and the United States of America. These seek to coordinate and expand His Royal Highness's charitable interests and promote partnerships with organisations and donors in those countries that build on the work of The Prince's Charities in the UK.

CHARITABLE ACTIVITIES

Grant-giving

The Foundation is primarily a grant-giving organisation, running both "major" and "small" grants programmes.

Major grant applications are considered on a quarterly basis by the Trustees. Organisations can apply for major grants by invitation only.

Responsibility for grants up to £5,000 has been delegated to a Small Grants Committee.

Applications are received through the Foundation's website and are considered quarterly.

The Trustees and the Small Grants Committee will award funding if (1) the relevant criteria have been met, (2) the use of the funding falls within the Foundation's charitable objectives and (3) the Foundation has the available funds to do so. To see the awarding criteria in full, please go to www.princeofwalescharitablefoundation.org.uk.

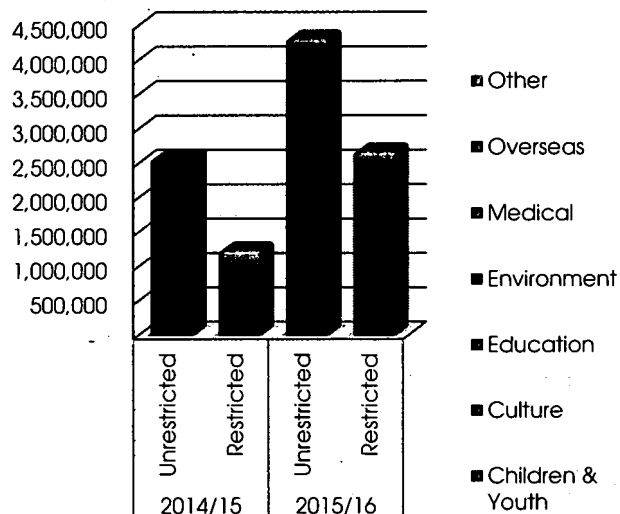
In total, the Foundation awarded £7.7m to 142 charitable institutions (2014/15: £4.6m to 144 charitable institutions). A list of grants awarded over £10,000 can be found on pages 34-35.

Major Grants

Major grants have increased significantly since the prior year, with over £7.0m awarded to charitable organisations in 2015/16 (up from £3.8m in 2014/15). Included within major grants is the gifting of DFLL to DHT, which at the time of transfer had a value of nearly £2.0m (this can be seen in the chart below in "Culture").

Major grants from restricted funds totalled £2.7m (2014/15: £1.3m). This included a grant made from funding received in the prior year of \$3 million (Canadian Dollars) from the Department of Foreign Affairs, Trade and Development (DFATD), Canada. This was awarded to both The Prince's Foundation for Building Community for a project which addresses the challenge of urbanization and PWCF for use by its International Sustainability Unit to tackle global environmental challenges. The project's aim was to promote global sustainability and security.

Major Grants

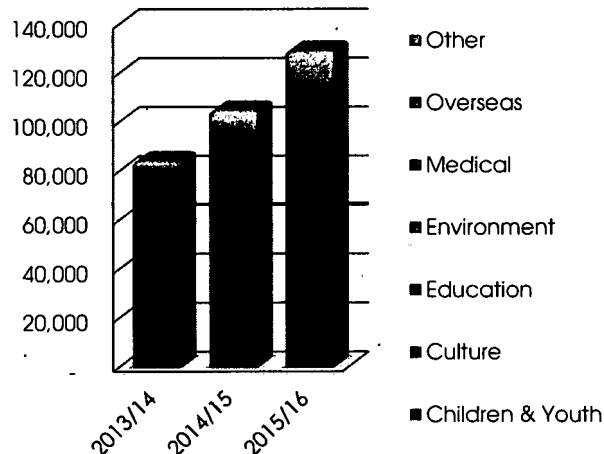


The Foundation would like to thank the players of the Postcode Lottery for a grant of £593,000 (2014/15: £525,000). This restricted grant has been used to fund projects within the Prince's Charities. Together, these projects support young people through sustainable employment throughout the UK, mitigating the impact of poverty.

Small Grants

The number and value of small grants awarded has grown by 53% since 2013/14. In 2015/16 small grants totalling £129,674 were awarded to 76 organisations (2014/15: £105,218 to 63 organisations).

Small Grants

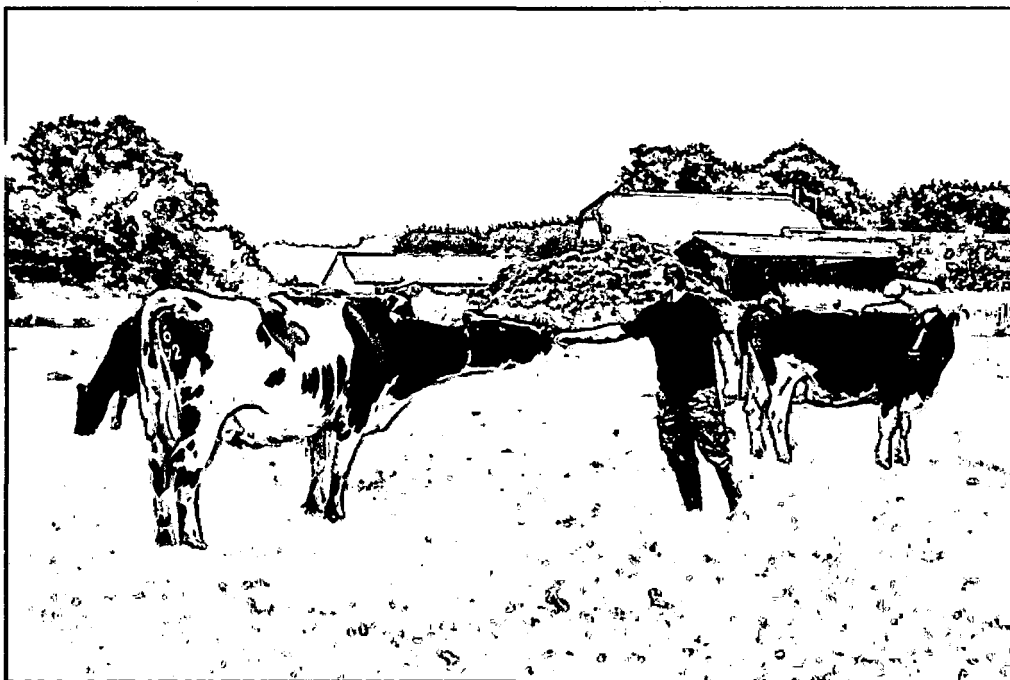


Major Grant Case Study – Innovative Farmers

The Foundation has funded a pioneering new project to help British farmers improve their productivity in an environmentally responsible way. Innovative Farmers (formerly “Duchy Future Farming Programme”) is being delivered by the Soil Association, the UK’s leading organic food and farming charity, in partnership with Waitrose Duchy Organic. The Foundation awarded this project a grant of £500,000 in 2015/16 (2014/15: £300,000).

In 2012, the Duchy Future Farming programme was set up to provide research, support and grants to groups of farmers, enabling them to carry out practical ‘field labs’. During these field labs, farmers share their know-how, work with scientists to design field experiments and pinpoint practical challenges and potential solutions. Over three years, more than 750 farmers have taken part in field labs on 35 topics, ranging from reducing the use of antibiotics in dairy farming to methods to reduce blackgrass. Nine out of ten farmers who took part in field labs reported they learnt from their involvement and more than half have made changes to the way they farm.

One of the key aims of the programme is to help farmers make the best use of renewable resources and sustainable management techniques in order to build soil fertility and control pests and diseases. The programme focuses on ecological farming, especially approaches that reduce farmers’ reliance on expensive inputs. It is, therefore, particularly relevant to producers who farm to organic standards, yet the programme is open to all farmers, organic and non-organic alike.



Small Grant Case Study – Gleaning Network UK

A small grant was awarded to Gleaning Network UK, which brings together local volunteers, farmers and food redistribution charities to harvest the fresh fruit and vegetables that would have otherwise gone to waste. The fresh fruit and vegetables are then transported to redistribution charities helping the most vulnerable members of society.

Over the course of the grant period, Gleaning Network UK collected 55,000kg of fresh fruit and vegetables from 29 gleaning days across the country. A diverse range of produce was gleaned across the seasons, including cauliflower, tomatoes, apples, pears, cabbages and sweetcorn.

On top of the direct food saved on gleaning days, the Gleaning Network has been able to increase the volume of food saved by connecting businesses who have food waste (such as food-packing operations) to organisations who can collect and redistribute this food. This has come about as a direct impact of the relationships developed with farmers, pack-houses and redistribution networks through the Gleaning Network.

Over the grant period 690,000 portions of fresh fruit and vegetables were provided for those in need. A diverse range of groups benefited from this food, and beneficiary charities include homeless shelters, refuges, community centres and those supporting other vulnerable groups.

As well as the direct recipients of the food, many people benefited from the project through volunteering. During the grant period, 329 volunteers attended a gleaning day, and 3,872 people registered their interest in gleaning.



"It was quite **inspiring** to have such **enthusiastic visitors** pleased to be on the farm and **getting their hands dirty**. Particularly encouraging was that it was mainly the **younger generation** making up the bulk of the participants with a **passion** for what they were doing and why."

(Pete Thompson, Farmer, Essex)

Accounting For Sustainability



"There was a time when we could say that there was either a complete lack of knowledge, or at least room for doubt, about the consequences for our planet of our actions. That time has gone.

