

Company Registration No. 7033553

Charity Registration No. 1132048

**The Royal Foundation of The Duke and
Duchess of Cambridge and Prince Harry**

Report and Financial Statements

31 December 2012



The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Report and financial statements 2012

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Patrons, officers and professional advisors

Patrons

TRH The Duke & Duchess of Cambridge
HRH Prince Henry of Wales

Trustees

The Rt Hon the Lord Janvrin, GCB, GCVO, QSO – Chairman
James Lowther-Pinkerton, LVO, MBE
Edward Harley
Sir David Manning, GCMG, CVO
Guy Monson
The Rt Hon the Baroness Shackleton of Belgravia, LVO
Mrs Tessa Green, CBE

Chief Executive

Nicholas Booth

Address and Registered Office

St James's Palace
London
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Bankers

Barclays Wealth
1 Churchill Place
London
E14 5HP

Solicitors

Bates Wells & Braithwaite London LLP
2-6 Cannon Street
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Investment Advisors

Schroders Charities
100 Wood Street
London
EC2V 7ER

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry

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Chairman's Statement

The year 2012 was the second year of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry's five year strategic plan and the third full year of its existence. Following the exceptional year of 2011, brought about as a result of The Royal Wedding, the next twelve months saw an expansion of our existing programmes and the development of new initiatives in each of the Foundation's three core areas of focus: supporting service personnel, veterans and their families, creating opportunities for disadvantaged young people, and raising awareness of sustainable development and conservation.

Our model is one of venture philanthropy – looking for projects where we can make a real difference, working with partners who can help us with programme design and funding, ensuring effective monitoring and evaluation, and establishing routes to sustainability. Our aim is to use our ability to convene, to partner and to raise awareness and resources in order to leverage the financial contribution the Foundation is able to make in these early years.

One such project for 2012 was the Coach Core programme launched by The Duke and Duchess of Cambridge and Prince Harry on the day before the start of the London Olympics. Using the power of sport, Coach Core aims to create aspiration and opportunity for young people and specifically to train the next generation of young coaches and mentors. For this first Coach Core pilot, the Foundation partnered with the Greenhouse Charity in London. Following the success of the London pilot, a second Coach Core project was launched in Glasgow in March 2013 partnering with Glasgow Sport and the Hunter Foundation. In addition The American Friends of The Royal Foundation has helped the Foundation to partner with Harlem RBI in New York to launch the first international sports programme.

Another key project has been the establishment of the Endeavour Fund in May 2012. The Fund provides opportunities for wounded and injured servicemen and women to regain their confidence and rebuild their lives through expeditions and sporting challenges as part of their recovery process. Prince Harry was able to highlight this theme through a visit to the United States in May where he met the first ever UK team of wounded veterans taking part in the 2012 Warrior Games. Later in the year the first grant was made by the Endeavour Fund to Race2Recovery, enabling the first disabled team to enter the Dakar Rally in Chile and Peru, which they successfully completed in January 2013. The Endeavour Fund will be supporting further inspiring challenges in 2013.

The Foundation also began to partner with a number of the largest field-based conservation organisations on a new global collaboration project, which is expected to be launched in 2013, focusing on raising awareness of conservation issues, especially amongst young people.

As a result of The Duchess of Cambridge becoming a Patron of the Foundation, we introduced a change of name in July 2012 to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry. In conjunction with this name change, the organisation launched a new brand and logo, its first dedicated website (www.royalfoundation.com) and a new brochure to cover our programmes and activities.

In November 2012 the Foundation was able to announce that it would assume legal control of The Diana, Princess of Wales Memorial Fund at the end of March 2013, in order to safeguard both the Fund's name and any further income donated to the Fund in the future after it operationally closed at the end of 2012.

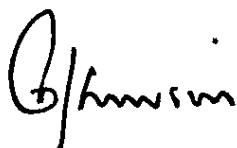
Looking to 2013, the Foundation is busy continuing to develop its charitable grant-giving in core areas of interest with the launch of new initiatives, particularly in the area of disadvantaged young people. This includes the establishment of a programme launched in April 2013 focusing on the prevention of addiction in partnership with Comic Relief, Place2Be and Action on Addiction. The Foundation also continues to develop its existing programmes. The Foundation's collaboration with ARK saw the creation of two new secondary schools opening in Uganda in 2012, with four further schools in development for opening in 2013.

The Foundation remains financially robust. During 2012, the Foundation continued to build support for its programmes which allowed for an increase in the level of grant-making activity. As in 2011, we are most grateful that all the Foundation's core administrative costs for the year have been covered by specific private donations.

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Chairman's Statement (continued)

On behalf of our three Patrons, I would like to thank the Trustees and the staff of the Foundation, the American Friends, the senior experts and leaders who provide guidance across our programmes and all our donors for their commitment in supporting the work of the Foundation during the course of the year



The Rt Hon the Lord Janvrin, GCB, GCVO, QSO

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June 2013

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Trustees' Report – incorporating the Directors' report for Companies Act purposes

The Trustees of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (the Foundation) present their annual report for the year ended 31 December 2012 under the Companies Act 2006 together with the audited accounts for the year and confirm that the latter comply with the requirements of the Act, the Charities (Accounts and Reports) Regulations 2008 and the Charities SORP 2005

The Trustees' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Aims & Charitable Objectives

The aim of the Foundation is to be the primary charitable vehicle of Their Royal Highnesses the Duke and Duchess of Cambridge and Prince Harry (the Patrons). The Foundation aims to become a leading philanthropic investor, effectively using time and resources to create lasting change in targeted areas and geographies, based on need, and on the interests of the Patrons. The Foundation will seek to invest in, or partner with, organisations with proven impact, using its profile and leverage to create a multiplier effect in resources, outcomes and knowledge.

The Foundation's objectives are to advance any purpose which is charitable under the laws of England and Wales. However, the Patrons and Trustees have a particular interest in the following -

- to promote the health and well being of persons who are currently serving or who have served in the armed forces of the Crown, and their dependants,
- to help disadvantaged children and young people and to enable them to participate in society by providing support and activities which develop their skills, confidence and aspiration, and
- to promote sustainable development through conservation

The principal objectives in 2012 were to

- expand and develop the Foundation's portfolio of grants, projects and partnerships in its three core areas of interest,
- fund this work through building a sustainable income stream based on long-term relationships with supporters,
- strengthen the operational capabilities through investment in specialist staff resources, technology and research, and
- develop the brand and profile of the organisation including a review of its name, online presence and effective use of communications and materials for the Foundation's supporters and the wider community

Review of Achievements

In 2012 the Foundation was able to build on the achievements of the previous year, which in many ways had been an exceptional one owing to The Royal Wedding of The Duke and Duchess of Cambridge. The year under review marked the second of the Foundation's five year strategy and plan (2011 – 2015) and has seen the organisation further develop its financial position and operational capacity as well as embracing new areas of impact. In particular the Foundation focused on the development of its programme areas, especially its Veterans and Military Families and Disadvantaged Children and Young People strands. The Foundation achieved its income targets, raising £3.8 million and it was able to generate a surplus of £1.2 million to contribute to its reserves for future capacity, development and income.

