



Sustainable Stewardship

INTEGRATED ANNUAL REPORT 2020



DUCHY *of* CORNWALL



Commemorative Trees 2019

DUCHY of CORNWALL

To mark 50 years of The Duke of Cornwall as Chairman of The Prince's Council, a total of 148 trees were planted at each principal mainland Duchy farm and office, with special benches installed on the Isles of Scilly.



DUCHY of CORNWALL

INTEGRATED ANNUAL REPORT 2020

For the year ended 31st March 2020

Presented to Parliament pursuant to Section 2 of the Duchies of Lancaster and Cornwall (Accounts) Act 1838

Welcome

This Integrated Annual Report summarises activity on the Duchy of Cornwall estate for the year ended 31st March 2020. It aims to describe how decisions made in the course of meeting our commercial responsibilities affect local communities, the economy and the natural environment.

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SUSTAINABLE STEWARDSHIP

The Duchy is a private estate that provides an income to The Duke of Cornwall (The Prince of Wales). It is managed in harmony with The Prince's ethos so it can be passed on with pride to the next generation.

HISTORY AND CONSTITUTION

The Duchy of Cornwall was created in 1337 by Edward III to provide an income for his son, Prince Edward.

The estate is governed by the original Charters and Duchy of Cornwall Management Acts.

The Duke of Cornwall has no access to the Duchy's capital value and pays income tax on the annual revenue surplus that he receives from the Duchy.

Introduction

Our purpose and values enable us to be focused on balancing positive financial, social and environmental impacts.

OUR PURPOSE

The Duchy is a private estate that provides an income to The Duke of Cornwall. It is managed in harmony with The Prince's ethos so it can be passed on with pride to the next generation.

OUR VALUES

Our purpose is supported by our values and the loyalty, passion and commitment of our people.

OUR ACTIVITIES

Through our activities we aim to generate positive impacts and value over the long term, balancing environmental, social and economic needs.

20 *Our business model*

OUR PERFORMANCE

We measure our performance through key performance indicators.

22 *Key performance indicators*

OUR STRATEGIC OBJECTIVES

We are guided in all that we do by our strategic objectives:

PROVIDE INCOME

GENERATE CAPITAL AND REBALANCE CAPITAL ASSETS

ENGAGE WITH AND ACTIVELY SUPPORT COMMUNITIES

CHERISH, PROTECT AND ENHANCE LAND AND PROPERTY

IMPROVE ENVIRONMENTAL OUTCOMES

DEVELOP AN INCLUSIVE, ENGAGED AND HEALTHY TEAM

22 *Strategic objectives*

Value creation highlights

We aim to create long-term value for all our stakeholders. Here are some of the key highlights.

DISTRIBUTABLE SURPLUS

£22.3m

in 2019/20, up 2.9%

22 *Key performance indicators*

NET ASSETS

£909m

Investment property valuation, down £20m. -2.2% capital return

48 *Group balance sheet*

ENVIRONMENTAL IMPACT

56%

reduction in direct greenhouse gas (GHG) emissions compared to baseline (60% reduction last year)

22 *Key performance indicators*

RENEWABLE ENERGY INSTALLED CAPACITY

3.0MW

of installed capacity (up from 2.9MW last year) in solar PV, biomass boilers, heat pumps and a hydro-electric scheme, at a cost of £4.0m

22 *Key performance indicators*

QUALITY OF CUSTOMER SERVICE

80%

of tenants satisfied or very satisfied with customer service, down marginally from 81% last year

22 *Key performance indicators*

NEW FARM TENANCIES

21yrs

Average length of Farm Business Tenancies

22 *Key performance indicators*

Highlights of the year

Through our business model and under the leadership of The Duke of Cornwall, we approach our activities with commercial realism and social and environmental responsibility.

2019

April



Nansledan hosts its first Easter Fayre, organised by the Nansledan Residents Association.

May



Poundbury's first Open for Art Exhibition runs at locations throughout the community, including at the Duchy of Cornwall farmhouse, where a watercolour by The Duke of Cornwall was displayed.

June



HRH The Duke of Cambridge visits Duchy estates in Somerset and meets the Keeling family at Wilmington Farm near Bath, makers of award-winning Bath Harvest™ cold pressed rapeseed oils.



Kevin and Justyna Hughes, of Hill Barn Farm in Herefordshire, are selected as finalists in the cattle farmer category at the Three Counties Farmer of the Year Awards.

July



Renewable carbon dioxide company, BioCarbonics, set up with Duchy support through its renewable energy subsidiary J V Energen, starts deliveries, including to a cider manufacturer in Herefordshire and a foundry in Oxfordshire. By March 2020, monthly deliveries of CO₂ from renewable sources had reached over 450 tonnes.

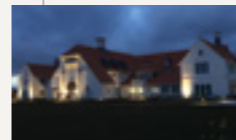


During Their Royal Highnesses' annual summer visit to the South West, The Duke and Duchess of Cornwall hosted a reception at the Duchy of Cornwall Nursery for staff and tenants to celebrate 50 years of His Royal Highness as Chairman of The Prince's Council.

September



The creation of two wildflower meadows on the Hereford Estate was completed in partnership with the Herefordshire Meadows Group and Plantlife.



On 9th September, Skol Nansledan opened its doors to its first 120 students, with two reception classes, Year 1, Year 2 and a mixed Key Stage 2 class.

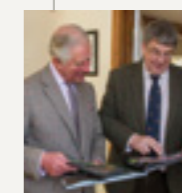


October



ITV broadcast *Prince Charles: Inside the Duchy of Cornwall*, a two-part documentary featuring interviews with The Prince of Wales as well as Duchy staff and tenants from across the estate. The programme had over four million viewers per episode and was later broadcast internationally.

November



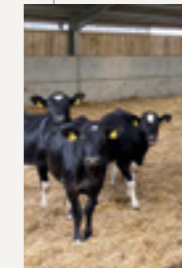
Long-serving Duchy staff member David Curtis retired as Land Steward after 41 years with the organisation.

December

The Prince of Wales's Charitable Foundation committed to a grant of £204,000 to support the work of the Wildfowl and Wetlands Trust, with input from the Duchy and Dartmoor National Park's Ecologist, for a head-starting project to re-establish the curlew population on Dartmoor.

2020

January



Tenant Nick Finding moves into replacement farm buildings at Fordington and Clandon Farms, Dorset, providing light and airy space for his livestock.

February



New member of The Prince's Council, Edward Harley, joins The Duke of Cornwall and Duchy staff in meeting tenants in Herefordshire during the terrible floods.

TOUR OF THE DUCHY ESTATE

Our diverse portfolio

The Duchy of Cornwall estate extends across 23 counties in England and Wales. The map highlights a number of examples from its varied portfolio.

52,789
HECTARES OF LAND

2,360
HECTARES OF WOODLAND

£42m
DEVELOPMENT LAND

£295m
COMMERCIAL PROPERTY



“The fascinating thing about the Duchy is its huge scope, you’ve got the London property in Kennington, the military training area around Dartmoor, the prison – it’s a fascinating experience.”

The Prince of Wales, Prince Charles: Inside the Duchy of Cornwall, BBC Studios

Bradinch Estate, Devon



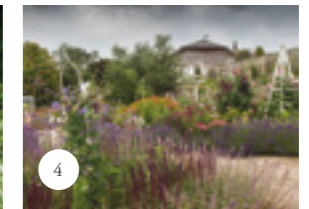
1 ISLES OF SCILLY
The Isles of Scilly have been part of the Duchy of Cornwall since the 14th century.



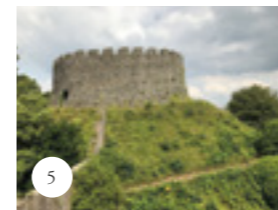
2 NEWQUAY
The Duchy’s major development project in Cornwall, Nansledan.



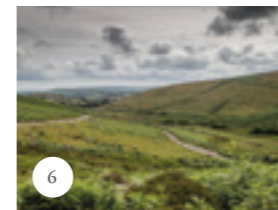
3 DUCHY OF CORNWALL HOLIDAY COTTAGES
We have a small number of period properties available as holiday cottages.



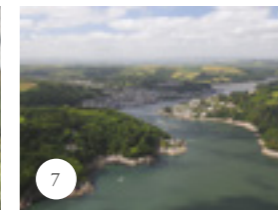
4 DUCHY OF CORNWALL NURSERY
The nursery at Lostwithiel opened its doors to the public in 1975 and includes a renowned café.



5 ANCIENT MONUMENTS
Trematon Castle is one of 17 major Duchy ancient monuments. Others include Restormel, Launceston and Tintagel Castles.



6 DARTMOOR AND PRINCETOWN
Most of the Duchy’s 27,200 hectares on Dartmoor has been part of the estate since the 14th century.



7 COASTAL AND INLAND WATERS
Including the Dart, Salcombe and Kingsbridge, Avon, Tamar, Looe, Helford and Camel estuaries and coastal foreshore around Cornwall and the Isles of Scilly.



8 LLWYNYWERMOD
The Welsh home of Their Royal Highnesses The Prince of Wales and Duchess of Cornwall.



9 POUNDBURY
An urban extension to Dorchester, Poundbury is built on principles of architecture and urban planning advocated by The Prince of Wales.



10 EASTERN DISTRICT ESTATES
The Eastern District includes land in Gloucestershire, Somerset, Wiltshire and Dorset.



11 HIGHGROVE HOUSE AND HOME FARM
Highgrove is the family home of Their Royal Highnesses. The nearby 425-hectare Home Farm is entirely organic.



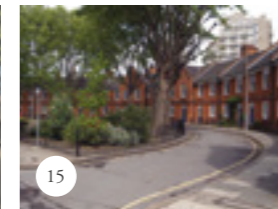
12 HEREFORD ESTATES
Incorporating the Guy’s estate, purchased in 2000, and the Cradley estate.



13 COMMERCIAL PORTFOLIO
Standard investment properties, the majority located in Milton Keynes, London, Reading and Cornwall.



14 HEAD OFFICE
The Duchy’s head office is at 10 Buckingham Gate, London. It includes the Duchy archive store.



15 LONDON
Mainly Kennington Estate assets, including 16 flats and 23 houses, various commercial buildings, The Oval cricket ground and a number of long leases.



16 KENT ESTATES
Purchased in 2000 and now including over 350 hectares of farmland and rural residential property.

ALASTAIR MARTIN, SECRETARY AND KEEPER OF THE RECORDS

From the Secretary and Keeper of the Records

Taking our lead from His Royal Highness The Prince of Wales, sustainability has always been central to how we operate.



Achieving a balance between financial results, protecting the natural environment on which we all depend and supporting our communities has been at the heart of the Duchy ethos for many years.

We believe this 2019/20 Integrated Annual Report, our fourth fully integrated report, complies with the Framework of the International Integrated Reporting Council (IIRC). This framework helps us explain how we create value in the short, medium and long term for a range of stakeholders.

The COVID-19 pandemic restrictions have inevitably caused significant personal and financial disruption for many Duchy tenants, particularly in those areas, such as the Isles of Scilly and Cornwall, where the economy is reliant on tourism and hospitality. We have agreed rent deferrals with many tenants to help them through this time. Our own portfolio of holiday cottages has been closed since late March, as has the Duchy Nursery at Lostwithiel. It has become much more difficult to continue with our programme of repairs, maintenance and building improvements. Construction of new homes and business premises at our developments at Poundbury, Dorchester and Nansledan, Newquay has slowed significantly.

The lockdown resulting from COVID-19 was only in place for one week of the financial year that this Report covers. There is therefore very limited financial impact on these results. As to 2020/21 it is too early in the new financial year to be able to say with any confidence what the impact on our financial performance will be, but despite having a particularly well-diversified asset base, we fully expect the revenue surplus to be down by a significant amount, in large part due to our trading enterprises being closed. We have not availed ourselves of the various government pandemic support schemes but have continued to pay all staff. Property voids (periods when assets are empty with no rental income) may well increase in both number and length. With the property market currently stalled, our ability to raise capital through property sales will be restricted. We will not be able to undertake the full programme of repairs and improvements we, and our tenants, had been hoping to. The strength of established communities such as the Isles of Scilly, and newer communities at the Duchy developments of Poundbury and Nansledan, has been particularly evident in these troubled times.

Examples of how we were progressing on our strategic objectives before lockdown are shown later in this Report, grouped around each objective. Our Farm Business Tenancies (FBT) for equipped farms are on average 21 years long, well in excess of industry standards. There were two major new lettings during the year, each with a particularly pleasing aspect. A farm in Cornwall has been let to the son of an existing Duchy tenant, with a particular emphasis on how the natural capitals on the farm will be managed. The second was a new 30-year tenancy of over 405 hectares in Herefordshire. This is a new joint tenancy to the existing FBT tenant and his son, continuing the family presence on one of our most significant farms.

Having completed surveys of residential, commercial and agricultural tenants in each of the previous three years, in January 2020, we undertook a repeat survey of residential tenants. This gave a very similar picture to the first survey undertaken in 2017, with a rolling average of customer satisfaction of 80%. We will continue to address the issues raised, and the work recently undertaken assessing the key elements of every home will support this.

The programme of repairs and maintenance continued through the year with a record spend of over £3million across more than 700 properties. Substantial capital improvement projects were also undertaken, with over £2.8million invested in the agricultural portfolio and £1.8million in the residential sector. A major range of new farm buildings was provided to a farm in Dorset, costing more than £600,000, which will establish the holding for years to come.

At our major development sites at Poundbury and Nansledan, there has again been substantial progress. Two major community facilities have been completed at our development at Nansledan. At the start of the academic year, Skol Nansledan welcomed pupils into reception, years 1 and 2, and a mixed class for years 3 to 6. Outstanding design and construction were delivered to the standard local authority budget. A large nature reserve has been created on the edge of Nansledan for all local people to enjoy – the early spring wildflowers were a delight.

Other than development land, the only material disposal in the year was a further sale from our off-lying estate in Kent, purchased in 2000. There were no significant acquisitions during the year and none are planned for 2020/21.

Building on last year's review of what really matters to our stakeholders, this year, the Executive team has been refreshing our strategic objectives and key performance indicators (KPIs). We have a new KPI on responsible investment, which supports our objectives to generate capital and to improve environmental outcomes; we have a new KPI to underline our work on addressing the climate crisis; and we have a new KPI on affordable housing. A new strategic objective has been established to develop an inclusive, engaged and healthy team.

Growth in the Revenue Account distributable surplus has been more erratic in recent years compared to the previous decade. The surplus in 2018/19 fell marginally from £21.7million to £21.6million, but in 2019/20, in line with our budget and forecasts, it has risen 2.9% to £22.2million. As noted above, we expect a decrease in 2020/21. Forward planning beyond that is difficult – future growth will depend on the careful reinvestment of capital cash flows arising largely from land and property sales, which are likely to be impacted by COVID-19.

Supporting HRH The Prince of Wales, The Prince's Council provides vital oversight, governance and guidance, and I am very grateful for all it does for the Duchy. The Council is drawn from recognised leaders from the sectors in which the Duchy operates: agriculture, commercial property, estate management, investment management, law and finance. Two new members were appointed during the year. We are delighted to welcome Edward Harley, a former Partner at Cazenove and Co with expertise in advising charities on investment strategy. He is a past President of the Historic Houses Association, a trustee of several landed estates and the new Lord-Lieutenant of Herefordshire. We also welcome Jonathan Ruffer, a barrister and investment manager now specialising in charitable work and with a particular interest in historic property.

During the last financial year we celebrated the 70th birthday of His Royal Highness. In November 2019, we marked 50 years since HRH assumed his position as Chairman of The Prince's Council. Current and former members of the Council joined staff and other friends of the Duchy at St James's Palace to celebrate. They presented HRH with a specially commissioned book, showing the farming families of the Duchy pictured alongside commemorative trees that have recently been planted on the principal farms across the estate. Some of these photographs are reproduced inside the front and back covers of this Report.

It is unclear how the coming year will unfold. During this difficult and anxious time for the Duchy family, we will continue to maintain close links with all our tenants and work with them to re-establish, where possible, their livelihoods. The diverse Duchy portfolio, the longevity of the estate and the resilience of its people mean we are well-placed to succeed, and I am very grateful to everyone for their innovation and hard work in adapting to difficult circumstances.

Alastair Martin

Secretary and Keeper of the Records

The contents of the Strategic Report are signed on behalf of the Proper Officers by Alastair Martin, Secretary and Keeper of the Records, 12th June, 2020

INTEGRATED THINKING

We believe integrated thinking is fundamental to sustainable development and, as such, it has always been part of how the estate is managed. Our ambition is to systematically apply integrated thinking across our activities to optimise financial results and transparency, add value to communities and the natural environment, and enhance the estate's living legacy.

MATERIAL ISSUES

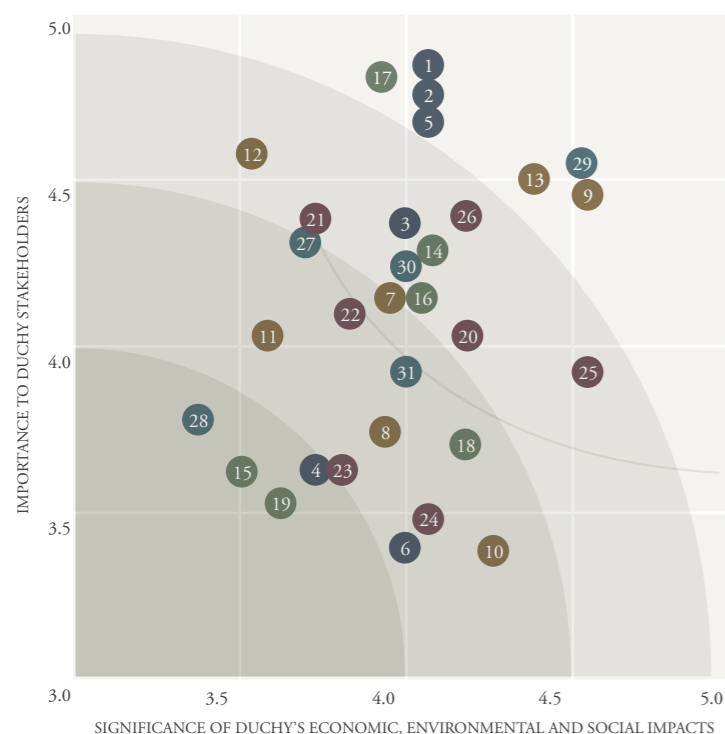
Understanding what matters most

In 2019 we undertook a materiality review to understand the issues that have the most significant impact on our ability to create value.

In determining the issues we considered how important they were to stakeholders and how significant they were in terms of the Duchy's economic, environmental and social impacts. The results of the review will help to inform the Duchy's strategy and governance. Our most material issues are shown below.

OUR PROCESS

1. Desk-based research involving peer review and media research to benchmark material issues reported by stakeholders.
2. An employee survey to rate and rank 39 shortlisted issues.
3. Materiality workshops with internal and external stakeholders to discuss and refine findings. Some issues were removed or consolidated and others changed position.
4. Results were reviewed by the Duchy Executive Committee and members of the Finance & Audit Committee. Further refinements were made.
5. Reporting of our materiality results to stakeholders and in our 2019 Integrated Annual Report.
6. Executive awayday: the Duchy Executive Committee met in September 2019 to debate the findings of the materiality review. It discussed key issues for stakeholders and how they should be addressed. Case studies are given on the opposite page illustrating how we are addressing some of these topics.
7. Ongoing review as part of established governance.



Material issue Read more

PEOPLE AND CULTURE

1	Diversity and inclusion	13, 20
2	Employee engagement	13
3	Employee health and safety	13-14, 17
4	Training and skills development	13
5	Staff succession planning	23
6	Employee well-being	23

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8	Biosecurity and disease	15
9	Climate crisis	13, 15, 32-33
10	Emissions reduction	13, 32-33
11	Energy/energy efficiency	13, 32-33
12	Food and agriculture stress	13, 15, 33
13	Managing and improving natural capitals (soil, air and water)	13, 15, 30

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15	Local architecture	9, 28
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23	Capital values	26-27
24	Employment trends/diversification	26-27
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28	Land tenure	
29	Reputation, communications and awareness	7, 13, 17
30	Responsible investment	11, 13, 24, 32, 37-38
31	Risk management	14-19, 36

OUR TOP MATERIAL ISSUES AND HOW WE ARE RESPONDING TO THEM:

PEOPLE ISSUES: DIVERSITY AND INCLUSION AND EMPLOYEE ENGAGEMENT 1 2 5

A new strategic objective has been established to develop an inclusive, engaged and healthy team. The Staff Consultative Committee is being redesigned, and a new Personal Development Training programme, open to all staff, has been developed. Topics already covered include Resilience and Mental Toughness, Handling Difficult Conversations and training to support staff who are exposed to the mental health and well-being challenges faced by tenants from the farming community. Future workshops include Working with Your Strengths.

Key performance indicators (KPIs) are being developed that will focus on issues such as employee satisfaction, learning and development, well-being, and health and safety.



AFFORDABLE HOUSING 14

We have a new KPI within our strategic objective to engage with and actively support communities, which will raise the profile of affordable housing still further. Our strategy is to enable delivery of the right type of affordable homes, in the right location, for people living or working locally, to support the rural economy and the communities in which we operate or own land.

RESPONSIBLE INVESTMENT 30

The Duchy holds all liquid financial investments in an ethical fund specifically created by its external fund managers. This equity fund has proved popular and a number of third party institutions have now co-invested alongside the Duchy. As is typical with many ESG (environmental, social and governance) funds, it focuses on investing in sustainable businesses and precludes holdings in companies which derive the bulk of their revenues from tobacco, alcohol, fossil fuels, gambling, high interest lending, armaments or pornography.

A new KPI has been established to maintain all liquid financial investments in ethically invested assets. This sits under the financial strategic objectives and the objective to improve environmental outcomes.

MANAGING AND IMPROVING NATURAL CAPITALS 13

In total, 57 out of nearly 200 inspections of natural capitals have now been undertaken, with the findings recorded in a new database. This data is used to illustrate the extent and condition of existing capitals and the potential for them to be enhanced. The audits take considerable time and involve important conversations with farm tenants. We therefore plan to recruit two more natural capital surveyors to ensure plans are progressed as quickly as possible.

The Duchy's natural capital recording database has also been made available to the Isles of Scilly Wildlife Trust to enable them to complete a review of the natural capitals across their landholding.

The work on natural capital is supported through KPIs for two of our strategic objectives: to cherish, protect and enhance land and property, and to improve environmental outcomes.

CLIMATE CRISIS 9

In January we launched our Zero 2028 project. The Duchy has been calculating its in-house emissions since 2006, reducing them by 56% against baseline. The remainder is offset so we have been carbon zero since then (see our annual Carbon Report on page 88). However, there is a need to explore the changes required across our let estate to address emissions and the climate crisis – the Scope 3 emissions that we do not control but hope to influence.

By the end of 2020, we will have a comprehensive strategy setting out how we could deliver net-zero by 2028. Farming practices must be researched, our existing building stock would need improvement, all new build would have to be carbon neutral in construction and use, and we must embrace sustainable working practices. Remaining net emissions would need to be offset via additional sequestration measures on Duchy land. We believe we have the potential to establish a net-positive position, creating economic opportunities for our tenants and supporting the UK's net-zero targets. A new KPI has been added to our strategic objective to support this project.



RELATIONSHIPS WITH TENANTS 17



For a long-term estate with long-term tenants, maintaining positive and mutually beneficial relationships is vital. These relationships are essential to most of our strategic objectives, in particular to engage with and actively support communities and to cherish, protect and enhance land and property. Both objectives have KPIs around tenant relationships.

This issue was highlighted by tenants and staff in the materiality review. It is encouraging that in surveys over 90% of our tenants felt that Duchy staff were friendly and approachable. Meaningful contact with tenants is encouraged and monitored, and farm tenants are supported with much longer tenancies than the industry norm (see our KPI on page 28).

REPUTATION, COMMUNICATIONS AND AWARENESS 29

Public recognition of the Duchy of Cornwall has increased significantly during the period covered by this report. This is largely the result of the broadcast of a two-part documentary series, *Prince Charles: Inside the Duchy of Cornwall* on ITV. We endeavour to adapt our communications strategy accordingly.

PRINCIPAL RISKS

Factors influencing value creation and principal risks

In a constantly changing world, we will always face risks and uncertainties. Even with our comprehensive approach to risk management, it is not possible to eliminate all risks, only to anticipate how they might impact the Duchy and its operations and develop a robust response.

