

Company Registration No. 7033553

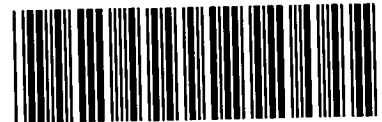
Charity Registration No. 1132048

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

Report and Financial Statements

31 December 2013

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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 2013

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The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
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Patrons, officers and professional advisors

Patrons

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

Trustees

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

Chief Executive

Nicholas Booth

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Bankers

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Solicitors

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Investment Advisors

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100 Wood Street
London
EC2V 7ER

Auditor

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

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

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Chairman's Statement

The year 2013 marked the third full year of operation for The Royal Foundation and has seen the continued expansion of our activities and programme investments. We have been able to continue to grow our funding base and through this to expand our charitable work in all three areas of our strategic focus.

In the first of our core areas of focus supporting Children and Young People the early part of the year saw the opening of the Foundation's second Coach Core project in Glasgow with our partners Glasgow Sport. This builds on our first pilot in London, which continues, and aims to create opportunities for young people through sport. The Duke and Duchess of Cambridge visited the project and met some of the aspiring young coaches as part of a trip to the city.

Following a research report undertaken in 2012 highlighting the scale and nature of substance abuse and the impact it has on young people, the Foundation was able to announce a new project focussing on the prevention of addiction in young people. We are pleased to be working with two expert partners, Action on Addiction and The Place2Be, as well as our co-funder Comic Relief. This process of building and leveraging strong partnerships both in funding and delivery remains a core part of our model. The Duchess of Cambridge visited Manchester in April to hear from some of those involved and to announce the partnership.

In addition to these new programmes we continued our investment in education in partnership with ARK Schools, and maintained our previously initiated projects with Fields in Trust and Skillforce.

In May Prince Harry went to America and visited both the United States 'Warrior Games' event in Colorado and a youth baseball project in New York being run by Harlem RBI and funded by The American Friends of The Royal Foundation. The Trustees would like to express their gratitude to the Board and supporters of the American Friends for their ongoing support.

In our second area, as part of our wider commitment to supporting the military community The Royal Foundation decided to join with the Ministry of Defence and other stakeholders in exploring the feasibility of developing the Warrior Games concept further, and is pleased that an international version of this idea, the Invictus Games, will take place in September 2014 with considerable financial and logistical backing from the Foundation. Through the Invictus Games and other projects backed by our Endeavour Fund programme, the Foundation hopes to provide continued inspiration and support to wounded, injured and sick Service Personnel as they face the process of recovery and rehabilitation, as well as in some cases their transition from the military into civilian life.

In addition to our work with Young People and the Military, the third area of the Foundation's work, promoting awareness of Conservation, took significant shape in 2013 with the announcement of our new global collaboration with seven of the world's largest field-based organisations. An early priority will be to tackle the illegal wildlife trade and in particular to raise awareness amongst, and engage with, young people. This partnership, entitled 'United for Wildlife', will be a core focus of our work into the future.

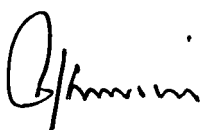
Financially during 2013 we were able to achieve a year on year increase in income from 2012 and, through drawing on this and some of our previously achieved surplus, to increase our grant-making expenditure by 26%. We also strengthened our internal capacity to allow for our expanded programme of work, invested in our future fundraising capability and moved to a new office in Kensington. As in previous years we were able to cover the Foundation's core administrative costs for the year through donations specifically given for this purpose. We continued to build our long term financial base and were able to achieve a small operational surplus during the year.

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Chairman's Statement (continued)

None of this work would have been possible without the generous backing of our donors and supporters, who contribute both financially and in giving us their invaluable time and expertise. I would like to express my thanks to them for their invaluable contribution.

I would also like to thank The Duke and Duchess of Cambridge and Prince Harry for the inspiration and leadership that they give to the Foundation, and also the Trustees and staff for their continued hard work and commitment. I am pleased to set out our achievements for 2013 in this report and look forward to the future with confidence.



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



June 2014

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

The Trustees of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (the Foundation) present their annual report for the year ended 31 December 2013 under the Companies Act 2006 together with the audited accounts for the year and confirm that the latter comply with the requirements of the Act, the Charities (Accounts and Reports) Regulations 2008 and the Charities SORP 2005.

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

Aims & Charitable Objectives

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

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

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

The principal objectives in 2013 were to:

- expand and develop the Foundation's portfolio of grants, projects and partnerships in its three core areas of interest;
- fund this work through building a sustainable income stream based on long-term relationships with supporters;
- strengthen its operational capabilities through investment in specialist staff resources, technology and research;
- explore how best to leverage the Foundation's unique position for programmes in the UK and internationally; and
- to maintain a strong focus on cost control.

Review of Achievements

In 2013 The Royal Foundation was able to continue its development, focussing on both its expanding portfolio of programmes and partnerships, as well as strengthening its internal capacity. It remains on track to achieve the objectives set out in its initial five year strategy plan for 2011-2015.

During the year the Foundation raised £3.8 million and was able to use this to achieve an increase in its charitable activity of 38%. It also drew upon funds raised both in 2013 and previous years to make investments

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

in its core operational capacity to allow for this expanded programme of activity. After gains in investment assets a surplus of £382,112 was achieved. The year saw continued efforts to widen our funding base and enhance our communication and stewardship programme for friends and supporters. The core costs of the organisation were covered by specific donations given for this purpose, which in turn allowed the Foundation to create strong links between supporters and specific areas of its work.

A key focus for the year was continuing to develop specific projects in areas of interest to The Patrons as well as developing impactful partnerships with expert organisations in the field. In a number of cases the Foundation has been able to benefit from additional investments in our projects from co-funders and this leverage remains an important part of our model, as well as the expertise and shared learning that working in this way can bring.

