

Company Registration No. 7033553

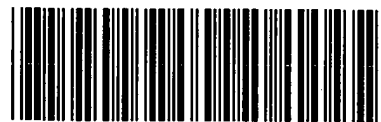
Charity Registration No. 1132048

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

Report and Consolidated Financial Statements

31 December 2015

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

Report and financial statements 2015

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Patrons, officers and professional advisors

Patrons

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

Trustees

Sir Keith Mills, GBE, DL – Chairman (appointed 14 May 2015; elected chairman 1 April 2016)
The Rt Hon the Lord Janvrin, GCB, GCVO, QSO (retired 1 April 2016)
Tessa Green, CBE
Edward Harley DL
Jamie Lowther-Pinkerton, LVO, MBE, DL
Sir David Manning, GCMG, KCVO
Charles Mindenhall (appointed 14 May 2015)
Guy Monson
The Rt Hon. the Baroness Shackleton of Belgravia, LVO

Key Management Personnel

Chief Executive Officer	Nicholas Booth
Director of Development	Sian Bartram
Director of Programmes	Victoria Hornby
Director of Finance and Operations	Natalie Leon

Registered Office

Kensington Palace
Palace Green
London
W8 4PU

Bankers

Barclays
1 Churchill Place
London
E14 5HP

Solicitors

Bates Wells & Braithwaite London LLP
10 Queen Street Place
London
EC4R 1BE

Investment Advisors

Cazenove Capital Management (trading name of Schroder & Co. Limited)
12 Moorgate
London
EC2R 6DA

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Chairman's Statement

As both a Trustee, and now as the new Chairman of The Royal Foundation's Board of Trustees, I look back on 2015 as a year of really solid growth, building on our innovative and ambitious core areas of work.

Following an exciting 2014, with its highlights including the first Invictus Games and the roll out of United for Wildlife, The Royal Foundation's projects are now becoming firmly embedded, and we are starting to see how our work is making a real difference in the UK and across the world.

In 2015, we continued to work with some of the most highly respected grant makers and charities across our current areas of focus; supporting children and young people, promoting the welfare of Service personnel, veterans and their families, and the United for Wildlife conservation programme. Last year, new developments included the expansion of the Coach Core programme into Wales and Nottingham, with the first Coach Core graduates receiving their certificates at a ceremony in St James's Palace. The Step into Health project resulted in veterans being employed in the NHS, and in just one year the United for Wildlife Transportation Taskforce developed and signed the unique Buckingham Palace Declaration, an essential tool in the fight against the illegal wildlife trade.

During 2015, the Board of Trustees commissioned an independent strategic review of The Royal Foundation. The review covered the Foundation's governance, its objectives, its operations and its future direction. The Trustees and the Foundation management team have already started to implement some of the review's recommendations, which will enable it to continue to grow its programmes in the coming years.

The Royal Foundation will continue developing new projects and initiatives, working with expert partners to tackle challenging issues and create innovative ways of reaching those in need of help, and raising awareness of key issues and convening partnerships. Furthermore, The Royal Foundation's 'multiplier effect' has meant that in addition to our own investments, substantial funds are now being generated to boost several of our projects.

The leadership of Their Royal Highnesses has been invaluable throughout The Royal Foundation's work. The Duke of Cambridge has exerted a strong influence on conservation globally, as evidenced by the success of the Transport Taskforce, including China, where millions of people watched his speech for wildlife protection. The Duchess of Cambridge's work on addiction and wider children's mental health issues, is an important new development for The Royal Foundation. Prince Harry has continued his engagement with young people in Nottingham, as well as his support of the Endeavour Fund, exemplified in the Spitfire Scholarship, which enabled participation of wounded veterans in the largest flypast of Hurricanes and Spitfires since World War II. Further details on all these programmes are provided later in the report.

Mental health is a key area of interest for Their Royal Highnesses and will play a major part of The Royal Foundation's future focus. In April 2016, we launched the Heads Together campaign with our charity partners and are looking forward to the campaign being the 2017 Virgin Money London Marathon Charity of the year.

Another source of inspiration for all at The Royal Foundation was Henry Worsley who died on 24 January, 2016. Henry undertook the Shackleton Solo to raise money for the Endeavour Fund and fell seriously ill just 30 miles short of his ultimate goal. On behalf of the Board of Trustees,

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Chairman's Statement (continued)

I would like to echo The Duke of Cambridge's words, Patron of the Shackleton Solo Expedition; 'Henry was a man who showed great courage and determination and we are incredibly proud to be associated with him.'

The Royal Foundation's work is only made possible through the generous backing of our donors, supporters and project partners who provide us with their guidance, experience and expertise. On behalf of Their Royal Highnesses, the Trustees and the staff, we thank you for supporting us during the course of the year. As the new Chairman, I would also like to take this opportunity to extend our gratitude to Lord Janvrin, who stepped down as Chairman in April 2016, and who provided The Royal Foundation with clear leadership and a steady vision from its inception.



Sir Keith Mills, GBE, DL - Chairman

 July 2016

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

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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 Royal Foundation) present their annual report for the year ended 31 December 2015 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 Finance 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 Finance Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)).

Charitable Objectives

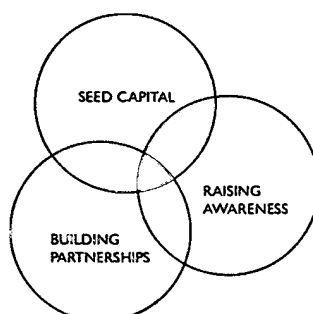
The Royal Foundation is the primary charitable vehicle of Their Royal Highnesses The Duke and Duchess of Cambridge and Prince Harry (the Patrons). The Royal Foundation aims to be a leading philanthropic investor, effectively using its time and resources to create lasting change in targeted areas and geographies, based on need, and in line with the interests of the Patrons. The Royal Foundation seeks 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 Royal 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:-

1. 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;
2. 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
3. to promote sustainable development through conservation.

Overview of the work of The Royal Foundation

The Royal Foundation is committed to making a real difference to the people and causes close to the hearts of The Duke and Duchess of Cambridge and Prince Harry. Through a combination of seed funding, raising awareness and convening, The Royal Foundation continues to identify and assist initiatives and communities in need of support, and to work in partnership with others to create lasting effects on a local and global scale.



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

By making smart, targeted investments of time and resources, The Royal Foundation is in a unique position to generate awareness and help bring about social change in the current areas of focus, further details of which can be found later in the report:

Military – The Royal Foundation is promoting the welfare of those who are serving, or have served in the Armed Forces through a range of initiatives, such as the Endeavour Fund and the Veteran's Employment programme. The Royal Foundation is focusing on improving the outcomes of those leaving the Armed Forces in a better transition to civilian life.

Young People – The Duke and Duchess of Cambridge and Prince Harry believe that children and young people should get the best possible support and care through difficult times in their lives. As such, The Royal Foundation is funding a range of initiatives - from projects supporting young people affected by youth violence, to inspiring those interested in building a career in sports coaching, and from supporting families affected by parental substance misuse, to helping families of children with life-limiting, or life-threatening conditions - The Royal Foundation is committed to working through these projects to enhance the lives of children and young people across the country.

Conservation – The Royal Foundation has brought together seven of the largest international conservation organisations under the banner of United for Wildlife. This is a long-term commitment to scale up the response to conservation crises, and to engage 15-30 year olds in conservation.

The Royal Foundation – Looking Ahead to 2016

The Duke and Duchess of Cambridge and Prince Harry have seen first-hand the damaging and long-term impact that mental health challenges can have on the lives of young people and their families. The stigma and negative perceptions of mental illness can too often mean that people do not seek the help and support they need.

Extensive research highlights the critical importance of early intervention for children, especially those with difficult family circumstances, before they reach adolescence and whilst schools can still play a pivotal role in their development.

In April 2016, The Royal Foundation announced the launch of 'Heads Together' which was also chosen as the official campaign for the Virgin Money London Marathon 2017. Heads Together is a campaign on mental health led jointly by The Duke and Duchess and Prince Harry, supported by The Royal Foundation, working in partnership with experienced mental health charities.

The Royal Foundation is now working to develop mental health programmes providing support in three different areas: the 'invisible injuries' of Servicemen and women, mental health problems suffered by children, and the difficulties affecting young men, in particular male suicide. As part of Heads Together a new project has also been launched on bullying and cyber-bullying.

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

The Duke and Duchess and Prince Harry said in their launch of the Heads Together campaign:

'[We] want the Heads Together campaign to build on the great work that is already being done across the country so that prejudice and fear no longer stand in the way of people getting the help they need. [We] want people to feel much more comfortable with their everyday mental wellbeing and have the practical tools to support their friends and family.'

The Royal Foundation is also scaling up its existing projects, such as the expansion of the successful Coach Core project across the country, and the development of a 'Rhino Impact Investment', United for Wildlife's new outcome-based financing initiative. This report details the future of each programme area, and how they are being developed into robust projects and initiatives that can be sustained in the long-term, without compromising their quality.

Programme Achievements and Performance

1. Military

Promoting the welfare of those who are serving, or who have served their country in the Armed Forces

The Endeavour Fund

The aim of the Endeavour Fund is to support the recovery of wounded, injured and sick Servicemen and women by helping them to rediscover their self-belief and fighting spirit through sport and physical challenges.

The Royal Foundation created the Endeavour Fund in 2012 to offer seed funding for sporting and adventure challenges, and to help new initiatives with advice, hands-on support and mentoring. The Endeavour Fund works closely with other military charities to support many of these endeavours. These inspiring adventures highlight not just the activities of the participants, but also raise awareness of the challenges facing those who have sacrificed so much in service.

Taking part in an endeavour has a far wider-reaching impact than simply physical challenges. The Endeavour Fund aims to support proactive endeavours that lead to a better onward transition to civilian life – those that provide recognised qualifications, work experience or channels into employment.

The Royal Foundation funded nine endeavours during 2015, including the first amputee crossing Greenland with 65 Degrees North, Team Endeavour Racing entering two powerboats at national and international competitions, Walking With The Wounded leading a team of UK and US veterans on a 1,000 mile walk across Britain, and a new training facility opening at Mission Motorsport. Two wounded veterans also learnt to fly a Spitfire, joining the largest gathering of Spitfires and Hurricanes since World War II in a huge commemoration of the 75th anniversary of the Battle of Britain.

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

In September 2015, the Endeavour Fund conducted a focus group survey on 60 past endeavour participants to understand their experiences post injury and then subsequently post endeavour:

Upon discharge

- Half did not have an easy integration into civilian life and 20% experienced low moods
- 65% were concerned they did not have the correct qualifications to transition into civilian employment and half were not confident about their future.

Post endeavour

- Nearly everyone reported that sport had a positive role in recovery and rehabilitation and said their confidence increased
- 96% of those questioned stated that they came across opportunities to help others
- 95% of those questioned said that sport had played a vital role in rebuilding a positive definition of self, post injury. The endeavours improved the CVs of 80% of participants and the professional networks of 72% resulting in nearly half of those stating that involvement in sport has led to employment opportunities.

Over the next three years the Endeavour Fund will focus on seeking out harder-to-reach veterans, and engage them with inspirational challenges. Existing Endeavour Fund alumni will be tasked with reaching out to those men and women who are still struggling to come to terms with life after injury, and lacking the confidence or motivation to put themselves forward for an endeavour. Further studies will be carried out over the next phase of the Endeavour Fund to measure impact.