A comprehensive risk management process exists within the Duchy, covering all the assets and activities of the Duchy and its strategic, project, operational, hazard and financial risks. The Prince's Council and its sub-committees take account of strategic risk as part of their deliberations. Project, operational, hazard and financial risk is controlled by members of the Executive Committee, and any issues arising are highlighted at their regular meetings or escalated at an earlier stage if appropriate.

A risk register and risk management structure supports the Council and Committees. Risks are grouped by asset or activity, with a named individual responsible for assessing each risk and the corresponding mitigations. An overarching risk management structure categorises risks for review and comparison. The Duchy's risk management process seeks to minimise the potential adverse impacts of the risks concerned.

Those risks and external factors that could have a material impact on our work and value creation are set out below, categorised as follows:

1. external factors that affect the Duchy's ability to create long-term value;
2. strategic and operational risks; and
3. financial risks.

EXTERNAL FACTORS AFFECTING VALUE CREATION

Social and economic conditions following the COVID-19 outbreak



THE RISK

The global outbreak of COVID-19 and the resultant lockdowns in many countries, particularly the UK, are likely to have far-reaching and long-term social and economic impacts.

POTENTIAL IMPACTS

The Duchy's success is built on the success of its tenants and its trading enterprises, and the health of the communities where we operate. Many of our tenants are being impacted: those in tourism, hospitality and retail; residential tenants with employment and business uncertainty; and dairy farmers facing a disrupted market. Tenants based in the Isles of Scilly and Cornwall seem to be especially vulnerable.

During 2020/21 we anticipate a material reduction in the revenue surplus, an increase in bad debts and voids, and difficulty in generating capital liquidity through sales of development land and property.

OUR RESPONSE AND MANAGEMENT

At the very start of the outbreak in the UK, all tenants were contacted with details about health and safety precautions being taken by Duchy staff in their dealings with tenants and contractors, and addressing the significant financial disruption that tenants may face. This came alongside a personal message of support from The Duke of Cornwall.

As the situation with the global pandemic develops, we will continue to update our response in line with all relevant government advice to protect and support the Duchy family. The latest details can be found on our website.

¹ researchbriefings.files.parliament.uk/documents/SN03763/SN03763.pdf

² www.parliament.uk/business/publications/research/key-issues-parliament-2015/social-protection/housing-supply

³ Smith, E. (2010). Portrait of the South West. Office for National Statistics

⁴ stockholmresilience.org/research/planetary-boundaries.html

⁵ The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) Report on Biodiversity and Ecosystem Services www.ipbes.net

The climate crisis and severe weather



THE RISK

Weather plays a vital role in farming. It is predicted that "within the next decades, the climate crisis is likely to have severe effects on UK agriculture. Increased numbers of 'extreme weather events' – such as floods – may be the most serious immediate problem. The effects may be partially mitigated by planting different crops and developing new varieties. Short-term uncertainty makes planning difficult".¹

POTENTIAL IMPACTS

Short-term more severe weather patterns, such as heavy rainfall and flooding, create difficult conditions for farming and damage the land. As the recent report from the Committee on Climate Change notes, the UK's net-zero target will not be met without changes in how land is used. This presents challenges for our tenants and their farming operations, and for how our areas of common land (particularly peat) are managed.

OUR RESPONSE AND MANAGEMENT

As this issue becomes evermore pressing, we are seeking to respond through our Zero 2028 and Natural Capitals Project (see page 33). Working with our tenants, we are seeking to understand the impacts of the climate crisis and severe weather on them, what they can do to reduce their impacts, how they can adapt and what opportunities there are for the estate to be part of the solution.

Biodiversity and Biosecurity



THE RISK

The planetary boundaries concept presents a set of nine boundaries within which humanity can continue to thrive for generations to come. "Crossing these boundaries could generate abrupt or irreversible environmental changes."² Four of these boundaries have already been crossed. And the recent IPBES Report³ found an unprecedented decline in biodiversity, with extinction rates accelerating and one million species under threat.

POTENTIAL IMPACTS

Relevant to the estate are boundaries associated with biodiversity loss and an overload in nitrogen and phosphorus biochemical cycles. These affect the sustainability of terrestrial and marine ecosystems, impacting nature's ability to support mankind, for example, through pollination. There is also an increasing incidence of plant disease and invasive species in the UK.

OUR RESPONSE AND MANAGEMENT

We are part-way through our major new project to assess natural capital across the estate (see page 33). New farm lettings have, at their core, a respect for biodiversity (see page 33).

Shortage and affordability of homes



THE RISK

Parliamentary estimates put the need for additional housing in England at "between 232,000 and 300,000 new units per year, a level two to three times the current supply".²

POTENTIAL IMPACTS

The area where the Duchy estate's land is predominantly situated "has more than its share of local authority districts with high house prices relative to earnings".³

OUR RESPONSE AND MANAGEMENT

We have always responded to local community need for homes by making land available and we will continue to do so. We believe we have a robust consultation process and will continue to work to meet market demand and government policy. To date, 2,190 homes have been built at Poundbury and Nansledan, as well as at other smaller sites.

Legislative hiatus: the UK's departure from the EU and the Agriculture Bill



THE RISK

The UK has left the EU, an agreement is not yet in place, and the UK leaves the Single Market in December. An Agriculture Bill was published in September 2018 and its latest version is being debated in Parliament. Uncertainty arising from this hiatus makes planning and investment decisions more complex. This is an area of deep concern for our agricultural tenants in particular.

POTENTIAL IMPACTS

Uncertainty around the UK's medium-term trade position and farming subsidy regime affects the rural economy, and may affect rental and land values. Removing the influences of the Common Agricultural Policy could increase the emphasis on output and reduce the value placed on the natural environment. The funding of heritage and building projects could be at risk.

OUR RESPONSE AND MANAGEMENT

Until clarity comes, it is hard to define a response or understand the longer-term impact. We will continue our measured programme of rationalisation – consolidating our rural property assets, supporting farm diversification and enhancing the physical quality of our property. Our project to assess natural capitals across the estate (see page 33) will underpin our response.

PRINCIPAL RISKS

STRATEGIC AND OPERATIONAL RISKS

A Capital cash generation	
THE RISK As we are constrained by our ability to borrow, to sell non-core property, or to reduce capital expenditure, a slow-down in the property market reduces the availability of capital cash.	<p>POTENTIAL IMPACTS</p> <p>Without sufficient capital funds we will be limited in delivering our objective to cherish, protect and enhance our land and property through capital expenditure or to provide income by rebalancing the portfolio in income-earning assets.</p> <p>With the slowdown in the property transactions in many sectors following the COVID-19 lockdown, this risk has increased in likelihood.</p> <p><i>Strategic objectives affected:</i></p> <ul style="list-style-type: none"> • Provide income • Generate capital and rebalance capital assets • Cherish, protect and enhance land and property <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • Financial • Manufactured <p>OUR RESPONSE AND MANAGEMENT</p> <p>We combine good budgetary control and forward planning with ongoing strategic reviews of asset holdings. During 2018/19 we took a significant step to mitigate this risk by re-issuing debt via fixed-rate loan notes of between 40 and 50 years, at very competitive rates.</p>
B Tenant livelihoods	
THE RISK The complex and uncertain outlook faced by the agricultural sector and rural businesses more generally brings financial, social and environmental risks.	<p>POTENTIAL IMPACTS</p> <p>Commodities and farming enterprises are coming under increasing financial pressure, which significantly affects many of our assets and tenants.</p> <p>Many of our tenants, those with businesses and residential tenants, are being severely tested by the the COVID-19 pandemic and the associated lockdown and recession. This is particularly true of those in the far South West involved in the tourism and hospitality sectors. The risk of impact grew during the year, and it will increase in likelihood in 2020/21.</p> <p><i>Strategic objectives affected:</i></p> <ul style="list-style-type: none"> • Provide income • Engage with and actively support communities <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • Natural • Financial • Community <p>OUR RESPONSE AND MANAGEMENT</p> <p>Our increasingly diversified asset portfolio mitigates the scale of this risk. However, for our agricultural tenants, life continues to be challenging on several fronts.</p>

C Safe buildings and places	
THE RISK Being the owner of a large portfolio of buildings and associated structures brings inherent safety risks. Site health and safety is vitally important, especially where we undertake maintenance and improvement projects. Similar risks are presented by our historic minerals assets (mines, quarries, workings), the marine estate and St Mary's Harbour.	<p>POTENTIAL IMPACTS</p> <p>Without a comprehensive approach to health and safety and a thorough risk management process, we expose tenants and staff who use these buildings to risk of harm, and our buildings to damage.</p> <p><i>Strategic objectives affected:</i></p> <ul style="list-style-type: none"> • Cherish, protect and enhance land and property <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • People • Manufactured <p>OUR RESPONSE AND MANAGEMENT</p> <p>Safety is a key focus for the team of building surveyors and land agents who manage our properties.</p> <p>We maintain a comprehensive risk register and risk oversight process covering all assets and activities. A comprehensive internal health and safety oversight structure is supported by external health and safety consultants. A safety training programme is also provided for our employees.</p> <p>Comprehensive Health and Safety policies and procedures have been introduced for all aspects of the Duchy's operations following the COVID-19 lockdown, including working from home, working in our offices and working on site.</p>
D Public understanding and perception	
THE RISK The Duchy estate is a unique organisation. Public understanding and perception of its work, and the outcomes it achieves, are important to its ability to create value.	<p>POTENTIAL IMPACTS</p> <p>There is a risk of confusion among stakeholders over the scope and role of the Duchy of Cornwall; for example, it must be differentiated from Duchy Originals (now known as Waitrose Duchy Organic), an organic food brand set up by The Prince of Wales in 1990 and a separate entity.</p> <p>The Duchy is also quite distinct from the County of Cornwall and there is room for confusion in this respect.</p> <p><i>Strategic objectives affected:</i></p> <ul style="list-style-type: none"> • Engage with and actively support communities <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • People • Community • Intellectual <p>OUR RESPONSE AND MANAGEMENT</p> <p>Communication continues through the Duchy website, press releases and this Integrated Annual Report.</p> <p>Duchy employees are engaged in a broad programme of outreach with communities where Duchy assets exist. Examples include working with the Council of the Isles of Scilly, Devon farming clubs and local Rotary clubs.</p> <p>From June 2018 to June 2019, a BBC Studios documentary crew filmed across the Duchy estate to create a two-part television series that gave viewers insight into the day-to-day life of tenants and staff. Broadcast on ITV in autumn 2019, the documentary explained to a new audience how the estate is run to reflect The Prince's belief that economic development works best when in harmony with the natural world and local communities.</p>

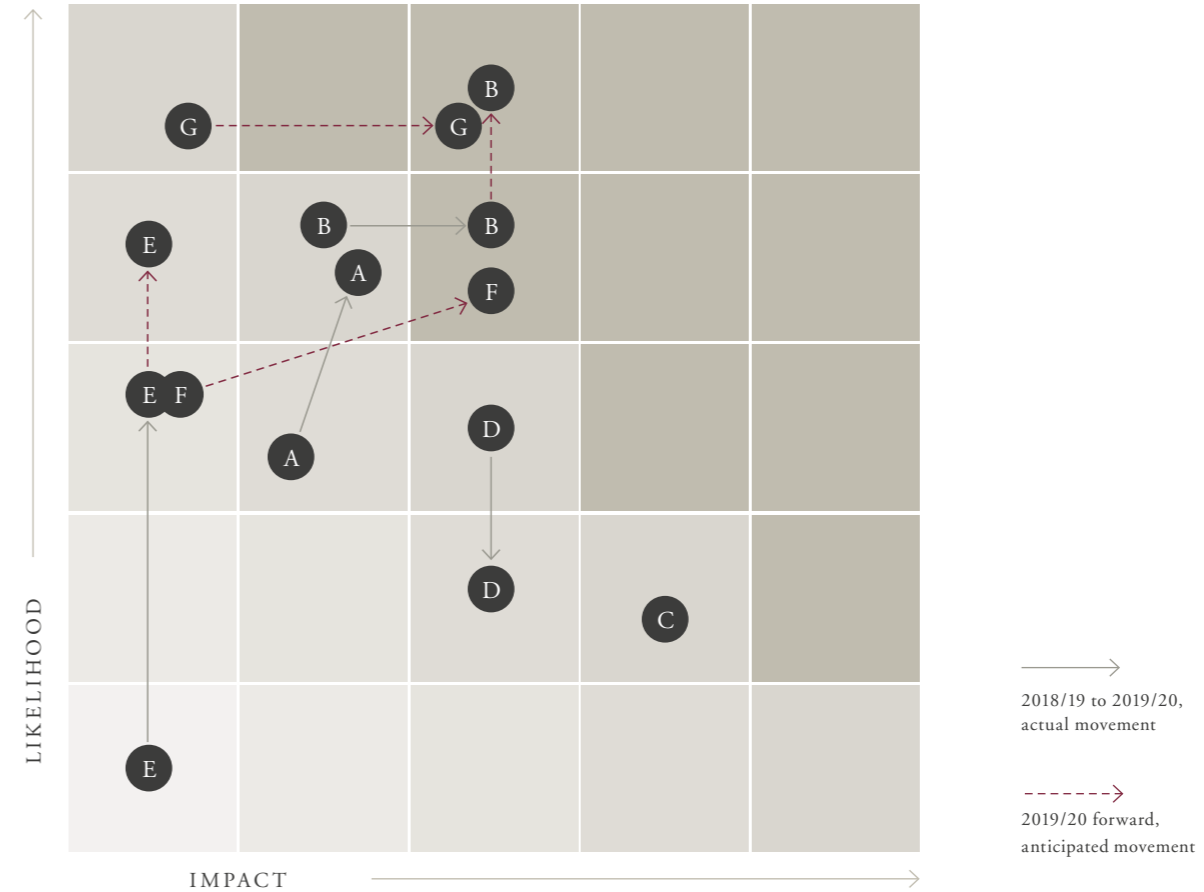
PRINCIPAL RISKS

FINANCIAL RISKS

E Property	
THE RISK The capital and rental values of property can rise and fall over time, and property can be an illiquid asset. Oversupply of a particular type of property, or in a given location, can result in void periods.	POTENTIAL IMPACTS If property values fall, the Duchy's asset values will fall. However, while a 10% fall in property values would represent a capital loss of around £90million, the Duchy rarely trades its portfolio, so losses would not be crystallised. Indeed, our property is held for the medium and long term, often hundreds of years. Short-term market fluctuations such as those seen as a result of the COVID-19 pandemic therefore represent only accounting movements. The likelihood of there being an impact on capital and rental values increased during the year, and we expect it to increase further in 2020/21.
OUR RESPONSE AND MANAGEMENT The Duchy holds a diversified property portfolio that is actively monitored by management so as to reduce the overall risk profile. It is not materially dependent on any one property type or location. There is more information about the portfolio in note 8 of the financial statements (see page 66).	
F Credit	
THE RISK The Duchy is exposed to credit risk in relation to our tenants, who might default on their rent or, where applicable, their share of maintenance costs.	POTENTIAL IMPACTS The creditworthiness of our tenants can impact on whether and when rents are received. The major impact is from slow payment, which affects our cash flow. As noted above, both aspects of this risk will be much higher as a result of the social and economic impacts of the COVID-19 lockdown.
OUR RESPONSE AND MANAGEMENT Credit risk in respect of the Duchy's tenants is reviewed on a regular basis and appropriate action is taken where necessary. For new lettings, the Duchy undertakes credit checks and holds tenant deposits where appropriate.	
G Investment	
THE RISK The Duchy holds financial investments valued at £83.8million, around 8% of its non-current assets. The value of investments rises and falls, and the income distributions can also rise and fall.	POTENTIAL IMPACTS These assets are exposed to adverse movements within financial markets, such as those experienced in late February and throughout March 2020. This will impact on the capital value of these assets and the income received from them. We expect the economic contraction following the COVID-19 pandemic to have a significant impact on income in the coming year.
OUR RESPONSE AND MANAGEMENT The Duchy employs fund managers to manage its investment portfolios and the risks associated therein. Portfolios are reviewed on a regular basis to ensure they reflect the overall objectives of the Duchy, and are primarily held for the income generated and their medium-term capital growth.	

Information on interest rate and exchange rate risk, as well as details on key internal financial controls, can be found in note 21 of the financial statements (see page 83).

HOW OUR RISK PROFILE IS EVOLVING



THE DUCHY'S MATERIAL RISKS

- A Capital cash generation
- B Tenants' livelihoods
- C Safe buildings and places
- D Public understanding and perception
- E Property risk
- F Credit risk
- G Investment risk

How we create and share value: our business model

Through our business model and under the leadership of The Duke of Cornwall, we approach our activities with commercial realism and social and environmental responsibility.

We rely on resources and relationships to create value

Understanding how we depend and impact on our inputs enables us to be efficient and responsible in the way we use and enhance them in the long term.

Financial

The estate's property assets, financial investments, loans and cash

Manufactured

Mainly buildings – some very old, some newly constructed – and renewable energy installations

Natural

As an historic estate of 53,000 hectares, natural capital is a major resource

People

Our people's skills, capabilities, values and commitment, including our employees and Council and Committee members

Community

Our community relationships that support the effective management of the estate

Intellectual

The intellect, diversity and long-term service of our people, tenants and HRH as The Duke of Cornwall

We always consider the most important issues for our stakeholders

Understanding what matters most to our stakeholders and which issues have the most material impact on our ability to create value helps us to manage risks and maximise opportunities.

Being mindful of our reputation and how we communicate

Understanding our long-term impact on the climate

Knowing our impact on natural capital such as soil, air and water

Being aware of the potential impacts of political change and uncertainty

Recognising the need to build a diverse and inclusive workforce

“An organisation does not operate in a vacuum but is reliant not only on financial and manufactured capital, but also on the other forms of capital – the intellect of the people who work for the organisation, the goodwill of the community and wider society, and the water, soil, forests, wetlands, raw materials and other forms of natural capital without which none of us would be here and which is rapidly being destroyed.”

The Prince of Wales, at the launch of the International Integrated Reporting Framework, Dec 2013

We are guided by our strategic objectives

Provide income

to support the public, charitable and personal activities of The Duke of Cornwall and his immediate family



Generate capital and rebalance capital assets

while maintaining the quality and integrity of the estate



Engage with and actively support communities

by listening and responding to local needs and priorities, and by promoting economic and social well-being



Cherish, protect and enhance land and property

to maintain the estate for future generations



Improve environmental outcomes

by working with farmers and other partners, and reducing the impact of the Duchy's in-house operations



Develop an inclusive, engaged and healthy team

to attract and retain the very best staff, and provide the estate with the human and intellectual capital it needs to succeed



To ensure we create long-term value for them

Through our approach and activities, we generate positive impacts for all stakeholders, balancing environmental, social and economic needs.

Greater financial value – by delivering a growing revenue surplus and increased capital values

46 Our financial statements

Enhanced natural capital – by supporting sustainable farming and rural communities

32 How we are reducing our environmental impact

Stronger communities – by stimulating local prosperity and supporting rural infrastructure

28 How we are supporting communities

How we create and share value: our strategic objectives

<p>PROVIDE INCOME</p> <p>to support the public, charitable and personal activities of The Duke of Cornwall and his immediate family</p>	<p>GENERATE CAPITAL AND REBALANCE CAPITAL ASSETS</p> <p>while maintaining the quality and integrity of the estate</p>	<p>ENGAGE WITH AND ACTIVELY SUPPORT COMMUNITIES</p> <p>by listening and responding to local needs and priorities, and by promoting economic and social well-being</p>
<p>HOW IT IS MEASURED</p>		
<p>KPI: Growth in the revenue surplus KPI: An ethical investment policy</p>	<p>KPI: Capital cash flow KPI: A cohesive, quality, core property portfolio</p>	<p>KPI: Relationship with tenants KPI: Length of Farm Business Tenancies KPI: Jobs created at urban extension projects KPI: Affordable housing KPI: Community engagement on major development projects</p>
<p>OUR PERFORMANCE</p>		
<p>We have achieved a 2.3% average annualised growth in the period 2015–20, slightly below target. No new target has been set, given the current very uncertain position due to COVID-19.</p>	<p>Capital cash flows from our development sites were again behind expectations, and financial assets were liquidated to fund the shortfall. There were only a few sales from the estate during the year, and only three low-value residential properties from the core estate were sold.</p>	<p>The long-term nature of the estate means we prize the long-term relationships we develop with our tenants and communities. We continue to let farms on longer-term tenancies, put effort into job creation at our development sites and respond to our tenants' feedback.</p>
<p>FUTURE FOCUS</p>		
<p>The ongoing impact of the COVID-19 pandemic and associated lockdown make it difficult to say with any confidence what our financial performance will be. However, we anticipate that, despite having a particularly well-diversified asset base, the revenue surplus in 2020/21 will be significantly reduced as a result.</p> <p>24 Learn more</p>	<p>Disposals will continue to focus on off-lying and poorer quality land, and on releasing the substantial investment in property at the Duchy development at Poundbury and Nansledan. No material purchases are planned, but we continue to look for opportunities to diversify the portfolio. It is unlikely that capital cash flows will be positive in 2020/21.</p> <p>26 Learn more</p>	<p>The effects of the COVID-19 pandemic will be felt for many months and years to come. The Duchy's Land Stewards have contacted all tenants across the estate, offering support and advice to those concerned about upcoming payments. As the country moves towards recovery the Duchy will work to maintain this open line of communication and offer support to communities in whatever way it can.</p> <p>28 Learn more</p>
<p>RELATED SDG</p>		
		 

<p>CHERISH, PROTECT AND ENHANCE LAND AND PROPERTY</p> <p>to maintain the estate for future generations</p>	<p>IMPROVE ENVIRONMENTAL OUTCOMES</p> <p>by working with farmers and other partners, and reducing the impact of the Duchy's in-house operations</p>
<p>HOW IT IS MEASURED</p>	
<p>KPI: Homes condition assessments KPI: Tenant satisfaction scores KPI: Safe buildings and places KPI: The number of natural capital management plans</p>	<p>KPI: Direct greenhouse gas emissions KPI: Renewable energy installed capacity KPI: An ethical investment policy KPI: Net-zero research project KPI: Enhanced natural capital</p>
<p>OUR PERFORMANCE</p>	
<p>Key performance indicators capture the outcome of the investments we make to protect and enhance the estate. Duchy building surveyors have been undertaking assessments of key elements of all directly let residential property. We have also completed the design of a new natural capital management plan.</p>	<p>Working with our tenants to improve environmental outcomes will be achieved through our Natural Capitals Project, which has gained momentum during the year. New farm lettings specifically address environmental issues. We have further invested in renewable gas and electricity production to increase supply and created a renewable CO₂ capture project. We are making it easier for staff to use electric cars.</p>
<p>FUTURE FOCUS</p>	
<p>We have begun assessments as part of our Natural Capitals Project. These were suspended during COVID-19 lockdown but will be resumed when it is safe to do so. The Duchy has recruited its own in-house ecologist to support this. We have also recruited a health and safety officer to support our work to ensure safe buildings and places.</p> <p>30 Learn more</p>	<p>By the end of 2020, we will have a comprehensive strategy setting out how we could deliver net-zero by 2028. A tenancy opportunity at a farm in Devon will offer opportunities to improve the farm's environmental management. The Duchy is also working with Natural England on the renewal of the lease for The Flits National Nature Reserve, a Site of Special Scientific Interest.</p> <p>32 Learn more</p>
<p>RELATED SDG</p>	
  	  

DEVELOP AN INCLUSIVE, ENGAGED AND HEALTHY TEAM

to attract and retain the very best staff, and provide the estate with the human and intellectual capital it needs to succeed

This is a new strategic objective for 2020. We will report on our progress in our Integrated Annual Report 2021.

PERFORMANCE AGAINST STRATEGIC OBJECTIVE

Provide income

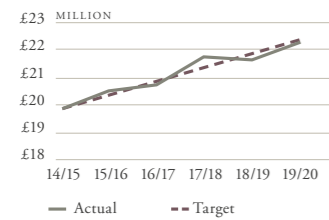
The Duchy of Cornwall was established in 1337 to generate an income for the present and future Dukes of Cornwall. Under the charter, The Duke of Cornwall is entitled to the annual revenue surplus generated by the Duchy estate.

KEY PERFORMANCE INDICATOR

Growth in the revenue surplus

Target:
2.6% p.a. average annualised growth in revenue surplus 2015/20

Performance:
2.3%
average annualised growth in revenue surplus has been achieved 2015/20



Commentary:
No new target has been set, given the current very uncertain position.



KEY PERFORMANCE INDICATOR

An ethical investment policy

Target:
Maintain all liquid financial investments in ethically invested assets

Performance:
All liquid financial investments remain invested according to the policy

Commentary:
There were no additions to the portfolio during the year and all liquid financial investments remain invested according to the policy.