The Foundation's contribution to these co-funded projects has been matched by the partner organisations. In the view of the Trustees, this gives added return, "a multiplier effect", from the Royal Foundation's grants.

Examples include:

- Prevention of Addiction project is co-funded with Comic Relief.
- Childrens' Palliative Care project is co-funded with True Colours Trust.
- Invictus Games will also benefit from significant other funding both corporate and private following the Foundation's initial investment.

A key element of our work is building partnerships in order to strengthen or scale up responses to specific areas of intervention. 2013 saw this strategy come to fruition in a number of areas locally, nationally and internationally.

The Foundation was also pleased to work with the Trustees and management of The Diana, Princess of Wales Memorial Fund in becoming the sole corporate Trustee of the Fund when it ceased operations at the end of 2012. In doing so, the Foundation seeks to protect the name of the Fund as well as ensure any ongoing income donated to the Fund may be used for charitable purposes.

Project expansion and development

During 2013 the Foundation maintained its investment in a number of projects that it had begun in the previous two years as well as launching new areas of programme investment.

In the field of Young People the Foundation launched a new project aiming to tackle addiction and explored how it can best assist in the fields of preventing youth violence, and supporting families and children with life threatening or life limiting medical conditions. Both these two theme lines should come on stream in 2014. The Foundation also expanded its programme developing young sports coaches, Coach Core, and maintained its partnerships with ARK Schools, Fields in Trust and Skillforce.

Secondly, the Foundation made further investments to support the recovery of wounded, injured and sick Servicemen and women through its Endeavour Fund programme, and explored taking this concept on to an international platform in partnership with other nations who have fought alongside the United Kingdom in recent conflicts. Looking beyond the immediate process of recovery and rehabilitation the Foundation is also developing new ways of helping military veterans transition into civilian employment.

In its third area of priority, following a careful period of planning in early 2014 the Foundation was delighted to be able to announce its partnership with seven of the world's leading conservation organisations in a new collaboration called United for Wildlife. Through working together in this pioneering initiative the Foundation believes it will be able to bring about maximum leverage and a scaling up of the response to the current crisis in conservation which is an issue of great interest to Their Royal Highnesses.

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

Sustainable Income Streams

The Foundation has continued to focus on three primary objectives for income generation: to ensure its core operational costs remain fully covered by private donations; to develop long-term relationships with its supporters based on effective stewardship and by demonstrating the impact of its programmes; and to invest in its future capacity through the effective use of technology. In addition the Foundation has also been able to benefit from a growing network of volunteer supporters who have in turn assisted with introductions to new contacts.

The Foundation remains extremely grateful to a small group of benefactors which made donations specifically to cover all the organisation's core administrative costs, as it did in 2011 and 2012. In order to meet the increase in core costs as new members of staff were recruited to manage our growing portfolio of projects, the Foundation was delighted to welcome an additional core funder who is supporting this very important priority. The American Friends of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry continued their support with both grants and ongoing advice and assistance.

The Foundation developed and implemented a programme of stewardship and communication across all of its supporters focusing on our expanding portfolio of projects, inspiring and engaging individuals around particular initiatives. In addition the Foundation has dedicated time and resources to strengthening the donor base with events and communications focused around introducing new potential supporters to the Foundation.

The Foundation produced its second brochure in 2013 to provide an overview of our programmes and activities. In addition, the Foundation created individual brand identities for three specific project areas; the Endeavour Fund, Coach Core, and United for Wildlife in order to strengthen awareness of the initiatives amongst potential beneficiaries and partners.

Strengthen Operational Capability

To ensure the expansion and development of our grant and projects objectives are met, three new members of staff were recruited during 2013. Two project managers will ensure the development and delivery of our programmes, and their work is supported by an additional member to the fundraising team.

The Foundation is delighted also to be able to benefit from the expertise and assistance of a small number of senior volunteer supporters who have come together in teams around some of our key areas of focus, working alongside the staff and Trustee Board. This hub and spoke model is one that the Trustees feel adds great value to the knowledge and expertise of the organisation and is very grateful to those supporters who are giving their time and resources to help in this manner.

To maintain a strong focus on cost control

The Trustees, together with the management team have ensured costs are monitored regularly and are in line with approved budgetary controls. These are reviewed by both management and the Finance Committee as well as the full Trustee body.

Charitable Activities

During 2013 the Foundation considerably increased its grant making in its three core areas of activity:

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

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

of the Warrior Games, an American event focussing on supporting the recovery of wounded Service personnel through sport.

The Foundation engages in active dialogue with beneficiaries, and potential beneficiaries, to gain advice and input on the design and delivery of its programmes and priorities. As part of their partnership with the Foundation all of our project partners take an active role in rigorous monitoring and evaluation, which helps assess the benefits and scalability of the programme but, just as importantly, is an integral part of the work and can be used to further develop and modify the programmes as they progress.

The Trustees expect to continue to fund research in a range of areas to inform the development of their programmes and the quality of grant making. The Trustees aim to put in place independent, external evaluators for each of the programmes they support.

Veterans and Military Families

Aims & Objectives

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

Achievements

The Endeavour Fund

In order to help injured, wounded and sick servicemen and women with their recovery in 2012 the Foundation created the Endeavour Fund, a dedicated fund which supports the recovery of our men and women in and out of uniform through expeditions and sporting challenges.

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

Guided by an advisory board comprised of former Servicemen, some of whom are themselves wounded, the Endeavour Fund made grants amounting to £317,805 in 2013 to support a wide range of adventure activities and sporting opportunities, including; Walk on Wales, Military Mountain Biking, Battle Back Golf and the Walking with the Wounded Allied South Pole Challenge.