We now know all too clearly what we are actually doing and that we need to do something about it urgently. Better accounting must be part of that process."

*- His Royal Highness The Prince of Wales at the A4S Summit
December 2006*

Accounting for Sustainability (A4S) was established by The Prince of Wales in 2004. The purpose of A4S, as envisaged by The Prince of Wales, is to mobilise action in, and leadership by, the finance and accounting community to address the challenges to the economy and society posed by issues such as climate change, urbanization, inequality and increasing depletion of, and demand for, natural resources.

A4S works with stakeholders from across the finance community, including CFOs, investors, accounting institutes, regulators and academia. Programmes are focused on the development of practical methodologies and guidance that enable sustainability to be embedded into financial decision-making, and encourage their adoption at scale.

A4S Activities & Achievements

A4S has held a series of workshops, events and meetings with senior representatives from across the financial community under each core programme, driving awareness, engagement and adoption of an integrated approach to financial decision-making.

Practical guidance and case studies have been developed by the A4S CFO Leadership Network and Accounting Bodies Network, and shared through Circles of Practice. These, and other engagement activities, have been shared in a range of countries and regions around the world, including Europe, the Middle East, Canada, US, Hong Kong, Singapore, Malaysia, India Australia, New Zealand and South Africa.

A4S CFO Leadership Network

73% of CFOs agree there is a link between sustainability and business performance

£224bn

the combined revenue of the A4S
CFO Leadership Network

£300bn

the total assets of the
A4S CFO Leadership
Network

80% of CFOs expect their
involvement in sustainability to
increase in the future

Accounting Bodies Network

176 countries

represented by ABN

2/3 accountants globally
are represented by Accounting
Bodies Network members

Training and education programme

In May 2015, in partnership with the Cambridge Institute for Sustainability Leadership, A4S convened a major event at the London Business School with other leading global Business Schools. This important event was attended by The Prince of Wales, and as a result of the meeting, a number of business schools have committed to work in partnership with A4S to create case studies that can be used to teach students how to integrate environmental and social issues into finance and accounting. In addition, a leading journal has committed to run a conference with the aim of inspiring additional research in this area.

Finance for the Future Awards

The Finance for the Future Awards recognise and reward leadership from finance teams that are embedding sustainability within organisations to create resilient business models. These awards are also used as an important way to engage the finance community in practical approaches that they can adopt in their companies.

The Finance for the Future Awards ceremony was held on 8th October 2015, with categories including Large Business, SME, Public Sector, Innovative New Idea and Finance Leader of the Future.



Since their inception in 2012, over 800 guests have attended the awards ceremony and there have been 75 finalists, 23 winners and nine highly commended entrants.

Case studies and video content have been created from the winning entries to drive wider awareness and engagement in the Awards programme and the work and aims of A4S more generally.

Transforming the capital markets

A4S is working in partnership with a number of organisations to explore ways to increase quality of advice provided by pension fund consultants on sustainability issues.

The team have surveyed a range of pension funds and their consultants to understand the quality of advice currently provided, the extent to which environmental and social risks are covered as an integral part of that advice, and the barriers to greater inclusion. Themes arising from this background research are being explored through a series of meetings with senior pension fund and other industry representatives. A final report will be produced in 2016/17.

The Prince of Wales hosted a roundtable in July 2015, bringing together representatives from across the infrastructure finance chain. The purpose of the roundtable was to explore the potential frameworks, instruments and risk mitigation mechanisms which might support greater flows of finance into sustainable infrastructure.

Measure What Matters

The 2030 Global Goals for Sustainable Development, agreed by the United Nations in 2015, provide an ambitious set of targets covering economic, social and environmental dimensions of performance. They aim to provide a pathway to a sustainable future. Measuring progress towards these Global Goals will be vital to their achievement. The Measure What Matters project explores how a measurement framework can be created that works on all levels, whether global, national or local, and for all members of society – governments, businesses, investors, civil society and individuals. It seeks to create greater collaboration and alignment between these groups through research and dialogue. Project partners comprise A4S, the Green Economy Coalition, the Global Reporting Initiative, the Stockholm Environment Institute and the International Institute for Environment and Development.

As part of the project, a round table was held in March 2016 in New Delhi, India. This brought together representatives from the public and private sectors, the accounting community and civil society. They discussed the approaches that each group was developing to measure progress towards the Global Goals, and to identify

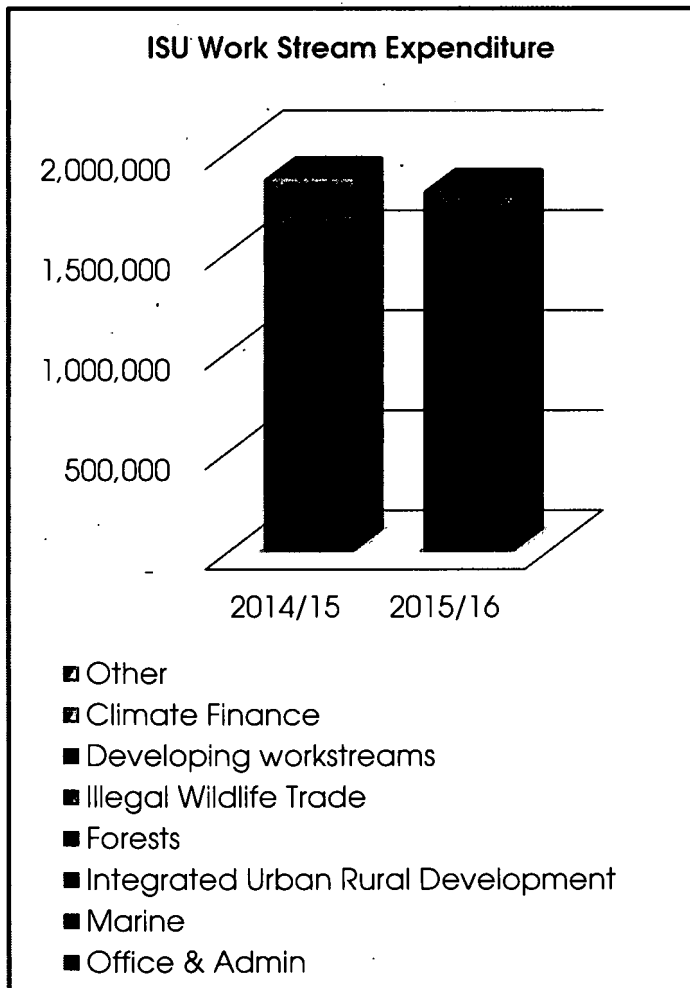
Measure What Matters (continued)

opportunities for greater collaboration. Findings from the roundtable will be fed into the final summary report to be launched in July 2016.

International Sustainability Unit

His Royal Highness The Prince of Wales established the International Sustainability Unit (ISU) in 2010, to facilitate reaching a consensus among key actors in governments, businesses, international institutions and civil society on how to resolve some of the key environmental challenges facing the planet. The ISU has implemented programmes focusing on natural capital and resilience, with strands covering sustainable fisheries and the marine environment; food, water and energy security; integrated urban rural development; preventing and reversing deforestation; responsible agricultural investment; and the illegal trade in wildlife.

The chart below shows the split of expenditure for the ISU for 2015/16. By keeping office and admin costs to a minimum, further work has been able to be completed across the charitable work streams, increasing the charitable impact of the ISU. Marine continues to be a large part of the ISU's work.



Marine

The Marine programme continued to help develop innovative methods of financing sustainable fisheries and has gained international support. Key stakeholders have been brought together in an effort to build further consensus on plastic pollution in the marine environment.

The ISU's aim is to catalyse a transition to a sustainable and 'circular' Blue Economy - an economy in which the ocean is developed in a sustainable and regenerative manner. As part of this, the ISU continued to help develop innovative methods of financing, such as Blue Bonds. The ISU has gained international support for the establishment of a 'Blue Economy Development Framework', which aims to establish ecological guidelines for future ocean development.

The activities of the ISU included hosting a series of round table meetings and workshops on fisheries finance and plastics. The ISU convened two panels at the CHOOGM Business Forum in Malta on the Blue Economy, reaching up to 1000 international delegates on the importance of healthy oceans for a sustainable Blue Economy.

To underpin this work, in November 2015 the ISU also planned, designed and executed a Commonwealth marine photography competition - Out of the Blue. The competition sought to build awareness of the importance and value of the Oceans around the Commonwealth and reached 11,000 Commonwealth citizens. The winning picture 'Breath of Fresh Air' by Ashley Wee can be seen below:



Marine (continued)

The work of the ISU contributed to the following outcomes:

- **Announcement of the Seychelles Blue Bond to finance fisheries recovery**
- **The creation of international consensus on the need for a Blue Economy Development Framework**
- **The commitment of three Commonwealth countries to become island hubs for Blue Economy Investment**
- **Catalysing key partnerships and initiatives to be taken forward on marine plastic pollution**
- **"Plastic Pollution" being discussed for the first time as a key agenda item of the African Union Ministerial meeting on Maritime affairs in Togo 2016**

Forestry

The Forests work stream aims to support efforts to reduce tropical deforestation and promote tropical forest landscape restoration.



The ISU convened fifteen governments and ten companies in three international meetings on forests in the run-up to the Climate Change COP 21 in Paris. These meetings had a major influence in highlighting the importance of forests as a fundamental component of the eventual Paris Agreement, resulting in Article 5 in the Paris Accord carrying a clear message on the importance of forests in global climate mitigation. HRH The Prince of Wales then gave the keynote address at COP21's Forests Day in December 2015.

