

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Duke and Duchess of Cambridge

Report and Consolidated Financial Statements for the year ended 31 December 2021

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

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The Royal Foundation of The Duke and Duchess of Cambridge

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Principals and Members

TRH The Duke and Duchess of Cambridge

Trustees

Lord Hague of Richmond – Chairman
Simon Patterson – Vice Chairman
Zeinab Badawi
Sir Ron Kalifa OBE (appointed 24 June 2021)
Charles Mindenhall
Lady Pinsent
Alice Webb
Claire Wills

Ex Officio Trustees

Hannah Cockburn-Logie OBE, MVO
Jean-Christophe Gray CBE (appointed 15 February 2021)

Leadership Committee (formerly Senior Management Team)

Jason Knauf	Chief Executive Officer (until 31 December 2021)
Amanda Berry OBE	Chief Executive Officer (from 21 June 2022)
Chris Bates	Head of Finance
Elaine Dodds	Director of Development (until 17 June 2022)
Pim Gregory	Director of Impact
Hannah Jones	Chief Executive Officer, The Earthshot Prize (from 21 June 2021)
Kully Kaur-Ballagan	Director of Research (from 6 September 2021)
Roxane Philson	Director of The Royal Foundation Centre for Early Childhood
Amy Pickerill	Director of The Earthshot Prize (to 31 December 2021); Chief Content Officer, The Earthshot Prize (from 1 January 2022 to 31 May 2022); Creative Director (from 1 June 2022)
Fiona Treharne	Chief Operating Officer, The Earthshot Prize (from 1 January 2022)
Damian Wilson	Director of Partnerships (from 8 November 2021)
Felicity Woodrow	Head of Governance and Operations

Registered Office

Kensington Palace
Palace Green
London W8 4PU

Bankers

Barclays
1 Churchill Place
London E14 5HP

Solicitors

Bates Wells LLP
10 Queen Street Place
London EC4R 1BE

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Investment Advisors

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

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Letter from the Chair

Over the course of 2021, The Royal Foundation, like organisations across the globe, delivered its work against a backdrop of continued uncertainty caused by Covid-19. I am immensely proud that against this challenging context that, supported by the optimistic leadership and ambition of The Duke and Duchess of Cambridge, The Royal Foundation has delivered another extraordinary year.

2021 was a crucial year for the future of our planet, with the release of the IPCC report and COP26 taking place in Glasgow, and it was in this context that we announced the first five winners of The Earthshot Prize. In the year since The Duke of Cambridge launched The Earthshot Prize, its achievements have been truly astounding. The Prize was the subject of a documentary series broadcast in the Autumn and we awarded the first winners at an inspiring London ceremony, the television broadcast of which has subsequently been recognised with multiple awards. Through this work, we have taken our message of urgent optimism to the best part of a billion people globally, establishing the Prize as one of the most powerful platforms for environmental action on the planet. This is just the beginning and as The Earthshot Prize continues its journey as an independent charity, we look forward to more amazing achievements in 2022 as The Prize ceremony moves to USA.

Last year also saw the launch of The Royal Foundation Centre for Early Childhood, with the mission to drive awareness of, and action on, the transformative impact of the early years. The landmark report *Big Change Starts Small* is already reframing the strategic importance of the early years for leaders across society. The leadership of The Duchess of Cambridge continues to drive The Centre for Early Childhood's work in raising awareness of the importance of early childhood, supporting landmark research, encouraging efforts to build awareness across society and shining a spotlight on best practice in the UK and internationally.

Elsewhere in The Royal Foundation, United for Wildlife goes from strength to strength, with 2021 seeing a 200% increase in investigations of illegal wildlife products, supported by our global financial and transport taskforce coalition. This success has continued to galvanize our networks as our taskforces expand into regional chapters, increasing this powerful alliance of public private partnerships supporting action against criminal networks who seek to profit from this illegal trade.

The Royal Foundation's work with The Emergency Responder Senior Leaders Board came to fruition at a landmark summit in November. Convened by The Royal Foundation, the Senior Leaders Board have committed to an unprecedented four nation agreement to dramatically increase the provision of mental health services for the emergency service community right across the UK. We owe an enormous debt of gratitude to our emergency services, and it has been a privilege to acknowledge this important issue on a national stage.

As the year ended, we were pleased to be able to support the nation coming together in a moment of reflection with the Together at Christmas Carol Service at Westminster Abbey, led by The Duchess of Cambridge. Broadcast to the nation on Christmas Eve, it was a moment to reflect on the importance of connection after a difficult year and to celebrate how individuals and charitable organisations across the UK went above and beyond in the service of their communities.

Our achievements during the last twelve months are the result of the efforts of a wide-ranging group of individuals and partner organisations, our generous supporters and our incredible hard-working staff. Partnership working is at the heart of everything we achieve at The Royal Foundation. It is their commitment and collaboration that enables the Foundation to continue to deliver high-impact work. I would like to end by thanking them all for their energy and enthusiasm. On behalf of the Board of Trustees, I would also like to take this opportunity to thank Jason Knauf for his incredible service as CEO of the Foundation and to welcome his successor Amanda Berry as she takes up her new post.

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Letter from the Chair (continued)

Finally, I would like to mark our thanks to The Duke and Duchess of Cambridge, whose vision and commitment to the causes they care deeply about allow us to deliver such important work.

A handwritten signature in blue ink, appearing to read 'Lord Hague'.

**Lord Hague of Richmond
Chair of The Royal Foundation**

29 June 2022

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Trustees' Report

The Trustees of The Royal Foundation of The Duke and Duchess of Cambridge ("The Royal Foundation") present their annual report for the year ended 31 December 2021 under the Companies Act 2006, together with the audited accounts for the year, and confirm that the latter complies with the requirements of the Act, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)).

Objectives and activities

The Royal Foundation is the primary philanthropic and charitable vehicle for The Duke and Duchess of Cambridge. It mobilises leaders, businesses and people so that together we can address society's greatest challenges. Led by The Duke and Duchess of Cambridge, our work is built on world-class research, long-term partnerships, and measurable, scalable impact.

The Royal Foundation is using its unique position to convene on a global scale, to help bring together people, their ideas and resources to develop and implement solutions. The work of The Royal Foundation is focused on the following themes: the environment and conservation, early childhood, mental health, the emergency responders community and in the short term, on a response to COVID-19. The Royal Foundation continues to work to identify areas where it is able to bring its unique position and influence to deliver impact and positive change on the biggest scale.

Overview of activities

The pages that follow tell the extraordinary story of what The Royal Foundation of The Duke and Duchess of Cambridge has achieved with our partners in 2021. In another year of global challenge and uncertainty, we harnessed the optimistic leadership of our Principals to great effect.

While delivering the most significant projects in our history, including the inaugural Earthshot Prize and launch of The Royal Foundation Centre for Early Childhood, we have also worked with The Duke and Duchess of Cambridge to implement and design a new strategy that will allow us to further increase our ambitions. We have reoriented our teams around our strengths in Research, Partnerships, and Impact and have identified several new areas for major projects that will be explored in the year ahead.

The Earthshot Prize

The Earthshot Prize is the most prestigious global environment prize in history, designed to incentivise change and help repair our planet over the next ten years. The Prize aims to turn the current pessimism surrounding environmental issues into optimism, by highlighting the ability of human ingenuity to bring about change, and inspiring collective action. Throughout 2021, The Earthshot Prize has inspired an urgent debate on climate change with optimism, reaching millions with this message through a landmark 5-part TV and radio series, and publication of The Earthshot Prize book.

In October 2021, during a spectacular inaugural Earthshot Prize Awards Ceremony, broadcast to millions worldwide on BBC and Discovery, the first-ever Winners of The Earthshot Prize were named. Each represents an extraordinary solution to our greatest environmental challenges and were awarded £1 million to scale their ground breaking work, supported by our Global Alliance, an international network of advisers.

The first year of The Earthshot Prize has been extraordinary, sparking hope and innovation around the world and saw our finalists meet global leaders and inspire international debate at COP26. It has laid the foundations on which the Prize can realise its potential and ambition over this critical decade. 2022 will see The Earthshot Prize transition out of The Royal Foundation to become an independent organisation, continuing to work together closely. Detailed planning for this move is underway alongside strategic

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Trustees' Report (continued)

planning for the future, with over a thousand submissions having been received when nominations for the second year of the Prize closed in March 2022.

The Royal Foundation Centre for Early Childhood

In June 2021, The Duchess of Cambridge launched The Royal Foundation's Centre for Early Childhood to drive awareness of the critical importance of early childhood and the impact these years can have on the adults we become. Built on a decade of work from The Duchess of Cambridge, the important work of the Centre will focus on research, campaigns and collaborations, changing what we think and do on early childhood, in order to transform society for generations to come.

The Centre launched with the publication of its inaugural report [*Big Change Starts Small*](#), in partnership with the Harvard Center on the Developing Child and the London School of Economics. This landmark report brought together leading sector research and highlighted the critical lifelong impact of the early years. In the months that followed, we have driven awareness of vital research including the University College London's new cohort study into the holistic development of children from the age of zero to five years; supported curriculum content on neuroscience and the importance of early childhood development and commissioned original research to inform future work.