Following the completion of a feasibility study conducted in partnership with the Ministry of Defence, in December 2013 the Endeavour Fund made an initial grant of £150,000 to enable an international version of the Warrior Games to be staged in London in September 2014. Organised by an independent Board of Directors and operational team, the Invictus Games will bring over 300 wounded, injured and sick athletes from up to 14 countries to the UK to compete and to illustrate the extraordinary courage and determination of those who have fought for their country. The Games will showcase a number of sporting achievements, but will also provide an excellent opportunity to highlight the attributes which service personnel possess, and which are so valued by employers.

Employment

Lasting and meaningful employment is crucial for all those leaving the Armed Forces, but translating the skills learnt for a military career into those required to secure the right civilian career can be challenging. During 2013,

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

the Foundation has been learning first-hand about the challenges faced by those leaving the Services, and the best ways of smoothing the transition into a new career.

Building on its grant made in 2012 the Foundation has supported a SSAFA led mentoring project for servicemen and women leaving the Army due to injury or illness. The project provides one-to-one support through volunteer mentors and the initial pilot of 40 service leavers has demonstrated the benefits of a long term approach to identifying the right employment opportunities, and having the support necessary to adapt to a new career and lifestyle.

Future Plans

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

The Foundation's backing for the Invictus Games in September 2014 will be the most high profile project of the year, and will also provide an excellent platform for the development of the Foundation's work on employment and transition.

Disadvantaged Children and Young People

Aims & Objectives

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

Achievements

During 2013, the Foundation built upon its work with Fields in Trust (FiT), Absolute Return for Kids (ARK), Skillforce and Coach Core and has developed three new programmes in the prevention of addiction and youth violence and supporting families who have children with life limiting conditions.

Fields in Trust

The Foundation made its first grant to FiT in April 2011 to support The Queen Elizabeth II Fields Challenge, to secure up to 2012 new community recreation spaces to mark Her Majesty The Queen's Diamond Jubilee. Building on this contribution the Foundation helped to secure a £1 million donation from the London Marathon Charitable Trust to protect fields in London and Surrey and provide vital improvement grants on protected sites. The goal of protecting and renovating 2012 sites has nearly been reached, supporting the vital role that well equipped, easily accessible recreation spaces have in the health and well-being of all communities.

ARK

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

Expanding Horizons: The UK education project in partnership with ARK, Expanding Horizons, gives young people the opportunity to participate in residential outdoor experiences at both primary and secondary school. Over the summer term of 2013, over 800 children took part in camps which, for many, provided the first opportunity for the young people to experience the countryside and take part in fun, challenging activities that build confidence and teach new skills.

Secondary Education in Uganda: The second part of the collaboration with ARK is a programme aimed at improving secondary education in impoverished communities in Uganda, where less than 25% of children are able to attend secondary school (source: UNICEF). ARK and the Foundation are working with PEAS (Promoting Equality in African Schools) in the creation of a new model for offering new public/private secondary schools in rural communities. ARK is supporting PEAS in the development of 24 schools offering high quality, affordable

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

education in Uganda. The schools are being evaluated both by ARK and by the Ugandan Government to test the efficacy of the public/private school model to significantly increase the provision of high performing secondary education in communities which currently have little access to excellent education beyond primary school. There is extensive data to evidence the crucial role which education has in reducing poverty and improving the health of both current and future generations. This programme is at the forefront of ensuring that education is a possibility for many more African children, especially girls and young women.

SkillForce

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

In 2013, 45 young people took part in an intensive support programme. Of those, 100% have remained in education six months later and continued to improve their behaviour and engagement. A further 120 young people will take part in the course in 2014, helping to build a strong case for this kind of proactive intervention before young people are excluded from school.

Coach Core

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

In 2012 the Foundation established Coach Core, a new programme which seeks to train the next generation of inspirational sports coaches. During 2013, the Greenhouse Charity has trained 20 young people to become fully qualified coaches with the skills and expertise both to teach their chosen sport and become role models for their own students. Building on this first pilot, in April 2013 The Duke and Duchess of Cambridge launched the second Coach Core pilot in Glasgow, training a further 20 young people, in partnership with Glasgow Sport and the Hunter Foundation.

Of the initial cohort of Coach Core trainees in London, 16 have completed their training. Six of these apprentices have been offered full time coaching jobs on completion of their course, a further six have interviews, three are now taking university degrees and four will spend the summer of 2014 in the United States, building on their training. The Glasgow trainees are progressing well through their training and are on track to a career in sports coaching.

In May and December 2013, a group of London and Glasgow Coach Core trainees took part in exchange events with young coaches from a sister project, Project Coach, funded by The American Friends of the Foundation. Project Coach is a training programme, similar to Coach Core, run by Harlem RBI, an outstanding education programme in New York

In time, the Patrons and Trustees hope that Coach Core will play an integral part in the development of high quality, inspirational sports coaching in the UK and internationally.

Prevention of Addiction

In 2012, in order to inform its programme development the Foundation funded research, jointly with Comic Relief, in the area of prevention of addiction, one of The Duchess of Cambridge's main areas of focus.

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

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

As a result the Foundation, Comic Relief, Place2Be and Action on Addiction have together launched a joint programme to provide help to children and schools in identifying and supporting children and their families where addiction issues exist, and have a detrimental impact on the children. The project, initially piloted in Manchester and launched by The Duchess of Cambridge in April 2013, is based in schools as research clearly shows that children recognise schools as a place of safety and consistency in an often chaotic life. The aim is to find ways of supporting children and their parents to focus on the importance of the child's education and future, despite the issues surrounding the addiction of the parent or carer.

