

Charity Number 269183

THE DUKE OF CORNWALL'S

BENEVOLENT FUND

Trustees' report and accounts

30 June 2017

THE DUKE OF CORNWALL'S BENEVOLENT FUND
REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY,
THE TRUSTEES AND ADVISORS

CHARITY

REGISTRATION NUMBER: 269183

REGISTERED ADDRESS: 10 Buckingham Gate
London
SW1E 6LA

TRUSTEES: The Hon. James Leigh-Pemberton CVO

Alastair Martin

Colonel Edward Bolitho OBE

Mrs Catherine Mead

SECRETARY: Terry Cotter
10 Buckingham Gate
London
SW1E 6LA

BANKERS: Coutts & Co.
440 Strand
London
WC2R 0QS

INVESTMENT MANAGER: Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

AUDITORS: SRG LLP
28 Ely Place
London
EC1N 6AA

SOLICITORS: Farrer & Co.
66 Lincoln's Inn Fields
London
WC2A 3LH

**THE DUKE OF CORNWALL'S BENEVOLENT FUND
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017**

Structure, Objectives and Activities for the public benefit

The Duke of Cornwall's Benevolent Fund was established under a trust deed dated 21 February 1975 with the following specific objectives:

- (a) The relief of persons in need of assistance because of sickness, poverty or age
- (b) The provision of almshouses, homes of rest, hospitals and convalescent homes
- (c) The advancement of education
- (d) The advancement of the arts
- (e) The advancement of religion
- (f) The preservation for the benefit of the public of lands and buildings.

The Fund receives donations from time to time from His Royal Highness The Duke of Cornwall which are related to amounts receivable by the Duke as Bona Vacantia (the casual profits of estates of deceased intestates dying domiciled in Cornwall without kin), after allowing for costs and ex gratia payments made by the Duke in relation to claims on any estate. The donations are invested to produce an income from which donations and subscriptions are made in accordance with the objectives.

In 2005, the trustees determined that the Fund's investment portfolio, net Bona Vacantia receipts and amounts held in bank accounts designated for capital purposes should be transferred to a designated fund, with the intention of treating this fund as a quasi-endowment, whose capital value (together with any new donations) is to be maintained in real terms, while the income arising is available for distribution. Following this principle, gains and losses on revaluation of the investment portfolio (net of any investment management fees) are recorded within this designated fund, while investment income earned, grants made and other management and administration expenses are recorded in the general fund. Both the designated and general funds are unrestricted.

There have been no material changes in policy since the last trustees' report.

The trustees have complied with the duty in Section 17 of the Charities Act 2011 in respect of having due regard to guidance published by the Charity Commission, including public benefit guidance.

Trustees

The trustees meet regularly and are the Receiver General (The Hon. James Leigh-Pemberton CVO) and Secretary of the Duchy of Cornwall Estate (Alastair Martin), ex officio and two external trustees. The trust deed also has provision for the appointment of other persons as trustees when appropriate.

THE DUKE OF CORNWALL'S BENEVOLENT FUND
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 JUNE 2017
(continued)

Achievements and Performance

The Duke of Cornwall's Benevolent Fund is principally a grant giving charity and most activity is related to support for charitable organisations.

All the above grants met the Duke of Cornwall's Benevolent Fund's objectives as illustrated earlier in this report.

Financial review

During the year, the Fund received investment income of £111,605 (2016 £105,463) and made 67 grants amounting to £113,050 (2016 66 grants totalling £126,800), leaving a deficit of £5,915 (2016 deficit £25,637) after administration expenses in the general fund. The Fund received donations of £415,000 (2016 £185,000) giving total incoming resources of £526,605 (2016 £290,463). The designated fund increased from £4,310,859 to £5,304,575 after allowing for a £6,000 transfer to the general fund, as a result of the incoming donations and investment movements. Total funds at 30 June 2017 amounted to £5,305,178 (2016 £4,311,377).

