

The Prince's Foundation
(A company limited by guarantee)
Trustees' annual report and financial statements
Charity Number SC038770
Company Number SC331738
For the year ended 31 March 2019



FRIDAY



S8JPZ409

SCT 06/12/2019 #122
COMPANIES HOUSE

The Prince's Foundation
Trustees' report and financial statements
For the year ended 31 March 2019

Contents

Chair's report	1
Strategic report	2
Report of the trustees for the year ended 31 March 2019	3 - 14
Statement of trustees' responsibilities in respect of the trustees' report and the financial statements	15
Independent auditor's report to the trustees and members of The Prince's Foundation	16 - 17
Consolidated statement of financial activities	18 - 19
Consolidated balance sheet	20
Foundation balance sheet	21
Consolidated cash flow statement	22
Notes to the financial statements	23 - 54

Letter from the Chair

I am pleased to report on another very successful year for The Prince's Foundation, formerly The Great Steward of Scotland's Dumfries House Trust.

The financial year April 2018 to March 2019 has been a transformational year in the history of the charity. The Prince's Foundation for Building Community (PFBC) merged with The Great Steward of Scotland's Dumfries House Trust on 1 April 2018 and the Trust was renamed The Prince's Foundation. This was a significant step in our journey to consolidate a number of charities founded and supported by our President, HRH The Prince Charles, Duke of Rothesay.

In September 2018 another Prince's Charity, The Prince's School of Traditional Arts (PSTA), merged with The Prince's Foundation. And then finally, in January 2019, The Prince's Foundation became the sole Trustee of The Queen Elizabeth Castle of Mey Trust. Whilst the Trust is maintained as a stand-alone charity, it is now under the control of The Prince's Foundation.

These charities have combined under a common purpose, namely to advance our President's vision of heritage-led regeneration, championing sustainable approaches to how we live our lives and delivering education and training programmes throughout the UK and internationally.

The merger activity has been a great success and the Trustees believe it will strengthen the Foundation's brand, identity, capabilities and offering. The Board has been mindful of the challenges presented by merger activity and a much-expanded operation, and our focus has been to support the management team and ensure a carefully managed transition for all parties involved.

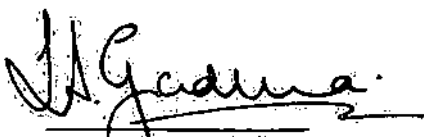
During the past year our education programmes have continued to flourish. We opened a new textile centre on the Dumfries House estate in May 2018, and our new studio space at Trinity Buoy Wharf in London has been delivering to local young people and community groups since April 2019.

We also completed a number of important capital projects during the financial year. In January we opened our new Health and Wellbeing Centre on the Dumfries House estate. The new Centre has expanded our ability to offer complementary and wellbeing therapies to patients, in partnership with local medical practitioners. At the Castle of Mey, we completed the conversion of the old Granary into a bed and breakfast, which will increase visitor numbers and provide an income to support the Castle. Our President officially opened the new Granary Lodge on 1 May.

Following the restoration of Ballater Station following the fire in May 2015 The Prince's Foundation opened the Carriage Café and Bistro in September 2018. This complements our other offering in Ballater, The Rothesay Rooms.

In recognition of our President's 70th birthday we launched an initiative called '7 for 70', where the Foundation identified seven building community projects in the UK to provide heritage advice, architectural support and project management services. The first, The Duke of Rothesay Highland Games Pavilion in Braemar, was completed and opened in the financial year.

All of this could not have been delivered without the commitment and devotion of the Foundation's 280 members of staff, and of course the individuals and organisations whose donations we rely upon. Fundraising remains our most substantial challenge, as is the case with many charities. Through the extraordinary generosity of our donors we have been able to execute a significant delivery programme this past year. We could not be more grateful to our donors for their kind support.



Dame Jayne-Anne Gadhia
Chair
The Prince's Foundation

Strategic Report for the year ended 31 March 2019

Review of the Charity

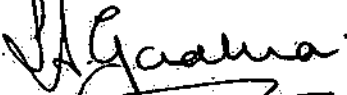
The Prince's Foundation, of which His Royal Highness The Prince Charles, Duke of Rothesay, is President, was formed on 1 April 2018 through the merger of The Great Steward of Scotland's Dumfries House Trust with the Prince's Foundation for Building Community. During the year to 31 March 2019, the Prince's Foundation merged with The Prince's School of Traditional Arts, in September 2018, and became sole Trustee of another of the Prince's charities, The Queen Elizabeth Castle of Mey Trust, on 1 January 2019.

Principal risks and uncertainties

The Trustees are required to assess the major risks to which the Trust is exposed. The Trustees have examined the major strategic, business and operational risks which the Trust faces, and are satisfied that appropriate systems have been established to seek to identify and manage these risks. It is recognised that systems can only provide reasonable, but not absolute, assurance that major risks have been adequately managed.

The principal risk for the charity is failure to meet fundraising targets leading to the charity not having sufficient funds to achieve its objectives. This is monitored by management and Trustees at regular intervals and a detailed fundraising strategy is in place.

ON BEHALF OF THE BOARD:



Dame Jayne-Anne Gadhia
Chair

Report of the trustees for the year ended 31 March 2019

Objectives and Activities

Objectives

The overarching charitable objective of the Prince's Foundation, as set out in its Memorandum and Articles of Association, was amended on 29 March 2018 to reflect the new activities to be undertaken by the Foundation as a result of the mergers.

The Foundation's objects are for the benefit of the public:

- The advancement of education, training and retraining;
- The advancement of heritage and the protection, preservation, conservation, improvement and revitalisation of the built environment, the environment, traditional arts and architecture of all civilisations and monuments, structures or sites of particular beauty of historical, architectural or constructional interest;
- The advancement of citizenship or community development;
- The provision of recreational activities, or the organisation of recreational activities, with the object of improving the conditions of life for persons in need by reason of youth, age, infirmity, disablement, poverty or social or economic circumstances;
- The preservation and maintenance of Dumfries House, its contents, grounds, outbuildings and surrounding land and other heritage sites in Scotland and the rest of the world; and
- To undertake other charitable activities, both locally and nationally, either directly or by supporting others undertaking those activities. In particular the Foundation aims to increase the knowledge, understanding and interest in Dumfries House and the preservation of its artefacts, and to promote social, cultural, recreational and educational activities for the benefit of the local community and beyond, whether through the provision of facilities where residents can come together for community events or recreational activities, or through improvements to historic buildings, community facilities and public open spaces.

Additionally, the Foundation seeks to minimise its environmental impact and where practicable apply the principles of sustainability and harmony to its actions.

Our vision

As defined and led by our President, The Prince's Foundation's vision is to support people to create community, through teaching traditional arts and skills, restoring historic sites, championing a sustainable approach to the way people build community, and maintaining Dumfries House and its estate as an example of heritage-led regeneration. Our mission is to ensure that, through our initiatives, we will have a positive impact upon the lives of all within the communities where we work, regardless of gender, age, politics, wealth or religion.

It was always the ambition of The Prince's Foundation's Founder and President, and a key objective of the Foundation, to demonstrate how a place of historic and cultural significance can be used as a catalyst to regenerate its surrounding community in terms of leadership, leisure, culture, training and education, employment and wellbeing. Through joining forces with The Prince's Foundation for Building Community, The Prince's School of Traditional Arts and The Queen Elizabeth Castle of Mey Trust, it is the intention that the new expanded organisation, The Prince's Foundation, will enhance its reach nationally and internationally using relevant knowledge and experience accumulated over many years.

Report of the trustees for the year ended 31 March 2019 (Continued)

Our vision (continued)

Recognising the contribution of our volunteers:

Volunteers play a significant role in delivering our charitable objects.

We have around 16 volunteers on the Dumfries House estate and garden, who support the estate and admissions teams. They carry out general gardening duties and play a large part in the successful operation of the grounds and gardens. We also have volunteers who help with larger events at the house.

At New Cumnock we have a full time volunteer that helps operate the swimming pool throughout the year.

We are very grateful for the contribution they make to the Foundation.

Achievements and performance 2018-2019

During the financial year April 2018 to March 2019 the Foundation enhanced the visitor offering at the Dumfries House estate, including the completion of a number of significant capital projects. In addition, the Foundation significantly expanded its educational offering, primarily through mergers with The Prince's Foundation for Building Community and The Prince's School of Traditional Arts, as well as through launching new education programmes on the Dumfries House estate.

The estate and capital projects

The Foundation supported a number of capital projects during the financial year 2018-2019.

The new Health and Wellbeing Centre opened on the Dumfries House estate in January 2019. The Centre operates in partnership with local medical practitioners and offers complementary treatments and therapies to patients.

At the Castle of Mey, the conversion of the old Granary into a bed and breakfast was completed in May 2019. The Granary Lodge now features ten double en-suite bedrooms, and is open to visitors throughout the year.

Another capital project to complete during the financial year was the live build outdoor teaching classroom at the education farm at Dumfries House, which completed in March 2019. This development was carried out in partnership with the Queen Elizabeth Scholarship Trust. The new facility allows the farm to develop its education programs and increase its course numbers.

The Lady Well Project, our first full time stone masonry training program, allows students to gain real world experience from the inception of design through to completion. Lady Well was completed in June 2019.

Further investment was made into the general infrastructure on the Dumfries House estate to manage the ever-increasing number of visitors.

Home Farm achieved full organic status in January 2019. The number of livestock has stayed steady over the year with around 650 sheep and 130 cattle.

Dumfries Farm and Land predominantly focused on developing The Health and Wellbeing Centre, with additional works taking place at Knockroon along with new roads and pavements.

Report of the trustees for the year ended 31 March 2019 (continued)

Future Capital Projects

In the short term our aims and objectives for capital projects on and around the Dumfries House estate include:

- **Coachford Cottage.** The creation of an artist residential retreat as part of our offering with the Royal Drawing School. This project will see an old cottage on the Dumfries House estate restored and extended to accommodate two artists alongside the creation of two artist studios.
- **Horticulture Training and Welfare Facility.** Located behind the Queen Elizabeth Walled Garden this building will replace the temporary portacabins. This new facility will allow the Foundation to further expand The Royal Horticultural Society Training programs as well as incorporating welfare facilities for the in-house gardening team.
- **Knockroon.** Design work has commenced on a plan for the next phase of the development.

Longer term, our aims and objectives for development on the Dumfries House estate include significant investment in a number of initiatives:

- **The Pavilion.** The creation of a new pavilion to the east of Dumfries House to replace the existing marquee attached to Dumfries House.
- **The Glenside Applied Arts Centre.** This project will incorporate traditional building skills, traditional arts as well as hosting the Royal Drawing School. The centre will be situated on the site of the disused Glenside Farm. Enabling works began in 2017 and fundraising efforts are continuing, on what will be the largest project undertaken on the Dumfries House estate thus far.

Education

The Prince's Foundation welcomed approximately 12,000 people onto its educational programmes in the past financial year. This included participation in residential courses, evening classes and events.

Participants experienced a refreshed curriculum and approach across each of the Dumfries House programmes with a focus on identifying and developing the principles of Harmony. An online booking system was introduced along with a proactive marketing campaign, resulting in engagement from a wider geographical area than previous years with South Ayrshire and Dumfries and Galloway Schools becoming more regular visitors to Dumfries House.

Our education offering has expanded as a result of The Prince's Foundation merging with The Prince's Foundation for Building Community and The Prince's School of Traditional Arts. The Foundation now has two new studio spaces at Trinity Buoy Wharf in London, and offers a programme of masters and PhD courses in collaboration with partners both in the UK and internationally.

Report of the trustees for the year ended 31 March 2019 (continued)

Education (continued)

Dumfries House initiatives

During the financial year April 2018 to March 2019 the Foundation operated six areas of educational activity on the Dumfries House estate, as follows.

Horticulture and Food Education Programmes. The principal aim of the work being undertaken in the Pierburg Education Centre and the Kauffman Education Garden is to show children where fresh vegetables come from, underpinning the notion of healthy eating and fresh produce. This programme is one of the busiest and in-demand programmes on the estate. Numbers were approximately 3000 due to capacity within the building. The centre celebrated its five-year anniversary and marked it with a public open day which was well received.

Farm Education. The programmes offered at Valentin's Education Farm are now part of the annual calendar for schools with February onwards fully booked. The centre offered the first Festival of Farming in April 2018 attended by over 500 pupils across East Ayrshire. Development of new secondary school programmes are underway for the academic calendar 2019/20. This festival takes in all curriculum areas of the estate as well as working in partnership with RHET Ayrshire.

Future Textiles. The Atelier programme is based in the attic quarters of Dumfries House. This year 1000 participants have taken part in sewing, pattern drafting, and woven and knitted textiles workshops with pupils aged 12 to 18 years old. The new textile centre has been open since May 2018, with four programmes delivered, with the aim of six participants on each programme recruited from the job centre.

Residential, Outdoor and Nature Based Learning. The primary function of the Tamar Manoukian Outdoor Centre is to provide youth and school groups with affordable, residential accommodation that will allow access to a comprehensive range of activities throughout the estate. The nature based and outdoor learning programmes have become more popular with schools for day visits this year as well as a slight increase in the number of schools booking for residential stays. A family festival was held in July 2018 which was attended by approximately 400 people of all ages who took part in activities and an end of day family ceilidh.

Science, Technology, Engineering and Maths (STEM). STEM principles underpin many of the estate activities especially those in the Food, Farming and Horticulture programmes. Specifically, engineer and science programmes are delivered via day visits and events in the Marphy Richards Engineering Education Centre. Approximately 2000 pupils visit each year. The family engineering day in June 2018 had over 500 visitors of all ages take part in a range of science led indoor and outdoor activities. The tutor team also took delivered outreach activity in partnership with British Aerospace working with over 800 young people across a week.

Hospitality. The hospitality centre delivered 3 programmes of 'Get into Hospitality' training in partnership with The Prince's Trust. The success rate for employment remains high ranging from 85% to 100% on completion. The centre also delivered a number of day workshops to primary and secondary pupils as well as working closely with the Health and Wellbeing participants on healthy eating.