The first pilot in Manchester has been a success so far, with schools and families reporting a significant increase in awareness and confidence in dealing with addiction issues. Further pilots in London, Sunderland and Essex are planned for 2014.

Children with Life Limiting Conditions and their Families

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

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

With joint investment by the Foundation and The True Colours Trust, the first pilots of the Volunteers in Family Support programme began in early 2014 in a partnership between East Anglia's Children's Hospices, the Children's Hospice Association of Scotland and Community Service Volunteers. These pilots will test the viability of using part time volunteers to help families improve their lives and rebuild the connection between families and their community.

Youth Violence

Young people in cities across the UK are too often both the victims and the perpetrators of violence. Research is clear that programmes to influence young people are often too late and the key is to act before the problems become acute. As a first initiative on this subject, the Foundation has been working with local charities in St Ann's in Nottingham to understand how best to develop and support young people themselves to take the lead in tackling violence and gang culture.

In April 2013 Prince Harry visited St Ann's to see first-hand how young people themselves can bring about effective solutions. During 2014, the Foundation will be funding a partnership between EPIC Partners, the Community Recording Studio and Latimer Creative to support programmes for children and young people from 7-20 years old, helping them to gain the skills and confidence to become leaders in their community.

Future Plans

Each of the Foundation's programmes will be externally evaluated, helping to develop and modify the work as it progresses. The Foundation has an independent Advisory Board for Coach Core and a Projects Advisory Board to help guide its work on its programmes for youth violence, addiction, exclusion and children's palliative care. These boards will work with the Trustees, executive team and the programmes themselves to ensure that the current programmes achieve their potential and will continue to explore ways of engaging and inspiring disadvantaged young people.

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

Conservation and Sustainable Development

Aims & Objectives

The Foundation seeks to take an active role in conserving the natural environment and supporting communities that depend on fragile resources. In particular its aim is to raise awareness of, and contribute to key conservation issues, working collaboratively with others in the sector.

In September 2013 the Foundation and seven of the world's largest conservation organisations announced the creation of United for Wildlife. United for Wildlife is an unprecedented collaboration of global NGOs which aims to scale up the response to major conservation crises and engage a new generation in protecting their natural heritage. The Foundation is working with Conservation International, Fauna and Flora International, the International Union for Nature Conservation, The Nature Conservancy, Wildlife Conservation Society, WWF-UK and the Zoological Society of London to develop a concerted effort to tackle the major threats to wildlife and the natural environment.

Achievements

In the early part of 2014 the partners in United for Wildlife came together to stage a major symposium in London to focus on the issue of the illegal trade in wildlife. An action plan was launched by the collaboration and which is now forming the basis of a series of detailed workstreams to tackle this increasing crisis. The Foundation was also delighted to work with international law firm DLA Piper on the publication of a major piece of research into wildlife legislation in ten target countries. United for Wildlife partners also supported the intergovernmental conference on the illegal wildlife trade hosted by the UK Government on the day following the symposium.

Future Plans

Over the coming year, the United for Wildlife partners will work together to combat the illegal wildlife trade, focusing on the key elements of site-based protection, demand reduction, law enforcement and private sector engagement. The collaboration will also support the development of the next generation of conservationists, improving access to high quality education for young conservationists around the world.

The Duke of Cambridge as President of United for Wildlife will support each of these elements, as well as supporting a global digital and social media campaign to engage the next generation in conservation. Although only a small part of the Foundation's expenditure in 2013 it is envisaged that this area of our work will be a much greater area of focus into the future.

Grant-making Policy

Decisions on grants are made by the Trustees. Trustees only approve grants or fund projects which demonstrate public benefit within the criteria of the Charity Commission's guidance. In addition, the Foundation actively looks for projects or partnership opportunities where it can demonstrate added leverage or gearing from its involvement, and is unlikely to support projects where wider applicability or a broader benefit to the field in question cannot be demonstrated. The Foundation is unable to accept unsolicited requests for funds.

Fundraising

During the year the Foundation was able to continue to strengthen its underlying funding base and also to stage a series of mission-focused events to highlight specific project areas in order to engage and involve new and existing supporters.

As part of stewarding our supporters, in April 2013 the Foundation hosted its first Chairman's Dinner. The event was an opportunity to thank all those who have contributed considerable time and resources to developing and

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

implementing our programmes. Attended by The Duke and Duchess of Cambridge and Prince Harry, guests heard a number of speakers involved in the Foundation's projects explain why they chose to get involved and discuss their particular areas of focus.

In May 2013 Prince Harry joined the Foundation on a visit to the USA to support the GB team at the Warrior Games in Colorado Springs. The Warrior Games is a sporting event for wounded, injured and sick Servicemen and women in which they compete for their military branches in a variety of adaptive sports. Prince Harry took part in the opening ceremony and watched a number of competitions to gain a deeper understanding of what the competition involved. His Royal Highness asked the Foundation to explore the possibility of initiating an international version of the Warrior Games in the United Kingdom in the near future. The Foundation jointly funded and ran a feasibility study with the Ministry of Defence and following formal approval in the autumn a new Community Interest Company was formed to lead the project and the Invictus Games will become a reality in 2014.

Following His Royal Highness's visit to Colorado Springs, Prince Harry then visited New York to see 'Project Coach' a new programme built on the principles and learnings from the Foundation's Coach Core programme in the UK. The Project Coach Apprenticeship programme is being delivered by Harlem RBI and during his visit, Prince Harry joined young Harlem RBI baseball players on the diamond in Harlem to learn about the power of support in changing young people's lives. A number of supporters also came along to learn more about the programme.

Prince Harry then joined the Directors and supporters of the American Friends in the evening for an event that marked the first American Friends event on the East Coast. During the evening a Coach Core apprentice from London in addition to a Project Coach apprentice from Harlem RBI, shared their stories and highlighted the powerful impact their coaches, as role models and mentors, have had on their lives.