The publication, by the ISU, of a significant stock-taking report on efforts to protect and restore tropical forests raised the profile of deforestation in the wider climate agenda and stimulated further

academic research on the role of forest landscape restoration in global climate mitigation efforts.



His Royal Highness and the ISU's involvement in key international forest and climate summits throughout 2015/16 helped develop the significant positioning of the forests issue at the heart of the Sustainable Development Goals and the climate summit.

Integrated Rural-Urban Development

With the aim to facilitate more inclusive approaches to urban and rural development, work continued in leading efforts to bring together global actors through research, alliances and conferences in advance of the United Nations Habitat III meetings to be held in 2016.

During 2015/16 the ISU became a participant of the Milan Urban Food Policy Pact advisory board, organised high level meetings and events and continued to convene the City Region Food System Alliance throughout the year.

This all led to the ISU co-commissioning and co-authoring a journal article on city region food systems which was presented at a Habitat III Expert Group meeting and will help inform the ongoing Habitat process.

Integrated Rural-Urban Development (continued)

Considerable progress has been made within this work stream and the following objectives have been achieved:

- In June 2016, five cities in the Nordic Region agreed to work towards establishing a Nordic City Food Network
- The Milan Urban Food Policy Pact has been signed by over 100 mayors
- Urban food security has been included in the agenda of the Global Committee on World Food Security – under the United Nations Food and Agriculture Organisation
- The importance of food to the urbanisation agenda was referenced in 50% of policy papers, which feed into the Habitat III negotiations

Other Work

Efforts to reduce the Illegal Trade in Wildlife focused on (1) helping to convene fifty nations in Botswana to address the impact of the trade and to pledge actions to reduce it and (2) convening an international Experts Group on Wildlife Crime and Money Laundering. The work the ISU have been involved with has increased the understanding of the financial flows associated with Illegal Trade in Wildlife and has raised the profile of the issue with international law enforcement agencies.



Climate Finance work has resulted in a process within the Commonwealth to investigate the development of a Commonwealth Green Finance Fund.

Further work also took place in the area of Sustainable Apparel and on the Health Impacts of Climate Change. The ISU brought together clothing brands and retailers to encourage the use of more sustainable cotton. The ISU also convened medical professionals, public health NGO's and UN and governmental agencies to increase the understanding and profile of the health risks associated with climate change.

INVESTMENTS

PWCF holds investments with the aim of generating long-term total returns. The Foundation recognises that long-term financial value depends on good governance and the preservation of social and natural capital; therefore, it considers social, environmental and governance factors when choosing investments. (The Investment Policy can be seen on page 18)

The Foundation committed £250,000 in The Bridges Social Impact Fund, the first fund of its kind. This fund invests in charities and social enterprises to deliver programmes designed to improve social outcomes in areas such as education, employment, housing and care for vulnerable



Copyright source

young people. A Social Impact Bond is a public-private partnership which funds effective social services through a performance-based contract.

HRH has long supported and provided inspiration in establishing these innovative structures as a positive way to pursue social and environmental outcomes.

The Bridges Fund so far has invested in 13 Social Impact Bonds (SIBs) which are being delivered by 22 organisations around the UK. Investment from the Bridges Fund has helped deliver significant impact for beneficiaries, as well as measurable value for government, an example of which can be seen below:



Copyright source

Youth Employment Social Impact Bonds

Investment Summary	£950k invested into three SIBs in 2012 - Further £1.3m invested into two follow-on contracts in 2015
Investment Thesis	- Department for Work and Pensions contract to deliver outcomes for young people - Targets re-engagement with education, qualifications and entry into employment - Delivery charities are Community Links, Career Connect and Teens & Toddlers
Bridges' Engagement	- Bridges led syndicate and developed new SIB-structure with aligned incentives - Bridges created full suite of tools to manage SIB contracts successfully - Worked closely with the senior management to make appropriate delivery changes
Impact	£9m of outcomes payments made, for outcomes worth £16m to government 7,000 beneficiaries served 6,920 school engagement outcomes delivered 5,676 qualifications achieved 424 outcomes for sustained employment - Career Connect and Teens & Toddlers both won follow-on contracts in 2015
Financial Returns	First three SIBs fully repaid in 2016. For further information please visit www.bridgesventures.com.

In March 2016 PWCF also invested £750,000 with Rathbone Greenbank, a specialist ethical and sustainable investment team within Rathbone Investment Management Ltd. The company is committed to bringing about positive change through sustainable investment and engagement

and has been at the forefront of ethical and sustainable investment since the late 1990s. PWCF's portfolio with Rathbone Greenbank has a balanced objective designed to produce growth in both capital and income.

THE PRINCE OF WALES'S FOUNDATION ROMANIA

In 2015, The Prince of Wales founded his own charity in Romania to further his work in the country. The Prince of Wales's Foundation Romania (PWFR) is an educational charity which supports heritage preservation, agriculture and sustainable development and is a subsidiary of PWCF.

PWFR's main strand of work is educational, offering practical courses to empower people with the knowledge and skills to enable them to start their own businesses or help them to find employment.

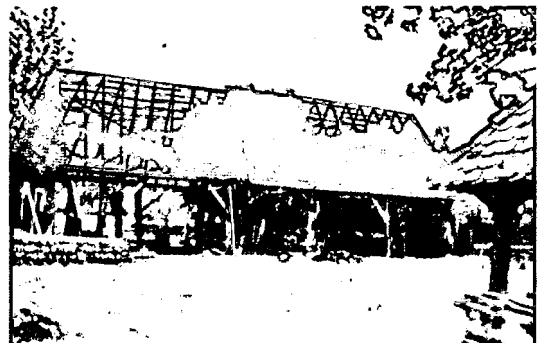
Over the summer of 2015, PWFR ran five heritage programmes, four for people from villages in Southern Transylvania and one for international students. These programmes together benefited approximately 50 local people from the counties of Mures, Brasov and Covasna, as well as international apprentices from the USA and the United Kingdom. The participants worked with European heritage specialists to learn how to use traditional tools and materials (lime, sand, stone etc.) to maintain traditional buildings. At the end

of the training courses, local people receive a set of tools, safety equipment and a certificate from PWFR to support them in finding a job.

Subsequently, more than half of the participants found employment with local organisations.

PWFR made a small surplus of £16,274 in the 2015/16 financial year. Plans for the future include finishing the renovation of the Viscri property which includes a Bed and Breakfast, and a training centre, and extending the property to accommodate a new café, due to open in 2016. The new centre will host educational projects and generate income for the charity by renting out rooms. PWFR will continue to provide educational courses for local and international participants.

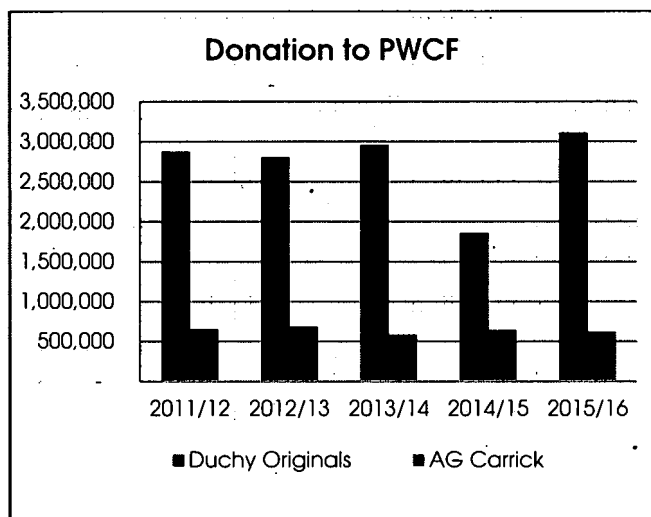
PWCF currently operates a Bed and Breakfast enterprise in Romania in the small rural village of Zalanpatak through one of its Social Enterprises, Ecological Transilvania SRL. Please see page 14.



SOCIAL ENTERPRISES

The Foundation currently has three social enterprise subsidiaries, two of which makes a substantial contribution to PWCF.

The profits made by Duchy Originals Limited and AG Carrick Limited are gift aided to the Foundation. Over the last five years the Social Enterprises have donated nearly £17m to PWCF.



Duchy Originals

The Prince of Wales launched Duchy Originals Limited (DOL) in 1992 with its first product - a biscuit made from wheat and oats grown organically on Home Farm at Highgrove. In establishing Duchy Originals, The Prince of Wales aimed to create what he calls a 'virtuous circle' by creating a company that helped small farmers find a new market for their goods, while offering consumers natural, high quality food and promoting more sustainable production methods that improved soil health and protected the environment. All profits from DOL are donated to the Foundation.

In 2010 DOL entered into a Licence Agreement with Waitrose, pursuant to which DOL receives an annual royalty payment based on Waitrose product sales. Since 2010, DOL has donated more than £10m to the Foundation, the majority of which represents royalties from the sale of Duchy Organic products. Over the last six years, the range has grown to include more than 300 products, from everyday vegetables and milk to noteworthy ales and biscuits. "Waitrose Duchy Organic" is now Waitrose's flagship organic brand.

In keeping with The Prince of Wales's vision and concept of the 'virtuous circle', the ground-breaking Partnership between Duchy Originals and Waitrose is built on the shared principles of Good Food, Good Farming and Good Causes, as set out in Waitrose's Good Food Charter. The Partnership aims to encourage British organic farming, thereby helping to preserve our heritage in the countryside. Products in the Waitrose Duchy Organic range are made with high-quality organic ingredients and use meat sourced with sound animal husbandry and high welfare standards.