Looking ahead, The Royal Foundation's Centre for Early Childhood is set to increase awareness of the issues, both in the UK and internationally, to increase knowledge, foster change, and, over time, inspire a cultural shift on early childhood.

United for Wildlife (UfW)

The Royal Foundation's United for Wildlife Taskforces, convened by The Duke of Cambridge, are committed to identifying, reporting, and disrupting the threat of the illegal wildlife trade (IWT) – a transnational, serious and organised crime. Five years on from the launch of the first Taskforce, we are seeing encouraging results from our partnership approach, which is successfully driving increased awareness, training, and regional cooperation and supporting law enforcement.

In 2021, the Taskforces have continued to work at pace, focused on galvanizing existing partnerships and building strong Regional Chapters to help directly target and tackle high-risk IWT areas. In 2021, United for Wildlife launched four new Chapters: East Africa, Southern Africa, Hong Kong and Southeast Asia/Australasia, enhancing regional collaboration between the private sector, NGOs and law enforcement, allowing for a fast, agile and effective response to tackling the IWT in that region.

United for Wildlife is also supporting technological innovation to help its partners identify wildlife crime and support law enforcement. In November, The Duke of Cambridge visited Microsoft's UK HQ to see their highly anticipated Project SEEKER – a technology that can be easily installed in luggage and cargo scanners at airports, ports and borders, to automatically alert enforcement agencies when it detects an illegal wildlife item. United for Wildlife's global network of expertise on the illegal wildlife trade helped to support the design of the technology and will be working with its partner organisations in the transport sector to support the global roll out of SEEKER.

Mental Health

Mental Health continues to be a key priority for The Royal Foundation. During 2021, we have continued to support various stands of mental health related activity including the implementation of the Mentally Healthy Football Declaration, and supporting the successful return of the Mental Health Minute, which saw 500 radio stations across the UK simultaneously broadcast a one-minute message to mark mental health week. In July 2021, the Mental Health Research Group convened by The Foundation in 2020 published its original paper. This group of experts was convened the previous year as an independent group of mental health experts tasked with examining how research can become more inclusive and

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representative of UK society. This independent research has contributed valuable knowledge to the sector.

Covid-19 response

In 2020, as the COVID-19 pandemic put immense strain on demand for mental health services, The Royal Foundation established the £1.8m COVID-19 Response Fund. £0.56m (2020: £1.16m) of vital financial support was disbursed during the year to 10 leading charities supporting frontline workers, emergency responders and boosting mental health provision. This year, as the pandemic has continued to place unprecedented pressure on support services around the UK, tangible and meaningful impact has been delivered by each of the ten grant recipients.

Emergency Responders

Supporting the mental health of the emergency responder community in the UK has continued to be a strategic priority for the Foundation this year. The unique stressors of working on the frontline have been exacerbated by the ongoing pandemic, and bringing about sustainable, positive change is more important than ever. This year, the Emergency Services Senior Leaders Board, representing 135 blue light organisations, first convened in 2020 by The Duke of Cambridge, has focused on driving improved collaboration across the services. Unprecedented work has been delivered in 2021 as a result.

Our flagship event was the Emergency Services Symposium, which brought together over 120 leaders from all emergency services with keynote speeches from The Metropolitan Police Commissioner, The Secretary of State for Health and Social Care, and The Duke of Cambridge, placing this important issue on a significant national platform. The Duke of Cambridge announced the Mental Health at Work Commitment for The Emergency Services – an unprecedented agreement signed by senior leaders across UK emergency services to implement a uniform set of mental health standards to support their 400,000 staff. The commitment forms part of the new Blue Light Together package of mental health support for the emergency services. Developed with our charity partners, Blue Light Together gives emergency responders, their friends, families, and retirees access to a new resource website providing specialised mental health information and advice. Additionally, we have developed The Network of Emergency Services Therapists – a planned directory of therapists accessible via the new website, who have specialist experience in addressing the complex mental health needs of emergency responders.

STRATEGY

As noted in our 2020 annual report, a revised strategy for the Foundation was approved in December 2020. This plan will transform our ambitions for the Foundation and the positive impact we will make over the next decade. We have reoriented our teams around our strengths in Research, Partnership and Impact, which will underpin our work to mobilise leaders, businesses and people so that together we can address society's greatest challenges.

RESEARCH – We explore the challenges that need fresh, collaborative leadership. Informed by evidence-based analysis, familiarity with key sources of data and extensive networks of expertise, we advise our Principals and our partners with clear, thoughtful insight. We evaluate our impact and continually sharpen our approach.

PARTNERSHIPS – We pride ourselves on being the best partners to work with in international philanthropy by bringing together inspirational coalitions to deliver game changing impact for society's greatest challenges. We build relationships across all sectors and levels of society – companies, NGOs, charities, policy leaders, activists, donors, academics and people with diverse on-the-ground experience. We forge meaningful links and frame opportunities for action.

IMPACT – We build platforms – collaborations, taskforces, and initiatives – where leaders from all parts of society can come together to identify emerging challenges, agree joint action, and make a real

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difference on issues that need fresh solutions. Informed by our research insights and effective partnerships, our work will develop and enable tangible change through effective and specific problem-solving.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2021 was £20.4m, an increase of 73% on 2020 (£11.8m) which in turn was an increase of 77% on 2019 (£6.7m). 98% of total income consisted of donations, grants, royalty and legacy income (unchanged as a proportion compared to 2020) of which 91% was restricted (2020: 41%). Restricted fund income nearly quadrupled to £18.6m, due primarily to income relating to the inaugural Earthshot Prize which accounted for 89% of restricted income and 81% of total income in the year. With the Earthshot Prize spinning out to become an independent charity in the second half of 2022, income is expected to revert back to a lower level in 2022. Unrestricted income fell by 3.6% to £1.8m, reflecting some large unrestricted donations received in the prior year.

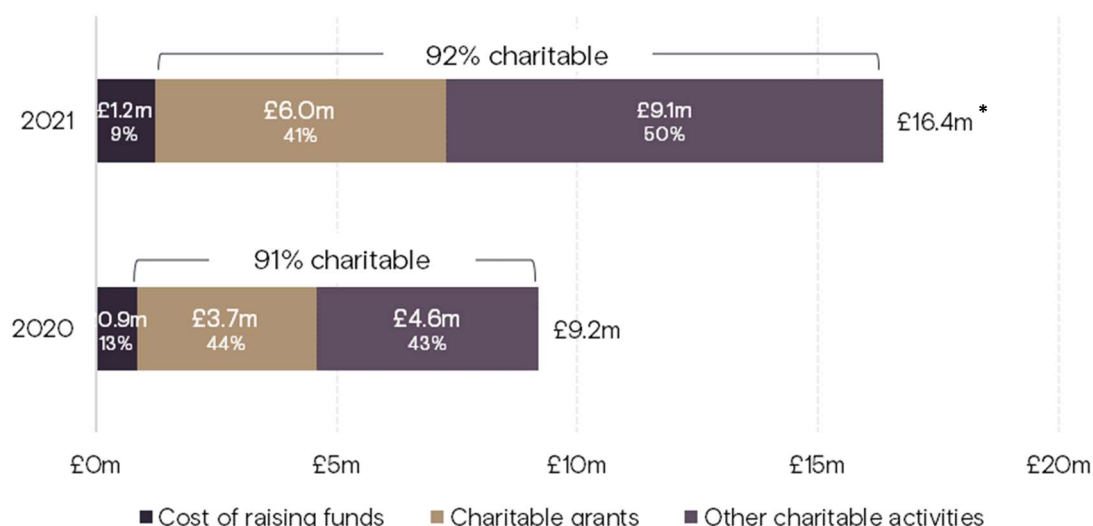
Expenditure

Total expenditure in 2021 increased to £16.4m (2020: £9.2m), of which £15.1m was spent on charitable activities. The increased level of expenditure predominantly reflects the inaugural Earthshot Prize taking place in October 2021. The Earthshot Prize accounted for £12.1m of expenditure in the year (2020: £1.5m), including the cost of the 5 prizes of £1m each which have been fully accrued. These were awarded as grants to the winners in 2022 and will be paid out over a period of up to 3 years.

Charitable Activities

92% of the £16.4m spent in the year was incurred on charitable activities, marginally up from 91% in 2020. Charitable expenditure includes amounts spent on incubating projects, providing grant funding and all activities designed to convene and raise awareness.

A breakdown of the expenditure is shown below:



The Royal Foundation's charitable expenditure was incurred across its core focus areas: Conservation (including both The Earthshot Prize and United for Wildlife), Early Years, Emergency Responders and Mental Health, as well as an additional programme of activity undertaken in response to COVID-19. The ratio of grants to direct charitable costs varied considerably between each programme, reflecting the

* Number does not add up due to rounding.

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varied nature of the work that the Royal Foundation undertakes and the different stage each programme is at in its lifecycle.

The Earthshot Prize was the largest area of programmatic work (£12.1m; 2020: £1.7m), reflecting the evolution of this project from its planning, research and design stage in 2020 into a fully realised prize culminating in a high profile awards ceremony in 2021. With The Earthshot Prize transitioning out of the Foundation in the second half of 2022, it is expected that expenditure for this project and for the Foundation as a whole will be considerably lower in 2022 compared to 2021.