In June 2013 The Duke of Cambridge and Prince Harry welcomed guests to a dinner to highlight the Foundation's projects supporting disadvantaged young people. A dedicated committee introduced new supporters to the Foundation helping to strengthen the Foundation's funding base. During the evening guests heard from both The Duke of Cambridge and Prince Harry about The Foundation's projects, in addition to hearing directly from a mother who has helped develop the palliative care initiative, supporting families with a child with palliative care needs. Guests also listened to a young lady from the prevention of youth violence project in Nottingham who performed at the end of the evening.

Financial review and results for the period

The total income for the year to 31 December 2013, was £3.89m, a slight increase on 2012 (£3.84m). The income was split as: £1.12m unrestricted and £2.77m restricted.

The Foundation continued receiving specifically donated funds to ensure that the organisation's core administrative costs are met, as shown in the Statement of Financial Activities under the headings Costs of Generating Funds and Governance Costs. The Foundation continues to be extremely grateful to those individual benefactors who make this possible.

Expenditure for the year was £3.60m, broken down in the following way: 82% charitable activities, 15% cost of generating income and 3% governance. Charitable activity saw an increase of 38% from £2.14m to £2.95m. The increase in charitable expenditure is split between grants 83% (£2.45m) and support costs 17% (£0.50m). For further details on the grants approved, please refer to page 24.

Net surplus before gains on investment assets was £286k (2012: £1.22m). Investment gains of £118k were slightly off-set by a loss on foreign exchange of £22k, increasing the net movement in funds to £382k (2012: £1.23m). This surplus was split between unrestricted funds of £380k (2012: £780k) and restricted funds of £2k (2012: £453k).

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 net asset position stood at £5.17m (2012: £4.80m): £2.99m unrestricted (57%) (2012: £2.62m), £1.93m restricted (38%) (2012: £1.9m) and £250k endowment (5%) (2012: £250k).

Overall, the Trustees were pleased that the Foundation was able to increase its grant-making, make investments in its core operational capabilities, cover core costs, maintain its underlying financial base and achieve a small surplus for the year.

Reserves Policy

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

At 31 December 2013 unrestricted reserves were £2,996,011 (2012: £2,616,347). The Trustees believe that the reserves are sufficient for a growing organisation with a broad range of existing and new programmes, a number of which have longer term commitments. The Foundation's unrestricted reserves are reviewed by the Trustees on a quarterly basis.

Investment Policy

The Trustees have approved a formal investment policy. The investment portfolio was placed with Schroders Charities and is regularly reviewed. A cautious policy has been adopted. The Royal Foundation's investment portfolio is directly invested in an ethically-screened portfolio, governed by the Church of England's Ethical Investment Policy.

Going Concern

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

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

Risk Management

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

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

Structure, Governance and Management

Constitution

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

The 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 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 Foundation.

On the 1 April 2013, the 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 Foundation became the sole member of the Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.

Trustees

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

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

The Trustees maintained their core strength of seven members during 2013. In order to ensure the Board is able to sustain effective oversight of the Foundation's work a decision was taken to increase the number of regular meetings from four to six.

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

Each Trustee undertakes a balance of responsibilities divided between strategic direction, governance, oversight and fund-raising and the Trustees meet a minimum of six times a year on a formal basis under the Chairmanship of Lord Janvrin.

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

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

Public Benefit

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

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

Disclosure of Information to Auditor

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

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)

taken all the steps that they ought to have taken as a Trustee to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

Statement of Trustees' responsibilities

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period.

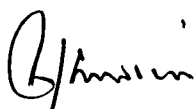
In preparing these financial statements, the Trustees are required to:

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

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

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

Approved by the Board of Trustees on *26th June* 2014 and signed on its behalf by



The Rt Hon the Lord Janvrin, GCB, GCVO, QSO - Chairman
Kensington Palace
Palace Green
London
W8 4PU

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

Company Registration No. 7033553

We have audited the financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2013 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Trustees' Annual Report.

Sarah Shillingford

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

26th June 2014

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 2013

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
Incoming resources						
Incoming resources from generated funds						
Investment income	2	54,875	7,483	-	62,358	52,765
Voluntary income	2	1,060,822	2,763,829	-	3,824,651	3,787,751
Activities for generating funds	2,3	-	-	-	-	2,874
Total incoming resources		1,115,697	2,771,312	-	3,887,009	3,843,390
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	4	(524,630)	(16,135)	-	(540,765)	(357,538)
Costs of trading activities	3,4	(3,340)	-	-	(3,340)	(9,875)
Investment management costs	4	(506)	-	-	(506)	(525)
Charitable activities	4,6,7	(200,937)	(2,752,729)	-	(2,953,666)	(2,141,866)
Governance costs	4,5	(102,983)	-	-	(102,983)	(117,916)
Total resources expended	4,8,9	(832,396)	(2,768,864)	-	(3,601,260)	(2,627,720)
Net incoming resources before transfers		283,301	2,448	-	285,749	1,215,670
Other recognised gains/(losses)						
Gains on investment assets	12	118,387	-	-	118,387	17,563
Foreign Exchange loss		(22,024)	-	-	(22,024)	-
Net movement in funds (being the net income for the year)		379,664	2,448	-	382,112	1,233,233
Fund balances brought forward at 1 January		2,616,347	1,927,851	250,000	4,794,198	3,560,965
Funds balances carried forward 31 December	16,17,18	2,996,011	1,930,299	250,000	5,176,310	4,794,198

The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry's, excluding PWPH Trading Limited activities, total incoming resources for 2013 were £3,888,045 (2012: £3,858,352); total resources expended were £3,619,944 (2012: £2,617,847); and total net incoming resources were £268,101 (2012: £1,240,505).