"In this next phase of the Endeavour Fund, we will be asking those who have taken part in previous endeavours to take a leading role in future challenges as project managers but more significantly to act as peer mentors, forming a support network for those veterans who have not found the impulse to come forward. Our alumni are ideally placed to help these 'hard to reach' individuals rediscover their sense of purpose through sport." - Prince Harry

Endeavour Fund Statistics

2015 grants

No. of Grants	Total Awarded	Average grant (mean)	No WIS directly supported	Cost per individual WIS	Total reach (active followers) (online followers, TV, book sales)	Funds raised by Endeavours
9	£162,000	£18,000	177	£915.25	2,387,414	£432,000

Grants since inception to 2015

No of Grants	Total Awarded	Average grant (mean)	No WIS directly supported	Cost per individual WIS	Total reach (online followers, TV, book sales)	Funds raised by Endeavours
23*	£1,828,790	£79,513	979	£1,868.02	11,146,980	£2,289,943

WIS – Wounded, Injured and Sick

* This includes £1,135,485 grants to Invictus Foundation in 2013 and 2014

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

Case Study: Nathan Forster, Spitfire Scholarship

I was a Private Soldier from South Shields in north-east England serving with the Parachute Regiment in southern Afghanistan in 2011 when we came under attack by the Taliban. An explosion left me with shrapnel in my left leg and back, missing my spine by just three millimetres.

There were lots of surgeries, but the medical treatment was superb. I am now able to walk unaided after a year in a wheelchair and on crutches. I used to do lots of physical activities before, play a lot of rugby and climbing, but when I was injured I couldn't do that anymore.

I first got into flying with Flying for Freedom, a charity supported by the Endeavour Fund. Flying has given me a new passion, something to look forward to. They pushed me to go for the Spitfire Scholarship, which is also supported by the Endeavour Fund. When I was selected after an intensive process, it provided me with a new focus, purpose and drive that I rarely felt since being injured. It's every boy's dream to get into a Spitfire cockpit. The opportunity was also a critical turning point in my life as it provided me with the skills, confidence and experience to start my new career in aviation.

On the 75th anniversary of the Battle of Britain I was part of the largest flypast of Spitfires and Hurricanes since World War II. I nearly didn't fly because of a technical fault with my aircraft, but Prince Harry said I could have his seat, which I objected to – but he was pretty adamant.

Thanks to the two endeavours I've engaged with, my future career pathway is looking so much brighter: I've gained pilot qualifications and even accepted a job in the aviation industry!



Nathan Forster (bottom right), other flight scholar Corporal Alan Robinson, (bottom left), Prince Harry and members of training team at Boulbee. From left: Chris Hadlow, Steve Boulbee Brooks, Phill O'Dell.

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

Veterans Employment

The Royal Foundation is committed to supporting those leaving the Armed Forces in their transition back in to civilian life. Finding meaningful careers after service plays an important role in this process.

During the 2014 Invictus Games, The Duke of Cambridge and Prince Harry hosted a round table discussion with leading UK companies offering to do more to facilitate the employment of veterans. Following the meeting, The Royal Foundation commissioned a comprehensive study to help identify examples of good practice and lessons learnt from businesses that had already or were considering recruiting ex-Service personnel, barriers to the recruitment and smooth transition of ex-Service personnel. The study provided recommendations for improvements, and how to increase the number of employers recruiting ex-Service personnel into a broader range of roles.

The Royal Foundation, in collaboration with Business in the Community (BITC), is now working with a group of 23 national businesses to improve the transition of Service personnel to fulfil civilian employment. The aim is to create the capacity and knowledge within businesses to recruit Service leavers and support them during their early transition. Businesses are also keen to understand how best they can find and help those who have not had a successful transition to civilian employment. In addition The Royal Foundation is supporting Step Into Health, a programme for Service leavers to find civilian jobs in the NHS in collaboration with Walking with the Wounded.

The first Step Into Health pilot in Norfolk was very successful, with a 76% success rate (converting work experience in to full-time employment). The project is now expanding to other regions across England and aims to provide hundreds of work experience placements in 2016.

The Royal Foundation is also working with BITC focusing on the following key areas:

1. The creation of Vet Nets, a 12 month programme to help businesses to create strong veterans support networks, using existing staff to champion veterans' employment and provide advice, support and mentoring, as well as 'spreading the word' internally
2. Working with Job Centre Plus to understand how Vet Nets can support the 11,000 ex-Servicemen and women currently seeking employment through two pilot programmes in the North East and East Anglia.

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

Step into Health – Veterans Employment

Step into Health is the first access pathway from the military into the numerous career opportunities available in the NHS.

Step into Health provides bespoke work experience packages of up to four weeks for veterans to explore extensive career opportunities. Once the work placement is complete, the candidate has a guaranteed interview with Europe's largest employer.

In 2014 Step into Health ran its first pilot with the Norfolk and Norwich University Hospital Trust (NNUH), and the programme looks forward into extending to further regions across 2016.

Impact of Step into Health

Sixty three service leavers took up the opportunity for work experience throughout the pilot phase, resulting in 48 (76%) individuals entering full-time employment as a direct result of the programme or further education with a view to a career in healthcare, such as a nursing degree.

A further 74 work experience placements are pending in the first quarter of 2016. Step into Health is planning to accommodate over 300 placements across the new Trusts in 2016.

Future of Step into Health

Step into Health is aiming to provide a national network accessible to all veterans. The programme is now expanding to include Guy's and St Thomas', Northumbria, Hampshire and Sheffield Hospital Trusts.



"Having served on operations in Kosovo and Afghanistan, the fear is on leaving we will lose a sense of purpose and the feel of daily operations. Working here gives the best of all worlds, purpose, unity of effort, tempo and different challenges daily. The scheme is definitely a two way process that would appeal to any service leaver."

-Palmer Winstanley, former Army Officer and NNUH Deputy Divisional Ops Director, Medicine and Emergency Department, pictured above with his colleagues.

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

2. Young People

Helping children and young people to build their skills, confidence and aspirations

Coach Core - Sport and Young People

Sport has the potential to transform lives and engage those who are trapped in poverty and isolation.

Through training, teamwork and exercise, sport can make an enormous difference in both personal and educational development. A report by the Department for Culture, Media and Sport found that underachieving young people participating in extra-curricular sport see an increase in their numeracy skills of 29%¹. Combine this with high levels of youth unemployment and the £7.4bn cost to the nation associated with medical and mental health issues linked to inactivity, and it results in a need for a new and innovative approach.

Coach Core is an apprenticeship programme improving the availability and quality of sports coaching, whilst creating much needed employment for young people. Coach Core increases confidence and enables young people to have more belief in their ability to achieve in the future. The Coach Core programme provides a range of qualifications, along with its unique combination of learning through employment and the classroom, supported by high-quality mentoring. The focus is on ensuring trainees progress rapidly and have the skills to operate in a professional capacity in whichever career path they choose.

In 2015, in addition to continuing funding Coach Core in London and Glasgow, a further Coach Core pilot was launched in Wales, in conjunction with the Welsh Rugby Union. Another cohort of 20 Coach Core apprentices also started in Nottingham. This programme is delivered by a consortium 'Team Notts' led by Trent Bridge, along with Nottingham Forest FC, Notts County FC, Nottingham Rugby and Epic Partners.

Since The Royal Foundation established Coach Core in 2012, 79 young people who were on the programme have graduated with qualifications in sports coaching and leadership. One hundred percent of Coach Core graduates are in employment or training. Eighty percent are coaching young people six months after graduation. Furthermore, Coach Core has a wider impact in the local communities since every month 1,200 hours of coaching are delivered by each of the programmes.

Over the next three years, The Royal Foundation's goal is to establish Coach Core as a national programme in ten sites across the UK, building upon the success in Glasgow and London and training up to 400 apprentices.

¹ Understanding the drivers, impact and value of engagement in culture and sport. An over-arching summary of the research July 2010.

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

Cain's Story, Coach Core Apprentice

My name is Cain and I'm 21 years old. Growing up in St Ann's there wasn't much to do and I got into some bad crowds. When I left school, I started a plastering apprenticeship, but there wasn't any support so I didn't finish it. I got into martial arts and was at the gym every day, volunteering in classes. I had so much negative energy and all I wanted was to win my coach's respect. So when I heard I got a place on Coach Core, I felt like it would be a really positive move.

I'm about six weeks into my Coach Core apprenticeship and can't believe the support we have from our tutors, they really care and really want us to do well. I get to do what I love every day, meet new people and learn so many new things. Also, as one of the older guys in the group, I feel like I should set a good example to the younger ones. That's good for me, it's teaching me to be a role model.

If I was to work with anyone, it would be young and troubled kids. Because I'm from a similar background, I can understand what they're going through and I think kids will trust me and tell me what's really going on. I want to be to other kids what my martial arts' coach has been to me. If I didn't have help from him, I would've got into so much more trouble growing up. Instead it was the start of my journey into coaching – and that's what I want to do now, I've got a focus.

Coach Core has come at a good time for me. It's something to channel my energy into in a positive way.

Skillforce

The aim of The Royal Foundation's grant to Skillforce was to test whether an intensive residential course, delivered by specially trained Skillforce staff, could improve outcomes for young people at high risk of exclusion from school. The project worked with over 100 students over two years, resulting in over 90% of students staying in education. The main challenges faced by the programme were in engaging schools to sign up for the programme and contribute to the costs of the residential programme.

Prevention of Addiction

There are an estimated three million children living in households affected by parental alcohol and/or drug misuse in the UK. Thirty percent of children under 16 live with a binge-drinking parent².

² Manning, V., Best, D.W., Faulkner, N. and Titherington, E. (2009). New estimates of the number of children living with substance misusing parents: Results from UK national household surveys. BMC Public Health, 9, 377-389.

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

In 2013, The Royal Foundation and Comic Relief co-funded M-PACT Plus to support children and their families affected by addiction. The project brings together the expertise of Action on Addiction's M-PACT programme and Place2Be's school delivery network.

The M-PACT Plus eight-week intensive course takes a whole family approach to tackling addiction. It was piloted in four sites in Manchester and Sunderland, Harlow and Islington. Based in primary schools, this programme provides support for children as well as their parents and also raises awareness of the impact of addiction, drug and alcohol misuse and the importance of intervening early.

One of the key goals over the last year has been the expansion of The Royal Foundation's work tackling addiction. M-PACT Plus worked with 64 adults and 60 children aged 7-19 years and reached staff in 77 schools in the initial phase of the pilot. The programme also provided expert training on substance misuse and Hidden Harm to over 200 of Place2Be's counselling workforce.

M-PACT Plus has also extended the geographical reach of M-PACT, which was not otherwise available to families. Prior to M-PACT Plus, none of the children who participated was receiving a service to address their needs because of parental substance misuse. These families could be said to be 'below the radar' with respect to any form of targeted support. It also provided a gateway to other on-going support, for example 52 children who attended M-PACT Plus received one-to-one counselling before, during or after the course.

One of the key issues highlighted by the external evaluation of M-Pact Plus was the huge stigma that still surrounds addiction. Referring a family and engaging them to participate in and complete M-PACT Plus is a complex process, overcoming a series of emotional and practical obstacles. Therefore, in the next phase of the programme, M-PACT Plus will continue working with families across three of the delivery areas established during the first phase of the pilot (London, North West, North East), incorporating and building on learning from the initial phase of the pilot. A renewed focus will be given to increasing referral, improving access, and ensuring high retention of families.

