

Company Registration No. 07033553

Charity Registration No. 1132048

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Report and Consolidated Financial Statements for the year ended 31 December 2022

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

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Principals and Members

TRH The Prince and Princess of Wales

Trustees

Lord Hague of Richmond – Chairman
Simon Patterson – Vice Chairman
Zeinab Badawi
Sir Ron Kalifa OBE
Charles Mindenhall (resigned 29 June 2022)
Lady Pinsent
Alice Webb
Claire Wills

Ex Officio Trustees

Hannah Cockburn-Logie OBE, MVO (resigned 31 October 2022)
Jean-Christophe Gray CBE

Leadership Committee

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
Christian Guy	Director of The Royal Foundation Centre for Early Childhood (from 22 May 2023)
Hannah Jones	Chief Executive Officer, The Earthshot Prize (until 15 July 2022)
Kully Kaur-Ballagan	Director of Research
Roxane Philson	Director of The Royal Foundation Centre for Early Childhood (until 31 August 2022)
Amy Pickerill	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 to 15 July 2022)
Damian Wilson	Director of Partnerships
Felicity Woodrow	Head of Governance and Operations

Registered Office

Kensington Palace
Palace Green
London W8 4PU

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Solicitors

Bates Wells LLP
10 Queen Street Place
London EC4R 1BE

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Investment Advisors

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

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Letter from the Chair of the Board

It is with the support of our partners and friends that 2022 was another fantastic year for The Royal Foundation.

The Foundation continued to work with a vast and impressive network in the UK and around the world, governed by the optimism instilled by our Principals and the passion to tackle some of the critical issues we face at home and overseas.

We were delighted to welcome Amanda Berry OBE – following her 24-year tenure as CEO of BAFTA – as our new Chief Executive Officer. Amanda's extensive experience and determined leadership has already been invaluable and will continue to be of tremendous importance as we drive forward our ambitious work.

The pages of this report describe how 2022 was a busy and successful year. As you will read, The Earthshot Prize was established as an independent entity, allowing it to expand at the rate needed to address the most significant challenges facing our planet. This is a fantastic example of The Royal Foundation's ability to spearhead initiatives that can go on successfully to stand alone.

The Royal Foundation Centre for Early Childhood has visited Denmark to learn more about child-centred society and launched an annual perceptions survey that will act as a long-term measurement tool to inform our work. At the end of January 2023 The Princess of Wales launched a high-profile campaign, focusing on the importance of early childhood.

The United for Wildlife Taskforces have seen remarkable numbers of criminal investigations into the illegal trafficking of wildlife products, contributing to over 500 law enforcement investigations.

This is a marker of incredible progress in the fight to end the illegal wildlife trade.

We celebrated five years since the launch of Heads Together with continued efforts in the mental health space, alongside fresh thinking on how we continue to support this ground-breaking work.

In the coming year, The Royal Foundation will launch a new innovative programme focused on homelessness. This important issue has long been one to which The Prince of Wales and the Foundation have been committed, and we look forward to announcing further details in the near future. Alongside this, and as part of our new and established programmes, we will continue to ensure that we support those experiencing the effects of the cost of living crisis, an issue that closely affects much of the work already undertaken by the Foundation.

Across all our existing and new areas, we will continue to be ambitious and determined, to take an optimistic view that change is possible, and that together we can create a better world for those in our communities and beyond.

As ever, I thank all those who made our tremendous efforts last year possible, in particular my fellow Trustees both past and present who have given so freely of their time, and I am grateful for such strong continued support as we look ahead to an exciting year to come.



Lord Hague of Richmond
Chair of The Royal Foundation

22 June 2023

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Letter from the Chief Executive Officer

My first 12 months as CEO of The Royal Foundation have been incredibly rewarding. I have been so inspired by the dedication and commitment of Their Royal Highnesses The Prince and Princess of Wales; our work is guided by their passions and interests enabling us to deliver innovative programmes that inspire action, impact and sustainable change.

I also have the absolute joy of working alongside a truly incredible team, both staff and our Board of Trustees, who ensure we deliver truly positive impact against some of the most important issues of our time.

The Royal Foundation is a special organisation, and I believe uniquely placed to bring together some of the best and brightest minds in the world to deliver our ambitious and optimistic programmes of work as we tackle society's greatest issues. We believe that positive change is possible and together we can create a better world for those in our communities and beyond.

To deliver change we must understand the opportunity that exists, and every aspect of our work is evidence-led, and we use detailed and inquisitive research ensuring impact and credibility of our work.

Our donors and partners share our values and support us with real energy and ensure momentum behind the work that we do. It is fundraising that powers our successes, including The Earthshot Prize, which evolved in 2022 from a programme created within the Foundation into an independent, globally recognised, charity. It is a wonderful demonstration of how the Foundation can apply our optimistic mindset to originate, develop, build and invest in game-changing ideas from initial conception to full implementation. These initiatives may then develop or scale further, either within the Foundation or outside of it, depending on the best route to achieving tangible and sustainable impact.

Pioneering activity from the Royal Foundation Centre for Early Childhood; ground-breaking action under the *United for Wildlife* banner; and a carol service from Westminster Abbey, dedicated to Her Late Majesty Queen Elizabeth II and thanking those who shared the values she stood for, were just a few of the highlights from the Foundation's work last year. There is much to be proud of, and it sets the bar high for future work.

We can only do what we do because of the incredible network that supports the Foundation, and I wanted to take this opportunity to sincerely thank all those who have made our work possible.



Amanda Berry OBE
Chief Executive Officer of The Royal Foundation

22 June 2023

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Trustees' Report

The Trustees of The Royal Foundation of The Prince and Princess of Wales ("The Royal Foundation") present their annual report for the year ended 31 December 2022 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 tackles society's greatest issues.

Guided by the interests and passions of The Prince and Princess of Wales, we drive change where it is needed most, with ambition and optimism to deliver a better future for all.

We partner with the best and the brightest to spotlight the issues and challenges we seek to address.

We inspire action whilst creating impact and sustainable change.

The work of The Royal Foundation is currently focused on the following themes: the environment and conservation, early childhood, mental health, the emergency responders community and homelessness.

Our approach

Core to our approach is:

Optimism – We lead with the principle that change is always possible.

This positive approach has seen us work on issues that have previously seemed too big a challenge to many. Our work on mental health, the environment and early childhood is underpinned by the confidence that we believe change can and will be seen.

Our mental health work proves this belief; five years since the launch of *Heads Together*, the services available due to our continued advocacy are vital to many. *Shout*, the text-based crisis service The Royal Foundation established, reached one million conversations at the start of the year and the number of emergency responders accessing the award-winning *Blue Light Together*, which provides access to mental health resources to those working in the emergency services, has doubled.

Partnerships and convening – We believe in the power of fostering collaborative action for more sustainable change.

Central to our work is convening groups, organisations and people around particular problem areas to establish never before seen partnerships and the best ways of working together to generate global and local impact.

Internationally, this is evidenced in our *United for Wildlife* work. This unique model enables collaboration between the financial, transport, conservation sectors and law enforcement and has seen over 500 criminal investigations and more than 300 arrests take place in a bid to stop wildlife trafficking. New partnerships with organisations such as the International Air Transport Association and Interpol have further strengthened the *United for Wildlife* network's ability to respond to, detect, disrupt and investigate wildlife trafficking activity in a way that has not been possible until now.

Our convening power has proved hugely fruitful at a local level. This year, for the first time, Their Royal Highnesses saw an opportunity to bring together local stakeholders to galvanise long-term mental health support for young people in Scarborough. Thanks to the collaboration between The Royal

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Trustees' Report (continued)

Foundation, local businesses, councils and charitable organisations, an incredible £350,000 was unlocked.

We've built partnerships in the UK with leading charities and the Ambulance, Fire, Police and Search and Rescue services to enable us to allow 45,000 emergency responders to access vital resources needed to help them manage their mental health. The continued collaboration between these partners ensures that mental health remains a focus on the agenda for employees' wellbeing.

Platform - The platform of The Prince and Princess of Wales allows us to spotlight issues on an unparalleled scale.