The income sustains the public, charitable and private activities of The Prince of Wales and his immediate family. His Royal Highness voluntarily pays income tax at the prevailing rate and has no access to funds from the sale of capital assets. Funding for official travel and property services comes from the Sovereign Grant. The Prince of Wales is the longest-serving Duke of Cornwall and continues to be actively involved in running the estate, ensuring it operates in accordance with His Royal Highness's own social and environmental values. The Prince is aware that as well as providing him with an income, the estate must also focus on supporting the communities who live and work there, as well as protecting the land itself for future generations. This dual strategy has been at the heart of His Royal Highness's vision for the last five decades and makes the estate unique among other similar organisations.



MONART SPA, POUNDBURY
In November 2019, Monart Spa opened their newest facility, and first UK venture, at Royal Pavilion, Queen Mother Square in the centre of Poundbury, the urban extension to Dorchester built on Duchy of Cornwall land. The spa, which offers a range of signature treatments powered by Poundbury's anaerobic digester at Rainbarrow Farm, signals the completion of the Royal Pavilion as a significant architectural landmark for Poundbury. Monart's top-of-the-line facilities will be available to residents of the Royal Pavilion's apartments and the wider community, increasing Poundbury's status as a desirable place to live and a worthwhile destination for visitors. In combination with the Duchy's commitment to 35% integrated affordable housing, this new addition highlights Poundbury's commercial viability for residents and business owners across the economic scale.

LOAN RESTRUCTURING
A loan restructuring programme was completed late in the last financial year to drive greater efficiency across the Duchy's financial portfolio. 2019/20 is the first full year that the impact of this change has been felt. The strategy was to take advantage of historically low interest rates by issuing debt to create greater certainty and long-term financial growth. This was achieved via the issue of fixed-rate loan notes of between 40 and 50 years' maturity at very competitive rates while also enabling short-term borrowing to be repaid. It is anticipated that in the longer term, the borrowings will be beneficial to both the Revenue and Capital Accounts.

"Because the whole point was to try to help to design and plan and build a community rather than just another housing estate."

The Prince of Wales (on Poundbury), *Prince Charles: Inside the Duchy of Cornwall*, BBC Studios



FUTURE PLANNING: THE NEXT FINANCIAL YEAR
The lockdown resulting from COVID-19 was only in place for one week of the financial year covered by this Report. There is therefore very limited financial impact on these results. As for 2020/21 it is too early in the new financial year to be able to say with any confidence what the impact on our financial performance will be, but despite having a particularly well-diversified asset base we fully expect the revenue surplus to be down by a significant amount, in large part due to our trading enterprises being closed. We look forward with rolling five-year projections: even a modest growth in the Revenue Account surplus is dependent upon the careful reinvestment of capital cash flows. By and large, the existing portfolio is fully rented and there is little room for organic growth.

PERFORMANCE AGAINST STRATEGIC OBJECTIVE

Generate capital and rebalance capital assets

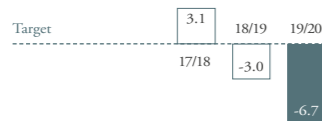
The Duchy of Cornwall estate includes over 600 residential lettings and more than 700 agricultural tenancies across 23 counties in England and Wales.

KEY PERFORMANCE INDICATOR

Capital cash flow

Target:
Generate positive capital cash flows from the property portfolio

Performance:
-£6.7m
capital cash flow



Commentary:
Cash flows from our development sites were behind expectations. Financial assets were liquidated to fund the shortfall. It is unlikely cash flows will be positive in 2020/21.



KEY PERFORMANCE INDICATOR

A cohesive, quality, core property portfolio

Target:
No net diminution in the core property portfolio

Performance:
Less than 1 hectare sold from a core of 42,970 hectares

Commentary:
There were only a few sales from the estate during the year, with virtually no land coming from the core estates. Three low value residential properties from within core estates were sold.



Maintenance of these existing assets through continued investment not only benefits current and future tenants, but also guarantees a sustainable income stream for the future. By taking this long-term approach, the Duchy aims to generate capital and rebalance capital assets, while maintaining the quality and integrity of the estate through a cohesive, quality, core property portfolio.

PENLYNE COTTAGE AND SUMMER HOUSE, CORNWALL

In 2019 work was completed on two new Duchy of Cornwall cottages in Lostwithiel, Cornwall, near Restormel. These are now available to let as part of the Duchy of Cornwall holiday cottages portfolio, generating income for the estate. Penlyne Cottage, originally built over a century ago and formerly let as an assured short-hold tenancy, was completed in June 2019. Green oak from woodland in West Devon was sourced to build an extension using traditional construction techniques, resulting in an arts and crafts inspired, oak-framed garden room. The smaller Summer House in the grounds of Restormel Manor was completed in April 2019 and provides guests with access to their own listed walled garden dating back to the 18th century. The renovation work on the Summer House was undertaken with the sensitivity of this listed status in mind, using hand-made bricks sourced from Suffolk to match the existing infrastructure, roof slate from Trevillet Quarry in North Cornwall and granite from Bearah Tor Quarry in Liskeard. Some of the first guests to stay at the Summer House property in July 2019 said: "There is something very special about having your own walled garden (even if only for a week!). This was our first stay in a Duchy of Cornwall property but it certainly won't be our last – we are very impressed."



"When I go down, and go round twice a year, it's always interesting talking to the residents, because they come and say, this is wonderful, it's got such a marvellous sense of community. That is quite, you know, encouraging, and rewarding, I think."

The Prince of Wales (on Nansledan), *Prince Charles: Inside the Duchy of Cornwall*, BBC Studios

CREATING LONG-TERM SOCIAL AND FINANCIAL VALUE

The Duchy purchased its only land holding in Kent as part of a portfolio of agricultural investments in 2000. The estate comprised over 2,000 hectares of agricultural land across 10 farm tenancies. However, its location 140 miles from the nearest significant other Duchy farms meant that its integration into the 'core estate' was unlikely. Moreover, many of the farm tenants were approaching retirement with no successors waiting.

Since then, the Duchy has worked closely with the tenants to assist with retirement planning, often selling them their farmhouses when they wished to surrender their farmland, or sometimes their entire farm when they had other farming interests locally. In 2019 the Duchy obtained planning approval to convert a redundant traditional barn into a retirement dwelling for one of the tenants, enabling them to remain a resident in the parish.

For the remaining farms, succession tenancies have been agreed, securing the future for the next generation.

This sensitive approach to the management of this estate has provided security for the tenants in their retirement, while the Duchy has enhanced the capital value of its assets and released capital funds. These have been invested in improvement projects on the retained estates, as well as providing funds for the purchase, in 2014, of the 700-hectare Port Eliot Estate in Cornwall.

FUTURE PLANNING: THE NEXT FINANCIAL YEAR

Work continues at key development sites like Poundbury and Nansledan, but plans have been adjusted to mitigate the impacts of COVID-19. Strict social distancing measures will inevitably slow down the construction process and there are shortages of some materials which could take several months to restore. Planning for further phases has not stopped during the lockdown period. Enquiries for house sales are still being received at both sites but, as to be expected, at a reduced level.

Our medium-term plan remains to generate capital to invest in higher-yielding assets. This will allow us to meet our target to provide income and to meet non-financial objectives across the estate.

PERFORMANCE AGAINST STRATEGIC OBJECTIVE

Engage with and actively support communities

In line with the views of The Prince of Wales, the Duchy of Cornwall estate is managed in a way that puts the greatest emphasis on creating meaningful value for the local communities it supports. Duchy management, led by a team of regional Land Stewards, maintains active communication with tenants to proactively support the Duchy family. Local residents are regularly consulted to ensure that the investment of time, money and expertise is beneficial for the broadest group possible. Effective relationships are also formed with local stakeholder groups, such as community associations, to ensure open and accessible lines of communication.

KEY PERFORMANCE INDICATOR

Relationship with tenants

Target:

Improved relationship with tenants as evidenced by customer service questions and net promoter score from tenant surveys

Performance:

29
Average net promoter score
80%
Customer service amalgam

Commentary:

The average net promoter score has remained the same but the rolling average of the quality of customer service has fallen marginally from 81% last year to 80% this year.



KEY PERFORMANCE INDICATOR

Length of Farm Business Tenancies (FBTs)

Target:

Let all equipped FBTs for periods of no less than 10 years

Performance:

21 years
Average length of FBT on equipped holdings

Commentary:

Since this KPI was launched in 2016, all agreements have been for at least 10 years, with the average length being 19 years. Two major farm lettings have occurred this year: one for 15 years and one for 30 years to the son of the previous FBT tenant.



KEY PERFORMANCE INDICATOR

Jobs created at urban extension projects

Target:

At least one job created per house sold

Performance:

1.7
people employed per house sold (Poundbury)
1.2
people employed per house sold (Nansledan)

Commentary:

These statistics are to March 2019. Because of lockdown we were unable to gather employment data for the current year.



KEY PERFORMANCE INDICATOR

Affordable housing

Target:

- 1) To deliver affordable housing on development projects to the local policy percentage
- 2) To leverage our land to enable the delivery of the right type of affordable homes (quality design and build, in a local vernacular), in the right location (where really needed), for the right people (with a local connection), to support the rural economy and communities in which we operate

Performance:

Under assessment

Commentary:

This new KPI seeks to show the outcome of the Duchy estate's approach to affordable housing, both within its major development sites and in other communities across the estate.



Work in progress

KEY PERFORMANCE INDICATOR

Community engagement on major development projects

Target:

Engagement process for all projects

Performance:

Achieved

Commentary:

During the year, the only new development proposal was on the Isles of Scilly, which is being led by the Council for the Isles of Scilly. Public consultation is taking place.



BRADNINCH FOOTBALL CLUB

A donation from the Duchy of Cornwall helped Bradninch Football Club build a new clubhouse, which opened its doors in December 2019. Increased demand from young people and adults wanting to play football meant that the Devon club needed more equipment and consequently somewhere to store it. There was also a requirement for toilets, and changing facilities to accommodate home and away teams and community groups including the Scouts. A kitchen now allows parents to sell tea, coffee and refreshments during matches, and the clubhouse is used during celebrations for Bonfire Night, Twelfth Night and the Bradninch Rocks music festival. Volunteers donated more than 2,000 hours to building the new clubhouse and Bradninch F.C. now has more than 120 members, from the under sixes to two senior teams. Club Chairman, Andy Hartley, said: "Nobody should underestimate what a great, community-wide achievement it is to have completed this building."

THE GREAT FIELD, POUNDBURY

As a result of a major public consultation in 2018, the Duchy of Cornwall has begun development of the Great Field in Poundbury, providing over 12 hectares of public green space for residents of Poundbury and wider Dorchester. The landscaping work includes planting 400 trees and 26,000 shrubs as well as wildflower meadows. Formal and informal paths will provide access around the park, as well as to the Pavilion Café, public toilets and play equipment for children of all ages. The majority of the disruptive work involved is due to be completed in November 2020, with a distinct effort being made to complete the development in phases so as not to restrict public access any more than is necessary.



"In the early days fifty years ago I was dealing with the grandfathers of the people who are there now, and a lot of them I remember as small children. For me the wonderful thing is the connection between my family and their families."

The Prince of Wales, Prince Charles:
Inside the Duchy of Cornwall,
BBC Studios

FUTURE PLANNING: THE NEXT FINANCIAL YEAR

Just like communities across the UK, tenants, business owners and residents in the Duchy of Cornwall will be feeling the negative effects of the COVID-19 pandemic for months, perhaps years, to come. At the height of the crisis, the Duchy's team of Land Stewards contacted tenants across the estate offering support and advice to those concerned about upcoming payments. This came alongside a message from The Duke of Cornwall, offering his personal well wishes and encouraging those who were struggling, to access help available through regional offices. As the country moves towards a period of recovery, the Duchy will work to maintain this open line of communication and offer support to communities in whatever way it can. We will continue to respond to the issues raised with our cyclical tenants' surveys and develop the materiality review.

PERFORMANCE AGAINST STRATEGIC OBJECTIVE

Cherish, protect and enhance land and property

The Duchy of Cornwall's approach to land management focuses on a long-term approach, prioritising sustainable solutions and resource preservation over short-term financial gain wherever possible.

With the aim of passing on a stronger and more resilient estate to the next generation, the Duchy management team endeavours to cherish, protect and enhance the physical fabric of the land.

KEY PERFORMANCE INDICATOR

Homes condition assessments

Target:
Ensure all homes meet our minimum condition standards and are improving

Performance:
Baseline data is almost complete. When lockdown permits, a programme of work will be put in place to address areas of weakness

Commentary:
Duchy building surveyors have been undertaking assessments of key elements of all directly let residential property: kitchen, bathroom, heating system, electrics, insulation and ventilation.



KEY PERFORMANCE INDICATOR

Tenant satisfaction scores

Target:
To improve on the baseline of 73% set in 2019

Performance:
73%
Tenant satisfaction with property

Commentary:
Through our tenant surveys we asked tenants how satisfied they are with the overall quality of their homes, workshops, farmhouses or farm buildings. The rolling average score was level this year at 73%.



KEY PERFORMANCE INDICATOR

Safe buildings and places

Target:
Zero HSE reportable incidents or accidents

Performance:
Zero
HSE reportable incidents or accidents, to the end of March 2020

Commentary:
Another year with no incidents or accidents. The Duchy has recruited its own in-house health and safety officer.



KEY PERFORMANCE INDICATOR

The number of natural capital management plans

Target:
Complete natural capital management plans for 40% of farms by 2019 and 100% by 2020

Performance:

	Plan	Latest view
18/19	40%	12%
19/20	100%	29%
20/21		60%
21/22		90%
22/23		100%

Commentary:
Designing this project took more time than anticipated. This is now complete and assessments were underway until lockdown. The Duchy has recruited its own in-house ecologist.



PRAS TREWOLEK, NANSLEDAN

In Nansledan, a large new nature reserve has been created for local people to enjoy. Pras Trewolek (Trewolek Meadow), will occupy 30 hectares of farmland on the eastern edge of Nansledan and is being transformed into an outdoor haven for the whole community. Around two-thirds of the site has been seeded to create more than 20 hectares of wildflower-rich grasslands. Some 3.7km of pathways criss-cross the area, including 1.7km accessible by wheelchair, with new walkways and viewing platforms over wetland areas, traditional Cornish hedges and seating. The meadow flowered in abundance in its first summer of 2019, thanks to the drilling techniques of George Thomas, a Duchy tenant who runs his own successful arable farm. By working in close collaboration, the Duchy and George have succeeded in diversifying a farm to provide access to nature for the whole community of Nansledan, with its management paid for via the Estate Charge. George is also helping to create a mixture of hay meadows and permanent pasture, which the Duchy has planted with new broadleaf woodlands and a hazel coppice to encourage traditional crafts like basket and hurdle making. Ben Murphy, Estate Director at the Duchy of Cornwall, said: "We have been working with George to set aside a very large area of farmland to create what we hope will be a fantastic community asset that will be enjoyed for generations to come. Pras Trewolek is part of a series of green spaces that will permeate Nansledan, including the three-hectare Newquay Community Orchard to the west, and the Chapel Stream 'green corridor' to the south."

"Half the battle in this exercise is investing in the future, and I love planting trees and trying to improve and enhance the environment to restore lost habitats and all these things."

The Prince of Wales, *Prince Charles: Inside the Duchy of Cornwall*, BBC Studios

WILDFLOWER MEADOWS, HEREFORD

In 2019 two Duchy of Cornwall sites in Hereford were selected to be part of a pilot project to encourage the creation of wildflower meadows. The project is being carried out with the Herefordshire Meadows Group in partnership with Plantlife, of which The Duke of Cornwall is Patron. Designated wildflower meadows not only help to protect biodiversity but also support pollinators such as bees, which rely on wildflowers to survive. A grant from Plantlife provided for a specialist seed mix made specially for the Herefordshire lowland meadows and allowed for each site to be properly prepared for planting with weeding, harrowing, and the cutting and baling of grass. In August 2019 Duchy of Cornwall staff spread the seeds by hand across the two meadows. Sheep were grazed at one location to encourage the seeds to take root. The results are expected to be visible in late spring or early summer 2020, when flowers start to appear. In the future, both sites will be managed with techniques tailored to maintain wildflowers, including cutting hay late in the summer and allowing grazing in the autumn.



FUTURE PLANNING: THE NEXT FINANCIAL YEAR

If restrictions allow, in autumn 2020 a comprehensive programme of capital improvements works has been planned, including converting redundant farm buildings to homes, developments at the Duchy Nursery and a new building to support the cultivation of native oysters on the Helford River. Subject to cash flow restrictions and the lockdown, it is hoped many of these can continue.

Natural capital assessments will continue to be undertaken on farms, but at a slower rate than anticipated until staff recruitment can be completed. Plans for a major hedgerow tree planting project and pond restoration work will continue.

The policy is of responsible and sustainable land management, which focuses on investing in the existing portfolio, strengthening infrastructure and tenant satisfaction. This will help to create an estate with longevity for the benefit of future staff, tenants, Dukes of Cornwall and the wider community.

PERFORMANCE AGAINST STRATEGIC OBJECTIVE

Improve environmental outcomes

Reducing the environmental impact of the Duchy estate's in-house operations and improving environmental outcomes across the estate is a key focus of our management approach. The current Duke of Cornwall has been an influential spokesperson on the topic of climate change for over four decades.

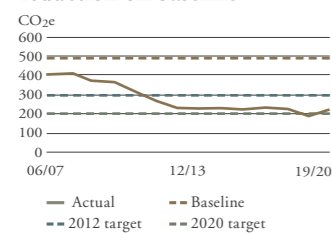
KEY PERFORMANCE INDICATOR

Direct greenhouse gas emissions

Target:
60% reduction against baseline by 2020

Performance:

56%
reduction on baseline



Commentary:
Emissions rose slightly this year compared to last year. A biomass boiler at our holiday cottages complex at Restormel was out of action for a couple of months and an oil backup was required. Travel-related emissions continue to be difficult to reduce across a geographically disparate estate. We have introduced a new car leasing scheme open to all staff and hope many will take advantage of the tax breaks available on electric vehicles.



KEY PERFORMANCE INDICATOR

Renewable energy installed capacity

Target:
Grow installed renewable energy capacity annually and facilitate other projects

Performance:



*Restated figures following a more comprehensive data.

Commentary:

A further £2.2million has been invested in J V Energen so that it can increase renewable gas and electricity production, and create a renewable CO₂ capture project.

There were very few other new projects this year.



KEY PERFORMANCE INDICATOR

An ethical investment policy

Target:
Maintain all liquid financial investments in ethically invested assets

Performance:
See *Provide income* on page 24

Commentary:
Full details can be found under *Provide income* on page 24.

KEY PERFORMANCE INDICATOR

Net-zero research project

Target:
By the end of 2020, develop a comprehensive strategy setting out how we could deliver net-zero by 2028

Performance:

Work in progress

Commentary:



KEY PERFORMANCE INDICATOR

Enhanced natural capital

Target:
Enhancement of natural capitals on every farm

Performance:
KPI requires farm assessments to have been completed, which are a few years off

Commentary:
Full details can be found under *Cherish, protect and enhance* on page 30.



FARM CARBON CUTTING TOOLKIT PROJECT

The Duchy of Cornwall's Natural Capitals Project continues to grow and be enhanced with additional resources to deliver practical solutions for farm tenants. This includes a soils management component using the Farm Carbon Cutting Toolkit Project to help Duchy farmers reduce pollution and increase soil carbon. The initiative has been launched across the estate and is expected to run for two years. The Toolkit was launched 10 years ago as a community interest company to provide advice and information to farmers and growers wishing to reduce their environmental impact from greenhouse gas emissions, which in turn increases farm energy resilience and improves future business prospects. Its online Farm Carbon Calculator is free and accessible to all interested users and, once completed, will tell farmers their total carbon emissions and sequestration and the carbon balance of their business.

ZERO 2028

In response to the global climate crisis, many organisations in the UK are committing to reaching net-zero carbon emissions in the near future. We have an ambition to deliver net-zero carbon across the estate by 2028 and are researching how this could be achieved. Such an approach would affect all activity and property on the estate, including what is done to the land as well as what happens on it. This is particularly challenging as almost all Duchy land is tenanted and not in our direct control. In addition, new build development would have to be net-zero in construction as well as use and we would need a radical overhaul of the thermal efficiency of the existing building stock.



“To me it’s absolutely crucial that we don’t battle with nature and actually work with it, with her.”

The Prince of Wales, *Prince Charles: Inside the Duchy of Cornwall*, BBC Studios

FUTURE PLANNING: THE NEXT FINANCIAL YEAR

Chapelhaies Farm Letting

The Duchy will continue to put the management of the natural environment at the heart of its re-lettings. Later this year, following a retirement, a significant farm becomes available at an estate in Devon. This will offer a long-term opportunity to establish a sustainable and profitable farm business. Tenants will also be able to work with the Duchy to improve the farm's environmental management as part of the Natural Capitals Project. Applicants will be encouraged to generate ideas to enhance environmental management objectives already identified by the Duchy, including proactive soil management, the creation of species-rich field margins and new tree planting.

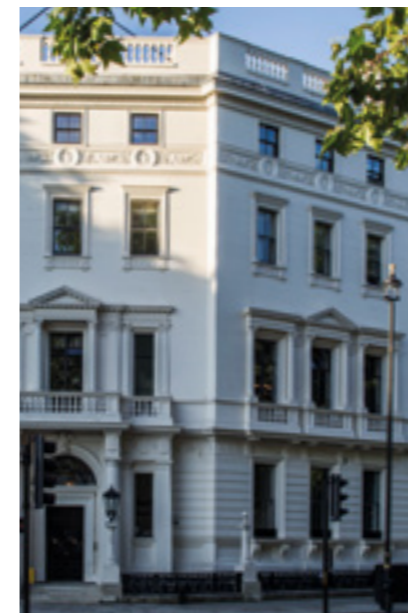
The Duchy owns a wetland Site of Special Scientific Interest and National Nature Reserve in Herefordshire. This has been let to Natural England for 35 years, thriving under their care. With the lease renewal due, the Duchy is working with Natural England to determine new ways to support Natural England's objectives for the site and for working in closer partnership, another example that illustrates our long-term commitment to improved environmental outcomes.

Direction, oversight and transparency

The Dukes of Cornwall have traditionally managed their own estates; the current Duke actively leads the Duchy and chairs The Prince's Council. Indeed, November 2019 marked The Prince's 50th anniversary as Chairman of The Prince's Council. The leadership provided by the Council is fundamental to the performance of the Duchy estate. The Council delegates executive responsibility to its respective Committees, while maintaining oversight through members' participation in these Committees.

Above Two Bridges, Dartmoor

GOVERNANCE AT A GLANCE



The Duchy is one of a kind

It is neither corporation nor company, trust nor settlement. In the interests of trust, transparency and good practice, we provide details of the governance structure to explain how the estate is run in a way that is designed to provide clear direction and oversight.

Transparency

The Duchies of Lancaster and Cornwall (Accounts) Act 1838 gave HM Treasury a role to ensure that actions taken by any Duke when managing the Duchy cannot compromise the long-term value of the estate. For this reason, HM Treasury must, for example, approve all property transactions with a value of £500,000 or more.

The management of the estate is subject to the supervision of The Prince's Council and to an annual independent external audit. In addition the Duchy's annual accounts are laid before the House of Commons and the House of Lords so that Parliament can be satisfied that HM Treasury is fulfilling its statutory responsibilities.

In relation to the International Integrated Reporting Council (IIRC) Framework for integrated reporting, we confirm that members of The Prince's Council have been involved in the development of this Integrated Annual Report and consider that it complies with the IIRC Framework. The Prince's Council acknowledges its overall responsibility for the accuracy and integrity of the Report's contents.

Operating framework

The Duchy estate was created by Charter in 1337 by Edward III for his son and heir, Prince Edward. The land, property and other assets of the Duchy, and the proceeds of any disposals of assets, are subject to the terms of the original Charters and the Duchy of Cornwall Management Acts. These govern the use of the Duchy's assets for the benefit of the present and future Dukes of Cornwall. The Prince of Wales, as The Duke of Cornwall, is entitled to the annual net revenue surplus of the Duchy. He is not entitled to the proceeds or profits from the sale of capital assets, which are retained in the Duchy to provide income for future beneficiaries.

Governance roles and activities

Many members of The Prince's Council sit as non-executives on one or more of the supporting Committees, providing a clear mechanism for two-way dialogue, guidance and reporting.