In addition, during the next phase M-PACT Plus will deliver training for staff drawn from across up to 100 Place2Be schools, raising awareness and further embedding thinking about and identification of substance misuse issues, the challenge of Hidden Harm for children and referral routes to access support. By taking a 'whole school' approach in exposing the hidden harm experienced by children, M-PACT Plus can help create a lasting legacy where people understand, feel comfortable and equipped to talk about parental addiction.

'In rehab and that, it's all about me, me, me and my addiction. But what the programme brought was us. She [the child] has got more of a say. And so has [my wife]'. -Father H

'Now I can go to bed trusting me Mam, knowing that she won't have a drink while we're in bed.' - Primary school-aged boy.

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

Supporting the Families of Children with Life Limiting Conditions

There are 49,000 children and young people in the UK with life-limiting or life-threatening conditions. The day-to-day care of a very sick child makes everyday life, and care of other siblings, a challenge for families. Research shows there is tremendous unlocked potential to engage local volunteers, who could make a real difference to these families.

The Royal Foundation and True Colours Trust co-funded two pilot volunteer schemes at East Anglia's Children's Hospices and Children's Hospice Association Scotland (CHAS). Coordinated by Volunteering Matters (formerly Community Service Volunteers - CSV), this programme recruited and trained volunteers to offer practical support, allowing families to have more time to focus on things that matter to them and their child with a life-limiting or life-threatening condition.

The Royal Foundation's key goal for this programme is to help families and build the capacity of palliative care organisations across the UK to work with volunteers on an ongoing basis.

In 2015, the Palliative Care Volunteer Scheme recruited 71 volunteers, supporting 56 families. Volunteers undertook a total of 367 visits to families independently and 39 visits alongside home care teams. Volunteers spent 1,054 hours providing practical support, including gardening, housework, pet walking, cooking meals and sibling support.

One hundred percent of families reported that having a volunteer increased the amount of time they had to spend on things that matter to them, and helped them feel less pressured or more able to cope. One hundred percent of volunteers recruited said they had a positive experience of volunteering.

In the second phase of this programme, the aim is to widen reach and build on the existing provision of palliative care support in three newly selected pilot site locations: London, Bristol and Coventry/Warwickshire. Together for Short Lives (TfSL) will manage multiple delivery partners at the three pilot sites, which include a hospice outreach service, an NHS Community Care Team, and a large children's hospital. The pilots will run for 12 to 24 months, and each pilot site will aim to support 30 families.

Additionally, a pilot extension of the programme will also be continuing independently at the East Anglia Children's Hospices (EACH). The family volunteer service at The Treehouse hospice will be re-established using the learnings from the phase 1 pilot. EACH also aims to roll out the programme across their other two hospice localities (Milton and Quidenham).

'Our volunteer gave us the opportunity to spend some very special 1:1 with our daughter who has a life-limiting condition. She did this by spending time with our son, taking him on nature walks and teaching him things about different plants etc. So it was a real win-win for us - our son adored her and they had a real friendship and we were able to spend some really special time with our wee angel without feeling guilty. It's hard to put into words how something as simple as having a volunteer pop round for a couple of hours can make such a big difference. Such an excellent idea and the people involved are really special. Thank you.'

'When you are living this kind of life it's the little things that matter and make the biggest difference.' - Nottingham Youth Violence Prevention Initiative

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

Established in 2014 by The Royal Foundation, the Full Effect project is helping to tackle the problem of youth violence and gang culture in Nottingham. Working in particularly deprived areas, Full Effect supports both primary school children, and young people in their teens and twenties, so those most hard-to-reach can access support. For the primary school children, Full Effect currently provides:

- a programme of diversionary activities out of school hours, including sports and creative workshops, reaching 250 children per week
- dedicated staff for targeted work with children at risk provided both in and outside of school hours

The older age group are encouraged to develop into Young Leaders in St Ann's, an area of Nottingham, inspiring the next generation to nurture their talents and learn from others. Furthermore, Full Effect is working to equip young people with qualifications, training and work placements to prepare them for the working world.

In last year's report, Full Effect was still in its infancy, but was already progressing well towards its objectives. Full Effect was externally evaluated in 2015, revealing the project is starting to make a difference and achieve positive outcomes for the children involved. Full Effect is currently supporting 28 children intensively who have been identified as 'most at risk'. A knife crime resource 'Secret in the Box' has been piloted in one primary school with further roll out planned.

Through Full Effect young people in St Ann's develop and stage creative events which include a rap ballet interpretation called 'Nott Romeo and Juliet' in association with the Birmingham Royal Ballet staged at the Theatre Royal Nottingham.

Full Effect will continue to embed its work with primary schools and develop mentoring opportunities for local vulnerable children and young people. Additionally, Full Effect is building a network with Nottingham Academy to enable the continuation of the support provided to children at risk through the often challenging transition into secondary school.

Further future creative projects such as a 'hip opera' will enable Full Effect to enable young people to gain skills, qualifications and experience.



Full Effect's talented young people performing their innovative 'Hip Opera'

'If this project wasn't here I'd be in a negative crowd. It's opened endless opportunities and now a job...' - Full Effect Young Leader

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

3. Conservation

Supporting communities to protect and conserve their natural resources for future generations

United for Wildlife is an unprecedented collaboration between seven of the largest field based international conservation organisations and The Royal Foundation. The United for Wildlife Partners are:

- Conservation International
- Fauna & Flora International
- International Union for Conservation of Nature
- The Nature Conservancy
- Wildlife Conservation Society
- WWF - UK
- Zoological Society of London (ZSL)

Under The Duke of Cambridge's presidency, United for Wildlife has established five core commitments, which are linked together by a digital campaign to share progress and highlight innovation to engage a younger target audience.

The five commitments of United for Wildlife are:

- **On-site Protection** - ongoing support to the roll out of Spatial Monitoring and Reporting Tool (SMART) including training, capacity building and technology development for conservation in Africa and Asia. The United for Wildlife site-based initiatives will collectively improve protection in 230 sites across 39 countries. In 2015, support included funding to develop regional hubs for learning and training of rangers in Southern Africa
- **Demand Reduction** - for illegal wildlife products, specifically rhino horn in Vietnam and ivory in China and Thailand. These products are used for either traditional medicine, recreational consumption or luxury purchases. As a result United for Wildlife's focus is on raising awareness and behaviour change initiatives
- **Criminal Justice Response** - delivered in collaboration with DLA Piper, in 2015 activities were focused on improving training for law enforcement officers on the ground in five countries; two in Africa, two in Asia and one transit state. This includes advocacy for stronger legislation on domestic ivory markets across the world
- **Private Sector Engagement** - the Transport Taskforce resulted in the development and signing of the Buckingham Palace Declaration that included eleven commitments from the Transport sector, including a zero-tolerance policy against the illegal wildlife trade, improved information sharing and best practice ports. The private sector engagement strand is now focused on supporting implementation of the commitments and engagement with other industries
- **Engaging Young People** - the launch of a free online course on conservation is supporting and inspiring a new generation of young conservationists through access to information

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

and course material. The message of wildlife crime and conservation was also brought to a new audience through online games and partnerships, such as 'We Are The Rangers.'

One of the first priorities identified by The Royal Foundation was the focus on the illegal wildlife trade, a growing and global threat which is rapidly bringing some of the most iconic species to the brink of extinction. The Buckingham Palace Declaration of the United for Wildlife International Transportation Taskforce was signed in March 2016, and contains eleven commitments, including a zero-tolerance policy against the illegal wildlife trade. Through its adoption by the transport sector, this Declaration will help break the chain between suppliers and consumers of illegal wildlife products.

After The Duke of Cambridge's visit to China, President Xi committed to closing China's ivory market. Following this visit, millions of people watched The Duke's call for wildlife protection, which also proved to be extremely popular on Chinese social media. Public opinion was positive, for many it was the first connection between how illegal trade destroys wildlife. China is one of United for Wildlife's many target audiences in its aim to raise awareness about the implications of purchasing illegal wildlife products.

United for Wildlife has launched a free online course to engage with young people and future conservationists. "Introducing Conservation" is a Massive Online Open Course (MOOC) aiming to inspire and connect young people around the world (Learn.unitedforwildlife.org). Early evaluation shows the course is well on its way to its target of 10,000 young people gaining their first qualifications in conservation. There have been site visitors from 188 countries, with learners from Tanzania, India, Kenya and Columbia.

Looking to the future, as part of its commitment to up-scale onsite protection, United for Wildlife is supporting the Southern African Wildlife College to expand its specialist tools and training with the creation of wildlife regional hubs. This will ensure field rangers have the skills to stop the increasingly sophisticated poaching methods used to obtain rhino horn and elephant ivory along with other illegal wildlife products. This combination of training, software and implementation standards encompassed under the SMART approach provides protected area authorities and community groups with the ability to empower staff, boost motivation, increase efficiency, and promote credible and transparent monitoring of the effectiveness of anti-poaching efforts.

United for Wildlife is using outcomes based financing to drive improved outcomes in conservation, initially with rhinos. The United for Wildlife partners have developed a proposal to test the model in Africa and Asia.

United for Wildlife has launched WILDLABS.NET, a new digital community network to share and develop technology solutions for conservation. WILDLABS.NET is an essential tool in United for Wildlife's commitment for better onsite protection for wildlife.

"The illegal wildlife trade is our common enemy. It is a vicious form of criminality: plundering the natural resources of poorer countries, taking lives, hindering development and spreading corruption. Traffickers think nothing of violating laws and sovereignty anywhere they can to exploit a loophole or turn a profit. And international cooperation is our strongest defence against them. With that in mind, we must join forces." - HRH The Duke of Cambridge

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

**Making a difference in One Year: The United for Wildlife International Taskforce on the
Transportation of Illegal Wildlife Products**

The Duke of Cambridge announced the formation of the Transport Taskforce at the World Bank in December 2014. Chaired by The Rt Hon. the Lord Hague of Richmond, the Taskforce included high-level leaders from across the transport industry, intergovernmental organisations, international conservationists and organisations working to curb illegal trafficking, supported by expert legal advice. The Taskforce identified four key areas where the transport sector can help combat the illegal wildlife trade:

- Raising awareness of illegal wildlife trade – through adopting and publicising a zero tolerance policy and working with customers, clients, passengers and staff
- Information sharing and detection
- Practical measures to stop the transportation of illegal wildlife products
- New mechanisms tackling illegal wildlife trade

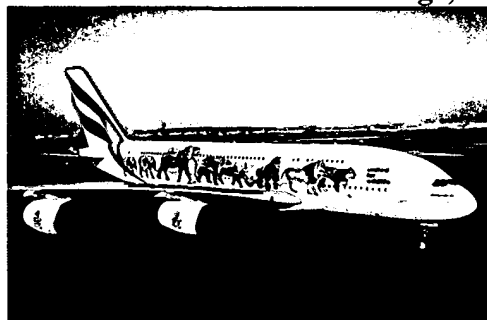
Impact of The Transport Taskforce

The Transport Taskforce signed the ground breaking Buckingham Palace Declaration in March 2016, agreeing to a zero-tolerance policy that includes to 'never knowingly facilitate or tolerate the carriage of illegal wildlife or illegal wildlife products.' This policy will be included in documents such as conditions of carriage, employment and client contracts, as well as in marketing materials.

In addition, the Declaration includes a number of commitments with a focus on raising awareness, and developing and improving information sharing across the transport sector, both for staff and members of the public. Practical measures are also included, such as notifying relevant law enforcement authorities of suspicious cargos and refusing to transport them, and supporting new mechanisms to aid detection and prevention of the illegal wildlife trade.