The Royal Foundation's **COVID-19 Response Fund** distributed a further £0.6m in grant funding in 2021 (£1.1m in 2020) to support the urgent needs of a number of partner organisations as they responded to new challenges presented by the pandemic. These grants were primarily focused on mental health activity, reflecting The Royal Foundation's longstanding interest in this area.

Expenditure on **Emergency Responders** and other **mental health** related projects fell to £0.60m in 2021 (2020: £1.20m), which reflected the high profile **Heads Up** campaign taking place in the prior year. 2021 has been a year of transition for our mental health activities as we focus on devising a new strategy in this area for 2022 and beyond.

Expenditure on **Early Years** activities was £0.9m in 2021, down from £1.1m in 2020. This reflects the costs in 2020 of the landmark *5 Big Questions* survey and subsequent nationwide research activities, the findings of which were publicly announced in November 2020.

Fundraising

The cost of raising funds increased from £0.9m in 2020 to £1.2m in 2021. This reflects increased levels of fundraising activity in support of The Earthshot Prize, in particular the production costs of the Earthshot Prize book, which are treated as trading costs. Fundraising costs for the charity only rose slightly from £0.8m to £0.9m.

Staff and support costs

Staff costs comprised 16% (£2.6m) of total expenditure, down from 24% in 2020 (£2.2m). This reflects a changing mix of expenditure as 2021 saw material costs incurred on the Earthshot Prize awards ceremony and related cost of the prizes. The absolute increase in staff costs reflects a modest increase in headcount as we scaled up the Earthshot Prize team and recruited roles relating to the new strategy focusing around research, partnerships and impact pillars. Average headcount in 2021 was 36 (2020: 33).

Support costs decreased modestly from £1.4m to £1.3m, reflecting reduced premises costs after the lease for office space was surrendered in August 2021. The Royal Foundation continues to manage support costs closely, ensuring value for money and compliance with all regulatory and legal requirements. Support costs are allocated across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds (£7.05m) are donations received for defined projects; and unrestricted funds (£5.45m) to be spent in accordance with the charitable objectives at the discretion of the Trustees.

Reserves Policy

The trustees approved an update to the reserves policy in March 2022 to target a range of 12–16 months of operating expenditure (formerly the target level of reserves was 12 months of operating expenditure).

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

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

The level of reserves is calculated monthly and is reviewed by the Trustees at each of their quarterly Trustee meetings.

The total funds of the charity as at 31 December 2021 stand at £12.5m (2020: £8.2m). The free reserves of the charity are £5.4m (2020: £5.4m). The unrestricted reserves represent 18 months of unrestricted expenditure (based on the budgeted 2022 rate of spend), unchanged from 2021. The Board of Trustees continues to be prudent with the free reserves balances into 2022, as we emerge from the Covid-19 pandemic, spin out the Earthshot Prize and scale up early years and other new projects in 2022, as well as invest in implementing our new strategy which will see us embed research, partnerships, and impact delivery at the centre of our activity.

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

	2021 £'000	2020 £'000
Total Funds of The Royal Foundation	12,497	8,212
Less:		
Restricted Funds	(7,049)	(2,840)
Tangible Fixed Assets	(29)	(18)
Approved grants not funded by Restricted Funds	-	-
Free Reserves	<u>5,419</u>	<u>5,354</u>

The level of free reserves provides assurance that The Royal Foundation can continue operating as a going concern.

Investment Policy and Performance

The Trustees invests funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management. The investment objective is to generate a total return of at least inflation (UK CPI) plus 3% per annum net of all costs, through a fully-diversified strategy and over a 5-year investment time horizon. The Finance Committee review the charity's investment policy annually and investment performance at their quarterly meetings. In 2015, the trustees adopted the ethical investing guidelines of the Church of England's Ethical Investment Advisory Group. This prohibits investment in businesses which derive more than a de minimis limit from the following industries: alcohol, tobacco, pornography, armaments, gambling, doorstep lending, human embryonic cloning and the extraction, production and refining of fossil fuels.

During 2021 the value of the portfolio increased from £2.64m to £2.85m, a gain of 8%. Over the 5-year investment horizon of the investment objective, the portfolio gained in value by 5.5% per annum,

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equivalent to CPI + 3.1%. The value and composition of investments are summarised in Note 13 to the financial statements.

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

Grant-making policy

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

Going concern

The financial review above considers the financial performance and position of The Royal Foundation. The Trustees have undertaken a robust assessment of the charity's projected future income, expenditure and cash flow and analysed its reserves and liquid assets and are satisfied with the charity's ability to withstand a material fall in income. Additional reviews of the organisation's financial performance and position have been undertaken in March 2022 and again in June prior to approving these accounts, providing the Trustees with assurance that the charity can continue operating for at least the next twelve months.

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

As such, the Trustees believe that The Royal Foundation and its subsidiary, TRF Trading Limited, have adequate resources to continue their activities for the foreseeable future. Consequently, the going concern basis continues to be appropriate for the preparation of the financial statements.

Risk management

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

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

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

- *Transition plans for The Earthshot Prize.* Given the ambition, complexity and scale of The Earthshot Prize, considerable attention is being given to governance arrangements and management of the planned spin out into a newly established charity. An internal project board, transition committee of trustees and a finance sub-group of the transition committee have all been established and are meeting regularly to mitigate the risks of spin out and the financial viability of the Earthshot Prize as an independent charity.
- *Staff capacity.* The Royal Foundation runs a lean team which requires considerable attention to resource allocation and capacity given the number of active projects being worked on. This risk

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is mitigated through proactive prioritisation and scheduling of work and an agile approach to resourcing, including where appropriate the use of secondees, contractors and working with partner organisations in order to manage capacity as required.

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

Constitution

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

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

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

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

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of the Diana Fund, applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect on 31 December 2013. Any future income is received by The Royal Foundation as unrestricted funds.

On 18 December 2019, an agreement was signed with the Sussex Royal Foundation by which The Royal Foundation intended to grant half of the net future proceeds received by the Diana Fund to Sussex Royal. In March 2020, The Duke and Duchess of Sussex announced that they would no longer be operating Sussex Royal as their primary philanthropic vehicle in the UK and accordingly, as requested by The Duke of Sussex, the Trustees approved the donating of their share of the net income of the Diana Fund to Sentebale, a UK-registered charity of which The Duke of Sussex is a patron. Donations to Sentebale are being paid biannually with the first donation paid in July 2020.

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

Members, Trustees, Delegated Committees and Advisory Boards

Members

Following the organisation's restructure in August 2019, The Duke and Duchess of Cambridge became members of The Royal Foundation in addition to their roles as patrons.

Trustees

Strong governance and management are critical to the success and reputation of The Royal Foundation. The Directors of The Royal Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees. The Trustees take overall responsibility for the

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charity and its work. They are responsible for ensuring The Royal Foundation is effectively and properly run and meets its goals as a charity.

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

Trustee Recruitment

The Articles of Association of The Royal Foundation provide for the appointment of Directors, who also act as Trustees. After discussing and agreeing the specific skills and experience required to enhance the Trustee board, the Trustees draw up a list of potential candidates, which is approved by the members of The Royal Foundation. New Trustees are recruited through known sources such as The Royal Foundation's sub-committees or other areas of the charity sector. The Chairman and Trustees interview all candidates, completing skills matrices in respect of the candidate after each interview. The matrix skill set covers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is appointed by the Trustees, following formal nomination by The Duke of Cambridge in his role as Founder.

In addition, The Private Secretaries of The Duke and Duchess of Cambridge are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

Following a discussion at the March 2022 Board Meeting, the Foundation is in the process of revising its trustee terms and expects to change the term length from three terms of three years to two terms of four years (with an extension available in exceptional cases) to better enable trustee succession planning and continuity.

Trustee Induction

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

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

Finance Committee

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

The Finance Committee meets quarterly and comprises three Trustees, Ron Kalifa (who assumed the Chair upon his appointment as a trustee in June 2021), Simon Patterson (Chairman prior to Ron Kalifa's appointment) and Lady Pinsent, and three external advisory members: Ben Moorhead, DL, Claire Brown

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Trustees' Report (continued)

FCA (until May 2021) and Catherine Biscoe FCA. The Committee meetings are attended by members of the Leadership Committee, including the Chief Executive.

Governance and Nominations Committee

The Governance and Nominations Committee was constituted at the end of 2018 to lead the process for appointments and election to the Board of Trustees and independent members to its committees, and to review and make recommendations to the Board of Trustees relating to the overall governance arrangements of the organisation. The Governance and Nominations Committee is chaired by trustee Claire Wills and comprises two further trustees, Alice Webb and Hannah Cockburn-Logie, and meets at least twice a year.

Remuneration Committee

The Remuneration Committee was constituted at the end of 2020 to review and make recommendations to the Board of Trustees on remuneration matters. The committee is chaired by Lord Hague and comprises four further trustees, Simon Patterson, Claire Wills, Alice Webb and Rob Kalifa (who was appointed in December 2021).

Earthshot Prize Transition Committee

This was constituted in December 2021 to oversee plans for the spin out of The Earthshot Prize as an independent charity, including the appointment of new board members and creation of constitutional documents. The committee is chaired by Lord Hague and comprises Ron Kalifa, Simon Patterson and Claire Wills as well as Christiana Figueres and David Fein, Chair elect and Vice Chair elect respectively of the new Earthshot Prize charity.