Project expansion and development

A key priority for 2012 was the further enhancement of the Foundation's programme development work and to make significant strides in the creation of targeted new projects and initiatives in each of its areas of focus.

The Foundation was pleased to be able to launch two major new initiatives during the year. Firstly, in May the Endeavour Fund was established to support the recovery of wounded, injured and sick servicemen and women through expeditionary and sporting challenges. Prince Harry was able to highlight this theme through his visit to Washington D.C. in May to meet the first ever UK team of wounded service personnel and veterans taking part in the 2012 Warrior Games. The Warrior

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Games is designed to introduce injured service members and veterans to paralympic sport competition and encourage them to stay physically active when they return to their military units or local communities. In August, the Foundation was pleased to partner with the United States Olympic Committee on their Paralympics legacy event, as part of the London Olympics, which generated a donation to the Endeavour Fund. This Foundation's partnership continued at the 2013 Warrior Games in Colorado.

Secondly, in July the Coach Core programme was launched by The Duke and Duchess of Cambridge and Prince Harry on the day prior to the start of the London Olympics. The programme uses the power of sport to create aspiration and opportunity for young people.

Both the Endeavour Fund and Coach Core continue to benefit from the voluntary guidance and help of small teams of senior experts and leaders, a model on which the Foundation hopes to build in the coming years.

The Foundation also maintained its investment in the mentoring project being run by SSAFA Forces Help, in Walking with the Wounded, in Fields in Trust, and in its partnership with ARK Schools in the UK and Uganda. The Foundation was pleased to make a new investment in a dedicated pilot being run by Skillforce to help young people at risk of exclusion from school.

The Foundation also began to partner with a number of the largest field-based conservation organisations on a new collaboration focusing on raising awareness of conservation issues amongst young people. This is likely to be launched in 2013.

Further details on the Foundation's charitable activities are provided on pages 6 to 10.

Sustainable Income Stream

The Foundation has continued to build its revenue generation operation with three primary objectives: to ensure its core operational costs remain fully covered by private donation, to develop long-term relationships with its supporters based on effective stewardship and to demonstrate the impact of its programmes, and to invest in its future capacity through the effective use of technology.

The Foundation remains extremely grateful to a small group of benefactors who have made donations specifically to cover all the organisation's core administrative costs, as they did in 2011. In addition, The American Friends of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (The American Friends) continued their support with both grants and ongoing advice and assistance.

The Foundation developed and implemented a programme of stewardship and communication across all of its supporters as well as making an investment in new technology which will allow the Foundation to maintain effective relations with all those who choose to support its work.

Strengthen Operational Capability

The Trustees maintained their core strength of seven members during 2012. A review of the Board performance has been undertaken by the Chairman as proposed in the organisation's Board development plan.

During 2012 the Foundation took the important step of recruiting an experienced Director of Finance and Operations to work as part of the management team and alongside the organisation's Board of Trustees in ensuring a robust and transparent approach to our financial systems and processes. This will be increasingly important as the Foundation continues to grow in the years ahead. All other posts remained constant during the year.

The Foundation is mindful of continuing economic uncertainty, and therefore the necessity of having in place robust financial systems. A strong focus on cost control and predictable income is an important part of the Trustees' strategy.

Develop the Organisation's Brand and Profile

The Foundation's communications platform was significantly enhanced during 2012. Following its change of name to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry, the organisation launched a new brand and logo, built its first dedicated website (to be found at www.royalfoundation.com) and published a new brochure to cover its programmes and activities. More detailed communications plans are being developed for specific programmes taking place in 2013.

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Charitable Activities

During 2012 the Foundation stepped up its proactive grant-making work with a number of new grants and a significant increase in programme research and development in its three core areas of activity

- Veterans and Military Families,
- Disadvantaged Children and Young People, and
- Conservation and Sustainable Development

The Foundation also completed the distribution of the funds donated to The Prince William and Miss Catherine Middleton Charitable Gift Fund to mark the wedding in 2011. Further donations totalling £118,500 were distributed in 2012

Research and Development

The Foundation invests in both research and detailed discussions with its partners and potential partners in order to understand the areas of greatest need and where its grant-making and leverage could achieve maximum impact. The research assists in determining which programmes it should support and to create a benchmark by which to measure the success of these programmes over time. Where possible the Foundation engages in active dialogue with beneficiaries, and potential beneficiaries, to gain advice and input on the impact of its programmes and priorities.

In 2012, in order to inform its programme development, the Foundation funded research, jointly with Comic Relief, in the area of prevention of addiction in support of one of The Duchess of Cambridge's main areas of focus. The Trustees expect to continue to fund research in a range of areas to inform the development of their programmes and the quality of grantmaking.

Veterans and Military Families

Aims & Objectives

The Foundation aims to promote the welfare of those who are serving or who have served their country in the Armed Forces, concentrating on supporting the successful transition of servicemen and women to civilian life. The Foundation has chosen to focus on two main areas: supporting the recovery of those who may be wounded, injured or sick, and also helping to secure employment by matching the skills and aspirations of all those leaving the Armed Forces.

Achievements

The Endeavour Fund

In order to help injured, wounded and sick servicemen and women with their recovery the Foundation created The Endeavour Fund, a restricted fund which supports the recovery of our men and women in and out of uniform through expeditions and sporting challenges.

Sport and adventure training is a significant part of life in the armed services and many of those who are injured during their service find such challenges a crucial building block in finding the courage to move forward confidently to civilian life. The Foundation hopes that the Endeavour Fund will inspire many more wounded men and women in uniform to explore new physical challenges as part of their recovery, rebuilding their confidence and looking forward with optimism to the next chapter of their lives.

The Endeavour Fund raised £794,041 in 2012 which it will use to fund a wide range of adventure activities and opportunities, ranging from equipment and training grants for competitive sports teams to sponsoring major endeavours which demonstrate the indomitable spirit of our Sailors, Soldiers, Airmen and Royal Marines and which inspire others who may also be struggling with injury or illness.