All results are from continuing operations.

There were no other recognised gains or losses.

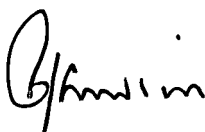
The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry
Company Registration No. 7033553

Consolidated balance sheet
31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible fixed assets	11	13,412	-
Investments	12	1,559,167	-
		<u>1,572,579</u>	<u>-</u>
Current assets			
Current asset investments	12	-	1,327,116
Debtors	13	382,282	148,990
Cash at bank and in hand		3,527,813	3,613,525
		<u>3,910,095</u>	<u>5,089,631</u>
Creditors: amounts falling due within one year	14	(306,364)	(266,089)
Net current assets		<u>3,603,731</u>	<u>4,823,542</u>
Creditors: amounts falling due after more than one year	15	-	(29,344)
Net assets		<u>5,176,310</u>	<u>4,794,198</u>
Funds			
Unrestricted funds	16	2,996,011	2,616,347
Restricted funds	17	1,930,299	1,927,851
Endowment fund	18	250,000	250,000
Total funds		<u>5,176,310</u>	<u>4,794,198</u>

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

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (registered number 7033553) were approved by the Board of Trustees on 26th June 2014 and signed on its behalf by:



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

Kensington Palace
Palace Green
London
W8 4PU

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

Charity balance sheet
31 December 2013

	Notes	2013 £	2012 £
Fixed asset investments			
Tangible fixed assets		13,412	-
Investments	10,12	1,559,168	1
		<u>1,572,580</u>	<u>1</u>
Current assets			
Current asset investments	12	-	1,327,116
Debtors	13	395,448	157,160
Cash at bank and in hand		3,524,295	3,609,627
		<u>3,919,743</u>	<u>5,093,903</u>
Creditors: amounts falling due within one year	14	(304,364)	(263,089)
Net current assets		<u>3,615,379</u>	<u>4,830,814</u>
Creditors: amounts falling due after more than one year	15	-	(29,344)
Net assets		<u>5,187,959</u>	<u>4,801,471</u>
Funds			
Unrestricted funds	16	3,007,660	2,623,620
Restricted funds	17	1,930,299	1,927,851
Endowment fund	18	250,000	250,000
Total funds		<u>5,187,959</u>	<u>4,801,471</u>

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

The financial statements of The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry (registered number 7033553) were approved by the Board of Trustees on *26 June* 2014 and signed on its behalf by:



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

Kensington Palace
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Notes to the consolidated financial statements
Year ended 31 December 2013

1. Accounting policies

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

Consolidation

The financial statements of the wholly owned subsidiary, PWPH Trading Limited, have been consolidated with those of the charity on a line by line basis. The principal activity of PWPH Trading Limited was the raising of funds for the Foundation through the sale of merchandise although no direct activity took place in 2013.

With effect from 1 April 2013, the Royal Foundation took over legal control of the 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 in any way. The financial statements have not been consolidated on grounds of materiality.

Basis of accounts preparation

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

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

Investments

The fixed asset investment consists of the share in the subsidiary PWPH Trading Limited which is stated at cost and the portfolio managed by Schroders, which is recognised at market value and any gain/loss is recorded in the Statement of Financial Activities.

Tangible Fixed assets

Tangible fixed assets are 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 -2 years on a straight line basis

Fund accounting

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

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

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

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

1. Accounting policies (continued)

Incoming resources

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

Resources expended

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

Grants made are recognised when they have been approved and a legal or constructive obligation is in place.

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

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

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

Investment management costs comprise costs associated with managing the charities portfolio of fixed asset investments.

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

Taxation

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the year-end exchange rates. All differences are taken to the Statement of Financial Activities.

Pension costs

The charity 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.

Cash Flow Statement

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

2. Incoming resources from generated funds

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Investment income:				
Interest received	54,875	7,483	62,358	52,765
Voluntary income:				
Donations received	1,060,822	2,763,829	3,824,651	3,787,751
Activities for generating funds:				
Trading subsidiary income (note 3)	-	-	-	2,874
Total incoming resources	<u>1,115,697</u>	<u>2,771,312</u>	<u>3,887,009</u>	<u>3,843,390</u>

Investment income comprises deposit interest receivable for the year and investment income from the reserve portfolio managed by Schroders.

Voluntary income arises from donations received from individuals and members of the general public. An unrestricted donation for £35,000 was received from The Diana, Princess of Wales Memorial Fund.

Included within unrestricted funds is £754,000 (2012: £550,000) donated to cover core administrative costs.

3. Activities for generating funds

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

PWPH Trading Limited raises funds on behalf of the charity and passes up its profits to The Royal Foundation of The Duke and Duchess of Cambridge and Prince Harry. The company did not have any trading during 2013 and a summary of its results extracted from its full audited accounts are shown below:

	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Turnover	-	2,874
Gross profit	-	2,874
Administrative expenses	(3,340)	(9,930)
Finance charges	(1,037)	(215)
Retained loss for the year	<u>(4,377)</u>	<u>(7,271)</u>
Assets, liabilities and shareholders' funds		
Assets	3,518	4,167
Liabilities	(15,166)	(11,438)
Deficit including 1 ordinary share of £1 at 31 December	<u>(11,648)</u>	<u>(7,271)</u>