Advisory Boards and Councils

The Royal Foundation is fortunate to benefit from a network of experienced volunteers, who support and help steer The Royal Foundation's work through external advisory groups. Advisory boards and councils that were active in the year included the Emergency Services Senior Leaders Board, Early Years Steering Group, Earthshot Prize Council and a Mental Health Research Group.

Senior Management

The Trustees have delegated authority to the Chief Executive and the Leadership Committee (formerly Senior Management Team) for the day-to-day management of the organisation. The Leadership Committee is led by the Chief Executive (or as a collective decision-making body during the period when there was no Chief Executive in post) and has the delegated responsibility for the design and delivery of programmes and income generation, along with the administrative functions of finance, HR, health and safety, project evaluation, management information systems, marketing and communications.

Employment and Remuneration

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

The Royal Foundation of The Duke and Duchess of Cambridge

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Trustees' Report (continued)

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

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

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

Safeguarding

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

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

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

Data Protection

The organisation reviewed and revised where necessary its processes, policies and approaches in relation to data protection to ensure compliance with the General Data Protection Regulation (GDPR) changes which came into effect in May 2018. All staff are provided with appropriate training to ensure there is a good level of understanding throughout the whole organisation.

Governance Code

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

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

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

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Trustees' Report (continued)

Fundraising

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

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

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

Related Parties

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

Public Benefit

The Royal Foundation is a public benefit entity under FRS 102. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and setting grant-making policies.

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

Directors' indemnity insurance

The Royal Foundation maintained liability insurance throughout the year for its Trustees and Officers.

Auditor

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Trustees' Responsibilities

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

The Royal Foundation of The Duke and Duchess of Cambridge

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Trustees' Report (continued)

and application of resources, including the income and expenditure, of the group and charity for that period.

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

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

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

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

Disclosure of Information to Auditor

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

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption and takes advantage of the small companies' exemption from the requirement to prepare a strategic report.

Approved by the Board of Trustees on 29 June 2022 and signed on its behalf by



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

The Royal Foundation of The Duke and Duchess of Cambridge

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 December 2021 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Royal Foundation of the Duke and Duchess of Cambridge ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 December 2021 which comprise the consolidated and charity statement of financial activities, the consolidated statement of financial activities, the charity statement of financial activities, the consolidated and charity balance sheet, the consolidated and charity cashflow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions related to going concern

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

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

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

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We made enquiries of management and the Board, including:
 - How they identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
 - Their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - Which internal controls have been established to mitigate risks related to fraud or noncompliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with the Companies Act 2006, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management;
- We read minutes of meetings to those charged with governance;

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL FOUNDATION OF THE DUKE AND DUCHESS OF CAMBRIDGE (continued)

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the allocation of costs including apportionment of costs between charitable and fundraising expenditure and the valuation of gifts in kind.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



73D8B18FE9AC4C9...
Jill Halford (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

Date 29 June 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

**Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2021**

		2021				2020			
Notes		Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2021	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2020
		£	£	£	£	£	£		£
Income:									
Donations and Legacies	2	1,801,227	18,149,557	-	19,950,784	6,803,259	4,383,531	435,615	11,622,405
Trading activities	3	-	442,430	-	442,430	-	140,274	-	140,274
Investment income	4	464	-	-	464	10,112	-	-	10,112
Other income	4	36,489	-	-	36,489	50,601	-	-	50,601
Total income		1,838,180	18,591,987	-	20,430,167	6,863,972	4,523,805	435,615	11,823,392
Expenditure:									
Raising funds	5	(606,783)	(623,905)	-	(1,230,687)	(560,178)	(295,151)	-	(855,329)
Charitable activities	5,6								
- Grants		(9,683)	(6,023,294)	-	(6,032,977)	(4,449)	(2,453,054)	(1,274,047)	(3,731,550)
- Other charitable activities		(1,361,732)	(7,732,386)	(3,091)	(9,097,209)	(1,198,671)	(3,302,142)	(115,389)	(4,616,202)
		(1,371,415)	(13,755,680)	(3,091)	(15,130,186)	(1,203,120)	(5,755,196)	(1,389,436)	(8,347,752)
Total expenditure		(1,978,197)	(14,379,585)	(3,091)	(16,360,873)	(1,763,298)	(6,050,347)	(1,389,436)	(9,203,081)
Net (expenditure)/income before investment gains		(140,017)	4,212,402	(3,091)	4,069,293	5,100,674	(1,526,542)	(953,821)	2,620,311
Net gains on investment	13	215,437	-	-	215,437	122,881	-	-	122,881
Net income/(expenditure)		75,419	4,212,402	(3,091)	4,284,730	5,223,555	(1,526,542)	(953,821)	2,743,192
Transfers between funds	17,18,19	-	(3,091)	3,091	-	(1,985,141)	1,422,669	562,472	-
Net movement in funds		75,419	4,209,311	-	4,284,730	3,238,414	(103,873)	(391,349)	2,743,192
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,372,061	2,840,156	-	8,212,217	2,133,647	2,944,029	391,349	5,469,025
Fund balances carried forward at 31 December	17,18,19	5,447,480	7,049,467	-	12,496,947	5,372,061	2,840,156	-	8,212,217

Discontinued operations in 2021 relates to The Duke of Sussex's *Headfit* programme, which was transferred to Armed Forces Covenant Fund Trust on 1 May 2021.

Discontinued activities in 2020 related to The Duke of Sussex's *Endeavour Fund* programme, which was transferred to Invictus Games Foundation on 1 June 2020 and to the *Coach Core* programme, which was transferred to a new independent charity, Coach Core Foundation, on 1 April 2020.

There were no other recognised gains or losses.

The notes on pages 25 to 43 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Charity statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2021

		2021				2020			
Notes		Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2020
		(continuing operations)	(discontinued operations)			(continuing operations)	(discontinued operations)		
		£	£	£	£	£	£	£	£
Income:									
Donations and Legacies	2	1,801,227	18,227,361	-	20,028,588	6,803,259	4,474,329	435,615	11,713,202
Investment income	4	464	-	-	464	10,112	-	-	10,112
Other income	4	36,489	8,849	-	45,338	53,407	-	-	53,407
Total income		1,838,180	18,236,210	-	20,074,390	6,866,778	4,474,329	435,615	11,776,722
Expenditure:									
Raising funds	5	(606,783)	(268,128)	-	(874,910)	(555,330)	(253,329)	-	(808,659)
Charitable activities	5,6								
- Grants		(9,683)	(6,023,294)	-	(6,032,977)	(4,449)	(2,453,054)	(1,274,047)	(3,731,550)
- Other charitable activities		(1,361,732)	(7,732,386)	(3,091)	(9,097,209)	(1,198,671)	(3,302,142)	(115,389)	(4,616,202)
		(1,371,415)	(13,755,680)	(3,091)	(15,130,186)	(1,203,120)	(5,755,196)	(1,389,436)	(8,347,752)
Total expenditure		(1,978,197)	(14,023,808)	(3,091)	(16,005,096)	(1,758,450)	(6,008,525)	(1,389,436)	(9,156,411)
Net income/(expenditure) before investment gains		(140,017)	4,212,402	(3,091)	4,069,294	5,108,328	(1,534,196)	(953,821)	2,620,311
Net gains on investment	13	215,437	-	-	215,437	122,881	-	-	122,881
Net (expenditure)/income		75,419	4,212,402	(3,091)	4,284,730	5,231,209	(1,534,196)	(953,821)	2,743,192
Transfers between funds	18,19,20	-	(3,091)	3,091	-	(1,985,141)	1,422,669	562,472	-
Net movement in funds		75,419	4,209,311	-	4,284,730	3,246,068	(111,527)	(391,349)	2,743,192
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,369,417	2,842,799	-	8,212,216	2,123,349	2,954,326	391,349	5,469,024
Funds balances carried forward at									
31 December	18,19,20	5,444,837	7,052,110	-	12,496,947	5,369,417	2,842,799	-	8,212,216

Discontinued operations in 2021 relates to The Duke of Sussex's *Headfit* programme, which was transferred to Armed Forces Covenant Fund Trust on 1 May 2021.

Discontinued activities in 2020 related to The Duke of Sussex's *Endeavour Fund* programme, which was transferred to Invictus Games Foundation on 1 June 2020 and to the *Coach Core* programme, which was transferred to a new independent charity, Coach Core Foundation, on 1 April 2020.

There were no other recognised gains or losses.