<i>Role and remit</i>	<i>Principal resources and relationships overseen</i>	<i>Matters reviewed</i>
THE PRINCE'S COUNCIL		
<ul style="list-style-type: none"> Chaired by The Prince of Wales. Provides advice to His Royal Highness regarding the strategy of the Duchy. Except for the membership of the Secretary and Keeper of the Records, the Council is a non-executive body. 	The Prince's Council has always taken a holistic view of the resources and relationships the Duchy estate draws from and impacts upon. In its discussions and recommendations, the Council takes care to balance all resources and relationships.	The Council met in June and December. It receives reports from all Committees and reviews bona vacantia and capital transactions. Specific matters included farming issues and the agricultural tenants' survey, new lettings, natural capitals, the Duchy trading enterprises (Nursery, Harbour and Holiday Lets), development sites, forestry issues, the climate crisis and the Zero 2028 project.
FINANCE & AUDIT COMMITTEE		
<ul style="list-style-type: none"> Advises on the Duchy's financial strategy and liaises with the external auditor. Chaired by The Hon Sir James Leigh-Pemberton, the Receiver General. The Committee reviews financial performance, ensuring that an appropriate balance is struck between revenue and capital growth, that any variations between forecast and budget are understood and are appropriate, and that risks are being well managed. 	Financial Manufactured	<p>Met four times during the year, with The Duke of Cambridge joining some meetings. Welcomed new members: Catherine James, newly appointed Treasurer to the Household of The Prince of Wales and The Duchess of Cornwall, and new Council members Edward Harley and Jonathan Ruffer.</p> <p>As well as routine financial matters, including budgets, forecast, cash flow and the audit, particular topics included the financial investment portfolio's Responsible Investment Policy, the Duchy pension scheme, and the Duchy's second Modern Slavery Statement. The Committee received presentations from external fund managers and the Duchy auditors.</p> <p>At its meeting in June 2020 the Committee reviewed the emphasis of matter included in this year's audit report (see page 44) and the material valuation uncertainty clause included in the external property valuer's report.</p>
RURAL COMMITTEE		
<ul style="list-style-type: none"> Advises on the rural economy. Chaired by Sir Nicholas Bacon, Lord Warden of the Stannaries. Much of the value provided by the Rural Committee flows from the time and expert guidance given by members outside of formal meetings. Members carry out an extensive range of visits to the Duchy district offices, estates and farm tenants. 	Natural Community Financial Manufactured	<p>The Rural Committee had two office meetings. It considered a Dartmoor strategic review, the results of the agricultural tenants' survey, options for re-letting a major holding in Devon, possible reforms to agricultural tenancy legislation and engaging with the next generation of farm tenants.</p> <p>The Committee also had an awayday visit to Princetown, the Dartmoor Estate and the Dart Valley, reviewing natural capital and habitat management issues. The Committee met with a number of upland farm tenants to hear about the particular challenges they face.</p>

<i>Role and remit</i>	<i>Principal resources and relationships overseen</i>	<i>Matters reviewed</i>
COMMERCIAL & DEVELOPMENT COMMITTEE		
<ul style="list-style-type: none"> Advises on the commercial property portfolio and development sites (excluding Poundbury). Chaired by John Stephen. 	Manufactured Community	<p>The Committee met four times during the year, including two site visits. Particular matters reviewed included portfolio valuations, the major development sites at Poundbury and Nansledan, development opportunities in Kent and Somerset, the lease of Dartmoor Prison and the issue of covenant control. Each meeting included a review of the main commercial properties and tenancies.</p> <p>The site visits allowed the Committee to see progress at the Nansledan, Tregunnel Hill and Truro development sites in Cornwall, and proposals for an extension to the development at Shepton Mallet, Somerset.</p>
EXECUTIVE COMMITTEE		
<ul style="list-style-type: none"> Implements strategy and manages all operational activities. Chaired by Alastair Martin, the Secretary and Keeper of the Records. 	People Intellectual Community Financial	<p>The Executive Committee met four times during the year and held a strategic awayday. Standing items at all meetings include health and safety, legal, human resources and financial matters. The Committee reviewed the results of the agricultural tenants' survey and established the Zero 2028 project in response to the climate crisis. It designed a programme to assess the quality and compliance of Duchy houses, the next steps of the Natural Capitals Project, and passed a number of new policies including an Instructing Contractors Policy, a Harassment and Bullying Policy, and an update to the Family Friendly Policy.</p> <p>The strategic awayday developed the topics that arose from the 2019 materiality review with stakeholders. A new People strategic objective was drawn up, and additional key performance indicators established to address this.</p>

Other governance mechanisms

Delivery of the Duchy's long-standing development at Poundbury is guided by monthly site meetings involving key staff, the Poundbury Development Director, and the Secretary and Keeper of the Records.

The Remuneration Committee, chaired by Sir Nicholas Bacon, Lord Warden of the Stannaries, meets annually in March as a sub-committee of the Finance & Audit Committee. Its role is to review and approve staff salaries and benefits.

A note on ancient titles

The Duchy is one of a kind, and some roles within the Duchy have ancient titles. The responsibilities attached to them are roughly equivalent to senior leadership roles in other organisations. The four Proper Officers, as they are known, are:

- The Lord Warden of the Stannaries*: after The Duke of Cornwall, the Lord Warden is the most senior position on The Prince's Council and Deputy Chairman.
- The Receiver General* is non-executive chair of the Finance & Audit Committee and has oversight of financial affairs.
- The Attorney General to HRH The Prince of Wales*, in whose name legal proceedings are taken and defended, is the principal legal officer providing legal advice and support.
- The Secretary and Keeper of the Records* has executive responsibility for the management of the Duchy and is equivalent to the Chief Executive in other organisations.

Governance in action

The Prince's Council and its committees are deeply involved in ensuring the estate runs smoothly, best practice is adopted and priorities are balanced.

Understanding community development needs



Members of Commercial & Development Committee

The Commercial & Development Committee visited Shepton Mallet in Somerset in May 2019, where Mendip District Council has allocated 30 hectares (of which 10 are part of the Duchy) for housing and employment, alongside land developed a few years ago. The Committee members were keen to see where the homes, allotments, play areas, new school and the larger site for the Mid-Somerset Show will all go. The Committee also discussed the opportunities for achieving biodiversity net gains. In September the Committee visited Duchy developments at Newquay: Tregunnel Hill, which was completed in 2016, and the new, much larger site at Nansledan. Such visits put policy and design in context and ensure Duchy staff can explore the challenges and opportunities presented on the ground with Council members and advisers.

“It was to me, always vital to have in-house management, not to contract out... to firms to do this – it’s the personal involvement and the personal touch.”

The Prince of Wales, *Prince Charles: Inside the Duchy of Cornwall*, BBC Studios

Responsible Investment

In 2016 the Finance & Audit Committee asked for a bespoke ethical fund to be created. This was completed, and in 2019, the fund was marketed openly and has since grown substantially. Each year the Duchy's external investment managers present to the Committee on the integrity and performance of these investments, as they did at the meeting in November 2019.

Ground-truthing the Natural Capitals Project



Rural Committee on Dartmoor

The Rural Committee includes members with wide experience in estate management, farming and conservation. A visit to Dartmoor and the upper Dart Valley in June 2019 included a briefing from the Duchy's ecologist, Jeremy Clitherow, on the natural capitals assessment process, the digital mapping tools that have been developed, and the sort of actions and integrated farm plans that emerge from these assessments. On Dartmoor the landscape has a rich mosaic of habitat types, including species-rich hay meadows, wood pasture, mires and heathlands. However, where grazing intensity or agricultural improvement has been more prevalent, these features have become reduced in area and quality. The Rural Committee discussed the implications for the Duchy's farm tenants in being encouraged to take a more natural capital-based approach to managing their businesses and finding an effective balance between the economic challenges and environmental opportunities that lie ahead.

Governance in difficult times

Lockdown because of the COVID-19 pandemic has, if anything, brought a need for enhanced oversight and governance. The Finance & Audit Committee was due to meet in person on 25th March 2020. It met by conference call instead and met exceptionally on 30th April as well. New reporting has been put in place to record rental deferral and waiver agreements, as well as to track the impact of the lockdown on our tenants and their businesses, particularly those with commercial tenancies large and small. The Executive Committee has been meeting weekly, and the Secretary has been updating The Duke of Cornwall, The Duke of Cambridge and Council members at least fortnightly.

New faces

We welcomed a new adviser and two new members to the Council during the year. Catherine James is the new Treasurer to the Household of The Prince of Wales and The Duchess of Cornwall. The Rt Hon The Lord Rothschild retired from the Council this year, having served since 2006. To replace his financial expertise Edward Harley and Jonathan Ruffer both joined the Council and the Finance & Audit Committee. Edward is serving as Lord Lieutenant of Herefordshire, where the Duchy has considerable land-holdings, and brings his experience of advising on investment strategy at Cazenove and Co. Jonathan trained as trust barrister and spent most of his working life in the City as an investment manager.



The Prince's Council and Committees

The Prince's Council provides the Duchy with invaluable professional expertise and experience. Its membership includes recognised leaders in agriculture, commercial property, estate management, investment management, law and finance. Appointments to The Prince's Council are within the gift of The Duke of Cornwall.

	Appointed	Membership					
		Council	Finance & Audit	Rural	Commercial & Development	Remuneration	Executive
THE PRINCE'S COUNCIL							
Chairman: His Royal Highness The Prince of Wales		✓					
The Lord Warden of the Stannaries – Sir Nicholas Bacon	June 2006	✓	✓	✓	✓	✓	
The Receiver General – The Hon Sir James Leigh-Pemberton	December 1999	✓	✓			✓	
The Attorney General to HRH The Prince of Wales – Jonathan Crow QC	December 2006	✓					
Mark Thomas	December 2006	✓		✓			
The Countess of Arran	June 2007	✓		✓			
James Williams	November 2009	✓	✓	✓		✓	
John Stephen	May 2012	✓			✓		
The Secretary and Keeper of the Records – Alastair Martin	May 2012	✓	✓	✓	✓	✓	✓
Ian Marchant	May 2012	✓	✓				
Clive Alderton, Principal Private Secretary to Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall	October 2015	✓	✓				
Edward Harley	December 2019	✓	✓				
Jonathan Ruffer	December 2019	✓	✓				
ADVISERS TO THE COUNCIL							
David Fursdon	April 2008			✓			
Paul Morrell	February 2012				✓		
Sir Michael Hintze	September 2014		✓				
Henry Richards	November 2014				✓		
Kit Martin	February 2015				✓		
The Marquess of Downshire	August 2017			✓			
Catherine James, Treasurer to Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall	June 2019		✓				
DUCHY STAFF							
Linda Bryant, Property Services Director							✓
Marie Cook, Operations and HR Director						✓	✓
Chris Gregory, Land Steward, Western District and Isles of Scilly				✓			✓
Matthew Morris, Land Steward, Eastern District				✓			✓
Ben Murphy, Estate Director					✓		✓
Andrew Phillips, Rural Director of Finance				✓			✓
Nick Pollock, Head of Planning					✓		✓
Nicola Walker, Kennington Estate Manager					✓		✓
Keith Willis, Finance Director			✓	✓	✓	✓	✓

THE PRINCE'S COUNCIL

Alastair Martin

Alastair is Secretary and Keeper of the Records and thus responsible to His Royal Highness The Prince of Wales and The Prince's Council for the running of the Duchy of Cornwall. Alastair qualified as a land agent and chartered surveyor and was in private practice for some 30 years before joining the Duchy as Secretary in 2013. Alastair has worked across most property disciplines, including valuation, development, agency, dispute resolution and management, leading to him specialising in the management of mixed-property portfolios across much of England and Wales. During his private practice career, Alastair also took an active role in leading and developing his practice and he was, for some years, involved in the Royal Institution of Chartered Surveyors occupying the roles of the President of the Rural Division, Chairman of the Facilities and Forums Board, and Chairman of the Strategy and Resources Board. He has a particular interest in embedding sustainability and resilience into the shaping and management of property investment portfolios and holds various trustee and non-executive appointments, including being a member of the Duchy of Lancaster's Rural Committee.

Sir Nicholas Bacon

The Lord Warden of the Stannaries, Sir Nicholas is a Norfolk landowner with experience in the management of plant nurseries, a varied commercial portfolio of lettings and a long understanding of agricultural tenants and their farming businesses. Sir Nicholas is President of the Royal Horticultural Society.

The Hon Sir James Leigh-Pemberton

Receiver General, James was a Managing Director and Chief Executive Officer of Credit Suisse in the UK. He has 40 years of experience in banking, investment and corporate finance. In September 2013 James was appointed to head UK Financial Investments (UKFI). Following the merger of UKFI with UK Government Investments (UKGI), in April 2016, James became Deputy Chairman of UKGI. In 2019 James became Non-Executive Chairman of RIT Capital Partners. James is the Chairman of Trustees of The Charities Aid Foundation, a trustee of The Alnwick Garden Trust and a trustee of The Royal Collection Trust.

Jonathan Crow QC

There are three separate aspects to Jonathan's legal career and experience. First, as a barrister since 1981, his practice has embraced both high-profile public law and commercial, property and trust disputes. Second, as a part-time judge since 2001, he sits in London on the High Court and serves as a Justice of the Courts of Appeal in Jersey and Guernsey. Third, in the administration of Lincoln's Inn, he was elected as a Bencher (the governing body) in 1998, since when he has sat on numerous Inn committees and is currently the Treasurer-elect for 2021.

Mark Thomas

A pedigree beef and sheep farmer, landowner and tenant from Cornwall, Mark is a past Chairman of the National Beef Association (South West), President of South Devon Herd Book Society and the South West Farmer Awards 2019 'Beef Farmer of the Year'. Mark trains young people nationally in the art of livestock judging and selection, and is the Vice Chairman of the Duchy Agricultural College Council.

The Countess of Arran

Having been involved with her family estate for many years, Lady Arran, Vice Lord-Lieutenant of Devon, has numerous interests in the county, particularly in the rural community. She travels throughout the Duchy visiting families on their farms, and spends time with the Land Stewards and other Council members helping select tenants for farms when they become available.

James Williams

James resides mostly in his home county of Cornwall following an extensive career in investment management, working in many parts of the world. His interests today cover education, the arts and agriculture, as well as involvement with Cornish charitable ventures. He has the honour to serve as Cornwall's Vice Lord-Lieutenant, and brings insight to the Duchy about matters in Cornwall and the South West.

John Stephen

John is a Chartered Surveyor who spent most of his career at real estate advisers Jones Lang LaSalle, including six years as Chairman of the English business. He has 45 years' experience in capital markets, advising on commercial investment and development projects, and in the past 10 years, has been involved as non-executive for a range of public and private property companies and family offices. He has over 20 years' involvement in the charity sector as board trustee for organisations focused on elderly care and senior living, financial hardship and hospices.

Ian Marchant

Ian has a business background in utilities and renewable energy through his previous leadership of Scottish and Southern Energy, his current chairmanship of Thames Water and board membership at Aggreko plc. He is a qualified accountant and has expertise in audit, capital allocation and risk management. He is interested in wildlife conservation and is the Honorary President of the Royal Zoological Society of Scotland. He set up the 2020 Climate Group in Scotland given his interest in climate change mitigation and adaptation and the use of natural capital accounting. He also advises and invests in early-stage companies principally in the clean tech and sustainability industries.

Clive Alderton

Principal Private Secretary to Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall, Clive joined The Royal Household in 2015, having previously served in several Diplomatic posts overseas, most recently as Her Majesty's Ambassador to the Kingdom of Morocco. Clive brings experience of senior-level public administration and accountability, providing a direct link between the Duchy and The Prince of Wales's Household.

Edward Harley

Edward worked for many years at Cazenove and Co where he was a Partner, most recently advising charities on investment strategy. He is a past President of the Historic Houses Association and a trustee of several landed estates, including Burghley. He is also Chairman of the Acceptance in Lieu Panel. He is based in Herefordshire where he is Chairman of the Mappa Mundi Trust and a Lay Canon of Hereford Cathedral. He has recently been appointed to be Her Majesty's Lord-Lieutenant of Herefordshire as from September 2019.

Jonathan Ruffer

Jonathan trained as a trust barrister (Bencher of the Middle Temple) and has spent most of his working life in the City as an investment manager; in 1990 he set up Ruffer Investment Management (now a partnership: Ruffer LLP). He has written extensively on investment and was the author of *The Big Shots*, a chronicle of Edwardian shooting parties. He has spent the last 10 years in charitable work in Bishop Auckland, County Durham. He is an International Trustee of the Prado Museum and the Hispanic Society of America.

ADVISORS TO THE COUNCIL

David Fursdon

David is a qualified rural surveyor and agricultural valuer with experience in planning, natural capital and landlord/tenant issues. He is Chairman of Beeswax Dyson Farming Limited, which has farming, property management and renewable energy businesses, and a Trustee on the National Trust Board, taking a lead on sustainable land use. He is a Commissioner of the ongoing Food, Farming and Countryside Commission, a former Country Land and Business Association (CLA) President, and a Commissioner of the Crown Estate (commercial property/marine/renewables) and English Heritage. David is a partner in a family estate management, property and tourism business, and is Lord-Lieutenant of Devon.

Paul Morrell

A chartered quantity surveyor, Paul was Senior Partner and international Chairman of Davis Langdon (now part of AECOM), where his practice was principally in the cost management of commercial development, working with some of the country's best-known developers and pension funds. He subsequently became the Government's first Chief Construction Adviser, with a brief to champion a more coordinated approach to affordable, sustainable construction. Paul now practises as an independent consultant, with a focus on the organisation and governance of major projects.

Sir Michael Hintze

Sir Michael is the founder, Group Executive Chairman and Senior Investment Officer of CQS, a London-based asset management firm. Before establishing CQS in 1999, Michael held senior roles at CSFB and Goldman Sachs. In the charitable sector the Hintze Family Charitable Foundation has provided funding to over 200 charities. Michael is Senior Vice Patron of the Royal Navy and Royal Marines Charity, Special Friend of the aircraft carrier HMS Queen Elizabeth and Honorary Captain RNR, and a Patron of the Arts of the Vatican Museums. Through MH Premium Farms Michael has significant investments in the agricultural sector.

Henry Richards

Henry was Executive Chairman of Lands Improvement Holdings Limited (LIH) before standing down when it was sold in September 2015, and remains a consultant to the company. Before joining LIH, he was a Director of Savills and spent the first six years of his career with Jones Lang Wootton. Henry has 20 years' experience of managing and expanding a diverse rural property company, with particular focus on acquiring and promoting urban fringe and large brownfield sites for residential and commercial development. He has a detailed understanding of the planning system and managing multidisciplinary teams to create successful sustainable developments.

Kit Martin

Kit trained as an architect and is an Honorary Fellow of the Royal Institute of British Architects. He has spent a lifetime creating innovative solutions to conserve historic buildings at risk and promoting urban regeneration. He was Projects Consultant to The Prince's Regeneration Trust and a founding Trustee of Save Europe's Heritage. Kit was awarded a CBE for services to conservation.

The Marquess of Downshire

Nick is a chartered accountant with a diploma in advanced farm management from the Royal Agricultural College, Cirencester. He has worked in corporate finance and as a finance director in the technology sector. He now holds a number of non-executive directorships, including being Chairman of Audit and Risk for the CLA. He is a council member for, and Chairman of the Rural Committee of, the Duchy of Lancaster, acts as trustee to several private estates and runs the family estate in Yorkshire.

Catherine James

Catherine was appointed Treasurer to the Household of The Prince of Wales and The Duchess of Cornwall in June 2019. Prior to her appointment, Catherine's career included senior finance positions in business and consulting.

“It's the personal involvement, and the personal touch, and the understanding of people's families, and their lives, which is what matters so much in terms of management.”

The Prince of Wales, *Prince Charles: Inside the Duchy of Cornwall*, BBC Studios

Other disclosures

THE DUKE OF CORNWALL'S BENEVOLENT FUND

In the Benevolent Fund's last financial year, it made grants and commitments of c.£153,000 (2019: c.£153,000) to a variety of charities, primarily operating in Cornwall. In accordance with the wishes of The Prince of Wales, grants were made to educational and agricultural charities, together with the relief of poverty, restoration of churches and environmental charities, as well as to a variety of other charitable causes.

Charitable donations

Charitable donations made by the Duchy of Cornwall estate amounted to £95,000 (2019: £106,000), made to causes in the following areas:

- agriculture £17,000 (2019: £16,000);
- environment £32,000 (2019: £32,000); and
- community £46,000 (2019: £58,000).

Significant individual donations included:

- £25,000 (2019: £25,000) to the Islands Partnership, a body dedicated to the promotion of the destination of the Isles of Scilly; and
- £12,000 (2019: £15,000) to the Dartmoor Hill Farm Project.

Going concern

After making due enquiries and undertaking the normal forecasting procedures, including a five-year financial and strategic plan, the Proper Officers consider that the Duchy has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have continued to adopt the going concern basis in preparing the financial statements.

Employment policies

The Duchy of Cornwall's employment policies and practices have been updated and developed to support the Duchy's business plans, and to continue to strengthen its skilled workforce.

The Duchy estate is committed to open discussion and direct consultation with all employees as part of its Employee Relations Policy. Communication channels include an intranet, staff Duchy Day and a staff consultative committee.

All staff undertake an annual appraisal process to align their performance against objectives, linking back into the overall business plans of the Duchy estate. As part of this process, staff have the opportunity to agree to a Personal Development Plan prepared and discussed with their manager.

Proper Officers' report

STATEMENT OF THE PROPER OFFICERS' RESPONSIBILITIES IN THE PREPARATION OF THE ACCOUNTS

The Lord Warden of the Stannaries, the Receiver General, the Attorney General to HRH The Prince of Wales and the Secretary and Keeper of the Records (the "Proper Officers") are responsible for preparing the Governance Report and the Accounts, defined below, in accordance with applicable law and regulations.

The Accounts Direction given by HM Treasury dated 28th April 2020 (the "Accounts Direction") requires the Proper Officers to prepare Accounts for each financial year. Under the Accounts Direction the Proper Officers have prepared Group financial statements and Duchy of Cornwall financial statements (the "Accounts") in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU and as applied to the Accounts by the Accounts Direction.

Under the Accounts Direction, the Proper Officers must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Duchy of Cornwall, and of the surplus or deficit of the Group for that period. In preparing these Accounts, the Proper Officers:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the EU and as applied to the Group and the Duchy of Cornwall by the Accounts Direction have been followed, subject to any material departures disclosed and explained in the Accounts;
- prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Group and the Duchy of Cornwall will continue in business; and
- prepare the Accounts in accordance with the Accounts Direction, which is reproduced in the Appendix to the Accounts.

The Proper Officers are responsible for keeping proper accounting records that are sufficient to show and explain the Duchy of Cornwall's transactions, disclose with reasonable accuracy at any time the financial position of the Duchy of Cornwall, and enable them to ensure that the Accounts comply with the Accounts Direction. They are also responsible for safeguarding the assets of the Duchy of Cornwall, and hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

The Proper Officers are responsible for the maintenance and integrity of the Duchy of Cornwall's website. Legislation in the UK governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

So far as the Proper Officers are aware, there is no relevant audit information of which the Duchy of Cornwall's auditor is unaware; and they have taken all the steps that they ought to have taken as Proper Officers in order to make themselves aware of any relevant audit information and to establish that the Duchy of Cornwall's auditor is aware of that information.

Independent auditor's report to The Duke of Cornwall

REPORT ON THE AUDIT OF THE ACCOUNTS

Opinion

In my opinion, the Duchy of Cornwall's Group financial statements and Duchy of Cornwall financial statements (the "Accounts"):

- give a true and fair view of the state of the Group's and of the Duchy of Cornwall's affairs as at 31st March 2020 and of the Group's revenue surplus, the Group's capital surplus and the Group's and the Duchy of Cornwall's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied to the Duchy of Cornwall by the Accounts Direction given by HM Treasury dated 28th April 2020; and
- have been prepared in accordance with the Accounts Direction given by HM Treasury dated 28th April 2020.

I have audited the Accounts, included within the Integrated Annual Report (the "Annual Report"), which comprise: the Group and the Duchy of Cornwall balance sheets as at 31st March 2020; the Group Revenue Account Statement of Comprehensive Income, the Group Capital Account Statement of Comprehensive Income, the Group and the Duchy of Cornwall statements of cash flows, and the Group and the Duchy of Cornwall statements of changes in capital and reserves for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. My responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the Accounts section of my report. I believe that the audit evidence I have obtained

is sufficient and appropriate to provide a basis for my opinion.