As a part of the Foundation's research and development for the Endeavour Fund, a grant of £20,000 was approved in May 2012 to Help for Heroes Battle Back to support the UK team attending the Warrior Games in the United States. The Endeavour Fund hopes to support the development of initiatives like the Warrior Games in the UK.

The Endeavour Fund is fortunate to be advised by a team of highly experienced sporting and adventure specialists, themselves veterans, who collectively assess and monitor applications to the Fund. The Foundation, upon recommendation

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from the Advisory Board of the Endeavour Fund, made its first grant of £100,000 in October 2012 to Race2Recovery, a team of mainly wounded and able-bodied servicemen and women aiming to be the first such team to complete the Dakar Rally in Chile and Peru. The team successfully completed the Rally in January 2013, and were followed by approximately 10,000 on Twitter and 16,000 on Facebook, inspiring many and raising considerable funds for Tedworth House Recovery Centre.

Employment

In December 2011, the Trustees approved a three year relationship with Forces in Mind Trust (FiM) to fund services that can help ensure a successful transition to civilian life for those leaving the Armed Forces. Too often they find it hard to transfer their strong skills and experience into the right civilian employment, resulting in unfulfilling jobs and careers. FiM was created by The Confederation of Service Charities and supported by an endowment of £35 million from the Big Lottery Fund. The relationship was launched in January 2012 at the War Horse Premiere and the Foundation is pleased to be working closely in partnership with FiM on this employment initiative.

The first programme supported by the Foundation and FiM is a mentoring project for servicemen and women leaving the Army due to injury or illness. Run by SSAFA Forces Help the project provides support through volunteer mentors and aims to demonstrate the long-term benefits of one-to-one support.

Future Plans

The Foundation will continue its principal themes of supporting service personnel and their families through the process of transition back into civilian life and helping the rehabilitation of those injured through their service, particularly through the provision of sporting and challenge-based endeavours.

Several more endeavours are in the pipeline for 2013, including the Walking With The Wounded trek to the South Pole towards the end of the year during which Prince Harry will be taking part.

During 2013 the Foundation will be working with Forces charities, FiM, employers and recruitment specialists to understand how best to improve employment services. This work will be supported by the knowledge gained from the SSAFA Mentoring Programme which is now entering its second year. Although the focus of the mentoring has not been exclusively on employment, it is a vital component of a successful transition to life outside the Forces.

Disadvantaged Children and Young People

Aims & Objectives

The Foundation seeks to help young people to overcome barriers and to help them fulfil their potential by drawing on different ways to both engage and inspire.

Achievements

During 2012, the Foundation built upon its work with Fields in Trust (FiT) and Absolute Return for Kids (ARK), made a grant to Sentebale, funded a three year programme with Skillforce and launched Coach Core - a new programme in sport. It also carried out research on three further areas of interest: prevention of addiction, youth violence and supporting families who have children with life limiting conditions.

Fields in Trust

The Foundation made its first grant to FiT in April 2011 to support The Queen Elizabeth II Fields Challenge, whose aim is to secure up to 2,012 community recreation spaces to mark Her Majesty The Queen's Diamond Jubilee. Building on this contribution the Foundation helped to secure a £1 million donation from the London Marathon Charitable Trust to protect fields in London and provide vital improvement grants on protected sites, thereby enabling the Foundation to make a further grant to FiT in 2012. Well equipped, easily accessible recreation spaces are vital to the health and well being of all communities and this initiative has helped to ensure that many more are both within reach and under protection into the future.

ARK

The Foundation's collaboration with ARK focuses on two education projects in the UK and Uganda.

Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Expanding Horizons The UK education project in partnership with ARK, Expanding Horizons, gives young people the opportunity to participate in residential outdoor experiences at both primary and secondary school. The Duchess of Cambridge took part in one of the camps in May 2012, seeing first hand the impact that trips of this kind can achieve. Over the summer term of 2012 children from five schools took part in camps which, for many, provided the first opportunity for the young people to experience the countryside and take part in fun, challenging activities that build confidence and teach new skills. In 2013, ARK and the Foundation will collaborate on the next stage of the programme, enabling many more young people to take part in these transformative opportunities.

Secondary Education in Uganda The second part of the collaboration with ARK is a programme aimed at improving secondary education in impoverished communities in Uganda, where less than 25% of children are able to attend secondary school (source: UNICEF). ARK and the Foundation are working with PEAS (Promoting Equality in African Schools) in the creation of ten new public/private secondary schools in rural communities. The first two schools were opened in March 2012 and a further four schools are due to open in 2013. The schools are being evaluated both by ARK and by the Ugandan Government to test the efficacy of the public/private school model to significantly increase the provision of high quality education in communities which currently have no access to school beyond primary. There is extensive data to evidence the crucial role which education has in reducing poverty and improving the health of both current and future generations. This programme is at the forefront of ensuring that education is a possibility for many more African children, especially girls and young women.

Sentebale

The Foundation is pleased to have approved a one-off grant of £35,000 to Sentebale towards the costs of developing its support for children living with HIV in Lesotho over the coming three years. The grant paid for a strategy review of Sentebale's operations and led directly to the adoption of a focused and sustainable plan to take the charity forward to the next stage of its development.

Skillforce

In 2012, the Foundation conditionally approved a grant of £221,000 over a three year period to Skillforce, of which The Duke of Cambridge is Patron, to enable the charity to develop a programme of mentoring and challenging outdoor adventure for young people at high risk of exclusion from school. Skillforce and the Foundation believe that providing an opportunity for troubled young people to challenge themselves and their behaviour, in a supportive environment and with the benefit of long term mentoring, may offer sustainable alternatives to exclusion. This is a new project developed jointly by the Foundation and Skillforce.

Coach Core

Sport can have a transformative effect on children and young people, not just on their health and fitness, but also on their self esteem, commitment and ability to work with others. Good coaching, which teaches both technical and personal skills, is vital to ensuring that sport has a positive impact on the lives of young people.

In July 2012 the Foundation established Coach Core, a new programme which seeks to train the next generation of inspirational sports coaches. The Duke and Duchess of Cambridge and Prince Harry attended the launch of the programme at Bacon's College in Bermondsey. For this first pilot, the Foundation is working with the Greenhouse Charity to train up to thirty 17 to 20 year olds to become fully qualified coaches with the skills and expertise both to teach their chosen sport and become role models for their own students.