Grants Policy

The Fund makes grants in accordance with its charitable objectives as set out on page 2. Applications for grants are generally only accepted from registered charities, primarily based in Cornwall, and considered at regular trustee meetings. Offers are determined by trustees at these meetings.

Applications for grants should be made in writing to the secretary.

Risk Management Policy

The trustees of the Fund have put into place systems which will mitigate any risks that can be identified. The Fund's investments are monitored on a regular basis and are held by their investment manager. The Fund has no direct employees and is therefore not responsible for the direct costs of any staff. The Fund's non-investment income is handed over directly by the Duchy of Cornwall Estate and the trustees are aware of the adequacy of reserves and cash flow, in line with best practice.

Prior to any donation, all claimants are checked thoroughly and only written applications are considered. Most grants are made to organisations which are known to the trustees who will, in turn, make the appropriate investigations, if required.

The trustees endeavour to grant monies only to charitable institutions. The trustees also keep outgoings at a manageable level.

**THE DUKE OF CORNWALL'S BENEVOLENT FUND REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2017
(continued)**

Investment Policy

There are no restrictions on the Fund's power to invest. The investment strategy is set by the trustees and takes account of recent demand for funds and the quality of funding applications. The trustees consider the income requirements, the risk profile and the investment manager's view of the market prospects in the medium term. The investment portfolio increased in value from £3,852,431 at 30 June 2016 to £4,837,147 at 30 June 2017.

Reserves Policy

The Fund maintains unrestricted funds, which are the free reserves of the Fund. As explained on page 3, the designated reserve, which now totals over £5.3million, is being held as a long-term investment, in order to generate future incoming resources to support the Fund's charitable objectives.

It is the policy of the Fund to pay out, by means of grants, substantially all of the total incoming resources for the year on the general fund, after relevant expenses have been met, although the trustees are necessarily constrained by the availability of sufficient suitable grant applications. It is the trustees' intention to maintain a small balance to cover unforeseen expenditure.

Notwithstanding the general desire to protect the capital within the designated fund, the trustees may decide from time to time to pay over receipts of Bona Vacantia to the general fund to allow additional grants to be made.

Plans for Future Periods

In the coming year, the Fund will continue to provide charitable support in accordance with its objectives.

**THE DUKE OF CORNWALL'S BENEVOLENT FUND REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2017
(continued)**

Trustees' Responsibilities Statement

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

Law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity's activities during the year and of its financial position at the end of the year.

In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities, in which case there should be supporting assumptions or qualifications as necessary.

The trustees confirm that they have complied with the above requirements in preparing the financial statements.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the fund and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved at the trustees meeting on *25 October* 2017

The Hon. James Leigh-Pemberton CVO

James Leigh-Pemberton

Alastair Martin

Alastair Martin

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DUKE OF CORNWALL'S BENEVOLENT FUND

We have audited the financial statements of The Duke of Cornwall's Benevolent Fund for the year ended 30 June 2017 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 5, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2017, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE DUKE OF
CORNWALL'S BENEVOLENT FUND (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



SRG LLP
Chartered Accountants
Statutory Auditor

1st NOVEMBER 2017

28 Ely Place
London EC1N 6AA

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

THE DUKE OF CORNWALL'S BENEVOLENT FUND

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2017**

	General Fund £	Designated Fund £	Total 2017 £	Total 2016 £
Incoming resources				
Incoming resources from generated funds:				
Investment income (Note 2)	111,605	-	111,605	105,463
Donations (Note 3)	-	415,000	415,000	185,000
Total incoming resources	<u>111,605</u>	<u>415,000</u>	<u>526,605</u>	<u>290,463</u>
Resources expended				
Costs of generating funds:				
Direct charitable activities:				
Grants (Note 4)	113,050	-	113,050	126,800
Governance costs (Note 5)	4,470	-	4,470	4,300
Total resources expended	<u>117,520</u>	<u>-</u>	<u>117,520</u>	<u>131,100</u>
Net (outgoing)/incoming resources for the year before losses	(5,915)	415,000	409,085	159,363
Unrealised gain on investment assets (Note 6)	-	584,716	584,716	80,533
Net movement in funds	<u>(5,915)</u>	<u>999,716</u>	<u>993,801</u>	<u>239,896</u>
Fund balances brought forward	518	4,310,859	4,311,377	4,071,481
Transfer	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>
Fund balances carried forward	<u>603</u>	<u>5,304,575</u>	<u>5,305,178</u>	<u>4,311,377</u>