Adopted by the wider transport sector, the Buckingham Palace Declaration will help break the chain between suppliers and consumers, leading to a significant reduction in the illegal wildlife trade.

***'Cooperation is our greatest weapon against the poachers and traffickers who rely on evading individual national initiatives. By taking a truly international approach, we can get one step ahead of them.'* – HRH The Duke of Cambridge, World Bank 2014**



**An Emirates jet transformed into a flying banner as part of the United for Wildlife's
Transportation Taskforce's work**

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

Engaging the Next Generation for Conservation - 'We are the Rangers'

United for Wildlife aims to reach the next generation with conservation messages, and use innovative ways to engage young people through technology, social media and gaming.

United for Wildlife and ZSL worked together to create the 'We are the Rangers' conservation themed Minecraft map. With over 100 million registered subscribers around the world, Minecraft gives the perfect platform to entertain while raising awareness amongst the traditionally hard to reach 15-30 year olds on the issues facing species such as elephants and rhinos.

'We are the Rangers' brings players into the African savannah, where they join the Ranger team and work together to complete quests based around the issues facing endangered species such as pangolin, elephants, rhino, and lions. Challenges include players recovering stolen ivory and rhino horns.

Impact of 'We are the Rangers'

Wearetherangers.com has seen visits from around the world and over 100 submitted a build for the map in the first stages. Over 25% of traffic is coming from Vietnam and Thailand, key audiences in United for Wildlife's work to reduce demand for illegal wildlife trade products.

In the six months since its launch, the 'We are the Rangers' map was downloaded 60,000 times in over 100 countries around the world. The Minecraft community embraced the game, and player created "Let's Play" videos on YouTube have been viewed in excess of 1.1 million times.

"We're thrilled to be working on such innovative projects to raise young people's awareness of the plight of today's wildlife. Minecraft's strong community ethos and natural focus on problem solving mean we're expecting great things from 'We are the Rangers'."

- Professor Jonathan Baillie, Director of Conservation Programmes, Zoological Society of London



United for Wildlife and Minecraft's 'We are the Rangers' in action

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

The American Friends, 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 focusing on projects that deliver impact on an international scale.

In 2015, The American Friends supported United for Wildlife, and in particular the United for Wildlife International Transportation Taskforce. They also continued their support for veterans projects across the UK, US and other nations. Through concentrating on projects with an international dimension, the American Friends build partnerships and aim to raise awareness of The Royal Foundation's work in the US and around the world.

Technology

The Foundation now has a significant web and social media presence through its projects. Alongside maintaining and updating its own website, it runs websites for the programmes - Coach Core, United for Wildlife, and the Endeavour Fund.

Social media is a key channel for communicating the aims and impact of The Royal Foundation's projects. For example, United for Wildlife has Facebook, Instagram and Twitter channels as well as a standalone Facebook community for people taking the "Introducing Conservation" free course. It also encompasses a portfolio of sites including the Minecraft "We are the Rangers" website, WILDLABS.net (a community site which connects members of the STEM community with conservationists, with the goal of reducing duplication of effort and championing best practice) and learn.unitedforwildlife.org which is a free conservation themed MOOC.

Another example is the Endeavour Fund's Twitter feed which, although relatively small, is a highly relevant audience of people within the wounded, injured and sick serving and veteran Service personnel community. The Foundation also supports Full Effect on their website, Instagram and Twitter feeds with the aim of teaching the young people skills that will be essential in this digital age.

In April 2016 the Heads Together digital campaign was launched with the aim of using social media and compelling content to start conversations and challenged the stigma surrounding mental health.

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 Royal Foundation actively looks for projects or partnership opportunities where it can demonstrate added leverage or gearing from its involvement. It is unlikely to support projects where wider applicability or a broader benefit cannot be demonstrated. Except for the Endeavour Fund, which welcomes projects from Servicemen and women, and veterans, The Royal Foundation does not accept unsolicited requests for funds.

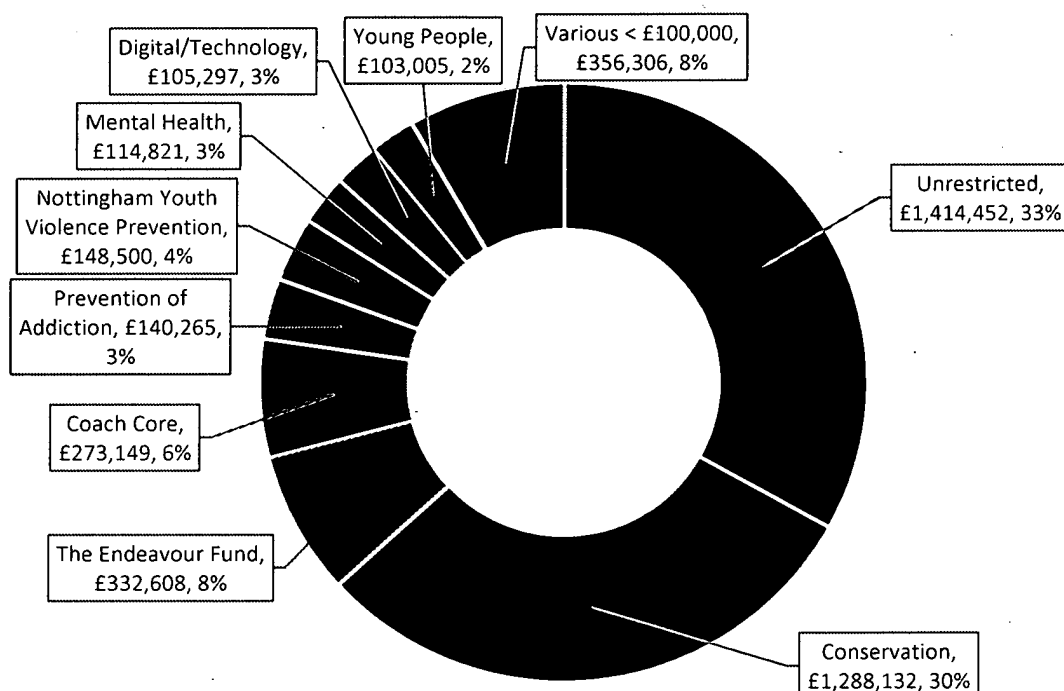
**Trustees' Report – incorporating the Directors' report for Companies Act
Purposes (continued)**

Financial review and results for the period

Income

The total income for the year to 31 December 2015, was £4.28m, a 6% increase on 2014 (£4.04m). 98% of the income, £4.17m, related to donations and legacies, of which approximately 67% was restricted.

A breakdown of the income, broken down by restricted and unrestricted funds, is shown below:



Expenditure

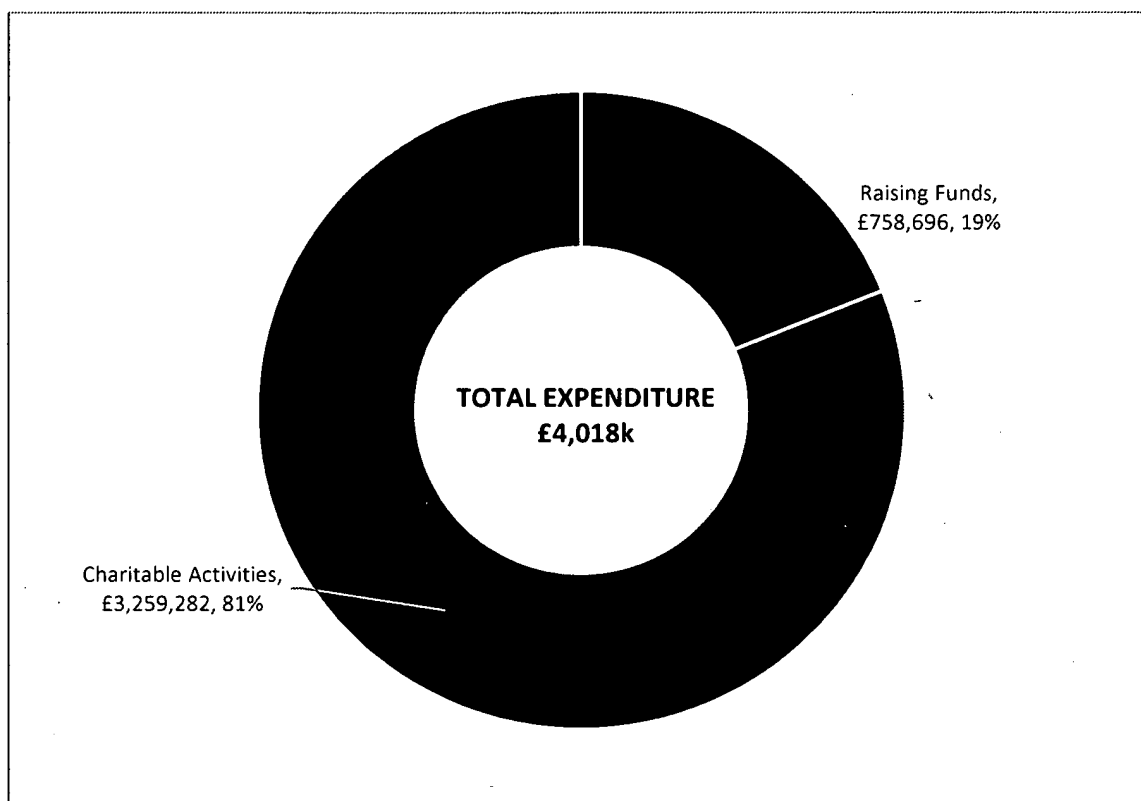
In 2015, The Royal Foundation spent £4.02m expanding and developing its portfolio of grants, projects and partnerships in its three core areas of interest. This compares with £4.36m in 2014, a decrease of 8% primarily due to the lower level of grants, which were particularly high in the prior year given that £985k was granted to the Invictus Games in 2014 in its inaugural year.

Of the £4.02m spent in 2015, £3.26m was spent directly on charitable activities, representing 81% of total expenditure. This includes all amounts spent on providing seed capital and grant funding and all activities designed to convene and raise awareness. For 2014, this was £3.80m, representing 87% of total expenditure, however in that year there was a net expenditure before investment of £325k as a result of spending income received in the previous year.

The Royal Foundation's staff costs increased by 7% following the recruitment of new members of staff in 2014 and 2015 and its accommodation costs rose following The Royal Foundation's office relocation in December 2014 from its previous temporary accommodation.

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

A breakdown of the expenditure is shown below:



The Royal Foundation's charitable activities were spread across its three core areas, as shown below. Whilst charitable activities represent 81% of total expenditure, grant funding of activities represents 54%. The balance of charitable spend was on two other key roles of The Royal Foundation - raising awareness and convening – together with a share of support costs.

The Royal Foundation's support of its young people's programmes remained at the same level at £1.6m, of which £1.12m related to grant funding of activities in support of Coach Core (£625k), Nottingham Youth Violence Prevention Initiative (£247k), Prevention of Addiction (£74k), Skillforce (£99k) and Supporting Families of Children with Life Limiting Conditions (£77k). With the exception of support for Skillforce, these young people's programmes are all continuing in 2016.

The Royal Foundation's support for conservation and sustainable development significantly increased in 2015 to £1.115m, from £893k in 2014, a 25% increase following the continued development of its conservation initiative United for Wildlife. In particular, investment was made in digital conservation to engage young people, in private sector engagement with the formation of the Transportation Taskforce and in the roll out of SMART in line with its commitment towards On-site Protection.