The initial cohort of Coach Core trainees in London have completed the first year of their 18 months training. A further pilot is now underway in Glasgow, in partnership with Glasgow Sport and the Hunter Foundation. The Foundation also recently worked with The American Friends to support the development of a coaching programme in New York, in partnership with Harlem RBI. This will allow the Foundation to share learning and experiences across programmes in different cities and countries.

The Foundation is grateful for the advice provided by a team of experts in the use of sports for development. In time, the Patrons and Trustees hope that Coach Core will play an integral part in the development of high quality, inspirational sports coaching in the UK and internationally.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Prevention of Addiction

Research shows that children and young people who live with parents, carers or siblings who have drug and alcohol problems are seven times more likely to develop an addiction themselves. Understandably, many of these children struggle from an early age, often relying heavily on their primary school to provide a degree of consistency and stability.

In August 2012 the Foundation and UK grant-maker Comic Relief funded research into best practice for supporting young children living with substance abuse. The result was a clear indication that support through universal statutory services, especially primary schools, is crucial for children. Children recognise schools as a place of safety and consistency in an often chaotic life. It was also clear that schools did not wish to, nor should become, social service providers to their students. The challenge is to find ways of supporting children and their parents to focus on the importance of the child's education and future, despite the issues surrounding the addiction of the parent or carer.

As a result the Foundation and Comic Relief are now working with Place2Be and Action on Addiction on a joint programme to provide help to children and schools in identifying and supporting children and their families where addiction issues exist. The Duchess of Cambridge, who is Patron of both these charities, attended the launch of the programme in Manchester in April 2013.

Youth Violence

Young people in cities across the UK are too often both the victims and the perpetrators of violence. The Foundation has been researching both the causes and the impact of youth violence during the course of 2012. It is evident that programmes to influence young people are often too late and the key is to act before the problems become acute. As a first initiative on this subject, the Foundation has been working with a range of stakeholders in Nottingham to consider how to develop and support best practice in violence prevention. Prince Harry visited the city in April 2013 to see first hand how increased cooperation and involvement of young people themselves can bring about effective solutions.

Children with Life Limiting Conditions and their Families

There are between 25,000 and 40,000 children in the UK with life limiting or life threatening conditions. These conditions have a profound impact on the child and on their immediate family. The often overwhelming care needs of the children result in parents, grandparents and siblings having a reduced quality of life, often virtually cut off from their communities. Over 80% of parents felt that social isolation was a major cause of depression and feeling unable to cope and yet many people from local communities would be delighted to help and support families of a child with a life limiting condition.

The Foundation is working with The True Colours Trust to explore the development of a national volunteering programme to support the families of children with palliative care needs. The aim is to support local palliative care organisations and volunteering agencies to work together to identify those who have the time and inclination to support families, be that on a regular or *ad hoc* basis, to cope with the day-to-day tasks which so often fall by the wayside. These tasks might include gardening, taking a sibling to an after school club, arranging a birthday party or simply offering a lift to the hospital.

Future Plans

The Foundation will continue to explore ways of engaging and inspiring disadvantaged young people to achieve their full potential. In addition to continuing to support its existing programmes, such as ARK, Fields in Trust and Coach Core, the Foundation expects to have launched projects in prevention of addiction, youth violence and supporting families who have children with palliative care needs by the summer of 2013. Many of these programmes are longer term and require additional resource over several years to fund pilots so that the models can be effectively evaluated.

Conservation and Sustainable Development

Aims & Objectives

This is an area of great interest for the Patrons of the Foundation. The Foundation is dedicated to the need to provide help in conserving the natural environment and supporting communities who live in vulnerable locations which depend on fragile resources. In particular its aim is to raise awareness of key conservation issues working collaboratively with others in the sector.

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Achievements

Over the past year, the executive team has been researching how best to create significant impact in this field, and the Foundation hopes to announce a major conservation initiative in the summer of 2013, with a clear focus on engaging and inspiring young people and young adults in conservation

Future Plans

Within this wider initiative, the Foundation envisages a number of projects utilising a combination of grantmaking, convening and awareness-raising. The programmes will focus on key elements of conserving wildlife and natural resources, for example combating the illegal wildlife trade, pioneering use of technology in conservation, and developing local capacity through education and training

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. In addition, the Foundation actively looks for projects or partnership opportunities where it can demonstrate added leverage or gearing from its involvement, and is unlikely to support projects where wider applicability or a broader benefit to the field in question cannot be demonstrated. The Foundation is unable to accept unsolicited requests for funds

Fundraising Events

The Foundation has been fortunate to benefit from a number of events during the year which have helped to generate significant funds for its core programmes

In January 2012 The Duke and Duchess of Cambridge attended the UK film premiere of *Warhorse* in London. Through the generous support of a small group of donors, the Foundation was able to pass on over 750 tickets to serving and ex-serving military personnel and their families to attend the event. Through the event the Foundation raised funds and profile for the Forces in Mind partnership which was set up to support service personnel and their families through the transition process back into civilian life

In May 2012 Prince Harry attended an event at St James's Palace to launch the Endeavour Fund, a project created by the Foundation to support wounded soldiers to undertake physical challenges as part of their recovery. Prince Harry, Trustees and supporters were joined by wounded veterans who had taken, or were about to take, part in a variety of physical challenges including scaling Everest, rowing the Atlantic and cycling across the US as part of the Race Across America team

The day before the Olympic opening ceremony in July 2012, the Foundation launched its Coach Core programme attended by the Patrons in addition to a group of supporters and trainee coaches from the first Greenhouse Charity cohort. The sports festival was a great success with hundreds of Greenhouse Charity participants demonstrating their football, basketball, table tennis and judo skills. A number of supporters hosted at the event were kind enough to invest in the Coach Core project going forward

Financial review and results for the period

The total incoming resources of the Foundation for the year were £3,843,390 (2011 £4,819,182) of which £2,426,847 (2011 £2,781,311) was received as restricted funds. The year 2011 was in many ways an exceptional one owing to The Royal Wedding of The Duke and Duchess of Cambridge which contributed £1,181,015 from the Charitable Gift Fund (£919,238) and the sale of the wedding programme (£261,777)

Due to the growth of the organisation the Foundation was pleased to expand its supporter base who generously donated funds to ensure that the organisation's core administrative costs are met through funds specifically donated for those purposes, as shown in the Statement of Financial Activities under the headings Costs of Generating Funds and Governance Costs. The Foundation continues to be extremely grateful to those benefactors who have again made this possible

The Foundation's expenditure, including grants, for the year was £2,627,720 (2011 £1,723,362). The largest component of this at 82% was grants and direct charitable activity support costs which grew by 64% to £2,141,866 (2011 £1,307,815)

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Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Grants increased by 64%, totalling £1,941,414 (2011 £1,179,770) which represents 74% (2011 68%) of total expenditure. For further details on the grants approved, please refer to page 25.