The past year for Duchy Originals has seen the further development and expansion of the Waitrose Duchy Organic range. Sales growth has been positive against a challenging background for the supermarket sector, with the success of Waitrose Duchy Organic reinforcing its market share amongst retailers of organic foods.



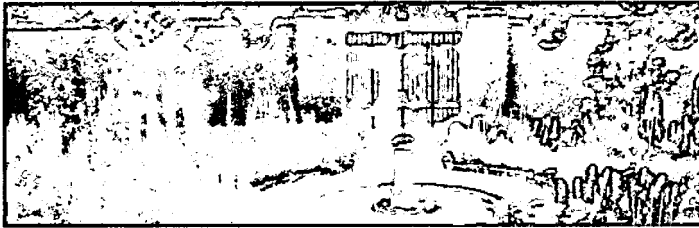
Duchy Originals was able to donate £3.1m to PWCF in 2015/16 (2014/15: £1.9m); the significant uplift in the donation over the previous year reflects a technical accounting adjustment in 2014/15 rather than any significant change in trading performance. The underlying performance of Duchy Originals has remained consistently strong over the last five years.

AG Carrick and the Highgrove Shop

AG Carrick Limited (AGC) manages the Highgrove Enterprises business, which promotes, for the benefit of the Foundation, commercial opportunities associated with the The Prince of Wales's Highgrove Estate in Gloucestershire. Highgrove Enterprises derives its income from two shops (located at Highgrove House and Tetbury), an online shop, occasional pop-up shops and the offering of guided tours of the Highgrove Gardens.

AG Carrick and the Highgrove Shop (continued)

The shops sell organic foods and exclusive branded products for the home and garden. The products are inspired by the Highgrove Garden and the wide-ranging interests of The Prince of Wales. All products meet rigorous buying criteria and are sourced responsibly with regard to environmental issues.



AG Carrick benefited from sales growth in the retail business, driven by Christmas trading and the opening of a pop-up shop at The Mall, Cribbs Causeway. The number of visitors to the gardens at Highgrove exceeded 40,000, in-line with the previous year.

This year's donation from AG Carrick to PWCF was £622,000 (2014/15: £643,000), which was in line with expectations.

Ecologic Transilvania

Ecologic Transilvania SRL, a PWCF subsidiary company based in Romania, owns two properties in Transylvania. One located in the small rural village of Zalanpatak and one in the Saxon village of Viscri, now a World Heritage Site. The Zalanpatak property has generated a small profit as a bed and breakfast. The Viscri property has been used as an educational centre and is currently under renovation to accommodate a new café.

FUTURE PLANS

As previously noted within the Trustee's Report, PWCF has had a strong financial year both in activity and income generation. PWCF would like to build on this success and continue with their grant-giving and expand on their programme activity.

A4S has developed a strategy to expand its CFO network internationally. This will be implemented over the coming years. A4S will work with partners across the globe with the quality assurance of the programme being directed from the UK base.

ISU will continue their work streams, focusing primarily on Marine and Forestry in 2016/17. They are also working towards the Habitat III conference in October 2016.

As part of our efforts to simplify structures, Ecological Transilvania SRL will be transferred to our wholly-owned charitable subsidiary, PWFR. This will consolidate all Romanian activity into one structure. PWFR will continue to deliver heritage courses and develop new courses in 2016/17. Future plans for PWFR include extending the scope of their work across other areas of Romania.

PWCF continues to manage cash reserves in the most advantageous way possible. The Trustees will continue to look at ethical and responsible fund managers and portfolios to invest PWCF's free reserves.

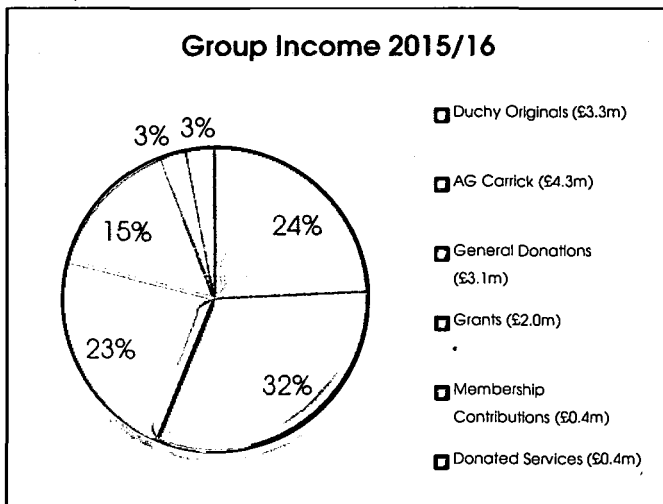
Part of the longer term strategy of the Foundation is to enhance the legacy of all of His Royal Highness's charitable activities in the years to come.

FINANCIAL REVIEW

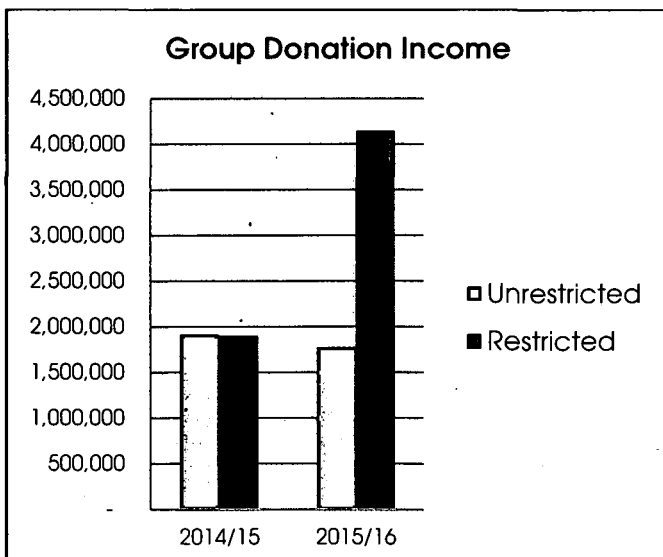
The three Social Enterprises donate their profits to the Foundation, thereby providing the income needed for the Foundation to fulfil its charitable objectives. The Foundation also receives income from Trusts and Foundations, High Net Worth Donors and Membership Contributions relating to A4S.

Total consolidated Group income for 2015/16 is £13.5m (2014/15: £12.6m). Voluntary Income has increased by £2.1m, which includes, for the first time, donated services of £413,000.

General donations continue to grow and now account for 23% of total Group income (2014/15: 16%). Emphasis has been put into raising funds from High Net Worth donors, which means the Foundation has seen a related marginal increase in fundraising costs.

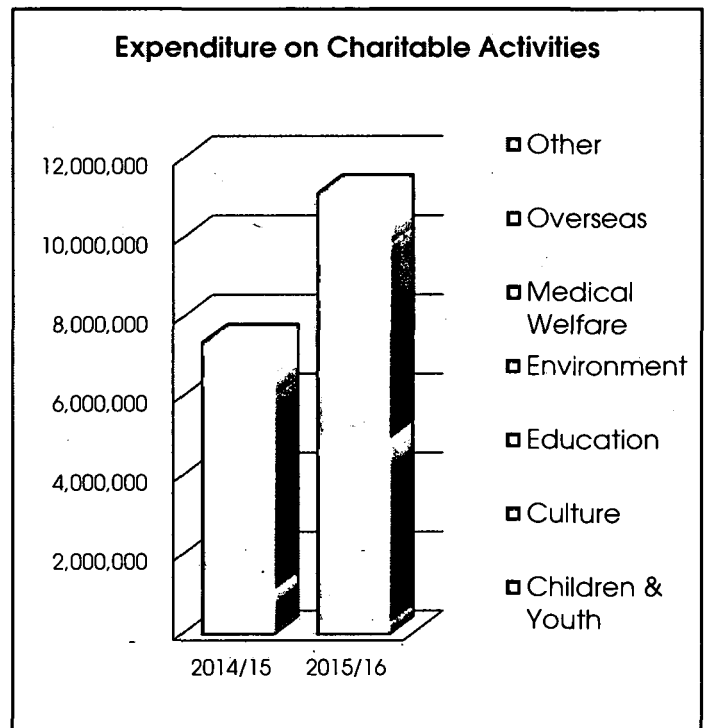


Donation income for the Group totals £5.9m of which 70% is restricted (2014/15: £3.8m, 50% restricted).



The split of unrestricted and restricted income is not considered a significant risk by the Trustees, due to the high level of income received through the Foundation's trading subsidiaries, all of which is unrestricted and more than sufficient to cover core costs.

Fluctuation on general donations, year on year, can move due to variety of reasons. PWCF will normally focus fundraising activities to suit internal programmes or external initiatives.



Expenditure for the Group has increased to £15.4m (2014/15: £12.8m). This is attributable to an increase in charitable activities, particularly within culture charitable activities. The Foundation continues to support the environmental charitable activities, through the A4S and ISU programme.

Despite the significant increase in income, the Group made an operating deficit of £1.9m this financial year (2014/15: deficit of £193,000). The main cause of the deficit is the gifting of DFLL to DHT (see page 2). This gift added nearly £2m to the Culture charitable activities expenditure.

Reserves

The Foundation holds unrestricted, designated and restricted reserves. Unrestricted reserves are available to use as the Trustees see fit, to further PWCF's charitable impact. The Groups unrestricted reserves have fallen by £975,000 in 2015/16 (2014/15: reduced by £1.9m).