The notes on pages 10 to 14 form part of these accounts.

All of the Fund's activities are derived from continuing operations. The Fund has no recognised gains or losses other than those shown above.

THE DUKE OF CORNWALL'S BENEVOLENT FUND

BALANCE SHEET AS AT 30 JUNE 2017

	<u>30 June 2017</u>		<u>30 June 2016</u>	
	£	£	£	£
Fixed Assets				
Investments (Note 6)		4,837,147		3,852,431
Current Assets				
Debtors (Note 7)		40,160		34,050
Cash at bank		<u>432,321</u>		<u>439,196</u>
		<u>472,481</u>		<u>473,246</u>
Liabilities due within one year				
Accruals		<u>(4,450)</u>		<u>14,300</u>
		<u>(4,450)</u>		<u>14,300</u>
Net current assets		468,031		458,946
		<hr/>		<hr/>
Net assets		<u>5,305,178</u>		<u>4,311,377</u>
Funds				
General		603		518
Designated		<u>5,304,575</u>		<u>4,310,859</u>
		<u>5,305,178</u>		<u>4,311,377</u>

Approved by the trustees on 25 October 2017

The Hon. James Leigh-Pemberton CVO

James Leigh-Pemberton

Alastair Martin

Alastair Martin

The notes on pages 10 to 14 form part of these accounts.

THE DUKE OF CORNWALL'S BENEVOLENT FUND

NOTES TO THE ACCOUNTS - 30 JUNE 2017

1. Accounting policies

Basis of preparation and assessment of going concern

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Fund constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Fund's ability to continue as a going concern.

Reconciliation with previous generally accepted accounting practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. No restatements were required. This is the first year in which the financial statements are prepared under FRS 102 and the Charities SORP FRS 102. The date of transition was 1 July 2015 and there are no transition adjustments.

Intangible income

Support provided by third parties is brought into these accounts at its estimated value to the fund, unless it is not possible to ascertain the value. To the extent that it is possible to obtain a value, this is included both as income and expenditure.

Income

Income from investments is accounted for on an accruals basis and stated inclusive of recoverable taxation. Other income is accounted for on a receipts basis.

Investments

Investments are stated at the middle market price at the balance sheet date. Both unrealised and realised gains and losses, reflecting the changes in the market value of the investments, and profits or losses on sale, are included in the Statement of Financial Activities.

Cash flow

The Fund has taken advantage of the exemption as a small charity not to present a cash flow statement.

Funds

The trustees have determined that investment gains and losses both realised and unrealised, associated management charges, net Bona Vacantia receipts and bank balances held for capital purposes are recorded in the designated fund. All other income and expenditure is recorded in the general fund. Both the designated and general funds are unrestricted.

THE DUKE OF CORNWALL'S BENEVOLENT FUND

NOTES TO THE ACCOUNTS (Continued) - 30 JUNE 2017

1. Accounting policies (continued)

Grants and other expenditure

Grants payable are included in the Statement of Financial Activities in the period in which the conditions attached to the award are met or outside the control of the Fund. Grants which have been recognised but not paid are accounted for as creditors in the balance sheet. Other expenditure is accounted for on an accruals basis and recorded including irrecoverable VAT.

Support costs

The day to day administration of the Fund is carried out by staff of the Duchy of Cornwall Estate and provided free of charge. The trustees consider the value of services provided by the Duchy of Cornwall Estate for administrative support to be immaterial.