Report of the trustees for the year ended 31 March 2019 (continued)

Education (continued)

Broader education initiatives

The Prince's Foundation educational offering now stretches beyond the Dumfries House estate, as a result of merging with The Prince's School of Traditional Arts and The Prince's Foundation for Building Community. We support people to plan the future of their community, to learn traditional arts and skills needed to build sustainably and to share the results as examples of best practice in urban design, architecture, planning and construction.

Academic programmes. Our academic education programmes provide specialised training for people interested in tackling the challenges of global warming, rapid urbanization, resource depletion, and the lack of knowledge and skills in traditional arts and craft. The Prince's Foundation is one of very few organisations in the United Kingdom addressing this diverse but interconnected range of issues. Our courses include an MSc in Sustainable Urban Development with the University of Oxford; an MSc in Sustainable Engineering Management with Swansea University and an MSc in Environment and Development with the University of Bahrain.

Vocational programmes – Craft training. Our craft programmes provide training for the next generation of master craftspeople working within the heritage sector. Over a third of those working in the heritage crafts are currently nearing retirement age and around three quarters are not currently undertaking any activity to pass on their skills and knowledge. Alongside teaching the practical trade skills, the programmes utilise a holistic approach to teach and promote the principles of Harmony. By exposing students to a range of trades and disciplines, we believe we are training not just skilled craftspeople but proponents of the creation of healthy, sustainable and beautiful communities. Courses include our Building Crafts Programme as well as our Traditional Building Skills Programme in partnership with QEST.

Short courses and CPD. We run a range of short courses, professional development and executive education for students and practitioners. These courses provide specialised training, often interdisciplinary in nature, targeted at filling gaps in existing education and training. Courses include the Snowdon summer school; "Maymester" with the College of Charleston; and a short course in Community Engagement with the University of Glasgow.

The Prince's Foundation School of Traditional Arts. The School offers postgraduate degrees in traditional arts at MA, MPhil and PhD levels, and also offers lectures, workshops and short, practical courses in traditional arts and crafts as part of the Open programme in the UK. Our Outreach programme delivers education programmes beyond the UK, working in partnership with educational centres around the world. In October 2018 we celebrated the launch of our new partnership in Suzhou, China, which compliments our existing initiatives in Egypt, Azerbaijan, Pakistan and Saudi Arabia.

Report of the trustees for the year ended 31 March 2019 (continued)

Performance

During the financial year April 2018 to March 2019, the success of the Foundation was measured in increasing the breadth and reach of its education and skills training, maintaining, and where possible enhancing, the artistic and aesthetic qualities of Dumfries House and its collections and increasing visitor numbers to the House and estate (in a way that is compatible with the preservation of the House and the collections).

The Foundation has met all of these objectives during 2018/19. The Foundation funds a proportion of its activities through the commercial operations undertaken by its trading subsidiaries but it is reliant upon philanthropic donations for a significant proportion of its income. The philanthropic donations are sourced from private individuals or other legal persons such as trusts and, more rarely, companies. Funds are not sought from the general public and for that reason no payments were made to intermediaries or any other third party for public fundraising activities.

Sufficient funds were raised from philanthropic donations to fund the educational activity planned for the year and a significant programme of development activity. Details of the development projects and, where applicable, information about the expected future benefits arising from them are covered within this report.

The charity has met its operational fundraising requirements during the year.

Financial Review

During the financial year April 2018 to March 2019, the Foundation had an income of £16,559,880, an overall increase of 1% from the previous year (2018: £16,456,242). Of this, £11,190,852 was general funds and £5,262,038 restricted funds. The general funds included donations, grants and gifts in kind of £6,576,117; and income generated from the Foundation's commercial operations of £2,793,177 (2018: £2,300,985).

Donations and legacies reduced year-on-year by 14% largely as a result of the lower investment needed to support agreed capital projects at Dumfries House. Expenditure on raising funds grew by 21%, which has been rewarded by the receipt of material donations on an unrestricted basis since the year-end.

Expenditure on Dumfries House and the estate increased year-on-year as a result of higher maintenance, wages and education costs. One-off project costs were also higher than in the previous year.

Expenditure on charitable activities increased by 69% during the year.

Revenue from commercial operations increased 21% year-on-year reflecting the growing scale and activities of the Foundation.

On average, 278 people were employed during the financial year, an increase of 58 new jobs compared to the previous year.

The Capital Project fund has a deficit of £997k at the financial year end due to the timing of work on several projects, a position which will be rectified upon receipt of funds committed during the current financial year.

Reserves Statement

During the financial year April 2018 to March 2019, the Foundation improved its negative free reserves position to (£3,678,243) (2018: (£4,321,656)).

Over time, the Trustees aim to hold sufficient general reserves in the form of realisable funds. Total Foundation net assets are valued at £120,537,312 (2018: £97,932,199).

Report of the trustees for the year ended 31 March 2019 (continued)

Plans for Future Periods

Further development of the land and buildings on and around the Dumfries House estate is a key objective of the Foundation. This includes significant investment in the capital projects outlined above (please refer to the Achievements & Performance section for details of Future Capital Projects).

In addition we plan to:

- cultivate our health programme at the recently established Health and Wellbeing Centre on the DH estate;
- continue development at the Queen Elizabeth Castle of Mey Trust, which came under the sole Trusteeship of the Foundation in January 2019; and
- develop and expand our educational programmes - those resulting from the merger activity such as courses offered by the School of Traditional Arts, as well as programmes on the Dumfries House estate.

Our overall objective is to ensure the Foundation delivers on its charitable objects and the vision and mission of our President.

Structure, Governance and Management

The Prince's Foundation is a company limited by guarantee incorporated in 2007, charity number SC038770 and company registration number SC331738. The Foundation had four wholly owned subsidiary companies as of 31 March 2019:

Dumfries House Trust Trading Limited (incorporated October 2007 registration number SC333119) operates all of the Trust's commercial activities at Dumfries House, New Cumnock and Ballater including House admissions, gift shop, café, weddings and events and the bed and breakfast and holiday letting activities.

Dumfries House Home Farm Limited (incorporated January 2004 registration number SC261878) manages the farming activities.

Dumfries Farming and Land Limited (incorporated October 2007 registration number 06391121) owns land that is used for farming and residential development purposes. The company has ownership of the development site at Knockroon.

Community Capital Limited (incorporated August 2001 registration number 04268547) offers building consultancy services.

The Foundation is the controlling party of the following charities as of 31 March 2019:

The Prince's Foundation for Building Community (incorporated June 1998 registration number 03579567 charity number 1069969), a charity set up for the promotion of sustainable development and advancement education.

The Prince's School of Traditional Arts (incorporated November 2003 registration number 04970959, charity number 1101527), a charity set up for the advancement of education in the practice and application of the traditional arts and architecture of traditional civilisations and the promotion of the practice and appreciation of such traditional arts and architecture

Report of the trustees for the year ended 31 March 2019 (continued)

Structure (continued)

The Queen Elizabeth Castle of Mey Trust (Charity number SC024983), a charity set up for the benefit of the inhabitants of the United Kingdom, for the preservation of buildings and monuments with historical importance and architectural interest, the advancement of the historical and architectural education by offering opportunities for access to into buildings or monuments and the preservation and education of the public of Aberdeen Angus Cattle and North Country Cheviot Sheep. The Trust's articles were changed on 1 January 2019 which added the object of the preservation in perpetuity for the public benefit of the Castle of Mey, its contents, its grounds and land.

The Foundation also indirectly controls The Castle and Gardens of Mey Limited, The Prince's Regeneration Trust and PRT Social Enterprise Limited. See Note 16 for more information on these entities.

Our Staff

At the beginning of April 2018, the Foundation employed 220 staff. By the end of March 2019, the Foundation employed a total of 280 staff.

For details of the senior management team see page 14.

Finance, Investment and Audit Committee (FIAC)

During the year 2018/19 members were:

- Dame Jayne-Anne Gadhia (Chair)
- Mr Douglas Connell (appointed for 11 December 2018 meeting)
- Sir David Green (appointed for 11 December 2018 meeting; resigned on 20 June 2019)

FIAC also undertakes the activity of the Remuneration Committee (RemCo), to oversee senior management remuneration. The first meeting of the RemCo was July 2019

The Board of Trustees

The first and current President of the Trust is His Royal Highness The Prince Charles, Duke of Rothesay. Lord Snowdon became Vice President in April 2018.

The Foundation is administered by a Board of Trustees which meets at least 4 times each year. The Trustees are selected from a variety of relevant backgrounds including heritage, education, business and finance. Training and induction is available for new Trustees. During the financial year 18/19 this included an away day arranged by the senior management of the Foundation, which focussed on governance, strategy and structure. The Board of Trustees sets and oversees the strategic direction of the Foundation and is responsible for all policy decisions. The charity's decision making powers require a majority of Trustees, present in person, which represents a quorum.

Mr Charles Cator, April 2013 - 17th December 2018

Charles Cator has worked for Christie's since 1973. Mr Cator is currently Deputy Chairman of Christie's International (2007 to present), having previously been Chairman of Christie's UK between 2001-2007. Mr Cator was appointed to the board of The Monument Trust in 2010. He also serves on a variety of academic boards.

Report of the trustees for the year ended 31 March 2019 (continued)

The Board of Trustees (continued)

Mrs Heather Dunk, OBE, February 2014 - present

Heather Dunk was appointed as Principal of Ayrshire College in 2013 having led the successful merger of the three legacy colleges in Ayrshire to create the new regional organisation. Prior to her move to Ayrshire, Heather was Vice Principal of West Lothian College and formerly Director of Education with PLATO Learning. Heather has extensive knowledge of large capital projects and successfully led the development of the new £54m college campus which opened in Kilmarnock in 2016. Heather is a member of the Developing the Young Workforce Group reporting to the Scottish Government. She received an Outstanding Leadership Award from the Association of Scottish Business Women in 2010 and in 2014, was honoured with an OBE for services to further and higher education.

Mr Rufus Bird, October 2014 - present

Rufus Bird was appointed by Her Majesty The Queen to the post of Surveyor of The Queen's Works of Art, he assumed the post on 1 January 2018. From 2010 to 2017 he was Deputy Surveyor of The Queen's Works of Art. The Surveyor is the senior curator of Decorative Arts at Royal Collection Trust, one of the five departments of the Royal Household. Previously he was a Director of Christie's, London, from 1997 to 2010 where he was responsible for sales of English Furniture, including cataloguing for sale the furniture at Dumfries House. He is a graduate of Peterhouse, Cambridge, where he read History of Art.

Dame Jayne-Anne Gadhia (Chair), December 2015 – present

Dame Jayne-Anne Gadhia was CEO of Virgin Money until October 2018. A Chartered Accountant, she spent six years at Norwich Union (now Aviva) before becoming one of the founders of Virgin Direct in 1995. In 1998 she set up the Virgin One account which was acquired by the Royal Bank of Scotland in 2001. After five years at RBS as part of the Retail Executive Committee, she returned to Virgin as the CEO of Virgin Money. In 2012 Virgin Money acquired Northern Rock and, in 2014, successfully listed on the London Stock Exchange. Virgin Money was acquired by CYBG in October 2018 at which point Jayne-Anne stood down as CEO. Jayne-Anne is a Trustee of the Tate. In November 2016 Jayne-Anne was announced as the government's Women in Finance Champion. Jayne-Anne has recently been appointed Chief Executive Officer of Salesforce UK.

Mr Douglas Connell, October 2016 - present

Douglas Connell is the former senior partner and a founding partner of Turcan Connell, Solicitors, of Edinburgh, Glasgow and London where he specialised in heritage property and charity law. He is Deputy Chairman of Tcam, an investment and financial planning business. Douglas is the former chairman of Museums Galleries Scotland which is the national development body for Scotland's museums and galleries. He is a Trustee of Hampshire Cultural Trust. Douglas has served as a Board member of numerous arts and heritage organisations and as a Court member of the Universities of Edinburgh and St Andrews. After many years in Scotland, Douglas now lives in Hampshire and London.

Mr Ian Marcus, 1st April 2018 - present

Ian Marcus has been Managing Director of Evans Property Group Limited since May 2012. He spent over 32 years as an Investment Banker latterly at Credit Suisse First Boston, having previously worked for Bank of America, UBS, NatWest and Bankers Trust/Deutsche. He specialised in the real estate sector throughout his time in the City. He served as the President of the British Property Federation, the Chairman of the Bank of England Commercial Property Forum, the Chairman of The Prince's Regeneration Trust. He has been Lead Independent Director of Shurgard Self Storage S.A. since 2018, Non Executive Director at Town Centre Securities plc since 2015 and The Crown Estate since 2012. He has been Independent Non-executive Director at Secure Income REIT Plc since 2014 and serves as its Senior Independent Non-Executive Director. He served as a Non-Executive Director of Evans Property Group. Mr. Marcus served as a member of Redevco's Advisory Board. He is also a member of the Real Estate Advisory Board of the Department of Land Economy at the University of Cambridge.

Report of the trustees for the year ended 31 March 2019 (continued)

The Board of Trustees (continued)

Dame Susan Bruce, 1st April 2018 - present

Dame Sue Bruce is an Independent non-executive director with SSE PLC; Chair of Royal Scottish National Orchestra (RSNO); Convener of Court at the University of Strathclyde and Electoral Commissioner for Scotland. She is also a Deputy Lieutenant of the City of Edinburgh, Governor of Erskine Stewarts Melville School and a member of the Royal Company of Merchants of the City of Edinburgh. Sue served in Local Government for almost forty years. Her most recent post was Chief Executive of the City of Edinburgh Council and she previously served as Chief Executive at Aberdeen City Council and Chief Executive at East Dunbartonshire Council. Ms. Bruce's extensive career in the public sector enhances the diversity of the Board.