Independence

I remained independent of the Group in accordance with the ethical requirements that are relevant to my audit of the Accounts in the UK, which includes the FRC's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Group and the Duchy of Cornwall – Significant estimation uncertainty in relation to the valuation of investment property

In forming my opinion on the Accounts, which is not modified, I have considered the adequacy of the disclosures made in notes 1 (critical judgements and estimates) and 8 (investment property) to the Accounts. These notes explain that there is significant estimation uncertainty in relation to the valuation of investment properties of £929million included in the Group and the Duchy of Cornwall balance sheet as at 31st March 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

Conclusions relating to going concern

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

- the Proper Officers' use of the going concern basis of accounting in the preparation of the Accounts is not appropriate; or
- the Proper Officers have not disclosed in the Accounts any identified material

uncertainties that may cast significant doubt about the Group's and the Duchy of Cornwall's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the Accounts are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Duchy of Cornwall's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Accounts and my auditor's report thereon. The Proper Officers are responsible for the other information. My opinion on the Accounts does not cover the other information and, accordingly, I do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with my audit of the Accounts, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Accounts or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If I identify an apparent material inconsistency or material misstatement, I am required to perform procedures to conclude whether there is a material misstatement of the Accounts or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report based on these responsibilities.

With respect to the Strategic Report and Proper Officers' report, I also considered whether the disclosures required by the Accounts Direction given by HM Treasury dated 28th April 2020 have been included.

Based on the responsibilities described above and my work undertaken in the course of the audit, ISAs (UK) require me also to report certain opinions and matters as described below.

Strategic Report and Proper Officers' report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Proper Officers' report for the year ended 31st March 2020 is consistent with the Accounts and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and the Duchy of Cornwall and their environment obtained in the course of the audit, I did not identify any material misstatements in the Strategic Report and Proper Officers' report.

Responsibilities for the Accounts and the audit Responsibilities of the Proper Officers for the Accounts

As explained more fully in the Statement of Proper Officers' responsibilities in the preparation of the Accounts set out on page 43, the Proper Officers are responsible for the preparation of the Accounts in accordance with the Accounts Direction given by HM Treasury dated 28th April 2020 and for being satisfied that they give a true and fair view. The Proper Officers are also responsible for such internal control as they determine is necessary to enable the preparation of the Accounts that are free from material misstatement, whether due to fraud or error.

In preparing the Accounts, the Proper Officers are responsible for assessing the Group's and the Duchy of Cornwall'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 Proper Officers either intend to liquidate the Group or the Duchy of Cornwall or

to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Accounts

My objectives are to obtain reasonable assurance about whether the Accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 Accounts.

A further description of my responsibilities for the audit of the Accounts is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for The Duke of Cornwall in accordance with Section 9 of the Duchy of Cornwall Management Act 1982 and for no other purpose. I do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by my prior consent in writing.

OTHER REQUIRED REPORTING

Opinion on matters required by the Duchy of Cornwall Management Act 1982

In my opinion:

- proper accounting records have been kept by the Proper Officers of the Duchy of Cornwall;
- the Proper Officers of the Duchy of Cornwall have maintained a satisfactory

system of control over transactions affecting the Duchy of Cornwall Property, as defined in the Duchy of Cornwall Management Act 1982; and

- the Accounts are in agreement with the accounting records of the Duchy of Cornwall.

Other matters on which I am required to report by exception

Under the terms of my engagement I am required to report to you if, in my opinion:

- I have not received all the information and explanations I require for my audit; or
- certain disclosures of Proper Officers' remuneration specified by the Accounts Direction given by HM Treasury dated 28th April 2020 are not made.

I have no exceptions to report arising from this responsibility.

Other matters

In my opinion, any conditions or restrictions that are subject to:

- a sanction of approval under:
 - Section 11 of the Duchy of Cornwall Management Act 1863; or
 - Section 2 of the Duchy of Cornwall Management Act 1868; or
- an authorisation under Section 3 or 7 of the Duchy of Cornwall Management Act 1982 have been satisfied or complied with.

Katharine Finn
Chartered Accountant and
Statutory Auditor
Bristol
12th June 2020

YEAR ENDED 31ST MARCH 2020

Financial statements

Presented to Parliament pursuant to Section 2 of the Duchies of Lancaster and Cornwall (Accounts) Act 1838

Group Revenue Account Statement of Comprehensive Income

	Notes	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Revenue	2	36,504	37,492
Operating costs	2	(14,106)	(15,337)
Operating surplus		22,398	22,155
Finance income	5	2,713	3,506
Finance costs	6	(3,421)	(3,711)
Net finance costs		(708)	(205)
Net surplus for the year		21,690	21,950
Surplus attributable to:			
Non-controlling interests		63	(294)
HRH		21,627	22,244
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to income statement:			
Actuarial (loss)/gain on retirement benefit obligations	7	(400)	1,802
Total comprehensive income on Revenue Account		21,290	23,752
Total comprehensive income attributable to:			
Non-controlling interests		63	(294)
Duchy of Cornwall		21,227	24,046

All operations are considered to be continuing.

The Duchy is not subject to corporation tax as it is not a separate legal entity for tax purposes. However, His Royal Highness voluntarily pays income tax on the Duchy's net surplus for the year (note 1).

Group Capital Account Statement of Comprehensive Income

	Notes	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Net gain/(loss) from Fair Value adjustment on investment property	8	4,256	(20,468)
Hedge termination costs		(1,890)	-
Net gain on the disposal of investment property		4,007	3,809
Net gain on revaluation of investment property held for sale		620	183
Net gain on the disposal of investment property held for sale		818	43
Share of loss from joint venture	10	(2,000)	(501)
Net gain on sale of associate		510	-
Finance costs		(187)	(230)
Charge from Revenue for salary costs	2	(967)	(1,118)
Other costs		(285)	(195)
Net surplus/(loss) for the year		4,882	(18,477)
Surplus/(loss) attributable to:			
Non-controlling interests		209	61
Duchy of Cornwall		4,673	(18,538)
Other comprehensive (expense)/income			
Items that will not be reclassified to capital profit or loss:			
Net (loss)/gain on revaluation of owner occupied property	9	(241)	100
Items that may be reclassified to capital profit or loss:			
Net gain/(loss) on the revaluation of financial assets	11	2,763	(7,921)
Net gain/(loss) on the revaluation of financial derivatives	15	1,075	(1,437)
Total comprehensive income/(expense) on Capital Account		8,479	(27,735)
Total comprehensive income/(expense) attributable to:			
Non-controlling interests		209	61
Duchy of Cornwall		8,270	(27,796)

The notes on pages 54 to 84 are an integral part of these financial statements.

Group balance sheet

	Note	As at 31 st March 2019 £'000	As at 31 st March 2020 £'000
Assets			
Non-current assets			
Investment property	8	949,307	928,586
Property, plant and equipment	9	14,634	19,010
Investments in joint ventures and associates	10	9,836	8,020
Financial assets	11	94,105	83,765
Trade and other receivables	12	200	1,000
Total non-current assets		1,068,082	1,040,381
Current assets			
Inventories		1,492	1,900
Trade and other receivables	12	9,225	9,780
Cash and cash equivalents	22	7,708	2,878
		18,425	14,558
Investment property assets held for sale	13	13,241	15,870
Total current assets		31,666	30,428
Total assets		1,099,748	1,070,809
Liabilities			
Current liabilities			
Trade and other payables	14	(17,411)	(13,411)
Borrowings	15	(808)	(1,225)
Lease liabilities		(100)	(271)
Total current liabilities		(18,319)	(14,907)
Non-current liabilities			
Trade and other payables	14	(9,476)	(6,400)
Borrowings	15	(132,643)	(132,843)
Lease liabilities		-	(2,514)
Derivative financial instruments	15	(769)	(2,122)
Retirement benefit obligations	7	(5,301)	(3,264)
Total non-current liabilities		(148,189)	(147,143)
Net assets		933,240	908,759
Reserves			
Revenue reserve available for distribution to HRH		3,609	5,225
Retirement benefit reserve		(7,464)	(5,662)
Capital reserve		936,537	910,178
Hedging reserve		(47)	(1,484)
		932,635	908,257
Non-controlling interest		605	502
Total equity		933,240	908,759

The notes on pages 54 to 84 are an integral part of these financial statements.

The financial statements on pages 46 to 84 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 12th June 2020.

Duchy of Cornwall balance sheet

	Note	As at 31 st March 2019 £'000	As at 31 st March 2020 £'000
Assets			
Non-current assets			
Investment property	8	938,959	918,226
Property, plant and equipment	9	8,072	8,563
Investments in joint ventures and associates	10	9,836	8,020
Investments in subsidiaries	10	8,441	7,440
Financial assets	11	94,105	83,765
Trade and other receivables	12	5,850	8,809
Total non-current assets		1,065,263	1,034,823
Current assets			
Inventories		370	430
Trade and other receivables	12	7,694	8,182
Cash and cash equivalents	22	6,540	2,705
		14,604	11,317
Investment property assets held for sale	13	13,241	15,870
Total current assets		27,845	27,187
Total assets		1,093,108	1,062,010
Liabilities			
Current liabilities			
Trade and other payables	14	(15,626)	(12,863)
Lease liabilities		(78)	(10)
Total current liabilities		(15,704)	(12,873)
Non-current liabilities			
Trade and other payables	14	(9,476)	(6,400)
Borrowings	15	(132,643)	(132,843)
Lease liabilities		-	(58)
Derivative financial instruments	15	(769)	(2,122)
Retirement benefit obligations	7	(5,301)	(3,264)
Total non-current liabilities		(148,189)	(144,687)
Net assets		929,215	904,450
Reserves			
Revenue reserve available for distribution to HRH		2,107	3,435
Retirement benefit reserve		(7,464)	(5,662)
Capital reserve		934,619	908,161
Hedging reserve		(47)	(1,484)
Total equity		929,215	904,450

The notes on pages 54 to 84 are an integral part of these financial statements.

The Duchy has elected under Section 408 of the Companies Act 2006 as allowed by the Accounts Direction given by HM Treasury dated 28th April 2020 not to include its own statement of comprehensive income in these financial statements. The profit for the year for the Duchy was £21.956million (2019: £21.036million).

The financial statements on pages 46 to 84 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 12th June 2020.

Group statement of changes in capital and reserves

	Revenue Account		Capital Account		Total £'000	Non- controlling interest £'000	Total reserves £'000
	Revenue reserve £'000	Retirement	Capital reserve £'000	Hedging reserve £'000			
		benefit reserve £'000					
Balance as at 1st April 2018	5,187	(7,064)	929,342	(1,122)	926,343	333	926,676
Net surplus for the year	21,627	-	4,673	-	26,300	272	26,572
Other comprehensive (expense)/income							
Net loss on revaluation of owner occupied property (note 9)	-	-	(241)	-	(241)	-	(241)
Net gain on revaluation of financial assets (note 11)	-	-	2,763	-	2,763	-	2,763
Gain on financial derivatives (note 15)	-	-	-	1,075	1,075	-	1,075
Actuarial loss on retirement benefit obligations (note 7)	-	(400)	-	-	(400)	-	(400)
Total comprehensive income	21,627	(400)	7,195	1,075	29,497	272	29,769
	26,814	(7,464)	936,537	(47)	955,840	605	956,445
Less payments made to HRH							
In respect of current year	(18,018)	-	-	-	(18,018)	-	(18,018)
In respect of prior year	(5,187)	-	-	-	(5,187)	-	(5,187)
Balance as at 31st March 2019	3,609	(7,464)	936,537	(47)	932,635	605	933,240
Net surplus/(loss) for the year	22,244	-	(18,538)	-	3,706	(233)	3,473
Other comprehensive income/(expense)							
Net gain on revaluation of owner occupied property (note 9)	-	-	100	-	100	-	100
Net loss on revaluation of financial assets (note 11)	-	-	(7,921)	-	(7,921)	-	(7,921)
Loss on financial derivatives (note 15)	-	-	-	(1,437)	(1,437)	-	(1,437)
Actuarial gain on retirement benefit obligations (note 7)	-	1,802	-	-	1,802	-	1,802
Total comprehensive expense	22,244	1,802	(26,359)	(1,437)	(3,750)	(233)	(3,983)
Non-controlling interest in subsidiary share capital	-	-	-	-	-	130	130
	25,853	(5,662)	910,178	(1,484)	928,885	502	929,387
Less payments made to HRH							
In respect of current year	(17,019)	-	-	-	(17,019)	-	(17,019)
In respect of prior year	(3,609)	-	-	-	(3,609)	-	(3,609)
Balance as at 31st March 2020	5,225	(5,662)	910,178	(1,484)	908,257	502	908,759

Revenue reserve

The revenue reserve and only the revenue reserve is available for distribution to HRH.

Capital reserve

The capital reserve contains the gains and losses on revaluation of assets held to generate income. Proceeds from the disposal of capital assets have to be reinvested. Neither the gains/losses on revaluation nor the proceeds from disposal are available for distribution to HRH.

Duchy of Cornwall statement of changes in capital and reserves

	Revenue Account		Capital Account		Total reserves £'000
	Revenue reserve £'000	Retirement	Capital reserve £'000	Hedging reserve £'000	
		benefit reserve £'000			
Balance as at 1st April 2018	4,276	(7,064)	927,725	(1,122)	923,815
Net surplus for the year	21,036	-	4,372	-	25,408
Other comprehensive (expense)/income					
Net loss on revaluation of owner occupied property (note 9)	-	-	(241)	-	(241)
Net gain on revaluation of financial assets (note 11)	-	-	2,763	-	2,763
Gain on financial derivatives (note 15)	-	-	-	1,075	1,075
Actuarial loss on retirement benefit obligations (note 7)	-	(400)	-	-	(400)
Total comprehensive income	21,036	(400)	6,894	1,075	28,605
	25,312	(7,464)	934,619	(47)	952,420
Less payments made to HRH					
In respect of current year	(18,018)	-	-	-	(18,018)
In respect of prior year	(5,187)	-	-	-	(5,187)
Balance as at 31st March 2019	2,107	(7,464)	934,619	(47)	929,215
Net surplus/(loss) for the year	21,956	-	(18,637)	-	3,319
Other comprehensive income/(expense)					
Net gain on revaluation of owner occupied property (note 9)	-	-	100	-	100
Net loss on revaluation of financial assets (note 11)	-	-	(7,921)	-	(7,921)
Loss on financial derivatives (note 15)	-	-	-	(1,437)	(1,437)
Actuarial gain on retirement benefit obligations (note 7)	-	1,802	-	-	1,802
Total comprehensive expense	21,956	1,802	(26,458)	(1,437)	(4,137)
	24,063	(5,662)	908,161	(1,484)	925,078
Less payments made to HRH					
In respect of current year	(17,019)	-	-	-	(17,019)
In respect of prior year	(3,609)	-	-	-	(3,609)
Balance as at 31st March 2020	3,435	(5,662)	908,161	(1,484)	904,450

Group statement of cash flows

	Note	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Cash generated from operating activities	16	21,246	20,752
Interest paid		(3,558)	(3,795)
Net cash from operating activities		17,688	16,957
Cash flows from investing activities			
Purchase of financial investments		(30,109)	(440)
Loans granted		-	(800)
Investments in joint ventures		(628)	(723)
Distributions from joint ventures		-	1,961
Proceeds from sale of associate		510	-
Proceeds from disposal of financial investments		1,422	2,859
Purchase of investment property		(1,436)	(1,298)
Property improvements and development expenditure		(15,514)	(17,389)
Proceeds from disposal of investment properties		9,310	10,069
Purchase of property, plant and equipment		(1,668)	(3,412)
Proceeds from disposal of assets held for sale		6,966	4,597
Financial investment income received		2,633	3,216
Interest received		18	18
Net cash outflow from investing activities		(28,496)	(1,342)
Cash flows from financing activities			
Proceeds from borrowings		105,676	417
Borrowings repaid		(75,000)	-
Principal paid on lease liabilities		-	(234)
Payments made to HRH		(23,205)	(20,628)
Net cash outflow/(inflow) from financing activities		7,471	(20,445)
Decrease in cash in the year		(3,337)	(4,830)
Cash and cash equivalents at start of year		11,045	7,708
Cash and cash equivalents at end of year		7,708	2,878

Duchy of Cornwall statement of cash flows

	Note	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Cash generated from operating activities	16	19,318	19,431
Interest paid		(3,330)	(3,627)
Net cash from operating activities		15,988	15,804
Cash flows from investing activities			
Purchase of financial investments		(30,109)	(440)
Loans repaid		500	-
Loans granted		-	(2,959)
Investments in joint ventures		(628)	(723)
Distributions from joint ventures		-	1,961
Distribution received from QMS		426	1,001
Proceeds from disposal of financial investments		1,422	2,859
Purchase of investment property		(1,436)	(1,298)
Property improvements and development expenditure		(15,514)	(17,378)
Proceeds from disposal of investment properties		9,310	10,069
Purchase of property, plant and equipment		(826)	(473)
Proceeds from disposal of assets held for sale		6,966	4,597
Financial investment income received		2,633	3,216
Interest received		549	567
Net cash (outflow)/inflow from investing activities		(26,707)	999
Cash flows from financing activities			
Proceeds from borrowings		105,000	-
Borrowings repaid		(75,000)	-
Principal paid on lease liabilities		-	(10)
Payments made to HRH		(23,205)	(20,628)
Net cash inflow/(outflow) from financing activities		6,795	(20,638)
Decrease in cash in the year		(3,924)	(3,835)
Cash and cash equivalents at start of year		10,464	6,540
Cash and cash equivalents at end of year		6,540	2,705

Notes to the financial statements

1 ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements incorporate the financial statements of the Duchy of Cornwall and its subsidiary undertakings all prepared up to 31st March 2020.

The financial statements of the Group and the Duchy have been prepared on a going concern basis and in accordance with the Accounts Direction issued by HM Treasury dated 28th April 2020 (set out on pages 86 to 87) and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Following the outbreak of COVID-19 in early 2020, careful consideration has been given to the likely impact on the Duchy. The Duchy has undertaken a detailed analysis of the potential impact of COVID-19 on its cash flows for the financial year ending 31st March 2021. This analysis includes a line by line assessment of the ability of tenants across the whole of its estate to meet their rental obligations, the likely levels of cash returns from the financial investments portfolio and the impact on the Duchy's trading businesses.

The Duchy has completed an equally detailed analysis of its costs and has identified a package of measures to contain costs through a range of actions and in particular deferring non-essential expenditure.

These analyses have produced a range of possible outcomes, which have been categorised as the pessimistic, expected and optimistic cases. The Duchy's analyses have been presented to, and reviewed by, the Duchy's Finance and Audit Committee.

All outcomes indicate that although the financial impact will be significant, the

availability of liquid resources to manage the situation will remain considerable and confirm that the Duchy will continue to meet its financial commitments and remains a going concern.

The Duchy is in the fortunate position that the Group Balance Sheet with net assets of £908million (including liquid financial investments of £79.7million) remains strong. Post the 31st March 2020 the valuation of the financial investment portfolio has not been materially impacted, however in the unlikely event that it is required, the Duchy has also arranged short term overdraft facilities to cover any temporary liquidity issues should they arise.

The financial statements have been prepared in Sterling (rounded to the nearest thousand), which is the presentational currency of the Group, and under the historical cost convention as modified by the revaluation of land and buildings, Fair Value through other comprehensive income investments, derivative financial instruments and financial assets and liabilities held for trading. A summary of the more important Group accounting policies, which have been applied consistently across the Group year on year, is set out below. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31st March 2020 reporting periods and have not been early adopted by the group. These standards

are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Significant judgements, key assumptions and estimates

Carrying value of loans and receivables

The Group tests loans and receivable financial assets annually for indicators of impairment, and performs an impairment assessment if indicators of impairments are identified. COVID-19 is considered to be an indicator of impairment and has been included in the expected credit loss reviews. The recoverable amount of loans and receivables is determined using valuation techniques and the Group uses its judgement to make assumptions based on the conditions existing at the end of each reporting period and information available.

Property assets held for sale

Judgement is taken to establish when to classify an investment property as an asset held for sale. The Duchy classifies investment properties as assets held for sale where their carrying amount is likely to be recovered principally through a sale transaction and a sale is considered highly probable within the next 12 months. Information on properties being openly marketed and the status of sale negotiations is used to aid the decision, but increased judgement is required by management to assess the likelihood of the sales within the next 12 months due to the heightened uncertainty in the property market due to the outbreak of COVID-19.

Property valuations

Investment properties, owner occupied property and investment property assets held for sale are all held at Fair Value, in accordance with valuations carried out by external and internal valuers. Valuations are based on a number of key assumptions, including estimates of future rental income, investment yields, and anticipated

1 ACCOUNTING POLICIES (continued)

outgoings and maintenance costs. The external and internal valuers also make reference to market evidence of transaction prices for similar properties.

COVID-19 has led to a higher degree of uncertainty in the property market. External and internal valuation experts have considered the increased uncertainty when determining the key assumptions included in the valuation. The external valuers have included a material valuation uncertainty clause in their reports for properties valued at 31st March 2020. The clause highlights significant estimation uncertainty regarding the valuation of investment property due to the COVID-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution.

Financial instruments valuations

The Duchy discloses the Fair Value of its financial instruments in a hierarchy that prioritises the inputs to valuation techniques used to measure Fair Value. The three levels are as follows:

- Level 1 financial instruments are valued at unadjusted quoted prices in active markets for identical instruments and require no estimates.
- Level 2 financial instruments are valued based significantly on observable market data. Inputs other than quoted prices are directly or indirectly observable for the asset or liability.
- Level 3 financial instruments use valuation techniques that incorporate at least one input (with a potentially significant impact on valuation) based on unobservable market data. The valuation techniques considered include the market approach, which uses comparable market transactions, and the income approach, which is based on the net present value of estimated future cash flows adjusted for factors such as credit, liquidity and market risk. Inputs may include price information, volatility statistics,

credit data, liquidity statistics and other factors. The outbreak of COVID-19 has led to increased volatility in the investment markets and as a result Level 3 investments require increased estimation on behalf of both the investment managers and Duchy management.

Revenue

Revenue is measured at the transaction price allocated to the performance obligations received or receivable, and represents amounts receivable for services provided or goods supplied, stated net of discounts and value added taxes. The Group recognises revenue when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Property income

This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable. Rental income is recognised on an accruals basis over the lease term.

Sales of produce at the Duchy's nursery

The Group operates a nursery selling plants and other goods. Sales of goods are recognised when a product is sold and control transfers to the customer. Sales are usually in cash or by credit card.

Income at J V Energen LLP

The Group has a subsidiary, J V Energen LLP, which has built and runs an anaerobic digestion and biomethane injection plant at Dorchester, Dorset. Income is recognised when biomethane is injected into the local gas distribution network or when electricity is exported to the grid. Sales of energy are invoiced and renewable energy subsidies are applied for via Ofgem.

Other income

Other income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Finance income

Income in respect of bank interest, fixed interest and corporate bond investments is accounted for on an accruals basis under the effective interest rate method. Equity income is included on a receipts basis.

Deferred revenue

The Group recognises a liability for rental income received in advance from the leasing out of investment property. Deferred lease rentals are recognised as revenue on a straight line basis over the lease term.

Foreign currencies

All foreign exchange dealings relate to the Capital Account. Foreign currency transactions are translated into Sterling at rates prevailing at the dates of transaction or at the year end rate where items are remeasured.

Gains and losses arising on conversion or translation are dealt with as part of realised and unrealised investment gains and losses within the Capital Account Statement of Comprehensive Income.

Post-retirement benefits

The Group operates post-employment schemes that include both defined benefit and defined contribution plans. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the Fair Value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows against interest rates. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised

1 ACCOUNTING POLICIES (continued)

immediately in the operating surplus.

For defined contribution plans the Duchy pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Duchy has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Net revenue surplus for the year

The Duchy of Cornwall is not subject to tax. Since 6th April 1993, on a voluntary basis, His Royal Highness has paid income tax at the prevailing rates in respect of the net revenue surplus of the Duchy for the year.

Investment property valuation

Investment properties including those held for development are valued on the basis of Fair Value. Investment properties are those held to earn income and/or capital appreciation. Any surplus or deficit on the revaluation of investment properties is recognised within the Capital Account Statement of Comprehensive Income.

Marine and mineral interests included within investment property are only specifically valued where a letting exists or where an interest is likely to be sold for a capital premium in the next year. The interests are valued on an existing use basis.

Owner occupied property

Properties occupied by the Duchy of Cornwall are valued on the basis of Fair Value. The properties are included within property, plant and equipment. Any surplus or deficit arising on revaluation is taken directly to the Capital Account Statement of Comprehensive Income.

No depreciation is provided in respect of these properties: owner occupied property is maintained to a high standard and will continue to be so. As a result, the residual value of the property at the point where the Duchy would cease to use it, or would dispose of it, is expected to be materially in line with fairvalue. As such, any depreciation (between Fair Value and residual value) at any point would be immaterial.