Their Royal Highnesses have continued their support for mental health, speaking to the nation during the Mental Health Minute, sharing the floor with FIFA World Cup hopefuls Harry Kane and Declan Rice on the importance of wellbeing, and advising and sharing best practices to help inform The First Lady of Ukraine's mental-health strategy.

As part of his 40th birthday celebrations, The Prince of Wales highlighted an issue on which The Royal Foundation will be increasingly focused in 2023, homelessness. During various Royal visits, The Princess of Wales has worked to increase awareness and support for early childhood, particularly raising the issue with broader audiences.

Research - Research plays a vital role in the approach we take.

It allows us to understand the issues we want to tackle, how best to approach them and how we'll have the most impact by engaging with those who can help us to drive change.

We were able to dig deeper into public perceptions of childhood through research which showed us that too few people recognise the importance of early childhood which will be central to our awareness-raising campaigning for 2023.

Analysing the impact our work is having is crucial too. Working alongside Oxford University, we have determined the link between establishing the *United for Wildlife* Taskforces and the collective efforts at elevating the issues of illegal wildlife trafficking.

As we enter 2023, research will be paramount in responding to the burgeoning issues we want to approach next. Our research on homelessness in the UK will help us understand the problem in more depth and, just as importantly, provide a clearer sense of how the public understands it.

Moving forward, we will be using research to inform our evaluation work to ensure we are tracking our progress, project by project.

The Royal Foundation Centre for Early Childhood

Over the last decade, The Princess of Wales has dedicated much of her attention to understanding more about how early childhood experiences underpin some of society's biggest challenges.

Launched in 2021, the Royal Foundation Centre for Early Childhood drives awareness of the extraordinary impact of early childhood, to transform society for the future.

Insights from world-leading approaches

As a country, Denmark has created an enabling culture for this crucial life stage and is widely recognised for its approach and investment in early childhood development. In February, The Princess of Wales travelled to Copenhagen to learn more about their focus on infant mental wellbeing and how they harness the power of nature, relationships and playful learning for the first five years of life.

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Trustees' Report (continued)

In December, The Princess of Wales visited The Center on the Developing Child at Harvard University. The Harvard Center, a long-standing friend of The Royal Foundation, is a world-leader in research into the lifelong impact of experiences in early childhood and Her Royal Highness had the opportunity to hear about how research and advances in science are helping pave the way for promising futures for every child.

Both trips brought Her Royal Highness's advocacy to an international stage, whilst highlighting the importance of collaboration between international organisations through showcasing and sharing best practices.

Driving change through research

In June, the Royal Foundation Centre for Early Childhood unveiled new research findings into early childhood development. The Princess of Wales and the Centre hosted a roundtable with Ministers, senior civil servants and early childhood expert representatives to discuss the results and the broader importance it can have on the wider society.

Our public perceptions research provided an invaluable platform to bring together the best minds to discuss its findings.

Shaping Us

In early 2023, The Princess of Wales spearheaded the launch of a public awareness campaign, that is building on the work already undertaken by the Royal Foundation Centre for Early Childhood.

The Centre wants to engage the nation with the message that it's our shared responsibility to ensure every child has an equal opportunity to fulfil their potential, and we all stand to benefit from a world full of happier, healthier individuals.

Work this year, including the campaign, will focus on raising awareness of this crucial issue.

Alongside this, the Centre's activity will also include the commissioning of world-leading research and continuing to work collaboratively with both the public and private sector to transform the way we think about early childhood development.

The Earthshot Prize

The Royal Foundation's model allows it to develop and incubate programmes until they are ready to become independent and fulfil their full potential.

After a hugely successful first two years creating and establishing The Earthshot Prize within The Royal Foundation, it became an independent charity in July 2022 to allow it to scale the support it can give to climate-saving solutions globally. The Earthshot Prize is a global environmental prize and platform set up to discover, accelerate and scale ground-breaking solutions set to repair our planet.

As with each of The Royal Foundation's projects, it is rooted in optimism – an opportunity to inspire people worldwide that solving the most significant challenge facing the planet is possible. The first ever Earthshot Prize Winners were awarded late in 2021, and early 2022 saw the inaugural broadcast ceremony win both a Royal Society Television Award and a BAFTA.

Sustained support

Continuing relationships with Finalists and Winners after the ceremony is key to the success of The Earthshot Prize model in accelerating climate solutions.

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Trustees' Report (continued)

In February 2022, The Prince of Wales attended the first ever Earthshot Prize Innovation Showcase. Held in Dubai, the showcase offered Earthshot Prize Finalists from 2021 the opportunity to profile their solutions on a stage like no other to seek support to help scale their work.

As part of this event a further £1 million investment was announced to expand two of the showcased solutions – Coral Vita and Living Seawalls.

Support for each of the brilliant solutions profiled by The Earthshot Prize doesn't end after the annual prize ceremony. Sustained support is helping each solution to scale at the rate needed to tackle the urgent issues facing the planet.

An independent entity set for success

Drawing on 12 years of experience from The Royal Foundation, taking counsel from leading experts and undergoing a year's worth of planning, the foundations are set to ensure The Earthshot Prize will succeed.

An inspiring Board was established, comprising of world-renowned experts in the field and chaired by Christiana Figueres. She has been a Member of The Earthshot Prize Council since 2020 and is the co-founder of Global Optimism and former UN Climate Chief responsible for delivering the landmark Paris Agreement on Climate Change in 2015. The collaborative partnership between The Royal Foundation and The Earthshot Prize will continue to be strong, with The Prince of Wales taking the position of President at The Earthshot Prize and the two teams continuing to work closely together.

The Earthshot Prize becoming an independent charity proves that The Royal Foundation's model of applying the power of research, convening and partnerships can help build, scale and deliver innovative solutions for global issues.

United for Wildlife

The trafficking of illegal wildlife products is the fourth largest illicit crime globally, with the cost to animal and human life too great to ignore.

Founded in 2014, *United for Wildlife* aims to make it impossible for traffickers to transport, finance or profit from illegal wildlife products.

The programme has combined forces with the private sector through its Financial and Transport Taskforces. These groups' role is to bring together businesses in these sectors from across the world, alongside key partners in law enforcement and NGOs, to disrupt the criminal networks operating in this space globally.

Sustained progress celebrated with thanks to United for Wildlife's network

Since 2017, the *United for Wildlife* network has contributed to over 500 law enforcement investigations, over 300 arrests and thousands of workers receiving specialist training to improve our response in the fight against illegal trafficking.

Bringing the power of collective work to a regional level

United for Wildlife has continued to bring the collective power of the global Taskforces to a regional level, setting up Regional Chapters consisting of a mixture of sectors. The aim is for these groups to work together to break the chains of the illegal wildlife trade specific to their location.

In 2022, we have operationalised these groups by creating Chapters in these regions:

- The Middle East and North Africa

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Trustees' Report (continued)

- Southern Africa
- North America

Uniting key players to drive change

In October, The Prince of Wales joined 300 leading figures from the private sector, conservation organisations and law enforcement globally at *United for Wildlife's* Global Summit in London.

The summit highlighted the critical role collaboration across sectors could play in addressing this global issue. It was also a forum to spotlight positive recent developments made possible by the work of the network, including the high-profile sentencing of Moazu Kromah for conspiring to traffic more than \$7 million of rhino horn and elephant ivory and the illegal poaching of approximately 135 animals.

The summit also paid tribute to wildlife rangers, those on the frontline against commercial poachers. The death earlier in the year of Anton Mzimba, a close colleague of many in the network, served as a harsh reminder of the everyday threat to human life and the lasting impacts associated to it.

Powerful partnerships

An exciting new partnership between the International Air Transport Association and Interpol will link the Transport and Financial Taskforces in a way that enables them to respond to seizures of trafficked goods, which has not been possible until now.

We are also exploring the potential for a more formal collaboration with the United Nations Office on Drugs and Crime (UNODC) and are excited to share further details with our partners in due course. The combined strength of this partnership will enable further convening of conservation and commercial organisations with a global network of UNODC wildlife crime advisers and local law enforcement.