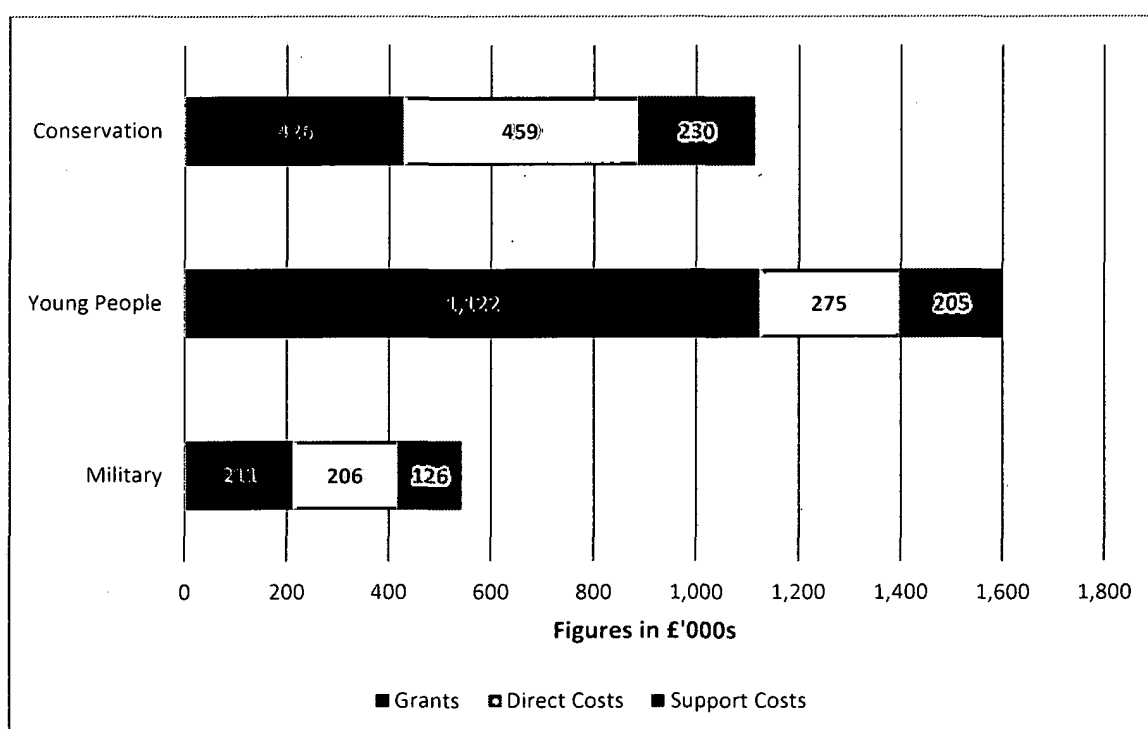
The Royal Foundation's support for its military programmes decreased from £1.36m in 2014 to £543k in 2015, as 2014 was high following the significant support provided in 2014 to the

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

Invictus Games to support its development and delivery in London that year. In 2015, The Royal Foundation supported nine endeavours through its Endeavour Fund and continued its work to support those leaving the Armed Forces in their transition back in to civilian life.

The ratio of grants to support costs varied considerably across the three core areas, with the conservation initiative United for Wildlife requiring more funds to support convening and raising awareness than grants for seed capital, whilst our young people pilot programmes had greater need for capital.



The costs of raising funds rose to £759k from £562k in 2014, in part due to a share of increased premises and staff costs, and in part due to increased event costs. However, the increase in event costs was covered by a specific restricted donation so there was a neutral effect for The Royal Foundation.

Funds of The Royal Foundation

The funds of the charity fall into three categories: Restricted funds (£1.75m) are donations received for defined projects that will be spent in future years; unrestricted funds (£3.0m) to be spent in accordance with the charitable objectives at the discretion of the Trustees; and an Endowment fund (£0.25m) in relation to a donation given by The Diana, Princess of Wales Memorial Fund for The Royal Foundation to invest and use the derived unrestricted income to support its initiatives.

There are two restricted funds which have a negative balance at the year-end – Nottingham Youth Violence Prevention Initiative (£64,691) and Veterans Employment (£30,276). Donations to these projects are expected to be forthcoming in 2016 following conversations held with donors prior to the year end.

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The total net assets of The Royal Foundation increased by £199k in 2015, after net losses of £59k on foreign exchange and investment assets. This compares with a deficit of £368k in 2014, after £42k of foreign exchange losses and investment losses.

Whilst expenditure was in line with budget, income was marginally higher than estimated due to funding received in advance to support The Royal Foundation's conservation programmes and its work in spearheading the Heads Together mental health campaign, including being the 2017 Virgin Money London Marathon Charity of the Year.

Reserves Policy

The total funds of the charity currently stand at £5.0m (2014: £4.8m). The free reserves of the charity are £2.2m (2014: £2.7m). The adjustments to determine the free reserves of the charity are set out below:

	2015 £	2014 £
Total Funds of The Royal Foundation	5,007,853	4,808,708
Deduct		
Restricted Funds	1,746,927	1,682,471
Endowment Fund	250,000	250,000
Tangible Fixed Assets	84,979	104,902
Approved grants, not funded by Restricted Funds	730,700	73,000
	<u>2,195,247</u>	<u>2,698,335</u>

The level of reserves are calculated monthly and the Trustees review the level at each Trustee meeting. The Trustees target a level of free reserves of 12 months of budgeted operational expenditure. Reserves are held to cover for unforeseen circumstances including (1) any unplanned reduction to income particularly with regards to funding of multi-year programmes; (2) unforeseen need for funds, for example seed funding and increased operational costs for an urgent programme; and (3) a need to fund short-term deficits to cover grants before income is received.

As at end of 2015, free reserves stood at 11 months, compared with 13 months in 2014, after taking into account the increased operational costs The Royal Foundation will face expanding its current programmes in 2016 together with implementing its new Heads Together mental health initiative. Whilst this level is slightly below its target, the Trustees are satisfied with this level and consider it be appropriate for a growing organisation, which needs to be able to respond in a timely manner to issues raised by its Patrons.

Investment Policy and Performance

The Trustees invest funds not immediately required for operational purposes in an investment portfolio managed by Cazenove Capital Management in order to maximise the total return within a given level of risk. During the year, The Royal Foundation reviewed its investment policy and substantially reduced the risk profile by increasing the diversification of the portfolio and reducing the percentage held in equities.

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Purposes (continued)

The current investment objective is to generate a return of inflation (UK RPI) plus 3% per annum, after expenses through a fully-diversified strategy with an investment time horizon of five years. The investment portfolio is, where possible, directly invested in an ethically-screened portfolio, and governed by the Church of England's Ethical Investment Policy. In addition, The Royal Foundation regularly reviews the portfolio to see whether individual investments conflict with The Royal Foundation's purpose, and considers whether these investments should be excluded or divested.

The portfolio produced a negative performance return of (0.7%) (2014: 1.8%) during the year, after taking into account investment management fees, following the volatility experienced in the second half of the year in the global equity markets. This compares with a December year on year RPI of 1.2%.

The investment portfolio stood at a value of £1.94m as at 31 December 2015 (2014: £1.67m), including cash held for investment purposes. The value and composition of investments are summarised in note 13 to the financial statements.

Going Concern

The Royal 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 Royal 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 believe that The Royal 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 register is reviewed regularly by the Senior Management Team and Trustees, taking into consideration three measures: impact, likelihood and risk post mitigation. The risks, covering the areas of financial, governance, operational, programme, compliance and external, are split into two categories:

- Strategic and Governance risks which are reviewed by Trustees at each Trustee meeting;
and
- Operational risks which are reviewed regularly by senior management, with any risks attracting a high score being referred to Trustees for review at the Trustee meetings.

Each risk is assigned to a senior member of staff or Trustees 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 principal risks identified by the Trustees and Senior Management Team are:

- Financial, specifically the uncertainty in levels of income. The Royal Foundation has taken this risk into consideration when calculating its target level of reserves. It has also reviewed

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

and refined its fundraising strategy to ensure it is more diversified and where appropriate programme-based, and refined its strategy with regards to the funding of grants;

- Operational, specifically the stretch on resources given the breadth of The Royal Foundation's charitable objectives. The Royal Foundation strengthened its core staff team during the year with one additional member of staff, however there are plans for further recruitment in the areas of HR, finance, fundraising and programmes during 2016, in addition to building short-term capacity to manage The Royal Foundation's role as Charity of the Year for the 2017 London Marathon; and
- Reputational, specifically the risk of receiving funds from an inappropriate source. The Royal Foundation mitigates this risk by conducting due diligence on the source of funds in line with The Royal Foundation's robust gift acceptance policy. This policy is reviewed annually, and more frequently when it requires further strengthening.

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

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

Structure, Governance and Management

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 and 11 July 2012.

PWPH 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 the 1 April 2013, The Royal Foundation assumed 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. The Royal Foundation became the sole member of the 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, 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 31st December 2013. Any future income is received as unrestricted funds.

Trustees and Advisory Boards

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. At the date of signing, and during the year, the Trustees were:

Sir Keith Mills GBE, DL– Chairman (appointed 14 May 2015; elected chairman 1 April 2016)

The Rt Hon the Lord Janvrin, GCB, GCVO, QSO (retired 1 April 2016)

Tessa Green, CBE

Edward Harley DL

Jamie Lowther-Pinkerton, LVO, MBE, DL

Sir David Manning, GCMG, KCVO

Charles Mindenhall (appointed 14 May 2015)

Guy Monson

The Rt Hon. the Baroness Shackleton of Belgravia, LVO

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 Patrons of The Royal Foundation. New Trustees are recruited through known sources such

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

as The Royal Foundation's sub-committees or other areas of the charity sector. The Chairman and Trustees interview all candidates, completing skills matrices after each interview. The matrix skill set covers Trustee charity experience, fundraising capability, experience in the sectors of relevance to The Royal Foundation, diversity and overall suitability for the role. After the selection process, the successful candidate is approved by the Trustees.

On appointment each Trustee receives a copy of the Charity Commission for England and Wales publication "Responsibilities of Charity Trustees". New Trustees meet with senior members of The Royal Foundation's management team, and are introduced to staff as part of their induction process. They attend meetings to help familiarise themselves with in-house procedures and activities. 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 endeavours as well as meeting with project partners, donors and other stakeholders.

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fund-raising and the Trustees meet a minimum of four times a year on a formal basis under the Chairmanship of Sir Keith Mills GBE, DL.

The Trustees have appointed two sub-committees to help with the execution of its responsibilities, the members of which are appointed by the Trustees. The sub committees are:

- Finance Committee comprising two Trustees and three external advisory members: Gilbert Holbourn FCA, FCCA, DChA; Ben Moorhead DL, Solicitor; and Claire Brown ACA. The Finance Committee, chaired by Edward Harley DL, meet quarterly to consider financial matters and report to the Trustees accordingly. The Chief Executive and Director of Finance & Operations attend this meeting.
- Remuneration Committee comprising Edward Harley DL, Charles Mindenhall, Ben Moorhead DL, Solicitor and Lord Janvrin GCB, GCVO, QSO. Upon Lord Janvrin's retirement Sir Keith Mills GBE, DL will take over his position as chairman on the Committee. The committee was established during 2015 and will meet annually each October to consider remuneration policy updates.