Mr George Richards, 15th September 2018 - present

George Richards is an ethnographer specialising in the protection of cultural heritage in the Middle East. He is Head of Heritage at Art Jameel, the arts and culture organisation, with responsibility for initiatives in Egypt, Saudi Arabia, Iraq and beyond in the fields of traditional craft, architectural preservation, and the digital recording of heritage. George has undertaken field expeditions in the Middle East to preserve cultural heritage on behalf of the British Library and the British Institute for the Study of Iraq, and has served as the special rapporteur for cultural heritage to the Kurdistan Regional Government; a specialist assessor to the British government's Cultural Protection Fund; and a senior fellow at the Iraqi government's cultural heritage commission, Iraq Heritage.

Sir David Green, 15th September 2018 - 20th June 2019

Sir David Green is a former CEO of the British Council and Voluntary Service Overseas (VSO) and former Deputy Director-General of the Save the Children Fund. He has been Chair of the Prince's School of Traditional Arts, the Dartington Hall Trust, the Royal Common Society, and Dash Arts. He has been a trustee of the University of Arts London and the English Speaking Union, and was the Founding President of the European Union National Institutes of Culture (EUNIC). In addition to the Prince's Foundation he is currently a trustee of the Royal Court Theatre, the Finnish Institute in London, Africa's Voices Foundation, and Soumik Datta Arts, which he chairs.

Mr James Hooper, 15th September 2018 - present

James Hooper founded the UK office of the Global Heritage Fund in 2007 and continues to serve as a UK Trustee and member of the GHF Senior Advisory Board. The Global Heritage Fund is an international heritage conservancy with Headquarters in California, USA. He is a qualified solicitor with experience in both transactional and contentious property and construction law. He is a member of the ICOMOS committee on legal, administrative and financial matters.

Mr Ashe Windham, CVO, 1st January 2019 - present

Ashe Windham was the Chairman of The Queen Elizabeth Castle of Mey Trust for 22 years, a position he held until very recently. When The Prince's Foundation became the sole Trustee for The Queen Elizabeth Castle of Mey Trust Mr Windham was appointed as a Trustee to the board of the Foundation. As well as serving as a Trustee of The Prince's Foundation since January 2019, Ashe is Chairman of The Ruffer Investment Company plc, a non-executive Director of EFG Asset Management (UK) Ltd, and a non-executive Director of Miton UK MicroCap Trust Plc. Ashe also sits on four other charitable boards and has served as an Extra Equerry to HRH The Prince of Wales since 2003. Ashe's career began as an officer in the British Army. After eleven years in the Army he joined Barclays de Zoete Wedd ("BZW") in 1987, and was appointed a Director of BZW's Equities Division in 1991. He joined Credit Suisse First Boston in 1997 when they acquired BZW's equities business. In 2004 he joined Man Investments as Head of Internal Communications and in 2007 became Man Group's Global Head of Internal Communications. In June 2009 he resigned from Man Group plc to set up a private family office.

Report of the trustees for the year ended 31 March 2019 (continued)

Disclosure of information to the 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 Trust's auditor is unaware; and each Trustee has taken all reasonable steps, as a Trustee, to make him or her aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Reference and Administrative Information

Charity name	The Prince's Foundation
Charity registration number	SC038770
Company registration number	SC331738
Registered offices	Dumfries House Cumnock Ayrshire KA18 2NU
President	His Royal Highness the Prince Charles KG, KT, Duke of Rothesay, Earl of Carrick, Baron of Renfrewshire, Lord of the Isles and Prince and Great Steward of Scotland
Vice President	The Rt Hon The Earl of Snowdon
Trustees	Dame Jayne-Anne Gadhia (Chair) Mr Douglas Connell Mrs Heather Dunk Mr Rufus Bird Mr Ian Marcus (appointed 1 April 2018) Dame Susan Bruce (appointed 1 April 2018) Mr George Richards (appointed 15 September 2018) Sir David Green (appointed 15 September 2018, resigned 20 June 2019) Mr James Hooper (appointed 15 September 2018) Mr Charles Cator (resigned 17 December 2018) Mr Ashe Windham (appointed 1 January 2019)
Company Secretary	Mr Kenneth Dunsmuir

Report of the trustees for the year ended 31 March 2019 (continued)

Reference and Administrative Information (continued)

Senior Management Team	Mr Michael Fawcett, Chief Executive Officer Mr Kenneth Dunsmuir, Deputy Chief Executive Officer Mrs Emily Cherrington, Executive Director (Operations) Mr Kieran Ferguson, Executive Director (Finance) Mr Gordon Neil, Deputy Executive Director (Estate) Mr Simon Sadinsky, Deputy Executive Director (Education) Mr Kim Hitch, Deputy Executive Director (Architecture & Heritage) Mr Chris Martin, Deputy Executive Director (Development & Communications) Mr Khaled Azzam, Deputy Executive Director (School of Traditional Arts)
Bankers	Coutts & Co The Strand London WC2R 0QS
Auditors	Campbell Dallas Audit Services 3 Wellington Square Ayr KA7 1EN
Solicitors	McCarthy Denning Limited Minster House 42 Mincing Lane London EC3R 7AE

Statement of trustees' responsibilities in respect of the trustees' report and the financial statements

The Trustees (who are also directors of The Prince's Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

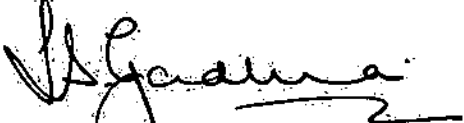
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the group and the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Trustees



Dame Jayne-Anne Gadhia

Chair

Date: 17/09/19

Report of the Independent Auditors to the Trustees of the Prince's Foundation

Opinion

We have audited the financial statements of The Prince's Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Group Statement of Financial Activities, the Group Balance Sheet, the Foundation Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2019, and of the group's and parent charitable company's incoming resources and application of resources including the group's and parent charitable company's 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Trustees of the Prince's Foundation (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities [set out on page 15], the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Wilkie (Senior Statutory Auditor)
For and on behalf of Campbell Dallas Audit Services
Chartered Accountants
Registered Auditor
3 Wellington Square
Ayr
KA7 1EN

Date: 20/4/19

Campbell Dallas Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated statement of financial activities
(incorporating an income and expenditure account)
for the year ended 31 March 2019

	Notes	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and legacies						
Donations	2	6,563,617	5,255,538	-	11,819,155	13,656,685
Grants and gift in kind	3	12,500	6,500	-	19,000	44,195
Other trading activities						
Rental income		48,114	-	-	48,114	73,125
Commercial trading operations		2,793,177	-	-	2,793,177	2,300,985
Home Farm		250,295	-	-	250,295	283,088
Farming & Land		147	-	-	147	1,750
Community Capital		830,364	-	-	830,364	-
Castle & Gardens of Mey		2,573	-	-	2,573	-
Education income		588,011	-	-	588,011	79,983
Investment income	16	12,420	-	106,990	119,410	-
Other income	4	89,635	-	-	89,635	16,431
Total		11,190,852	5,262,038	106,990	16,559,880	16,456,242
Expenditure on:						
Raising funds						
Building costs	5	(271,334)	-	-	(271,334)	(9,037)
Portfolio management	5	-	-	(17,742)	(17,742)	-
Commercial trading costs	5	(2,790,036)	-	-	(2,790,036)	(2,455,870)
Farming costs	5	(331,871)	-	-	(331,871)	(379,781)
Farming & land costs	5	63,912	-	-	63,912	(56,147)
Community capital costs	5	(504,480)	-	-	(504,480)	-
Castle & Gardens of Mey costs	5	(4,413)	-	-	(4,413)	-
PRT Social enterprise costs	5	(132)	-	-	(132)	-
Fundraising costs	5	(397,688)	(384,687)	-	(782,375)	(940,140)
	5	(4,236,042)	(384,687)	(17,742)	(4,638,471)	(3,840,975)
Charitable activities						
Wages & salaries	6	(2,905,699)	(1,593,552)	-	(4,499,251)	(2,347,003)
Administration costs	6	(43,223)	(3,147)	-	(46,370)	(33,989)
Exhibition & promotion costs	6	(385,379)	-	-	(385,379)	(438,967)
Preservation of contents	6	(650,901)	(11,312)	-	(662,213)	(532,873)
Restoration of buildings	6	(1,302,861)	(393,221)	(144,806)	(1,840,888)	(1,842,126)
Maintenance of the estate	6	(1,420,877)	(189,464)	-	(1,610,341)	(691,932)
Education	6	(33,769)	(850,511)	-	(884,280)	(168,609)
Walled Garden	6	-	-	-	-	(9,198)
Development & Training	6	-	-	-	-	(100,117)
Community events	6	-	(231,567)	-	(231,567)	-
Patronage & heritage costs	6	-	(202,102)	-	(202,102)	-
Donations made	6	(159,688)	(58,051)	-	(217,739)	(101,506)
		(6,902,397)	(3,532,928)	(144,806)	(10,580,131)	(6,266,320)
Other resources expended						
Other		(5,742)	-	-	(5,742)	(49,173)
		(5,742)	-	-	(5,742)	(49,173)
Governance costs	7	(1,269,062)	-	(55,000)	(1,324,062)	(415,818)
Total expenses		(12,413,243)	(3,917,615)	(217,548)	(16,548,406)	(10,572,286)
Net gains/(losses) on investments		406	-	(25,780)	(25,374)	-
Change in market value of investments		106,821	-	(217,514)	(110,693)	-
Net income/(expenditure) for the year before transfers		(1,115,164)	1,344,423	(353,852)	(124,593)	5,883,956

Consolidated statement of financial activities
(incorporating an income and expenditure account) (continued)
for the year ended 31 March 2019

	Notes	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Net income/(expenditure) for the year before transfers		(1,115,164)	1,344,423	(353,852)	(124,593)	5,883,956
Gross transfers between funds		666,059	(666,059)	-	-	-
Transfer - Allocation of total return	16	34,500	-	(34,500)	-	-
Total transfers between funds	28	<u>700,559</u>	<u>(666,059)</u>	<u>(34,500)</u>	-	-
Net movements in funds		<u>(414,605)</u>	<u>678,364</u>	<u>(388,352)</u>	<u>(124,593)</u>	<u>5,883,956</u>
Reconciliation of funds:						
Fund balances at 1 April 2018	20	20,078,026	10,543,824	67,310,349	97,932,199	92,048,243
Net movements in funds		(414,605)	678,364	(388,352)	(124,593)	5,883,956
Introduction of The Prince's School of Traditional Arts reserves		3,173,883	507,350	6,281,629	9,962,862	-
Introduction of Community Capital Limited reserves		367,014	-	-	367,014	-
Introduction of The Prince's Foundation for Building Community reserves		3,189,041	62,647	-	3,251,688	-
Introduction of The Prince's Regeneration Trust reserves		58,035	-	-	58,035	-
Introduction of the Castle & Gardens of Mey Limited reserves		14,336	-	-	14,336	-
Introduction of The Queen Elizabeth Castle of Mey Trust reserves		<u>9,000,970</u>	<u>74,800</u>	-	<u>9,075,770</u>	-
Fund balances at 31 March 2019	20	<u>35,466,701</u>	<u>11,866,985</u>	<u>73,203,626</u>	<u>120,537,312</u>	<u>97,932,199</u>

For the current and previous years, all activities arise from continuing operations.

The net expenditure for the period for Companies Act purposes comprises net incoming/ outgoing resources before other recognised gains and losses and totals (£124,593) (2018: net income £5,883,956).

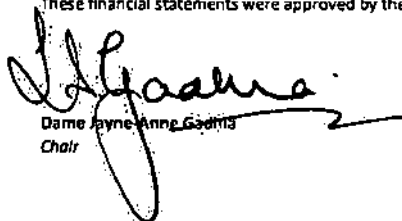
The notes on pages 23 to 54 form part of these financial statements.

Consolidated balance sheet
at 31 March 2019

	Notes	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Fixed assets						
Intangible assets	12	1,998	-	-	1,998	-
Endowment assets	13	-	-	67,165,543	67,165,543	67,310,349
Heritage assets	14	1,000,000	-	-	1,000,000	-
Other tangible assets	15	34,778,837	8,030,062	-	42,808,900	30,513,874
Investments	16	3,364,109	-	6,036,020	9,400,129	-
		<u>39,144,944</u>	<u>8,030,062</u>	<u>73,201,563</u>	<u>120,376,569</u>	<u>97,824,223</u>
Current assets						
Stock	17	1,286,438	-	-	1,286,438	1,190,492
Debtors	18	1,786,274	340,686	-	2,126,959	2,134,298
Cash at bank and in hand		1,538,001	3,558,714	2,063	5,098,779	3,392,674
		<u>4,610,713</u>	<u>3,899,400</u>	<u>2,063</u>	<u>8,512,176</u>	<u>6,717,464</u>
Creditors: amounts falling due within one year	19	<u>(8,265,895)</u>	<u>(62,477)</u>	<u>-</u>	<u>(8,328,372)</u>	<u>(6,591,780)</u>
Net current (liabilities)/ assets		<u>(3,655,183)</u>	<u>3,836,923</u>	<u>2,063</u>	<u>183,803</u>	<u>125,684</u>
Total assets less current (liabilities) / assets		<u>35,489,761</u>	<u>11,866,985</u>	<u>73,203,626</u>	<u>120,560,373</u>	<u>97,949,907</u>
Creditors: amounts falling due after more than one year	19	<u>(23,060)</u>	<u>-</u>	<u>-</u>	<u>(23,060)</u>	<u>(17,708)</u>
Net assets		<u>35,466,701</u>	<u>11,866,985</u>	<u>73,203,626</u>	<u>120,537,312</u>	<u>97,932,199</u>
Funds						
General	21				35,466,701	20,078,026
Restricted	21				11,866,985	10,543,824
Endowment	21				73,203,626	67,310,349
					<u>120,537,312</u>	<u>97,932,199</u>

The notes on pages 23 to 54 form part of these financial statements.