Due to the growth of the Foundation's grant-making activities in 2012, its net incoming resources for the year were lower at £1,233,233 (2011 £3,095,820). The net assets of the Foundation at 31 December 2012 are now £4,794,198 (2011 £3,560,965), split between unrestricted funds £2,616,347 (2011 £1,836,278), restricted funds £1,927,851 (2011 £1,724,687) and endowment £250,000 (2011 £nil).

Reserves Policy

The Trustees reserve policy is two-fold. Firstly, the policy is to provide sufficient working capital to continue its grant-making programme and to support future capital expenditure plans. Secondly, over a period of time the Trustees wish to build up its unrestricted reserves to manage against unforeseen circumstances, such as economic uncertainty and to put aside sums for investment which in time will generate further income for the Foundation's work.

At 31 December 2012 unrestricted reserves were £2,616,347 (2011 £1,836,278). The Trustees believe that the reserves are sufficient for a growing organisation with a broad range of existing and new programmes, a number of which have longer term commitments. The Foundation's unrestricted reserves are reviewed by the Trustees on a quarterly basis.

Investment Policy

The Trustees have approved a formal investment policy. In January 2012 £1,050,000 was placed with Schroders Charities with further funds placed in October 2012. A cautious policy has been adopted and the majority of these funds are currently held in a multi asset Common Investment Fund.

Going Concern

The Foundation's financial position and performance has been outlined in the financial review above. The Trustees have assessed projected future income, expenditure and cash flows and analysed the strength of the Foundation's reserves and liquid assets and its ability to withstand a material fall in incoming resources. Consideration has been given to stability and diversity of various income streams in making this assessment.

The Trustees have concluded that there is a reasonable expectation that the Foundation and its subsidiary have adequate resources to continue their activities for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Risk Management

A comprehensive risk management assessment is monitored monthly by the executive staff and is reviewed quarterly by the Trustees. Each risk is assigned to a senior member of staff or Trustee who is responsible for ensuring that controls are established to mitigate those risks through planning and operational decision making, management systems, insurance cover, specialist advice or holding an appropriate level of funds for residual reserves. The Trustees are satisfied that the major risks identified have been mitigated.

The Trustees have also considered, and have reviewed, a conflicts of interest policy, and the implications of the Bribery Act 2011.

Structure, Governance and Management

Constitution

The 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 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 and 11 July 2012.

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry

Company Registration No. 7033553

Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

PWPH Trading Limited was formed on 26 January 2011 as a wholly-owned subsidiary to carry out trading activities on behalf of the Foundation

On the 26 November 2012, following an extensive period of due diligence and review, the Foundation announced that it had agreed to assume legal control of The Diana, Princess of Wales Memorial Fund (the Fund), registered charity 1064238, in order to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. On the same day, the Foundation entered into a Charity Closure Agreement confirming that the Foundation would become the sole member of the Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013

On 11 December 2012, the Foundation received a sum of £250,000 from the Fund as a contingency sum to provide against any unforeseen liabilities. To the extent that this sum is not required to meet any liabilities, it will in due course be spent on charitable causes of the Foundation

Trustees

The Directors of the Foundation are its Trustees for the purposes of Charity law, and throughout this report are collectively referred to as the Trustees

The Rt Hon the Lord Janvrin, GCB, GCVO, QSO - Chairman
James Lowther-Pinkerton, LVO, MBE
Edward Harley
Sir David Manning, GCMG, CVO
Guy Monson
The Rt Hon the Baroness Shackleton of Belgravia, LVO
Mrs Tessa Green, CBE

James Lowther-Pinkerton, as Principal Private Secretary to The Duke and Duchess of Cambridge and Prince Harry, is an *ex-officio* Trustee of the charity

The Articles of Association of the Foundation provide for the appointment of Directors, who also act as Trustees. On appointment each Trustee receives a copy of the Charity Commission for England and Wales publication "Responsibilities of Charity Trustees". Training needs are assessed and met as necessary

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fund-raising and the Trustees meet at least quarterly on a formal basis under the Chairmanship of Lord Janvrin

Executive and administrative decisions are made by the Chief Executive and matters of policy are referred to the Trustees at their meetings

A Finance Committee comprising two Trustees, the Chief Executive and an external advisory member, Gilbert Holbourn FCA, FCCA, DChA, meets quarterly to consider financial matters and reports to the Trustees accordingly

Public Benefit

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

In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. There will be no restrictions on future grantmaking through poverty, location or lack of entitlement

Disclosure of Information to Auditor

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are 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 Company's auditors are aware of that information

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Trustees' Report – incorporating the Directors' report for Companies Act purposes (continued)

Auditor

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

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements 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 charitable company and of the excess of income over expenditure for that period.

In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, and disclose with reasonable accuracy at any time the financial position of the charitable company, 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

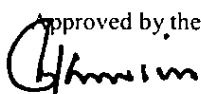
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by the Board of Trustees on

20 June

2013 and signed on its behalf by



The Rt Hon the Lord Janvrin, GCB, GCVO, QSO - Chairman
St James's Palace
London
SW1A 1BS

Independent auditor's report to the members of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry

Company Registration No. 7033553

We have audited the financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry for the year ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 charity's affairs as at 31 December 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Independent auditor's report to the members of The Royal Foundation of
The Duke and Duchess of Cambridge and Prince Harry (continued)
Company Registration No. 7033553**

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate and sufficient accounting records, 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 Trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report