The Royal Foundation is fortunate to benefit from a network of influential senior volunteers, who support and help steer The Royal Foundation's work through the following external advisory groups:

- Endeavour Fund Advisory Board – this board includes former Servicemen, experienced adventurers and representatives from Walking With The Wounded, Row2Recovery and Help for Heroes
- Coach Core Advisory Board - the board plays a key role in developing the Coach Core model towards its goal of rolling out on a national scale
- Digital Operations Group - made up of industry experts who provide operational support and strategic input into the digital aims of The Royal Foundation across all projects and themes

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

- Heads Together Advisory Board – this board provides expertise and guidance on the Heads Together campaign for mental health.

Key Management

The Trustees have delegated authority to the Chief Executive and the Senior Management Team for the day-to-day management of the organisation. The Senior Management Team is composed of the Chief Executive, the Director of Finance & Operations, the Director of Programmes and the Director of Development.

The Senior Management Team has 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.

Regarding remuneration of the Senior Management team and all employees, The Royal Foundation's policy is 'to ensure its reward policy supports its overarching objectives, enables effective recruitment and retention and reflects organisational values. It seeks to align and reward with the sector average and to tailor its benefit proposition to the specific needs of The Royal Foundation and its workforce'.

During the year, The Royal Foundation carried out a comprehensive review of its remuneration, incorporating an internal reward survey, external benchmarking with comparable organisations and surveys and an analysis of the current remuneration proposition. Following this review, The Royal Foundation will be developing a simple pay framework in 2016, to cover all employees, to ensure there is an objective and transparent approach to pay throughout the organisation.

Fundraising

The Royal Foundation applies the support it receives only for its charitable purposes. In all cases it welcomes donations and other funding from individuals, 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's fundraising is carried out by its employees and Trustees through direct contact with supporters and potential supporters. 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 takes care not to cause nuisance or disruption when communicating with its supporters and the fundraising team is accountable to the Board of Trustees and the Chief Executive in the delivery of its fundraising activity. The Royal Foundation will never sell or share data about its donors and ensures the security of all data held. Whilst The Royal Foundation does not use any professional fundraisers it has recently started working with commercial participators and has put in place policies to ensure their effective management. The Royal Foundation has not received any complaints about its fundraising activity to date but will keep a record of any future complaints received and how it has responded to these.

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

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.

In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Auditor

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

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

Trustees' responsibilities in relation to the financial statements

The Trustees (who are also the Directors for Companies law purposes) 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 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;
- 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

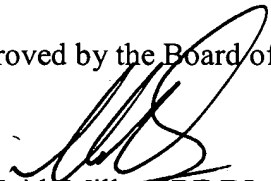
The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee to make themselves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

The 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)

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 *4th July* 2016 and signed on its behalf by


Sir Keith Mills, GBE DL - Chairman
Kensington Palace
Palace Green
London
W8 4PU

Independent auditor's report to the Trustees and 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 2015 which comprise the Group and Parent Statements of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group and Parent Cash Flow Statements and the related notes. 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 charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees and 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 charity and the charity's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015, 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 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent auditor's report to the Trustees and members of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
(continued)**

Company Registration No. 7033553

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 and the Charities Act 2011 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, take advantage of the small companies exemption in preparing the Trustees' report or the exemption from the requirements to prepare a strategic report.

BDO LLP

Julia Poulter, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: **4th July 2016**

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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

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

Consolidated statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2015 £	Total 2014 £
Income:						
Donations and Legacies	2	1,318,113	2,856,269	-	4,174,383	3,940,056
Trading activities	3	38,917	-	-	38,917	-
Investment income	4	57,422	5,813	-	63,235	67,460
Other incoming resources	4	-	-	-	-	31,240
Total		1,414,452	2,862,082	-	4,276,534	4,038,756
Expenditure:						
Raising funds	5	(583,873)	(174,823)	-	(758,696)	(562,210)
Charitable activities	6	(579,577)	(2,679,705)	-	(3,259,282)	(3,801,580)
Total		(1,163,450)	(2,854,528)	-	(4,017,978)	(4,363,790)
Net income/(expenditure) before investment gains/(losses)		251,002	7,554	-	258,556	(325,034)
Net (losses) on investment		(71,326)	-	-	(71,326)	(20,307)
Net income/(expenditure)		179,676	7,554	-	187,230	(345,341)
Transfers between funds		(56,250)	56,250	-	-	-
Other recognised gains/(losses):						
Foreign Exchange gain/(loss)		11,889	27	-	11,916	(22,261)
Net movement in funds		135,315	63,831	-	199,146	(367,602)
Reconciliation of funds:						
Fund balances brought forward at 1 January 2015		2,876,237	1,682,471	250,000	4,808,708	5,176,310
Funds balances carried forward at 31 December 2015		3,011,552	1,746,302	250,000	5,007,854	4,808,708

All results are from continuing operations.

There were no other recognised gains or losses.

The notes on pages 39 to 55 also form part of these financial statements.

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

Charity statement of financial activities
(including the income and expenditure account)
For the year ended 31 December 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2015 £	Total 2014 £
Income:						
Donations and legacies	2	1,318,113	2,856,893	-	4,175,006	3,940,056
Trading activities	3	20,639	-	-	20,639	-
Investment income	4	57,422	5,813	-	63,235	67,460
Other incoming resources	4	-	-	-	-	31,240
Total		1,396,174	2,862,706	-	4,258,880	4,038,756
Expenditure:						
Raising funds	5	(578,948)	(174,823)	-	(753,771)	(561,130)
Charitable activities	6	(579,577)	(2,679,705)	-	(3,259,282)	(3,801,580)
Total		(1,158,525)	(2,854,528)	-	(4,013,053)	(4,362,710)
Net income/(expenditure) before investment gains/(losses)		237,649	8,178	-	245,827	(323,954)
Net (losses) on investment		(71,326)	-	-	(71,326)	(20,307)
Net income/(expenditure)		166,323	8,178	-	174,501	(344,261)
Transfers between funds		(56,250)	56,250	-	-	-
Other recognised gains/(losses):						
Foreign Exchange gain/(loss)		11,889	27	-	11,916	(22,261)
Net movement in funds		121,962	64,455	-	186,417	(366,522)
Reconciliation of funds:						
Fund balances brought forward at 1 January 2015		2,888,965	1,682,471	250,000	4,821,436	5,187,958
Funds balances carried forward at 31 December 2015		3,010,927	1,746,926	250,000	5,007,853	4,821,436

All results are from continuing operations.

There were no other recognised gains or losses.

The notes on pages 39 to 55 also form part of these financial statements.

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

Consolidated and Charity balance sheet
As at 31 December 2015

	Notes	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Fixed assets					
Tangible fixed assets	12	84,979	104,902	84,979	104,902
Investments	13	1,938,321	1,672,983	1,938,322	1,672,984
		<u>2,023,300</u>	<u>1,777,885</u>	<u>2,023,301</u>	<u>1,777,886</u>
Current assets					
Debtors	14	74,602	285,364	84,064	298,530
Cash at bank and in hand	22,23	3,283,707	3,043,932	3,272,569	3,041,494
		<u>3,358,309</u>	<u>3,329,296</u>	<u>3,356,633</u>	<u>3,340,023</u>
Creditors: amounts falling due within one year	15	(373,755)	(298,473)	(372,081)	(296,473)
Net current assets		<u>2,984,554</u>	<u>3,030,823</u>	<u>2,984,552</u>	<u>3,043,551</u>
Net assets		<u>5,007,854</u>	<u>4,808,708</u>	<u>5,007,853</u>	<u>4,821,436</u>
The funds of the charity					
Unrestricted funds	16	3,011,552	2,876,237	3,010,927	2,888,966
Restricted funds	17	1,746,302	1,682,471	1,746,926	1,682,471
Endowment fund	18	250,000	250,000	250,000	250,000
Total charity funds		<u>5,007,854</u>	<u>4,808,708</u>	<u>5,007,853</u>	<u>4,821,436</u>

The notes on pages 39 to 55 also form part of these financial statements.

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

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (registered number 7033553) were approved by the Board of Trustees on 4th July 2016 and signed on its behalf by:


Sir Keith Mills, GBE DL - Chairman

Kensington Palace
Palace Green
London
W8 4PU

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

Consolidated and Charity Cash Flow Statement
For the year ended 31 December 2015

	Notes	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Cash used in operating activities:					
<i>Net cash provided by (used in) operating activities</i>	21	512,605	(289,072)	503,904	(287,992)
Cash flows from investing activities:					
Dividends, interest from investments		63,235	67,460	63,235	67,460
Purchase of investments		(794,106)	(1,570,980)	(794,106)	(1,570,980)
Proceeds from sale of investments		536,678	1,602,148	536,678	1,602,148
Purchase of tangible fixed assets		(11,316)	(105,885)	(11,316)	(105,885)
<i>Net cash provided by (used in) investing activities</i>		(205,509)	(7,257)	(205,509)	(7,257)
Change in cash and cash equivalents in the year		307,095	(296,329)	298,395	(295,249)
Cash and cash equivalents at the beginning of the year		3,209,223	3,527,813	3,206,785	3,524,295
Change in cash and cash equivalents due to exchange rate movements		11,916	(22,261)	11,916	(22,261)
Total cash and cash equivalents at the end of the year	22	3,528,234	3,209,223	3,517,096	3,206,785

The notes on pages 39 to 55 also form part of these financial statements.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

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 Finance 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 Finance Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)) and the Companies Act 2006. The transition date was 1 January 2015.

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required. At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short term compensated absence arising from employee entitlement to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was not considered material and did not require restatement. The reported 2014 net expenditure was restated as follows:

Reconciliation of reported net (expenditure):

	Total £
Net income/(expenditure) as previously stated	(325,034)
Adjustment for gains/(losses) on investments, now treated as a component of net income	(20,307)
2014 net income/(expenditure) restated	(345,341)

c) 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 principal activity of PWPH Trading Limited during 2015 was the sponsorship of the Endeavour Fund. No direct activity took place in 2014.

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

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

d) Going Concern

These accounts have been prepared on the going concern basis. The Trustees believe The Royal Foundation and its subsidiary are financially secure for the foreseeable future and further information is given in the Trustees' report.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

e) 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
- Rates of depreciation used in determining the carrying value of tangible fixed assets

With respect to the next reporting period, January to December 2016, 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 2015 was £1,938,321.

f) 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.

An expendable endowment fund is held by the charity under conditions prescribed by the donor with the associated interest income disclosed as unrestricted funds.

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

g) Incoming resources

Donations and gifts consist of the total donations from individuals, trusts and corporates. 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 received by The Royal Foundation from individuals, trusts and corporates. Income is recognised when there is entitlement to the grant, receipt is probable and its amount can be measured reliably.

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

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

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

Incoming resources from trading activities are recorded on a receivable basis. This includes rent from office space surplus to requirements.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

h) 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.

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.

Governance and support costs have been allocated across the categories of charitable expenditure and raising funds. The basis of the cost allocation has been explained in notes 6 & 7 to the accounts. 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 statutory audit and legal fees together with an apportionment of overhead and support costs. Support costs include premises, general management, IT, HR and finance.

i) 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, PWPH Trading Limited, made qualifying donations of all taxable profit to The Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry. No corporation tax liability on the subsidiary arises in the accounts.

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

k) 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.

l) Investments

The fixed asset investment consists of the share in the subsidiary PWPH 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.

m) 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 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.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

n) Operating Leases

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

o) 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.