These financial statements were approved by the Trustees on 17/04/19 and were signed on their behalf by:

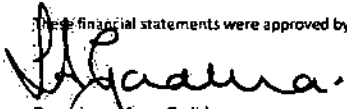

Dame Jayne Anne Gadsby
Chair

Foundation balance sheet
at 31 March 2019

	Notes	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Fixed Assets						
Endowment assets	13	-	-	67,165,543	67,165,543	67,310,349
Other tangible assets	15	23,044,416	5,723,448	-	28,767,864	26,941,880
Investments	16	5	-	1,829,108	1,829,113	5
		<u>23,044,421</u>	<u>5,723,448</u>	<u>68,994,651</u>	<u>97,762,520</u>	<u>94,252,234</u>
Current assets						
Debtors: amounts falling due within one year	18	3,778,817	340,685	-	4,119,502	3,172,658
Cash at bank		624,400	3,558,714	2,063	4,185,177	3,250,500
		<u>4,403,217</u>	<u>3,899,399</u>	<u>2,063</u>	<u>8,304,679</u>	<u>6,423,158</u>
Creditors: amounts falling due within one year	19	(7,448,584)	(62,477)	-	(7,511,461)	(6,023,260)
Net current (liabilities)/ assets		(3,045,767)	3,836,922	2,063	793,218	399,898
Total assets less current (liabilities) / assets		19,998,654	9,560,370	68,996,714	98,555,738	94,652,133
Creditors: amounts falling due after more than one year	19	(9,129)	-	-	(9,129)	-
Net assets		<u>19,989,525</u>	<u>9,560,370</u>	<u>68,996,714</u>	<u>98,546,609</u>	<u>94,652,133</u>
Funds						
General	21				19,989,525	19,334,024
Restricted	21				9,560,370	8,007,760
Endowment	21				68,996,714	67,310,349
					<u>98,546,609</u>	<u>94,652,133</u>

The notes on pages 23 to 54 form part of these financial statements.

These financial statements were approved by the trustees on 17/09/19 and were signed on their behalf by:


 Dame Jayne Anne Gadhla
 Chair

**Consolidated cash flow statement
for the year ended 31 March 2019**

Cash flow statement	Notes	2019 £	2018 £
Cash flows from operating activities	I	2,710,610	8,882,806
Interest paid		(124,283)	(117,155)
Interest element of hire purchase and finance lease rental		(3,564)	(1,043)
Net cash provided by (used in) operating activities		2,582,763	8,764,608
Cashflows from Investing activities			
Purchase of tangible fixed assets	13,14,15	(4,683,399)	(4,257,905)
Disposal of tangible fixed assets	13,15	-	296,645
Transfers and reclassification of tangible fixed assets	15	(12,346)	-
Purchase of tangible assets on acquisition of subsidiary	14,15	(10,571,623)	-
Purchase of intangible assets on acquisition of subsidiary	12	(1,998)	-
Purchase of investments on acquisition of subsidiary	16	(9,400,129)	-
Introduction of funds on acquisition of subsidiaries		22,729,706	-
Investment income		119,410	-
Net cash provided by (used in) Investing activities		(1,820,379)	(3,961,260)
Cash flow from financing activities			
New hire purchase contracts		129,340	23,611
Repayment of capital element of hire purchase contracts		(112,253)	(129,379)
Net cash flow from financing activities		17,087	(105,768)
Change in cash and cash equivalents in the reporting period		779,472	4,697,580
Cash and cash equivalents at the beginning of the period		850,400	(3,847,180)
Cash and cash equivalents at the end of the period	ii 22	1,629,872	850,400
Note I Reconciliation of net income/(expenditure) to net cash flow from operating activities			
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)		(124,593)	5,883,956
Adjustments for:			
Depreciation, amortisation and impairment charges	13,14,15	2,111,405	2,082,667
Interest paid		124,283	117,155
Interest element of hire purchase and finance lease rental		3,564	1,043
Loss on disposal of fixed asset		5,742	49,173
Investment income		(119,410)	-
(Increase)/decrease in stock	17	(95,945)	(90,137)
(Increase)/decrease in debtors	18	296,402	823,551
(Decrease)/increase in creditors excluding overdraft & hire purchase	19	509,161	15,398
Net cash provided by (used in) operating activities		2,710,610	8,882,806
Note II Reconciliation of net cash flow			
Increase/(Decrease) in cash in the period		779,472	4,697,580
Net cash at start of the year		850,400	(3,847,180)
Movement in net funds in the period	22	779,472	4,697,580
Net cash at the end of the year	22	1,629,872	850,400

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to both the Group's and Foundation's financial statements.

Basis of preparation

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. The financial statements have been prepared under the historic cost convention rules modified to include revaluation of land and buildings, investments and sporting rights, and on the going concern basis.

The financial statements have been prepared in accordance with applicable accounting standards on a going concern basis which assumes the Foundation will continue to trade for a period of 12 months from the date of approval by the Trustees. The Trustees consider there to be no material uncertainties regarding the charity's ability to continue as a going concern.

The financial statements are presented in Sterling and are rounded to the nearest pound.

Company status

The Foundation is a private company limited by guarantee. The members of the Foundation are the Board of Trustees named on page 10. The country of incorporation and registration numbers are detailed in the Trustees report on page 10. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

Basis of consolidation

The consolidated financial statements include the financial statements of the Foundation and its subsidiary undertakings.

The financial statements of its subsidiary entities:

- Dumfries House Trust Trading Limited
- Dumfries House Home Farm Limited
- Dumfries House Farming and Land Limited
- The Prince's Foundation for Building Community
- Community Capital Limited
- The Prince's Regeneration Trust
- The Prince's School of Traditional Arts
- Queen Elizabeth Castle of Mey Trust
- Castle and Gardens of Mey Limited
- PRT Social Enterprise Limited

have been fully consolidated on a line by line basis in accordance with FRS 102 from the date that they became part of the Group.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Foundation's financial statements, the investment in its subsidiaries are stated at cost.

Notes (continued)

1 Accounting policies (continued)

Funds

The Foundation maintains three types of fund: -

- General funds
- Endowment funds
- Restricted funds

General funds are unrestricted funds which are available for use for any purpose at the discretion of the Trustees in furtherance of the general objectives of the charity.

Endowment funds represent heritage assets which are recognised and valued in line with the Foundation's fixed asset policies. Endowment funds also represent investments held in trust from which income is derived to support either the general activities of the charity or activities specifically identified by the relevant trust. The Trustees have power of discretion to convert endowed capital into unrestricted income. Income arising on endowment funds is treated as part of the total return. See note 16.

Restricted funds are those donations received to which specific terms and conditions over the application of these funds are attached by the donor.

Income

All incoming resources are included in the statement of financial activities once the Foundation has entitlement to the funds, it is probable that the income will be received and the amount can be measured reasonably.

The following policies are applied to particular categories of income:

Income and endowments from:

Donations and donated services

Donations receivable for the general purposes of the Foundation are credited to General funds. Restricted donations are accounted for as restricted funds matched against the related expenditure.

Where services that would normally be purchased from the Foundation's suppliers are provided as a donation, this contribution is included in the financial statements at an estimate based on the value of the contribution to the Foundation.

Grants and gifts in kind

Income from grants is recognised on an accruals basis to the extent that grants are for services to be provided over a specified period. If the grants are conditional upon the delivery of a specified level of service which the Foundation has not yet provided, they are accounted for as deferred income.

Gifts to the Foundation of fixed assets are recognised as incoming resources and within the relevant fixed asset category of the balance sheet when receivable, at an estimate of their gross value to the Foundation. Other gifts in kind (such as donations of time) are included within donated services.

Notes (continued)

1 Accounting policies (continued)

Income (continued)

Other trading activities

Income from commercial trading operations represents income from the Dumfries House and Ballater shops, café and restaurants, as well as Dumfries House admissions, functions and income from a bed and breakfast business and House tours within Dumfries House Estate. Income from other commercial activities is recognised in the period in which it is received.

Income from Home Farm represents income from Dumfries House Home Farm Limited. Rental income is accounted for on an accruals basis. Income from livestock sales is recognised in the period in which it is received.

Income from Farming & Land represents income from Dumfries Farming & Land Limited. Income is recognised in respect of rentals from grazing land supplied during the period.

Income from Community Capital represents income from Community Capital Limited. Income is recognised in respect of building consultancy services during the period.

Income from Castle and Gardens of Mey represents income from Castle and Gardens of Mey Limited. Income is recognised in respect of net sales of shop and tea-room goods for the Castle of Mey.

Education income represents income from Education activities delivered at various locations. This includes activities previously undertaken by The Prince's Foundation for Building Community and The Prince's School of Traditional Arts.

Investment income

Interest receivable is credited to income in the period to which it relates and is recorded in General funds.

Dividend income from investments held at market value are recognised when they are received.

In 2019, £325,884 of gift aid was received from subsidiaries (2018: £nil).

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Resources expended:

Raising funds	represents direct costs of the Foundation's subsidiary operations, rent and portfolio management.
Charitable activities	represents direct costs of operating and maintaining the Dumfries House and Estate, operational costs of Charlotte Road, Ballater costs and the costs incurred by staff to support this work.
Governance costs	represents costs incurred in connection with the general running of the charity as opposed to the management and administration of its activities. They include costs relating to statutory requirements.
Other resources expended	represents Gift Aided profits from Dumfries House Trust Trading Limited for the current year. Please see investment income for further details.

Notes (continued)

1 Accounting policies (continued)

Expenditure (continued)

Resources expended in the statement of financial activities include support costs of running the Foundation. These are charged as charitable expenditure or other costs as appropriate, being expenses incurred in the ordinary operations of the Foundation.

Support costs are allocated to the categories of charitable activities on a pro-rata basis if it is not possible to allocate the costs on a specific basis.

The costs of conservation, restoration and preservation of endowment assets are charged to the endowment fund.

Heritage assets

The heritage assets within the Foundation are accounted for by applying the principals of accounting standard FRS 102.

Heritage assets comprise Dumfries House, the stables and coach house and the contents of Dumfries House, many of which date back to the commissioning of the House in the 1750s, which are held in support of the Foundation's primary objective of preserving the collection for the nation and providing reasonable public access to it, as a contribution to the nation's culture and education, both nationally and locally.

The House collection is reported in the balance sheet at a valuation when received.

A valuation of Dumfries House, the stables and coach house on the basis of market value was performed by Stanley Wright, Chartered Surveyors, on 28 March 2017, in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors (the Red Book).

A valuation of the House contents has been based on an external valuation carried out by Lyon and Turnbull, auctioneers, for audit purposes on 29 March 2017. The valuation was based on similar previous sale estimates and results.

A valuation of sporting rights was carried out on the basis of market value by Stanley Wright, as at 28 March 2017.

Heritage assets from the Queen Elizabeth Castle of Mey Trust relate to the Castle of Mey, which was gifted by the late Her Majesty Queen Elizabeth The Queen Mother to the Queen Elizabeth Castle of Mey Trust on its inception in 1996.

The Castle is inspected on a regular basis and any work required is brought to the attention of the Trustees, who consider it and prioritise the work. The inspection may be carried out by the Administrator who oversees the property and its use. The Castle was revalued by the Trustees on 31 December 2010 at £1,000,000.

Expenditure which, in the Trustees' view, is required to preserve or prevent further deterioration of individual collection items is recognised in the income and expenditure account when it is incurred, as part of the Foundation's charitable activities. Expenditure which, in the Trustees' view, adds to the value of individual items is capitalised, in accordance with FRS 102. Due to a continuous restoration programme, the heritage assets are subject to an annual impairment review rather than amounts being depreciated on a systematic basis.

Notes (continued)

1 Accounting policies (continued)

Trademarks

Trademarks are capitalised where there is expected to be a benefit to future periods and the following conditions are met:

- i) it is technically feasible to complete the research or development so that the product will be available for use or sale.
- ii) it is intended to use or sell the product being developed.
- iii) the Charity is able to use or sell the product.
- iv) it can be demonstrated that the product will generate probable future economic benefits.
- v) adequate technical, financial and other resources exist so that product development can be completed and subsequently used or sold.
- vi) expenditure attributable to the research and development work can be reliably measured.

Capitalised trademarks are stated at cost less accumulated amortisation and impairment losses and amortised over its useful economic life. Assessments of useful economic life are 10 years.

Tangible fixed assets (excluding heritage assets) and depreciation

Land and buildings are stated at market value, defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion", using professional valuations carried out by independent valuers on a five year basis.

Market valuations are carried out in accordance with the Appraisal and Valuations Standards published by the Royal Institute of Chartered Surveyors (the Red Book).

Other tangible fixed assets are stated at historic cost.

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	Up to 50 years
Plant and machinery	-	3 to 10 years
Fixtures, fittings, tools and equipment	-	2 to 5 years
Motor vehicles	-	5 years
Improvements to property	-	25 years
Website costs	-	5 years
Assets under construction	-	not provided

No depreciation is provided on freehold land.

Notes (continued)

1 Accounting policies (continued)

Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid price. Any change in fair value will be recognised in the statement of financial activities.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Livestock is valued within the accounts at fair value which includes any future costs to bring the stock to the point of sale.

Land within stock is stated at its revalued amount.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Creditors

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

Leases

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives.

Operating lease rentals are charged to the statement of financial activities on a straight line basis over the period of the lease.

Pensions

The Foundation operates a defined contribution pension scheme. Contributions payable to the Foundation's pension scheme are charged to the statement of financial activities in the period to which they relate.

Notes (continued)

1 Accounting policies (continued)

Taxation

The Foundation is considered to pass the tests set out in Schedule 30 and 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Foundation is potentially exempt from taxation in respect of income or capital gains received within the categories covered in Chapter 3 Part 11 Corporation Tax Act 2010 to the extent that such income or gains are applied exclusively to charitable purposes.

The company's trading activities, which are undertaken by the subsidiary companies Dumfries House Trust Trading Limited, Dumfries House Home Farm Limited, Dumfries Farming and Land Limited, Community Capital Limited and Castle and Gardens of Mey Limited are not exempt from UK taxation. However, the subsidiary companies with the exception of Castle and Gardens of Mey Limited have an agreement in place to donate all profits to the Foundation through Gift Aid, resulting in no tax liability for the subsidiaries.