The notes on pages 25 to 43 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Company Registration No. 07033553

Consolidated and Charity balance sheet As at 31 December 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible fixed assets	12	28,641	17,528	28,641	17,528
Investments	13	2,848,168	2,637,414	2,848,169	2,637,415
		2,876,809	2,654,942	2,876,810	2,654,943
Current assets					
Debtors	14	5,386,907	135,280	5,417,559	222,082
Cash at bank and in hand	22, 23	10,939,633	6,109,566	10,501,471	6,017,947
		16,326,540	6,244,846	15,919,030	6,240,029
Creditors: amounts falling due within one year	15	(6,706,402)	(687,571)	(6,298,894)	(682,756)
Net current assets		9,620,138	5,557,275	9,620,136	5,557,273
Net assets		12,496,947	8,212,217	12,496,946	8,212,216
The funds of the group/charity					
Unrestricted funds	17	5,447,480	5,372,061	5,444,836	5,369,417
Restricted funds	18	7,049,467	2,840,156	7,052,110	2,842,799
Total funds		12,496,947	8,212,217	12,496,946	8,212,216

The notes on pages 25 to 43 also form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge (registered number 7033553) were approved by the Board of Trustees on 29 June 2022 and signed on its behalf by:

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

Consolidated and Charity Cash Flow Statement
For the year ended 31 December 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows provided by operating activities:					
Net cash provided by operating activities	21	4,852,054	2,853,317	4,505,510	2,794,497
Cash flows from investing activities:					
Dividends and interest from investments	4	464	10,112	464	10,112
Purchase of fixed asset investments	13	-	(1,147,325)	-	(1,147,325)
Proceeds from sale of fixed asset investments	13	-	1,146,742	-	1,146,742
Disposal of current asset investments	-	-	2,000,000	-	2,000,000
Purchase of tangible fixed assets	12	(27,134)	(12,694)	(27,134)	(12,694)
Net cash (used in)/provided by investing activities		(26,670)	1,996,835	(26,670)	1,996,835
Change in cash and cash equivalents in the year	22, 23	4,825,384	4,850,152	4,478,840	4,791,332
Cash and cash equivalents at the beginning of the year		7,265,165	2,415,013	7,173,545	2,382,213
Total cash and cash equivalents at the end of the year	22, 23	12,090,549	7,265,165	11,652,385	7,173,545

The notes on pages 25 to 43 also form part of these financial statements.

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies

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

a) Basis of accounts preparation

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

b) Consolidation

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

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

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

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

Although two members of the Foundation's Leadership Committee are directors of the American Friends of The Royal Foundation of The Duke and Duchess of Cambridge, the Foundation has no control or significant influence over the American Friends and as such, has not consolidated the entity into the group accounts.

c) Going Concern

The Trustees have identified no material uncertainties that may cast significant doubt about the ability of the charity to continue as a going concern. The level of reserves and available liquid resources is reviewed regularly by the trustees, with close scrutiny of the fundraising pipeline which forms the key income stream for the charity. The Foundation is primarily reliant on donations from a group of individual donors to fund its core costs, with minimal reliance on commercial sponsorship. Stress testing of extreme downside scenarios has been conducted which indicates that The Royal Foundation and its subsidiary are financially secure for the foreseeable future.

We remain resilient through having a robust balance sheet, a conservative investment policy, avoiding undue risk, and through sound financial planning and management.

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

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies (continued)

d) Judgements and estimates made by management

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

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

With respect to the next reporting period, January to December 2022, the most significant areas of uncertainty that affect the carrying value of assets held by the charity are the level of investment return and the performance of investment markets (see the investment policy and performance and risk management sections of the Trustees Annual Report for further information). The carrying value of the investment portfolio at the end of December 2021 was £2,848,168 (2020: £2,637,414).

e) Fund accounting

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

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

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

f) Income

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

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

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

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

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

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

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies (continued)

g) Expenditure

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

Expenditure is classified under the following activity headings:

- Raising funds, which comprise the costs incurred in supporting income generation activities, such as fundraising, and their associated support costs.
- Expenditure on charitable activities includes grants payable and costs incurred directly by The Royal Foundation in furtherance of its charitable objectives, along with associated support costs. Grants made are recognised when they have been approved and a legal or constructive obligation is in place. For multi-year grants, with the exception of Earthshot Prizes (which are awarded as grants to the winners), The Foundation retains the control over future years funding which is renewed annually and as such the Foundation only recognises grants on an annual commitment basis. Earthshot Prize grants are recognised in full once they have been awarded to the winners but are paid in instalments over a period of 2-3 years.

Direct costs comprise amounts spent in all activities designed to convene and raise awareness, and to provide the seed capital and grant funding.

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

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

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

h) Taxation

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

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

i) Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the year-end exchange rates. All differences are taken to the Statement of Financial Activities. The charity entered into a number of forward contracts during the year for the purchase of US dollars in order to manage its exchange rate exposure. There were no unsettled contracts outstanding as at 31 December 2020 or 31 December 2021.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between

The Royal Foundation of The Duke and Duchess of Cambridge

Notes to the consolidated financial statements

Year ended 31 December 2021

1. Accounting policies (continued)

j) Pension costs (continued)

contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

k) Investments

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

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

l) Tangible fixed assets

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

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

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

m) Operating Leases

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

n) Financial Instruments

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

o) Debtors

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

p) Creditors

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

q) Termination costs

Termination costs are recognised when the charity is demonstrably committed to terminate the employment of an employee.

r) Irrecoverable VAT

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

2 Income from donations and legacies

Group	2021			2020		
	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Donations	1,182,629	1,206,057	2,388,686	1,365,984	1,791,240	3,157,224
Grants	326,550	16,617,673	16,944,223	5,233,766	2,771,085	8,004,851
Legacies	183,066	-	183,066	1,455	-	1,455
Donated services	108,982	325,827	434,809	202,054	256,821	458,875
Total	1,801,227	18,149,557	19,950,784	6,803,259	4,819,146	11,622,405

In 2021, The Royal Foundation received £17,841 (2020: £15,750) from The Diana, Princess of Wales Memorial Fund.

Included within unrestricted grant income in 2020 were amounts from a certain funder of which £750,000 was designated for The Earthshot Prize and £340,000 was designated for the Early Years programme. There were no designated funds in 2021.

Donated services of £434,809 (2020: £458,875) relate to gifts of services, including seconded staff, legal and professional fees and advertising, in support of the charity's programmes.

Income from donations and legacies for the charity alone, includes £77,804 restricted (2020: £90,798 restricted), which has been gift aided to The Royal Foundation from its subsidiary, TRF Trading Limited and is eliminated on consolidation.

3 Income from trading activities

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

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

	Year ended 31 December	
	2021 £	2020 £
Turnover	442,430	140,274
Gross profit	442,430	140,274
Administrative expenses	(364,626)	(44,421)
Operating profit	77,804	95,853
Finance charges	-	(5,055)
Profit on ordinary activities before taxation	77,804	90,798
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	77,804	90,798
Total shareholder's funds brought forward	1	1
Profit on ordinary activities after taxation	77,804	90,798
Charitable donation to parent	(77,804)	(90,798)
Total shareholder's funds carried forward	1	1
Assets, liabilities and shareholders' funds		
Assets	494,163	98,420
Liabilities	(494,162)	(98,419)
Funds surplus including 1 ordinary share of £1	1	1

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

4 Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Investment Income:	464	-	464	10,112	-	10,112
Other Income:						
Foreign exchange gains	36,489	-	36,489	50,601	-	50,601
Total other income	36,489	-	36,489	50,601	-	50,601

Other income for the charity alone derives from income received from TRF Trading Limited, consisting of £8,849 (2020: £2,805) relating to a resource sharing agreement recharge.

5 Summary analysis of total expenditure – Charity

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Raising funds	606,783	268,128	874,910	555,330	253,329	808,659
Charitable activities:						
- Direct costs – grant and donation funding of activities	9,683	6,023,294	6,032,977	4,449	3,727,101	3,731,550
- Direct costs – convening, collaboration and R&D	650,524	7,495,364	8,145,888	377,920	3,191,933	3,569,853
- Support costs	711,208	240,113	951,321	820,751	225,598	1,046,349
Total charitable activities	1,371,415	13,758,771	15,130,186	1,203,120	7,144,632	8,347,752
	1,978,198	14,026,899	16,005,096	1,758,451	7,397,961	9,156,411

Included within Raising Funds are Investment management costs of £4,682 (2020: £4,913). Expenditure on Raising Funds for the charity alone excludes £355,777 (2020: £46,670) of non-intercompany expenses incurred by TRF Trading Limited.

6 Analysis of expenditure on charitable activities

2021 activities	Grant funding of £	Direct costs £	Support costs £	Governance costs £	Total 2021 £
Emergency Responders	206,500	185,470	84,456	8,958	485,384
Mental Health	-	119,881	21,586	3,400	144,867
United for Wildlife Taskforces	163,916	336,179	94,210	11,213	605,518
The Earthshot Prize	5,000,000	6,572,657	445,372	62,862	12,080,891
Early Years	16,252	724,235	180,474	21,699	942,660
Empowering Communities	76,111	1,941	5,326	248	83,626
COVID-19 response fund	560,515	10,000	-	-	570,515
Other projects	-	195,525	9,912	1,605	207,042
Unrestricted donation to Sentebale	9,683	-	-	-	9,683
	6,032,977	8,145,888	841,336	109,985	15,130,186

2020 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2020 £
Supporting Those Who Serve	623,242	355,381	90,958	11,616	1,081,197
Mental Health	357,290	546,760	150,154	15,597	1,069,801
Young People	758,850	62,160	21,246	3,238	845,494
United for Wildlife Taskforces	299,999	184,867	80,363	7,424	572,653
The Earthshot Prize	-	1,341,582	323,590	36,163	1,701,335
Other conservation	340,899	137,037	5,667	864	484,467
Early Years	-	872,245	185,411	21,741	1,079,397
Empowering Communities	231,697	14,812	5,810	648	252,967
COVID-19 response fund	1,115,124	55,009	77,763	8,096	1,255,992
Unrestricted donation to Sentebale	4,449	-	-	-	4,449
	3,731,550	3,569,853	940,962	105,387	8,347,752

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

7 Analysis of support costs and governance costs

2021	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2021
	£	£	£	£	£	£	£	£
Raising funds	64,137	113,213	63,063	26,205	31,294	8,353	30,942	337,207
Emergency Responders	19,972	19,341	21,835	8,990	11,900	2,418	8,958	93,414
Mental Health	6,766	3,433	3,356	2,597	4,516	918	3,400	24,986
United for Wildlife Taskforces	24,247	21,616	19,924	10,502	14,894	3,027	11,213	105,423
The Earthshot Prize	126,244	94,356	75,120	49,182	83,500	16,970	62,862	508,234
Other projects	3,193	1,620	1,309	1,226	2,131	433	1,605	11,517
Early Years	44,183	52,796	31,231	17,583	28,823	5,858	21,699	202,173
Empowering Communities	494	251	3,994	190	330	67	248	5,574
COVID-19 response fund	-	-	-	-	-	-	-	-
	289,236	306,626	219,832	116,475	177,388	38,044	140,927	1,288,528

Raising Funds in the group totalled £1,230,687 which consisted of £888,137 of direct fundraising costs and £342,550 of support and governance costs.