2. Income from donations and legacies

	Unrestricted funds £	Group Restricted funds £	Total 2015 £	Unrestricted funds £	Group Restricted funds £	Total 2014 £
Donations	865,091	676,155	1,541,246	777,639	2,094,585	2,872,224
Grants	446,729	2,023,373	2,470,102	36,495	1,030,398	1,066,893
Legacies	694	-	694	939	-	939
Donated services	5,600	156,741	162,341	-	-	-
Total	1,318,113	2,856,269	4,174,383	815,073	3,124,983	3,940,056

Income from donations and legacies arises from donations received from individuals and members of the general public. In 2015, The Royal Foundation received £8,961 (2014: £40,282) from The Diana, Princess of Wales Memorial Fund.

Donated services of £162,341 (2014: nil) relate to gifts of services predominately in support of United for Wildlife's conservation programmes including seconded staff, professional legal fees and the digital platform for the running of the Massive Open Online Course (MOOC).

Income from donations and legacies for the charity alone, includes £624 restricted to the Endeavour Fund, which has been gift aided to The Royal Foundation from its subsidiary, PWPH Trading Limited and is eliminated on consolidation.

3. Income from trading activities

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 taxable profits to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry. A summary of its results extracted from its full audited accounts are shown overleaf:

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 2015

	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Turnover	20,000	-
Gross profit	20,000	-
Administrative expenses	(7,374)	-
Finance charges	(1,273)	(1,080)
Tax losses brought forward	(10,729)	-
Profit/(loss) for the year	624	(1,080)
Gift aided to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry	(624)	-
Retained profit/(loss) for the year	-	-
Assets, liabilities and shareholders' funds		
Assets	11,138	2,438
Liabilities	(11,137)	(15,166)
Funds surplus/(deficit) including 1 ordinary share of £1	1	(12,728)

Income from trading activities also includes letting of office space to the Invictus Games Foundation which is currently surplus to the charity's operational requirements. Rent and associated charges was £18,917 (2014: £nil).

Income from trading activities for the charity alone of £20,639 includes the rent detailed above and interest received on a loan from The Royal Foundation to PWPH Trading Limited which has been eliminated on consolidation.

4. Investment income and other incoming resources – Group and Charity

Investment income of £63,235 (2014: £67,460, of which £61,859 unrestricted; £5,601 restricted) comprises deposit interest receivable for the year and investment income from the reserve portfolio managed by Cazenove Capital Management.

Other incoming resources of £nil (2014: £31,240 of which all was restricted) related to staff and expense recharges to the IW Games Community Interest Company, to support the development of the Invictus Games in 2014.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

5. Summary analysis of total expenditure

	Unrestricted funds £	Group Restricted funds £	Total 2015 £	Unrestricted funds £	Group Restricted funds £	Total 2014 £
Raising Funds	583,873	174,823	758,696	449,718	112,491	562,210
Charitable Activities	579,577	2,679,705	3,259,282	504,419	3,297,161	3,801,580
Total	1,163,450	2,854,528	4,017,978	954,137	3,409,652	4,363,790

Expenditure on Raising Funds for the charity alone excludes £4,925 of non-intercompany expenses incurred by PWPB Trading Limited.

6. Analysis of expenditure on charitable activities

Activity	Grant funding of activities £	Direct costs £	Shared costs £	Support costs £	Governance costs £	Total 2015 £	Total 2014 £
Military	211,250	205,625	9,659	75,456	40,650	542,641	1,356,281
Young People	1,121,749	274,842	19,319	120,730	65,040	1,601,680	1,552,690
Conservation	425,885	458,912	67,615	105,639	56,910	1,114,961	892,609
Total	1,758,884	939,379	96,593	301,825	162,600	3,259,282	3,801,580

Grants made are recognised when they have been approved and a legal or constructive obligation exists to provide the services agreed. See note 8.

Shared costs relate to the charitable activities component of The Royal Foundation's digital technology team who share their time enhancing both the fundraising and charitable activities of The Royal Foundation.

Support costs for charitable activities comprise costs attributable to operational and grant-making functions. Staff costs 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, in compliance with constitutional and statutory requirements, include external audit fees, the costs of administrative support to the Trustees and the costs of the strategic review of the charity.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

7. Analysis of support costs and governance costs

	Raising Funds	Military	Young People	Conservation	Total	Basis of allocation
	£	£	£	£	£	
Premises	93,204	36,726	58,761	51,416	240,107	Headcount/salary costs
General Management	77,165	18,724	29,958	26,213	152,060	Salary
Finance	35,056	8,764	14,023	12,270	70,113	Salary
IT	39,978	4,805	7,688	6,727	59,198	Headcount/FTE
HR	11,194	4,479	7,166	6,270	29,109	Headcount/salary costs
Office Supplies	4,919	1,959	3,135	2,743	12,756	Headcount
Governance	37,604	40,650	65,040	56,910	200,204	Various
Total	299,120	116,107	185,771	162,549	763,547	

Raising Funds totals £758,696, which consists of £459,575 of direct fundraising costs and £299,121 of support costs.

A further analysis of governance costs is provided below:

	Governance
	£
Salaries, wages and associated costs	100,905
Legal and Professional fees	38,356
Premises	29,879
Audit fees	21,700
HR	3,623
IT	3,438
Office supplies	1,594
Other	709
Total	200,204

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 2015

8. Analysis of Grants

	Military	Young People	Conservation	Total
	£	£	£	£
The Endeavour Fund				
65 Degrees North	15,000			15,000
Boulton Flight Academy	20,000			20,000
Armed Forces Para Snowsports Team				
(formerly Combined Services Disabled Ski)	10,000			10,000
Mission Motorsport	15,000			15,000
Row2Recovery	29,000			29,000
Skiing with Heroes	28,000			28,000
Team Endeavour Racing	25,000			25,000
Walking With The Wounded	20,000			20,000
Veterans Employment				
Business in the Community	30,000			30,000
Norfolk & Norwich University Hospital	19,250			19,250
Nottingham Youth Violence Prevention Initiative				
EPIC Partners		229,000		229,000
Latimer Digital		18,000		18,000
Coach Core				
Glasgow Life		280,000		280,000
Greenhouse Sports		225,000		225,000
Nottingham City of Football		20,000		20,000
Welsh Rugby Union		100,000		100,000
Supporting Families of Children with Life Limiting Conditions				
Jessie May Trust		2,500		2,500
South Warwickshire NHS Foundation Trust		2,500		2,500
Together for Short Lives		12,000		12,000
Volunteering Matters		59,625		59,625
Prevention of Addiction				
Place2Be		74,124		74,124
Young People				
Skillforce		99,000		99,000
Conservation				
Southern African Wildlife College			125,000	125,000
Wildlife Conservation Society			114,405	114,405
Zoological Society of London, in relation to				
on site protection			100,000	100,000
Zoological Society of London, in relation to				
young people engagement			86,480	86,480
Charitable grants 2015	211,250	1,121,749	425,885	1,758,884
Charitable grants 2014	1,228,292	217,000	1,043,583	2,488,875

Some of the above projects are co-funded with other organisations, where The Royal Foundation contributes 50% of the total project costs and the other charities matches The Royal Foundation's contribution. In the view of the Trustees, this gives added return, "a multiplier effect", from the Royal Foundation's grants.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

9. Resources expended

The following have been charged within resources expended:

	2015 £	2014 £
Auditor remuneration:		
Fees payable for the audit of The Royal Foundation & subsidiary annual accounts	21,700	16,500
Fees payable for tax advisory services	1,675	-
Fees payable for other services	-	18,000
Depreciation of tangible fixed assets	31,239	14,395
Operating lease payments	199,436	133,610
Exchange differences	11,916	(22,261)
Defined contribution pension costs	98,084	89,373
	<u>914,112</u>	<u>855,981</u>

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

	2015 £	2014 £
Total staff costs comprised:		
Gross wages and salaries	725,032	678,927
Social security costs	82,412	71,169
Pension costs: defined contribution	98,084	89,373
Other benefits (including medical insurance)	8,584	16,512
	<u>914,112</u>	<u>855,981</u>

All employees are employed by the charity. The average number of employees in the year was 14 (2014: 13). The average number of staff in the year was 10 full time (2014: 10) and 4 part time (2014: 3), with the part time staff representing an average of 2 FTE's (2014: 2).

The key management personnel of the charity comprise the Trustees, the Chief Executive and the three Directors of Finance & Operations, Programmes and Fundraising. The total employee benefits of the key management personnel were £373,641 (2014: £374,353), including pension costs of £46,235 (2014: £45,107).

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

	2015	2014
£60,000 - £70,000	1	1
£70,001 - £80,000	1	1
£130,000 - £140,000	-	1
£140,001 - £150,000	1	-

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. Those employees earning over £60,000 also received contributions into the defined contribution pension scheme, with a contribution by the charity of £40,901 (2014: £37,466). The pension costs for the year totalled £98,084 (2014: £89,373). As at 31 December 2015 £nil was outstanding (2014: £nil).

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

11. Trustee remuneration, expenses and related party transactions

Remuneration

No Trustee or persons connected with them received any remuneration or received any other benefits from an employment with their charity or a related entity (2014: £nil).

Expenses

During the year one Trustee incurred expenses in the UK totalling £66 (2014: £575) for subsistence and other expenses. During the year, no Trustee incurred expenses for overseas travel, compared with one in 2014 totalling £3,294.

Related Party transactions - Trustees

During the year, The Royal Foundation received aggregate donations from Trustees of £20,000 (2014: £25,680).

Charles Mindenhall, is a Trustee of The Royal Foundation and also a Director of both Floream and Agilisys, companies which donated Gifts in Kind to The Royal Foundation during the year, with a value of £31,875 (2014: nil).

Sir Keith Mills, GBE, DL and Guy Monson, are Trustees of The Royal Foundation, and also Directors of the Invictus Games Foundation, and during the year were Directors of IW Games CIC. The Royal Foundation made grants of £nil in 2015 (2014: £985,485) to IW Games CIC; there is no outstanding grant due to the Invictus Games Foundation or IW Games CIC. The Royal Foundation received £18,917 (2014: £31,240) from the Invictus Games Foundation in relation to rent and associated charges in 2015, and from IW Games CIC in relation to recharges of staff and expenses to support the development of the Invictus Games in 2014. £5,124 (2014: nil) was outstanding at the end of the year.

Edward Harley, DL a Trustee of The Royal Foundation and Chair of the Finance Committee, is also a Senior Advisor of Cazenove Capital Management, the wealth management and charity investment business of Schroders plc. Guy Monson chairs meetings held with Cazenove Capital Management when reviewing The Royal Foundation's investment portfolio managed by Cazenove Capital Management.

Related Party transactions - Subsidiaries

PWPH Trading Limited

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. At the year end, PWPH Trading Limited owed net £9,462 (2014: £13,166) to The Royal Foundation, comprised of a loan of £10,000 (2014: £15,000), a gift aid donation of £624 (2014: nil) and an amount owed to PWPH Trading Limited by the charity of £1,162 (2014: £1,834).

The Royal Foundation lent PWPH Trading Limited £15,000 in three tranches of £5,000 on 21 August 2012, 22 August 2012 and 21 March 2013. Interest on the loan is repayable annually in arrears at the rate of 7% per annum from the date of drawdown to the date of repayment of the loan. The loan is secured by a fixed and floating charge over the subsidiary's present and future assets. During the year, PWPH Trading Limited repaid £5,000 (2014: nil) of its loan from The Royal Foundation, leaving a balance on the loan of £10,000 as at 31 December 2015.