It's a partnership that we hope will pave the way for further disruption to the illegal wildlife trade on a global scale.

Mental Health

2022 marked five years since the launch of *Heads Together*, the campaign that set out to change the national conversation on mental health. Data from 2017-2022 showed that around six million additional people in the UK spoke about their mental health, and in November 2022, [a report](#) analysing its impact over the last five years was released.

Continuing the conversation to end the stigma

The Prince and Princess of Wales were involved in various awareness-raising moments throughout 2022, ensuring the conversation around mental health remains at the top of the agenda.

Every Mind Matters

In support of Better Health – Every Mind Matters, a service which offers advice to tackle loneliness and provides NHS-approved tips to help people look after their mental wellbeing, the 2022 Mental Health Minute was broadcast to over 500 UK radio stations to mark Mental Health Awareness Week.

The specially recorded message, voiced by Their Royal Highnesses, called on the nation to 'lift someone out of loneliness' by encouraging small acts of kindness to help someone who may be feeling lonely.

World Mental Health Day

In October, to mark World Mental Health Day, The Prince and Princess of Wales visited BBC Radio 1's Newsbeat to participate in a special episode about young people and mental health.

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Trustees' Report (continued)

Game of 5s show

Ahead of the 2022 FIFA World Cup, The Prince of Wales sat down with Harry Kane and Declan Rice in collaboration with football media company COPA90 to produce a special episode of the popular 'Game of 5s' show.

The conversation between the three leaned on different footballing memories to help them delve into experiences of the highs and lows of life as professionals and as fans. This film was viewed 13.6 million times.

Supporting Ukraine

In November, The Princess of Wales and The Royal Foundation convened a virtual roundtable to provide advice and share best practices to help support the First Lady of Ukraine's mental health strategy, which was announced in 2022.

Topics discussed included how to reduce stigma, the value of support groups for children and veterans and the mental health support available to Ukrainians living in the UK.

The roundtable was followed by a visit from The Princess of Wales to the Reading Ukrainian Support Centre, where she saw first-hand the assistance available for those living in Britain.

Keeping momentum

The report released on the impact of *Heads Together* and our continued commitment to changing the conversation on mental health has allowed us to reflect on what's needed next in this space. This year, we will continue to aim for society-wide change, prioritising prevention and early mental health support for anyone who needs it.

Emergency Responders

The Royal Foundation remains committed to supporting the emergency responder community, especially when it comes to addressing the demands placed on the mental health and wellbeing of those who work within it.

87% of emergency services staff and volunteers have experienced stress and poor mental health during their work, so the need for support is clear.

Blue Light Together

As a response to the Covid-19 crisis, together with Mind, The Ambulance Staff Charity, Police Care UK and The Fire Fighters Charity, The Royal Foundation established Blue Light Together, a central hub for UK emergency services staff, volunteers, retirees, friends and family looking for support with their mental health and wellbeing.

The resources are continually updated, with research also carried out amongst emergency responders each year, to help support the campaign.

Lasting impact

The Policy Institute at King's College London conducted a qualitative evaluation of The Royal Foundation's Emergency Responders Programme from August to November 2022.

Early findings from the evaluation indicate the following positive impacts from the programme:

- Reduction in stigma around discussing mental health and accessing services
- Acting as a catalyst for galvanising collaboration between emergency services

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Trustees' Report (continued)

- Improvements in mental health have been recorded by some providers, particularly where support is tailored
- Ripple effect: inspiring independent action to improve mental health provision across the emergency services

Together at Christmas

The Princess of Wales hosted the second annual Christmas carol service at Westminster Abbey in December to recognise the selfless efforts of individuals, families and communities across the UK and spotlight the impact coming together to support each other can have on us all.

The Princess of Wales and other members of The Royal Family, including His Majesty The King were joined by over 1,800 inspiring people from every corner of the country, whilst satellite services were carried out in locations including Belfast, Glasgow and Swansea.

The service paid tribute to Her Late Majesty Queen Elizabeth II and the values she demonstrated throughout her reign. Those invited to the Abbey personified her principles of supporting others in their community, and showing compassion and empathy.

The Westminster Abbey choir performed some of the nation's most beloved carols and there were celebrity performances from Craig David, Alexis Ffrench, Samantha Barks, and a special duet from Alfie Boe and Melanie C. The service also included a series of pre-recorded films, one of them featuring a local Ukrainian school in London, who were invited to perform at the service. There were also poignant readings from The Prince of Wales and other special guests.

Running in tandem with the service at the Abbey, a family of 'Together at Christmas' community carol services also took place. Hosted by Lord Lieutenants, and supported by The Royal Foundation, these events were part of community carol services across the UK in December, shining a spotlight on the unsung heroes in local communities.

The service was broadcast on ITV on Christmas Eve and reached an audience of 4.5 million, topping viewing figures from the year before. The carol service received extensive media coverage in both national and regional press and reached 55.7 million people online.

It will continue to act as an incredible platform to recognise worthy individuals, and celebrate issues and specific interests of Their Royal Highnesses and The Royal Foundation.

What's next for The Royal Foundation?

Whilst 2023 brings a continued focus on our conservation, early childhood and mental health work, the ever-changing climate will always present us with other prevalent social issues to tackle.

Leaning on our research-led foundations and convening the best people and organisations in certain sectors, we are framing how The Royal Foundation can play a role in tackling the Homelessness crisis here in the UK.

More than a quarter of a million children and adults in the UK are living without the safety or security of a home. Even before the cost of living crisis, the rate of homelessness in England alone was estimated to increase by a third over the next five years.

First introduced to the issue of homelessness by his mother, some of The Prince of Wales's earliest patronages were leading homeless charities The Passage and Centrepoin.

To mark his 40th birthday last year, His Royal Highness supported the work of The Big Issue, writing for the magazine and taking to the streets to sell copies with vendors.

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Trustees' Report (continued)

This deep-rooted commitment to homelessness has inspired The Royal Foundation's next bold mission, focused on this issue.

FINANCIAL REVIEW

Income

The total income for the year to 31 December 2022 was £10.1m, a drop of 50% compared to 2021 (£20.4m). As flagged in last year's annual report, this drop was expected following the spin out of The Earthshot Prize in July 2022.

95% of total income consisted of donations, grants, royalty and legacy income (down from 98% in 2021) of which 73% was restricted (2021: 91%). Despite the spin out of The Earthshot Prize, that project still accounted for 62% of restricted income in the year, down from 89% in 2021.

Unrestricted income increased from £1.8m to £2.7m, an increase of 48% which reflected a new corporate partnership, some significant auction income received in 2022 and a new programme partnership which is partly unrestricted.

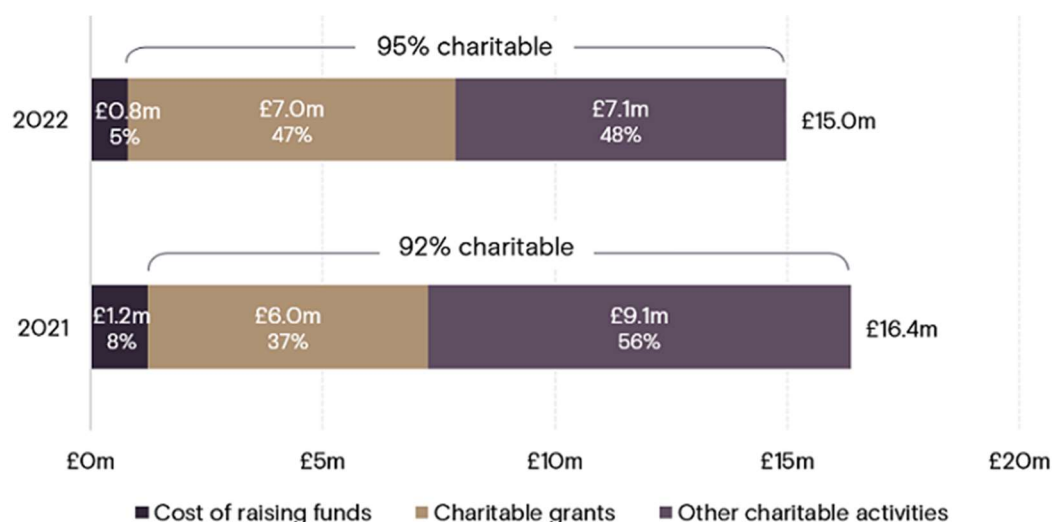
Expenditure

Total expenditure in 2022 was £15.0m of which 95% was spent on charitable activities. The comparable figures for 2021 were £16.4m of expenditure of which 92% was spent on charitable activities. The decrease in expenditure reflects the spin out of The Earthshot Prize, where expenditure fell from £12.1m in 2021 (including the five £1m prizes awarded at the inaugural awards ceremony) to £9.1m in 2022, of which £6.6m related to restricted funds transferred to the newly independent charity upon spin out, which has been treated as grant expenditure.