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

2020	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2020
	£	£	£	£	£	£	£	£
Raising funds	70,028	99,276	35,238	26,610	54,850	3,223	29,734	318,959
Supporting Those Who Serve	26,380	21,873	12,249	9,418	19,779	1,259	11,616	102,574
Mental Health	36,791	52,828	18,917	14,015	25,913	1,690	15,597	165,751
Young People	7,320	5,601	1,597	2,592	3,785	351	3,238	24,484
United for Wildlife Taskforces	17,886	26,970	12,779	7,045	14,879	804	7,424	87,787
The Earthshot Prize	85,057	112,115	38,816	32,250	51,433	3,919	36,163	359,753
Other conservation	1,952	1,494	426	691	1,009	94	864	6,530
Early Years	51,354	58,246	19,274	19,607	34,574	2,356	21,741	207,152
Empowering Communities	1,464	1,121	1,880	518	757	70	648	6,458
COVID-19 response fund	21,602	27,646	8,394	9,781	9,463	877	8,096	85,859
	319,834	407,170	149,570	122,527	216,442	14,643	135,121	1,365,307

Raising Funds in the group in 2020 totalled £855,329 which consisted of £531,522 of direct fundraising costs and £323,807 of support and governance costs.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

8 Analysis of grants and donations

	2021	2020
	£	£
Supporting Those Who Serve		
<i>Emergency Responders</i>		
Mind (for the <i>Blue Light Together</i> digital gateway)	200,000	-
Mountain Rescue England & Wales	6,500	-
	<u>206,500</u>	<u>-</u>
<i>The Endeavour Fund</i>		
Conservation in Action	-	20,000
Help For Heroes (Sports Recovery Coaching Academy)	-	10,500
Hidden Valley Bushcraft	-	12,438
Invictus Games Foundation (transfer of The Endeavour Fund programme)	-	560,984
Team Force of Nature	-	19,320
	<u>-</u>	<u>623,242</u>
<i>Total 'Supporting Those Who Serve'</i>	<u>206,500</u>	<u>623,242</u>
COVID-19 response fund		
Anna Freud Centre	-	143,524
Best Beginnings	29,727	29,728
CALM	-	171,142
Hospice UK	50,477	50,478
Mental Health Innovations (Shout)	-	140,000
Mind	249,984	249,984
Place2Be	46,145	46,145
The Ambulance Staff Charity	134,182	134,182
The Mix	50,000	50,000
Young Minds	-	99,941
<i>Total COVID-19 response fund</i>	<u>560,515</u>	<u>1,115,124</u>
Mental Health		
<i>Mental Health at Work</i>		
Mind	-	125,000
<i>Mentally Healthy Schools</i>		
Anna Freud Centre (two grants in 2020)		232,290
	<u>-</u>	<u>232,290</u>
<i>Total Mental Health</i>	<u>-</u>	<u>357,290</u>
Early Years		
London School of Economics	16,252	-
Young People		
<i>Full Effect (Nottingham Youth Violence Prevention Initiative)</i>		
EPIC Partners	-	57,500
Community Recording Studio	-	57,500
	<u>-</u>	<u>115,000</u>
<i>Coach Core</i>		
Active Derbyshire (Sport England funded)	-	20,000
Coach Core Foundation (transfer of the Coach Core programme to independent charity)	-	525,650
Bisham Abbey (Berkshire/Sport England funded)	-	20,000
Inspiring Healthy Lifestyles (Manchester)	-	14,700
Leicestershire and Rutland Sport (Sport England funded)	-	30,000
Middlesbrough FC Foundation	-	6,500
Tyne and Wear Sport (Sport England funded)	-	20,000
West of England Sport Trust (WeSport)	-	7,000
	<u>-</u>	<u>643,850</u>
<i>Total Young People</i>	<u>-</u>	<u>758,850</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

8 Analysis of grants and donations (continued)

	2021 £	2020 £
Conservation		
<i>The Earthshot Prize</i>		
Takachar (Clean our Air)	1,000,000	-
Coral Vita (Revive our Oceans)	1,000,000	-
Enapter (Fix our Climate)	1,000,000	-
City of Milan (Build a Waste-free World)	1,000,000	-
Costa Rica (Protect and restore Nature)	1,000,000	-
	<u>5,000,000</u>	<u>-</u>
<i>Onsite protection</i>		
Eastern Cape Parks and Tourism Agency	-	5,000
Lowveld Rhino Trust	-	55,000
Save The Rhino International (two grants)	-	110,577
Wilderness Foundation Africa	-	23,270
Wildlife Conservation Society	-	20,000
Zoological Society of London (four grants)	-	110,097
	<u>-</u>	<u>323,944</u>
<i>Travalyst (Sustainable tourism)</i>		
Sussex Royal The Foundation of The Duke and Duchess of Sussex	-	6,955
<i>United for Wildlife Taskforces</i>		
Basel Institute on Governance (three grants in 2020)	63,916	274,656
Focused Conservation Solutions	100,000	50,000
University of Groningen (refund)	-	(24,657)
	<u>163,916</u>	<u>299,999</u>
<i>WILDLABS.net</i>		
Fauna & Flora International	-	10,000
	<u>-</u>	<u>10,000</u>
Total Conservation	<u>5,163,916</u>	<u>640,898</u>
Empowering Communities		
Al Manaar, The Muslim Cultural Heritage Trust	47,691	47,691
The Felix Project (donation)	28,420	81,006
UnLtd	-	103,000
	<u>76,111</u>	<u>231,697</u>
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	9,683	4,449
	<u>9,683</u>	<u>4,449</u>
TOTAL charitable grants and donations	<u>6,032,977</u>	<u>3,731,550</u>

Unless otherwise stated, all amounts are for single grants.

9 Total expenditure

The following have been charged within total expenditure:

	2021 £	2020 £
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	28,550	30,231
Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	5,886	12,209
Depreciation of tangible fixed assets	15,568	18,955
Operating lease payments	134,292	190,705
Defined contribution pension costs	155,619	141,879

Auditor remuneration is stated net of irrecoverable VAT, which amounted to £5,300 (2020: £4,829) for audit services and £677 (2020: £1,226) for non-audit services.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

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

	2021	2020
	£	£
Total staff costs comprised:		
Gross wages and salaries	2,152,324	1,739,684
Redundancy costs (excluding associated social security and pension costs)	-	96,319
Social security costs	247,597	201,773
Pension costs: defined contribution	155,619	141,879
Other benefits (including medical insurance)	38,059	45,701
	<u>2,593,599</u>	<u>2,225,356</u>

There were no termination costs during the year. In 2020 termination costs were £106,947 which related to 4 individuals. That included ex gratia payments of £32,080 which were made as part of settlement agreements with 3 former employees at the time of leaving, and which were fully paid in the year. These payments were approved by the trustees in line with the Foundation's redundancy policy.

All employees are employed by the charity with the exception of 1 US-based individual who was employed via a third party payroll agency. The average number of employees in the year was 36 (2020: 33). The average number of staff in the year was 36 full time (2020: 32) and 1 part time (2020: 2), with the part time staff representing an average of 1 FTE. (2020: 1).

For 2021, the key management personnel of the charity comprised the Trustees, the Chief Executive, the Director of Impact, the Director of Research, the Director of Partnerships, the Director of Development, the Directors of The Earthshot Prize and the Royal Foundation Centre for Early Childhood, the Head of Finance, the Head of Governance and Operations and the Head of Engagement. The total employee benefits of the key management personnel were £971,759 (2020: £870,875), including pension costs of £55,956 (2020: £55,482) and national insurance costs of £98,483 (2020: £84,125).

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

	2021	2020
£60,000 – £70,000	4	4
£70,001 – £80,000	2	-
£80,001 – £90,000	-	2
£90,001 – £100,000	4	1
£100,001 – £110,000	-	1
£140,001 – £150,000	-	1
£170,001 – £180,000	1	-

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year totalled £155,619 (2020: £141,879). There were no outstanding balances as at 31 December 2021 or 31 December 2020.