Investment property assets held for sale

Properties being actively marketed with the intention of disposal within 12 months of the balance sheet date are held at Fair Value. They are shown within the balance sheet as investment property assets within current assets. Any surplus or deficit arising on the revaluation of property assets held for sale is recognised within the Capital Account Statement of Comprehensive Income. Transfers into and out of investment property happen on a regular basis.

Disposal of properties

The sale of property is recognised when the control has been transferred to the buyer, usually when legally binding contracts which are irrevocable and unconditional are exchanged, which is when legal title passes to the purchaser, on completion. The profit or loss on disposal of properties is taken to the Capital Account Statement of Comprehensive Income. The profit or loss on disposal is determined as the difference between the sale proceeds and the carrying value of the asset at the commencement of the accounting period plus additions in the period and costs of sale. Properties transferred between categories are also valued at the carrying value at the commencement of the accounting period.

Impairment

All properties are carried at Fair Value. Impairment of other asset types is discussed, where relevant, within their respective accounting policies.

*Leases**Leases – the Group as lessor*

The Group has exercised judgement in determining that, in all material respects where the Duchy of Cornwall is the lessor, all such leases are accounted for as operating leases on a straight line basis over the term of the relevant lease. In exercising this judgement, consideration has been given to the nature and economic life of the buildings (which are all accounted for within investment properties), and whether substantially all the risks and rewards of ownership remain with the Duchy.

Leases – the Group as lessee

Where the Group is a lessee, a right of use asset and lease liability are recognised at the outset of the lease except for all leases of 12

months or less which are treated as short term leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Group's expectations of the likelihood of the lease extension or break options being exercised. The lease liability is subsequently adjusted to reflect the imputed interest, payments made to lessor and any lease modifications. The Group applies a single discount rate to portfolios with reasonably similar characteristics.

The right of use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before commencement date less any lease incentives received, and an estimate of any costs expected to be incurred at the end of the lease to dismantle or restore the asset. The right of use asset classified as property, plant and equipment is subsequently depreciated over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life. The amount charged to the income statement comprises the depreciation of the right of use asset and the imputed interest on the liability.

Plant and equipment

Plant and equipment is stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Plant and equipment is purchased out of the Capital Account under the terms of warrants issued under Section 7 of the Duchy of Cornwall Management Act 1982.

The plant and equipment is depreciated on a straight line basis, over the expected useful life, and repaid out of the Revenue Account Statement of Comprehensive Income applying the following rates:

- motor vehicles – 25% per annum; and
- plant and equipment – 4% to 33% per annum.

The plant and equipment residual values and useful lives are reviewed and adjusted if appropriate at each financial year end. The carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

1 ACCOUNTING POLICIES (continued)

Financial investments

Financial investments under IFRS 9 are now categorised as Fair Value through other comprehensive income and are measured at Fair Value with profits or losses on revaluation being taken to the Capital Account Statement of Comprehensive Income.

The Duchy recognises private equity and fixed interest securities as Fair Value through other comprehensive income as they are held to collect cashflows or to sell.

The Duchy elected to recognise equity financial investments as Fair Value through other comprehensive income to reduce volatility in the income statement, this will result in no recycling through the profit and loss.

*Consolidation**(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the Fair Values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the Fair Value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their Fair Values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at Fair Value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to Fair Value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Associates and joint ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are undertakings in which the Duchy has an interest and which are jointly controlled by the Duchy and one or more other parties. Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profits or losses is recognised in the Revenue Account Statement of Comprehensive Income. Its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Inventories

Wood, nursery and other stocks are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) basis. Inventory is presented net of provisions held for slow moving, obsolete or damaged items.

Provisions

Provisions are recognised when the Duchy has an obligation in respect of a past event, where it is more likely than not that payment (or a non-cash settlement) will be required to settle the obligation, and where the amount can be reliably estimated. Provisions are discounted when the time value of money is considered material.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

Trade and other receivables

Trade and other receivables are recognised initially at Fair Value and subsequently held at amortised cost less allowances for situations where recovery is doubtful. Such allowances are based on the expected credit loss model. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the income statement.

Trade payables

Trade payables are recognised initially at Fair Value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at Fair Value and subsequently measured at amortised cost using the effective interest method.

Upon renegotiation of a loan an assessment is made if the loan is modified or extinguished. Upon modification or extinguishment any associated costs will be recognised in the capital income statement.

Capitalisation of staff costs

Staff costs are recharged to the Capital Account on a relevant time basis for dealing with appropriate capital works or transactions.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at Fair Value on the date a derivative contract is entered into and are subsequently remeasured at their Fair Value. The method

1 ACCOUNTING POLICIES (continued)

of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Duchy designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Duchy documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Duchy also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in Fair Values or cash flows of hedged items.

The Fair Values of various derivative instruments used for hedging purposes are disclosed in note 15. The full Fair Value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of hedging instrument is more than 12 months and as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months.

Cash flow hedge

The effective portion of changes in the Fair Value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income, within the Capital Account Statement of Comprehensive Income. The ineffective portion of changes in the Fair Value of derivatives is recognised in the surplus or deficit within the Capital Account

Statement of Comprehensive Income. Amounts accumulated in reserves are reclassified to Revenue Account Statement of Comprehensive Income in the periods when the hedged transaction takes place.

When a hedging instrument expires, is sold or no longer meets the criteria for hedge accounting, any effective cumulative gain or loss existing in reserves at that time remains in reserves and is recognised when the forecast transaction is ultimately recognised in the Revenue Account Statement of Comprehensive Income. Any resulting ineffectiveness will be taken to the Capital Account Statement of Comprehensive Income.

Investment in subsidiaries and associate undertakings

Investments in subsidiaries and associate undertakings are held at cost less accumulated impairment losses by the Duchy.

IBOR reform

The Duchy has considered the impact of IBOR reform on the Duchy's hedge accounting. The Group has elected to early adopt the 'Amendments to IFRS 9, and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continuing should be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present. The Duchy has a limited exposure to changes in the IBOR benchmark (this is related to LIBOR reform). The Duchy has £2.1 million of interest rate swaps which are in a cash flow hedge relationship. The Duchy has considered an IBOR transition plan.

The Duchy currently anticipates that the areas of greatest change will be amendments to the contractual terms of LIBOR-referenced swap and updating hedge designations. In summary, the reliefs provided by the amendments that apply to Duchy and Group are:

- In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Duchy has assumed that the LIBOR interest rate on which the cash flows of the interest rate swap that hedges GBP loan is not altered by LIBOR reform.
- The Duchy will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness demonstrates ineffectiveness due to IBOR reform. The Duchy has assessed whether the hedged LIBOR risk component is a separately identifiable risk only when it first designates the hedge and not on an ongoing basis.

2 ANALYSIS OF REVENUE ACCOUNT OPERATING SURPLUS

	Note	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Property income:			
Agricultural income		8,175	8,207
Commercial income		16,023	16,839
Residential income		6,322	6,540
Total property income		30,520	31,586
Sale of goods		5,984	5,906
Total operating income		36,504	37,492
Staff costs	4	5,151	5,567
Charge to Capital Account		(967)	(1,118)
Direct cost of sales		4,184	4,449
Depreciation	9	2,626	2,838
Repairs and maintenance		1,013	1,049
Administration		2,603	3,066
Other operating costs		3,046	3,119
Other operating costs		634	816
Total operating costs		14,106	15,337
Operating surplus		22,398	22,155

An analysis of the Capital Account operating surplus is not deemed necessary given the nature of the transactions and disclosure within the primary statements.

During the year the Group obtained the following services from the Duchy of Cornwall's auditors and their associates:

	Year ended 31 st March 2019 £	Year ended 31 st March 2020 £
Fees payable to the Duchy of Cornwall auditors for the audit of the Duchy and consolidated financial statements	102,220	112,000
Fees payable to the Duchy of Cornwall auditors and their associates for other services:		
The audit of QMS (Poundbury) LLP	5,730	8,000
	107,950	120,000

3 LEASING: OPERATING LEASES WITH TENANTS

The Duchy of Cornwall leases out all of its investment properties under operating leases with, on average, 63 years remaining to expiry. The aggregate minimum rentals, excluding contingent rents, receivable under non-cancellable leases are as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Less than one year	18,128	19,164
Between two to five years	62,588	64,597
After five years	304,867	334,066
	385,583	417,827

Leases with no fixed expiry date have been excluded from the detail above.

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Contingent rents receivable	1,788	2,277

The value of the assets generating this rental income is detailed in note 8.

4 STAFF COSTS

The average number of full time equivalent staff employed by the Duchy during the year was 108 (2019: 108). The split of staff was: Administrative 65, Estate workers 12, Nursery 24, Housekeepers 7 (2019: Administrative 65, Estate workers 13, Nursery 23, Housekeepers 7). The total remuneration for the Group was £5.567million (2019: £5.151million) comprising:

	Group Year ended 31 st March 2019 £'000	Duchy Year ended 31 st March 2019 £'000	Group Year ended 31 st March 2020 £'000	Duchy Year ended 31 st March 2020 £'000
Wages and salaries	3,835	3,652	4,163	3,988
Social security costs	407	391	434	415
Pension costs	766	766	843	843
Other staff costs	143	143	127	127
	5,151	4,952	5,567	5,373

Staff costs of £1.118million (2019: £0.967million) are charged to the Capital Account reflecting the extent that they are deemed to be enhancing its value.

Other staff costs include benefits (such as health insurance) and skill enhancement costs for appropriate staff.

The emoluments of members of The Prince's Council were as follows:

	Year ended 31 st March 2019 £	Year ended 31 st March 2020 £
Alastair Martin	285,495	304,964
Jonathan Crow	3,000	2,250
Mark Thomas	8,000	8,000
	296,495	315,214

In addition, pension contributions of £41,250 (2019: £38,625) were paid into a money purchase scheme for Alastair Martin.

5 FINANCE INCOME – GROUP

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Interest and dividend income from financial investments measured at Fair Value through other comprehensive income	2,657	3,445
Bank interest	17	13
Loan interest	39	48
	2,713	3,506

6 FINANCE COSTS – GROUP

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Loan interest	3,421	3,711

Loan interest cost recognised for the year ended 2020 includes £84,000 transferred to (2019: £243,000 transferred from) hedging reserve in relation to the interest rate swaps.

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY

The Duchy operates a defined benefit scheme in the UK which is a final salary scheme and provides benefits linked to salary at retirement or earlier date of leaving service. The Scheme is open to future accrual but closed to new entrants.

The last completed actuarial valuation as at 1st January 2019 showed a funding deficit at that date of £4.59million. The Duchy agreed with the trustees of the Duchy of Cornwall Staff Pension Scheme a recovery plan to eliminate this funding shortfall by making additional annual contributions of £8,880 over a six-year period backdated to the valuation date. The results of the valuation as at 1st January 2019 have been used as a basis and then rolled forward to 31st March 2020.

The Scheme operates under the Pensions Act 2004.

Trustees have the primary responsibility for governance of the Scheme. Benefit payments are from trustee-administered funds and Scheme assets are held in trusts, which are governed by UK regulation. Responsibility for governance of the Scheme, including setting contribution rates, lies jointly with the Duchy and the trustees. However, investment decisions are the responsibility of the trustees only. The trustees are comprised of nominations from the Duchy and members in accordance with the Trust Deed and Rules.

Description of risks to which the Scheme exposes the Duchy:

- Asset volatility – if the Scheme's assets underperform the discount rate a deficit may result and so to mitigate this, the trustees have agreed that the Scheme's investment strategy will be derisked over time. This is achieved by funding triggers which allow the Scheme to take advantage of favourable market conditions and developments in the funding level. If the funding level improves by a predetermined amount, then a switch to increase the target allocation for liability matching assets will be made.
- Inflation – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although for most increases there are caps in place which protect against extreme inflation).
- Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the Scheme's liabilities.

There have been no Scheme amendments, curtailments or settlements over the year.

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY *(continued)**Recognition of funded status*

The amounts to be recognised in the balance sheet are determined as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Fair Value of assets at end of year	24,765	22,917
Present value of obligations at end of year	(30,066)	(26,181)
Net defined benefit obligation	(5,301)	(3,264)

Expense recognised in income statement

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Current service cost	340	354
Administration expenses	109	105
Operating expense	449	459
Net interest on the net defined benefit obligation	125	119
Total expense recognised in income statement	574	578

Reconciliation of value of defined benefit obligations over the year

The movement in defined benefit obligations over the year was as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Present value of obligations at start of year	28,901	30,066
Current service cost	340	354
Interest cost	741	712
Distributions	(830)	(814)
Experience losses/(gains)	89	(1,512)
Actuarial gains/(losses) arising from change in financial assumptions	1,093	(934)
Actuarial gains arising from change in demographic assumptions	(268)	(1,691)
Present value of obligations at end of year	30,066	26,181

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY *(continued)**Reconciliation of Fair Value of assets*

The movement in the Fair Value of assets over the year was as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Fair Value of assets at start of year	23,763	24,765
Employer contributions	811	813
Interest income	616	593
Return on Scheme assets excluding interest income	514	(2,335)
Distributions	(830)	(814)
Administration expenses and death in service premia	(109)	(105)
Fair Value of assets at end of year	24,765	22,917

Movement in net defined benefit obligation over the year

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Net defined benefit obligation at beginning of the year	(5,138)	(5,301)
Employer contributions	811	813
Expense recognised in income statement	(574)	(578)
Remeasurement (loss)/gain recognised in OCI	(400)	1,802
Net defined benefit obligation at end of the year	(5,301)	(3,264)

Remeasurement effects recognised in other comprehensive income (OCI)

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Return on Scheme assets excluding interest income	514	(2,335)
Experience (losses)/gains on obligations	(89)	1,512
Actuarial (losses)/gains arising from change in financial assumptions	(1,093)	934
Actuarial gains arising from change in demographic assumptions	268	1,691
Total (losses)/gains recognised in OCI	(400)	1,802

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY (continued)

Actuarial assumptions at end of year

	31 st March 2019	31 st March 2020
Discount rate (p.a.)	2.40%	2.20%
Salary increases (p.a.)	4.40%	3.25%
RPI inflation (p.a.)	3.15%	2.80%
CPI inflation (p.a.)	2.15%	2.00%
Pension increases: RPI min 0%, max 5% (p.a.)	3.05%	2.75%
Post-retirement mortality (base table)	86% of S2PMA for males/ 80% of S2PFA for females	S3PxA 'light' adjusted for CMI
Post-retirement mortality (improvements)	CMI 2017 projections with a long-term trend rate of 1.50% p.a. for males and 1.25% p.a. for females (from 2008 onwards)	2018 projections with 1.5% p.a. long-term trend rate

Sensitivity analysis

Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below.

	31 st March 2020 £'000
Value of obligations at the end of the year if:	
Discount rate reduced by 0.25% p.a.	27,281
Discount rate increased by 0.25% p.a.	25,181
Salary increases increased by 0.25% p.a.	26,281
Salary increases decreased by 0.25% p.a.	26,081
Inflation increased by 0.25%* p.a.	27,181
Inflation decreased by 0.25%* p.a.	25,281
Life expectancy increased by approximately one year	27,181
Life expectancy decreased by approximately one year	25,181

* This sensitivity allows for the impact on all inflation-related assumptions (salary increases, deferred revaluation and pension increases (subject to the relevant caps and floors)).

The above analyses assume that assumption changes occur in isolation except in the case of inflation where any change is assumed to have a corresponding impact on salary increases, deferred revaluation and inflation-linked pension increases. In practice this is unlikely to occur and some assumptions may be correlated. The same method (projected unit method) has been applied when calculating these sensitivities as when calculating the defined benefit obligation.

Description of any asset-liability matching strategies

The trustees have agreed that the Scheme's investment strategy will be derisked over time. This is done by funding triggers which allow the Scheme to take advantage of favourable market conditions and developments in the funding level. If the funding level improves by a predetermined amount, then a switch to increase the target allocation for liability matching assets will be made.

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY (continued)

Breakdown of value of assets at end of year

The following tables provide information on the composition and Fair Value of assets of the Scheme.

	Quoted £'000	Unquoted £'000	Total £'000
UK equities	4,416	-	4,416
Overseas equities	7,386	-	7,386
Index-linked gilts	5,595	-	5,595
UK corporate bonds: investment grade	5,237	-	5,237
Cash and net current assets	-	283	283
At 31st March 2020	22,634	283	22,917

	Quoted £'000	Unquoted £'000	Total £'000
UK equities	5,430	-	5,430
Overseas equities	8,555	-	8,555
Index-linked gilts	5,556	-	5,556
UK corporate bonds: investment grade	5,105	-	5,105
Cash and net current assets	-	119	119
At 31st March 2019	24,646	119	24,765

Effect of the Scheme on the Duchy's future cash flows

Description of any funding arrangements and funding policy that would affect future contributions:

The Scheme was in deficit on a funding basis at 1st January 2019, the date of the latest completed annual actuarial report. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed with an effective date of 1st January 2022.

The Duchy's best estimate of contributions to be paid over following year (£'000)	753
Average duration of the liabilities (years)	17
Expected future benefit payments (£'000):	
Year ending 31 st March 2021	813
Year ending 31 st March 2022	997
Year ending 31 st March 2023	1,118
Year ending 31 st March 2024	947
Year ending 31 st March 2025	970
Five years ending 31 st March 2030	5,269

The Duchy also contributes to defined contribution scheme arrangements, the charge for which was £411,000 (2019: £347,000).

8 INVESTMENT PROPERTY – GROUP

	Agricultural & Forestry £'000	Commercial £'000	Residential £'000	Development land £'000	Total £'000
At 1st April 2018	411,721	286,159	198,666	43,927	940,473
Additions	41	1,391	4	-	1,436
Capital improvements	2,587	365	2,212	10	5,174
Capitalised development expenditure	-	-	-	7,968	7,968
Transfer to property, plant and equipment – at Fair Value	-	-	(256)	-	(256)
Transfer to investment property assets held for sale	(419)	-	(410)	(3,611)	(4,440)
Transfers between investment property categories	(665)	268	335	62	-
Disposals	(3,438)	-	(512)	(1,354)	(5,304)
Net (loss)/gain from Fair Value adjustments on investment property	(1,902)	11,084	720	(5,646)	4,256
At 31st March 2019	407,925	299,267	200,759	41,356	949,307
Additions	320	-	978	-	1,298
Capital improvements	2,818	240	1,781	16	4,855
Capitalised development expenditure	-	-	-	9,874	9,874
Transfer to property, plant and equipment – at Fair Value	-	(400)	-	-	(400)
Transfer to investment property assets held for sale	(3,044)	(140)	(155)	(6,281)	(9,620)
Disposals	(1,291)	-	(27)	(4,942)	(6,260)
Net (loss)/gain from Fair Value adjustments on investment property	(10,349)	(3,722)	2,480	(8,877)	(20,468)
At 31st March 2020	396,379	295,245	205,816	31,146	928,586

8 INVESTMENT PROPERTY – THE DUCHY

	Agricultural & Forestry £'000	Commercial £'000	Residential £'000	Development land £'000	Total £'000
At 1st April 2018	411,721	277,677	196,799	43,927	930,124
Additions	41	1,391	4	-	1,436
Capital improvements	2,587	365	2,212	10	5,174
Capitalised development expenditure	-	-	-	7,968	7,968
Transfer to property, plant and equipment – at Fair Value	-	-	(256)	-	(256)
Transfer to investment property assets held for sale	(419)	-	(410)	(3,611)	(4,440)
Transfers between investment property categories	(665)	268	335	62	-
Disposals	(3,438)	-	(512)	(1,354)	(5,304)
Net (loss)/gain from Fair Value adjustments on investment property	(1,902)	11,085	720	(5,646)	4,257
At 31st March 2019	407,925	290,786	198,892	41,356	938,959
Additions	320	-	978	-	1,298
Capital improvements	2,818	240	1,781	16	4,855
Capitalised development expenditure	-	-	-	9,874	9,874
Transfer to property, plant and equipment – at Fair Value	-	(400)	-	-	(400)
Transfer to investment property assets held for sale	(3,044)	(140)	(155)	(6,281)	(9,620)
Disposals	(1,291)	-	(27)	(4,942)	(6,260)
Net (loss)/gain from Fair Value adjustments on investment property	(10,349)	(3,734)	2,480	(8,877)	(20,480)
At 31st March 2020	396,379	286,752	203,949	31,146	918,226

8 INVESTMENT PROPERTY – GROUP AND THE DUCHY

Fair Values of land and buildings

The Duchy holds four main classes of investment property: Commercial property (Urban and Rural), Agricultural property (Agricultural, Forestry and Other Rural Assets), Residential property and Development land. The Duchy's investment property is measured at Fair Value. For all properties the current use equates to the highest and best use.

All properties are valued on an annual basis. All significant development sites plus 20% by number of the remaining properties in the mainland rural estate are valued by Savills on a rotational basis. The balance of mainland rural estate properties are valued by internal valuers who are Royal Institution of Chartered Surveyors (RICS) Registered Valuers and employees of the Duchy of Cornwall. The internal valuers have detailed management knowledge of the properties concerned. The internal valuation team is led by one of the Duchy's employees, a RICS Registered Valuer, supported by the Duchy's Finance Director. All Isles of Scilly properties are valued externally by Savills. All of the London residential properties are valued externally by Cluttons. All of the urban commercial properties are valued externally by Avison Young. All valuations are in accordance with the RICS Valuation – Global Standards effective from 31st January 2020 (incorporating the IVSC International Valuation Standards) (the “Red Book”) and, if relevant, the RICS Valuation – Global Standards 2017: UK National Supplement effective from 14th January 2019. For the valuation at 31st March 2020 the third party valuers have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. Valuation fees for external valuers are a fixed amount agreed prior to the valuation and independent of the portfolio value. Internal valuers are not incentivised in any way in relation to property value.

Fair Value measurements using significant unobservable inputs (Level 3)

The Fair Value of the Duchy's property portfolio is determined using a variety of techniques depending on the property type and the terms of the lease. These techniques include the yield methodology, adjusted sales comparison approach and discounted cash flow, and are consistent with IFRS 13 Fair Value Measurement. They involve a degree of judgement and use data which is not widely publicly available. Inputs to the valuations, some of which are “unobservable” as defined by IFRS 13, include capitalisation rates, discount rates and comparable market values for both rents and vacant possession values. For these reasons, and consistent with EPRA's guidance and practice adopted within the property sector, all valuations of the Duchy's property portfolio are classified as Level 3 as defined by IFRS 13.

Valuation processes

Property is valued according to one or more of the following three approaches:

- yield methodology: the value of the income stream for the term of the lease, by reference to the current rent for the property, rent review provisions, market rent for similar properties and capitalisation rates from similar properties traded in the same geographic region;
- adjusted sales comparison approach: the vacant possession value of similar properties, the time until vacant possession will be achieved and discount rates for similar properties traded in the same geographic region; and
- discounted cash flow: net future cash flows for the duration of a project are discounted at an appropriate rate, and a risk factor may be applied.

The external valuers provide capitalisation and discount rates. They review all valuations performed by the internal valuers and consider all major inputs to the valuation process, including market rents, comparable vacant

possession values for similar properties and the unexpired term of leases. Together with the Duchy's internal lead valuer and finance team they review the output from the valuation including the valuation techniques used for each property, adjustments made to default values for unobservable inputs and the correlation of valuation inputs to data from the Duchy's property and financial systems. They assess valuation movements compared to the prior year valuation (at a property, valuer, regional and property-type level), and review ratios of let value to vacant possession value, values per square metre or per hectare, effective yields and comparisons to property market indices.

All development land is valued externally, the majority on the basis of discounted cash flows. Inputs are applied to each section of each development site, taking into consideration the specific situation for each site – the stage of development, the extent of planning permissions and the contractual arrangements in place. Detailed discussions are held between the external valuers and the Duchy's Estate Director and Finance Director. The two main uncertainties in valuing development land are the eventual market prices for the buildings and land at each site and the rate of future sales.

It is recognised that as a result of COVID-19, property market activity was severely curtailed at 31st March 2020. The property valuations take account of the impact of COVID-19 at 31st March 2020 although the impact is not considered to be significant. After careful review, the Duchy is comfortable that such volatility and uncertainty poses no short or long term financial threat to the asset values of the properties. The Duchy has a strong and diversified portfolio of assets that are well placed to prosper going forward.

The valuation results are reviewed by the Duchy's Finance & Audit Committee.