The Foundation is registered for Value Added Tax and accordingly, income and expenditure is recognised and reported on a net

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of financial activities for the period.

Financial Instruments

The charity's financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Key judgements and sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustees' are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key judgements that the charitable company has made which have a significant effect on the accounts include the assumptions around the depreciation period for fixed assets.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of fixed assets and heritage assets

As described in the accounting policies, land and buildings and heritage assets are stated at fair value based on the valuation performed by an independent professional valuers with recent experience in the location and category of assets valued. The valuer used observable market prices adjusted as necessary for any difference in the future, location or condition of the specific asset.

Notes (continued)

2 Donations and legacies

	General Fund £	Restricted Fund £	Total 2019 £	Total 2018 £
Donations received	<u>6,563,617</u>	<u>5,255,538</u>	<u>11,819,155</u>	<u>13,656,685</u>
	<u>6,563,617</u>	<u>5,255,538</u>	<u>11,819,155</u>	<u>13,656,685</u>

3 Grants and gifts in kind

	General Fund £	Restricted Fund £	Total 2019 £	Total 2018 £
Grants received				
Scotlands Employer Recruitment Initiative	-	-	-	2,000
Renewable Heat Incentive	-	-	-	42,195
Historic Scotland	-	6,500	6,500	-
29th May 1961 Charitable Trust	10,000	-	10,000	-
The Anson Charitable Trust	2,500	-	2,500	-
	<u>12,500</u>	<u>6,500</u>	<u>19,000</u>	<u>44,195</u>

4 Other

	General Fund £	Restricted Fund £	Total 2019 £	Total 2018 £
SIACS	-	-	-	12,395
Health Initiative Income	-	-	-	2,295
Other Income	<u>89,635</u>	-	<u>89,635</u>	<u>1,741</u>
	<u>89,635</u>	-	<u>89,635</u>	<u>16,431</u>

Notes (continued)

5 Raising funds

	General Fund £	Restricted Fund £	Endowment Fund £	Total 2019 £	General Fund Total 2018 £
Building costs	(271,334)	-	-	(271,334)	(9,037)
Portfolio management	-	-	(17,742)	(17,742)	-
<u>Commercial trading costs</u>					
Trading cost of sales	(2,519,594)	-	-	(2,519,594)	(2,181,641)
Admin costs	(270,442)	-	-	(270,442)	(274,229)
	<u>(2,790,036)</u>	-	-	<u>(2,790,036)</u>	<u>(2,455,870)</u>
<u>Farming costs</u>					
Farm cost of sales	(167,754)	-	-	(167,754)	(213,334)
Admin costs	(164,117)	-	-	(164,117)	(166,447)
	<u>(331,871)</u>	-	-	<u>(331,871)</u>	<u>(379,781)</u>
<u>Farming & land costs</u>					
Cost of sales	-	-	-	-	(7,558)
Admin costs	63,912	-	-	63,912	(48,589)
	<u>63,912</u>	-	-	<u>63,912</u>	<u>(56,147)</u>
<u>Community capital costs</u>					
Cost of sales	(416,569)	-	-	(416,569)	-
Admin costs	(87,911)	-	-	(87,911)	-
	<u>(504,480)</u>	-	-	<u>(504,480)</u>	-
<u>Castle & Gardens of Mey costs</u>					
Cost of sales	(4,413)	-	-	(4,413)	-
	<u>(4,413)</u>	-	-	<u>(4,413)</u>	-
<u>PRT Social enterprise costs</u>					
Admin costs	(132)	-	-	(132)	-
	<u>(132)</u>	-	-	<u>(132)</u>	-
<u>Fundraising costs</u>					
Regeneration costs	-	-	-	-	(16,906)
Car hire & hotels	-	-	-	-	(50,535)
Printing	-	-	-	-	(2,579)
Postage	-	-	-	-	(7,268)
Office stationery	-	-	-	-	(20,135)
Central office costs	-	-	-	-	(109,349)
Housekeeping	-	-	-	-	(4,833)
Kitchen costs	-	-	-	-	(14,254)
Central office & estate costs	-	(56,454)	-	(56,454)	(381,188)
Textiles initiative costs	-	(106,905)	-	(106,905)	(77,798)
Communication & IT costs	-	-	-	-	(6,953)
Finance department costs	-	-	-	-	(1,780)
Health initiative costs	-	(64,155)	-	(64,155)	(35,639)
Hire/lease of kitchen equipment	-	-	-	-	(165)
Recruitment costs	-	-	-	-	(750)
Fundraising Events	(397,688)	(157,173)	-	(554,861)	(210,008)
	<u>(397,688)</u>	<u>(384,687)</u>	-	<u>(782,375)</u>	<u>(940,140)</u>
	<u>(4,236,042)</u>	<u>(384,687)</u>	<u>(17,742)</u>	<u>(4,638,471)</u>	<u>(3,840,975)</u>

Significant year on year increases in building costs, community capital costs and Castle and Garden of Mey costs are due to the mergers during the year.

Notes (continued)

6 Charitable activities

	Direct costs £	Support Costs £	Total 2019 £	Total 2018 £
General fund				
Wages & salaries	-	(2,905,699)	(2,905,699)	(1,559,374)
Administration costs	-	(43,223)	(43,223)	(29,741)
Exhibition & promotions costs	-	(385,379)	(385,379)	(437,467)
Preservation of contents	(480,773)	(170,126)	(650,901)	(483,612)
Restoration of buildings	-	(1,302,861)	(1,302,861)	(1,356,949)
Maintenance of the estate	(1,355,238)	(65,639)	(1,420,877)	(551,327)
Education department	(33,769)	-	(33,769)	(10,483)
Walled Garden	-	-	-	(1,183)
Development & training costs	-	-	-	(100,117)
Donations made	(158,671)	(1,017)	(159,688)	(31,405)
	<u>(2,028,452)</u>	<u>(4,873,946)</u>	<u>(6,902,397)</u>	<u>(4,561,657)</u>
Restricted fund				
Wages & salaries	-	(1,593,552)	(1,593,552)	(787,629)
Administration costs	-	(3,147)	(3,147)	(4,248)
Exhibition & promotion costs	-	-	-	(1,500)
Preservation of contents	(11,312)	-	(11,312)	(49,261)
Restoration of buildings	-	(393,221)	(393,221)	(340,371)
Maintenance of estate	(171,575)	(17,889)	(189,464)	(140,605)
Education department	(850,511)	-	(850,511)	(158,128)
Walled Garden	-	-	-	(8,015)
Community events	(231,567)	-	(231,567)	-
Patronage and heritage costs	(202,102)	-	(202,102)	-
Donations made	(58,051)	-	(58,051)	(70,100)
	<u>(4,525,119)</u>	<u>(2,007,809)</u>	<u>(3,532,928)</u>	<u>(1,559,857)</u>
Endowment fund				
Restoration of buildings	-	(144,806)	(144,806)	(144,806)
	-	<u>(144,806)</u>	<u>(144,806)</u>	<u>(144,806)</u>
Total	<u>(3,553,570)</u>	<u>(7,026,561)</u>	<u>(10,580,131)</u>	<u>(6,266,320)</u>

Support costs are apportioned to the categories of charitable activities on a pro-rata basis where it is not possible to allocate the costs. Please see note 7 below for support costs summary. The year on year uplift on wages and salaries reflects the merger activities in the year.

7 Support and other costs

	General Fund £	Restricted Fund £	Endowment Funds £	Total 2019 £	Total 2018 £
Support costs					
Staff costs	(2,905,699)	(1,593,552)	-	(4,499,251)	(2,347,003)
Marketing, communication and exhibition costs	(385,379)	-	-	(385,379)	(438,967)
Depreciation	(1,539,645)	(411,110)	(144,806)	(2,095,561)	(1,788,694)
Administration costs	(43,223)	(3,147)	-	(46,370)	(33,989)
	<u>(4,873,946)</u>	<u>(2,007,809)</u>	<u>(144,806)</u>	<u>(7,026,561)</u>	<u>(4,608,553)</u>
Governance costs					
Legal	(28,527)	-	-	(28,527)	(7,682)
Auditor's remuneration	(21,950)	-	-	(21,950)	(19,000)
Bank interest and charges	(171,898)	-	-	(171,898)	(144,252)
Irrecoverable VAT expense	(440,274)	-	-	(440,274)	-
Consulting & professional fees	(606,413)	-	-	(606,413)	(244,884)
Other	-	-	(55,000)	(55,000)	-
	<u>(1,269,062)</u>	<u>-</u>	<u>(55,000)</u>	<u>(1,324,062)</u>	<u>(415,818)</u>

The material year on year uplift in staff costs and consultancy fees reflects the merger activities in the year.

Notes (continued)

8 Net incoming/(outgoing) resources are stated after charging

	2019 £	2018 £
Auditor's remuneration:		
Audit of Foundation financial statements	15,000	14,000
Non-audit services provided to the Foundation	17,846	17,300
Audit of subsidiary financial statements	21,000	7,550
Non-audit services provided to subsidiaries	23,500	10,900
	<u>77,346</u>	<u>49,750</u>
Depreciation and amortisation	<u>2,111,406</u>	<u>2,082,668</u>

9 Staff Costs

	The Prince's Foundation £	Dumfries House Trust Trading Limited £	Dumfries House Home Farm Limited £	Dumfries Farming and Land Limited £	The Queen Elizabeth Castle Of Mey Trust £	Community Capital Limited £	2019 £	2018 £
Wages and salaries	3,409,020	1,310,111	89,107	291,464	52,690	189,330	5,345,722	3,299,751
Social security costs	306,860	73,134	8,093	28,463	3,963	19,253	439,766	248,660
Other pension costs	129,160	26,231	2,317	7,028	6,924	6,807	178,467	176,384
	<u>3,845,040</u>	<u>1,419,476</u>	<u>99,517</u>	<u>326,955</u>	<u>63,577</u>	<u>209,390</u>	<u>5,963,955</u>	<u>3,724,795</u>

Staff costs are included within the statement of financial activities as follows -

The Prince's Foundation
Dumfries House Trust Trading Limited
Dumfries House Home Farm Limited
Dumfries Farming and Land Limited
The Queen Elizabeth Castle of Mey Trust
Community Capital Limited

- Charitable activities - Wages & salaries
- Raising funds - Commercial trading costs
- Raising funds - Farming costs
- Raising funds - Farming & land costs
- Charitable activities - Wages & salaries
- Raising funds - Community capital costs

The Prince's Foundation for Building Community, The Prince's School of Traditional Arts, The Prince's Regeneration Trust, PRT Social Enterprise Limited and Castle and Gardens of Mey Limited have no employee costs.

	2019	2018
From -		
£60,001 to £70,000	5	1
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
In excess of £100,000	2	1
	<u>2</u>	<u>1</u>

All of the employees above received pension contributions.

	2019 £	2018 £
Employer pension contributions for the employees above	<u>23,885</u>	<u>9,790</u>

The average number of employees during the period was as follows:

	2019 Number	2018 Number
The Prince's Foundation	125	96
Dumfries House Trust Trading Limited	133	110
Dumfries House Development & Training Limited	-	4
Dumfries House Home Farm Limited	3	3
Dumfries Farming and Land Limited	10	7
The Queen Elizabeth Castle of Mey Trust	4	-
Community Capital Limited	3	-
	<u>278</u>	<u>220</u>

73 (2018: 76) of the employees were employed on a seasonal basis.

No Trustees received any remuneration in respect of their role as Trustees in this year or the preceding year.

The key management personnel of the parent charity, the Foundation, comprise the Trustees and the Senior Management Team as noted on page 14. The total employee benefits of the key management personnel of the Foundation were £750,602 (2018: £424,746). The year on year growth in staff costs reflects the merger activities in the year.

Notes (continued)

10 2018 Comparatives for the Consolidated Statement of Financial Activities

Notes	General funds £	Restricted funds £	Endowment funds £	Total funds £
Income and endowments from:				
Donations and legacies				
Donations	6,964,373	6,692,312	-	13,656,685
Grants & gifts in kind	44,195	-	-	44,195
Other trading activities				
Rental income	73,125	-	-	73,125
Commercial trading operations	2,300,985	-	-	2,300,985
Home Farm	283,088	-	-	283,088
Farming & Land	1,750	-	-	1,750
Investments				
Gift aid from trading activities	-	-	-	-
Other	96,414	-	-	96,414
Total	<u>9,763,930</u>	<u>6,692,312</u>	<u>-</u>	<u>16,456,242</u>
Expenditure				
Raising funds				
Rent	(9,037)	-	-	(9,037)
Commercial trading costs	(2,455,870)	-	-	(2,455,870)
Farming costs	(379,781)	-	-	(379,781)
Farming & land costs	(56,147)	-	-	(56,147)
Fundraising costs	(812,979)	(127,161)	-	(940,140)
	<u>(3,713,814)</u>	<u>(127,161)</u>	<u>-</u>	<u>(3,840,975)</u>
Charitable activities				
Wages & salaries	(1,559,374)	(787,629)	-	(2,347,003)
Administration costs	(29,741)	(4,248)	-	(33,989)
Exhibition & promotions costs	(437,467)	(1,500)	-	(438,967)
Preservation of contents	(483,612)	(49,261)	-	(532,873)
Restoration of buildings	(1,356,949)	(340,371)	(144,806)	(1,842,126)
Maintenance of estate	(551,327)	(140,605)	-	(691,932)
Education	(10,481)	(158,128)	-	(168,609)
Walled Garden	(1,183)	(8,015)	-	(9,198)
Development & Training	(100,117)	-	-	(100,117)
Donations made	(31,406)	(70,100)	-	(101,506)
	<u>(4,561,657)</u>	<u>(1,559,857)</u>	<u>(144,806)</u>	<u>(6,266,320)</u>
Other resources expended				
Gift aid to Trust from trading operations	-	-	(49,173)	(49,173)
Governance costs	<u>(411,030)</u>	<u>(4,788)</u>	<u>-</u>	<u>(415,818)</u>
Total expenses	<u>(8,686,501)</u>	<u>(1,691,806)</u>	<u>(193,979)</u>	<u>(10,572,286)</u>
Net income/(expenditure) for the year before taxation and transfers	1,077,429	5,000,506	(193,979)	5,883,956
Taxation	-	-	-	-
Net income/(expenditure) for the year before transfers	<u>1,077,429</u>	<u>5,000,506</u>	<u>(193,979)</u>	<u>5,883,956</u>