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 2013

4. Analysis of total resources expended

	Costs of generating voluntary income £	Costs of trading activities £	Investment management costs £	Support for disadvantaged children and young people £	Support for conservation and sustainable development £	Support for military veterans and their families £	Governance costs £	Total £
Support costs								
Management	188,601	-	-	168,130	91,719	120,065	82,957	651,472
Finance	22,616	-	-	-	-	-	-	22,616
Marketing	152,033	-	-	59,593	19,464	32,194	-	263,284
Other	152,526	-	506	-	581	28	20,000	173,641
Legal fees	24,989	-	-	3,129	10,387	958	26	39,489
	<u>540,765</u>	<u>-</u>	<u>506</u>	<u>230,852</u>	<u>122,151</u>	<u>153,245</u>	<u>102,983</u>	<u>1,150,502</u>
Direct costs								
Trading activities	-	3,340	-	-	-	-	-	3,340
Grant funding	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,954,613</u>	<u>25,000</u>	<u>467,805</u>	<u>-</u>	<u>2,447,418</u>
Total resources expended 2013	<u>540,765</u>	<u>3,340</u>	<u>506</u>	<u>2,185,465</u>	<u>147,151</u>	<u>621,050</u>	<u>102,983</u>	<u>3,601,260</u>
Total resources expended 2012	<u>357,538</u>	<u>9,875</u>	<u>525</u>	<u>1,934,798</u>	<u>66,037</u>	<u>141,031</u>	<u>117,916</u>	<u>2,627,720</u>

Support costs for charitable activities comprises costs attributable to operational and grant-making functions, such as apportioned staff costs. Staff costs are allocated between governance costs, charitable activities and costs of generating funds on a time spent basis.

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

4. Analysis of total resources expended (continued)

	Total 2013 £	Total 2012 £
Being:		
Unrestricted funds	832,396	653,159
Restricted funds	2,768,864	1,974,561
	<u>3,601,260</u>	<u>2,627,720</u>

5. Governance costs

	Total 2013 £	Total 2012 £
Audit services	20,000	20,000
Legal fees	26	20,689
Support costs	82,957	77,227
	<u>102,983</u>	<u>117,916</u>

6. Analysis of charitable activities

	Unrestricted £	Restricted £	Total 2013 £	Total 2012 £
Charitable activities				
Support for disadvantaged children and young people	-	1,954,613	1,954,613	1,764,414
Support for conservation and sustainable development	-	25,000	25,000	50,000
Support for military veterans and their families	-	467,805	467,805	127,000
Charitable grants (note 7)	<u>-</u>	<u>2,447,418</u>	<u>2,447,418</u>	<u>1,941,414</u>
Support costs	200,937	305,311	506,248	200,452
Total funded grant making	<u>200,937</u>	<u>2,752,729</u>	<u>2,953,666</u>	<u>2,141,866</u>

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

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

7. Analysis of grants made

Name of Institution	Support for disadvantaged children and young people £	Support for conservation and sustainable development £	Support for military veterans and their families £	Total £
PEAS	953,046	-	-	953,046
Action on Addiction	95,103	-	-	95,103
Greenhouse Charity	56,667	-	-	56,667
Greenhouse Schools	56,667	-	-	56,667
Battle Back Golf	-	-	15,000	15,000
Community Service Volunteers	55,000	-	-	55,000
EPIC Partners	5,000	-	-	5,000
Flying for Freedom	-	-	80,000	80,000
Glasgow Life	100,000	-	-	100,000
Fields in Trust	457,980	-	-	457,980
International Warrior Games CIC	-	-	150,000	150,000
Military Mountain Biking	-	-	44,000	44,000
Place 2 Be	100,000	-	-	100,000
Row 2 Recovery	-	-	30,000	30,000
Skillforce	71,400	-	-	71,400
The Evidence Centre	3,750	-	-	3,750
Toe in the Water	-	-	18,805	18,805
Traffic	-	25,000	-	25,000
Walk on Wales	-	-	30,000	30,000
Walking with the Wounded	-	-	100,000	100,000
Charitable grants 2013	1,954,613	25,000	467,805	2,447,418
Charitable grants 2012	1,764,414	50,000	127,000	1,941,414

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

The International Warrior Games CIC is a community interest company set up to manage the Invictus Games event. The Foundation and the Ministry of Defence are founding members of the company.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

8. Resources expended

The following have been charged within resources expended

	2013 £	2012 £
Auditor remuneration:		
Fees payable for the audit of the Foundation's annual accounts	15,000	15,000
Fees payable for the audit of the subsidiary annual accounts	5,000	5,000
Fees payable for other services	-	67,201
	<u> </u>	<u> </u>

Other services comprised of outsourced accounting support which has been brought in-house during 2013.

9. Staff costs and pension schemes

	2013 £	2012 £
Total staff costs comprised:		
Gross wages and salaries	436,735	297,562
Social security costs	52,065	39,181
Pension costs: defined contribution	51,149	36,219
	<u>539,949</u>	<u>372,962</u>

All employees are employed by the charity. The average number of employees in the year was eight (2013: 5).

Number of employees who earned over £60,000, including taxable benefits, was:

	2013	2012
£60,000 - £70,000	-	1
£70,001 - £80,000	1	-
£130,000 - £140,000	-	1
£140,001 - £150,000	1	-

These employees also received contributions into the defined contribution pension scheme, with a contribution by the charity of £29,003 (2012: £19,142).

The charity operates a defined contribution scheme for its employees which require contributions to be made to separately administrated funds. The pension costs for the year were £51,149 (2012: £36,219). As at 31 December 2013 £nil was outstanding (2012: £12,265).