Designated reserves are amounts set aside, by the Trustees, from the unrestricted fund for specific purposes. Due to the spending of brought forward designated reserves, the balance has decreased by £248,000 and now stands at £1m at 31 March 2016.

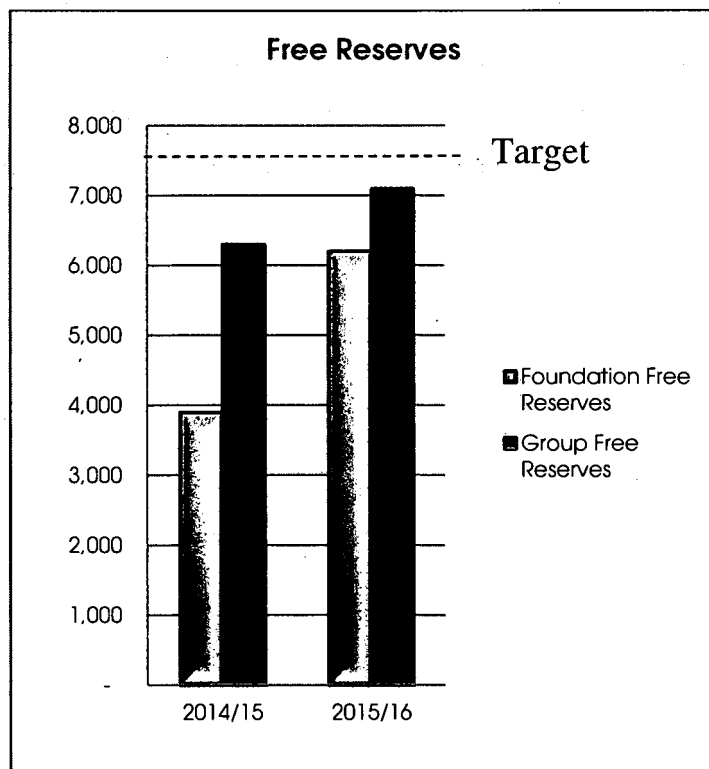
These designated funds have been described in the table below:

Description	Balance at 31.03.16	Expected to be spent by
For use of the ISU	£616,451	September 2016
For grants to be used for the Built Environment	£234,537	November 2016
Grants in keeping with His Royal Highness's activities	£75,399	September 2016
Transylvania Florilegium Project	£29,605	December 2016
Philanthropy Medal	£30,000	March 2017
Support for PWFR setup	£26,863	June 2016
Total Designated Funds	£1,012,855	

The restricted fund is to ensure donations and grants intended for specific charities or causes are not used for other purposes. The restricted fund has decreased by £715,000 in 2015/16, again as a result of spending brought forward funds.

Free Reserves

Free reserves are that part of a charity's unrestricted funds that are freely available to spend on any of the charity's purposes. As at 31 March 2016, free reserves for the Foundation are £6.2m and for the Group, £7.1m.



GOVERNANCE & MANAGEMENT

There are currently four Trustees of the Foundation, each of whom is required to contribute an amount not exceeding £10 to the Foundation in the event of its winding up. Trustees are appointed initially for a maximum three-year term, renewable once, unless an individual becomes the Chairman of the Foundation.

The Trustees are appointed by His Royal Highness The Prince of Wales, based on appropriate expertise and experience. They receive no remuneration for 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 who are briefed on the Foundation's aims and objectives. They also receive an induction pack which includes the Foundation's Memorandum and Articles of Association, the PWCF Governance Handbook, The Prince's Charities Brand Licence, the latest annual report and accounts and the Foundation's most recent business plan.

As a matter of course and from time to time, the Foundation provides Trustees with various Charity Commission publications and guidance.

Trustees meet generally four times a year and sometimes more frequently. In this past year, the Trustees held four meetings, and The Prince of Wales attended two meetings. At the regular Trustees' meetings, the Trustees agree the broad strategy and areas of activity for the Foundation, including consideration of grant-making, investment, reserves and risk management policies and performance. The day-to-day administration of grants and the processing and handling of applications prior to consideration by the Trustees are delegated to the Senior Management Team.

Risk Management

Identifying and managing risks is an integral part of the Senior Management Team's responsibilities and forms part of their daily work. Major risks, for this purpose, are those that may have a significant effect on operational performance, finance sustainability, or achievement of charitable objectives.

The Trustees formally consider the Foundation's risk management process and risk register every six months, in order to satisfy themselves that adequate systems and procedures are in place to manage identified risks.

The Foundation produces a group risk register, which identifies key risks for PWCF as a whole, as well as risks for its programmes and subsidiaries. Each risk is assessed by the severity of the potential impact and the probability of its occurrence.

The Foundation recognises the importance of operating an effective risk management framework. It does so by following five core principles:

1. a clear appetite for risk expressed through a risk policy;
2. an understanding of risks and their categorisation;
3. an effective process for assessing and prioritising risks;
4. a sound response to emerging issues and new risks; and
5. quality assurance to keep risks under control.

The highest risks for PWCF are reputational risk to the Foundation and the Founder and financial risk for A4S, ISU and PWCF's subsidiaries.

Policies

Investment Policy

PWCF holds investments with the aim of generating long-term total returns. PWCF recognises that long term financial value depends on good governance and the preservation of social and natural capital and will therefore consider social, environmental and governance factors when choosing investments.

The Trustees will:

- select investment managers who incorporate environmental, social and governance thinking into their investment policies and strategies;
- consider the governance of the fund, bank or other asset manager in accordance with the UK Stewardship code and UNPRI as set out in the policy guidance;
- engage investment managers on their performance.

PWCF will not knowingly hold shares in companies that derive a significant proportion of their income from the following activities, or invest in funds that hold a significant number of shares in such companies such as Fossil fuels, Deforestation, Genetic modification, Intensive farming, Agrochemicals, Animal welfare, Human rights and Harmful vices.

The policy and guidance will be reviewed and updated annually or as necessary to reflect changes in issues of particular interest, best practice and new investment laws, regulations or advice.

Remuneration Policy

Aiming to maximise our impact through fair remuneration packages for talented people is what defines our approach to pay.

To do this effectively means balancing two different needs: the need to ensure value for money in everything we do, including how we pay our staff; and the need to attract and retain people with the right skills and attitude.

PWCF has a clear and transparent policy that not only ensures the selection and retention of high calibre staff but also ensures our donors, supporters, staff, volunteers, beneficiaries and the public recognise the importance of accountability

in all aspects of our work including the determination of total remuneration packages including pay and benefits.

The PWCF Remuneration Committee is responsible for defining and amending PWCF's Remuneration Policy, as well as deciding on the total remuneration packages for their staff members and consultants.

Our approach is to pay a fair remuneration package to attract and retain skilled and expert people for PWCF. Remuneration packages and benefits should be competitive within the charity sector, proportionate to the complexity and international scope of each role, and in line with our charitable objectives. To achieve this, our Remuneration Policy aims to:

- Pay all staff or where necessary to attract appropriate expertise and experience, with due regard to the median salary range for a similar organisation in the UK Charity sector, but not to compete on salaries with the public or private sectors;
- Ensure performance is reviewed and reported on an annual basis. Meet all national pay standards, and provide all paid staff with a living wage as a minimum;
- Monitor charity sector remuneration package and salary trends through two leading salary surveys and where necessary external benchmarking exercises.

Reserves Policy

A proportion of the Foundation's unrestricted income generally derives from its wholly-owned subsidiary undertakings. As a result, the Foundation's ability to make grants to charitable institutions is dependent on fluctuations in the trading performance of those undertakings. Therefore, the Trustees have a liquidity-based approach to reserves. This approach requires the Foundation, for internal programmes and external charitable activities, to have a target holding of £7.5m of free reserves in cash and realisable investments. The Trustees deem this amount to be sufficient for PWCF, allowing for uneven cash flows during the year.

REFERENCE AND ADMINISTRATIVE DETAILS

Founder

His Royal Highness, The Prince of Wales

Trustees

Dame Amelia Fawcett - Chairman
Clive Alderton LVO (appointed 10/12/2015)
Sir Michael Rake (resigned 07/04/2016)
William Nye (resigned 18/09/2015)
John Varley
Dr Kenneth Wilson

Senior Management Team

Andrew Wright (Executive Director)
Justin Mundy (Director - ISU)
Jessica Fries (Executive Chairman - A4S)
Andy Togher (Chief Operating Officer - ISU)
James Furse (Operations Director)
Paula Wilson (Finance Director)
Yvonne Abba-Opoku (Company Secretary)

Registered Charity Number

1127255

Registered Company Number

06777589

Registered Address

Clarence House
London
SW1A 1BA

Organisational Structure

Foundation - The Prince of Wales's Charitable
Foundation

Group - The Prince of Wales's Charitable
Foundation, Duchy Originals Ltd, AG Carrick Ltd,
Ecologic Transilvania SRL and The Prince of Wales's
Foundation Romania

Professional Advisers

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London
WC2A 3LH

Bridges Ventures

38 Seymour Street
London
W1H 7BP

Rathbone Greenbank Investments

10 Queen Square
Bristol
BS1 4NT

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.



Dame Amelia Fawcett DBE
Trustee

12TH December 2016

Clarence House
London
SW1A 1BA

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE 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 2016 set out on pages 23 to 44. 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 20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 March 2016 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.

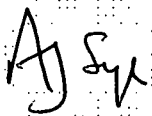
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' 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.