Charitable Activities

95% of the £15.0m spent in the year was incurred on charitable activities, up from 92% in 2021. 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 until it span out, and United for Wildlife), Early Years, Emergency

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Trustees' Report (continued)

Responders and Mental Health, and new for this year: homelessness. In addition there was some legacy expenditure in relation to the COVID-19 response fund set up in 2020 that wound down in 2022, and on the Empowering Communities programme. The ratio of grants to direct charitable costs varied considerably between each programme, reflecting the varied nature of the work that The Royal Foundation undertakes and the different stage each programme is at in its lifecycle.

The Earthshot Prize incurred the largest amount of expenditure (£9.1m; 2021: £12.1m), which reflected the transfer of £6.6m of restricted funding to the new charity in July 2022.

Expenditure on **Early Years** activities increased from £0.6m to £1.5m as we continued to build the team working in the Centre for Early Childhood that was established in 2021, and as activity ramped up ahead of the *Shaping Us* campaign that launched in January 2023.

As the world opened up after the COVID-19 pandemic, **United for Wildlife** was able to ramp up activities overseas including the establishment of the regional chapter network across 4 continents. As a result, costs doubled from £0.5m in 2021 to £1.0m in 2022.

The **COVID-19 Response Fund** wound down in 2022 with final grant payments of £98k disbursed in the year, which brought the total disbursed to a range of partner organisations to £1.9m.

Expenditure on **Emergency Responders** and other **mental health** related projects fell to £0.30m in 2022 (2021: £0.60m), which reflected the drawing to a close of a major funding agreement. Mental health remains a core strand of the Foundation's activities and a new strategy for this area is under development.

Fundraising

The cost of raising funds fell from £1.2m in 2021 to £0.8m, reflecting some one off costs incurred in 2021 in connection with the production of The Earthshot Prize book, which are treated as trading costs. Fundraising costs for the charity fell slightly from £0.9m to £0.8m.

Staff and support costs

Staff costs comprised 21% (£3.2m) of total expenditure, up from 16% in 2021 (£2.6m). This reflected a ramping up of The Earthshot Prize team as it established itself as a new charity (headcount of 20 at the point of spin out), and the impact of new roles recruited in both 2021 and 2022 as part of the new strategy focused around research, impact and partnerships. Total headcount reached a peak of 53 in June while average headcount across the whole of 2022 was 39 (2021: 36).

Support costs increased from £1.3m to £1.6m, reflecting increased premises costs after the Foundation moved into new office space in January 2022. The Royal Foundation continues to manage support costs closely, ensuring value for money and compliance with all regulatory and legal requirements. Support costs are allocated across The Royal Foundation's charitable and fundraising activities to reflect usage by activity and associated headcount. Details are provided in Note 7.

Funds of The Royal Foundation

The funds of the charity fall into two categories: restricted funds (£2.44m) are donations received for defined projects; and unrestricted funds (£5.09m) 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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Trustees' Report (continued)

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 2022 stand at £7.5m (2021: £12.5m). The free reserves of the charity are £5.0m (2020: £5.4m). The unrestricted reserves represent 15 months of unrestricted expenditure (based on the budgeted 2023 rate of spend), down from 17 months in 2021. The Board of Trustees continues to be prudent with the free reserves balances into 2023, as we evolve our fundraising strategy, scale up the early years programme and incubate a new homelessness programme in 2023, as well as continuing to 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:

	2022	2021
	£'000	£'000
Total Funds of The Royal Foundation	7,528	12,497
Less:		
Restricted Funds	(2,441)	(7,049)
Tangible Fixed Assets	(56)	(29)
Free Reserves	<u>5,031</u>	<u>5,419</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 2022 the fixed income part of the portfolio was liquated and converted into cash in order to generate a better level of returns. This realised proceeds of £1.15m and a capital gain of £7k. The rest of

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Trustees' Report (continued)

the portfolio, invested in Cazenove's Charity Responsible Multi-asset fund, fell in value from £1.70m to £1.59m for a capital loss of £110k. Net of income and management charges, this reflected a loss of 3.3% in the year. Over the 5-year investment horizon of the investment objective, the portfolio gained in value by 3.2% per annum, equivalent to CPI – 0.7%. 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 2023 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 and foundations to fund its core costs, with minimal reliance on commercial sponsorship. Income from public fundraising and legacies is not solicited but 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 and that there is no material uncertainty in relation to the Foundation's status as a going concern. 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. The highest rated risks are summarised below:

- *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.

- *Cybersecurity.* As a high profile organisation The Royal Foundation faces increasing risk of its IT infrastructure being maliciously targeted, which could potentially lead to exposure or loss of critical assets or sensitive information. The Foundation maintains robust security protocols and controls, and regular staff training is carried out.

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, 8 August 2019 and 20 June 2022.

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.

In accordance with a request by The Duke of Sussex, half of the net proceeds received by the Diana Fund since 18 December 2019 are being donated to Sentebale, a UK-registered charity of which The Duke of Sussex is a patron.

The American Friends of The Royal Foundation of The Prince and Princess of Wales, Inc., 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

In addition to their roles as patrons, The Prince and Princess of Wales have been members of The Royal Foundation since August 2019.

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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Trustees' Report (continued)

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 prospective candidates, informed by the requirements of the Foundation's skills matrix which considers 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 Prince of Wales in his role as Founder.

In addition, The Private Secretaries of The Prince and Princess of Wales are entitled to be appointed as *ex officio* trustees of The Royal Foundation.

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, is chaired by Sir Ron Kalifa OBE and comprises three further Trustees: Simon Patterson, Jean-Christophe Gray, Lady Pinsent, and two external advisory members: Ben Moorhead, DL and Catherine Biscoe FCA. The Committee meetings are attended by members of the Leadership Committee, including the Chief Executive.

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Trustees' Report (continued)

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 meets at least twice a year, is chaired by trustee Claire Wills and comprises two further trustees, Alice Webb and Hannah Cockburn-Logie (until her retirement on 31 October 2022), and subsequently, Jean-Christophe Gray.

Remuneration Committee

The Remuneration Committee reviews and makes 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 Sir Ron Kalifa OBE.

Earthshot Prize Transition Committee

This committee 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 was chaired by Lord Hague and comprised Sir Ron Kalifa OBE, Simon Patterson and Claire Wills as well as Christiana Figueres and David Fein, Chair and Vice Chair respectively of the new Earthshot Prize charity. The transition committee disbanded in June 2022.

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 Advisory 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 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 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.

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Trustees' Report (continued)

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.

Sustainability

As a small organisation of predominantly office-based knowledge workers, The Royal Foundation has a relatively limited environmental footprint. Nonetheless, given our interest in and focus on conservation we strive to demonstrate best practice, minimise our carbon footprint, and play our part in contributing towards the United Nations goal of being carbon neutral by 2050.

Furthermore, with climate change and sustainability representing some of society's greatest challenges, these are issues which present the Foundation with exactly the type of opportunities that we seek to tackle.

During 2023 we are working to further develop our sustainability policies and look forward to reporting further progress next year.

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.

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Trustees' Report (continued)

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

- 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.

During 2023 we are undertaking a Board evaluation exercise, conducted by an independent expert. Recommendations made during this process will be considered by the Board and implemented later in the year.

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 or in the prior 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 maintains liability insurance for its Trustees and Officers.