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

10. Charity fixed assets investment

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

11. Tangible fixed assets

	Equipment	Total
	£	£
Cost:		
Balance brought forward 1 January 2013	-	-
Additions	18,516	18,516
	<hr/>	<hr/>
Balance carried forward 31 December 2013	<u>18,516</u>	<u>18,516</u>
Depreciation:		
Balance brought forward 1 January 2013	-	-
Charge for the period	<u>5,104</u>	<u>5,104</u>
Balance carried forward 31 December 2013	<u>5,104</u>	<u>5,104</u>
Net book value		
Brought forward 1 January 2013	<hr/> -	<hr/> -
Carried forward 31 December 2013	<u>13,412</u>	<u>13,412</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

12. Investments

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	£	£	£	£
Multi Asset Fund:				
Market value at 1 January	1,327,116	-	1,327,116	-
Additions	69,521	1,031,276	69,521	1,031,276
Disposals	-	(10,389)	-	(10,389)
Income	44,143	-	44,143	-
Net gain on revaluation	118,387	17,563	118,387	17,563
	<u>1,559,167</u>	<u>1,038,450</u>	<u>1,559,167</u>	<u>1,038,450</u>
Market value at 31 December	1,559,167	1,038,450	1,559,167	1,038,450
Held on deposit	-	288,666	-	288,666
	<u>1,559,167</u>	<u>1,327,116</u>	<u>1,559,167</u>	<u>1,327,116</u>

All funds are invested with Schroder & Co. Limited, in the UK and the Isle of Man 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 2013. In 2012 the funds consisted of mainly cash investments and, therefore, were recorded as current assets. During 2013 the fund has acquired more equity and has been reclassified as fixed assets. This is in line with the reserves policy, where the Trustees feel, a long term investment strategy should be in place to ensure the Foundation is able to fulfil its future commitments.

All invested funds are unrestricted funds.

13. Debtors

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	£	£	£	£
Grants receivable	300,000	40,000	300,000	40,000
Gift aid receivable	38,094	7,722	38,094	7,722
Other debtors	23,427	100,268	23,427	100,000
Prepayments	20,761	1,000	20,761	1,000
Amounts owed by group undertakings	-	-	13,166	8,438
	<u>382,282</u>	<u>148,990</u>	<u>395,448</u>	<u>157,160</u>

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

14. Creditors: amounts falling due within one year

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	37,887	3,389	37,887	3,389
Charitable grants	185,674	179,540	185,674	179,540
Taxation and social security	19,904	11,751	19,904	11,751
Accruals	62,899	59,144	60,899	56,144
Other creditors	-	12,265	-	12,265
	<u>306,364</u>	<u>266,089</u>	<u>304,364</u>	<u>263,089</u>

15. Creditors: amounts falling due after more than one year

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	£	£	£	£
Charitable grants	-	29,344	-	29,344
	<u>-</u>	<u>29,344</u>	<u>-</u>	<u>29,344</u>

16. Unrestricted funds

	Group		Charity	
	At	At	At	At
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	£	£	£	£
Unrestricted funds:				
Balance brought forward 1 January	2,616,347	1,836,278	2,623,620	1,836,279
Movement in funds for year	379,664	780,069	384,040	787,341
	<u>2,996,011</u>	<u>2,616,347</u>	<u>3,007,660</u>	<u>2,623,620</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 2013

17. Restricted funds

	Balance at 1 January 2013 £	Incoming resources £	Outgoing resources £	Balance at 31 December 2013 £
Restricted funds:				
Support for conservation and sustainable development	166,550	381,312	(132,700)	415,162
Support for disadvantaged children and young people	951,186	1,597,711	(1,792,405)	756,492
Support for military veterans and their families	66,773	19,509	(9,427)	76,855
The Endeavour Fund	693,239	571,147	(578,235)	686,151
Coach core	50,103	201,633	(256,097)	(4,361)
	<u>1,927,851</u>	<u>2,771,312</u>	<u>(2,768,864)</u>	<u>1,930,299</u>

The funds received in relation to sustainable development were received from various donors to convene sector leaders and strengthen collaborative working in the field of conservation.

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

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

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

The funds received in relation to Coach Core were used to train the next generation of inspirational sports coaches for young people. Donations to this project are expected to continue in 2014.

All restricted funds are held as cash until paid.

18. Endowment fund

	Group		Charity	
	At 31 December 2013 £	At 31 December 2012 £	At 31 December 2013 £	At 31 December 2012 £
Balance brought forward 1 January	250,000	250,000	250,000	250,000
Balance carried forward 31 December	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>

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.

With effect from 1 April 2013, the Royal Foundation took over legal control of the The Diana, Princess of Wales Memorial Fund in order to safeguard both the Fund's name and any further income donated to

Notes to the consolidated financial statements (continued)
Year ended 31 December 2013

18. Endowment fund (continued)

the Fund in the future. The Royal Foundation will not continue the Fund's grant-making or charitable activities in any way.

The financial statements have not been consolidated.

19. Analysis of group net assets between funds

	Unrestricted funds £	Restricted funds £	Endowment funds £	Year ended 31 December 2013 £
Fixed assets	1,572,579	-	-	1,572,579
Current assets	333,818	48,464	-	382,282
Current liabilities	(75,218)	(231,146)	-	(306,364)
Cash	1,164,832	2,112,981	250,000	3,527,813
Net assets	2,996,011	1,930,299	250,000	5,176,310

20. Guarantees and contingent liabilities

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

21. Trustee remuneration, expenses and related party transactions

No Trustee or persons connected with them received any remuneration (2012: £nil). During the year no Trustee incurred expenses in the UK (2012: nil) for subsistence and other expenses. No Trustees incurred expenses in 2013 for overseas travel (2012: two trustees £7,981).

A grant of £35,000 was received from The Diana, Princess of Wales Memorial Fund. On the 1 April 2013, the Foundation assumed legal control of The Diana, Princess of Wales Memorial Fund (the Fund), in order to safeguard both the Fund's name and any future income donated to the Fund once its operations had ceased. The Foundation became the sole member of the Fund's Trustee Company (company number 05516463) upon its closure at the end of March 2013.