Notes (continued)

10 2018 Comparatives for the Consolidated Statement of Financial Activities (continued)

	Notes	General funds £	Restricted funds £	Endowment funds £	Total funds £
Net income/(expenditure) for the year before transfers		1,077,429	5,000,506	(193,979)	5,883,956
Gross transfers between funds		2,987,095	(2,842,852)	(144,243)	-
		4,064,524	2,157,654	(338,222)	5,883,956
Other recognised gains/(losses)		-	-	-	-
Net movements in funds		4,064,524	2,157,654	(338,222)	5,883,956
Reconciliation of funds:					
Fund balances at 1 April 2017		16,013,502	8,386,170	67,648,571	92,048,243
Net movements in funds		4,064,524	2,157,654	(338,222)	5,883,956
Fund balances at 31 March 2018		20,078,026	10,543,824	67,310,349	97,932,199

Notes (continued)

11 2019 Statement of financial activities - Foundation only

Foundation statement of financial activities
(incorporating an income and expenditure account)
for the year ended 31 March 2019

	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Income and endowments from:					
<i>Donations and legacies</i>					
Donations	6,070,755	5,255,538	-	11,326,293	13,656,685
Grants and gift in kind	-	-	-	-	44,195
Other trading activities	438,998	-	-	438,998	73,125
Investment income	-	-	26,135	26,135	-
Other income	2,344,859	569,997	1,998,744	4,913,600	96,414
Total	8,854,612	5,825,535	2,024,879	16,705,026	13,870,419
Expenditure on:					
<i>Raising funds</i>					
Building costs	(271,334)	-	-	(271,334)	(9,037)
Portfolio management	-	-	(8,564)	(8,564)	-
Fundraising costs	(397,690)	(384,687)	-	(782,377)	(940,140)
	<u>(669,024)</u>	<u>(384,687)</u>	<u>(8,564)</u>	<u>(1,062,275)</u>	<u>(949,177)</u>
<i>Charitable activities</i>					
Wages & salaries	(2,845,157)	(1,593,552)	-	(4,438,709)	(2,347,003)
Administration costs	(43,223)	(3,147)	-	(46,370)	(33,989)
Exhibition & promotion costs	(385,379)	-	-	(385,379)	(438,957)
Preservation of contents	(650,901)	(11,312)	-	(662,213)	(532,873)
Restoration of buildings	(1,278,603)	(393,221)	(144,806)	(1,816,630)	(1,842,126)
Maintenance of the estate	(1,297,727)	(171,575)	-	(1,469,302)	(691,932)
Education	(33,768)	(850,512)	-	(884,280)	(168,609)
Walled Garden	-	-	-	-	(9,198)
Community events	-	(231,567)	-	(231,567)	-
Patronage and heritage costs	-	(202,102)	-	(202,102)	-
Donations made	(142,724)	(51,551)	-	(194,275)	(101,506)
	<u>(6,677,482)</u>	<u>(3,508,539)</u>	<u>(144,806)</u>	<u>(10,330,827)</u>	<u>(6,166,203)</u>
Other costs	(1,266,803)	-	-	(1,266,803)	(464,991)
Total expenses	(8,613,309)	(3,893,226)	(153,370)	(12,659,905)	(7,580,371)
Net gains/(losses) on investments	-	-	(18,605)	(18,605)	-
Change in market value of investments	-	-	(132,039)	(132,039)	-
Net income/(expenditure) for the year before taxation and transfers	241,303	1,932,309	1,720,865	3,894,477	6,290,048
Taxation	-	-	-	-	-
Net income/(expenditure) for the year before transfers	241,303	1,932,309	1,720,865	3,894,477	6,290,048
Gross transfers between funds	2,915,763	(2,915,763)	-	-	-
Transfer - Allocation of Total Return	34,500	-	(34,500)	-	-
Total transfers between funds	2,950,263	(2,915,763)	(34,500)	-	-
Net movements in funds	3,191,566	(983,454)	1,686,365	3,894,477	6,290,048
Reconciliation of funds:					
Fund balances at 1 April 2018	16,797,959	10,543,824	67,310,349	94,652,132	88,362,084
Fund balances at 31 March 2019	19,989,525	9,560,370	68,996,714	98,546,609	94,652,132

Notes (continued)

12 Intangible assets

Group	Trademarks £
<i>Cost or valuation</i>	
At 1 April 2018	-
Additions	-
Disposals	-
Purchased on acquisition of subsidiary	6,280
At 31 March 2019	<u>6,280</u>
<i>Amortisation</i>	
At 1 April 2018	-
Charge for the period	-
Transferred on acquisition of subsidiary	4,282
At 31 March 2019	<u>4,282</u>
<i>Net book value</i>	
At 31 March 2019	<u>1,998</u>
At 31 March 2018	<u>-</u>

Trademarks have been brought into the Group from Queen Elizabeth Castle of Mey Trust.

13 Endowment Assets

Group and Foundation	Heritage assets £	Freehold land & buildings £	Sporting Rights £	Total 2019 £	Total 2018 £
<i>Cost or valuation</i>					
At 1 April 2018	63,223,811	4,180,844	50,500	67,455,155	67,705,155
Disposals	-	-	-	-	(250,000)
At 31 March 2019	<u>63,223,811</u>	<u>4,180,844</u>	<u>50,500</u>	<u>67,455,155</u>	<u>67,455,155</u>
<i>Depreciation</i>					
At 1 April 2018	-	144,806	-	144,806	56,584
Charge for the period	-	144,806	-	144,806	144,806
Release on disposal	-	-	-	-	(56,584)
At March 2019	-	<u>289,612</u>	-	<u>289,612</u>	<u>144,806</u>
<i>Net book value</i>					
At 31 March 2019	<u>63,223,811</u>	<u>3,891,232</u>	<u>50,500</u>	<u>67,165,543</u>	<u>67,310,349</u>
At 31 March 2018	<u>63,223,811</u>	<u>4,036,038</u>	<u>50,500</u>	<u>67,310,349</u>	<u>67,648,571</u>

Cost or valuation at 31 March 2019 is represented by:

	Heritage assets £	Freehold land & buildings £	Sporting Rights £	Total 2019 £
Cost	38,783,476	3,635,140	65,000	42,483,616
Valuation in 2017	24,440,335	545,704	(14,500)	24,971,539
	<u>63,223,811</u>	<u>4,180,844</u>	<u>50,500</u>	<u>67,455,155</u>

If endowment assets had not been revalued they would have been included at the following historical cost:

	2019 £	2018 £
Cost of heritage assets	38,783,476	38,783,476
Cost of freehold land & buildings	3,635,140	3,635,140
Cost of sporting rights	65,000	65,000
	<u>42,483,616</u>	<u>42,483,616</u>

Notes (continued)

14 Heritage Assets

<i>Cost or valuation</i>	
At 1 April 2018	-
Purchased on acquisition of subsidiary	1,000,000
At 31 March 2019	1,000,000
<i>Net book value</i>	
At 31 March 2019	1,000,000
At 31 March 2018	-

The heritage assets relate to The Castle of Mey which was gifted by the late Her Majesty Queen Elizabeth The Queen Mother to the Queen Elizabeth Castle of Mey Trust on its inception in 1996. There is no intention to either acquire or dispose of heritage assets. The Castle is inspected on a regular basis and any work required is brought to the attention of the Trustees, who consider it and prioritise the work. The inspection may be carried out by the Administrator who oversees the property and its use. The Castle was revalued by the Trustees on 31 December 2010 at £1,000,000 in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 (effective 1 January 2015). The Trustees consider this to be a reasonable value at 31 March 2019.

Please refer to note 13. Heritage assets within the Endowment Funds comprise Dumfries House, the stables and coach house and the contents of Dumfries House, many of which date back to the commissioning of the House in the 1750s. Dumfries House itself was built between 1754 and 1759 for the 5th Earl of Dumfries by the Adam brothers. The most important additional works to the building were undertaken by the architect Robert Weir Schultz in the 1890s.

Dumfries House has an unrivalled collection of furniture made or bought for the house when first built. Around 55 pieces by Thomas Chippendale, which represent his early rococo or "Director" phase, include bookcases, a bed, and items such as shaving tables and washstands. With most of the original invoices surviving, these pieces testify to Chippendale's early success in Scotland. This comprehensive body of furniture is complemented by work from the contemporary Edinburgh-based wrights Alexander Peter, Francis Brodie, and William Mathie. The range of luxury furniture produced by this group is unique in the world, both in terms of its quantity and quality. The contents are complemented by ceramics, carpets, chandeliers and other smaller objects, many of which can still be found in their original locations.

Included in freehold land and buildings is £1,284,726 relating to bare agricultural land and woodland.

The Foundation also owns the Avenue Bridge, the Dovecote, the Temple and the Ice House which are classified as heritage assets, but cannot be valued and are therefore not recorded in the financial statements.

The heritage assets within the Foundation comprise largely of 18th century, 19th century and 20th century fine furniture, items of decorative and applied art and works of art. Assets acquired during the period are purchased to enhance the current collections within the House. Assets disposed of during the year are believed to no longer be of need within the collections.

Records of the collection are kept in the form of a digital database and hard copies, both of which are regularly updated. Access to the assets within the House is only permitted on the guided tours throughout the year. Any items not on the public route of these tours can be accessed by prior appointment with the collection manager.

A full revaluation of the heritage assets held within the Foundation was conducted during the year to 31 March 2017.

Summary analysis of Heritage Asset transactions

	2019	2018	2017	2016	2015
Purchases and additions	1,000,000	-	-	-	-
Revaluation	-	-	24,440,335	-	-
	<u>1,000,000</u>	<u>-</u>	<u>24,440,335</u>	<u>-</u>	<u>-</u>
Disposals	-	-	-	30,946	-

Notes (continued)

15 Tangible fixed assets

Group

	Land & Buildings £	Plant & Machinery £	Fixtures & Fittings £	Motor vehicles £
Cost or valuation				
At 1 April 2018	35,036,262	297,426	2,354,128	98,443
Additions	3,657,466	22,600	34,708	19,505
Disposals	-	(8,000)	-	(8,700)
Transfers through group restructure	-	-	8,782	-
Purchased on acquisition of subsidiary	6,047,504	-	1,103,646	25,000
At 31 March 2019	44,741,232	312,026	3,501,264	134,248
Depreciation				
At 1 April 2018	5,125,899	178,839	1,887,917	94,730
Charge for period	1,697,632	34,235	205,836	7,193
Disposals	-	(2,258)	-	(8,700)
Transferred on acquisition of subsidiary	354,795	-	380,734	10,938
At 31 March 2019	7,178,326	210,816	2,474,487	104,161
Net book value				
At 31 March 2019	37,562,906	101,210	1,026,777	30,087
At 31 March 2018	29,910,363	118,587	466,211	3,713
	Improvements to Property £	Website Costs £	Assets under Construction £	Total 2019 £
Cost or valuation				
At 1 April 2018	15,000	-	-	37,801,259
Additions	12,379	-	936,741	4,683,399
Disposals	-	-	-	(16,700)
Transfers through group restructure	-	3,564	-	12,346
Purchased on acquisition of subsidiary	1,909,950	-	2,104,359	11,190,459
At 31 March 2019	1,937,329	3,564	3,041,100	53,670,763
Depreciation				
At 1 April 2018	-	-	-	7,287,385
Charge for period	19,320	2,384	-	1,966,600
Disposals	-	-	-	(10,958)
Transferred on acquisition of subsidiary	872,369	-	-	1,618,836
At 31 March 2019	891,689	2,384	-	10,861,863
Net book value				
At 31 March 2019	1,045,640	1,180	3,041,100	42,808,900
At 31 March 2018	15,000	-	-	30,513,874

Notes (continued)

15 Tangible fixed assets (continued)

Cost or valuation at 31 March 2019 is represented by:

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor vehicles	Improvements to Property	Website Costs	Assets under Construction	Total 2019
	£	£	£	£	£	£	£	£
Cost	53,007,053	312,026	3,501,264	134,248	1,937,329	3,564	3,041,100	61,936,584
Valuation in 2017	(8,265,821)							(8,265,821)
	<u>44,741,232</u>	<u>312,026</u>	<u>3,501,264</u>	<u>134,248</u>	<u>1,937,329</u>	<u>3,564</u>	<u>3,041,100</u>	<u>53,670,763</u>

If land & buildings had not been revalued it would have been included at the following historical cost:

	2019	2018
	£	£
Cost	<u>53,007,053</u>	<u>43,825,155</u>

Foundation

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor vehicles	Website costs	Total 2019
	£	£	£	£	£	£
Cost or valuation						
At 1 April 2018	31,554,944	200,814	2,153,565	98,443	-	34,207,766
Additions	3,657,466	9,549	34,708	19,505	-	3,721,228
Disposals	-	-	-	(8,700)	-	(8,700)
Transfers	-	-	8,782	-	3,564	12,346
At 31 March 2019	<u>35,212,410</u>	<u>210,363</u>	<u>2,397,055</u>	<u>109,248</u>	<u>3,564</u>	<u>37,932,640</u>
Depreciation						
At 1 April 2018	5,125,899	157,499	1,887,758	94,730	-	7,265,886
Charge for period	1,676,400	24,184	198,308	6,314	2,384	1,907,590
Disposals	-	-	-	(8,700)	-	(8,700)
At 31 March 2019	<u>6,802,299</u>	<u>181,683</u>	<u>2,086,056</u>	<u>92,344</u>	<u>2,384</u>	<u>9,164,776</u>
Net book value						
At 31 March 2019	<u>28,410,111</u>	<u>28,680</u>	<u>310,989</u>	<u>16,904</u>	<u>1,180</u>	<u>28,767,864</u>
At 31 March 2018	<u>26,429,045</u>	<u>43,315</u>	<u>463,807</u>	<u>3,713</u>	-	<u>26,941,880</u>

Cost or valuation at 31 March 2019 is represented by:

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor vehicles	Website costs	Total 2019
	£	£	£	£	£	£
Cost	43,590,480	210,363	2,397,055	109,248	3,564	46,310,710
Valuation in 2017	(8,378,070)					(8,378,070)
	<u>35,212,410</u>	<u>210,363</u>	<u>2,397,055</u>	<u>109,248</u>	<u>3,564</u>	<u>37,932,640</u>

If land & buildings had not been revalued it would have been included at the following historical cost:

	2019	2018
	£	£
Cost	<u>43,590,480</u>	<u>35,465,439</u>

Notes (continued)

16 Investments

Group	2019 £	2018 £
Investments	9,357,149	-
	<u>9,357,149</u>	<u>-</u>
Parent charity		
	2019 £	2018 £
Investments in subsidiary undertakings	5	5
Investments	<u>1,829,108</u>	<u>-</u>
	<u>1,829,113</u>	<u>5</u>

The Prince's Foundation is the sole member/ordinary shareholder of the following subsidiaries:

Dumfries House Trust Trading Limited (Company number SC333119), a company incorporated in Great Britain and registered in Scotland is a trading subsidiary which represents the commercial trading arm of the Foundation. The registered address of the company is Dumfries House, Dumfries House Estate, Cumnock, Ayrshire, KA18 2NJ.