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

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Trustees' Report (continued)

statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

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

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

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

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

Disclosure of Information to Auditor

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

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

Approved by the Board of Trustees on 22 June 2023 and signed on its behalf by



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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
THE ROYAL FOUNDATION OF THE PRINCE AND PRINCESS OF WALES**

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 2022 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 Prince and Princess of Wales ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 December 2022 which comprise the consolidated statement of financial activities (including the income and expenditure account), charity statement of financial activities (including the income and expenditure account), the consolidated and charity balance sheet, the consolidated and charity cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We 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.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Report and Consolidated Financial Statements, 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, has been prepared in accordance with applicable legal requirements.

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
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for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and Charitable Company and the sector in which it operates;
- Discussion with management and those charged with governance including the Finance Committee; and
- Obtaining and understanding of the Group's and Charitable Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to include but not limited to, the Companies Act, the Charities Act, FRS102, Charities SORP, fundraising regulations and UK tax legislation.

The Group and Charitable Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law and data protection laws.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
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- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the finance committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's and Charitable Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Based on our risk assessment, we considered the areas most susceptible to fraud to be the use of journal entries and significant accounting estimates.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including allocation of costs and apportionment of costs between charitable and fundraising expenditure and the valuation of gifts in kind.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.


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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
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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: 22 June 2023

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

The Royal Foundation of The Prince and Princess of Wales
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Company Registration No. 07033553
Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2022

		2022				2021			
	Notes	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2022	Unrestricted Funds	Restricted Funds	Restricted Funds	Total 2021
			(continuing operations)	(discontinued operations)			(continuing operations)	(discontinued operations)	
		£	£	£	£	£	£		£
Income:									
Donations and Legacies	2	2,594,478	2,802,519	4,177,775	9,574,772	1,801,227	18,149,557	-	19,950,784
Net income on share of associate's surplus		-	182,225	-	182,225	-	-	-	-
Trading activities	3	200	2,308	219,427	221,935	-	442,430	-	442,430
Investment income	4	68,500	-	-	68,500	464	-	-	464
Other income	4	54,645	-	-	54,645	36,489	-	-	36,489
Total income		2,717,823	2,987,052	4,397,202	10,102,077	1,838,180	18,591,986	-	20,430,167
Expenditure:									
Raising funds	5	(625,529)	(49,350)	(139,888)	(814,767)	(606,783)	(623,905)	-	(1,230,687)
Charitable activities	5,6								
- Grants		(5,918)	(429,305)	(6,598,622)	(7,033,845)	(9,683)	(6,023,294)	-	(6,032,977)
- Other charitable activities		(1,930,663)	(2,819,311)	(2,368,972)	(7,118,946)	(1,361,732)	(7,732,386)	(3,091)	(9,097,209)
		(1,936,581)	(3,248,616)	(8,967,594)	(14,152,791)	(1,371,415)	(13,755,680)	(3,091)	(15,130,186)
Total expenditure		(2,562,110)	(3,297,966)	(9,107,482)	(14,967,558)	(1,978,197)	(14,379,585)	(3,091)	(16,360,873)
Net (expenditure)/income before investment gains		155,713	(310,914)	(4,710,280)	(4,865,481)	(140,017)	4,212,402	(3,091)	4,069,293
Net (losses)/gains on investment	13	(103,641)	-	-	(103,641)	215,437	-	-	215,437
Net income/(expenditure)		52,072	(310,914)	(4,710,280)	(4,969,122)	75,419	4,212,402	(3,091)	4,284,730
Transfers between funds	17,18,19	(412,674)	412,674	-	-	-	(3,091)	3,091	-
Net movement in funds		(360,602)	101,760	(4,710,280)	(4,969,122)	75,419	4,209,311	-	4,284,730
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,447,480	2,178,376	4,871,091	12,496,947	5,372,061	2,840,156	-	8,212,217
Fund balances carried forward at 31 December	17,18,19	5,086,878	2,280,136	160,811	7,527,825	5,447,480	7,049,467	-	12,496,947

Discontinued operations in 2022 relates to The Earthshot Prize which was transferred out to a new charity on 15 July 2022.

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.

There were no other recognised gains or losses.

The notes on pages 30 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales
(formerly 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 2022

		2022				2021			
		Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2022	Unrestricted Funds	Restricted Funds (continuing operations)	Restricted Funds (discontinued operations)	Total 2021
Income:									
Donations and Legacies	2	2,594,600	2,802,327	4,354,643	9,751,570	1,801,227	18,227,361	-	20,028,588
Investment income	4	68,500	-	-	68,500	464	-	-	464
Other income	4	59,084	-	-	59,084	36,489	8,849	-	45,338
Total income		2,722,184	2,802,327	4,354,643	9,879,154	1,838,180	18,236,210	-	20,074,390
Expenditure:									
Raising funds	5	(629,889)	(46,851)	(97,329)	(774,069)	(606,783)	(268,128)	-	(874,910)
Charitable activities	5,6								
- Grants		(5,918)	(429,305)	(6,598,622)	(7,033,845)	(9,683)	(6,023,294)	-	(6,032,977)
- Other charitable activities		(1,930,663)	(2,819,311)	(2,368,972)	(7,118,946)	(1,361,732)	(7,732,386)	(3,091)	(9,097,209)
		(1,936,581)	(3,248,616)	(8,967,594)	(14,152,791)	(1,371,415)	(13,755,680)	(3,091)	(15,130,186)
Total expenditure		(2,566,470)	(3,295,467)	(9,064,923)	(14,926,860)	(1,978,197)	(14,023,808)	(3,091)	(16,005,096)
Net income/(expenditure) before investment gains		155,714	(493,140)	(4,710,280)	(5,047,706)	(140,017)	4,212,402	(3,091)	4,069,294
Net (losses)/gains on investment	13	(103,641)	-	-	(103,641)	215,437	-	-	215,437
Net (expenditure)/income		52,073	(493,140)	(4,710,280)	(5,151,347)	75,419	4,212,402	(3,091)	4,284,730
Transfers between funds	18,19,20	(412,674)	412,674	-	-	-	(3,091)	3,091	-
Net movement in funds		(360,601)	(80,466)	(4,710,280)	(5,151,347)	75,419	4,209,311	-	4,284,730
Reconciliation of funds:									
Fund balances brought forward at 1 January		5,444,836	2,181,019	4,871,091	12,496,946	5,369,417	2,842,799	-	8,212,216
Funds balances carried forward at 31 December	18,19,20	5,084,235	2,100,553	160,811	7,345,599	5,444,837	7,052,110	-	12,496,947

Discontinued operations in 2022 relates to The Earthshot Prize which was transferred out to a new charity on 15 July 2022.

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.

There were no other recognised gains or losses.

The notes on pages 30 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales
(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Company Registration No. 07033553

Consolidated and Charity balance sheet
As at 31 December 2022

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible fixed assets	12	55,936	28,641	55,936	28,641
Investments	13	1,768,817	2,848,168	1,586,593	2,848,169
		1,824,753	2,876,809	1,642,529	2,876,810
Current assets					
Debtors	14	1,245,034	5,386,907	1,255,456	5,417,559
Cash at bank and in hand	22, 23	5,208,848	10,939,633	5,182,150	10,501,471
		6,453,882	16,326,540	6,437,606	15,919,030
Creditors: amounts falling due within one year	15	(750,810)	(6,706,402)	(734,536)	(6,298,894)
Net current assets		5,703,072	9,620,138	5,703,070	9,620,136
Net assets		7,527,825	12,496,947	7,345,599	12,496,946
The funds of the group/charity					
Unrestricted funds	17	5,086,878	5,447,480	5,084,235	5,444,836
Restricted funds	18	2,440,947	7,049,467	2,261,364	7,052,110
Total funds		7,527,825	12,496,947	7,345,599	12,496,946

The notes on pages 30 to 44 also form part of these financial statements.