11 Trustee remuneration, expenses and related party transactions

Unless otherwise stated in this note, there were no amounts outstanding with related parties as at 31 December 2021 or 31 December 2020.

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with the charity or a related entity (2020: £nil).

Expenses

During the year the Trustees incurred expenses in the UK totalling £78 (2020: £nil) for travel and other expenses.

Related Party transactions – Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £100,000 (2020: £100,116).

Sir Keith Mills GBE, DL was Chairman and Trustee of The Royal Foundation until 9 December 2020 and was also Chairman and Trustee of Invictus Games Foundation, a charity to which The Royal Foundation granted £560,984 in 2020 in relation to the transfer of The Endeavour Fund programme.

Charles Mindenhall is a trustee of Mental Health Innovations, a charity to which The Royal Foundation granted £140,000 in 2020 in relation to the COVID response fund (2021: £nil).

Claire Wills is a Trustee of The Royal Foundation and Managing Partner of Freshfields Bruckhaus Deringer LLP. During the year, The Royal Foundation received pro bono legal advice from Freshfields valued at £101,336 (2020: £5,700).

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

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

Jean-Christophe Gray, CBE became an ex officio trustee of The Royal Foundation on 15 February 2021 and is a member of the Lord Chamberlain's Committee, the main governing body of The Royal Household. Hannah Cockburn-Logie, OBE, MVO has been an ex officio Trustee of The Royal Foundation since 8 June 2020 and is a member of the Lord Chamberlain's Committee. Simon Case, CVO was an ex officio Trustee of The Royal Foundation and a member of the Lord Chamberlain's Committee until 8 September 2020. The Duke and Duchess of Cambridge are members of The Royal Foundation in addition to their roles as patrons.

During the year, The Royal Foundation purchased £21,166 of services from The Royal Household relating to premises costs, recharges of overseas tour costs and medical insurance for staff (2020: £20,833 relating to communications, recharges of tour costs and medical costs). The Royal Foundation recharged £1,360 of costs to the The Royal Household in relation to an event at COP26 co-hosted by the Foundation and the Prince of Wales's Sustainable Markets Initiative. As at 31 December 2021, £1,218 (2020: £793) of charges were outstanding, all of which were settled after the year end. In addition, the Royal Household at Kensington Palace provided pro bono communications services to The Royal Foundation valued at £40,000 (2020: £80,000).

Related Party transactions – Subsidiaries

TRF Trading Limited

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

TRF Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Duke and Duchess of Cambridge. At the year end, TRF Trading Limited owed £86,853 (2020: £93,604) to The Royal Foundation, comprised of management charges of £8,849 (2020: £2,805) and a gift aid donation of £77,804 (2020: £90,798).

Related party transactions – Other

Sussex Royal The Foundation of The Duke and Duchess of Sussex ('Sussex Royal')

Sussex Royal was formed during 2019 to be a philanthropic vehicle for The Duke and Duchess of Sussex, who were Principals of The Royal Foundation until August 2019. A grant of £6,955 (2019: £44,901) restricted to The Duke of Sussex's *Travalyst* sustainable tourism programme was paid to Sussex Royal in April 2020, which represented the remaining balance of a grant awarded in an agreement dated 18 December 2019 to transfer the *Travalyst* programme to Sussex Royal. No grants were paid or awarded to the company Travalyst Limited in 2020 or 2021.

The Diana, Princess of Wales Memorial Fund

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

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

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

On 17 June 2020, in accordance with a request from The Duke of Sussex, the trustees approved the donation of 50% of future net income (backdated to 18 December 2019) received by The Diana, Princess of Wales Memorial Fund to Sentebale, a UK registered charity of which The Duke of Sussex is patron. During the year, donations of £9,683 (2020: £4,435) were paid to Sentebale.

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

The American Friends is a 501(c)(3) entity registered in the state of Delaware, USA. Elaine Dodds, Director of Development and Chris Bates, Head of Finance, were appointed as *ex officio* directors of The American Friends on 4 August 2020. During the year, The Royal Foundation received £5,648,869 (2020: £2,591,799 for the period 4 August 2020 to 31 December 2020) of grant income from The American Friends.

Key Management Personnel

In 2020, £29,381 of ex gratia termination costs were paid to 2 key management personnel. There were no such payments in 2021.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2021

12 Tangible fixed assets – Group and Charity

	Equipment	Fixtures & Fittings	Leasehold Improvements	Total
	£	£	£	£
Cost:				
Balance brought forward 1 January 2021	78,841	34,634	100,466	213,941
Additions	27,134	-	-	27,134
Disposals	(34,160)	(34,634)	(100,466)	(169,260)
Balance carried forward 31 December 2021	71,815	-	-	71,815
Depreciation:				
Balance brought forward 1 January 2021	63,522	32,425	100,466	196,413
Charge for the period	13,775	1,793	-	15,568
On disposals	(34,123)	(34,218)	(100,466)	(168,807)
Balance carried forward 31 December 2021	43,174	-	-	43,174
Net book value:				
Brought forward 1 January 2021	15,319	2,209	-	17,528
Carried forward 31 December 2021	28,641	-	-	28,641

13 Fixed Asset Investments

The Royal Foundation has funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2021.

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	2,637,414	2,516,804	2,637,414	2,516,804
Additions at cost	-	1,147,325	-	1,147,325
Proceeds on disposal	-	(1,146,742)	-	(1,146,742)
Net gains on revaluation	215,437	122,881	215,437	122,881
Movement in cash	(4,683)	(2,854)	(4,683)	(2,854)
Market Value at 31 December	2,848,168	2,637,414	2,848,168	2,637,414
Investment in Subsidiary	-	-	1	1
Total	2,848,168	2,637,414	2,848,169	2,637,415

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Fund investments:				
Multi Asset funds	1,697,252	1,481,815	1,697,252	1,481,815
Cash and cash equivalents	1,150,916	1,155,599	1,150,916	1,155,599
Total	2,848,168	2,637,414	2,848,168	2,637,414

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021
13 Fixed Asset Investments (continued)

The Cazenove portfolio is invested as follows:

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Cazenove Charity Responsible Multi-Asset Fund	1,697,251	1,481,815	1,697,251	1,481,815
JP Morgan GBP Liquidity Fund	1,147,177	1,148,328	1,147,177	1,148,328
Cash	3,740	7,271	3,740	7,271
	2,848,168	2,637,414	2,848,168	2,637,414

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

14 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by subsidiary	-	-	86,653	93,604
Prepayments and accrued income	5,311,776	130,455	5,255,775	128,358
Other debtors	75,131	4,825	75,131	120
	5,386,907	135,280	5,417,559	222,082

During the year the charity entered into 12 (2020: 3) forward contracts for the purchase of US dollars in order to manage its exchange rate exposure. All contracts were settled during the year and so no amounts are held at year end (2020: £nil).

'Prepayments and accrued income' includes £5m of grant income from Earthshot Prize Founding Partners, of which £1m is an instalment relating to 2021 which was received in January 2022 and £4m are instalments relating to future years which are required to be accrued in line with the Charities SORP. As discussed in the Trustees' Report and in note 25, the future year instalments will be transferred to the independent Earthshot Prize charity when that entity is established, and they are therefore disclosed as current debtors.

15 Creditors: amounts falling due within one year

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	393,858	277,311	97,918	277,311
Charitable grants	5,000,000	50,794	5,000,000	50,794
Taxation and social security	149,811	65,405	95,352	65,405
Accruals and deferred income	1,156,037	292,179	1,098,927	287,364
Other creditors	6,697	1,882	6,697	1,882
	6,706,402	687,571	6,298,894	682,756

The £5m of charitable grant accruals in 2021 relates to the five Earthshot Prizes won at the inaugural awards ceremony in October 2021, which have been accrued in full in line with the accounting policy on grant expenditure and will be paid to the winners over the period 2022 to 2025. As discussed in the Trustees' Report and note 25, these liabilities will be transferred to the independent Earthshot Prize charity when that entity is established, and they are therefore disclosed as falling due within one year.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

16 Contingent liabilities

The Royal Foundation's grant giving strategy includes awarding grants to projects over multiple years, funded from outside sources and key donors. As at 31 December 2021 the Foundation had grants which were approved by trustees but not yet awarded to the grantee, and grants which were awarded to the grantee but not yet paid, broken down as follows:

	Approved, not yet awarded		Awarded, not yet paid	
	2021	2020	2021	2020
	£	£	£	£
United for Wildlife Taskforces	-	-	150,000	313,916
Emergency Responders	100,000	-	100,000	-
COVID response fund	-	-	199,045	759,561
Empowering Communities	-	-	-	47,691
	100,000	-	449,045	1,121,168

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability with the exception of the £5m relating to The Earthshot Prize.