Sarah Shillingford

Sarah Shillingford FCA
Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

20th June 2013

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2012

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
Incoming resources					
Incoming resources from generated funds					
Investment income	2	25,999	26,766	52,765	20,249
Voluntary income	2	1,387,670	2,400,081	3,787,751	4,537,156
Activities for generating funds	2,3	2,874	-	2,874	261,777
Total incoming resources		<u>1,416,543</u>	<u>2,426,847</u>	<u>3,843,390</u>	<u>4,819,182</u>
Resources expended					
Costs of generating funds					
Costs of generating voluntary income	4	(356,771)	(767)	(357,538)	(265,061)
Costs of trading activities	3,4	(9,875)	-	(9,875)	(98,215)
Investment management costs	4	(525)	-	(525)	-
Charitable activities	4,6,7	(168,072)	(1,973,794)	(2,141,866)	(1,307,815)
Governance costs	4,5	(117,916)	-	(117,916)	(52,271)
Total resources expended	4,8,9	<u>(653,159)</u>	<u>(1,974,561)</u>	<u>(2,627,720)</u>	<u>(1,723,362)</u>
Net incoming resources before transfers		763,384	452,286	1,215,670	3,095,820
Transfers					
Gross transfers between funds		(878)	878	-	-
Other recognised gains					
Gains on investment assets		17,563	-	17,563	-
Net movement in funds (being the net income for the year)		<u>780,069</u>	<u>453,164</u>	<u>1,233,233</u>	<u>3,095,820</u>
Fund balances brought forward at 1 January		<u>1,836,278</u>	<u>1,724,687</u>	<u>3,560,965</u>	<u>465,145</u>
Funds balances carried forward 31 December	15,16,17	<u>2,616,347</u>	<u>2,177,851</u>	<u>4,794,198</u>	<u>3,560,965</u>

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry's non-consolidated total incoming resources for 2012 were £3,858,352 (2011 £4,720,969), total resources expended were £2,617,847 (2011 £1,625,148), and total net incoming resources were £1,240,505 (2011 £3,095,821)

All results are from continuing operations

There were no other recognised gains or losses

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Consolidated balance sheet
31 December 2012

	Notes	2012 £	2011 £
Current assets			
Current asset investments	11	1,327,116	1,050,000
Debtors	12	148,990	397,675
Cash at bank and in hand		3,613,525	2,618,543
		<u>5,089,631</u>	<u>4,066,218</u>
Creditors: amounts falling due within one year	13	<u>(266,089)</u>	<u>(505,253)</u>
Net current assets		<u>4,823,542</u>	<u>3,560,965</u>
Creditors: amounts falling due after one year	14	<u>(29,344)</u>	<u>-</u>
Net assets		<u>4,794,198</u>	<u>3,560,965</u>
Funds			
Unrestricted funds	15	2,616,347	1,836,278
Restricted funds	16	1,927,851	1,724,687
Endowment fund	17	250,000	-
Total funds		<u>4,794,198</u>	<u>3,560,965</u>

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

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (registered number 7033553) were approved by the Board of Trustees on 20 June 2013 and signed on its behalf by



The Rt Hon the Lord Janvrin, GCB, GCVO, QSO
 St James's Palace
 London
 SW1A 1BS

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Charity balance sheet
31 December 2012

	Notes	2012 £	2011 £
Fixed asset investments	10	<u>1</u>	<u>1</u>
Current assets			
Current asset investments	11	1,327,116	1,050,000
Debtors	12	157,160	548,720
Cash at bank and in hand		<u>3,609,627</u>	<u>2,456,339</u>
		5,093,903	4,055,059
Creditors, amounts falling due within one year	13	<u>(263,089)</u>	<u>(494,094)</u>
Net current assets		<u>4,830,814</u>	<u>3,560,965</u>
Creditors: amounts falling due after one year	14	<u>(29,344)</u>	<u>-</u>
Net assets		<u>4,801,471</u>	<u>3,560,966</u>
Funds			
Unrestricted funds	15	2,623,620	1,836,279
Restricted funds	16	1,927,851	1,724,687
Endowment fund	17	<u>250,000</u>	<u>-</u>
Total funds		<u>4,801,471</u>	<u>3,560,966</u>

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

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (registered number 7033553) were approved by the Board of Trustees on 20 June 2013 and signed on its behalf by



The Rt Hon the Lord Janvrin, GCB, GCVO, QSO
 St James's Palace
 London
 SW1A 1BS

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements
Year ended 31 December 2012

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

Consolidation

The financial statements of the wholly owned subsidiary, PWPH Trading Limited, have been consolidated with those of the charity on a line by line basis. The principle activity of PWPH Trading Limited was the raising of funds for the Foundation through the sale of merchandise.

Basis of accounts preparation

The financial statements have been prepared in accordance with applicable accounting standards, the Companies Act 2006, the Charities (Accounts and Reports) Regulations 2008, under the historical cost accounting rules, in accordance with applicable accounting standards and the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005) and in accordance with the provisions applicable to companies subject to the small companies regime.

These accounts have been prepared on the going concern basis. The Trustees believe the Foundation and its subsidiary are financially secure for the foreseeable future.

Investments

The only fixed asset investment is the share in the subsidiary PWPH Trading Limited which is stated at cost. Current asset investments are recognised at market value and any gain/loss is recorded in the Statement of Financial Activities.

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.

Endowment funds are held by the charity under conditions prescribed by the donor. Endowment funds are classified as restricted funds with the associated interest income disclosed as unrestricted funds, unless otherwise specified.

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

Incoming resources

Income is recognised in the Statement of Financial Activities when the Foundation gains entitlement, certainty and measurement of the income. Incoming resources from trading activities are recorded on a receivable basis.

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

1. Accounting policies (continued)

Resources expended

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.

Grants made are recognised when they have been approved and a legal or constructive obligation exists to provide the services agreed.

Support costs for charitable activities comprises costs attributable to operational and grant-making functions, such as apportioned staff costs.

Governance costs comprise the costs of running the charity, including strategic planning for its future development, external audit and all the costs of complying with constitutional and statutory requirements, such as the costs of Board and Committee meetings and of preparing statutory accounts and satisfying public accountability.

Costs of generating funds comprise costs incurred in supporting income generation activities, such as fundraising and general management costs.

Investment management costs comprise costs associated with managing the charities current asset investments.

Staff costs are allocated between governance costs, charitable activities and costs of generating funds on a time spent basis.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

As a registered charity, The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry is exempt from taxation on its income and gains falling within Chapter 3 of Part 11 of the Corporation Tax Act 2010 to the extent that these are applied to its charitable purposes.

A loss was generated in the subsidiary PWPH Trading Limited in the year. As such there is no taxable income to gift aid to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry.

Therefore no tax charge has arisen in the year ended 31 December 2012.

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 Sterling at the year end exchange rates. All differences are taken to the Statement of Financial Activities.

Pension costs

The charity commenced the operation of a defined contribution scheme within the financial year. 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.

Cash Flow Statement

The Foundation has taken advantage of the exemption available to small companies under Financial Reporting Standard No. 1 (Revised 1996) to not prepare a Cash Flow Statement.