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

The financial statements of The Royal Foundation of The Prince and Princess of Wales (registered number 7033553) were approved by the Board of Trustees on 22 June 2023 and signed on its behalf by:



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

Company Registration No. 07033553

Consolidated Cash Flow Statement
For the year ended 31 December 2022

	Notes	2022 £	2021 £
Cash flows provided by operating activities:			
Net cash provided by operating activities	21	(6,897,610)	4,852,054
Cash flows from investing activities:			
Dividends and interest from investments	4	68,500	464
Transfer of fixed assets to The Earthshot Prize	12	28,962	-
Purchase of tangible fixed assets	12	(81,351)	(27,134)
Net cash (used in)/provided by investing activities		16,111	(26,670)
Change in cash and cash equivalents in the year	22, 23	(6,881,499)	4,825,384
Cash and cash equivalents at the beginning of the year		12,090,549	7,265,165
Total cash and cash equivalents at the end of the year	22, 23	5,209,050	12,090,549

Analysis of changes in net funds

	1 January 2022 £	Cash flows £	Foreign exchange movements £	31 December 2022 £
Cash at bank and in hand	10,939,633	(5,676,140)	(54,645)	5,208,848
Cash in investment portfolio	1,150,916	(1,150,714)	-	202
	<u>12,090,549</u>	<u>(6,826,854)</u>	<u>(54,645)</u>	<u>5,209,050</u>

	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
	<u>7,265,165</u>	<u>4,861,874</u>	<u>(36,490)</u>	<u>12,090,549</u>

The notes on pages 30 to 44 also form part of these financial statements.

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Notes to the consolidated financial statements

Year ended 31 December 2022

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.

During the year, The Earthshot Prize programme that was incubated within The Royal Foundation was spun out into an independent charity, The Earthshot Prize (registered charity number 1198701). The Royal Foundation is one of the members of The Earthshot Prize and has the right to nominate up to three trustees to the new charity's board (four trustees in the event that the total number of trustees of the new charity is more than nine). As a result, The Royal Foundation considers that it has significant influence, but not does exert control, over the financial and operating policies of The Earthshot Prize, and it accounts for its interest in the latter as an associate using the equity accounting method with a one third interest. The consolidated financial statements include the Group's share of the surplus or deficit and net assets of The Earthshot Prize.

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 one member of the Foundation's Leadership Committee (two members until 17 June 2022) is a director of the American Friends of The Royal Foundation of The Prince and Princess of Wales, 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

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies (continued)

c) Going Concern (continued)

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.

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 2023, 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 2022 was £1,586,592 (2021: £2,848,168).

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.

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies (continued)

f) Income (continued)

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.

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. These were held as current debtors, due to the transfer out of The Earthshot Prize during the year.

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

The Royal Foundation of The Prince and Princess of Wales

(formerly The Royal Foundation of The Duke and Duchess of Cambridge)

Notes to the consolidated financial statements

Year ended 31 December 2022

1. Accounting policies (continued)

i) Foreign currencies (continued)

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 2021 or 31 December 2022.

j) Pension costs

The charity operates a defined contribution scheme. The amount charged to the Statement of Financial Activities in respect of pension costs is the contribution payable in the year. Any difference arising between contributions payable in the year and contributions actually paid are shown as either an accrual or prepayment in the balance sheet.

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.

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	2022			2021		
	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Donations	2,335,640	802,913	3,138,553	1,182,629	1,206,057	2,388,686
Grants	200,000	5,495,525	5,695,525	326,550	16,617,673	16,944,223
Legacies	11,685	2,000	13,685	183,066	-	183,066
Donated services	47,153	679,856	727,009	108,982	325,827	434,809
Total	2,594,478	6,980,294	9,574,772	1,801,227	18,149,557	19,950,784

In 2022, The Royal Foundation received £26,843 (2021: £17,841) from The Diana, Princess of Wales Memorial Fund.

Donated services of £727,009 (2021: £434,809) 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 £122 unrestricted and £176,676 restricted (2021: £77,804 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 Prince and Princess of Wales. A summary of its results extracted from its full audited accounts is shown below:

	Year ended 31 December	
	2022 £	2021 £
Turnover	221,935	442,430
Gross profit	221,935	442,430
Administrative expenses	(45,112)	(364,626)
Operating profit	176,823	77,804
Finance charges	(25)	-
Profit on ordinary activities before taxation	176,798	77,804
Tax on profit on ordinary activities	-	-
Profit on ordinary activities after taxation	176,798	77,804
Total shareholder's funds brought forward	1	1
Profit on ordinary activities after taxation	176,798	77,804
Charitable donation to parent	(176,798)	(77,804)
Total shareholder's funds carried forward	1	1
Assets, liabilities and shareholders' funds		
Assets	26,698	494,163
Liabilities	(26,697)	(494,162)
Funds surplus including 1 ordinary share of £1	1	1

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

4 Investment income and other income – Group

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Investment Income:	68,500	-	68,500	464	-	464
Other Income:						
Foreign exchange gains	54,645	-	54,645	36,489	-	36,489
Total other income	54,645	-	54,645	36,489	-	36,489

Other income for the charity alone derives from income received from TRF Trading Limited, consisting of £4,439 (2021: £8,849) relating to a resource sharing agreement recharge.

5 Summary analysis of total expenditure – Charity

	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Raising funds	629,889	144,180	774,069	606,782	268,128	874,910
Charitable activities:						
- Direct costs – grant and donation funding of activities	5,918	7,027,927	7,033,845	9,683	6,023,294	6,032,977
- Direct costs – convening, collaboration and R&D	858,805	4,954,444	5,813,249	650,524	7,495,364	8,145,888
- Support costs	1,071,858	233,839	1,305,697	711,208	240,113	951,321
Total charitable activities	<u>1,936,581</u>	<u>12,216,210</u>	<u>14,152,791</u>	<u>1,371,415</u>	<u>13,758,771</u>	<u>15,130,186</u>
	2,566,470	12,360,390	14,926,860	1,978,197	14,026,899	16,005,096

Included within Raising Funds are Investment management costs of £4,574 (2021: £4,682). Expenditure on Raising Funds for the charity alone excludes £40,698 (2021: £355,777) of non-intercompany expenses incurred by TRF Trading Limited.

6 Analysis of expenditure on charitable activities

2022 activities	Grant funding of activities £	Direct costs £	Support costs £	Governance costs £	Total 2022 £
Emergency Responders	147,836	104,201	55,866	8,058	315,961
Mental Health	13,043	66,392	42,708	4,233	126,376
United for Wildlife Taskforces	150,000	865,361	211,703	30,405	1,257,469
The Earthshot Prize	6,598,622	2,437,873	386,691	63,450	9,486,636
Early Years	-	1,539,825	256,056	40,098	1,835,979
Empowering Communities	20,649	129	-	-	20,778
COVID-19 response fund	97,777	-	-	-	97,777
Homelessness	-	345,028	109,242	17,765	472,035
Other projects	-	454,440	70,060	9,362	533,862
Unrestricted donation to Sentebale	5,918	-	-	-	5,918
	<u>7,033,845</u>	<u>5,813,249</u>	<u>1,132,326</u>	<u>173,371</u>	<u>14,152,791</u>
2021 activities	Grant funding of activities £	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
	<u>6,032,977</u>	<u>8,145,888</u>	<u>841,336</u>	<u>109,985</u>	<u>15,130,186</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

7 Analysis of support costs and governance costs

2022	Premises	General Management	Finance	IT	HR	Office supplies	Governance	Total 2022
	£	£	£	£	£	£	£	£
Raising funds	57,582	97,505	40,750	18,053	28,466	1,488	27,476	271,320
Emergency Responders	16,195	16,515	7,779	4,603	10,338	436	8,058	63,924
Mental Health	8,509	25,025	1,095	2,418	5,431	230	4,233	46,941
United for Wildlife Taskforces	61,113	74,810	17,753	17,370	39,010	1,647	30,405	242,108
The Earthshot Prize	131,408	102,090	28,225	40,122	81,409	3,438	63,450	450,141
Other projects	18,816	30,956	2,421	5,348	12,011	507	9,362	79,422
Early Years	80,596	82,597	16,336	22,907	51,448	2,172	40,098	296,154
Homelessness	35,707	35,035	4,595	10,149	22,793	963	17,765	127,007
Empowering Communities	-	-	-	-	-	-	-	-
COVID-19 response fund	-	-	-	-	-	-	-	-
	409,926	464,533	118,954	120,970	250,906	10,881	200,847	1,577,017

Raising Funds in the group totalled £777,857 which consisted of £506,537 of direct fundraising costs and £271,320 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.