2. Investment income

	2017 £	2016 £
UK investment income	111,097	104,999
Bank interest	<u>508</u>	<u>464</u>
	<u>111,605</u>	<u>105,463</u>

3. Donations from His Royal Highness The Duke of Cornwall

Donations from His Royal Highness The Duke of Cornwall represent amounts received by His Royal Highness as Bona Vacantia (the casual profits of deceased intestates dying domiciled in Cornwall without next of kin), after allowing for costs and ex gratia payments by His Royal Highness in relation to claims on any estate.

THE DUKE OF CORNWALL'S BENEVOLENT FUND

NOTES TO THE ACCOUNTS (Continued) - 30 JUNE 2017

4. Grants

During the year, the following organisations became entitled to receive total donations of £1,000 or more:

	£
Cornwall Community Fund	45,000
Cornwall Historic Churches	20,000
Cosgarne Hall	3,500
Maker with Rame Institute	3,000
Soil Association	2,500
St Austell Sea Cadets	2,000
Richard Morton	2,000
Action for Children	2,000
Carn Brea Leisure Centre	2,000
The Salvation Army	1,500
CCPFA	1,500
Wave Project	1,000
TR14ERS	1,000
Trethosa Huf Project	1,000
The Almshouse Association	1,000
St Teath Play Equipment	1,000
Stephens Scown	1,000
Revernd Perran Guy	1,000
Merlin MS Centre	1,000
Happy Days	1,000
Cornwall Hospice Care	1,000
Combat Stress	1,000
Asthma Relief	1,000

Other donations to individuals and organisations of less than £1,000 each total **£16,050**.
During the year, there were two grants to individuals (2016 two grants).

THE DUKE OF CORNWALL'S BENEVOLENT FUND

NOTES TO THE ACCOUNTS (Continued) - 30 JUNE 2017

5. Governance costs

	2017	2016
Audit fees - current year	<u>£4,470</u>	<u>£4,300</u>

There were no governance costs charged to the designated fund. The Fund has no employees (2016 nil) and the trustees do not receive any remuneration or expenses. No reimbursement of expenses was made to any trustee (2016 £nil). As noted in the accounting policies (Note 1) the trustees consider the value of services provided by the Duchy of Cornwall Estate for administrative support to be immaterial.

6. Fixed asset investments

Movement in fixed asset investments

	2017 £	2016 £
Market value 1 July	3,852,431	3,771,898
Add: additions to investments at cost	400,000	-
Add net gain on revaluation	584,716	80,533
Market value as at 30 June	<u>4,837,147</u>	<u>3,852,431</u>

Investments at market value comprised:

	2017 £	2016 £
Global balanced fund	4,837,147	3,852,431
Market value as at 30 June	<u>4,837,147</u>	<u>3,852,431</u>

The following individual investments are in excess of 5% of the total portfolio value:

Holding value	Name
£4,837,147	Newton SRI Fund for Charities

THE DUKE OF CORNWALL'S BENEVOLENT FUND

NOTES TO THE ACCOUNTS (Continued) - 30 JUNE 2017

7. Debtors

	2017	2016
	£	£
UK investment income	40,099	33,991
Bank interest	61	59
	<u>40,160</u>	<u>34,050</u>

8. Analysis of net assets by fund

	30 June 2017	
	General	Designated
	£	£
Investments	-	4,837,147
Current assets	5,053	467,428
Current liabilities	<u>(4,450)</u>	<u>-</u>
	<u>603</u>	<u>5,304,575</u>

9. Related party transactions

Two of the trustees of the Duke of Cornwall's Benevolent Fund are also members of the Prince's Council of the Duchy of Cornwall Estate, which administers the transfer of net Bona Vacantia receipts to the Fund as detailed in Note 3. There were no balances outstanding between the parties at the year end (2016 £nil).