Dumfries House Home Farm Limited (Company number SC261878), a company incorporated in Great Britain and registered in Scotland is a trading subsidiary which represents the farming arm of the Foundation. The registered address of the company is Dumfries House, Dumfries House Estate, Cumnock, Ayrshire, KA18 2NJ.

Dumfries Farming & Land Limited (Company number 06391121), a company incorporated in Great Britain and registered in England and Wales is a trading subsidiary which principal activity is in relation to commercial building construction. The registered address of the company is Clarence House, St James, London, SW1A 1BA.

Community Capital Limited (Company number 04268547), a company incorporated in Great Britain and registered in England and Wales is a trading subsidiary whose business is urban design consultancy. The registered address of the company is 19-22 Charlotte Road, Shoreditch, London, EC2A 3SG. This company became a subsidiary on 1 April 2018.

The Queen Elizabeth Castle of Mey Trust (Charity number SC024983), a charity registered in Scotland, set-up for the preservation of buildings and monuments with historical importance and architectural interest. It is registered at Castle of Mey, Caithness, KW14 BXH. The Prince's Foundation became the sole trustee of this charity on 1 January 2019.

The Prince's Foundation is the controlling party of the following charities as of 31 March 2019:

The Prince's Foundation for Building Community (Company number 03579567, Charity number 1069969), an educational charity registered in England and Wales is registered at 19-22 Charlotte Road, Shoreditch, London, EC2A 3SG. This charity became a subsidiary of the Foundation on 1 April 2018.

The Prince's School of Traditional Arts (Company number 04970959, Charity number 1101527), an educational charity registered in England and Wales is registered at 19-22 Charlotte Road, Shoreditch, London, EC2A 3SG. This charity became a subsidiary of the Foundation on 1 September 2018.

The Prince's Foundation indirectly owns the following subsidiaries:

Castle and Gardens of Mey Limited (Company number SC247163), a company incorporated in Great Britain and registered in Scotland is indirectly owned by the Foundation, via its ownership of The Queen Elizabeth Castle of Mey Trust which fully owns this trading subsidiary. The registered address of the company is Redwood, 19 Culduthel Road, Inverness, IV2 4AA.

The Prince's Regeneration Trust (Company number 04342518, Charity number 1089932), an educational charity registered in England and Wales is indirectly controlled by the Foundation, via its control of The Prince's Foundation for Building Community, which is the sole member of this charity. The registered address of this entity is 19-22 Charlotte Road, Shoreditch, London, EC2A 3SG.

PRT Social Enterprise Limited (Company number 06215779), a company registered in Great Britain and registered in England and Wales is indirectly owned by the Foundation, via its ownership of The Prince's Regeneration Trust which fully owns this trading subsidiary. The registered address of the company is 19-22 Charlotte Road, Shoreditch, London, EC2A 3SG. On 2 July 2019 this company was dissolved.

The summarised financial results of all of these subsidiaries for the period ended 31 March 2019 are disclosed in note 31 to these accounts.

Notes (continued)

16 Investments (continued)

Investments - Group

	2019 £	2018 £
Market value at 31 March 2018	-	-
Additions at cost	1,051,653	-
Cash transferred (from)/to fixed asset investments	(1,575,362)	-
Disposals at carrying value	(1,010,191)	-
Change in market value	(117,868)	-
Transfer on acquisition of subsidiary	11,051,897	-
Market value at 31 March 2019	<u>9,400,129</u>	<u>-</u>
Analysis of market value of investments:		
UK equities	1,870,707	-
International equities	2,814,347	-
UK bonds	2,265,845	-
International bonds	46,812	-
Portfolio funds	346,360	-
Alternatives	1,475,101	-
Cash	580,957	-
	<u>9,400,129</u>	<u>-</u>
Analysis of investment income for the period:		
UK equities	36,458	-
International equities	20,709	-
UK bonds	12,835	-
International bonds	15,730	-
Portfolio funds	5,410	-
Property	11,509	-
Alternatives	16,365	-
Cash	394	-
	<u>119,410</u>	<u>-</u>

Notes (continued)

16 Investments (continued)

Investments - Parent charity

	2019	2018
	£	£
Market value at 31 March 2018	-	-
Additions at cost	238,727	-
Disposals at carrying value	(154,237)	-
Change in market value	(132,039)	-
Transfer on acquisition of subsidiary	1,876,657	-
Market value at 31 March 2019	<u>1,829,108</u>	<u>-</u>
Analysis of market value of investments:		
UK equities	175,651	-
International equities	1,007,359	-
UK bonds	199,361	-
International bonds	63,655	-
Alternatives	340,102	-
Cash	42,980	-
	<u>1,829,108</u>	<u>-</u>
Analysis of investment income for the period:		
UK equities	2,941	-
International equities	8,502	-
UK bonds	8,038	-
International bonds	849	-
Alternatives	5,805	-
	<u>26,135</u>	<u>-</u>

Notes (continued)

16 Investments (continued)

Endowment funds: Total Return Accounting

Foundation only

Total allocation of return to Income of £34,000 was applied during the year.

The investment fund and application of total return to endowment funds is as follows:

	Year to 31 March 2019 £
Opening value of endowment	-
Add: Transfer from subsidiary	1,988,177
Less: Original value of the gift	(1,930,878)
Unapplied total return brought forward	<u>57,299</u>
Add	
Investment return: dividends and interest	36,702
Investment return: gains and losses	(150,644)
Less	
Investment management and administration costs	(8,564)
Unapplied total return before transfer to income	<u>(65,207)</u>
Less	
Total return applied	(34,500)
Unapplied return as at 31 March 2019	<u>(99,707)</u>
Add	
Original value of the gift brought forward	1,930,878
New endowments in the year	-
Endowment including unapplied total return as at 31 March 2019 constituting the Investment fund (see note 20.1)	<u><u>1,831,171</u></u>

Notes (continued)

17 Stock

	Group 2019 £	Foundation 2019 £	Group 2018 £	Foundation 2018 £
Farming livestock & consumables	448,675	-	300,419	-
Goods for resale - Dumfries House Visitor Centre	17,815	-	27,675	-
Goods for resale - Ballater Highgrove shop	13,800	-	8,380	-
Goods for resale - Castle and Gardens of Mey	81,632	-	-	-
Food & beverage stock - Dumfries House	22,085	-	24,507	-
Food & beverage stock - Ballater Bistro	2,430	-	1,409	-
Dumfries Farming and Land Ltd: Works in progress	-	-	128,102	-
Development land at Knockroon	700,000	-	700,000	-
	<u>1,286,437</u>	<u>-</u>	<u>1,190,492</u>	<u>-</u>

The amount of stocks recognised as an expense in the year was £759,221 (2018: £654,491).

18 Debtors

	Group 2019 £	Foundation 2019 £	Group 2018 £	Foundation 2018 £
<i>Amounts falling due within one year</i>				
Trade debtors	1,344,675	1,909,305	126,599	88,220
Other debtors	356,774	326,092	1,496,274	1,486,106
Other taxation recoverable	258,024	44,305	308,935	275,921
Amounts due from subsidiary	-	1,739,163	-	1,206,395
Prepayments and accrued income	136,487	69,647	153,490	67,016
	<u>2,095,959</u>	<u>4,088,502</u>	<u>2,085,298</u>	<u>3,123,658</u>
<i>Amounts falling due after more than one year</i>				
Other debtors	31,000	31,000	49,000	49,000
Aggregate amounts	<u>2,126,959</u>	<u>4,119,502</u>	<u>2,134,298</u>	<u>3,172,658</u>

19 Creditors

	Group 2019 £	Foundation 2019 £	Group 2018 £	Foundation 2018 £
<i>Amounts falling due within one year</i>				
Bank overdrafts	3,468,907	3,468,907	2,542,275	2,542,275
Trade creditors	3,517,731	3,157,098	2,033,276	1,676,965
Other creditors	400,242	366,666	1,541,924	1,483,807
Hire purchase	76,030	65,638	64,293	59,571
Other taxation payable	188,896	-	204,973	-
Amounts due to subsidiary	-	-	-	112,816
Accruals and deferred income	676,567	453,151	205,039	147,826
	<u>8,328,372</u>	<u>7,511,461</u>	<u>6,591,780</u>	<u>6,023,260</u>
<i>Amounts falling due after more than one year</i>				
Hire purchase due in 2-5 years	23,060	9,129	17,708	-
	<u>23,060</u>	<u>9,129</u>	<u>17,708</u>	<u>-</u>

Notes (continued)

20 Fund movements

Group	Note	Balance 1 April 2018 £	Introduction of new subsidiaries £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
Endowment fund	20.1	67,310,349	6,281,629	106,990	(217,548)	(243,294)	(34,500)	73,203,626
Restricted funds	20.2	10,543,824	644,797	5,262,038	(3,917,615)	-	(666,059)	11,866,985
General funds	20.3	20,078,026	15,803,280	11,190,852	(12,413,243)	107,227	700,559	35,466,701
Total funds		97,932,199	22,729,706	16,559,880	(16,548,406)	(136,067)	-	120,537,312

Foundation	Note	Balance 1 April 2018 £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
Endowment fund	20.1	67,310,349	2,024,879	(153,370)	(150,644)	(34,500)	68,996,714
Restricted funds	20.2	10,543,824	5,825,535	(3,893,226)	-	(2,915,763)	9,560,370
General funds	20.3	16,797,959	8,854,612	(8,613,309)	-	2,950,263	19,989,525
Total funds		94,652,132	16,705,026	(12,659,905)	(150,644)	-	98,546,609

20.1 Endowment fund

Group	Balance 1 April 2018 £	Introduction of new subsidiaries £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
The Prince's Foundation - Endowment assets	67,310,349	-	-	(144,806)	-	-	67,165,543
The Traditional and Islamic Arts Education Fund	-	1,988,177	36,702	(8,564)	(150,644)	(34,500)	1,831,171
Abdul Latif Jameel Centre for Traditional Arts and Crafts	-	4,293,452	70,288	(64,178)	(92,650)	-	4,206,912
	<u>67,310,349</u>	<u>6,281,629</u>	<u>106,990</u>	<u>(217,548)</u>	<u>(243,294)</u>	<u>(34,500)</u>	<u>73,203,626</u>

Foundation	Balance 1 April 2018 £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
The Prince's Foundation - Endowment assets	67,310,349	-	(144,806)	-	-	67,165,543
The Traditional and Islamic Arts Education Fund	-	2,024,879	(8,564)	(150,644)	(34,500)	1,831,171
	<u>67,310,349</u>	<u>2,024,879</u>	<u>(153,370)</u>	<u>(150,644)</u>	<u>(34,500)</u>	<u>68,996,714</u>

The Prince's Foundation - Endowment assets - See note 13

Included in endowment funds is the Abdul Latif Jameel Centre for Traditional Arts and Crafts endowment fund and The Traditional and Islamic Arts Education Fund.

Notes (continued)

20 Fund movements (continued)

20.2 Restricted funds

Group	Balance 1 April 2018 £	Introduction of new subsidiaries £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
Group restricted - Various Funds	7,543,948	644,797	4,751,193	(2,955,554)	-	(1,870,029)	8,114,354
Glenside Build	2,999,876	-	-	(483,037)	-	-	2,516,839
The Prince's Foundation - Capital Projects	-	-	510,845	(461,135)	-	(1,046,584)	(996,874)
Prince's School of Traditional Arts - Property fund	-	-	-	(17,889)	-	2,250,554	2,232,665
	<u>10,543,824</u>	<u>644,797</u>	<u>5,262,038</u>	<u>(3,917,615)</u>	<u>-</u>	<u>(666,059)</u>	<u>11,866,985</u>
Foundation		Balance 1 April 2018 £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
The Prince's Foundation - Various Funds		7,543,948	5,314,680	(2,949,054)	-	(1,869,179)	8,040,405
Glenside Build		2,999,876	-	(483,037)	-	-	2,516,839
The Prince's Foundation - Capital Projects		-	510,845	(461,135)	-	(1,046,584)	(996,874)
		<u>10,543,824</u>	<u>5,825,535</u>	<u>(3,893,226)</u>	<u>-</u>	<u>(2,915,763)</u>	<u>9,560,370</u>

Various Funds – consists of numerous restricted funds from donations made to the Group for purposes specified by the donor. These funds are disclosed as a total due to their individual values.