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 conservation	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 in 2021 totalled £1,230,687 which consisted of £888,137 of direct fundraising costs and £342,550 of support and governance costs.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

8 Analysis of grants and donations

	2022	2021
	£	£
Emergency Responders		
Mind (for the <i>Blue Light Together</i> digital gateway) (2 grants)	117,836	200,000
Police Care UK (on behalf of the Network of Emergency Services Therapists)	30,000	-
Mountain Rescue England & Wales	-	6,500
	<u>147,836</u>	<u>206,500</u>
COVID-19 response fund		
Best Beginnings	-	29,727
Hospice UK	97,777	50,477
Mind	-	249,984
Place2Be	-	46,145
The Ambulance Staff Charity	-	134,182
The Mix	-	50,000
<i>Total COVID-19 response fund</i>	<u>97,777</u>	<u>560,515</u>
Mental Health		
<i>Community Impact</i>		
Two Ridings Community Foundation	13,043	-
Early Years		
London School of Economics	-	16,252
The Earthshot Prize		
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
Spin out to independent charity, The Earthshot Prize	6,598,622	-
	<u>6,598,622</u>	<u>5,000,000</u>
United for Wildlife Taskforces		
Basel Institute on Governance	-	63,916
Focused Conservation Solutions	150,000	100,000
	<u>150,000</u>	<u>163,916</u>
Empowering Communities		
Al Manaar, The Muslim Cultural Heritage Trust	-	47,691
The Felix Project (donation)	20,649	28,420
	<u>20,649</u>	<u>76,111</u>
Others (unrestricted)		
Sentebale (donation from the Diana Princess of Wales Memorial Fund)	5,918	9,683
	<u>5,918</u>	<u>9,683</u>
TOTAL charitable grants and donations	<u>7,033,845</u>	<u>6,032,977</u>

Unless otherwise stated, all amounts are for single grants.

9 Total expenditure

The following have been charged within total expenditure:

	2022	2021
	£	£
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation and subsidiary annual accounts	48,413	28,550
Fees payable for tax advisory and compliance services for The Royal Foundation and its subsidiary	6,498	5,886
Depreciation of tangible fixed assets	25,094	15,568
Operating lease payments	348,742	134,292
Defined contribution pension costs	185,672	155,619

Auditor remuneration is stated net of irrecoverable VAT, which amounted to £5,570 (2021: £5,300) for audit services and £692 (2021: £677) for non-audit services.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

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

	2022	2021
	£	£
Total staff costs comprised:		
Gross wages and salaries	2,629,492	2,152,324
Social security costs	321,464	247,597
Pension costs: defined contribution	185,672	155,619
Other benefits (including medical insurance)	36,770	38,059
	<u>3,173,398</u>	<u>2,593,599</u>

There were no termination costs during 2022 or 2021.

All employees were employed by the charity with the exception of 1 US-based individual who was employed via a third party payroll agency until June 2022 after which the individual transferred out with The Earthshot Prize. The average number of employees in the year was 39 (2021: 36). The average number of staff in the year was 37 full time (2021: 36) and 3 part time (2021: 1), with the part time staff representing an average of 2 FTE. (2021: 1).

For 2022, 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 Creative Director, the Head of Finance and the Head of Governance and Operations. The total employee benefits of the key management personnel were £1,077,184 (2021: £971,759), including pension costs of £67,384 (2021: £55,956) and national insurance costs of £111,197 (2021: £98,483).

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

	2022	2021
£60,000 – £70,000	5	4
£70,001 – £80,000	3	2
£80,001 – £90,000	2	–
£90,001 – £100,000	–	4
£100,001 – £110,000	5	–
£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 £185,672 (2021: £155,619). There were no outstanding balances as at 31 December 2022 or 31 December 2021.

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 2022 or 31 December 2021.

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 (2021: £nil).

Expenses

£311 of expenses were reimbursed to or paid on behalf of Trustees during the year (2021: £78).

Related Party transactions – Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £100,000 (2021: £100,000).

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 £475,000 (2021: £101,336) and use of office space for a meeting valued at £500 (2021: £nil).

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 was an *ex officio* Trustee of The Royal Foundation and a member of the Lord Chamberlain's Committee until her retirement as a Trustee on 31 October 2022. The Prince and Princess of Wales are members of The Royal Foundation in addition to their roles as patrons.

During the year, The Royal Foundation purchased £33,342 of services from The Royal Household relating to premises costs, recharges of overseas tour costs and medical insurance for its staff (2021: £21,166 relating to communications, recharges of tour costs and medical costs). The Royal Foundation recharged £684 of costs to the The Royal Household in relation to overseas events of the Foundation in Dubai and Denmark (2021: £1,360 for an event at COP26 co-hosted by the Foundation and the Prince of Wales's Sustainable Markets Initiative).

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

There were no charges outstanding as at 31 December 2022 (2021: £1,218 of charges were outstanding). In addition, the Royal Household at Kensington Palace provided pro bono postage to The Royal Foundation valued at £1,020 (2021: pro bono communications services valued at £40,000).

Related Party transactions – Subsidiaries and Associates

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 Prince and Princess of Wales. At the year end, TRF Trading Limited owed £12,923 (2021: £86,853) to The Royal Foundation, comprised of management charges of £4,439 (2021: £8,849) and a gift aid donation of £5,984 (2021: £77,804). A further £170,814 was donated during the year end in connection with the transfer of trading activities to the trading subsidiary of the independent Earthshot Prize charity.

The Earthshot Prize

The Earthshot Prize programme was incubated within the Royal Foundation and was spun out into an independent charity in July 2022, together with all related assets and liabilities. The Earthshot Prize charity and its trading subsidiary TEP Trading Ltd are considered a related party for the reasons set out in the basis of consolidation note 1(b). £6,427,808 of restricted funds were transferred to the new charity upon spin out and as noted above, a further £170,814 was transferred in December 2022 in respect of the transfer of Earthshot-related trading activities. The spin out also included the transfer to the new charity of £28,962 of fixed assets, £3,000,000 of accrued income debtors, £5,000 of other debtors, £4,100,000 of outstanding grant liabilities due to the year 1 prize winners and £820,516 of other liabilities. During the year TEP Trading Ltd, the wholly owned subsidiary of The Earthshot Prize charity, paid TRF Trading Ltd £100,000 as consideration for the transfer of Earthshot-related trading activities. As at 31 December 2022, there was a retention balance being held of £160,811 and a debtor balance of £13,000 which consisted of costs paid on behalf of the new charity after the spin out. Both of these outstanding balances were fully settled after the year end.

Related party transactions – Other

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 has not continued the Fund's grant-making or charitable activities.

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

On 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 £5,918 (2021: £9,683) 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 (until she stepped down from that role on 16 June 2022) was an *ex officio* director of the American Friends. Chris Bates, Head of Finance, is also an *ex officio* director of The American Friends. During the year, The Royal Foundation received £3,442,642 (2021: £5,648,869) of grant income from The American Friends.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022
12 Tangible fixed assets – Group and Charity
Equipment
£
Cost:

Balance brought forward 1 January 2022	71,815
Additions	81,351
Disposals	(35,133)
Balance carried forward 31 December 2022	118,033

Depreciation:

Balance brought forward 1 January 2022	43,174
Charge for the period	25,094
On disposals	(6,171)
Balance carried forward 31 December 2022	62,097

Net book value:

Brought forward 1 January 2022	28,641
Carried forward 31 December 2022	55,936

The disposals consisted of IT equipment that was transferred at their net book value to The Earthshot Prize upon spinout of that programme.

13 Fixed Asset Investments

The Royal Foundation had 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 2022.