Anthony Sykes (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

20 December 2016

Consolidated Statement of Financial Activities
(incorporating the Consolidated Income and Expenditure account)
For year ended 31 March 2016

	Note	General Fund £000's	Designated Fund £000's	Restricted Fund £000's	Total 2016 £000's	Total 2015 £000's
Income from:						
Donations	2	1,735	-	4,141	5,876	3,824
Charitable activities:						
Educational activities	2	-	-	14	14	-
Support activities	2	7	-	-	7	-
Investment income	3	22	-	-	22	41
Other income	2	5	-	-	5	-
Other trading activities		7,530	-	-	7,530	8,736
Total incoming resources		9,299	-	4,155	13,454	12,601
Expenditure on:						
Raising funds:						
Expenditure on raising funds		(123)	(67)	-	(190)	(168)
Other trading activities		(3,812)	-	-	(3,812)	(5,166)
Total cost of raising funds		(3,935)	(67)	-	(4,002)	(5,334)
Charitable activities:						
Children and youth	4	(196)	(4)	(125)	(325)	(101)
Culture	4	(3,537)	(84)	(348)	(3,969)	(728)
Education	4	(247)	(15)	(414)	(676)	(326)
Environment	4	(581)	(809)	(3,454)	(4,844)	(4,830)
Medical welfare	4	(17)	(23)	(8)	(48)	(35)
Overseas	4	(344)	(140)	(170)	(654)	(608)
Other	4	(297)	(50)	(368)	(715)	(832)
Total charitable activities		(5,219)	(1,125)	(4,887)	(11,231)	(7,460)
Other expenditure:						
Other write offs		(148)	-	-	(148)	-
Total other expenditure		(148)	-	-	(148)	-
Total expenditure		(9,302)	(1,192)	(4,887)	(15,381)	(12,794)
Net expenditure		(3)	(1,192)	(732)	(1,927)	(193)
Other recognised (losses)/gains						
Exchange (loss)/gain		(11)	-	-	(11)	59
Transfers between funds	12	(961)	944	17	-	-
Net movement in funds		(975)	(248)	(715)	(1,938)	(134)
Fund balances brought forward		8,706	1,261	957	10,924	11,058
Fund balances carried forward	12	7,731	1,013	242	8,986	10,924

Foundation Statement of Financial Activities
(incorporating the Consolidated Income and Expenditure account)
For year ended 31 March 2016

	Note	General Fund £000's	Designated Fund £000's	Restricted Fund £000's	Total 2016 £000's	Total 2015 £000's
Income from:						
Donations	2	5,429	-	4,141	9,570	6,552
Charitable activities:						
Educational activities	2	-	-	14	14	-
Support activities	2	7	-	-	7	-
Investment income	3	21	-	-	21	38
Other income	2	5	-	-	5	-
Total incoming resources		5,462	-	4,155	9,617	6,590
Expenditure on:						
Raising funds		(123)	(67)	-	(190)	(168)
Total cost of raising funds		(123)	(67)	-	(190)	(168)
Charitable activities:						
Children and youth	4	(196)	(4)	(125)	(325)	(101)
Culture	4	(3,537)	(84)	(348)	(3,969)	(728)
Education	4	(247)	(15)	(414)	(676)	(326)
Environment	4	(581)	(809)	(3,454)	(4,844)	(4,830)
Medical welfare	4	(17)	(23)	(8)	(48)	(35)
Overseas	4	(322)	(140)	(170)	(632)	(608)
Other	4	(297)	(50)	(368)	(715)	(832)
Total charitable activities		(5,197)	(1,125)	(4,887)	(11,209)	(7,460)
Other expenditure:						
Disposal of subsidiary		(289)	-	-	(289)	-
Write off amounts owed by subsidiary		(293)	-	-	(293)	(1,713)
Other write offs		(148)	-	-	(148)	-
Total other expenditure		(730)	-	-	(730)	(1,713)
Total expenditure		(6,050)	(1,192)	(4,887)	(12,129)	(9,341)
Net gain on investments	8	66	-	-	66	2,623
Net expenditure		(522)	(1,192)	(732)	(2,446)	(128)
Other gains/(losses)						
Exchange gain/(loss)		-	-	-	-	(2)
Transfers between funds	12	(961)	944	17	-	-
Net movement in funds		(1,483)	(248)	(715)	(2,446)	(130)
Fund balances brought forward		9,210	1,261	957	11,428	11,558
Fund balances carried forward	12	7,727	1,013	242	8,982	11,428

Consolidated Balance Sheet
at 31 March 2016

	Note	2016 £000s	2015 £000s
Fixed assets			
Tangible fixed assets	7	400	363
Investments	8	<u>1,000</u>	<u>44</u>
Total fixed assets		1,400	407
Current assets			
Stock	9	466	2,528
Debtors	10	<u>1,990</u>	<u>2,065</u>
Cash at Bank		<u>7,523</u>	<u>7,967</u>
Total current assets		9,979	12,560
Creditors: amounts falling due within one year	11	<u>(2,393)</u>	<u>(2,043)</u>
Net current assets		7,586	10,517
Total net assets		8,986	10,924
Funds			
General - unrestricted	12	7,731	8,706
Designated	12	1,013	1,261
Restricted	12	<u>242</u>	<u>957</u>
Total funds		8,986	10,924

The notes on pages 28 to 44 form part of these financial statements

Approved on behalf of the Trustees on



Dame Amelia Fawcett DBE
Trustee

12TH December 2016

Company number: 06777589

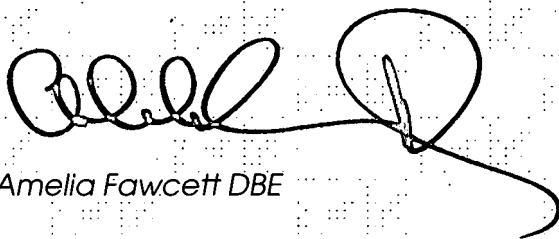
Charity number: 1127255

Foundation Balance Sheet
at 31 March 2016

	Note	2016 £000s	2015 £000s
Fixed assets			
Investments	8	1,000	44
Investments in subsidiaries	8	<u>1,215</u>	<u>4,381</u>
Total fixed assets		2,215	4,425
Current assets			
Debtors: amounts falling due within one year	10	1,764	1,198
Cash at Bank		<u>6,305</u>	<u>6,757</u>
Total current assets		8,069	7,955
Creditors: amounts falling due within one year	11	<u>(1,302)</u>	<u>(952)</u>
Net current assets		6,767	7,003
Total net assets		8,982	11,428
Funds			
General - unrestricted	12	7,727	9,210
Designated	12	1,013	1,261
Restricted	12	242	957
Total funds		8,982	11,428

The notes on pages 28 to 44 form part of these financial statements

Approved on behalf of the Trustees on



Dame Amelia Fawcett DBE
Trustee

12TH December 2016

Company number: 06777589

Charity number: 1127255

Consolidated Cash Flow Statement
for the year ended 31 March 2016

	Total 2016 £000's	Total 2015 £000's
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	652	(494)
Cash flows from investing activities:		
Proceeds from the sale of property, plant and equipment	16	14
Purchase of property, plant and equipment	(145)	(36)
Proceeds from sale of investments	-	950
Purchase of investments	(956)	(44)
Net cash provided by/(used in) investing activities	(1,085)	884
Change in cash and cash equivalents in the reporting period	(433)	390
Cash and cash equivalents at the beginning of the reporting period	7,967	7,518
Change in cash and cash equivalents due to exchange rate movements	(11)	59
Cash and cash equivalents at the end of the reporting period	7,523	7,967

Table 1: Reconciliation of expenditure to net cash flow from operating activities

Net expenditure for the reporting period	(1,927)	(193)
Adjustments for:		
Depreciation charges	92	75
Decrease in stock	2,062	206
Decrease/(increase) in debtors	75	(391)
Increase/(decrease) in creditors	350	(191)
Net cash provided by (used in) operating activities	652	(494)

Table 2: Analysis of cash and cash equivalents

Cash in hand	5,769	6,223
Notice deposits (less than 3 months)	1,754	1,744
Total cash and cash equivalents	7,523	7,967

Notes

(Forming part of the financial statements)

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 and assessment of going concern

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Prince of Wales's Charitable Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The trustees consider that there are no material uncertainties about the Foundations ability to continue as a going concern. They have reviewed cash flow forecasts for the Foundation and its commitments for twelve months from the date of approval of the accounts and conclude that it is appropriate to prepare these accounts under the going concern basis.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed.

The requirement to absorb governance costs within support costs has resulted in a restatement of prior year comparatives in note 5 of the accounts. A reconciliation of restated support costs is provided below.

	Support Costs 2015 £000's	Governance costs 2015 £000's	Reallocation of Support Costs 2015 £000's	Restated Support Costs 2015 £000's
Support and governance costs				
Salaries and employment	28	47	87	162
Travel and subsistence	-	-	7	7
Consultancy	22	-	1	23
Legal and professional	2	32	4	38
Office costs	72	-	(28)	44
Miscellaneous	15	-	9	24
Accounting	80	-	(80)	-
Total support and governance costs	219	79	-	298

There was no effect on opening fund balances.

Notes (continued)

1. Accounting policies (continued)

Basis of consolidation

The financial statements consolidate the results of the Foundation and its wholly owned subsidiaries on a line-by-line basis. 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.

Income

Income is recognised when the Foundation has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Donations are recognised when the Foundation has been notified in writing of both the amount and settlement date or the monies have been received directly. In the event that a donation is subject to conditions that require a level of performance before the Foundation is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Foundation and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation; this is normally upon notification of the interest paid or payable by the bank.