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

2 Incoming resources from generated funds

	Unrestricted funds £	Restricted funds £	Total 2012 £	Total 2011 £
Investment income:				
Interest received	25,999	26,766	52,765	20,249
Voluntary income				
Donations received	1,387,670	2,400,081	3,787,751	4,537,156
Activities for generating funds				
Trading subsidiary income (note 3)	2,874	-	2,874	261,777
Total incoming resources	<u>1,416,543</u>	<u>2,426,847</u>	<u>3,843,390</u>	<u>4,819,182</u>

Investment income comprises deposit interest receivable for the year

Voluntary income arises from donations received from individuals and members of the general public

Included within unrestricted funds is £550,000 (2011 £450,000) donated to meet core administrative costs

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

3 Activities for generating funds

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

PWPH Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry. A summary of its trading results extracted from its full audited accounts are shown below

	Year ended 31 December 2012 £	Period ended 31 December 2011 £
Turnover	2,874	261,777
Less cost of sales	-	(71,551)
Gross profit	2,874	190,226
Administrative expenses	(9,931)	(26,664)
Gift aided to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry	-	(163,562)
Finance charges	(215)	-
Retained (loss)/profit for the year	(7,272)	-
Assets, liabilities and shareholders' funds		
Assets	4,167	175,794
Liabilities	(11,438)	(175,793)
(Deficit)/funds including 1 ordinary share of £1 at 31 December	(7,271)	1

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

4 Analysis of total resources expended

	Costs of generating voluntary income £	Costs of trading activities £	Investment management costs £	Advance any charitable purpose £	Support for disadvantaged children and young people £	Support for conservation and sustainable development £	Support for military veterans and their families £	Governance costs £	Total £
Support costs									
Management	152,617	-	-	-	154,415	14,534	12,716	68,728	403,010
Finance	50,364	-	-	-	-	-	-	28,400	78,764
Marketing	91,855	-	-	-	14,768	1,390	1,216	99	109,328
Other	40,272	-	525	-	1,201	113	99	-	42,210
Legal fees	22,430	-	-	-	-	-	-	20,689	43,119
	<u>357,538</u>	<u>-</u>	<u>525</u>	<u>-</u>	<u>170,384</u>	<u>16,037</u>	<u>14,031</u>	<u>117,916</u>	<u>676,431</u>
Direct costs									
Trading activities	-	9,875	-	-	-	-	-	-	9,875
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,764,414</u>	<u>50,000</u>	<u>127,000</u>	<u>-</u>	<u>1,941,414</u>
Grant funding									
	<u>357,538</u>	<u>9,875</u>	<u>525</u>	<u>-</u>	<u>1,934,798</u>	<u>66,037</u>	<u>141,031</u>	<u>117,916</u>	<u>2,627,720</u>
Total resources expended 2012	<u>357,538</u>	<u>9,875</u>	<u>525</u>	<u>-</u>	<u>1,934,798</u>	<u>66,037</u>	<u>141,031</u>	<u>117,916</u>	<u>2,627,720</u>
	<u>265,061</u>	<u>98,215</u>	<u>-</u>	<u>53,541</u>	<u>742,631</u>	<u>63,240</u>	<u>448,403</u>	<u>52,271</u>	<u>1,723,362</u>
Total resources expended 2011	<u>265,061</u>	<u>98,215</u>	<u>-</u>	<u>53,541</u>	<u>742,631</u>	<u>63,240</u>	<u>448,403</u>	<u>52,271</u>	<u>1,723,362</u>

All support costs that can be directly attributed to a particular activity have been allocated directly to that activity. Where this has not been possible costs have been apportioned to an activity by management on a time spent basis.

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

4 Analysis of total resources expended (continued)

	Total 2012 £	Total 2011 £
Being		
Unrestricted funds	653,159	666,738
Restricted funds	1,974,561	1,056,624
	<u>2,627,720</u>	<u>1,723,362</u>

5 Governance costs

	Total 2012 £	Total 2011 £
Audit services	20,000	11,000
Legal fees	20,689	21,317
Support costs	77,227	19,954
	<u>117,916</u>	<u>52,271</u>

6 Analysis of charitable activities

	Unrestricted £	Restricted £	Total 2012 £	Total 2011 £
Charitable activities				
Advance any charitable purpose	-	-	-	48,299
Support for disadvantaged children and young people	-	1,764,414	1,764,414	669,922
Support for conservation and sustainable development	-	50,000	50,000	57,048
Support for military veterans and their families	-	127,000	127,000	404,501
Charitable grants (note 7)	<u>-</u>	<u>1,941,414</u>	<u>1,941,414</u>	<u>1,179,770</u>
Support costs	168,072	32,380	200,452	128,045
Total funded grantmaking	<u>168,072</u>	<u>1,973,794</u>	<u>2,141,866</u>	<u>1,307,815</u>

Support costs include £163,427 (2011 £95,840) of staff costs apportioned to charitable activities on a time spent basis

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

7 Analysis of grants made

Name of Institution	Advance any charitable purpose £	Support for disadvantaged children and young people £	Support for conservation and sustainable development £	Support for military veterans and their families £	Total £
PEAS	-	830,000	-	-	830,000
ARK UK Programmes	-	400,000	-	-	400,000
Greenhouse Charity	-	96,667	-	-	96,667
Army Widows Association	-	-	-	7,000	7,000
The Zoological Society of London (ZSL)	-	-	50,000	-	50,000
Help for Heroes	-	-	-	20,000	20,000
Keyfund Federation	-	547	-	-	547
Together for Short Lives (formerly ACT)	-	21,500	-	-	21,500
Fields in Trust	-	330,000	-	-	330,000
Race 2 Recovery	-	-	-	100,000	100,000
Sentebale	-	35,000	-	-	35,000
Skillforce	-	50,700	-	-	50,700
Charitable grants 2012	-	1,764,414	50,000	127,000	1,941,414
Charitable grants 2011	48,299	669,922	57,048	404,501	1,179,770

8 Resources expended

The following have been charged within resources expended

	2012 £	2011 £
Auditor remuneration		
Fees payable for the audit of the Foundation's annual accounts	15,000	11,000
Fees payable for the audit of the subsidiary annual accounts	5,000	5,000
Fees payable for other services	67,201	50,667

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

9. Staff costs and pension schemes

	2012 £	2011 £
Total staff costs comprised		
Gross wages and salaries	297,562	209,989
Social security costs	39,181	25,861
Pension costs defined contribution	36,219	13,518
	<u>372,962</u>	<u>249,368</u>

All employees are employed by the charity. The average number of employees in the year was five (2011 four)

Two employees received emoluments of greater than £60,000 in the year (2011 one) and one employee received emoluments of greater than £130,000 during the year (2011 one). These employees also received contributions into the defined contribution pension scheme, with a contribution by the charity of £19,142 (2011 £13,000) and £6,900 (2011 £nil) respectively.