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Fund investments:				
Market value (including cash) at 1 January	2,848,168	2,637,414	2,848,168	2,637,414
Proceeds on disposal	(1,154,633)	-	(1,154,633)	-
Net gains on revaluation	(110,862)	215,437	(110,862)	215,437
Movement in cash	3,919	(4,683)	3,919	(4,683)
Market Value at 31 December	1,586,592	2,848,168	1,586,592	2,848,168
Investment in Subsidiary	-	-	1	1
Investment in Associate	182,225	-	182,225	-
Total	1,768,817	2,848,168	1,768,818	2,848,169

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Fund investments:				
Multi Asset funds	1,586,390	1,697,252	1,586,390	1,697,252
Cash and cash equivalents	202	1,150,916	202	1,150,916
	1,586,592	2,848,168	1,586,592	2,848,168

The investment in the Associate represents the Foundation's one third share in The Earthshot Prize.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022
13 Fixed Asset Investments (continued)

The Cazenove portfolio is invested as follows:

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Cazenove Charity Responsible Multi-Asset Fund	1,586,390	1,697,251	1,586,390	1,697,251
JP Morgan GBP Liquidity Fund	-	1,147,177	-	1,147,177
Cash	202	3,740	202	3,740
	1,586,592	2,848,168	1,586,592	2,848,168

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	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed by subsidiary	-	-	10,424	86,653
Prepayments and accrued income	1,191,033	5,311,776	1,191,031	5,255,775
Other debtors	54,001	75,131	54,001	75,131
	1,245,034	5,386,907	1,255,456	5,417,559

During the year the charity entered into 3 (2021: 12) 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 (2021: £nil).

'Prepayments and accrued income' in 2021 included £5m of grant income from Earthshot Prize Founding Partners, of which £1m was an instalment relating to 2021 which was received in January 2022. The other £4m consisted of instalments relating to future years which were required to be accrued in line with the Charities SORP, of which £1m was received in 2022 and the remaining £3m debtor balance was transferred to the independent Earthshot Prize charity when that programme span out in July 2022.

15 Creditors: amounts falling due within one year

	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	101,669	393,857	101,669	97,918
Charitable grants	-	5,000,000	-	5,000,000
Taxation and social security	73,538	149,811	65,971	95,352
Accruals and deferred income	565,025	1,156,037	556,318	1,098,927
Other creditors	10,578	6,697	10,578	6,697
	750,810	6,706,402	734,536	6,298,894

The £5m of charitable grant accruals in 2021 related to the five Earthshot Prizes won at the inaugural awards ceremony in October 2021, which were accrued in full in line with the accounting policy on grant expenditure and are being paid to the winners over the period 2022 to 2025. £0.9m was paid to prize winners during the first half of 2022 and the remaining £4.1m of liabilities were transferred to the independent Earthshot Prize charity when that programme span out in July 2022.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

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 2022 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	
	2022	2021	2022	2021
	£	£	£	£
United for Wildlife Taskforces	300,000	-	-	150,000
Emergency Responders	-	100,000	70,000	100,000
The Earthshot Prize	-	-	147,810	-
COVID response fund	-	-	-	199,045
	300,000	100,000	217,810	449,045

In line with the Foundation's accounting policy the commitments to future years are not recognised as a liability with the exception in 2021 of the £5m awarded to winners of the inaugural Earthshot Prize where the liabilities were transferred out to the independent charity when that programme span out in July 2022.

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 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Unrestricted funds - group:						
General funds	5,447,480	2,717,823	(2,562,110)	(412,674)	(103,641)	5,086,878
Charity						
	Balance at 1 January 2022 £	Income £	Expenditure £	Transfers between funds £	Gains & Losses £	Balance at 31 December 2022 £
Unrestricted funds - charity:						
General funds	5,444,836	2,722,184	(2,566,470)	(412,674)	(103,641)	5,084,235

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

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
Designated 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
Designated funds						
	5,369,417	1,838,180	(1,978,198)	-	215,437	5,444,836

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

18 Analysis of movements in restricted funds

Group	Balance at 1 January 2022	Income	Expenditure	Transfers between funds	Gains & Losses	Balance at 31 December 2022
	£	£	£	£	£	£
Restricted funds:						
COVID-19 response fund	120,229	-	(97,777)	(22,452)	-	-
Early Years	860,191	1,125,000	(1,470,298)	285,107	-	800,000
Mental Health	532,637	36,746	(87,435)	-	-	481,948
The Earthshot Prize	4,871,091	4,581,926	(9,109,981)	-	-	343,036
Emergency Responders	124,618	170,000	(243,148)	22,452	-	73,922
United for Wildlife Taskforces	540,701	1,188,867	(989,836)	-	-	739,732
Homelessness	-	217,000	(344,567)	127,567	-	-
Carol Service	-	41,628	(41,628)	-	-	-
Empowering Communities	-	23,087	(20,778)	-	-	2,309
	<u>7,049,467</u>	<u>7,384,254</u>	<u>(12,405,448)</u>	<u>412,674</u>	<u>-</u>	<u>2,440,947</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 were disbursed to 10 leading charities to support frontline workers and boost mental health provision. The final grants were disbursed in 2022 and the fund has now closed. During the year there was a transfer of £22,452 to the Emergency Responder programme to fund the second year of the *Blue Light Together* website and programme of resources

The Early Years restricted fund relates to The Princess of Wales's Early Years programme of work which includes The Royal Foundation Centre for Early Childhood. During the year there was a shortfall of £285,107 for activities in 2022 which was funded by a transfer from unrestricted reserves.

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. With the exception of a small retention that was held post spin out (and which was settled in February 2023), most of the restricted funds were transferred to the independent charity upon spinout of this programme in July 2022. Also included in the year end fund balance is The Foundation's interest as an associate investment in the independent Earthshot Prize charity.

Emergency Responders funds cover projects to support personnel currently serving in the emergency responders, or those who have previously served, and their families. As noted above there was a transfer of £22,452 during the year from the COVID-19 response fund to fund the second year of the *Blue Light Together* website and programme of resources.

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 £7,251 (2021: £28,688) 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 Homelessness fund is a new programme spearheaded by The Prince of Wales which launched in June 2023 with the aim of making homelessness rare, brief and unrepeatable. During the year there was a shortfall of funding of £127,567 which was funded by a transfer from unrestricted reserves.

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 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>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2022

19 Analysis of group net assets between funds

	Group			Charity		
	Unrestricted funds £	Restricted funds £	Balance at 31 December 2022 £	Unrestricted funds £	Restricted funds £	Balance at 31 December 2022 £
Fixed assets	55,936	-	55,936	55,936	-	55,936
Fixed asset investments	1,586,592	182,225	1,768,817	1,586,592	-	1,586,592
Cash	3,620,444	1,588,404	5,208,848	3,613,208	1,568,942	5,182,150
Other net current (liabilities)/assets	(176,094)	670,318	494,224	(171,502)	692,422	520,920
	5,086,879	2,440,946	7,527,825	5,084,234	2,261,365	7,345,599

	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

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 2022 £	Other 2022 £	Total 2022 £	Property 2021 £	Other 2021 £	Total 2021 £
Within one year	88,150	-	88,150	145,679	-	145,679
	88,150	-	88,150	145,679	-	145,679

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

	Group	
	2022 £	2021 £
Net movement in funds	(4,969,122)	4,284,730
Adjustments for:		
Depreciation charge	25,094	15,568
Losses/(gains) on investments	110,862	(215,437)
Losses on disposal of fixed assets	-	453
Dividends and interest included in investing activities	(68,500)	(464)
Transfer of debtor balances to The Earthshot Prize	3,005,000	-
Decrease/(increase) in other debtors	1,136,873	(5,251,627)
Transfer of creditor balances to The Earthshot Prize	(5,033,599)	-
(Decrease)/increase in creditors	(921,993)	6,018,831
Share of associate's net assets	(182,225)	-
Net cash provided by operating activities	(6,897,610)	4,852,054

22 Reconciliation of net cash flow to movement in net funds

	Group	
	2022 £	2021 £
Decrease/(increase) in cash	(6,881,499)	4,825,384
Net funds at 1 January	12,090,549	7,265,165
Net funds at 31 December	5,209,050	12,090,549

23 Controlling Party

The controlling party of The Royal Foundation is HRH The Prince of Wales.