Donated services and facilities

Donated professional services and donated facilities are recognised as income when the Foundation has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from use of the item or service is probable and that economic benefit can be measured reliably.

On receipt, donated services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of commercial trading including the running of the Highgrove shops and Gardens through AG Carrick Ltd, and costs associated with administering the license agreement between Duchy Originals Ltd and Waitrose. Fundraising costs are also included relating to staff costs and consultancy fees.
- Expenditure on charitable activities includes the Foundations grant giving and the costs of running internal programmes and associated support costs.

All expenditure is accounted for on an accruals basis.

Notes (continued)

1. Accounting policies (continued)

Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Foundation. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled conditions attaching to that grant are outside the control of the Foundation.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, consultancy and governance. These have been allocated across the charitable activities on a pro-rata basis as set out in note 5.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided by the straight line method over the estimated useful lives of the assets at the following rates:

Leasehold premises and improvements	over the life of the lease
Plant, machinery, tools and equipment	two to four years
Fixtures, fittings and office equipment	two to four years

No depreciation is provided until the assets are brought into use.

Fixed asset investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date. This is determined as follows:

- i) Investments in subsidiary companies are valued at their net book value;
- ii) Investments in Social Impact Bonds are valued at the amount committed to be paid;
- iii) Investment portfolio is valued at the closing quoted market price

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Stock

Stocks are stated at lower of cost and net realisable value.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.

Notes (continued)

1. Accounting policies (continued)

Creditors

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

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

Unrestricted funds are available to spend on activities that further any of the purposes of the Foundation. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Foundations work or for specific grants to be awarded by the Foundation.

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.

Notes (continued)

2. Voluntary income and income from charitable activities

	Group	Foundation	Group	Foundation
	2016	2016	2015	2015
	£000s	£000s	£000s	£000s
Unrestricted Donations:				
Donations from subsidiary undertakings:	-	3,733	-	2,728
Miscellaneous donations	1,648	1,609	1,830	1,830
Grants	7	7	-	-
Membership subscriptions	-	-	90	90
Donated services	80	80	-	-
Total unrestricted donations	1,735	5,429	1,920	4,648
Restricted Donations				
Miscellaneous donations	1,406	1,406	192	192
Grants	2,027	2,027	1,712	1,712
Membership subscriptions	375	375	-	-
Donated services	333	333	-	-
Total restricted donations	4,141	4,141	1,904	1,904
Total donations	5,876	9,570	3,824	6,552

Educational activity income relates to fees for courses provided in Romania, this totalled £13,890. The Foundation also provided governance assistance to the charity Step Up to Serve for which £7,371 was received in 2016.

Other income is in relation to the closure of subsidiaries during the year.

3. Investment Income

All investment income is generated through short term deposits held with Coutts bank.

Notes (continued)

4. Charitable activities

The Foundation charitable activities comprise:

	Activities undertaken directly £000's	Grant funding of activities £000's	Support Costs £000's	Total 2016 £000's	Total 2015 £000's
Unrestricted fund					
Children and youth	4	168	24	196	84
Culture	-	3,103	434	3,537	444
Education	1	216	30	247	285
Environment	1	508	72	581	1,997
Medical welfare	2	13	2	17	12
Overseas	16	267	39	322	72
Other	71	190	36	297	189
Total unrestricted fund	95	4,465	637	5,197	3,083
Designated fund					
Children and youth	-	4	-	4	17
Culture	19	65	-	84	109
Education	-	15	-	15	41
Environment	553	256	-	809	2,599
Medical welfare	-	23	-	23	23
Overseas	13	127	-	140	79
Other	-	50	-	50	103
Total designated fund	585	540	-	1,125	2,971
Restricted fund					
Children and youth	-	125	-	125	-
Culture	50	298	-	348	175
Education	-	414	-	414	-
Environment	2,105	1,349	-	3,454	234
Medical welfare	-	8	-	8	-
Overseas	38	132	-	170	457
Other	-	368	-	368	540
Total restricted fund	2,193	2,694	-	4,887	1,406
Total charitable activities	2,873	7,699	637	11,209	7,460

Notes (continued)

4. Charitable activities (continued)

Charitable activities for the **Group** are as above, but also include £22,421 spent in PWFR; this has been included in the unrestricted overseas category on the group SOFA.

Dumfries Farming and Land Limited has been gifted by the Foundation to The Great Steward of Scotland Dumfries House Trust and shown as an unrestricted grant in the culture category above. The total value of this gift was £1,974,595.

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

	General Fund £000's	Designated Fund £000's	Restricted Fund £000's	Total 2016 £000's	Total 2015 £000's
The Great Steward of Scotland Dumfries House Trust	2,774	-	298	3,072	219
Prince's Foundation for Building Community	-	250	1,349	1,599	1,921
The Soil Association	500	-	-	500	300
Royal Drawing School	125	-	314	439	10
Scottish Business in the Community	140	-	163	303	88
Prince's Regeneration Trust	250	-	-	250	350
Mosaic	17	-	205	222	-
Business in the Community	50	-	125	175	250
The Prince's Trust	50	-	100	150	125
Prince's Trust International	125	25	-	150	30
The Prince of Wales' US Foundation	-	-	100	100	125
Turquoise Mountain	50	30	-	80	-
Prince's School of Traditional Arts	50	15	-	65	20
Step Up to Serve	50	-	-	50	50
Youth United	50	-	-	50	-
Ballater RD	-	50	-	50	-
The Tusk Trust	49	-	-	49	-
Prince of Wales' Foundation Romania	-	10	33	43	20
Prince's Charities Canada	25	-	-	25	25
ARTTA	-	25	-	25	10
AMREF	10	-	-	10	-
PRIME Cymru	10	-	-	10	66
Norfolk Churches Trust	-	10	-	10	-
St Catherine's Foundation	-	10	-	10	-
Royal Deeside Railway Preservation Society	-	10	-	10	-

Notes (continued)

4. Charitable activities (continued)

	General Fund £000's	Designated Fund £000's	Restricted Fund £000's	Total 2016 £000's	Total 2015 £000's
The College of Medicine	-	10	-	10	-
Queen Elizabeth Scholarship Trust	10	-	-	10	-
International Orthodox Christians	-	-	-	-	250
PRIME	-	-	-	-	155
Aid to the Church in Need	-	-	-	-	60
Sustainable Food Trust	-	-	-	-	50
The Rare Breeds Survival Trust	-	-	-	-	27
Gloucestershire Wildlife Trust	-	-	-	-	25
In Kind Direct	-	-	-	-	20
Ely Cathedral	-	-	-	-	20
Iraqi Christians in Need	-	-	-	-	20
British Asian Trust	-	-	-	-	12
Cumbrian Community Foundation	-	-	-	-	10
The Plough Chapel	-	-	-	-	10
The National Hedge Laying Society	-	-	-	-	10
Scottish Gamekeepers Association	-	-	-	-	10
Tetbury Hospital Trust	-	-	-	-	10
Caritas	-	-	-	-	10
Syrian Orthodox Church	-	-	-	-	10
Others	130	95	7	232	254
Total grants	4,465	540	2,694	7,699	4,572

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 £7,698,871 were made to 142 charity institutions (2015: £4,572,115 to 144 institutions).

Notes (continued)

5. Support costs

	General Fund £000's	Total 2016 £000's	Total 2015 £000's
Support costs			
Salaries and employment	336	336	162
Travel and subsistence	5	5	7
Consultancy	142	142	23
Legal and professional	45	45	38
Office costs	103	103	44
Miscellaneous	6	6	24
Total support and governance costs	637	637	298

Included in the above are governance costs of £134,455 (2015: £79,329). Salaries and employment costs contain a recharge of \$263,000 (2015: £80,000) from His Royal Highness The Prince of Wales and Duchess of Cornwall's Office for personnel supporting the Foundation in finance, payroll, administration and HR. The current year's recharge has been calculated as a percentage of staff time spent on the Foundation. This is a different calculation to previous years resulting in the significant increase year on year.

For the first time in 2016, consultancy fees for an Operations Director are being directly incurred by the Foundation totalling £90,455 (2015: £nil). Previously these were payable by the subsidiary company The Prince's Social Enterprises Limited which was dissolved during the current financial year (see note 13).

Donated goods and services of £80,300 (2015: £nil) have been allocated to office costs above.

Notes (continued)

6. Staff costs

The salaries are allocated as follows:

	Total 2016 £000's	Total 2015 £000's
Support and governance		
Salaries and wages	50	50
Social security	6	6
Pension and healthcare	5	4
Total support and governance	61	60
Charitable activities		
Salaries and wages	1,030	971
Social security	118	112
Pension and healthcare	66	61
Total charitable activities	1,214	1,144
Total	1,275	1,204

Charitable activities include the International Sustainability Unit (ISU) and Accounting for Sustainability (A4S) which account for £813,471 (2015: £866,279) and £326,026 (2015: £204,164) respectively, of the total staff costs above.

Fundraising salaries of £89,208 (2015: £45,257) are not included above.

The senior management team is comprised of both direct employees of the Foundation and employees of HRH The Prince of Wales and Duchess of Cornwall's Office as part of the recharge discussed in note 5. The total cost to the Foundation of the senior management team is £723,911 (2015: £561,697). Ignoring the effect of the recharge, the increase is less than 12%.

No salaries were paid to Trustees in the current or previous year. Travel expenses totalling £75 (2014/15: £nil) were reimbursed to one Trustee during the year.