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 2015

The Diana, Princess of Wales Memorial Fund

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

A Declaration of Trust was signed by The Diana, Princess of Wales Memorial Fund Trust Company as sole corporate trustee of The Diana, Princess of Wales Memorial Fund applying the current and future assets (excluding a £10 reserved sum) to The Royal Foundation. The Declaration of Trust came into effect from midnight on the 31st 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.

12. Tangible fixed assets – Group and Charity

	Equipment £	F&F £	Leasehold Improvements £	Total £
Cost:				
Balance brought forward 1 January 2015	26,292	11,647	86,462	124,401
Additions	10,163	1,153	-	11,316
Balance carried forward 31 December 2015	36,455	12,800	86,462	135,717
Depreciation:				
Balance brought forward 1 January 2015	16,638	268	2,593	19,499
Charge for the period	9,656	3,284	18,299	31,239
Balance carried forward 31 December 2015	26,294	3,552	20,892	50,738
Net book value:				
Brought forward 1 January 2015	9,654	11,379	83,869	104,902
Carried forward 31 December 2015	10,161	9,248	65,570	84,979

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

13. Investments

The Royal Foundation has funds invested with Cazenove Capital Management in order to generate a return for the charity and ensure its long term financial viability. The funds are recorded at open market value as at 31 December 2015. All funds invested with Cazenove Capital Management are unrestricted funds.

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Fund investments:				
Market value at 1 January	1,507,693	1,559,167	1,507,693	1,559,167
Additions at cost	794,106	1,570,980	794,106	1,570,980
Proceeds on disposal	(536,678)	(1,602,148)	(536,678)	(1,602,148)
Net losses on revaluation	(71,326)	(20,307)	(71,326)	(20,307)
	<u>244,527</u>	<u>165,291</u>	<u>244,527</u>	<u>165,291</u>
Cash at 31 December				
	<u>1,938,321</u>	<u>1,672,983</u>	<u>1,938,321</u>	<u>1,672,983</u>
Market Value at 31 December				
	<u>1,938,321</u>	<u>1,672,983</u>	<u>1,938,321</u>	<u>1,672,983</u>
Investment in Subsidiary	-	-	1	1
Total	<u>1,938,321</u>	<u>1,672,983</u>	<u>1,938,322</u>	<u>1,672,984</u>

Included within Raising Funds are Investment management costs of £16,421 (2014: £2,908), an increase following a move to a segregated portfolio.

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Fund investments:				
Equities	1,246,407	1,280,947	1,246,407	1,280,947
Bonds	224,895	231,367	224,895	231,367
Multi Asset funds	141,472	-	141,472	-
Alternatives	85,412	-	85,412	-
Cash	240,135	160,669	240,135	160,669
	<u>1,938,321</u>	<u>1,672,983</u>	<u>1,938,321</u>	<u>1,672,983</u>

The following investment is considered significant and contributes more than 5% of the total investment value:

Fund investments	% Contribution to Total Investment
Ruffer Charity Assets Trust	7.3%

The charity also 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).

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

14. Debtors

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade Debtors	5,124	2,806	5,124	2,806
Amounts owed by subsidiary	-	-	9,462	13,166
Prepayments and accrued income	65,685	277,104	65,685	277,104
Other debtors	3,792	5,454	3,792	5,454
	<u>74,602</u>	<u>285,364</u>	<u>84,064</u>	<u>298,530</u>

15. Creditors: amounts falling due within one year

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	46,856	82,716	46,857	82,716
Charitable grants	165,385	36,330	165,385	36,330
Taxation and social security	26,432	23,055	26,432	23,055
Accruals and deferred income	135,083	156,372	133,408	154,372
	<u>373,755</u>	<u>298,473</u>	<u>372,081</u>	<u>296,473</u>

16. Analysis of movements in unrestricted funds

(a) Group

	Balance at 1 January 2015	Incoming resources	Outgoing resources	Transfer between funds	Gains & losses	Balance at 31 December 2015
	£	£	£	£	£	£
Unrestricted funds:						
General funds	<u>2,876,237</u>	<u>1,414,452</u>	<u>(1,163,450)</u>	<u>(56,250)</u>	<u>(59,438)</u>	<u>3,011,552</u>

(a) Charity

	Balance at 1 January 2015	Incoming resources	Outgoing resources	Transfer between funds	Gains & losses	Balance at 31 December 2015
	£	£	£	£	£	£
Unrestricted funds:						
General funds	<u>2,888,966</u>	<u>1,396,174</u>	<u>(1,158,525)</u>	<u>(56,250)</u>	<u>(59,438)</u>	<u>3,010,927</u>

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

17. Analysis of movements in restricted funds

	Balance at 1 January 2015 £	Incoming resources £	Outgoing resources £	Transfer between funds £	Gains and losses £	Balance at 31 December 2015 £
Restricted funds:						
Military	50,328	106	(37,512)	-	-	12,922
Young People	641,652	103,005	(205,628)	(413,749)	-	125,280
Conservation	148,641	1,288,132	(758,758)	61,958	27	740,000
The Endeavour Fund	615,855	332,608	(264,764)	-	-	683,699
Coach Core	-	273,149	(608,797)	335,793	-	145
Coach Core Glasgow	-	-	(71,001)	71,001	-	-
Digital Technology	98,057	105,297	(124,421)	-	-	78,933
Supporting Families of Children with Life Limiting Conditions	27,502	72,557	(93,514)	6,955	-	13,500
Prevention of Addiction	62,486	140,265	(107,035)	-	-	95,716
Nottingham Youth Violence Prevention	(5,116)	148,500	(208,075)	-	-	(64,691)
Events	-	100,000	(99,515)	(485)	-	-
Foundation Evaluation	43,066	82	(37,440)	(5,708)	-	-
Veterans Employment	-	64,000	(94,276)	-	-	(30,276)
Taskforce	-	119,561	(88,957)	-	-	30,604
Mental Health	-	114,821	(54,836)	485	-	60,470
	<u>1,682,471</u>	<u>2,862,082</u>	<u>(2,854,528)</u>	<u>56,250</u>	<u>27</u>	<u>1,746,302</u>

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

The funds received in relation to helping disadvantaged children and young people were from donors to be used for the purpose of providing support and activities which help develop skills, confidence and aspirations. During the year, there was a transfer of funds from the Young People restricted fund to meet costs of the Coach Core, Coach Core Glasgow and Palliative Care programmes.

The funds received in relation to sustainable development were received from donors to convene sector leaders and strengthen collaborative working in the field of conservation. During the year, a transfer from unrestricted funds was made to cover a shortfall in Conservation restricted funds.

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

The funds received in relation to Coach Core programmes were used to train the next generation of inspirational sports coaches for young people, in London, Nottingham, Scotland and Wales.

The funds received in relation to Digital Technology were from donors to support the development of a specialist digital team.

The funds received in relation to Supporting Families of Children with Life Limiting Conditions were from donors to support the development of a family-centric volunteer programme.

The funds received in relation to Prevention of Addiction were from donors to work directly with children from families suffering addiction.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

The funds received in relation to Nottingham Youth Violence Prevention initiative were from donors to work in collaboration in St Ann's, Nottingham, to support children and young people. Donations to this project are expected to continue in 2016 as The Royal Foundation continues the second phase of its programme.

The funds received in relation to Events were to support the costs incurred by The Royal Foundation in hosting fundraising events.

The funds received in relation to Foundation Evaluation were to support a strategic review of The Royal Foundation's development, which took place in 2015.

The funds received in relation to Veterans Employment relate to a study to help support all those leaving the Armed Forces in their transition back to civilian life. Finding fulfilling and meaningful careers after Service plays an important role in this process. Donations to this project are expected to continue in 2016 as The Royal Foundation continues the second phase of its employment programme.

The funds received in relation to the Taskforce relate to an International Taskforce launched by United for Wildlife to work with key figures in the global transportation industry to stop the transportation of illegal wildlife products around the world.

The funds received in relation to Mental Health relate to The Royal Foundation's work focusing on children and young people's mental health and well-being.

All restricted funds are held as cash until paid.

18. Expendable Endowment fund

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Balance brought forward 1 January	250,000	250,000	250,000	250,000
Balance carried forward 31 December	250,000	250,000	250,000	250,000

An endowment of £250,000 was received in 2012 from The Diana, Princess of Wales Memorial Fund as a contingency sum to provide against any unforeseen liabilities. It is to be held for six years, until 2018, at which time it can be used as unrestricted funds by The Royal Foundation.

19. Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	Balance at 31 December 2015
	£	£	£	£
Fixed assets	84,979	-	-	84,979
Investments	1,938,321	-	-	1,938,321
Cash	1,105,328	1,928,379	250,000	3,283,707
Other net current assets/(liabilities)	(117,076)	(182,077)	-	(299,153)
Net assets	3,011,552	1,746,302	250,000	5,007,854

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

20. Operating leases – Group and Charity

The minimum lease payments due over the lease terms are:

	Property 2015 £	Other 2015 £	Total 2015 £	Property 2014 £	Other 2014 £	Total 2014 £
Within one year	191,712	2,554	194,266	175,736	3,346	179,082
In the second to fifth years inclusive	766,848	1,762	768,610	766,848	4,315	771,163
In the fifth to tenth years inclusive	697,512	-	697,512	889,224	-	889,224
	<u>1,656,072</u>	<u>4,316</u>	<u>1,660,388</u>	<u>1,831,808</u>	<u>7,661</u>	<u>1,839,469</u>

The Royal Foundation leased an office under an operating lease in 2014. The lease runs for 10 years, with a break at 5 years, at which time the lease payments are renegotiated to reflect market rentals. Part of the ground floor of the office was sublet by The Royal Foundation to the Invictus Games Foundation in January 2015.

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

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Net movement in funds	187,230	(345,341)	174,501	(344,261)
Adjustments for:				
Depreciation charge	31,239	14,395	31,239	14,395
(Gains)/Losses on investments	71,326	20,307	71,326	20,307
Dividends and interest included in investing activities	(63,235)	(67,460)	(63,235)	(67,460)
Decrease/(increase) in debtors	210,762	96,918	214,465	96,918
Increase/(decrease) in creditors	75,283	(7,891)	75,608	(7,891)
Net cash used in operating activities	<u>512,605</u>	<u>(289,072)</u>	<u>503,904</u>	<u>(287,992)</u>

22. Reconciliation of net cash flow to movement in net funds

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Increase/(decrease) in cash	319,011	(318,590)	310,311	(317,510)
Net funds at 1 January	<u>3,209,223</u>	<u>3,527,813</u>	<u>3,206,785</u>	<u>3,524,295</u>
Net funds at 31 December	<u>3,528,234</u>	<u>3,209,223</u>	<u>3,517,096</u>	<u>3,206,785</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2015

23. Analysis of cash and cash equivalents

	Group		
	At 1 January 2015	Cash flows	At 31 December 2015
	£	£	£
Cash at bank and in hand	3,043,932	239,775	3,283,707
Cash held in investment portfolio	165,291	79,236	244,527
Total cash and cash equivalents	3,209,223	319,011	3,528,234

	Charity		
	At 1 January 2015	Cash flows	At 31 December 2015
	£	£	£
Cash at bank and in hand	3,041,494	231,075	3,272,569
Cash held in investment portfolio	165,291	79,236	244,527
Total cash and cash equivalents	3,206,785	310,311	3,517,096