8 INVESTMENT PROPERTY – GROUP AND THE DUCHY (continued)

Relationship of significant unobservable inputs to Fair Value and the impact of significant changes to those inputs

Unobservable input	Impact on Fair Value of changes to input	
	Increase in input	Decrease in input
Adjusted comparable vacant possession values	Increase in Fair Value	Decrease in Fair Value
Rental values	Increase in Fair Value	Decrease in Fair Value
Capitalisation rates	Decrease in Fair Value	Increase in Fair Value
Discount rates	Decrease in Fair Value	Increase in Fair Value

Impact on Fair Value of changes to capitalisation and discount rates (ceteris paribus)

All in £'000	Increase of 50 basis points	As disclosed	Decrease of 50 basis points
Agricultural	299,005	347,987	441,474
Other rural assets	26,694	27,744	28,891
Urban commercial	199,449	218,566	250,333
Rural commercial	72,521	76,679	81,545
Residential property	202,436	205,816	209,649

Impact on Fair Value of changes to market rental values (ceteris paribus)

All in £'000	Increase of 10%	As disclosed	Decrease of 10%
Urban commercial	236,618	218,566	207,674

The Fair Values at the balance sheet date, valuation techniques, nature and, where meaningful, range of unobservable inputs are shown in the table below for each class of investment property.

8 INVESTMENT PROPERTY – GROUP AND THE DUCHY (continued)

Quantitative data about Fair Value measurement using unobservable inputs (Level 3) – Group

Property type	Fair Value at 31 st March 2020 £'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (where meaningful)			
Agricultural & Forestry	£347,987	Yield methodology	Rental values	–			
			Capitalisation rate	Farms: 1.5% to 3.5% Bare land: 9% to 10%			
			Adjusted sales comparison approach	Adjusted comparable vacant possession values	–		
			Discount rate for terminal value	5% to 7%			
			Estimate of period until vacant possession achieved	0 to 79 years (average 5 years)			
		Forestry	£20,648	Adjusted sales comparison approach	Price per hectare	£2,471 to £49,420 (average £9,069) per hectare	
					Other rural assets	£27,744	
		Other rural assets	£27,744	Yield methodology	Rental values	–	
					Capitalisation rate	8% to 12%	
					Discount rate for terminal value	8.5% to 12%	
Total	£396,379						
Commercial	£218,566	Yield methodology	Rental values	Industrial: £73 to £102 psm Office: £17 to £526 psm Retail: £129 to £616 psm			
			Capitalisation rate	Industrial: 4.8% to 6.5% Office: 3.3% to 5.3% Retail: 5.2% to 6.6% Other: 2.8% to 9.5%			
			Rural commercial	£76,679			
			Rental values	–			
			Capitalisation rate	6.75% to 11%			
		Total	£295,245				
		Residential	£205,816	Yield methodology	Rental values	–	
					Capitalisation rate	4% to 5%	
					Adjusted sales comparison approach	Adjusted comparable vacant possession values	–
					Discount rate for terminal value	5% to 7%	
Estimate of period until vacant possession achievable, for short-term lets	0 to 18 years (average 0.8 years) Fair Value £126m						
Adjusted sales comparison approach	£205,816			Yield methodology	Estimate of period until vacant possession achievable, for long-term lets	0 to 162 years (average 38 years) Fair Value £78m	
					Development land	£31,146	
					Discounted cash flow	Discount rate	7% to 8% (average 7.2%)
						Risk factor	0% to 55% (average 11.9%)
						Time to completion	< 1 year, to 26 years (average 9.5 years)

9 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Motor vehicles £'000	Right of use motor vehicles £'000	Plant and equipment £'000	Right of use plant and equipment £'000	Owner-occupied property £'000	Right of use owner occupied property £'000	Total £'000
1st April 2018							
Cost/valuation	210	-	14,196	-	5,143	-	19,549
Accumulated depreciation	(140)	-	(5,445)	-	-	-	(5,585)
Net book value	70	-	8,751	-	5,143	-	13,964
Year ended 31st March 2019							
Additions/improvements	30	46	1,231	26	288	47	1,668
Transfer from investment property	-	-	-	-	256	-	256
Fully written down – cost	(26)	-	(498)	-	-	-	(524)
Depreciation charge	(44)	(18)	(947)	(4)	-	-	(1,013)
Fully written down – depreciation	26	-	498	-	-	-	524
Revaluation	-	-	-	-	(241)	-	(241)
At 31st March 2019	56	28	9,035	22	5,446	47	14,634
At 1st April 2019							
Cost/valuation	214	46	14,929	26	5,446	47	20,708
Accumulated depreciation	(158)	(18)	(5,894)	(4)	-	-	(6,074)
Net book value	56	28	9,035	22	5,446	47	14,634
Year ended 31st March 2020							
Additions/improvements	-	-	3,412	1,523	-	-	4,935
Transfer from investment property	-	-	-	-	400	-	400
Transfer between categories – cost	-	-	(2,422)	2,422	-	-	-
Disposal at cost	-	-	(13)	-	-	-	(13)
Fully written down – cost	(68)	-	(498)	-	-	-	(566)
Depreciation charge	(32)	(13)	(811)	(193)	-	-	(1,049)
Transfer between categories – depreciation	-	-	831	(831)	-	-	-
Depreciation on disposal	-	-	3	-	-	-	3
Fully written down – depreciation	68	-	498	-	-	-	566
Revaluation	-	-	-	-	100	-	100
At 31st March 2020	24	15	10,035	2,943	5,946	47	19,010
At 31st March 2020							
Cost/valuation	146	46	15,408	3,971	5,946	47	25,564
Accumulated depreciation	(122)	(31)	(5,373)	(1,028)	-	-	(6,554)
Net book value	24	15	10,035	2,943	5,946	47	19,010

9 PROPERTY, PLANT AND EQUIPMENT – THE DUCHY

	Motor vehicles £'000	Right of use motor vehicles £'000	Plant and equipment £'000	Right of use plant and equipment £'000	Owner-occupied property £'000	Right of use owner occupied property £'000	Total £'000
At 1st April 2018							
Cost/valuation	210	-	5,415	-	5,143	-	10,768
Accumulated depreciation	(140)	-	(2,950)	-	-	-	(3,090)
Net book value	70	-	2,465	-	5,143	-	7,678
Year ended 31st March 2019							
Additions/improvements	30	8	427	26	288	47	826
Transfer to investment property	-	-	-	-	256	-	256
Fully written down – cost	(26)	-	(498)	-	-	-	(524)
Depreciation charge	(44)	-	(399)	(4)	-	-	(447)
Fully written down – depreciation	26	-	498	-	-	-	524
Revaluation	-	-	-	-	(241)	-	(241)
At 31st March 2019	56	8	2,493	22	5,446	47	8,072
At 31st March and 1st April 2019							
Cost/valuation	214	8	5,344	26	5,446	47	11,085
Accumulated depreciation	(158)	-	(2,851)	(4)	-	-	(3,013)
Net book value	56	8	2,493	22	5,446	47	8,072
Year ended 31st March 2020							
Additions/improvements	-	-	473	-	-	-	473
Transfer from investment property	-	-	-	-	400	-	400
Disposal at cost	-	-	(13)	-	-	-	(13)
Fully written down – cost	(68)	-	(498)	-	-	-	(566)
Depreciation charge	(32)	(3)	(430)	(7)	-	-	(472)
Depreciation on disposal	-	-	3	-	-	-	3
Fully written down – depreciation	68	-	498	-	-	-	566
Revaluation	-	-	-	-	100	-	100
At 31st March 2020	24	5	2,526	15	5,946	47	8,563
At 31st March 2020							
Cost/valuation	146	8	5,306	26	5,946	47	11,479
Accumulated depreciation	(122)	(3)	(2,780)	(11)	-	-	(2,916)
Net book value	24	5	2,526	15	5,946	47	8,563

An independent valuation of the Group's land and buildings was performed by valuers – see note 8 for further details. The revaluation surplus was credited to other comprehensive income and is shown in 'Capital reserve'.

10 INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARIES

The Group has the following undertakings for the year ended 31st March 2020:

Name	Entity type	Principal activity	% of holding
QMS (Poundbury) LLP*	Partnership	Investment property	100
RP (Poundbury) LLP**	Partnership	Investment property	50
Poundbury Spa LLP**	Partnership	Spa operation	15
J V Energen LLP***	Partnership	Energy supply	54
Barrow Shipping Ltd***	Company	Biomethane shipping and marketing	15
BioCarbonics Ltd***	Company	Renewable CO ₂ sourcing and marketing	30
West Country Soil Improvements Ltd***	Company	Soil improver production and marketing	100

*Registered Office 66 Lincoln's Inn Fields, London WC2A 3LH

**Registered Office c/o C G Fry & Sons, Litton Cheney, Dorchester, Dorset DT2 9AW

***Registered Office c/o Wilkin Chapman LLP, The Maltings, Brayford Wharf, East Lincoln LN5 7AY

Investments in joint ventures

As at 1st April 2020, the Duchy owned 50% of the members' capital of RP (Poundbury) LLP.

	31 st March 2019 £'000	31 st March 2020 £'000
Balance at 1st April	11,208	9,070
Net invested in year	917	124
Distributed in year	(1,055)	(1,961)
Share of loss	(2,000)	(501)
Balance at 31st March	9,070	6,732

RP (Poundbury) LLP was incorporated on 14th March 2015 and commenced trading on that date. The principal activity of RP (Poundbury) LLP during the year was property development.

The latest unaudited financial statements were produced for the year ended 31st March 2020. The aggregate assets, liabilities, revenue and results for RP (Poundbury) LLP were as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Assets	18,163	13,496
Liabilities	(23)	(32)
Revenue	-	-
Loss	(4,001)	(1,001)

The Group's share of the loss has been included within 'Other costs' in the Capital Account Statement of Comprehensive Income.

10 INVESTMENTS IN JOINT VENTURES, ASSOCIATES AND SUBSIDIARIES (continued)

Investments in associates

As at 1st April 2020, the Duchy owned 15% of the members' capital of Poundbury Spa LLP.

	31 st March 2019 £'000	31 st March 2020 £'000
Balance at 1st April	-	766
Net invested in year	766	599
Share of loss	-	(77)
Balance at 31st March	766	1,288

Poundbury Spa LLP was incorporated on 16th February 2018 and commenced trading in May 2018.

The latest management accounts were produced for the year ended 31st March 2020. The aggregate assets, liabilities and results for Poundbury Spa LLP were as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Assets	2,571	4,282
Liabilities	(243)	(758)
Loss	-	(442)

Investments in subsidiaries

	31 st March 2019 £'000	31 st March 2020 £'000
QMS (Poundbury) LLP	7,791	6,790
J V Energen LLP	650	650
	8,441	7,440

During the year the Duchy retained 54% of the members' capital of J V Energen LLP for £650,000 and is entitled to 59% of the partnership profits. The Duchy has also provided loans to the partnership as described in note 12. The principal activities of J V Energen LLP and its subsidiaries (Barrow Shipping Ltd, BioCarbonics Ltd, and West Country Soil Improvements Ltd) are the operation of an anaerobic digestion, biomethane injection and renewable carbon dioxide capture plant, the shipping and marketing of biomethane, the shipping and marketing of carbon dioxide from renewable sources, and the production and marketing of soil improvement products.

The principal activity of QMS (Poundbury) LLP during the year was the commercial operation of a retail, residential and office building.

The latest unaudited financial statements of QMS (Poundbury) LLP were produced for the year ended 31st March 2020. The revenue and results for QMS (Poundbury) LLP were as follows:

	Year ended 31 st March 2019 £'000	Year ended 31 st March 2020 £'000
Revenue	554	546
Profit	501	482

The partnerships have been consolidated within these financial statements. The investment in the Group entities are recorded at cost in the Duchy's own financial statements, which is the Fair Value of the consideration paid.

11 FINANCIAL ASSETS – GROUP AND THE DUCHY

	Fair Value through other comprehensive income				Total £'000
	Equity securities	Fixed interest securities	Private equity funds	Equity securities	
	Level 1	Level 1	Level 3	Level 3	
	£'000	£'000	£'000	£'000	
At 1 st April 2018	29,710	26,988	5,944	13	62,655
Purchases	20,000	10,000	109	-	30,109
Sale proceeds	-	-	(1,420)	(2)	(1,422)
Revaluation	2,826	(425)	373	(11)	2,763
At 31st March and 1st April 2019	52,536	36,563	5,006	-	94,105
Purchases	-	-	440	-	440
Sale proceeds	(2,000)	-	(859)	-	(2,859)
Revaluation	(3,503)	(3,862)	(556)	-	(7,921)
At 31st March 2020	47,033	32,701	4,031	-	83,765

The Fair Values of financial investments classified as Level 1 are based on quoted market prices on the 31st March 2020 under Fair Value through other comprehensive income. Level 3 investments are valued using valuation techniques in which at least one input is not based on observable market data. There were no transfers of investments between the Fair Value hierarchy levels during the year. Based on information provided by the fund managers, the Proper Officers believe that whilst significant judgement is required in the valuation of Level 3 investments, the effect of stressing the assumptions to a range of reasonably possible alternatives would not result in a material change in the valuation at 31st March 2020.

During the year the Duchy derecognised £859,000 of its Level 3 financial investments when the constituent loans within the fund were repaid by the borrowers.

As a result of COVID-19 there has been considerable volatility within the financial investment markets. The Duchy is comfortable that such volatility and uncertainty poses no long-term financial threat to the investment value.

Several of the financial investments included above are foreign currency denominated and are translated into Sterling at the prevailing rate at the year end. The table below analyses the sensitivity of the above investments to the denominated currency:

	31 st March 2019 £'000	31 st March 2020 £'000
US Dollar exchange rate +/- 10bpt	(358)/418	(301)/354

The maximum exposure to the credit risk at the reporting date is the carrying value of the debt securities classified as Fair Value through other comprehensive income.

The carrying value of financial assets, including debt securities classified as Fair Value through other comprehensive income and cash deposits, best represents the maximum exposure to counterparty risk at the reporting date.

12 TRADE AND OTHER RECEIVABLES

	Group 31 st March 2019 £'000	Duchy 31 st March 2019 £'000	Group 31 st March 2020 £'000	Duchy 31 st March 2020 £'000
Amounts falling due within one year:				
Trade receivables	4,419	3,972	5,120	4,614
Less provision for impairment of trade receivables	(163)	(163)	(329)	(314)
Other receivables	-	-	200	200
Prepayments	402	402	334	337
Accrued income	4,567	3,483	4,455	3,345
	9,225	7,694	9,780	8,182
Amounts falling due after more than one year:				
Other receivables	200	200	1,000	1,000
Amounts due from Group subsidiaries	-	5,650	-	7,809
	200	5,850	1,000	8,809

The Group's other receivables falling due after more than one year comprises £1million at 4% repayable at a date to be determined.

Amounts due from the Group subsidiaries comprise of three loans to J V Energen LLP – £4.6million repayable in 2026 and £1.05million repayable at a date to be determined and at least 12 months from the balance sheet date, both at an interest rate of 8%, and £2.159million at 6% repayable by 2030. These loans are secured against the land and buildings of the company. The recoverability of Intercompany receivables and loans has been reviewed using the expected credit loss method under IFRS 9. The expected credit loss was immaterial.

All receivables are denominated in Sterling.

As of 31st March 2020 trade receivables of £4.1million (2019: £3.384million) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Group 31 st March 2019 £'000	Duchy 31 st March 2019 £'000	Group 31 st March 2020 £'000	Duchy 31 st March 2020 £'000
Under 3 months	2,509	2,439	3,353	3,243
3 to 12 months	517	492	340	334
Over 12 months	358	358	407	407
	3,384	3,289	4,100	3,984

As of 31st March 2020 trade receivables of £329,000 (2019: £163,000) were impaired and provided for. The impaired receivables mainly relate to tenants who are in financial difficulty.

There is no significant concentration of credit risk with respect to trade receivables as the Duchy has a large number of tenants.

The Group and Duchy applies the IFRS 9 simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses trade receivables and accrued income have been grouped based on the shared characteristics of the type of property to which they relate. Accrued income relates to unbilled rents that are due in arrears and have a due date after the balance sheet date. They have the same risk characteristics as trade receivables for the same type of property. It has therefore been concluded that the same expected credit loss rates apply to both types of asset.

The expected loss rates are based on risks associated with the particular property types, and an understanding of the situation faced by both specific tenants and the business sectors occupying these properties. The resulting loss allowance for 31st March 2020 is a significant increase on 31st March 2019, a reflection of the increased risks faced by a number of sectors, most notably those connected with tourism and hospitality, and those whose jobs or livelihoods are more uncertain. Uncertainty in the future of many of the tenants is reflected in the uncertainty over these expected loss rates.

12 TRADE AND OTHER RECEIVABLES (continued)

On that basis, the loss allowance as at 31st March 2020 was determined as follows for both trade receivables and accrued income:

Group

	Agriculture £'000	Commercial £'000	Residential £'000	Other property £'000	Financial investments £'000	Other £'000	Total £'000
31st March 2020							
Expected loss rate	2.9%	2.9%	29.7%	5.9%	0.0%	0.0%	-
Gross carrying amount – trade receivables	1,624	1,673	386	506	-	-	4,189
Gross carrying amounts – accrued income	276	1,435	46	-	1,268	-	3,025
Loss allowance	55	89	128	30	-	27	329

31st March 2019

Loss allowance	-	-	-	-	-	-	163
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Duchy

	Agriculture £'000	Commercial £'000	Residential £'000	Other property £'000	Financial investments £'000	Other £'000	Total £'000
31st March 2020							
Expected loss rate	2.9%	2.9%	29.7%	5.9%	0.0%	0.0%	-
Gross carrying amount – trade receivables	1,624	1,673	386	506	-	-	4,189
Gross carrying amounts – accrued income	276	1,435	46	-	1,268	-	3,025
Loss allowance	55	89	128	30	-	12	314

31st March 2019

Loss allowance	-	-	-	-	-	-	163
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The loss allowances for trade receivables and accrued income as at 31st March reconcile to the opening loss allowances as follows:

	Group 31 st March 2019 £'000	Duchy 31 st March 2019 £'000	Group 31 st March 2020 £'000	Duchy 31 st March 2020 £'000
Opening loss allowance at 1 st April	144	144	163	163
Increase in loss allowance recognised in Revenue Account	17	17	193	178
Net receivables written off	2	2	(27)	(27)
Closing loss allowance at 31st March	163	163	329	314

The creation, release and utilisation of the provision for impaired receivables has been included in the Revenue Account Statement of Comprehensive Income.

The other classes within trade and other receivables do not contain impaired assets.

The Fair Values of trade and other receivables are not considered to be significantly different from their carrying value.

13 INVESTMENT PROPERTY ASSETS HELD FOR SALE – GROUP AND THE DUCHY

	31 st March 2019 £'000	31 st March 2020 £'000
At 1 st April	16,455	13,241
Disposal	(8,280)	(7,744)
Capital improvements	6	570
Transfer from investment property	4,440	9,620
Revaluation in year	620	183
At 31st March	13,241	15,870

At the year end the Duchy was actively marketing properties for sale at the Fair Values stated above and these are expected to be sold within 12 months of the balance sheet date. This strategy forms part of the long-term aim to continue to improve and rebalance the property portfolio.

14 TRADE AND OTHER PAYABLES

	Group 31 st March 2019 £'000	Duchy 31 st March 2019 £'000	Group 31 st March 2020 £'000	Duchy 31 st March 2020 £'000
Amounts falling due within one year:				
Trade payables	6,391	4,785	3,349	2,931
Accruals	2,395	2,216	1,912	1,900
Social security and other taxes	1,395	1,395	909	878
Payments received on account	2,887	2,887	2,772	2,772
Rents paid in advance	4,343	4,343	4,469	4,382
	17,411	15,626	13,411	12,863
Amounts falling due after more than one year:				
Payments received on account	9,476	9,476	6,400	6,400
	9,476	9,476	6,400	6,400

The Fair Values of trade and other payables are not considered to be significantly different from their carrying value.

15 BORROWINGS AND DERIVATIVE FINANCIAL INSTRUMENTS – GROUP AND THE DUCHY

Group

	Less than 1 year £'000	Between 1–5 years £'000	Over 5 years £'000	Total £'000
At 31st March 2020				
Borrowings	1,225	-	132,843	134,068
Interest rate swaps – cash flow hedges (Level 2)	-	-	2,122	2,122
At 31st March 2019				
Borrowings	808	-	132,643	133,451
Interest rate swaps – cash flow hedges (Level 2)	-	-	769	769

15 BORROWINGS AND DERIVATIVE FINANCIAL INSTRUMENTS – GROUP AND THE DUCHY (continued)

Duchy

	Less than 1 year £'000	Between 1–5 years £'000	Over 5 years £'000	Total £'000
At 31st March 2020				
Borrowings	-	-	132,843	132,843
Interest rate swaps – cash flow hedges (Level 2)	-	-	2,122	2,122
At 31st March 2019				
Borrowings	-	-	132,643	132,643
Interest rate swaps – cash flow hedges (Level 2)	-	-	769	769

As part of the risk management strategy, the Duchy Finance & Audit Committee concluded that it wished to lock into low interest rates. Management intends to achieve this by hedge of interest rate risk arising on variable interest payable on bank debt using interest rate swap with receive variable rate (3M Libor) and pay fixed interest rate (1.397%). The Duchy has an interest rate derivative designated into a cash flow hedge relationship on the bank loan facility totalling £30million. The notional amount of the interest rate derivative is £30million. As at 31st March 2020 a loss of £1.437million (2019: gain £1.075million) was recognised in other comprehensive income in the Capital Account Statement of Comprehensive Income, in respect of the effective cash flow hedge relationship. This is classified as a Level 2 financial instrument measured at Fair Value on directly or indirectly observable inputs. During the year ended 31st March 2019 two interest rate derivatives were terminated resulting in a total cost of £1.9million.

The bank loan of £30million is repayable in 2027 and has been fully swapped to a fixed rate of 2.64%. The Fair Values of borrowings are not considered to be significantly different from their carrying value (rate of swap 1.397%). On 29th March 2019 the Duchy issued £105million of bonds maturing between 2059 and 2069 at fixed interest rates of between 2.68% and 2.73%. £75million was utilised to repay £75million of bank borrowings.

The valuation of interest rate swaps (classified as level 2) is taken from the counterparty bank. The economic relationship between a hedged item (bank loan) and a hedging instrument (interest rate swap) as well as ineffectiveness (if any) is determined by using the dollar-offset methodology. Under this methodology, a hypothetical derivative is constructed on the designation date to model the change in the Fair Value of the hedged item. This is constructed without the inclusion of credit risk. The hypothetical derivative will therefore be constructed as a 'pay fixed GBP, receive floating GBP LIBOR' interest rate swap. Potential sources of ineffectiveness are changes in the credit risk of the Duchy or the counterparty to the interest rate swap (which management considers not material at year end) and movements in the starting value of the hedging instrument on the hedge relationship designation date due to the off-market rate of the interest rate swap. Ineffectiveness (if any) is recorded in profit or loss. The change in Fair Value of the hedging instrument of £1.3million (2019: £0.7million) and the Fair Value of the hedged item of £1.4million (2019: £0.8million) was used as the basis for recognising hedge ineffectiveness for the year.

To comply with the risk management policy, the hedge ratio is based on a GBP interest rate swap with a notional amount of £30million and a maturity date of 31st December 2027 to offset a GBP denominated bank loan of £30million with a maturity date of 31st December 2027. This results in a hedge ratio of 1:1 or 100%.

Assessment of hedge effectiveness is done at inception of the hedge, at each reporting date and upon a significant change in the circumstances affecting the hedge effectiveness requirements.

In 2017 the Duchy refinanced one of its borrowings to extend the maturity date and reduce the interest. The fixed interest payable on the loan decreased from LIBOR +1.4% to LIBOR +1.25%. In accordance with IAS 39 paragraph AG62 the modification of the loan terms was not considered to result in an extinguishment of the initial borrowings.

Under IFRS 9 the cash flows of the modified borrowings must be discounted at the original effective interest rate. This would have resulted in the recognition of an immediate profit in profit or loss at the date of the modification of £1.9million. As the Group has chosen not to restate comparatives in adopting IFRS 9 on 1st April 2018, it has recognised an adjustment of £1.9million to decrease non-current borrowings on 1st April 2018. The interest charge has been amended to use the effective interest rate on the initial debt and resulted in an increase in interest charge to the Capital Account of £187,289 for the year ended 31st March 2019.