Notes (continued)

6. Staff costs (continued)

The average numbers of full-time equivalent employees are:

	Total 2016 £000's	Total 2015 £000's
Support and governance	1	1
Charitable activities:		
International Sustainability Unit	12	14
Accounting for Sustainability	6	4
Other	2	2
Fundraising	1	-
Total full-time equivalent employees	22	21

The number 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:

	Total 2016 £000's	Total 2015 £000's
£60,000-£69,999	2	1
£80,000-£89,999	-	1
£120,000-£129,999	2	1
£190,000-£199,999	1	1

Pension contributions

The Foundation paid £29,848 (2015: £24,668) into defined contribution schemes for 3 (2015: 3) higher paid employees.

Notes (continued)

7. Tangible Fixed Assets

Group	Plant & Equipment £000's	Computers £000's	Fixtures & Fittings £000's	Leasehold Improvements £000's	Land & Buildings £000's	Total £000's
Cost						
At 1 April 2015	3	208	381	328	179	1,099
Additions	-	28	82	-	35	145
Disposals	-	-	(1)	-	(15)	(16)
At 31 March 2016	3	236	462	328	199	1,228
Depreciation						
At 1 April 2015	1	172	332	228	3	736
Charge for the year	-	27	49	13	3	92
At 31 March 2016	1	199	381	241	6	828
Net book value 31 March 2016	2	37	81	87	193	400
Net book value 31 March 2015	2	36	49	100	176	363

The Foundation owns no tangible fixed assets.

8. Fixed asset investments

Group	Notes	Cost at 31 March 2016 £000's	Market Value at 31 March 2016 £000's	Cost at 31 March 2015 £000's	Market Value at 31 March 2015 £000's
Bridges Ventures Social Impact Bond		250	250	44	44
Other UK investments		750	750	-	-
Total group investments		1,000	1,000	44	44
Foundation					
Investment in subsidiary companies	13	746	1,215	2,083	4,381
Bridges Ventures Social Impact Bond		250	250	44	44
Other UK investments		750	750	-	-
Total Foundation investments		1,746	2,215	2,127	4,425

The investments in subsidiary companies are stated at net asset value.

Notes (continued)

8. Fixed asset investments (continued)

Subsidiary	Country of incorporation	Class of shares	Percentage of shares held
Ecologic Transilvania SRL	Romania	Ordinary shares	100%
Prince of Wales' Foundation Romania	Romania	Ordinary shares	100%
Duchy Originals Ltd	England and Wales	Ordinary shares	100%
AG Carrick Ltd	England and Wales	Ordinary share	100%

Movements during the year

	Subsidiary Undertakings £000's	Social Impact Bond £000's	UK Investments £000's	Total 2016 £000's	Total 2015 £000's
Group					
Opening market value	-	44	-	44	950
Acquisition at cost	-	206	750	956	44
Sales proceeds of disposals	-	-	-	-	(950)
Closing market value	-	250	750	1,000	44
Foundation					
Opening market value	4,381	44	-	4,425	2,708
Gifted	(1,975)	-	-	(1,975)	(950)
Acquisition at cost	-	206	750	956	44
Disposals at market value	(378)	-	-	(378)	-
Share buy back	(879)	-	-	(879)	-
Gains/(losses)	66	-	-	66	2,623
Closing market value	1,215	250	750	2,215	4,425

Changes have been made to the structure of PWCF during 2015/16 which has resulted in significant movements in the value of subsidiary undertakings. DFLL has been gifted to DH which at the time of transfer had a value of £1,974,595.

PCE, PSEL and GJE were disposed of during the year and had a total market value of £377,514.

An accounting adjustment in Duchy Originals in 2014/15 resulted in DOL being in a position, this year, to buy back a proportion of their share capital. This totalled £879,021.

9. Stock

Group	Total 2016 £000's	Total 2015 £000's
Work in progress	-	2,030
Finished goods	466	498
Total group stock	466	2,528

The Foundation holds no stock.

Notes (continued)

10. Debtors

	Total 2016 £000's	Total 2015 £000's
Group		
Trade debtors	1,117	1,120
Taxation and social security	-	14
Prepayments and accrued income	826	651
Other debtors	47	280
Total group debtors	1,990	2,065
Foundation		
Amounts owed by subsidiary undertakings	1,583	918
Prepayments and accrued income	170	40
Other debtors	11	240
Total foundation debtors	1,764	1,198

11. Creditors

	Total 2016 £000's	Total 2015 £000's
Group		
Trade creditors	537	663
Taxation and social security	225	164
Accruals and deferred income	1,431	1,172
Other creditors	200	44
Total group creditors	2,393	2,043
Foundation		
Trade creditors	228	406
Amounts owed to subsidiary undertakings	31	-
Accruals and deferred income	863	504
Other creditors	180	42
Total foundation creditors	1,302	952

Notes (continued)

12. Analysis of movements in funds

Group	Balance at 1 April 2015 £000's	Incoming resources £000's	Resources expended £000's	Other recognised gains / (losses) £000's	Transfers between funds £000's	Balance at 31 March 2016 £000's
Unrestricted fund	8,706	9,229	(9,154)	(159)	(961)	7,731
Total unrestricted fund	8,706	9,229	(9,154)	(159)	(961)	7,731
Designated funds:						
Environment	1,108	-	(842)	-	585	851
Culture	48	-	(18)	-	-	30
Overseas	-	-	(43)	-	70	27
Other	105	-	(289)	-	289	105
Total designated fund	1,261	-	(1,192)	-	944	1,013
Restricted funds:						
Youth and children	3	-	-	-	-	3
Environment	952	2,194	(3,154)	-	8	-
Culture	2	401	(348)	-	9	64
Overseas	-	70	(70)	-	-	-
Other	-	1,490	(1,315)	-	-	175
Total restricted fund	957	4,155	(4,887)	-	17	242
Total funds	10,924	13,454	(15,233)	(159)	-	8,986

Foundation	Balance at 1 April 2015 £000's	Incoming resources £000's	Resources expended £000's	Other recognised gains / (losses) £000's	Transfers between funds £000's	Balance at 31 March 2016 £000's
Unrestricted fund	9,210	5,462	(5,320)	(664)	(961)	7,727
Total unrestricted fund	9,210	5,462	(5,320)	(664)	(961)	7,727
Designated funds:						
Environment	1,108	-	(842)	-	585	851
Culture	48	-	(18)	-	-	30
Overseas	-	-	(43)	-	70	27
Other	105	-	(289)	-	289	105
Total designated fund	1,261	-	(1,192)	-	944	1,013
Restricted funds:						
Youth and children	3	-	-	-	-	3
Environment	952	2,194	(3,154)	-	8	-
Culture	2	401	(348)	-	9	64
Overseas	-	70	(70)	-	-	-
Other	-	1,490	(1,315)	-	-	175
Total restricted fund	957	4,155	(4,887)	-	17	242
Total funds	11,428	9,617	(11,399)	(664)	-	8,982

Notes (continued)

13. 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 Prince of Wales's Charitable Foundation.

The Prince's Charities Events Limited was dissolved on 1st March 2016.

Dumfries Farming and Land Limited's ownership was gifted by the Foundation to The Great Steward of Scotland Dumfries House Trust on 10th September 2015.

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

PCF Social Enterprises Limited was dissolved on 15th December 2015.

Golden Jubilee Events Limited was dissolved on 3rd November 2015.

Prince of Wales's Foundation Romania brings skills to local communities through educational programmes and was registered on the 25th February 2015 and commenced activities on the 18th May 2015.

Profit and loss account for the year ended 31 March 2016	Duchy Originals Ltd £000's	AG Carrick Ltd £000's	Ecologic Transilvania SRL £000's	Prince of Wales's Foundation Romania £000's	Total 2016 £000's	Total 2015 £000's
Turnover	3,253	4,261	15	39	7,568	8,733
Cost of sales	-	(1,573)	(26)	-	(1,599)	(2,679)
Gross profit	3,253	2,688	(11)	39	5,969	6,054
Administration expenses	(139)	(2,073)	-	(22)	(2,234)	(2,487)
Trading profit	3,114	615	(11)	17	3,735	3,567
Interest receivable and other income	-	1	-	-	1	3
Profit/(loss) before tax and donations	3,114	616	(11)	17	3,736	3,570
Written off gain	-	-	82	-	82	-
Donation to the Foundation	(3,111)	(622)	-	-	(3,733)	(4,141)
Reversal of gift aid payment	-	-	-	-	-	1,413
Exchange loss	-	-	(8)	-	(8)	1,715
Loan Waiver	-	-	-	-	-	-
Retained in subsidiary	3	(6)	63	17	77	2,557

Notes (continued)

13. Subsidiary companies (continued)

Balance Sheet at 31 March 2016	Duchy Originals Ltd £000's	AG Carrick Ltd £000's	Ecologic Transilvania SRL £000's	Prince of Wales's Foundation Romania £000's	Total 2016 £000's	Total 2015 £000's
Fixed assets		150	200	50	400	863
Current assets	1,998	1,462	22	43	3,525	5,522
Liabilities	(1,478)	(1,103)	(68)	(61)	(2,710)	(2,004)
Total net assets at 31 March 2016	520	509	154	32	1,215	4,381

14. Related Parties Transactions

A number of grants have been awarded to Charities of which His Royal Highness The Prince of Wales is President. All grants which are greater than £10k are disclosed in note 4. These transactions were made on an arm's length basis and did not have any specific terms attached outside of the normal performance objectives attached to grants.

During the year the charity received £136,000 from related parties without conditions attached.