Glenside Build – consists of funds held for the development of the Glenside Centre for Traditional Arts.

The Prince's Foundation - Capital Projects - consists of funds held for costs related to capital projects undertaken by The Prince's Foundation. This fund is in deficit due to the timing of work on several projects. This position will be rectified upon receipt of further funds committed in the current financial year.

Prince's School of Traditional Arts - Property Fund - represents the net book value of the charity's one third share of 19-22 Charlotte Road, London EC2A 3SG.

20.3 Unrestricted funds

Group	Balance 1 April 2018 £	Introduction of new subsidiaries £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
General funds	20,078,026	3,998,526	11,190,852	(12,413,243)	107,227	1,903,501	24,864,889
The Prince's Foundation for Building and Community - Property revaluation reserve	-	489,457	-	-	-	-	489,457
Prince's School of Traditional Arts - Property fund - designated	-	2,250,554	-	-	-	(2,250,554)	-
Queen Elizabeth Castle of Mey Trust - Fixed asset fund	-	9,064,743	-	-	-	1,047,612	10,112,355
	<u>20,078,026</u>	<u>15,803,280</u>	<u>11,190,852</u>	<u>(12,413,243)</u>	<u>107,227</u>	<u>700,559</u>	<u>35,466,701</u>
Foundation		Balance 1 April 2018 £	Incoming resources £	Resources expended £	Gains or losses £	Transfers between funds £	Balance 31 March 2019 £
General funds		<u>16,797,959</u>	<u>8,854,612</u>	<u>(8,613,309)</u>	<u>-</u>	<u>2,930,263</u>	<u>19,989,525</u>

General funds - General unrestricted funds are those that can be used in accordance with the group's charitable objectives as the discretion of the Trustees.

The Prince's Foundation for Building and Community - Property revaluation reserve - represents the difference between the net book value and the historical cost of the property occupied by the Group as its head office.

Prince's School of Traditional Arts - designated property fund has moved to restricted - see note 20.2.

Queen Elizabeth Castle of Mey Trust - Fixed asset fund - the fixed asset fund comprises all fixed assets held by the Trust.

Notes (continued)

21 Analysis of net assets between funds

Group	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Tangible fixed assets	39,144,944	8,030,062	73,201,563	120,376,569	97,824,223
Current assets	4,610,713	3,899,400	2,063	8,512,176	6,717,464
Current liabilities	(8,265,895)	(62,477)	-	(8,328,372)	(6,591,780)
Non current liabilities	(23,060)	-	-	(23,060)	(17,708)
Total net assets	35,466,701	11,866,985	73,203,626	120,537,312	97,932,199

Foundation	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
Tangible fixed assets	23,044,416	5,723,448	68,994,651	97,762,515	94,252,229
Investments	5	-	-	5	5
Current assets	4,403,217	3,899,399	2,063	8,304,679	6,423,158
Current liabilities	(7,448,984)	(62,477)	-	(7,511,461)	(6,023,260)
Non current liabilities	(9,129)	-	-	(9,129)	-
Total net assets	19,989,525	9,560,370	68,996,714	98,546,609	94,652,132

Reserve analysis between funds

Group	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
At the beginning of period	20,078,026	10,543,824	67,310,349	97,932,199	92,048,243
Profit/(loss) for the period	(1,115,164)	1,344,423	(353,852)	(124,593)	5,883,956
Gross transfers between funds	700,559	(666,059)	(34,500)	-	-
Introduction of Funds on acquisitions	15,803,280	644,797	6,281,629	22,729,706	-
	35,466,701	11,866,985	73,203,626	120,537,312	97,932,199

Foundation	General Funds £	Restricted Funds £	Endowment Funds £	Total 2019 £	Total 2018 £
At the beginning of the period	16,797,959	10,543,824	67,310,349	94,652,132	88,362,084
Profit/(loss) for the period	241,303	1,932,309	1,720,865	3,894,477	6,290,048
Gross transfers between funds	2,950,263	(2,915,763)	(34,500)	-	-
Gains/(losses) on revaluation of investments	-	-	(132,039)	(132,039)	-
	19,989,525	9,560,370	68,864,675	98,414,570	94,652,132

Notes (continued)

22 Analysis of changes in net cash

	1 April 2018	Cash flow	Other non cash changes	31 March 2019
	£	£	£	£
Cash :				
At bank overdraft	(2,542,275)	(925,632)	-	(3,468,907)
At bank and in hand	3,392,675	1,706,104	-	5,098,779
Total	<u>850,400</u>	<u>779,472</u>	<u>-</u>	<u>1,629,872</u>

23 Transactions with Trustees

During the year, the following transactions took place with Trustees of the charitable company:

	2019 £	2018 £
Expenses paid on behalf of Trustees	<u>2,273</u>	<u>2,114</u>

Trustees were reimbursed for the following expenditure -

Reimbursement type	No. of trustees reimbursed	Total £
Travel costs	2	<u>2,273</u>
Total		<u>2,273</u>

Donations

During 2019, the Trustees of the charitable company donated £nil (2018: £nil) to The Prince's Foundation.

24 Defined contribution pension scheme

	2019 £	2018 £
Charge to statement of financial activities	<u>178,467</u>	<u>176,384</u>

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

25 Financial Instruments

	Group 2019 £	Foundation 2019 £	Group 2018 £	Foundation 2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,868,935	4,075,196	1,825,363	2,896,737
Investments measured at fair value through profit or loss	<u>9,400,129</u>	<u>1,829,108</u>	<u>-</u>	<u>-</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>4,693,630</u>	<u>4,051,684</u>	<u>3,862,240</u>	<u>3,480,985</u>

Notes (continued)

26 Related party transactions

During the year one transaction took place with a company for which a Trustee of the Foundation, Mr Ian Marcus, is a director.

- A donation was paid from Town Centre Securities PLC with the value of £10,000 (2018: £nil).

During the year, sales totalling £1,143 were made from the Foundation to Premier Mode Limited, a company for which Michael Fawcett is a director. At year-end a trade debtor balance of £554 remained, which has been paid in full following the year end. In 2018 a trade creditor balance of £4,778, fully repaid following year end). No other transactions occurred during the financial year:

	2019 £	2018 £
Executive directors fees	-	8,000
Consultancy fees	-	6,000
Event running costs	-	71,688

In the current financial year no services were provided by Grean Tea Productions Limited to the Foundation (2018: £400), a company for which Michael Fawcett's son is a director.

27 Restricted funds

	Balance at 1 April 2018 £	Incoming Resources £	Resources Expended £	Transfers £	Reserves Introduced on acquisitions £	Balance at 31 March 2019 £
Restricted funds	<u>10,543,824</u>	<u>5,262,038</u>	<u>(3,917,615)</u>	<u>(666,059)</u>	<u>644,797</u>	<u>11,866,985</u>

The Foundation has, to date, operated two bank accounts for restricted, general and endowment funds. Restricted donations received by the Foundation are recorded as such upon their receipt.

At 31 March 2019, £8,030,062 of restricted funds was held as restricted fixed assets. £2,516,839 was held for the Glenside build capital project, £711,088 was held for the 7 for 70 projects and £357,388 was held for the London Gallery refurbishment project.

During the year, a total of £280,685 (2018: £1,179,132) of restricted funds were used for general fund purposes in advance of commencing the projects to which they had been allocated.

Notes (continued)

28 Transfer between funds

	General Funds £	Restricted Funds £	Endowment Funds £
Consolidated statement of financial activities			
Completed projects	<u>700,559</u>	<u>(666,059)</u>	<u>(34,500)</u>

On completion of, or completion of specific elements of, projects funded by restricted funds, the value of the completed assets within the project are reallocated from restricted funds to general funds.

The relevant projects and amounts were:

	£
Glenside	439,124
Stockhill	1,595,374
Crucifix Restoration Project	29,989
Central Arbour	639
Capital Projects	419,214
London Gallery	129,624
Lady Well	131,201
Rose Garden	59,828
Walled Garden	40,768
Ballater Station	283,429
Movement from General Funds	<u>(2,463,131)</u>
	<u>666,059</u>

29 Post balance sheet events

Since the year end £4,600,000 of unrestricted donations have been received by The Prince's Foundation.

Notes (continued)

30 Business combinations

In the year to 31 March 2019 the following material business combinations occurred within the Group.

30.1 The Prince's Foundation for Building Community

The Prince's Foundation for Building Community became a subsidiary of The Prince's Foundation on 1 April 2018, there was no consideration paid.

The following amounts of assets, liabilities and contingent liabilities were recognised at the acquisition date:

	Carrying value £	Adjustment £	Fair value £
Tangible assets	2,420,180	-	2,420,180
Investments	1	-	1
Trade debtors	20,746	-	20,746
Amounts recoverable on contracts	15,000	-	15,000
Amounts owed by connected entities	789,073	-	789,073
Donations receivable	15,000	-	15,000
Prepayments	5,598	-	5,598
Other debtors	10,130	-	10,130
Cash at bank and in hand	48,264	-	48,264
Trade creditors	(42,384)	-	(42,384)
Accruals	(25,500)	-	(25,500)
Sundry creditors	(4,420)	-	(4,420)
Total identifiable net assets	<u>3,251,688</u>	-	<u>3,251,688</u>

The Trustees consider the fair value to be the carrying value at 31 March 2018.

At 1 April 2018 the trading operations of The Prince's Foundation for Building Community were merged into the Prince's Foundation under a Merger Agreement. The Property share temporarily remained under The Prince's Foundation for Building Community pending transfer.

See note 31 for the revenue and profit that The Prince's Foundation for Building Community contributed to the Group.

30.2 The Prince's School of Traditional Arts

The Prince's School of Traditional Arts became a subsidiary of The Prince's Foundation on 1 September 2018, there was no consideration paid.

The following amounts of assets, liabilities and contingent liabilities were recognised at the acquisition date:

	Carrying value £	Adjustment £	Fair value £
Tangible assets	2,259,387	-	2,259,387
Investments	7,807,832	-	7,807,832
Trade debtors	218,230	-	218,230
Prepayments	8,343	-	8,343
Accrued income	29,387	-	29,387
Other debtors	427	-	427
Cash at bank and in hand	194,394	-	194,394
Trade creditors	(140,610)	-	(140,610)
Accruals	(16,831)	-	(16,831)
Deferred income	(206,999)	-	(206,999)
Other taxes and social security	(20,750)	-	(20,750)
Sundry creditors	(21,948)	-	(21,948)
Provisions for liabilities and charges	(148,000)	-	(148,000)
	<u>9,962,862</u>	-	<u>9,962,862</u>

The Trustees consider the fair value to be the carrying value at 31 August 2018.

At 1 September 2018 the trading operations of The Prince's School of Traditional Arts were merged into the Prince's Foundation under a Merger Agreement. The Property share and one of the Endowment funds temporarily remained under The Prince's School of Traditional Arts pending transfer.

See note 31 for the revenue and profit that The Prince's School of Traditional Arts contributed to the Group.

Notes (continued)

30 Business combinations (continued)

30.3 The Queen Elizabeth Castle of Mey Trust

On 1 January 2019, The Prince's Foundation became the sole member of The Queen Elizabeth Castle of Mey Trust, there was no consideration paid.

The following amounts of assets, liabilities and contingent liabilities were recognised at the acquisition date:

	Carrying value £	Adjustment £	Fair value £
Intangible assets	1,998	-	1,998
Tangible assets	4,902,881	-	4,902,881
Heritage assets	1,000,000	-	1,000,000
Investments	3,244,067	-	3,244,067
Stocks	145,679	-	145,679
Trade debtors	65,650	-	65,650
Other debtors	288,020	-	288,020
Cash at bank and in hand	106,127	-	106,127
Bank loans and overdrafts	(72,003)	-	(72,003)
Trade creditors	(42,863)	-	(42,863)
Taxation and social security	(4,780)	-	(4,780)
Other creditors	(559,006)	-	(559,006)
Total identifiable net assets	<u>9,075,770</u>	<u>-</u>	<u>9,075,770</u>

The Trustees consider the fair value to be the carrying value at 31 December 2018.

See note 31 for the revenue and profit that The Queen Elizabeth Castle of Mey Trust contributed to the Group.

Notes (continued)

31 Summarised financial results

The summarised financial results of the charity and its subsidiaries for the year ended 31 March 2019 are as follows:

	The Prince's Foundation £	Dumfries House Trust Trading Ltd £	Dumfries House Home Farm Ltd £	Dumfries Farming & Land Ltd £	The Prince's Foundation for Building Community £	Community Capital Ltd £
Income	16,705,026	2,793,178	250,295	2,146,604	-	830,364
Expenditure	(12,659,905)	(2,790,038)	(331,871)	(2,147,544)	(839,022)	(504,480)
Net income / (expenditure)	4,045,121	3,140	(81,576)	(940)	(839,022)	325,884
Distributions to parent	-	-	-	-	-	(325,884)
Other recognised gains/(losses)	(150,644)	-	-	-	-	-
Net movement in funds	3,894,477	3,140	(81,576)	(940)	(839,022)	-
Funds brought forward	94,652,132	(154,884)	3,285,814	179,367	3,251,688	367,014
Funds carried forward at 31 March 2019	98,546,609	(151,744)	3,204,238	178,427	2,412,666	367,014

	The Prince's Regeneration Trust £	PRT Social Enterprise Ltd £	Prince's School of Traditional Arts £	The Queen Elizabeth Castle of Mey Trust £	Castle & Gardens of Mey Ltd £
Income	20,620	-	70,288	520,103	4,621
Expenditure	(24,068)	(132)	(3,494,922)	(207,476)	(4,413)
Net income / (expenditure)	(3,448)	(132)	(3,424,634)	312,627	208
Distributions to parent	-	-	-	-	-
Other recognised gains/(losses)	-	-	(92,650)	107,227	-
Net movement in funds	(3,448)	(132)	(3,517,284)	419,854	208
Funds brought forward	58,035	(473)	9,962,852	9,075,770	14,336
Funds carried forward at 31 March 2019	54,587	(605)	6,445,578	9,495,625	14,544