16 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Group Year ended 31 st March 2019 £'000	Duchy Year ended 31 st March 2019 £'000	Group Year ended 31 st March 2020 £'000	Duchy Year ended 31 st March 2020 £'000
Net surplus on the Revenue Account	21,690	21,036	21,950	21,956
Net surplus/(loss) on the Capital Account	4,882	4,372	(18,477)	(18,637)
Adjusted for:				
IFRS 9 effective interest	187	187	192	192
Bond transaction costs	(637)	(637)	8	8
Net gain on sale of associate	(510)	-	-	-
Depreciation	1,013	447	1,049	472
Impairment of financial assets	2,000	2,000	501	501
Interest and dividend income on Fair Value through other comprehensive income assets	(2,657)	(2,657)	(3,480)	(3,480)
Net finance costs	3,366	2,616	3,767	2,968
Share of loss from associate and joint venture	-	-	75	75
Shortfall of pension charge over contributions	(237)	(237)	(235)	(235)
Net (gain)/loss from Fair Value of investment property	(4,256)	(4,257)	20,468	20,480
Net gain from Fair Value of investment property held for sale	(620)	(620)	(183)	(183)
Net gain on property held for sale	(818)	(818)	(43)	(43)
Profit on disposal of investment property	(4,007)	(4,007)	(3,808)	(3,808)
Decrease/(increase) in inventories	187	6	(408)	(60)
Increase in trade receivables	(898)	(731)	(298)	(216)
Decrease/(increase) in trade payables	2,561	2,618	(326)	(559)
Net cash inflow from operating activities	21,246	19,318	20,752	19,431

17 RELATED PARTY TRANSACTIONS

Two members of The Prince's Council are also trustees of The Duke of Cornwall's Benevolent Fund to which the Duchy of Cornwall, on behalf of the Duke of Cornwall, pays surplus receipts of bona vacantia as detailed in note 18. There were no transactions with the trustees during the financial year and as at 31st March 2020 there was £nil (2019: £nil) remaining payable to the trustees.

Certain Duchy properties, including Highgrove House, are occupied by His Royal Highness The Prince of Wales and his office staff for living accommodation or commercial activities. These are let at open market values; the total value of annual rent charged amounted to £701,785 (2019: £686,881). As at 31st March 2020 there was £nil (2019: £65,688) remaining payable to the Duchy.

During the year the Duchy paid Mrs Annabel Elliot, The Duke of Cornwall's sister-in-law, in the normal course of business and on an arm's length basis £72,572 (2019: £39,375) for fees and commission and £87,248 (2019: £87,561) for the purchase of furniture, furnishings and retail stock for the Duchy of Cornwall holiday accommodation, Duchy offices and Penlyne Nursery. At 31st March 2020 there was £4,800 (2019: £1,740) remaining payable to Mrs Elliot.

Key management personnel are individuals that have the responsibility for planning, directing and controlling the activities of the Duchy. For the year ended 31st March 2020 the Duchy of Cornwall made the following payments to key management personnel: short-term employee benefits (salary) £1.546million (2019: £1.387million); post-employment benefits (retirement benefit plan contribution) £264,000 (2019: £237,000); benefits £29,000 (2019: £26,000); total £1.839million (2019: £1.65million).

Transactions with QMS (Poundbury) LLP, RP (Poundbury) LLP, Poundbury Spa LLP and J V Energen LLP are shown in notes 10 and 12.

During the year the Duchy received £549,000 of interest on loans to J V Energen LLP (2019: £531,000). In addition, the Duchy leased areas of land to a Partnership for which rent of £129,925 (2019: £112,300) from J V Energen LLP was received.

18 BONA VACANTIA

During the year, His Royal Highness in right of his Duchy of Cornwall, received bona vacantia (being the estate of deceased intestates resident in Cornwall and dying without next of kin or assets remaining following dissolution of a company registered in Cornwall) of £201,000 (2019: £868,000) before allowing for ex gratia payments, returns and other associated costs of £182,000 (2019: £64,000). Surplus receipts of bona vacantia by His Royal Highness are paid over to The Duke of Cornwall's Benevolent Fund; £nil (2019: £132,000) was paid during the year. At 31st March 2020 the Duchy retained £824,000 (2019: £805,000) within creditors to meet potential future claims from individuals statutorily entitled to estates which had previously passed as bona vacantia to His Royal Highness.

Copies of The Duke of Cornwall's Benevolent Fund financial statements may be obtained from 10 Buckingham Gate, London, SW1E 6LA.

19 CAPITAL COMMITMENTS

At 31st March 2020 the Duchy had Capital commitments of £0.605million (2019: £4.803million) in respect of development, fixed assets property improvement works and £2.072million (2019: £2.396million) for the acquisition of financial investments.

A number of Duchy property leases include a commitment to appropriately compensate tenants at the end of the lease for capital improvements they have made during their tenancy. The improvements must be agreed in advance with the Duchy and a formula is used to derive the value of the improvements at the end of the lease, to ensure appropriate depreciation is included within the value. Due to some leases also including clauses for the tenant to pay the Duchy for dilapidations to the property the requirement to pay out cash rarely occurs.

20 FINANCIAL INSTRUMENTS – GROUP

	Note	Held at Fair Value through other comprehensive income (Capital) £'000	Amortised cost £'000	31 st March 2019 £'000
Assets				
Financial assets	11	94,105	-	94,105
Trade and other receivables excluding prepayments and accrued income	12	-	4,011	4,011
Cash and cash equivalents		-	7,708	7,708
		94,105	11,719	105,824
Liabilities				
Trade and other payables excluding non-financial liabilities	14	-	(19,192)	(19,192)
Borrowings	15	-	(135,000)	(135,000)
Derivative financial instruments	15	(769)	-	(769)
		(769)	(154,192)	(154,961)

	Note	Held at Fair Value through other comprehensive income (Capital) £'000	Amortised cost £'000	31 st March 2020 £'000
Assets				
Financial assets	11	83,765	-	83,765
Trade and other receivables excluding prepayments and accrued income	12	-	5,991	5,991
Cash and cash equivalents		-	2,878	2,878
		83,765	8,869	92,634
Liabilities				
Trade and other payables excluding non-financial liabilities	14	-	(20,620)	(20,620)
Borrowings	15	(1,225)	(135,000)	(136,225)
Derivative financial instruments	15	(2,122)	-	(2,122)
		(3,347)	(155,620)	(158,967)

20 FINANCIAL INSTRUMENTS – THE DUCHY

	Note	Held at Fair Value through other comprehensive income (Capital) £'000	Amortised cost £'000	31 st March 2019 £'000
Assets				
Financial assets	11	94,105	-	94,105
Trade and other receivables excluding prepayments and accrued income	12	-	9,500	9,500
Cash and cash equivalents		-	6,540	6,540
		94,105	16,040	110,145
Liabilities				
Trade and other payables excluding non-financial liabilities	14	-	(20,798)	(20,798)
Borrowings	15	-	(135,000)	(135,000)
Derivative financial instruments	15	(769)	-	(769)
		(769)	(155,798)	(156,567)

	Note	Held at Fair Value through other comprehensive income (Capital) £'000	Amortised cost £'000	31 st March 2020 £'000
Assets				
Financial assets	11	83,765	-	83,765
Trade and other receivables excluding prepayments and accrued income	12	-	13,309	13,309
Cash and cash equivalents		-	2,705	2,705
		83,765	16,014	99,779
Liabilities				
Trade and other payables excluding non-financial liabilities	14	-	(17,363)	(17,363)
Borrowings	15	-	(135,000)	(135,000)
Derivative financial instruments	15	(2,122)	-	(2,122)
		(2,122)	(152,363)	(154,485)

21 FINANCIAL RISK MANAGEMENT

A review of the Group's financial and non-financial risks is set out on pages 14 to 19. This includes the strategic and operational risks of capital cash generation and tenant livelihoods, financial credit risk, and liquidity risk.

Market risk

All borrowings at floating rates are fully hedged by swap agreements. Sensitivity to currency exchange movements is outlined in note 11. The Duchy has a diverse financial investment portfolio predominantly invested in funds so as to minimise risk.

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities on a contractual undiscounted cash flow basis:

	Less than 1 year £'000	2–5 years £'000	More than 5 years £'000	Total £'000
Borrowings	-	-	135,000	135,000
Net interest payable on loans/swaps	3,616	14,464	108,478	126,558
Trade and other payables	7,982	-	-	7,982
Lease liabilities	271	1,266	1,248	2,785
At 31st March 2020	11,869	15,730	244,726	272,325
At 31 st March 2019	13,751	14,464	213,874	242,089

The Duchy reviews the liquidity risk on a regular basis ensuring detailed forecasts incorporate all contractual obligations.

Credit risk

The Duchy is exposed to credit risk in relation to its tenants and financial institutions. Credit risk in respect of the Duchy's tenants is reviewed on a regular basis and appropriate action is taken where necessary. For new lettings the Duchy undertakes credit checks and holds tenant deposits where appropriate. For banks and financial institutions the Duchy's appointed investment consultants assess the credit quality of the organisation, taking into account its financial position, past performance experience and other relevant factors.

There is further narrative concerning credit risk in note 12 regarding expected credit losses for trade receivables and accrued income.

Capital management

Under the 1337 Charter The Prince of Wales is not entitled to the proceeds or profit from the sale of capital assets and only receives the annual income which the assets generate. The Duchy's financial objective in managing capital assets is to continue to improve the quality of the estate whilst providing an income for future beneficiaries.

The Duchy continually monitors the capital asset weightings, particularly from a diversification and cash flow perspective. Capital cash flow projections are regularly reviewed and updated to ensure that funding is available to meet both liabilities when due and to pursue investment opportunities when considered appropriate. This also ensures that the covenants in relation to the bank loan facilities are adhered to.

22 CASH AND CASH EQUIVALENTS

Net debt consists of loans and other borrowings (both current and non-current), less current asset investments and cash and cash equivalents. Loans and other borrowings are measured at the net proceeds raised, adjusted to amortise any discount over the term of the debt. For the purpose of this measure current asset investments and cash and cash equivalents are measured at the lower of cost and net realisable value.

Net debt is considered to be an alternative performance measure as it is not defined in the IFRS. The most directly comparable IFRS measure is the aggregate of loans and other borrowings (current and non-current), current asset investments and cash and cash equivalents.

A reconciliation from the most directly comparable IFRS measure to net debt is given below.

	Group 31 st March 2019 £'000	Duchy 31 st March 2019 £'000	Group 31 st March 2020 £'000	Duchy 31 st March 2020 £'000
Loans and other borrowings	134,220	133,412	136,190	134,965
Lease liabilities	100	78	2,785	68
Less: cash and cash equivalents	(7,708)	(6,540)	(2,878)	(2,705)
Net debt	126,612	126,950	136,097	132,328

Reconciliation of liabilities arising from financing activities.

	Group 1 st April 2018 £'000	Borrowings repaid £'000	Additional borrowings £'000	Interest and borrowing costs £'000	Non-cash changes		Group 31 st March 2019 £'000
					Effect of IFRS 9 adoption on opening balance £'000	New leases £'000	
Lease liabilities	-	(21)	-	-	-	121	100
Borrowings	103,225	(75,000)	105,676	(2,357)	1,907	-	133,451
	103,225	(75,021)	105,676	(2,357)	1,907	121	133,551

	Group 1 st April 2019 £'000	Cash flows – additional borrowings/ (borrowings repaid) £'000	Non-cash changes		Group 31 st March 2020 £'000
			Other £'000	New leases £'000	
Lease liabilities	100	(234)	-	2,919	2,785
Borrowings	133,451	417	200	-	134,068
	133,551	183	200	2,919	136,853

Treasury consents

Treasury consents under Section 7 of the Duchy of Cornwall Management Act 1982:

- Authority to make a loan of £1,000,000 to a tenant
- Authority for £1,000,000 payment in respect of the water supplies on St Agnes and St Martins, Isles of Scilly
- Authority for a short-term borrowing facility of up to £5,000,000
- Authority to fund any deficit on the Revenue account with a loan from the Capital Account up to £3,500,000

Treasury consents under Section 11 of the Duchy of Cornwall Management Act 1863:

- Authority for the sale of land for £991,909
- Authority for the sale of land and property for £1,465,000

- Authority for the sale of land for £2,472,878
- Authority for the sale of land for £640,000
- Authority for expenditure of up to £550,000 on the refurbishment of a building
- Authority for expenditure of up to £726,000 on the refurbishment and reconstruction of a building
- Authority for expenditure of up to £50,000 on the construction of new agricultural buildings

Alastair Martin
Secretary and Keeper of the Records

12th June 2020

Appendix

Accounts Direction given by HM Treasury

1. The Duchy of Cornwall shall prepare accounts for the financial year ended 31st March 2020 and subsequent financial years comprising:
 - a report for the year, including a Strategic Report, a Proper Officers' Report, a Statement of the Proper Officers' Responsibilities and a Governance Statement;
 - a Revenue Account Statement of Comprehensive Income and a Capital Account Statement of Comprehensive Income;
 - a Balance Sheet;
 - a Statement of Changes in Capital and Reserves;
 - a Cash Flow Statement; and
 including such notes as may be necessary for the purposes described in the following paragraphs.

2. The accounts shall give a true and fair view of the Revenue Account Statement of Comprehensive Income, Capital Account Statement of Comprehensive Income, Statement of Changes in Capital and Reserves, Cash Flow Statement for the financial year and the balance sheet as at the end of the financial year. Subject to these requirements and the exemptions set out in Schedule 1, the Accounts shall be prepared in accordance with International Financial Reporting Standards as adopted by the European Union.
3. The application of the accounting and disclosure requirements of the Companies Act 2006 (CA), accounting standards, and other disclosure requirements is given in Schedule 1 attached.
4. This direction supersedes that of 8th May 2017. It shall be reproduced as an appendix to the Accounts.

David Fairbrother
Treasury Officer of Accounts

28th April 2020

Accounting and disclosure requirements

Companies Act 2006

1. The disclosure exemptions permitted by the CA shall not apply to the Duchy of Cornwall unless specifically approved by the Treasury.
2. The CA requires certain information to be disclosed in the Directors' Report. To the extent that it is appropriate, information relating to the Duchy shall be contained in the Proper Officers' Report for the year, which shall be signed and dated by the Secretary or other Proper Officer.
3. The Duchy shall take into consideration the CA requirements as they apply to non-listed companies (to the extent that they can be applied in the circumstances of the Duchy).
4. The statements of comprehensive income be prepared in accordance with International Accounting Standard (IAS) 1.
5. The balance sheet shall be prepared in accordance with IAS 1, separating the classification of the current and non-current assets, and current and non-current liabilities on the face of the balance sheet. The balance sheet shall be signed by the Secretary or other Proper Officer.
6. The Duchy is not required to provide the historical cost information described in paragraph 34(3) of Schedule 1 to the SI20081410.
7. The Duchy is not required to comply with the requirement specified in paragraph 35 of Schedule 1 to SI20081410 to maintain a revaluation reserve.

Accounting standards

8. It is considered that the Duchy should prepare separate Statements of Comprehensive Income for both the Revenue and Capital Accounts rather than one Statement of Comprehensive Income as required by IAS 1.

Other disclosure requirements

9. The Report for the Year shall, inter alia:
 - state that the Accounts have been prepared in accordance with this Treasury Direction;
 - include a brief history of the Duchy and its statutory background, and identify its estates by county and area;
 - list Treasury consents under Section 7 of the Duchy of Cornwall Management Act 1982 granted in that year and
 - provide information concerning the Duchy's charitable and other activities and the principles supporting them. The information should also indicate where copies of the Accounts of the charities may be obtained.
10. The notes to the Accounts shall, inter alia:
 - disclose the names of the external valuers and the qualifications of the internal valuers;
 - (where it arises) provide details of the terms of any loan from the Capital Account for revenue purposes, and the purpose for which it is required and, together with explicit assurance that the loan is not being used to inflate the revenue surplus payable;
 - provide details of the remuneration package of each member of The Prince's Council, together with a note of the pension contributions made in respect of Council members.
11. A formal valuation of the pension scheme was undertaken in 2019 and the contribution rate subsequently adjusted to ensure that the deficit is forecast to be made good within the term recommended by the actuary and agreed by the trustees. The pension reserve required by IAS 19 shall be a separate non-distributable reserve within the balance sheet.

Carbon report

The Duchy of Cornwall is fully committed to understanding and reducing its carbon footprint. It has calculated and published carbon footprint data for the last fourteen years.

Carbon performance summary

We have achieved a 56% decrease in overall greenhouse gas (GHG) emissions since the baseline year, with an output of 218 tonnes carbon dioxide equivalent in 2019/20.

The rate of reduction has flattened over recent years, with a small increase this year compared to last year. Further reductions are

proving harder to achieve. All remaining emissions are offset by specific additional tree planting, with carbon credits being externally verified and excess credits being sold to sister organisations.

Using the baseline year of 1990, as typically used in Kyoto Protocol targets, a 25% reduction was met by 2008/09 and a subsequent reduction target of 40% by 2012 was also achieved. A new target was set to reduce GHG emissions by 60% against baseline by 2020. This target was achieved last year, but this year we have slipped back slightly. With offsetting, we remain net zero for in-house operations.

Carbon statement¹

	Baseline ² tCO ₂ e	2015/16 tCO ₂ e	2016/17 tCO ₂ e	2017/18 tCO ₂ e	2018/19 tCO ₂ e	2019/20 tCO ₂ e
OPERATIONAL MANAGEMENT Offices, in-hand property						
Travel – business	132	101	96	102	89	93
Travel – staff commuting	52	69	64	58	61	61
Energy used in properties	225	16	29	14	9	13
Sub-total	409	185	189	175	159	168
TRADING ACTIVITIES Holiday lets, nurseries						
Travel – business	9	4	7	8	8	5
Travel – staff commuting	17	9	17	14	14	13
Energy used in properties	60	18	18	21	18	32
Sub-total	86	31	42	43	40	50
Total emissions	495	216	231	218	198	218
Total travel-related emissions	210	183	184	183	172	173
Reduction on baseline		13%	12%	13%	18%	18%
Total energy used in property emissions	285	33	47	35	26	45
Reduction on baseline		84%	78%	83%	88%	79%
Total emissions	495	216	231	218	198	218
Reduction on baseline		56%	53%	56%	60%	56%
ENERGY USED IN PROPERTIES						
Gas – gross		58	74	66	59	60
Emissions reduction ³		-58	-74	-66	-59	-60
Gas – net		0	0	0	0	0
Electricity – gross		323	294	249	203	195
Emissions reduction ⁴		-309	-267	-239	-197	-181
Electricity – net		14	28	10	6	14
Oil		19	19	25	20	32
Total		33	47	35	26	46

1 This Carbon Statement presents the carbon emission data from the activities and assets under the ownership and direct management of the Duchy, and from the commuting of Duchy staff. It has been prepared in accordance with the Duchy's Carbon Reporting Policy set out below. This Policy was developed in 2008/09 to provide a formal basis for the preparation of the Carbon Statement.

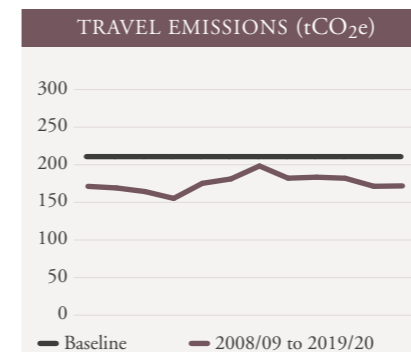
2 PricewaterhouseCoopers LLP provided assurance over the Duchy's 2008/09 carbon emissions data. The data for the baseline and all other years has not been subject to

assurance. Assurance will be obtained in future either when there is a significant change in the assets and activities of the Duchy or in general carbon reporting practice.

3 Gas emissions reductions are achieved through purchases via the Green Gas Certification Scheme of biomethane credits from the Rainbarrow Farm AD and Biomethane Plant.

4 Electricity emissions reductions are achieved through the purchase of renewable electricity generated from renewable sources backed by Renewable Energy Guarantees of Origin certificates.

Carbon performance summary



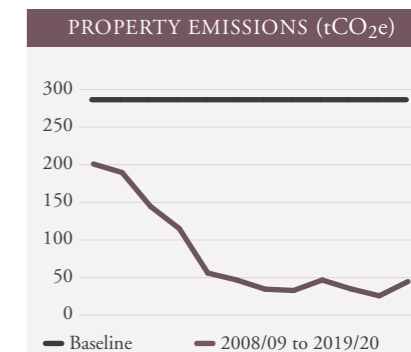
Decreased by 18% compared to baseline.

Travel emissions declined at first, mainly due to the purchase of a much more fuel-efficient boat for St Mary's Harbour on the Isles of Scilly, which is used both as a pilot boat and for inter-island travel. In recent years travel emissions started increasing but are now flat lining. Managing a geographically disparate estate brings challenges here. We have introduced a car leasing scheme open to all staff, with the aim of reducing travel-related emissions.



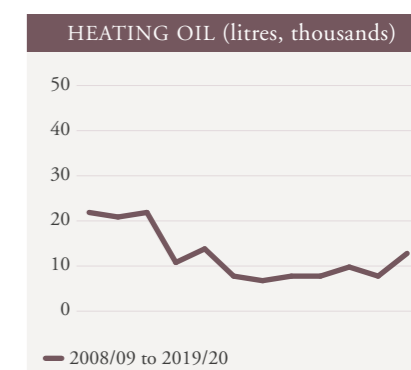
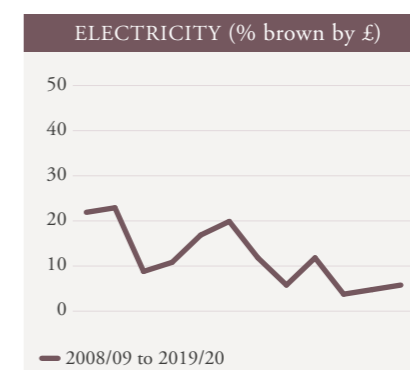
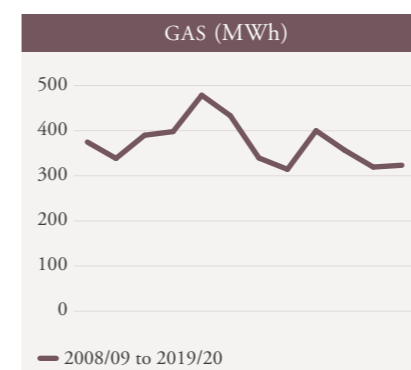
Decreased by 51% compared to baseline.

While there has been a very large reduction in emissions from properties, it is proving harder to reduce emissions from travel. The average gCO₂/km of cars driven by office-based staff has fallen from 167 in 09/10 to 126 this year. While the number of business miles driven has fallen by 2%, the associated emissions are down by over 8%.



Decreased by 84% compared to baseline.

Key factors include the switch to renewable fuels and a programme of works to convert offices to renewable heating systems or to upgrade existing systems. All offices and trading businesses purchase only electricity generated from renewable sources backed by Renewable Energy Guarantees of Origin certificates, and purchase gas backed by Renewable Gas Guarantees of Origin registered through the Green Gas Certification Scheme. Emissions rose slightly this year: a biomass boiler at our holiday cottages complex at Restormel was out of action for a couple of months and an oil backup was required.



The volume of gas consumed continues to vary. The proportion of non-renewable electricity used is very much reduced since baseline; usage relates to properties that come back in hand prior to our being able to switch supplies. There has been a significant drop in heating oil use over the years, but as noted above, an oil backup boiler was required while a biomass system was out of action. All offices are either on mains gas or biomass systems.

Surface Area Report 31st March 2020

The Duchy of Cornwall is a landed estate of 52,788.9 hectares.

The extent and distribution of the major land holdings at 31st March 2020 were as follows:

	Hectares
Devon	28,484.9
Cornwall	7,571.2
Hereford	5,371.5
Somerset	5,224.5
Isles of Scilly	1,604.8
Dorset	1,322.1
Wiltshire	1,254.0
Gloucestershire	657.3
Shropshire	393.2
Kent	349.1
Nottinghamshire	287.6
Oxfordshire	112.5
Carmarthenshire	84.0
Vale of Glamorgan	19.6
Buckinghamshire	15.4
Greater London	14.2
Hertfordshire	7.0
Norfolk	2.2
Berkshire	1.5
Hampshire	0.4
Total	52,788.9



Commemorative Trees 2019

DUCHY of CORNWALL

To mark 50 years of The Duke of Cornwall as Chairman of The Prince's Council, a total of 148 trees were planted at each principal mainland Duchy farm and office, with special benches installed on the Isles of Scilly.





DUCHY *of* CORNWALL

INTEGRATED ANNUAL REPORT

Year ended 31st March 2020

www.duchyofcornwall.org

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Front cover image

The front cover shows Corston Fields Farm, Somerset, where Emily Addicott-Sauvao has recently succeeded to her father, Gerald Addicott. Emily has introduced the growing of quinoa and vines to the farm on the hills on the outskirts of Bath.