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

17 Analysis of movements in unrestricted funds

Group	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Unrestricted funds - group:						
General funds	5,372,061	1,838,180	(1,978,198)	-	215,437	5,447,480
Charity						
	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Unrestricted funds - charity:						
General funds	5,369,417	1,838,180	(1,978,198)	-	215,437	5,444,836

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

Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Unrestricted funds - group:						
General funds	2,133,647	5,773,972	(1,763,298)	(895,141)	122,881	5,372,061
Designated funds	-	1,090,000	-	(1,090,000)	-	-
	2,133,647	6,863,972	(1,763,298)	(1,985,141)	122,881	5,372,061
Charity						
	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Unrestricted funds - charity:						
General funds	2,123,349	5,776,778	(1,758,450)	(895,141)	122,881	5,369,417
Designated funds	-	1,090,000	-	(1,090,000)	-	-
	2,123,349	6,866,778	(1,758,450)	(1,985,141)	122,881	5,369,417

Designated funds were received from a certain grant funder and consist of £750,000 designated to The Earthshot Prize and £340,000 designated to the Early Years programme. Although these designated funds are unrestricted, they have been designated to respect the non-binding preference of the funder, which fell short of imposing a restriction in trust law. All designated funds were transferred to restricted funds during the year to cover the costs of the programmes they funded.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

18 Analysis of movements in restricted funds

Group	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2021 £
Restricted funds:						
COVID-19 response fund	629,719	51,026	(560,516)	-	-	120,229
Early Years	1,020,709	531,260	(691,778)	-	-	860,191
Mental Health	428,793	207,741	(103,897)	-	-	532,637
The Earthshot Prize	340,220	16,597,927	(12,067,056)	-	-	4,871,091
Emergency Responders	80,982	437,373	(393,737)	-	-	124,618
United for Wildlife Taskforces	269,829	755,642	(484,770)	-	-	540,701
Empowering Communities	69,904	11,018	(80,922)	-	-	-
	<u>2,840,156</u>	<u>18,591,987</u>	<u>(14,382,676)</u>	<u>-</u>	<u>-</u>	<u>7,049,467</u>

The table above summarises the main restricted funds.

The COVID-19 response fund was set up in 2020 in response to the global pandemic. All funds raised are being disbursed to 10 leading charities to support frontline workers and boost mental health provision. £1.68m had been disbursed through to 31 December 2021 and a final £0.10m will be disbursed in 2022 before the fund closes.

The Early Years restricted fund relates to The Duchess of Cambridge's Early Years programme of work which includes The Royal Foundation Centre for Early Childhood.

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

The Earthshot Prize fund consists of amounts relating to The Earthshot Prize programme, which is designed to incentivise change and help repair our planet over the next ten years. Included within the £12.1m of expenditure this year were the costs of hosting the inaugural awards and the five prizes of £1m each awarded to the winners.

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

United for Wildlife convenes the private sector and other organisations under the Transport and Financial Taskforces with the ambition of making it impossible for traffickers to use private sector infrastructure to finance and transport illegal wildlife and products with impunity. Included within this fund is £28,688 (2020: £nil) of income received from the European Union for a project titled "Disrupting illicit supply chains of wildlife in Asia by leveraging civil society partnerships to increase the effectiveness of Government action".

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

Group	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2020 £
Restricted funds:						
Coach Core	55,303	421,393	(701,175)	224,479	-	-
COVID-19 response fund	-	1,744,842	(1,115,123)	-	-	629,719
Early Years	1,185,893	371,400	(876,584)	340,000	-	1,020,709
Empowering Communities	201,620	114,775	(246,491)	-	-	69,904
Mental Health	1,114,614	285,394	(966,410)	(4,805)	-	428,793
Other conservation	137,367	122,053	(475,831)	216,411	-	-
The Earthshot Prize	23,614	1,085,908	(1,519,302)	750,000	-	340,220
The Endeavour Fund	329,091	14,222	(681,306)	337,993	-	-
Supporting Those Who Serve	287,876	26,360	(238,059)	4,805	-	80,982
United for Wildlife Taskforces	-	773,073	(503,244)	-	-	269,829
Young People	-	-	(116,258)	116,258	-	-
	<u>3,335,378</u>	<u>4,959,420</u>	<u>(7,439,783)</u>	<u>1,985,141</u>	<u>-</u>	<u>2,840,156</u>

The funds received in relation to Coach Core programmes were used to train the next generation of inspirational sports coaches for young people throughout the UK. The programme was transferred to a new independent charity, Coach Core Foundation, effective from midnight on 31 March 2020. Prior to the spin out there was a transfer of £224,479 (2019: £51,779) from unrestricted funds to meet the costs of the Coach Core programme and its transfer out of the Foundation.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2021

19 Analysis of group net assets between funds

	Group			Charity		
	Unrestricted funds £	Restricted funds £	Balance at 31 December 2021 £	Unrestricted funds £	Restricted funds £	Balance at 31 December 2021 £
Fixed assets	28,641	-	28,641	28,641	-	28,641
Fixed asset investments	2,848,168	-	2,848,168	2,848,168	-	2,848,168
Cash	3,199,496	7,740,137	10,939,633	3,196,852	7,304,619	10,501,471
Other net current liabilities	(628,825)	(690,670)	(1,319,495)	(628,825)	(252,509)	(881,334)
	5,447,480	7,049,467	12,496,947	5,444,836	7,052,110	12,496,946

	Group			Charity		
	Unrestricted funds £	Restricted funds £	Balance at 31 December 2020 £	Unrestricted funds £	Restricted funds £	Balance at 31 December 2020 £
Fixed assets	17,528	-	17,528	17,528	-	17,528
Fixed asset investments	2,637,414	-	2,637,414	2,637,414	-	2,637,414
Cash	2,856,179	3,253,387	6,109,566	2,853,535	3,164,412	6,017,947
Other net current liabilities	(139,060)	(413,231)	(552,291)	(139,060)	(321,613)	(460,673)
	5,372,061	2,840,156	8,212,217	5,369,417	2,842,799	8,212,216

20 Operating leases – Group and Charity

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

	Property 2021 £	Other 2021 £	Total 2021 £	Property 2020 £	Other 2020 £	Total 2020 £
Within one year	145,679	-	145,679	116,919	9,525	126,444
Between two and 5 years	-	-	-	-	18,256	18,256
	145,679	-	145,679	116,919	27,781	144,700

The Foundation vacated the lease for its main office in August 2021. In September 2021 a license agreement was signed to occupy space at Kensington Palace. In December 2021 a new lease was signed to occupy space at a coworking premises.

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

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Net movement in funds	4,284,730	2,743,192	4,284,730	2,743,192
Adjustments for:				
Depreciation charge	15,568	18,955	15,568	18,955
(Gains) on investments	(215,437)	(122,881)	(215,437)	(122,881)
Losses on disposal of fixed assets	453	-	453	-
Dividends and interest included in investing activities	(464)	(10,112)	(464)	(10,112)
(Increase)/decrease in debtors	(5,251,627)	341,849	(5,195,477)	282,866
Increase/(decrease) in creditors	6,018,831	(117,686)	5,616,137	(117,523)
Net cash provided by operating activities	4,852,054	2,853,317	4,505,510	2,794,497

Notes to the consolidated financial statements (continued)

Year ended 31 December 2021

22 Reconciliation of net cash flow to movement in net funds

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Increase in cash	4,825,384	4,850,152	4,478,840	4,791,332
Net funds at 1 January	7,265,165	2,415,013	7,173,545	2,382,213
Net funds at 31 December	12,090,549	7,265,165	11,652,385	7,173,545

23 Net debt reconciliation

Group	1 January 2021	Cash flows	Foreign exchange movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	6,109,566	4,866,557	(36,490)	10,939,633
Cash in investment portfolio	1,155,599	(4,683)	-	1,150,916
	7,265,165	4,861,874	(36,490)	12,090,549

Charity	1 January 2021	Cash flows	Foreign exchange movements	31 December 2021
	£	£	£	£
Cash at bank and in hand	6,017,947	4,520,013	(36,490)	10,501,471
Cash in investment portfolio	1,155,598	(4,683)	-	1,150,915
	7,173,545	4,515,330	(36,490)	11,652,386

Group	1 January 2020	Cash flows	Foreign exchange movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	1,256,560	4,903,607	(50,601)	6,109,566
Cash in investment portfolio	1,158,453	(2,854)	-	1,155,599
	2,415,013	4,900,753	(50,601)	7,265,165

Charity	1 January 2020	Cash flows	Foreign exchange movements	31 December 2020
	£	£	£	£
Cash at bank and in hand	1,223,761	4,844,787	(50,601)	6,017,947
Cash in investment portfolio	1,158,452	(2,854)	-	1,155,598
	2,382,213	4,841,933	(50,601)	7,173,545

Notes to the consolidated financial statements (continued)

Year ended 31 December 2021

24 Funds received as agent

There were no funds received as agent during 2021.

During 2020, TRF Trading Limited received £70,532 of funds as agent on behalf of CALM and Mind, two partner charities on the *Heads Up* mental health programme. The funds were disbursed in full during the year with no balances outstanding as at 31 December 2020.

During 2020 a donation of £13,573 was received on behalf of the Royal Marines Charity in relation to The Endeavour Fund. The donation was forwarded on to the Royal Marines Charity and there was no outstanding balance as at 31 December 2020.

25 Post balance sheet events

On 29 June 2022, the Trustees approved the transfer of The Earthshot Prize programme to the independent charity, The Earthshot Prize (registered charity number 1198701 and registered company number 13981670).

26 Controlling Party

The controlling party of The Royal Foundation is HRH The Duke of Cambridge.