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administered funds. The pension costs for the year were £36,219 (2011 £13,518). As at 31 December 2012 £12,265 was outstanding (2011 £13,518).

10 Fixed assets investment

The charity holds 1 ordinary share of £1 in PWPH Trading Limited, which is registered in England and Wales. The company carries out trading activities to raise funds for the charity (note 3).

11 Current asset investments

	Group		Charity	
	At 31 December 2012 £	At 31 December 2011 £	At 31 December 2012 £	At 31 December 2011 £
Multi Asset Fund				
Market value at 1 January	-	-	-	-
Additions	1,031,276	-	1,031,276	-
Disposals	(10,389)	-	(10,389)	-
Net gain on revaluation	17,563	-	17,563	-
	<u>1,038,450</u>	<u>-</u>	<u>1,038,450</u>	<u>-</u>
Market value at 31 December	1,038,450	-	1,038,450	-
Cash				
Held on deposit	288,666	1,050,000	288,666	1,050,000
	<u>1,327,116</u>	<u>1,050,000</u>	<u>1,327,116</u>	<u>1,050,000</u>

All funds are invested with Schroder & Co. Limited 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 2012 and can be accessed by the charity should the need arise.

All invested funds are unrestricted funds.

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Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

12 Debtors

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	-	12,499	-	46
Grants receivable	40,000	356,407	40,000	356,407
Gift aid receivable	7,722	26,935	7,722	26,935
Other debtors	100,268	1,834	100,000	714
Prepayments	1,000	-	1,000	-
Amounts owed by group undertakings	-	-	8,438	164,618
	<u>148,990</u>	<u>397,675</u>	<u>157,160</u>	<u>548,720</u>

13 Creditors, amounts falling due within one year

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	£	£	£	£
Trade creditors	3,389	7,650	3,389	7,454
Charitable grants	179,540	364,432	179,540	364,432
Taxation and social security	11,751	10,141	11,751	10,141
Accruals	59,144	122,823	56,144	111,843
Other creditors	12,265	207	12,265	207
Amounts owed to group undertakings	-	-	-	17
	<u>266,089</u>	<u>505,253</u>	<u>263,089</u>	<u>494,094</u>

14 Creditors, amounts falling due after one year

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	£	£	£	£
Charitable grants	<u>29,344</u>	<u>-</u>	<u>29,344</u>	<u>-</u>

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Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

15 Unrestricted funds

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	£	£	£	£
Unrestricted funds:				
Balance brought forward 1 January	1,836,278	465,145	1,836,279	465,145
Movement in funds for year	780,069	1,371,133	787,341	1,371,134
	<u>2,616,347</u>	<u>1,836,278</u>	<u>2,623,620</u>	<u>1,836,279</u>

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

During the year £878 was transferred from unrestricted funds to the Prince William and Miss Catherine Middleton Charitable Gift Fund to meet grant commitments

16 Restricted funds

	Balance at	Incoming	Transfers	Outgoing	Balance at
	1 January	resources	between	resources	31 December
	2012	£	funds	£	2012
	£		£		£
Restricted funds					
Support for conservation and sustainable development	-	181,965	-	(15,415)	166,550
Support for disadvantaged children and young people	1,416,000	1,252,359	-	(1,717,173)	951,186
Support for military veterans and their families	196,073	142,669	(250,000)	(21,969)	66,773
The Prince William and Miss Catherine Middleton Charitable Gift Fund	112,614	5,643	878	(119,135)	-
The Endeavour Fund	-	544,041	250,000	(100,802)	693,239
Coach core	-	50,170	-	(67)	50,103
	<u>1,724,687</u>	<u>2,176,847</u>	<u>878</u>	<u>(1,974,561)</u>	<u>1,927,851</u>

The funds received in relation to sustainable development work were received from a donor to convene sector leaders and strengthen collaborative working in the field of conservation

The funds received in relation to helping disadvantaged children and young people were received from various donors to be used for the purpose of providing support and activities which help develop skills, confidence and aspiration

The funds received in relation to projects to support military veterans were received from various donors to support currently serving or those who have served, and their families

The funds received in relation to The Prince William and Miss Catherine Middleton Charitable Gift Fund were received from various donors to support specifically selected charities chosen by The Duke and Duchess of Cambridge. At 31 December 2012 all remaining funds were fully committed and the fund is now closed

The funds received in relation to the Endeavour fund were received from various donors to support injured, wounded and sick servicemen and women with their recovery through the provision of sporting and adventure challenges

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Notes to the consolidated financial statements (continued)
Year ended 31 December 2012

16 Restricted funds (continued)

The funds received in relation to Coach Core were received from a donor to train the next generation of inspirational sports coaches for young people

All restricted funds are held as cash until paid

17 Endowment funds

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	£	£	£	£
Balance brought forward 1 January	-	-	-	-
Movement in funds for year	250,000	-	250,000	-
Balance carried forward 31 December	250,000	-	250,000	-

An endowment of £250,000 was received from The Diana, Princess of Wales Memorial Fund as a contingency sum to provide against any unforeseen liabilities

18. Analysis of group net assets between funds

	Unrestricted	Restricted	Endowment	Year ended
	funds	funds	funds	31 December
	£	£	£	2012
				£
Current assets	1,329,606	146,500	-	1,476,106
Current liabilities	(76,549)	(189,540)	-	(266,089)
Non-current liabilities	-	(29,344)	-	(29,344)
Cash	1,363,290	2,000,235	250,000	3,613,525
Net assets	2,616,347	1,927,851	250,000	4,794,198

19 Guarantees and contingent liabilities

The Foundation has entered into no guarantee arrangements and there are no contingent liabilities

20 Trustee remuneration, expenses and related party transactions

No Trustee or persons connected with them received any remuneration (2011 £nil). During the year no Trustees incurred expenses in the UK (2011 £512) for subsistence and other expenses. Two Trustees incurred expenses of £7,981 for overseas travel (2011 £nil).

No Trustee or other person related to the Foundation had any personal interest in any contract or transaction entered into by the Foundation during the year.

The Foundation has applied the exemption available in FRS 8 "Related party disclosures" not to disclose transactions with other members of the wholly-owned group headed by The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry.