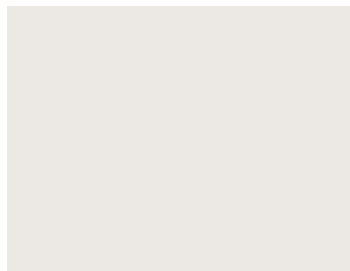


Annual Report and Accounts

For the year ended 31st March 2015

*Sustainable
stewardship*



DUCHY *of* CORNWALL

◀ *Front cover images clockwise from top:
HRH The Prince of Wales; Restormel
Castle, Cornwall; Poundbury, Dorchester;
HRH with the Stables family, the new
tenants of Kings Pitt Farm; rare breeds
at Home Farm, Tetbury, Gloucestershire*

*Inside front cover image:
Restormel Manor, Cornwall*

▼



Annual Report and Accounts

For the year ended 31st March 2015

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



DUCHY *of* CORNWALL

Welcome

This report summarises the Duchy of Cornwall's activity for the year ended 31st March 2015 and aims to describe our *integrated thinking*. This means considering how our decisions affect communities and natural environments in the course of meeting our commercial responsibilities.

INTEGRATED THINKING

The Duchy has always aimed for integrated thinking. Our ambition now is to show how this is applied systematically across the estate to optimise financial results, add value in our communities and enhance the Duchy's living legacy of landscape, woodlands and waters.

CURRENT AND FUTURE REPORTING

Our 2014/15 annual report is an initial step towards integrated reporting (IR). It is informed by the IR framework developed by the International Integrated Reporting Council and reflects discussions about our mission and strategy with our staff and key stakeholders.

Also for the first time this year, we have summarised our business model, provided an overview of strategic objectives, outlined the key factors influencing performance and described our governance structure in more detail.

Next year, we aim to develop key performance indicators, provide more information on strategic risk, and describe the financial and non-financial resources we produce and use. We intend to progress towards compliance with the IR framework by 2017.

www.duchyofcornwall.org

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Sustainable stewardship

The Duchy's function is to maintain and enhance a private estate, which provides an income to The Duke of Cornwall, is managed in harmony with His Royal Highness's ethos, and which can be passed on with pride.

2014/15 HIGHLIGHTS

The year in brief

A small selection of the many initiatives, events and visits which made up another busy year across the Duchy.



1

APRIL 2014

Duchy of Cornwall Holiday Cottages announces a pilot scheme to support The Prince's Countryside Fund with charitable donations from guests.

2

JULY 2014

The Duke and Duchess of Cornwall celebrate regional food and drink, meet Duchy staff and tenants, and visit the new Duchy developments in Newquay.

3 & 4

SEPTEMBER 2014

The Duchy acquires 728 hectares of Port Eliot estate, its most substantial purchase of farmland in Cornwall for over 60 years.
Page 24

Items from a prehistoric cremation burial site on Duchy land on Dartmoor go on display in Plymouth after being gifted by The Duke of Cornwall.



6



7



5



8

5

OCTOBER 2014

Rowers in Bath and Bristol benefit from new boathouse facilities on the River Avon, following a £1million scheme project-managed by the Duchy.

6

NOVEMBER 2014

The Isles of Scilly celebrate their best-ever year for cruises, becoming the most popular cruise destination in the South West.

7 & 8

FEBRUARY 2015

A new 80-hectare progression farm is let to the Stables family from Somerset. It is the third starter/progression farm created by the Duchy in recent years to provide more opportunities for new farmers.
Page 23

New images are released setting out the vision for the next stages of development at Poundbury.
Page 27

Strategic Report

The Duchy of Cornwall

Founded in 1337, the Duchy of Cornwall is a private estate of approximately 53,400 hectares in 23 counties of England and Wales.

Through the sustainable, commercial management of land and property, the principal function of the estate is to provide an income to the present and future Dukes of Cornwall.

Our approach

The Prince of Wales is the 24th Duke of Cornwall and is actively involved in running the Duchy. The way in which the estate is managed reflects his belief that economic and social development will best succeed when it works in harmony with nature and is of meaningful value to the local community.

The aim is to improve the estate and pass it on in a stronger and better condition, which means continually pursuing well-balanced commercial, social and environmental performance. It also means working for the long term at the same time as meeting the requirements of today in a sustainable way.

HISTORY AND CONSTITUTION

- *The Duchy of Cornwall was created in 1337 by Edward III to provide an income for his son, Prince Edward.*
- *The Charter ruled that each future Duke of Cornwall would be the eldest surviving son of the Monarch, who is also heir to the throne.*
- *The estate is governed by the original Charter and Duchy of Cornwall Management Acts 1863 to 1982.*
- *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.*



▲
*Sheep on
Dartmoor*

The Duchy's portfolio

Capital values of our holdings at 31st March 2015.

AGRICULTURAL

£367m

Over 700 lettings across 32,800 hectares, including over 200 fully equipped farms ranging from extensive holdings on Dartmoor to niche flower farms on the Isles of Scilly. Also bare land lettings, from sizeable traditionally farmed holdings to pony paddocks.

FORESTRY

£17m

Nearly 2,300 hectares of woodlands. The major sections are in Cornwall and Hereford, including this year's purchase of Athelstan's Wood. The majority is directly managed and some is let.

OTHER RURAL ASSETS

£28m

Over 1,000 different lettings – the result of the very long-term ownership of historic estates. Mineral and marine assets, sporting lets, playgrounds, allotments, sub-sea cables, garages.

URBAN COMMERCIAL

£143m

Includes a dozen major commercial properties held as standard investments and The Oval cricket ground in London, part of the Duchy's historic Kennington estate.

RURAL COMMERCIAL

£59m

Over 500 lettings across the rural estate and at Poundbury, including Dartmoor Prison, pubs, rural workshops and campsites.

RESIDENTIAL

£188m

Over 600 lettings, including rural cottages, newly built flats at Poundbury and property in Kennington, London. Let by way of a wide range of agreements including ground rents, long leases, Rent Act regulated and modern Housing Act tenancies. Includes the Duchy's small portfolio of holiday cottages.

DEVELOPMENT LAND

£48m

The most significant sites are Poundbury at Dorchester, Nansledan at Newquay, Shepton Mallet and Truro.

EMPLOYEES

150

FARM TENANTS

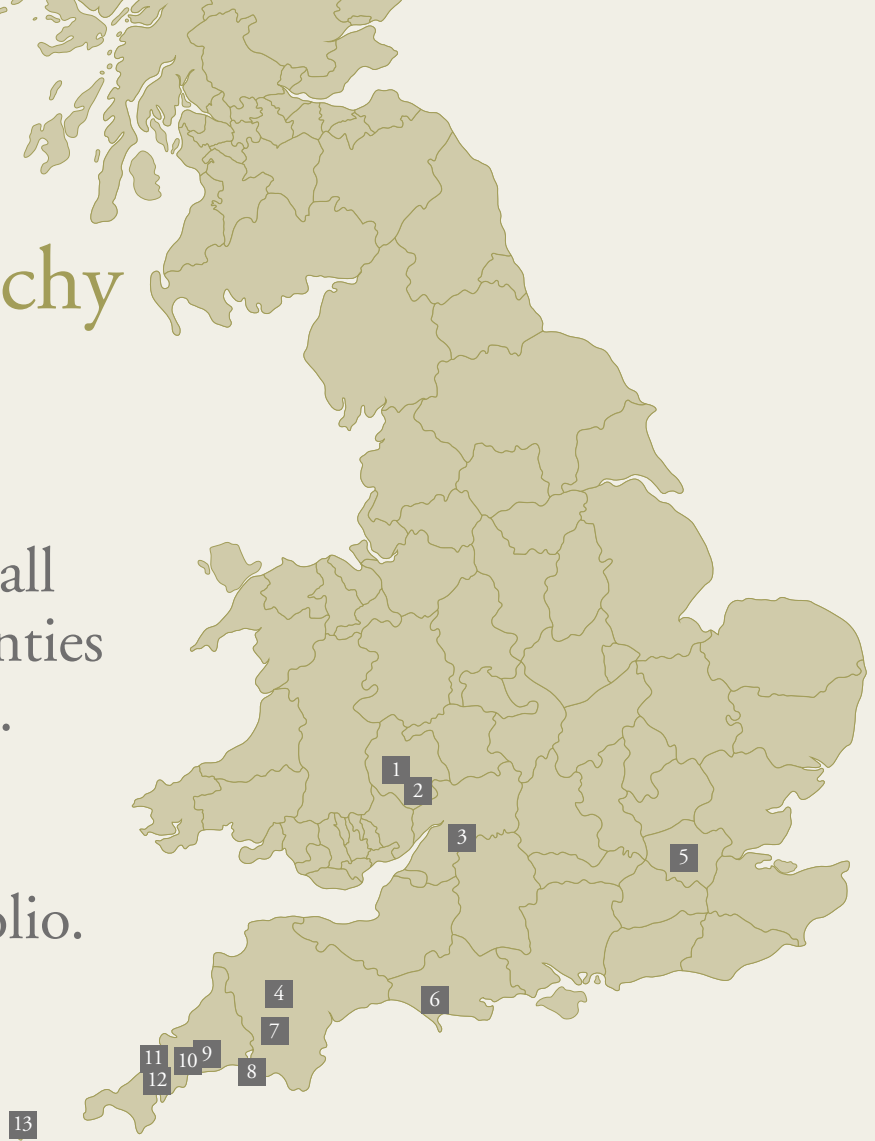
650

NET ASSET VALUE

£871m

Tour of the Duchy

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



1 WOODLANDS

Including 900 hectares in Cornwall and 600 hectares in Herefordshire.

2 HEREFORD ESTATES

Incorporating the Guy's estate and the Cradley estate.



3 HIGHGROVE *Gloucestershire*

Highgrove House is The Duke and Duchess of Cornwall's family home. Home Farm at Highgrove demonstrates the benefits of organic, sustainable agriculture as advocated by The Prince of Wales.



4 ANCIENT MONUMENTS

More than 270 ancient monuments scheduled by English Heritage, including many on Dartmoor and the Isles of Scilly as well as Berkhamsted Castle in Hertfordshire.





5 LONDON *Mainly Kennington*

The Duchy owns 16 flats, 23 houses and various commercial buildings including The Oval cricket ground as well as a number of long leases.



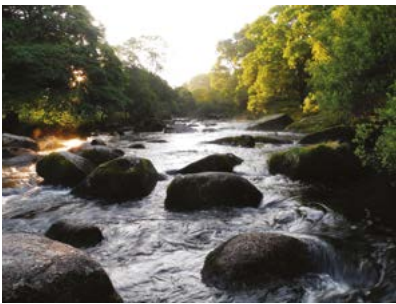
6 POUNDBURY *The urban extension to Dorchester*

Poundbury is built on principles of architecture and urban planning as advocated by The Prince of Wales.



7 DARTMOOR AND PRINCETOWN

Most of Dartmoor's 27,300 hectares have been owned by the Duchy since the 14th century.



8 WATERS

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



9 DUCHY OF CORNWALL NURSERY *Lostwithiel*

The nursery opened its doors to the public in 1975 and includes a renowned cafe.



10 DUCHY OF CORNWALL HOLIDAY COTTAGES

The Duchy has a small number of period properties available as holiday cottages.



11 NEWQUAY *Development projects*

The Duchy has development projects at Tregunnel Hill and Nansledan.



12 TRURO *Eastern District Centre*

A partnership project with Cornwall Council and Waitrose on Duchy-owned land.



13 ISLES OF SCILLY

The Isles of Scilly have been part of the Duchy of Cornwall since the 14th century.

From the Secretary and Keeper of the Records

Taking our lead from His Royal Highness The Prince of Wales, sustainability has long been at the heart of how the Duchy of Cornwall operates.

With the Duchy's 2014/15 annual report, we have taken a first step towards ensuring that our sustainable stewardship is put in context and articulated clearly. The publication reflects the Duchy's transition to Integrated Reporting – a framework which in future years will enable us to describe more clearly what sustainable stewardship in all its forms means to the Duchy.

There have been several developments in our reporting this year. We have revisited our mission statement, set out our business model and strategic objectives, and with our stakeholders have undertaken a review of issues that matter most to the Duchy. In future years we will report on a broader spectrum of risk and the range of resources and relationships which sustain the Duchy and help us meet our objectives. We are investigating material key performance indicators to support this work.

We will also be focusing effort over the next two years to understand better the impact of our tenants on the natural capital within their care, particularly soil and water. Climate change and the state of the rural economy are equally important issues for the Duchy, and for its agricultural tenants. The spread of tree diseases is of particular concern, with potentially far-reaching effects on the extensive woodlands owned by the Duchy, and on the wider landscape.

The most significant event for the Duchy in 2014/15 was the purchase of the Port Eliot southern estate. At over 700 hectares this is the most substantial purchase of farmland in Cornwall since The Prince of Wales became Duke of Cornwall in 1952.

It is a significant acquisition which retains an important land holding intact, builds on existing Duchy holdings and enables the Duchy estate to further support farming in the South West. Elsewhere, the Duchy had hoped to make an additional strategic purchase in commercial property, but this has not yet been possible.

The Duchy has successfully recruited for key posts at Poundbury and on the Isles of Scilly this year to ensure continuity of staffing. A staff consultative committee is being established, and consideration is being given to a tenants' survey so that the Duchy can further develop the service and support it gives. The world-class expertise available to the Duchy has been extended with the appointment as advisers to The Prince's Council of Sir Michael Hintze (investment management), Henry Richards (land development) and Kit Martin (historic buildings).

It has been particularly pleasing to let a progression farm to new tenants during the year, after a previous starter farm letting in 2013/14, helping very able younger farmers to establish themselves.

The Duchy continues to meet its main function of providing an income to the heir to the throne while ensuring that the capital value of the estate is maintained for future beneficiaries. There is a balance to be struck in the investment decisions made, both in the short and long term. 2014/15 has been no exception: the distributable surplus has risen by 1.7% and capital values by 3.9% – mirroring performance over the last two decades which have seen sustainable growth in both revenue and capital values. After several years of significant increase in agricultural land values, this year it was a strong performance from the commercial property portfolio which was the main factor behind capital growth.

Investment in the estate has continued to grow, reaching a record £15.1million as important development projects reach their peak at Poundbury or get underway at Nansledan. Poundbury has already provided considerable social and economic benefit to the region and it is envisaged that this will be replicated at Nansledan.

Over the next few years the Duchy aims to increase the revenue surplus at least in line with inflation. Given the economic difficulties facing the agricultural sector and the continuing need for forward-funded infrastructure at the Duchy's key development sites, meeting this target will be challenging. Further diversification within the portfolio will be sought where possible to underpin revenue growth.

The Duchy will continue with its programme of property renovations and improvements. Capital budgets indicate that there will be record capital expenditure during 2015/16, particularly at Queen Mother Square Poundbury as it nears completion. Construction of a Waitrose store at Truro will commence.

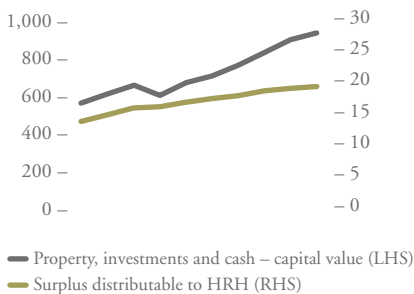
I thank all the staff who have worked so hard to ensure the Duchy has had such a successful year on so many fronts. The proud history and values of the Duchy, set out in this report, stand us in good stead.



Alastair Martin
Secretary and Keeper of the Records

Performance trends

CONTINUED CAPITAL AND REVENUE GROWTH 2005/06 TO 2014/15 (£m)



Over the last decade both the revenue surplus and the capital value of the estate have shown steady growth.

TOTAL INCOME IN 2014/15 (£m)

£32.6m
↑ 3.8%



Total income includes rents from property lettings, interest and dividends from financial investments, sales at the Duchy Nursery and income from joint ventures.

SURPLUS DISTRIBUTABLE TO HRH IN 2014/15 (£m)

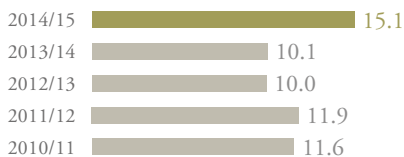
£19.8m
↑ 1.7%



His Royal Highness The Prince of Wales, as 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 the Duchy's capital assets.

CAPITAL INVESTMENT IN THE PROPERTY ESTATE IN 2014/15 (£m)

£15.1m
↑ 49%

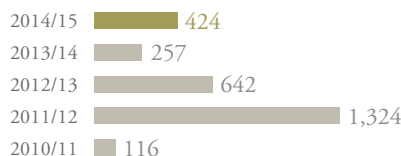


Capital investment has two main categories: work of a capital nature undertaken on existing properties, such as new farm buildings or extensions to houses; and expenditure on development sites on buildings and infrastructure which underpins the developments and future land values. 2014/15 saw record levels of investment at Poundbury and Newquay.

INVESTMENT TO REDUCE CARBON EMISSIONS (£'000)

£0.4m

£3.8m invested in renewable energy projects and emissions reduction work across the estate in the last decade.



Typical projects to reduce emissions include solar photovoltaic panels on farm buildings, renewable heating systems and improving the insulation of properties.

The increases stated are in comparison to the previous year.

How we work

From farmland to forest and shoreline to moor, the *sustainable stewardship* of land, property and ecosystems underpins everything we do.

Our business model

THE SUSTAINABLE, COMMERCIAL MANAGEMENT OF LAND, PROPERTY AND OTHER ASSETS OF THE DUCHY OF CORNWALL



Strategic objectives

OVER THE MEDIUM TERM

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 PROACTIVELY SUPPORT

communities by listening and responding to local needs and priorities, and by promoting economic and social wellbeing.

CHERISH, PROTECT AND ENHANCE

the physical fabric of land and property to maintain the estate for future generations.

WORK TOWARDS ENVIRONMENTAL PROGRESS AND IMPROVEMENT

with farmers, partners and other interested parties.

REDUCE THE ENVIRONMENTAL IMPACT

of the Duchy's in-house operations.

BUILD AWARENESS OF THE DUCHY'S ROLE

and contribution in the regions where it operates, and communicate our activities clearly and transparently.

We nurture strong relationships with tenants, communities and employees, working for positive, long-term results across the landscape and built environment to secure a proud legacy for future generations.

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 Charter and the Duchy of Cornwall Management Acts 1863 to 1982, the combined effect of which is to govern the use of the Duchy's assets for the benefit of the present and future Dukes of Cornwall.

The Prince of Wales, as 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 the Duchy's capital assets, which are retained in the Duchy so as to provide income for future beneficiaries.

The management of the estate is subject to the supervision of The Prince's Council and the Duchy is subject to an independent external audit. In addition, HM Treasury has an important role in overseeing financial transactions, with particular emphasis on ensuring that capital is maintained for future beneficiaries. For example, land transactions over £500,000 can only be carried out with HM Treasury approval.

Strategy and objectives

The Duchy's long-term property investment strategy is to own, manage and, wherever possible, improve its portfolio of property. This strategy will continue to involve the disposal of surplus property, investment in the maintenance and improvement of the retained estate, and the acquisition of new properties that meet the Duchy's investment objectives.

Responding to risks and opportunities

Many factors affect the health of the estate and the economic prospects of communities connected with it. Determining and reporting these is part of how we manage risk and plan for the future.

Assessing what matters

This year, we set out to deepen our understanding of what is material to the Duchy through a formal engagement process.

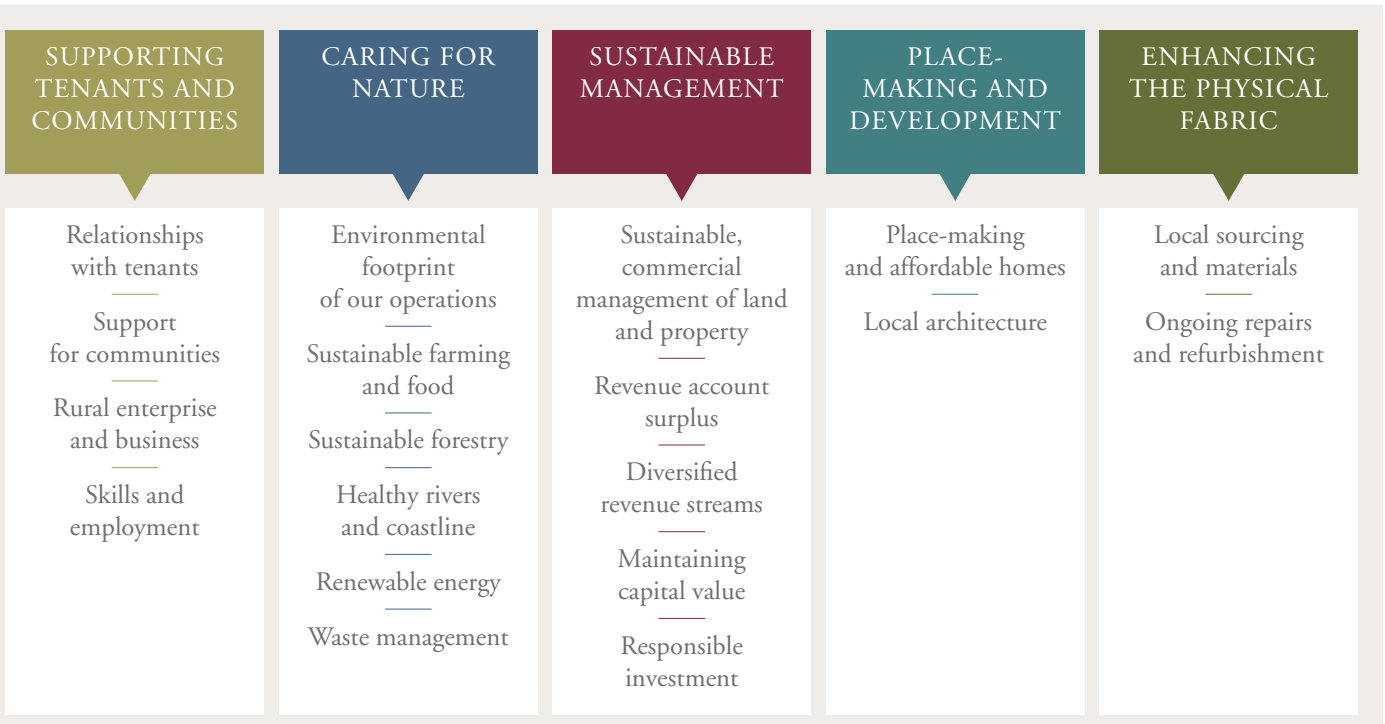
First, we consulted with a representative sample of tenants, senior officers of the Duchy and other interested parties to identify priorities and concerns, and assess their relative importance.

This was followed by a series of Integrated Thinking workshops with the wider workforce across the estate.

Finally, we carried out a benchmarking exercise to review what other organisations active in land and property management consider to be material.

The key topics

As a result of this process, we have identified the following as most significant for the long-term future of the Duchy and its stakeholders. Areas that the Duchy can manage or influence are shown below.





▲
 Dartmoor river crossing and Scilly coastline (top and centre). Beyond their environmental value, the Duchy's rivers, estuaries and coastline are used for a whole host of recreation and business purposes. The Duke of Cornwall supports conservation projects that help to protect the local landscape and marine environment. Bottom: Rare breeds at Home Farm, Tetbury, Gloucestershire

Effective governance

Making progress in all these areas relies on an effective organisation with high standards of corporate governance. The following aspects underpin the Duchy's governance:

- our history, values and culture;
- our dedicated, skilled and experienced staff;
- developing and maintaining a fair, safe workplace in which people can flourish; and
- ensuring transparent working practices and good business ethics.

For further details of how the Duchy is governed, including the role and composition of The Prince's Council and committees, please see page 34.

The external context

The material aspects above are closely linked to external factors affecting the estate:

Climate change has potentially far-reaching effects. More extreme rainfall, leading to increased, severe flooding, is a threat to people and property and contributes to soil erosion and degradation.

Biodiversity loss – every plant and animal species has a part to play in the whole ecosystem. For example, bees, increasingly in decline, have a vital role in pollination and food production.

Natural resource depletion – global demand for finite resources such as water and land continues to grow, with pollution, deforestation and other environmental damage adding to the pressure.

Rural infrastructure – broadband provision is a particular concern for businesses in rural premises.

Ageing farming population – a significant proportion of UK farmers are aged 65 or over. There are limited opportunities for new entrants, but younger farmers are essential for a dynamic agricultural sector.

World economics – changes in the oil price in either direction affect many commercial decisions, including the viability of renewable energy investments.

Managing risk

The information provided throughout this report illustrates how we are addressing issues that matter to the Duchy and its stakeholders. For specific details on our risk management processes, see page 42, Principal risks and uncertainties.

Review of activity

This section provides examples of the Duchy's sustainable stewardship:

- 16 Supporting tenants and communities
- 19 Caring for Nature
- 22 Sustainable management of the portfolio
- 26 Place-making and development
- 29 Enhancing the physical fabric

To illustrate our long-term approach, this section begins with a summary of activity and investment over more than a decade in a core part of the estate, Newton Park in Somerset.



ABOUT THE ESTATE

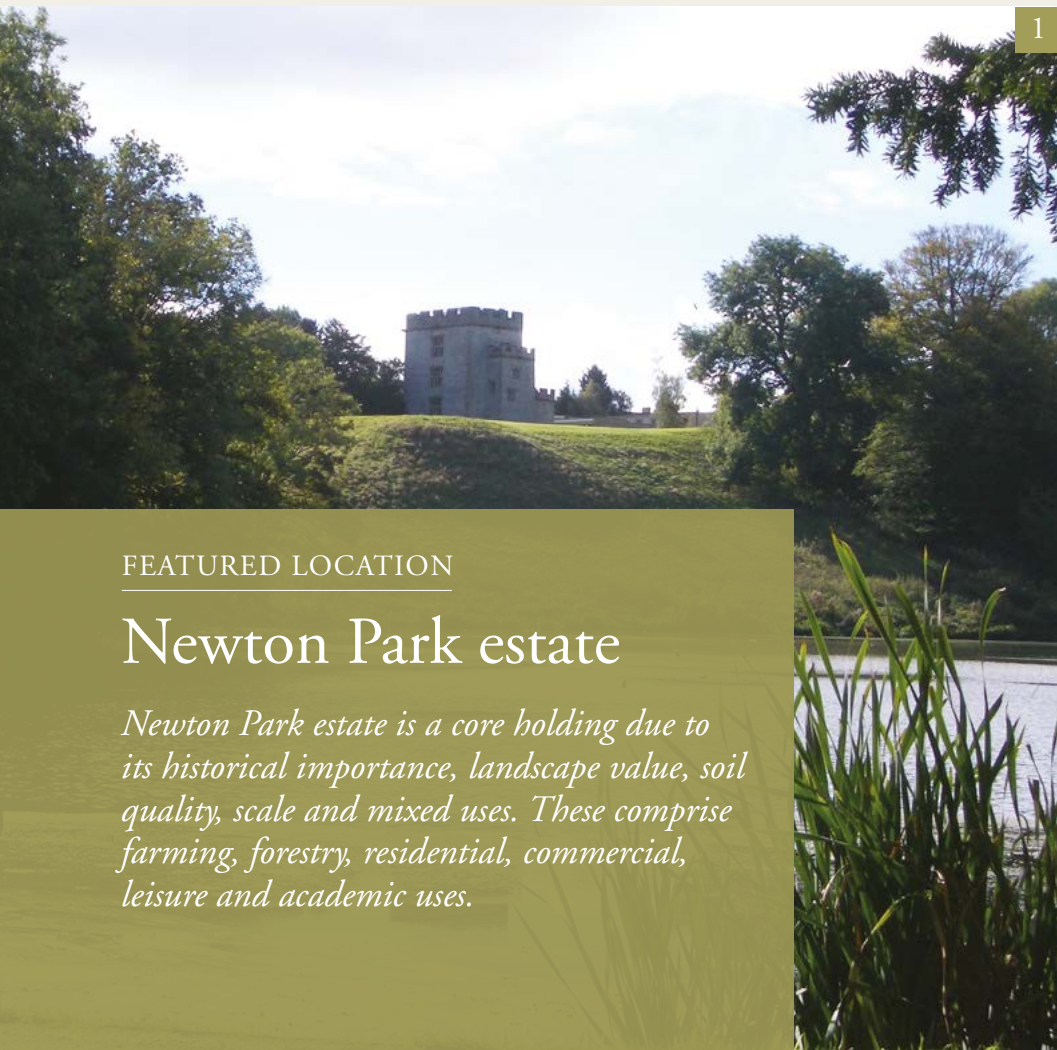
The Duchy purchased Newton Park estate between 1941 and 1962. The land adjoins the Manor of Inglescombe, owned since the 15th century. Together, these comprise the Duchy's single largest land holding after Dartmoor.

2,550

Hectares

£7.4m

Investment in the estate over the last decade



FEATURED LOCATION

Newton Park estate

Newton Park estate is a core holding due to its historical importance, landscape value, soil quality, scale and mixed uses. These comprise farming, forestry, residential, commercial, leisure and academic uses.

1



2



3



4

RENEWABLE ENERGY

- More than £600,000 invested in renewable energy projects to date.
- Roof-mounted solar photovoltaic systems at two farms and at Duchy offices. **4**
- Ground source heating installation at two residential properties.
- Biomass boiler providing heating and hot water to an eight-bedroom farmhouse.

WORKPLACES AND JOBS

- 13 farm enterprises.
- 12 commercial units plus Bath Spa University and the Duchy's estate office.
- Planned upgrade of offices to support Send a Cow growth plan (foreign aid charity employing 35 staff).
- Avon County Rowing Club – new boathouse, changing rooms, gym and clubroom.

HOMES TO MEET LOCAL NEEDS

- Community consultations in 1995 and 2005 to identify housing needs.
- Since 2002, ten new homes created including six newly built, three conversions and one large house divided into two. **2**
- New homes include four single-storey retirement cottages for previous Duchy tenants.
- 17 village houses and cottages refurbished in the last two years.

LANDSCAPE RESTORATION AND WATER MANAGEMENT

- Across the estate, more than 16 hectares of new woods and copses have been planted within the last ten years.
- Long-term restoration of Newton Park has led to English Heritage redesignating it as Grade II*, putting it in the top 500 historic landscapes in the country. **1 3**
- For more details of work undertaken please see page 21.



Supporting tenants and communities

We want our tenants to thrive and prosper and we work hard to support families and businesses to do so.

One of the ways we do this is through our membership of committees and groups working on initiatives that are relevant to the estate. We also encourage Duchy staff to support the communities where they are based by giving time and expertise to local charities, schools, colleges, sports clubs, and a whole variety of community projects.

▲
HRH The Prince of Wales and Sir Nicholas Bacon, the Lord Warden of the Stannaries at a community meeting on Dartmoor

THROUGH ITS STAFF MEMBERSHIPS, THE DUCHY SUPPORTS INITIATIVES PROMOTING PRINCIPLES THAT GOVERN THE ESTATE. THESE INCLUDE:

Sustainable business initiatives, such as the *Dartmoor Woodfuel Co-operative* and the *Islands' Partnership* on the Isles of Scilly

National and regional groups focused on rural issues and sustainable farming and forestry, including the *Country Land and Business Association (CLA)* and the *Forestry Learning & Development Working Group*

Ecology initiatives like the *Wildlife Trusts* and the *Cornwall Red Squirrel Project*

Employment and community bodies including the *City and Guilds of London Art School* and *Pathways Kennington*

Community events including the *Dorset Food and Music Festival*.

ISLAND FACTS

2,300

The population of St Mary's and four off-islands: St Agnes, Bryher, Tresco and St Martin's.

100

Each off-island is home to just 100 or so people. Access to the off-islands is only by boat and communities can be cut off by winter storms.

▲
View from Bryher towards Cromwell's Castle, Tresco



The Isles of Scilly

As Landlord of much of the Isles, we have an extensive property maintenance programme where, for many years, our investment has significantly exceeded the rental income from the islands.

Quays, harbours and slipways

Recent refurbishment of the quays serving St Agnes, Bryher and St Martin's has secured access for those island communities and the Duchy has recently finished improvements to passenger waiting rooms and freight-handling areas to improve the management of island goods.

Improved boat-launching facilities have also been provided at Portloo on St Mary's where, with the assistance of grants from the European Regional Development Fund (ERDF), the Duchy has replaced a substantial slip that allows local commercial vessels to recover their craft and store them over winter.

During 2014/15 the Duchy spent more than £1million refurbishing the quay on St Mary's. A project is also underway to extend the quay by some 23 metres to provide improved facilities for passengers, freight and berthing. The Duchy and its partners have supported these works since 2003, which are now being funded by the Department for Transport and the ERDF.

The harbour provides a strategic supply link with the mainland. As such, we are proposing that the status of the harbour as a private port is changed to that of a Trust Port, which will provide an opportunity for greater community involvement in its management.

St Agnes meeting hall

On the off-island of St Agnes, the meeting hall was rebuilt in 2014 and provides all the island's community facilities and local business work spaces. The Duchy worked closely with the community to develop the building design and provided the bridging finance.

IRON AGE HILLFORT

88 hectares

The iron age hillfort at Ham Hill near Stoke sub Hamdon in Somerset is a scheduled ancient monument. It extends across 88 hectares and is considered to be one of the largest in Britain.

*View from
Ham Hill*



Ham Hill, Stoke sub Hamdon

Nearly 25 hectares of Ham Hill are owned by the Duchy and have been leased to South Somerset District Council since 1995, as part of the Council-managed Country Park.

In 2014 it was agreed to grant a further 20-year lease to the Council for an annual rent of one peppercorn – making it possible for the Duchy-owned land to remain part of a public amenity that is very much enjoyed by the community.

Public access and use

There is pedestrian access permitted across the whole Country Park, and the area is heavily used by walkers, cyclists and horse-riders.

The Ham Hill Centre and the Rangers' Office were built by the Council with permission from the Duchy, enabling the active team of Rangers to host many educational visits.

Each year the Country Park hosts the annual Ham Hill Fayre, a free family day out celebrating the site's history. The Duchy often gives small donations or raffle prizes for events that support the successful running of the Country Park, as well as relevant permissions for the annual Fayre to take place.

Steeped in history

Permission was granted under licence in 2012 and 2013 for Cambridge Archaeological Unit, University of Cambridge to carry out excavations on Duchy land to investigate the hillfort rampart construction, which culminated in findings published in 2014.

The Duchy of Cornwall leases land at Ham Hill for a stone company to quarry Ham Stone for local buildings and restoration works.



Caring for Nature

Sustainable stewardship is at the heart of the Duchy's approach, and follows The Duke of Cornwall's leadership in pursuing best practice for more than 40 years.

With a staff of 150, the Duchy's offices and operations have a relatively small environmental footprint, but we continue to look for ways to operate efficiently to minimise greenhouse gas emissions and other impacts. The Duchy offsets its own emissions through tree planting on Duchy land, with resulting carbon credits verified by a third party.

Helping farm businesses to be productive, successful and environmentally sustainable is an ambition that is close to our heart. The Duchy's investment and partnering in anaerobic digestion and renewable electricity are important aspects of our approach.

CARBON REDUCTION

53% reduction

Reduction achieved in overall carbon emissions arising from operations since 1990 (see page 32 for full carbon report).

11,050 tonnes

Estimated tonnes of carbon dioxide captured by Duchy woodlands every year, 47 times the annual emissions from all the assets that we directly manage.

▲
An avenue of recently planted parkland trees, Newton Park estate, Somerset

GREEN ENERGY
FOR FARMS

£1.15m

To date, the Duchy has invested £1.15million in nine major solar photovoltaic installations on farm buildings across the estate, and more are in the pipeline.

426MWh

Generated from green energy solutions, enough for the annual needs of 129 houses.



Green energy solutions

Greener, cleaner energy is expected to become more significant in the UK's overall energy mix.

Reducing the reliance on finite fossil fuels is part of the Duchy's strategy too. We aim to make a real contribution to a low-carbon future by lowering a property's carbon emissions as well as our tenants' energy bills.

At the same time as investing in anaerobic digestion, solar photovoltaic, insulation and a range of other technologies, we have installed a number of biomass boilers across the estate, including at the Duchy Nursery in Lostwithiel.

Biomass boilers are carbon neutral. They burn wood pellets, chips or logs to supply eco-efficient heating and hot water. This year, among other projects, we invested in two new biomass boilers at our regeneration project at Harewood End in Herefordshire, in solar photovoltaic arrays on a farm building in Somerset and on a house on the Isles of Scilly, and in insulation, wood-burning stoves and double glazing across a number of properties.

Duchy woodlands are an important part of the picture, providing a sustainable local source of raw material. For example, we supply woodchip to Dartmoor Woodfuel Co-operative, a group set up to unlock the potential of woodlands in the area, encourage carbon reduction and promote biodiversity.

▲
A biomass boiler (left), installed this year at the Duchy-owned Prince of Wales pub (right) in Stoke sub Hamdon, Somerset

FOREST FACTS

With The Prince's Trust, the Duchy of Cornwall offers young unemployed people a three-week Get Into Woodlands course in our Herefordshire woodlands, culminating in training certificates and valuable work experience.

Nearly 50 young people have attended Get Into Woodlands over the past four years, with a number going on to forestry jobs or related occupations.

Forest Schools regularly take place in our woodlands, enabling primary school children and their teachers to learn about Nature at first hand.

We welcome many other public and educational visits to Duchy woodlands, and are actively involved in a wide range of national and international sustainable forestry organisations.



Restoring and enhancing historic landscape

During the last 12 months the Duchy has planted 134 parkland trees at the centre of the historic Newton Park estate.

These are the latest instalment of parkland tree planting and other restoration works that respect as far as possible the historic precedents discovered through research.

Replanting and restoration

Hundreds of metres of avenue which pre-date the designs of Capability Brown have been replanted – this time, with Lime rather than Elm – and several hundred parkland trees have been established in positions that are as near as possible to the original design.

Other restoration and reconstruction work has been carried out on lakes, cascades, weirs and buildings including the garden temple, boathouse, gatehouse and pump house, with hundreds of metres of stone ha-ha also repaired and rebuilt.

The work has been carried out by the Duchy with co-funding from Bath Spa University and grant aid from the Countryside Commission, the Heritage Lottery Fund and more recently Natural England.

Key results

Natural England has recognised the importance of the historic landscape on the Newton Park estate by including it in three Higher Level Environmental Stewardship Schemes. This has enabled the farm tenant to turn arable land back to traditional parkland – permanent pasture with associated parkland tree planting.

It is some measure of what has been achieved that English Heritage has re-assessed Newton Park from a Grade II to a Grade II* listed Historic Park and Garden, putting it in the top 500 historic landscapes in the country.

▲
A Forest School lesson for schoolchildren in Duchy woodlands (above left). Tree planting at Newton Park estate in Somerset (above right)

Sustainable management of the portfolio

We aim to improve the overall quality of the estate and support our tenants to use their Duchy properties successfully and sustainably.

Where possible, our position is to keep, rather than sell, our assets. This applies particularly to core parts of the estate, which are prime holdings. Here, our strategy is to retain and reinvest in existing property, adding to the overall portfolio through purchases where appropriate.



LETTINGS UNDER THE DUCHY'S MANAGEMENT

3,000

The Duchy manages around 3,000 lettings in total.

50%

Almost half of the Duchy's lettings are agricultural holdings and other rural assets.

200

The portfolio includes 200 traditional farms ranging from less than one hectare to about 745 hectares.



*Downland at
Mere, Wiltshire*

FARMING FACTS

23%

Almost a quarter of UK farm holders were aged under 45 in 2000.

14%

By 2010, only 14% were under 45 and almost a third were 65 or older.

Source: DEFRA et al. *Agriculture in the United Kingdom, 2013.*



Encouraging younger farming families

▲
The Duke of Cornwall with Sam and Emily Stables and son Alfie, the new tenants of Kings Pitt Farm, Herefordshire

To help young families gain a foothold in farming and build successful businesses, the Duchy provides starter and progression farms – essential for bringing new life into rural communities and encouraging a dynamic agricultural sector.

Investing in the future of farming

The farming population is ageing and opportunities are scarce for new, younger entrants. We go to great lengths to offer starter farms to tenants who share our commitment to the environment and sustainable farming. These are rare opportunities to obtain a tenancy of a suitable and fully equipped holding.

The Duchy has provided three starter/progression farms to date in recent years. The latest ones created are Sycamore Farm, a 40-hectare holding in Plumtree, Nottingham, which became home to the Brailsford family in March 2014, and Kings Pitt Farm, Herefordshire, let in March 2015.

A new lease of life

Kings Pitt Farm is around 80 hectares of predominantly pasture land, including a three-bedroom farmhouse and a range of traditional and modern buildings – suitably equipped to enable the new tenants to get the business up and running quickly.

More than 75 interested parties came to view Kings Pitt Farm on an open day held by the Duchy. This gave prospective tenants the chance to look around and meet Duchy staff. Applicants were then invited to apply for the holding, including setting out a sustainable business plan suited to the farm and its productive capacity.

The successful applicants were Sam and Emily Stables from Somerset, a farming couple in their mid-thirties. We are pleased to welcome them to the new tenancy at Kings Pitt Farm.

AN EXTENSIVE ESTATE

728
hectares

Port Eliot estate extends from the village of Polbathic to the cliffs of Whitsand Bay in South East Cornwall.



Adding to the portfolio: Port Eliot estate and other significant purchases

In October 2014, the Duchy acquired the southern portion of Port Eliot estate – its most substantial purchase of farmland in Cornwall since The Prince of Wales became Duke of Cornwall in 1952.

Building on existing holdings

This significant acquisition retains an important land holding intact, builds on existing Duchy holdings and enables the Duchy to further support farming in the South West.

The estate is well situated in relation to other Duchy property as nearby manors include Bonyalva (1 mile north-west), Duloe (5 miles west), Trematon (4 miles east) and Leigh Durant (4 miles north-east).

Improving the portfolio over time

The Port Eliot purchase supports the Duchy's long-held strategy of targeted acquisitions to improve the quality of assets. It can be seen in the context of other substantial purchases made over a 70-year period (see the timeline opposite).



*Southern area of Port
Eliot estate, Cornwall*



Other significant purchases

2014 and 2010

The Duchy bought commercial woodlands adjoining the Herefordshire estate: 80 hectares at Athelstan's Wood and 55 hectares at Nether Wood.

2007

Purchase of Llwynywermod estate, South Wales, providing a Welsh residence for His Royal Highness. This replaced the Boverton estate, purchased in 1983.

2000

The rural estate of the Prudential was the Duchy's largest 20th-century purchase. This included the Guys estate at over 4,450 hectares as well as land in Shropshire, Kent and Sussex.

1991

Purchase of 768 hectares at the Cradley estate, Herefordshire.

1980

Highgrove House purchased as a country residence for The Prince of Wales, along with Broadfield Farm, Tetbury.

1941

The Newton Park estate was purchased over a 20-year period from 1941 and is now the principal estate within the Eastern District. It borders land at Inglescombe which the Duchy had owned since the 15th century.



Place-making and development

The principles of urban design promoted at Poundbury have long been championed by The Prince of Wales and have since become part of mainstream planning policy.

Poundbury demonstrates that it is possible to build high-quality, traditional housing at affordable prices, and successfully integrate private and affordable homes with commercial properties and leisure facilities. Walkable neighbourhoods enable people to meet many daily needs on foot and emphasis is placed on the quality of architecture and use of traditional materials, to create an attractive place of character in which people choose to live and work.

THE EVOLUTION OF POUNDBURY

In 1987 the local planning authority, West Dorset District Council, selected Duchy land to the west of Dorchester for future expansion of the town.

Guided by the principles set out by The Prince of Wales in his book, *A Vision of Britain*, the Duchy developed plans with the council for a new urban extension to Dorchester.

Construction of Poundbury began in 1993, with a masterplan comprising approximately 100 hectares of mixed use buildings and 60 hectares of landscaping.

Today, Poundbury is expected to increase the population of Dorchester by about one-quarter (approximately 4,500 people in 2,200 homes) by 2025.

The principles established at Poundbury are being continued in developments at **Nansledan** and **Tregunnel Hill** in Newquay.

*Holmead Walk,
Poundbury, Dorset*

SUPPORTING THE
ECONOMY OF
DORCHESTER

3 jobs

created for every two new homes built to date in Poundbury.

2,100

people employed in 170 businesses at the beginning of 2015.

50%

of those enterprises were first established in Poundbury, mainly comprising small independent artisan businesses. This reflects the Duchy's decision to create affordable workshop and retail spaces, providing an entrepreneurial environment which enables smaller businesses to establish and thrive.

The Royal Pavilion (above left) and Queen Mother Square: architectural visualisations of new phases of development at Poundbury



Poundbury: new phases of development

The Duchy is successfully developing the buildings around Queen Mother Square, the central hub and heart of Poundbury, through joint venture agreements with carefully selected partners.

Specialist knowledge, skills and resources

Working alongside Duchy staff, these partners help to bring the specialist knowledge, skills and resources required to fund, construct, operate or sell the properties. Each building is bespoke, with its own detailed classical design, and is a complex construction project in its own right.

When complete, the buildings around Queen Mother Square will provide residential, office, restaurant, retail and leisure uses. The Duchy will retain the freehold of the majority of the commercial premises in Queen Mother Square in order to secure an income stream.

Some of the joint venture developments completed or in progress at Poundbury include:

- **The Royal Pavilion** – a primarily residential block (with CG Fry), with a health spa and retail unit, due for completion 2016/17

- **The Duchess of Cornwall Inn** – a public house restaurant and 20-bed hotel (with independent family brewer Hall & Woodhouse), due for completion early 2016
- **Kings Point House** – an earlier joint venture completed in 2014 and now almost fully let, providing retail premises, office space and residential apartments.

New school and new homes

Damers School has secured detailed planning permission at Poundbury for a primary school for up to 600 pupils, with construction starting in May 2015. Alongside the school will be a block of 63 flats for a local registered housing provider.

In the North East Quadrant of Poundbury, 500 new homes will be built over the next five years. This sees Poundbury continuing to meet the housing needs of the broadest section of the community. For example, the Duchy is helping to pioneer a new type of affordable housing sold at a 30% discount to the purchaser. The purchaser retains 100% ownership of the property but can only sell on the home for 70% of the market value. These homes start at £80,000 and are available to purchasers on the Housing Register or with a combined income of less than £60,000.

BUILDING FOR THE LONG TERM WITH LOCAL SUPPLIERS

Locally sourced materials such as Cornish granite and Cornish slate are an important part of the fabric of Tregunnel Hill. A number of local companies are also contracted to provide skilled labour. The work generated during development supports local businesses to invest in staff and machinery, helping to secure and sustain jobs over the long term.



The Duke of Cornwall visiting the Tregunnel Hill development in Newquay (above left); Cornish slate being used for roofing



Tregunnel Hill: Cornish materials, craftsmanship and jobs

Tregunnel Hill is the Duchy's four-hectare development on the edge of Newquay town centre that aims to set a benchmark for sustainable development in Cornwall.

Commitment to local materials

When building work is completed in 2015, Tregunnel Hill will provide 174 new homes and workspace for 30 people. The principles of the development include a commitment to use locally sourced materials wherever possible, to minimise carbon emissions, to create socially inclusive places and to diversify and strengthen the local economy.

The approach is inspired by the values of The Prince of Wales, reflecting his desire to support local communities by championing Cornish materials and traditional craft skills, and to provide a range of high-quality homes and workspaces for local people: 90% of buyers are locals.

Delivering new housing

There is strong demand for the new homes at Tregunnel Hill. Quality of finish, the use of traditional materials, attention to detail and the attractive setting have all been stated by purchasers as key reasons for deciding to buy.

The first residents moved in at the end of 2013, and, with the additional assistance available through the Government's Help to Buy scheme, around a quarter of the homes taken to date have been bought by first-time buyers.

A virtuous circle

Building sustainable long-term relationships with Cornish suppliers, craftsmen and apprentices creates a virtuous circle that retains value in the local economy. The commitment of development partners, local authorities and the community has been instrumental in realising this ambition.



Enhancing the physical fabric

Many of the Duchy's properties are older buildings, sometimes of historical or architectural interest, calling for sympathetic management and conservation. For all property we have a proactive, planned programme of enhancement, upkeep and repair.

For the landscape in our care, the Duchy regularly undertakes work such as the creation and restoration of ponds, tree pollarding and coppicing, hedge laying, orchard improvements, work on historic parkland and gardens, and upgrades to pathways and stiles.

▲
Llwynywermod, Wales

INVESTING IN ENHANCEMENT, UPKEEP AND REPAIR

The Duchy aims to set aside a proportion of income for amenity and conservation work that is higher than typical estates.

£2.6m

£2.6million was spent by the Duchy on repairs to its properties in 2014/15.

£4.7m

£4.7million was invested in capital improvements in 2014/15.

*Priory Farm Barns,
before and after
the conversion and
restoration project*



Converting and refurbishing property

Priory Farm Barns in Stanton Prior, Somerset reflects the Duchy's approach of retaining property wherever possible, enhancing it and putting it back into use – in this case, as a new home.

When our long-standing tenant retired, Priory Farm ceased to be an independent agricultural holding. Due to its small scale, type of infrastructure and large farmhouse, the holding was not suitable to be a starter farm for a young entrant. Our solution was to refurbish the farmhouse for letting, use the land to bolster the holdings of neighbouring tenants and put the barns back into useful service as a home.

Converting redundant farm buildings

After consultation with the relevant authorities, we were granted consent to convert the barns into a single four-bedroomed, detached home.

Thermal efficiency was a key goal. We prioritise renewable energy for heating and hot water where viable, so we invested in a ground source heat pump, which required four boreholes to be drilled to a depth of 132m.

For our directly let residential property we have a programme to bring loft insulation up to 300mm using sustainable materials. At Priory Barns we used material made from recycled plastic bottles.

Excellent craftsmanship and high-quality materials, locally sourced wherever possible, were other essential ingredients. Duchy-grown oak was used for structural beams and lintels, while limestone flooring was sourced from within the UK.

Bats were found to be present at the site. We made improvements to the neighbouring cider barn to provide a better habitat for the bats and fitted new hibernation boxes to nearby trees.

All these works were completed in spring 2014.

BODBRANE FARM, DULOE, CORNWALL

Bodbrane Farm is a holding of approximately 100 hectares.

The Duchy's tenant, Andrew Brenton, has a 270-strong dairy herd and 380 sheep.

Mr Brenton hopes that one of his children will one day take on the farm.



▲
*New milking parlour (left)
and new cubicle building
at Bodbrane Farm*

Modernising farming infrastructure

The Duchy is keen to support tenants in modernising and improving facilities to achieve more efficient and sustainable businesses.

Bodbrane Farm in Duloe, Cornwall illustrates our approach. The current tenant, Andrew Brenton, succeeded to the tenancy in 2012. His father had been at Bodbrane since 1984 and before that at another Duchy farm since 1966.

Enabling expansion

The farmstead was in need of modernisation. Following discussions with the tenant the Duchy demolished the existing dairy parlour, which was structurally unsound, as well as a tank room and calf house. In their place we provided a new purpose-built facility suitable for an enlarged modern herringbone milking system. The new parlour allows for herd expansion and a reduced and more efficient milking. Two small cow cubicle buildings which had reached the end of their design life have been replaced with a new clear span building, providing improved cow comfort and more efficient slurry handling.

Meeting higher environmental standards

The Duchy has also been instrumental in designing and constructing a new slurry lagoon with a capacity of 1.34million gallons. This ensures that the farm meets the requirements of the Nitrate Vulnerable Zone (NVZ) and Silage, Slurry and Agricultural Fuel Oil (SSAFO) Regulations, a joint project with our tenant.

Since completion of the new facilities and improvement works this year, the Duchy has continued to work with Andrew Brenton to assist in the conversion and alteration of other farm buildings to suit his farming system and make best use of the fixed equipment on the holding.

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 ten years.

Carbon performance summary

The Duchy has achieved a 53% decrease in overall carbon dioxide emissions since the baseline year (representing 234 tonnes carbon dioxide equivalent in 2014/15).

The rate of reduction has flattened over the last three years, with further reductions 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.

New targets will be developed as part of the Duchy's work on integrated reporting.

Carbon statement¹

	Baseline ² tCO ₂	10/11 tCO ₂	11/12 tCO ₂	12/13 tCO ₂	13/14 tCO ₂	14/15 tCO ₂
OPERATIONAL MANAGEMENT						
Offices, in-hand property						
Travel – business	132	77	81	86	95	113
Travel – commuting	52	54	49	62	63	64
Energy used in properties	225	98	100	39	30	26
Sub-total	409	229	230	187	187	203
TRADING ACTIVITIES Holiday cottages, nurseries						
Travel – business	9	11	9	6	6	6
Travel – commuting	17	23	17	22	18	15
Energy used in properties	60	46	15	17	17	9
Sub-total	86	80	41	45	42	31
Total emissions	495	309	271	232	229	234
Total travel related emissions	210	165	156	176	181	199
Total energy used in properties	285	144	115	56	47	35
Total emissions	495	309	271	232	229	234
Reduction on baseline		38%	45%	53%	54%	53%
ENERGY USED IN PROPERTIES						
Gas – gross	54	72	73	89	80	63
Emissions reduction ³	-	-	-	-89	-80	-63
Gas – net	54	72	73	0	0	0
Electricity – gross	156	267	248	278	292	299
Emissions reduction ⁴	-	251	-235	-258	-265	-282
Electricity – net	156	16	14	19	27	17
Oil – gross	75	56	28	37	20	17
Total	285	144	115	56	47	35

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.

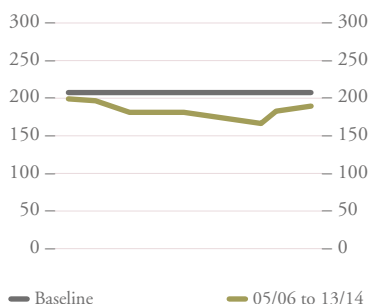
² PricewaterhouseCoopers LLP provided assurance over the Duchy's 2008/09 carbon emissions data. The data for the baseline and all other years has not been subject to assurance. Assurance will be obtained in future either when there is a significant change in the assets and activities of the Duchy or 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 Anaerobic Digester and Biomethane Plant.

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

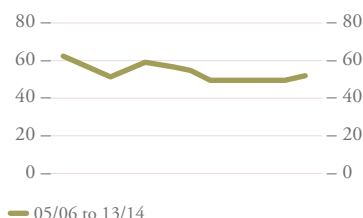
Carbon performance summary

TRAVEL EMISSIONS



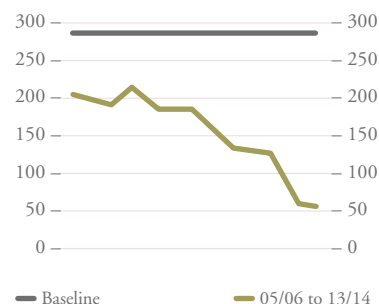
Decreased by 5% compared to baseline. Travel emissions at first declined, mainly due to the purchase of a much more fuel-efficient boat for St Mary's harbour on the Isles of Scilly, which is used both as a pilot boat and for inter-island travel. Over the last few years travel emissions have started increasing because travel to the Isles of Scilly has been undertaken using the longer-journey fixed wing aircraft, the helicopter public transport service from Penzance having ceased.

BUSINESS MILES



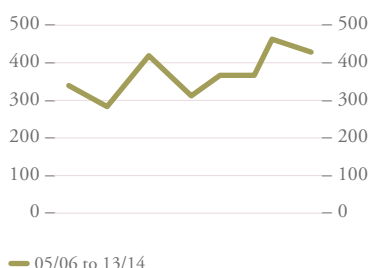
Decreased by 14% compared to baseline. While there has been a very large reduction in emissions from properties, it is proving harder to reduce emissions from travel. While the average gCO₂/km of cars driven by office-based staff has fallen from 167 in 09/10 to 153 this year, the number of business miles driven is roughly static, and the total staff commute has risen, as more staff are employed.

PROPERTY EMISSIONS

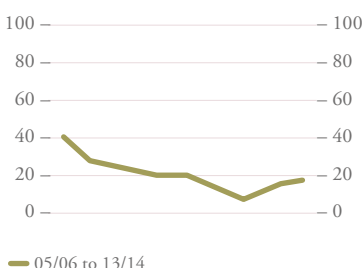


Decreased by 88% compared to baseline. Key factors include the switch to renewable fuels and a programme of works to convert offices to renewable heating systems or to upgrade existing systems. All offices and trading businesses purchase only electricity generated from renewable sources backed by Renewable Energy Guarantee of Origin (REGOs) certificates, and purchase gas backed by Renewable Gas Guarantees of Origin registered through the Green Gas Certification Scheme (GGCS). Two further offices, at Princetown and Restormel, are now heated by biomass.

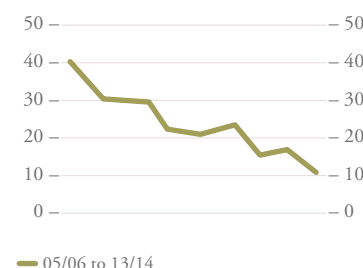
GAS



ELECTRICITY



HEATING OIL



The volume of gas and heating oil consumed has fallen this year compared to last, and the proportion of non-renewable electricity used has fallen again.

The contents of the Strategic Report are signed on behalf of the Proper Officers by Alastair Martin, Secretary and Keeper of the Records, 5th June 2015.

Governance

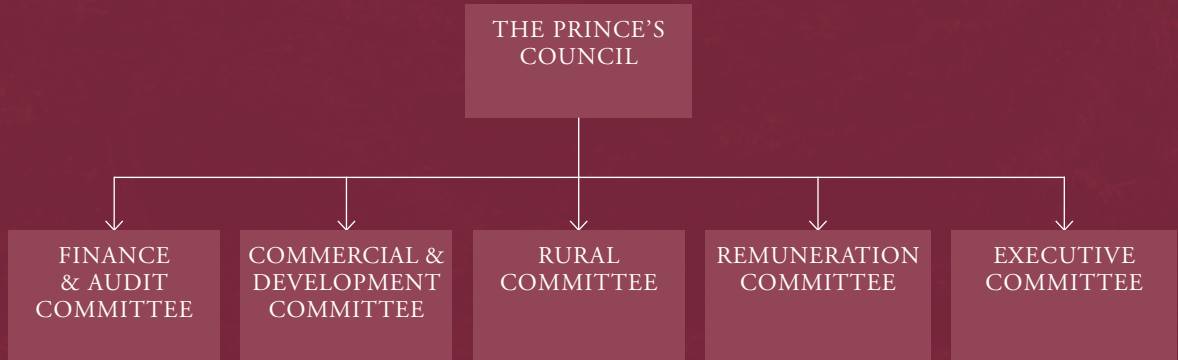
Clear direction and oversight

Dukes of Cornwall have traditionally managed their own estates. The current Duke is actively involved in running the Duchy and chairs The Prince's Council.

The Duchy is *sui generis* – one of a kind. It is neither a corporation or company, nor trust or settlement. In the interest of transparency and good practice, these details are given as a further insight into how the Duchy runs the estate, using a governance structure designed to provide clear direction and oversight.

Governance at a glance

HM TREASURY



The leadership provided by the **Council** is fundamental to the Duchy's performance. The Council delegates executive responsibility to its **Committees**, while maintaining oversight through Council members' participation in these Committees.

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, the Treasury must, for example, approve all property transactions with a value of £500,000 or more.

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 the Treasury is fulfilling its statutory responsibilities.

The Prince's Council and Committees

Appointments to The Prince's Council are within the gift of The Duke of Cornwall. Through these appointments, the Duchy has access to the professional expertise and wide experience of recognised leaders in agriculture, commercial property, estate management, investment management, law and finance.

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

	Appointed	Membership					
		COUNCIL	FINANCE & AUDIT	RURAL	COMMERCIAL & DEVELOPMENT	REMUNERATION	EXECUTIVE
THE PRINCE'S COUNCIL							
Chair: His Royal Highness The Prince of Wales		✓					
The Lord Warden of the Stannaries – Sir Nicholas Bacon	June 2006	✓	✓	✓	✓	✓	
The Receiver General to His Royal Highness – The Hon James Leigh-Pemberton	December 1999	✓	✓			✓	
The Attorney-General to His Royal Highness – Jonathan Crow QC	December 2006	✓					
The Secretary and Keeper of the Records – Alastair Martin	January 2012	✓	✓	✓	✓	✓	✓
The Rt Hon The Lord Rothschild	June 2006	✓					
Mark Thomas	December 2006	✓		✓			
The Countess of Arran	June 2007	✓		✓			
James Williams	December 2009	✓	✓	✓		✓	
John Stephen	January 2012	✓			✓		
William Nye	January 2012	✓	✓				
Ian Marchant	June 2012	✓	✓				
ADVISERS TO THE COUNCIL							
David Fursdon	April 2008			✓			
Paul Morrell	February 2012				✓		
Andrew Wright, Treasurer to TRH The Prince of Wales and The Duchess of Cornwall	September 2012		✓				
Sir Michael Hintze	September 2014		✓				
Henry Richards	November 2014				✓		
Kit Martin	February 2015				✓		
DUCHY STAFF							
Linda Bryant, Property Services Director							✓
Simon Conibear, Estate Director, Dorchester		✓			✓		✓
David Curtis, Land Steward, Eastern District		✓		✓			✓
Tim Gray, Estate Surveyor		✓			✓		✓
Chris Gregory, Land Steward, Western District and Isles of Scilly		✓		✓			✓
Andrew Phillips, Rural Director of Finance				✓			✓
Nick Pollock, Deputy Estate Surveyor					✓		
Keith Willis, Finance Director		✓	✓	✓	✓	✓	✓

THE PRINCE'S COUNCIL*Sir Nicholas Bacon*

The Lord Warden of the Stannaries, Sir Nicholas is a Norfolk landowner with commercial interests predominantly in London and is President of the Royal Horticultural Society.

The Hon James Leigh-Pemberton

Receiver General, James was a Managing Director and Chief Executive Officer of Credit Suisse in the United Kingdom. In September 2013, he was appointed to head UK Financial Investments (UKFI).

Jonathan Crow QC

The Attorney-General to His Royal Highness, Jonathan, formerly First Treasury Counsel (Chancery), is a practising barrister, specialising in company and commercial litigation and public law.

Alastair Martin

Secretary and Keeper of the Records, Fellow of the Royal Institution of Chartered Surveyors, the trustee of several private estates.

The Rt Hon The Lord Rothschild

Chairman of The Rothschild Foundation, J Rothschild Capital Management and Five Arrows Limited.

Mark Thomas

A pedigree beef and sheep farmer from Launceston, Cornwall, Mark is a landowner and tenant and past Chairman of the National Beef Association (South West), and Chairman of South Devon Herd Book Society.

The Countess of Arran

Lady Arran runs a traditional rural estate in Devon and has wide charitable interests in the South West.

James Williams

James is based in Cornwall. His interests cover education, the arts, agriculture and charitable work.

John Stephen

A Chartered Surveyor, previously Chairman for England of Jones Lang LaSalle and currently a non-executive director of a range of public and private property organisations.

William Nye

The Prince of Wales' Principal Private Secretary and former civil servant.

Ian Marchant

Formerly Chief Executive Officer of Scottish and Southern Energy since 2002 and a member of the UK Business Council for Sustainable Energy. Now Chairman of energy firm Infinis.

COMMITTEE ADVISERS*David Fursdon*

David is a qualified rural surveyor and agricultural valuer. He is a Crown Estate Commissioner and Chairman of Beeswax Farming Ltd. A former Country Land and Business Association (CLA) President and English Heritage Commissioner, David is the owner of a family estate management, property and tourism business. David has recently been appointed Lord Lieutenant of Devon.

Paul Morrell

A chartered quantity surveyor, Paul was Senior Partner and international Chairman at Davis Langdon (now part of AECOM). He subsequently became the Government's first Chief Construction Adviser and now practises as an independent consultant.

Andrew Wright

Andrew is Treasurer to TRH The Prince of Wales and The Duchess of Cornwall.

Sir Michael Hintze

With a background in banking (Salomon Brothers, Goldman Sachs, Credit Suisse First Boston), Michael is the founder, Chief Executive and Senior Investment Officer of CQS, one of Europe's leading multi-strategy asset management firms. He is also a Senior Portfolio Manager. Michael has wide-ranging philanthropic interests and to consolidate these, the Hintze Family Charitable Foundation was established in 2005.

Henry Richards

Henry is Executive Chairman of Lands Improvement Holdings Ltd. Prior to joining LIH, he was a Director of Savills and spent the first six years of his career with Jones Lang Wootton.

Kit Martin

Kit trained as an architect and is an Honorary Fellow of the Royal Institute of British Architects. He has spent a lifetime conserving historic buildings. He is Projects Consultant to The Prince's Regeneration Trust and a founding Trustee of Save Europe's Heritage. Awarded a CBE for services to conservation.

Governance in action

THE PRINCE'S COUNCIL

Role and remit

- Chaired by The Prince of Wales.
- Provides advice to His Royal Highness with regard to the management of the Duchy.
- With the exception of the membership of the Secretary and Keeper of the Records, the Council is a non-executive body.

Matters reviewed

Met in June and December 2014. Other than regular reports from the Council Committees, matters reviewed included: sales and purchases, in particular the purchase of the Port Eliot estate in Cornwall; the Duchy's project with Women in Rural Enterprise (WiRE); starter farms; a strategic review of the Isles of Scilly District (a strategic review of the Eastern District having been discussed in 2012); challenges and opportunities for the agricultural sector; the Duchy Nursery; progress on development projects; and routine human resources, public relations and legal matters.

FINANCE & AUDIT COMMITTEE

Role and remit

- Advises on the Duchy's financial strategy and liaises with the external auditor.
- Chaired by the Receiver General, James Leigh-Pemberton.

Matters reviewed

Met four times, in June, September, November and March. Each meeting receives a detailed finance report and management accounts, investment performance report and financial investment valuation. When reviewing the financial statements the Committee ensures that an appropriate balance is being 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. Other topics covered during the year were: the management of strategic risk; the planning and outcome of the annual external audit; a five-year plan 2015 to 2020; the risks, liabilities and benefits of the minerals portfolio; integrated thinking and reporting; the Duchy Staff Pension Scheme; and potential commercial property acquisitions. During the year, Sir Michael Hintze joined the Committee as a Council adviser.

The Remuneration Committee, chaired by Sir Nicholas Bacon, the Lord Warden, meets annually in March, and reviews and approves staff salaries and benefits.

RURAL COMMITTEE

Role and remit

- Advises on the rural economy.
- Chaired by Sir Nicholas Bacon, the Lord Warden.
- 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 and estates.

Matters reviewed

Met three times, in May, November and February. The February 2015 meeting was specifically to review the draft 2015/16 budget for the Rural Portfolio prior to the March meeting of the Finance & Audit Committee. There was a focus on the capital improvements budget and the need for enhanced provision for maintaining the physical fabric of the estate. An enlarged budget was approved.

Over the year, the Committee considered the acquisition of the Port Eliot estate; farming economics; farm starter units; the Duchy Nursery, Woods and Holiday Cottage portfolios; a strategic review of the Isles of Scilly District, prior to this matter going to The Prince's Council; provision for tenant retirements; and the policy and practice of credit control for rural tenants.

Other business:

- The Committee revisited its terms of reference and considered its effectiveness.
- A full day of field visits in Cornwall was planned for June 2015.
- There were no changes in personnel during the year.

COMMERCIAL & DEVELOPMENT COMMITTEE

Role and remit

- Advises on the commercial property portfolio and development sites.
- Chaired by John Stephen.

Matters reviewed

Met four times, in April, September, November and February. As part of the Committee's work, it considered valuations and financial reports it regularly receives in relation to the commercial property portfolio and development sites.

During the year, the Committee had a site visit to a key London property where the lease was being renegotiated, and individual committee members continued to visit development sites.

The Committee monitored the main developments at Nansledan and Truro in Cornwall and considered other potential sites.

A review was undertaken of the Duchy's holdings in Kennington, London, with particular reference to social factors associated with the housing stock. Proposals for enhancements at The Oval were considered, including the potential impact on local residents.

Other business:

- Potential acquisitions and routine lease matters occurred throughout the year.
- The Committee has been given the specific brief to plan the future of Dartmoor Prison.
- After many years of valuable service Charles Morris stepped down as a Council Adviser. Henry Richards joined the Committee in November 2014 and Kit Martin in February 2015.

EXECUTIVE COMMITTEE

Role and remit

- Implements strategy and manages all operational activities.
- Chaired by Alastair Martin, the Secretary and Keeper of the Records.

Matters reviewed

Meets formally four times a year. Major topics included the 2015–20 five-year financial strategy; St Mary's Harbour Review process; upgrades to the IT infrastructure; and tenant payment performance statistics.

Staff development and HR matters are an important area for this Committee: this year, workshops were held with all staff to consider the Duchy's mission statement, business model, strategic objectives, material issues and integrated thinking in action.

Other business:

Regular matters considered by the Executive Committee included legal, public relations and sustainability issues, and the annual review of the risk register, as well as management accounts, budgets and forecasts.

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 to His Royal Highness** is non-executive chair of the Finance & Audit Committee, and has oversight of financial affairs.
- **The Attorney-General to His Royal Highness**, 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.

Oversight of the Duchy's long-standing development at Poundbury is undertaken by the **Poundbury Monitoring Group**. The group considers all development aspects at Poundbury including design, planning, sustainability, financial, social and community issues. Special capital projects have been at record levels this year, with significant investment in infrastructure around Queen Mother Square, the centre of the development.

Other disclosures

Charitable donations

During the course of the year, the Duchy made charitable donations amounting to £316,000 (2014: £87,000) including £215,000 (2014: £nil) to The Duke of Cornwall's Benevolent Fund (note 19).

In the Benevolent Fund's last financial year, it made grants and commitments of c.£98,000 (2014: c.£179,000) to a variety of charities, primarily operating in the South West of England. In accordance with the wishes of The Prince of Wales, grants were made to educational and agricultural charities together with the restoration of churches and environmental charities, as well as to a variety of other charitable causes.

Other charitable donations

Other charitable donations amounted to £101,000 (2014: £87,000), made to causes in the following areas:

Agriculture	£13,000 (2014: £14,000)
Environment	£28,000 (2014: £33,000)
Community	£60,000 (2014: £40,000).

Significant individual donations included:

£25,000 (2014: £25,000) to the Isles of Scilly Initiative, a body dedicated to the promotion of the destination of the Isles of Scilly; and

£10,000 (2013: £11,000) 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 also to continue to strengthen its skilled workforce.

The Duchy is committed to open discussion and direct consultation with all employees as part of its Employee Relations Policy, with a number of channels of communications including intranet, staff Duchy day, and a new 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. 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 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 May 2015 (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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 IFRSs as adopted by the European Union 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 and 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 for 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 United Kingdom 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.

Principal risks and uncertainties

A comprehensive risk management process exists within the Duchy, covering all the assets and activities of the Duchy and its strategic, project, operational and financial risks.

The Prince's Council and its sub-committees take account of strategic risk as part of their deliberations. Project, operational 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.

The Risk Oversight Group supports the Council and Committees in these processes. Its members comprise the Finance Director, a Land Steward, a building surveyor and the Rural Director of Finance. The Risk Oversight Group reports to the Executive Committee.

Risk and internal control statement

The Duchy's operations expose it to a variety of financial risks, which include the effects of changes in credit risk, investment markets risk, currency risk, movements in interest rates, and liquidity issues. All these risks could affect the organisation's net assets, operating surplus, liquidity and/or structure. The Duchy's risk management process seeks to minimise potential adverse effects on financial performance. Looking at each of these risks in turn:

Property risk

The Duchy holds a diversified property portfolio, which is actively monitored by management so as to reduce the overall risk profile.

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.

Investment markets risk

The Duchy is exposed to adverse movements within the financial markets and employs fund managers to manage its investment portfolios and the risks associated therein. The portfolios are reviewed on a regular basis to ensure that they reflect the overall objectives of the Duchy.

Foreign exchange risk

Foreign exchange risk arises on assets and liabilities denominated in a currency other than the Duchy's functional currency of Sterling. The most significant exposure, within the financial investment portfolio, is to the US Dollar. The spread of a +/- 10% exchange rate movement would equate to £4million. Such an impact would not be material in relation to the capital value of the Duchy, so no specific mitigation measures are considered necessary.

Interest rate risk

The Duchy's exposure to interest rate fluctuations is primarily related to bonds and is managed by external fund managers. Exposure to interest rate fluctuations on borrowings is fully hedged.

Liquidity risk

Without resorting to further borrowing, the Duchy has to generate all the capital cash it requires for major improvements to the fabric of the estate and for the restructuring of the portfolio. Such activities are therefore constrained by the Duchy's ability to raise capital cash through sales of property, which can be adversely affected during periods when there is limited economic activity in the property sectors within which the Duchy operates. The Duchy is well placed to manage this risk over the medium term through careful capital cashflow planning and borrowing facilities which are readily available to us at competitive rates.

His Royal Highness has delegated to the Secretary and Keeper of the Records executive responsibility for the management of the Duchy. The Finance & Audit Committee regularly reviews the nature and extent of the Duchy's operations, and the financial risks associated with its activities. As a result of this review process, the Committee is satisfied that the Duchy maintains and operates a system of internal controls appropriate for the conduct of the Duchy's

activities, although any control system can only manage, rather than eliminate, risk. It is not possible for such a system to provide absolute assurance against material misstatement or loss. The key internal financial controls are:

Financial management

There is a comprehensive annual budgeting and forecasting system, which is approved in Council. Attention is paid to the composition and performance of the capital account along with revenue account returns, including benchmarking where appropriate. These reports are considered in detail by the senior management team before being submitted to Council.

District office procedures and controls

District offices operate a system of procedures and controls, in accordance with directions issued by the Secretary and Keeper of the Records. Compliance with these procedures is overseen by the senior management team.

Capital investment appraisal

Clearly defined guidelines for the assessment, authorisation and control of all capital receipts and expenditure are in place.

Risk register

A comprehensive risk register is maintained and used as the basis for regular reviews by the Risk Management Committee.

Developing our approach

In addition to the financial risks outlined above, a wide range of other factors are taken into account by management. The materiality assessment we carried out this year will be a basis for identifying and reporting on a broader spectrum of risk, such as environmental challenges. We will report on this work more fully in future.

Accounts

Independent auditor's report to The Duke of Cornwall

Report on the Accounts

My opinion

In my opinion, the Accounts, defined below:

- 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 2015 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 ("IFRSs") as adopted by the European Union and as applied to the Duchy of Cornwall by the Accounts Direction given by HM Treasury dated 28th May 2015; and
- have been prepared in accordance with the Accounts Direction given by HM Treasury dated 28th May 2015.

This opinion is to be read in the context of what I say in the remainder of this report.

What I have audited

The Group financial statements and Duchy of Cornwall financial statements (the "Accounts"), which are prepared by the Duchy of Cornwall, comprise:

- the Group and Duchy of Cornwall balance sheets as at 31st March 2015;
- the Group revenue account and the capital account statements of comprehensive income for the year then ended;
- the Group and Duchy of Cornwall statements of cash flows for the year then ended;
- the Group and Duchy of Cornwall statements of changes in capital and reserves for the year then ended; and
- the notes to the Accounts, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and as applied to the Group and the Duchy of Cornwall by the Accounts Direction given by HM Treasury dated 28th May 2015.

In applying the financial reporting framework, the Proper Officers have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.



What an audit of financial statements involves

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the Accounts sufficient to give reasonable assurance that the Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Duchy of Cornwall's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Proper Officers; and
- the overall presentation of the Accounts

I primarily focus my work in these areas by assessing the Proper Officers' judgements against available evidence, forming my own judgements, and evaluating the disclosures in the Accounts.

I test and examine information, using sampling and other auditing techniques, to the extent I consider necessary to provide a reasonable basis for me to draw conclusions. I obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, I read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited Accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on matter 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 Duchy 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.

Opinion on other matter prescribed by the terms of my engagement

In my opinion, the information given in the Proper Officers' Report, for the financial year for which the Accounts are prepared is consistent with the Accounts.

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 disclosure of Proper Officers' remuneration specified by the Accounts Direction given by the Treasury dated 28th May 2015 are not made.

I have no exceptions to report arising from this responsibility.

Responsibilities for the Accounts and the audit

My responsibilities and those of the Proper Officers

As explained more fully in the Statement of the Proper Officers' Responsibilities, the Proper Officers are responsible for the preparation of the Accounts in accordance

with the Accounts Direction given by HM Treasury dated 28th May 2015 and for being satisfied that they give a true and fair view.

My responsibility is to audit and express an opinion on the Accounts in accordance with applicable law and ISAs (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 matters

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

- a sanction or 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.

Andrew Ratcliffe

*Chartered Accountant and Statutory Auditor
London*

5th June 2015

Financial statements

Year ended 31st March 2015

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 2014 £'000	Year ended 31 st March 2015 £'000
Revenue	2	30,158	30,472
Operating costs	2	(11,910)	(12,768)
Operating surplus		18,248	17,704
Finance income	5	5,307	5,030
Finance costs	6	(3,902)	(2,953)
Net finance income		1,405	2,077
Share of loss from joint venture and associate		(167)	-
Net surplus for the year		19,486	19,781
Attributable to:			
Non-controlling interests		(24)	64
Net surplus for the year, distributable to HRH		19,510	19,845
Other comprehensive income:			
Actuarial gain/(loss) on retirement benefit obligations	7	242	(2,429)
Total comprehensive income on Revenue account		19,728	17,416

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). Other comprehensive income (OCI) relating to retirement benefit obligations will not subsequently be reclassified to the income statement.

Group capital account statement of comprehensive income

	Notes	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Net gain from fair value adjustment on investment property	8	74,423	34,016
Net gain on the disposal of investment property		590	4,499
Loss on acquisition of joint venture		-	(323)
Net gain/(loss) on the disposal of investment property held for sale		425	(424)
Net gain/(loss) on the disposal of financial assets	11	156	(76)
Charge from Revenue for salary costs	2	(867)	(862)
Other costs		(550)	(403)
Net surplus for the year on Capital account		74,177	36,427
Other comprehensive (expense)/income:			
Net (loss)/gain on revaluation of owner occupied property	9	(116)	21
Net other comprehensive income/(expense) of joint venture	10a	259	(307)
Net (loss)/gain on the revaluation of financial assets	11	(3,863)	4,693
Gain/(loss) on the revaluation of financial derivatives	15	2,327	(3,356)
Total comprehensive income on Capital account		72,784	37,478

The notes on pages 54 to 79 are an integral part of these financial statements. Other comprehensive income relating to income of joint venture will not subsequently be reclassified to the income statement.

Group balance sheet

	Notes	31 st March 2014 £'000	31 st March 2015 £'000
Assets			
Non-current assets			
Investment property	8	794,012	849,720
Property, plant and equipment	9	14,120	13,483
Investments in associate and joint venture	10a	4,651	-
Financial assets	11	93,344	88,301
Trade and other receivables	12	5,000	5,000
Total non-current assets		911,127	956,504
Current assets			
Inventories		1,429	1,333
Trade and other receivables	12	10,261	11,932
Cash and cash equivalents		16,349	5,805
		28,039	19,070
Investment property assets held for sale	13	9,911	9,814
Total current assets		37,950	28,884
Total assets		949,077	985,388
Liabilities			
Current liabilities			
Trade and other payables	14	(16,269)	(16,749)
Borrowings	15	(10,000)	-
Total current liabilities		(26,269)	(16,749)
Non-current liabilities			
Trade and other payables	14	(8,870)	(16,022)
Borrowings	15	(70,000)	(70,000)
Derivative financial instruments	15	(2,736)	(6,092)
Provisions	16	(2,000)	-
Retirement benefit obligations	7	(3,294)	(5,445)
Total non-current liabilities		(86,900)	(97,559)
Net assets		835,908	871,080
Reserves			
Revenue reserve available for distribution to HRH		3,011	3,198
Retirement benefit reserve		(4,509)	(6,938)
Capital reserve		839,978	880,812
Hedging reserve		(2,736)	(6,092)
		835,744	870,980
Non-controlling interest		164	100
Total reserves		835,908	871,080

The notes on pages 54 to 79 are an integral part of these financial statements.

The financial statements on pages 47 to 79 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 5th June 2015.

Duchy of Cornwall balance sheet

	Notes	31 st March 2014 £'000	31 st March 2015 £'000
Assets			
Non-current assets			
Investment property	8	794,012	840,150
Property, plant and equipment	9	8,046	7,736
Investments in associate and joint venture	10a	3,358	-
Investment in subsidiary	10b	650	9,514
Financial assets	11	93,344	88,301
Trade and other receivables	12	12,650	12,150
Total non-current assets		912,060	957,851
Current assets			
Inventories		677	451
Trade and other receivables	12	9,347	11,280
Cash and cash equivalents		15,818	5,208
		25,842	16,939
Investment property assets held for sale	13	9,911	9,814
Total current assets		35,753	26,753
Total assets		947,813	984,604
Liabilities			
Current liabilities			
Trade and other payables	14	(16,049)	(16,404)
Borrowings	15	(10,000)	-
Total current liabilities		(26,049)	(16,404)
Non-current liabilities			
Trade and other payables	14	(8,870)	(16,022)
Borrowings	15	(70,000)	(70,000)
Derivative financial instruments	15	(2,736)	(6,092)
Provisions	16	(2,000)	-
Retirement benefit obligations	7	(3,294)	(5,445)
Total non-current liabilities		(86,900)	(97,559)
Net assets		834,864	870,641
Reserves			
Revenue reserve available for distribution to HRH		3,533	3,697
Retirement benefit reserve		(4,509)	(6,938)
Capital reserve		838,576	879,974
Hedging reserve		(2,736)	(6,092)
Total reserves		834,864	870,641

The notes to the Accounts on pages 54 to 79 are an integral part of these financial statements.

The financial statements on pages 47 to 79 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 5th June 2015.

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 benefit reserve £'000	Capital reserve £'000	Hedging reserve £'000			
Balance as at 1 st April 2013	3,087	(4,751)	769,521	(5,063)	762,794	188	762,982
Net surplus for the year	19,510	-	74,177	-	93,687	(24)	93,663
Other comprehensive income:							
Net loss on revaluation of owner occupied property (note 9)	-	-	(116)	-	(116)	-	(116)
Net other comprehensive income of joint venture (note 10a)	-	-	259	-	259	-	259
Net loss on the disposal or revaluation of financial assets (note 11)	-	-	(3,863)	-	(3,863)	-	(3,863)
Profit on financial derivatives (note 15)	-	-	-	2,327	2,327	-	2,327
Actuarial gain on retirement benefit obligations (note 7)	-	242	-	-	242	-	242
Total comprehensive income	19,510	242	70,457	2,327	92,536	(24)	92,512
	22,597	(4,509)	839,978	(2,736)	855,330	164	855,494
Less payments made to HRH							
In respect of current year	(15,751)	-	-	-	(15,751)	-	(15,751)
In respect of prior year	(3,835)	-	-	-	(3,835)	-	(3,835)
Balance as at 1st April 2014	3,011	(4,509)	839,978	(2,736)	835,744	164	835,908
Net surplus for the year	19,845	-	36,427	-	56,272	(64)	56,208
Other comprehensive income:							
Net gain on revaluation of owner occupied property (note 9)	-	-	21	-	21	-	21
Net other comprehensive expense of joint venture (note 10a)	-	-	(307)	-	(307)	-	(307)
Net gain on the disposal or revaluation of financial assets (note 11)	-	-	4,693	-	4,693	-	4,693
Loss on financial derivatives (note 15)	-	-	-	(3,356)	(3,356)	-	(3,356)
Actuarial loss on retirement benefit obligations (note 7)	-	(2,429)	-	-	(2,429)	-	(2,429)
Total comprehensive income	19,845	(2,429)	40,834	(3,356)	54,894	(64)	54,830
	22,856	(6,938)	880,812	(6,092)	890,638	100	890,738
Less payments made to HRH							
In respect of current year	(16,647)	-	-	-	(16,647)	-	(16,647)
In respect of prior year	(3,011)	-	-	-	(3,011)	-	(3,011)
Balance as at 31st March 2015	3,198	(6,938)	880,812	(6,092)	870,980	100	871,080

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 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 benefit reserve £'000	Capital reserve £'000	Hedging reserve £'000	
Balance as at 1 st April 2013	3,634	(4,751)	768,381	(5,063)	762,201
Net surplus for the year	19,485	-	74,174	-	93,659
Other comprehensive income:					
Net loss on revaluation of owner occupied property (note 9)	-	-	(116)	-	(116)
Net loss on the disposal or revaluation of financial assets	-	-	(3,863)	-	(3,863)
Profit on financial derivatives (note 15)	-	-	-	2,327	2,327
Actuarial gain on retirement benefit obligations (note 7)	-	242	-	-	242
Total comprehensive income	19,485	242	70,195	2,327	92,249
	23,119	(4,509)	838,576	(2,736)	854,450
Less payments made to HRH					
In respect of current year	(15,751)	-	-	-	(15,751)
In respect of prior year	(3,835)	-	-	-	(3,835)
Balance as at 1st April 2014	3,533	(4,509)	838,576	(2,736)	834,864
Net surplus for the year	19,822	-	36,684	-	56,506
Other comprehensive income:					
Net gain on revaluation of owner occupied property (note 9)	-	-	21	-	21
Net gain on the disposal or revaluation of financial assets	-	-	4,693	-	4,693
Loss on financial derivatives (note 15)	-	-	-	(3,356)	(3,356)
Actuarial loss on retirement benefit obligations (note 7)	-	(2,429)	-	-	(2,429)
Total comprehensive income	19,822	(2,429)	41,398	(3,356)	55,435
	23,355	(6,938)	879,974	(6,092)	890,299
Less payments made to HRH					
In respect of current year	(16,647)	-	-	-	(16,647)
In respect of prior year	(3,011)	-	-	-	(3,011)
Balance as at 31st March 2015	3,697	(6,938)	879,974	(6,092)	870,641

Group statement of cash flows

	Notes	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Cash generated from operating activities	17	19,347	17,017
Interest paid		(3,934)	(3,380)
Net cash from operating activities		15,413	13,637
Cash flows from investing activities			
Purchase of financial investments		(13,236)	(11,891)
Loan		-	(10,000)
Proceeds from disposal of financial investments		22,369	21,551
Additional investment in QMS		(803)	(5,506)
Purchase of investment property		(600)	(12,539)
Property improvements and development expenditure		(10,125)	(16,791)
Proceeds from disposal of investment properties		11,421	20,147
Purchase of property, plant and equipment		(892)	(431)
Proceeds from disposal of property, plant and equipment		12	-
Proceeds from disposal of assets held for sale		5,476	5,761
Financial investment income received		4,858	4,530
Interest received		486	646
Net cash inflow/(outflow) from investing activities		18,966	(4,523)
Cash flows from financing activities			
Third-party loans		(5,000)	-
Payments made to HRH		(19,586)	(19,658)
Net cash outflow from financing activities		(24,586)	(19,658)
Increase/(decrease) in cash in the year		9,793	(10,544)
Cash and cash equivalents at start of year		6,556	16,349
Cash and cash equivalents at end of year		16,349	5,805

Duchy of Cornwall statement of cash flows

	Notes	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Cash generated from operating activities	17	19,587	16,500
Interest paid		(3,934)	(3,380)
Net cash from operating activities		15,653	13,120
Cash flows from investing activities			
Purchase of financial investments		(13,236)	(11,891)
Loan		-	(10,000)
Loans granted to subsidiary undertakings		(940)	-
Additional investment in QMS		(803)	(5,500)
Proceeds from disposal of financial investments		22,369	21,551
Purchase of investment property		(600)	(12,539)
Property improvements and development expenditure		(10,125)	(16,997)
Proceeds from disposal of investment properties		11,421	20,147
Purchase of property, plant and equipment		(776)	(431)
Proceeds from disposal of property, plant and equipment		21	-
Proceeds from disposal of assets held for sale		5,476	5,761
Financial investment income received		4,858	4,530
Interest received		705	1,297
Net cash inflow/(outflow) from investing activities		18,370	(4,072)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Third-party loans		(5,000)	-
Payments made to HRH		(19,586)	(19,658)
Net cash outflow from financing activities		(24,586)	(19,658)
Increase/(decrease) in cash in the year		9,437	(10,610)
Cash and cash equivalents at start of year		6,381	15,818
Cash and cash equivalents at end of year		15,818	5,208

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 2015.

These financial statements have been prepared on a going concern basis and in accordance with the Accounts Direction issued by HM Treasury dated 28th May 2015 (set out on pages 81 and 82) and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and International Accounting Standards Board's (IASB's) IC. The financial statements have been prepared in Sterling (rounded to the nearest thousand), which is the presentation currency of the Group, and under the historical cost convention as modified by the revaluation of land and buildings, available for sale 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, 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.

At the date of approval of these financial statements the following new and amended standards currently relevant to the Duchy of Cornwall were adopted:

- IFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, "Joint arrangements" focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.
- IFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.
- Amendment to IAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on

a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

- Amendments to IAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units (CGUs) which had been included in IAS 36 by the issue of IFRS 13.
- Amendment to IAS 39, "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to "over-the-counter" derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group financial statements as a result.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1st April 2014 are not material to the Group.

The following new and amended standards currently relevant to the Duchy were in issue but not effective for the current financial period; these are not expected to have a material impact on the Group:

1 ACCOUNTING POLICIES (continued)

- IFRS 9, “Financial instruments”, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or

after 1st January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9’s full impact.

- IFRS 15, “Revenue from contracts with customers” deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised 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. The standard replaces IAS 18 “Revenue” and IAS 11 “Construction contracts” and related interpretations. The standard is effective for annual periods beginning on or after 1st January 2017 and earlier application is permitted subject to EU endorsement. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Significant judgements, key assumptions and estimates

Operating leases

The Proper Officers have 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. 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.

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, the ready availability of a market for the properties, and published life tables.

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 judgement.
- 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 which incorporate at least one input (with a potentially significant impact on valuation), which is 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. As a result Level 3 investments require significant judgement on behalf of both the investment managers and Duchy management.

1 ACCOUNTING POLICIES *(continued)***Revenue**

Revenue is measured at the fair value of the consideration 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 the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Property income

This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable.

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 to the customer. Sales are usually in cash or by credit card. The Group does not operate any loyalty programmes.

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, with equity income included on a receipts basis.

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 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 immediately in the operating surplus. 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 fair value. 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.

1 ACCOUNTING POLICIES (continued)

Disposal of properties

The sale of property is recognised from the date on which an unconditional contract is entered into or the last substantive condition in a conditional contract is satisfied. 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

All leases and property agreements granted to tenants are accounted for as operating leases, as substantially all of the risks and rewards are retained by the Duchy.

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.

Financial investments

Available for sale financial investments are measured at fair value with profits or losses on revaluation being taken to the Capital Account Statement of Comprehensive Income. Loans and receivable financial investments are initially recognised at fair value and subsequently measured at amortised cost under the effective interest method.

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

1 ACCOUNTING POLICIES (*continued*)

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 an individual assessment of each receivable. 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. Arrangement fees are expensed as incurred.

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 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 hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective or ineffective 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.

Amounts accumulated in reserves are reclassified to surplus or deficit in the periods when the hedged transaction takes place. The gain or loss relating to

1 ACCOUNTING POLICIES (continued)

the effective portion of an interest rate swap, hedging a variable rate borrowing, is recognised in the Capital Account Statement of Comprehensive Income. When a hedging instrument expires, is sold, or no longer meets the criteria for

hedge accounting, any 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 Capital Account Statement of Comprehensive Income.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in reserves is immediately transferred to the Capital Account Statement of Comprehensive Income within "other gains/(losses)".

2 Analysis of Revenue account operating surplus

	Notes	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Property income:			
Agricultural income		7,561	7,768
Commercial income		12,854	12,613
Residential income		5,125	5,483
Total property income		25,540	25,864
Sale of goods		4,618	4,608
Total operating income		30,158	30,472
Staff costs	4	4,631	4,733
Charge to Capital account		(867)	(862)
		3,764	3,871
Direct cost of sales		2,304	2,285
Depreciation	9	762	753
Repairs and maintenance		2,189	2,509
Administration		2,266	2,682
Other operating costs		625	668
Total operating costs		11,910	12,768
Operating surplus		18,248	17,704

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

	Year ended 31 st March 2014 £	Year ended 31 st March 2015 £
Fees payable to the Duchy of Cornwall auditor for the audit of the Duchy and consolidated financial statements	76,500	71,500
Fees payable to the Duchy of Cornwall auditor and his associates for other services:		
- The audit of QMS (Poundbury) LLP	5,000	5,000
- Tax advisory services	31,000	-
	112,500	76,500

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

3 Leasing: operating leases with tenants

The Duchy of Cornwall leases out all of its investment properties under operating leases with, on average, 80 years remaining to expiry. The aggregate minimum rentals, excluding contingent rents, receivable under non-cancellable leases are as follows:

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Less than one year	15,134	14,083
Between two to five years	49,658	48,909
After five years	299,539	304,052
	364,331	367,044

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

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Contingent rents receivable	1,585	1,425

4 Staff costs

The average number of full time equivalent staff employed by the Duchy during the year was 92 (2014: 99). The split of staff was: Administrative 59, Estate workers 15, Nursery 18 (2014: Administrative 58, Estate workers 13, Nursery 28). The total remuneration was £4,733,000 (2014: £4,631,000) comprising:

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Wages and salaries	3,350	3,377
Social security costs	355	342
Pension costs	763	718
Other staff costs	163	296
	4,631	4,733

Staff costs of £862,000 (2014: £867,000) 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 2014 £	Year ended 31 st March 2015 £
Alastair Martin	192,318	223,697
Sir Robert Ross	257,974	-
Jonathan Crow	3,000	3,000
Mark Thomas	8,000	8,000
	461,292	234,697

In addition, pension contributions of £31,726 (2014: £27,053) were paid into a Money Purchase Scheme for Alastair Martin and £nil (2014: £9,440) for Sir Robert Ross.

5 Finance income – Group

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Income from investments	4,821	4,384
Bank interest	9	8
Loan interest	477	638
	5,307	5,030

6 Finance costs – Group

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Loan interest	3,902	2,953

7 Retirement benefit obligations – Group and the Duchy

The Duchy operates a defined Benefit Scheme in the UK which is a final salary plan 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 2013 showed a funding deficit at that date of £6.7million. 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 contributions over a twelve year period backdated to the valuation date. The results of valuation as at 1st January 2013 have been used as a basis and then rolled forward to 31st March 2015.

The Duchy also contributes to defined Contribution Scheme arrangements, the charge for which was £245,000 (2014: £209,000).

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 investment decisions and contribution rates – lies jointly with the Duchy and the Scheme's trustees (comprised of representatives of the Duchy and members in accordance with the Trust Deed and Rules).

Risks to which the Scheme exposes the Duchy:

- Asset volatility – a deficit will result if the Scheme's assets underperform relative to the discount rate used, and so to mitigate this, 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.

- Inflation risk – 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 plan liabilities, the inflation-linkage of the benefits also means that inflationary increases result in a higher sensitivity to increases in life expectancy.

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 2014 £'000	Year ended 31 st March 2015 £'000
Fair value of assets at end of year	17,244	20,056
Present value of obligations at end of year	(20,537)	(25,501)
Net defined benefit obligation	(3,293)	(5,445)

Expense recognised in income statement

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Current service cost	428	426
Administration expenses	92	80
Operating expense	520	506
Net interest on the net defined benefit obligation	152	125
Total expense recognised in income statement	672	631

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 2014 £'000	Year ended 31 st March 2015 £'000
Present value of obligations at start of year	20,024	20,537
Current service cost	428	426
Interest cost	873	888
Distributions	(845)	(718)
Experience losses	(26)	(135)
Actuarial (gains)/losses arising from change in financial assumptions	(400)	4,503
Actuarial losses arising from change in demographic assumptions	483	-
Present value of obligations at end of year	20,537	25,501

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

The movement in the fair value of the assets over the year was as follows:

	31 st March 2014 £'000	31 st March 2015 £'000
Fair value of assets at start of year	16,160	17,244
Employer contributions	1,001	908
Interest income	721	763
Return on Scheme assets excluding interest income	299	1,939
Distributions	(845)	(718)
Administration expenses	(92)	(80)
Fair value of assets at end of year	17,244	20,056

Movement in net defined benefit obligation over the year

	31 st March 2014 £'000	31 st March 2015 £'000
Net defined benefit obligation at start of year	(3,864)	(3,293)
Employer contributions	1,001	908
Expense recognised in income statement	(672)	(631)
Remeasurement gain/(loss) recognised in OCI	242	(2,429)
Net defined benefit obligation at end of the year	(3,293)	(5,445)

Remeasurement effects recognised in other comprehensive income (OCI)

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Return on Scheme assets excluding interest income	299	1,939
Experience gains on obligations	26	135
Actuarial gains/(losses) arising from change in financial assumptions	400	(4,503)
Actuarial losses arising from change in demographic assumptions	(483)	-
Total gains/(losses) recognised in OCI	242	(2,429)

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY (*continued*)**Actuarial assumptions at end of year**

	31 st March 2014	31 st March 2015
Discount rate (p.a.)	4.40%	3.15%
Salary increases (p.a.)	4.45%	4.30%
RPI inflation (p.a.)	3.20%	3.05%
CPI inflation (p.a.)	2.00%	1.85%
Pension increases – RPI max 5% (p.a.)	3.10%	3.00%
Post-retirement longevity – base table	80% S1PXA	80% S1PXA
Post-retirement longevity – future improvements	Year of birth, CMI 2011 projections from 2008 with a 1.0% p.a. long-term trend rate	Year of birth, CMI 2011 projections from 2008 with a 1.0% 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.

Value of obligations at the end of the year if:	31 st March 2015 £'000
As disclosed	25,501
Discount rate reduced by 0.25% p.a.	1,211
Discount rate increased by 0.25% p.a.	(1,130)
Inflation reduced by 0.25%* p.a.	904
Inflation increased by 0.25%* p.a.	(1,049)
Life expectancy decreased by approximately one year	(1,002)

*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 analysis assumes that assumption changes occur in isolation except in the case of inflation where any change is assumed to have a corresponding impact on 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.

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. The actuarial valuation as at 1st January 2010 reported a 75% funding level and the trustees agreed to a 61% growth/39% matching split.

7 RETIREMENT BENEFIT OBLIGATIONS – GROUP AND THE DUCHY (*continued*)**Breakdown of value of assets at 31st March 2015**

The following tables provide information on the composition and fair value of assets of the Scheme.

31 st March 2015	Quoted £'000	Unquoted £'000	Total £'000
UK equities	4,291	-	4,291
Overseas equities	6,657	-	6,657
Index-linked gilts	4,242	-	4,242
UK corporate bonds: investment grade	4,217	-	4,217
Cash and net current assets	-	649	649
Total	19,407	649	20,056

31 st March 2014	Quoted £'000	Unquoted £'000	Total £'000
UK equities	3,998	-	3,998
Overseas equities	6,465	-	6,465
Index-linked gilts	3,058	-	3,058
Conventional gilts	360	-	360
UK Corporate bonds	2,537	-	2,537
Overseas corporate bonds: investment grade	152	-	152
Overseas corporate bonds: sub investment grade	18	-	18
Cash and net current assets	-	656	656
Total	16,588	656	17,244

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

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

The Scheme is currently in deficit on a funding basis. 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 2016.

	Total
The Duchy's best estimate of contributions to be paid over following year (£'000)	871
Duration of the liabilities (years)	17
Expected future pension payments (£'000):	
Year ending 31 st March 2015	631
Year ending 31 st March 2016	650
Year ending 31 st March 2017	669
Year ending 31 st March 2018	690
Year ending 31 st March 2019	710
Year ending 31 st March 2024	3,884

8 Investment property – Group

	Agricultural & forestry £'000	Commercial £'000	Residential £'000	Development land £'000	Total £'000
At 31st March 2013	348,297	173,240	163,863	36,370	721,770
Additions	589	11	-	-	600
Capital improvements	3,195	895	1,743	-	5,833
Capitalised development expenditure	-	-	-	4,292	4,292
Transfer from property, plant and equipment – at fair value	-	-	282	-	282
Transfer from investment property assets held for sale	76	-	-	-	76
Transfer to investment property assets held for sale	(1,735)	(136)	(324)	(238)	(2,433)
Disposals	(137)	(6,850)	(1,068)	(2,776)	(10,831)
Net gain from fair value adjustments on investment property	54,452	9,284	6,251	4,436	74,423
At 31st March 2014	404,737	176,444	170,747	42,084	794,012
Additions	9,961	8	2,570	-	12,539
Capital improvements	1,708	1,090	1,911	-	4,709
Capitalised development expenditure	-	-	-	10,405	10,405
Transfer from property, plant and equipment – at fair value	-	-	320	-	320
Transfer from joint venture	-	7,237	2,263	-	9,500
Transfer to investment property assets held for sale	(561)	-	(432)	(3,200)	(4,193)
Disposals	(10,230)	(19)	(1,339)	-	(11,588)
Net gain/(loss) from fair value adjustments on investment property	6,534	16,658	12,092	(1,268)	34,016
At 31st March 2015	412,149	201,418	188,132	48,021	849,720

8 Investment property – the Duchy

	Agricultural & forestry £'000	Commercial £'000	Residential £'000	Development land £'000	Total £'000
At 31st March 2013	348,297	173,240	163,863	36,370	721,770
Additions	589	11	-	-	600
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Transfer to investment property assets held for sale	(1,735)	(136)	(324)	(238)	(2,433)
Disposals	(137)	(6,850)	(1,068)	(2,776)	(10,831)
Net gain from fair value adjustments on investment property	54,452	9,284	6,251	4,436	74,423
At 31st March 2014	404,737	176,444	170,747	42,084	794,012
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Capital improvements	1,708	1,090	1,911	-	4,709
Capitalised development expenditure	-	-	-	10,405	10,405
Transfer from property, plant and equipment – at fair value	-	-	320	-	320
Transfer to investment property assets held for sale	(561)	-	(432)	(3,200)	(4,193)
Disposals	(10,230)	(19)	(1,339)	-	(11,588)
Net gain/(loss) from fair value adjustments on investment property	6,534	17,548	11,132	(1,268)	33,946
At 31st March 2015	412,149	195,071	184,909	48,021	840,150

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. 20% by number of the properties in the rural estate are valued by SmithsGore and Clegg & Co on a rotational basis. The remaining rural estate properties are valued by internal valuers who are Chartered Surveyors and are 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 senior employees, a Chartered Surveyor and Registered Valuer, supported by the Duchy's Finance Director. All of the London residential properties are valued externally by Cluttons each year, and all of the urban commercial properties are valued externally by Savills each year. Development land is valued externally each year by SmithsGore. All valuations are in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors.

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 or 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:

- i) 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.
- ii) 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.
- iii) 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 Estates Surveyor, Poundbury Estates 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.

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	
	Impact 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 0.5%	As disclosed	Decrease of 0.5%
Agricultural	(55,813)	366,786	111,955
Other rural assets	(1,154)	28,123	1,259
Urban commercial	(13,125)	141,960	18,320
Rural commercial	(3,340)	59,458	3,882
Residential property	(3,677)	188,132	4,272

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	8,220	141,960	(6,945)

The fair values at the balance sheet date, valuation techniques, nature and, where meaningful, range of unobservable inputs are shown in the table opposite 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)

Property Type	Fair Value at 31 st March 2015 £'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (where meaningful)		
Agricultural & forestry	Agricultural	Yield methodology	Rental values	-		
			Capitalisation rate	Farms: 1.7% to 5% Bare land: 7% to 9%		
			Adjusted sales comparison approach	Adjusted comparable vacant possession values	-	
			Discount rate for terminal value	4% to 6%		
			Estimate of period until vacant possession achieved	0 to 84 years (average 5 years)		
		Forestry	£17,240	Adjusted sales comparison approach	Price per hectare	£3,580 to £41,670 (average £9,970) per hectare
		Other rural assets	£28,123	Yield methodology	Rental values	-
					Capitalisation rate	8% to 10%
					Discount rate for terminal value	8.5% to 12%
		Total	£412,149			
Commercial	Urban commercial	Yield methodology	Rental values	Industrial: £59 to £75 psm Office: £108 to £700 psm Retail: £81 to £1,884 psm		
			Capitalisation rate	Industrial: 5.1% to 6.6% Office: 3.3% to 10.6% Retail: 5.8% Other: 3% to 7.8%		
	Rural commercial	£59,458	Yield methodology	Rental values	-	
				Capitalisation rate	7.5% to 11%	
	Total	£201,418				
	Residential	£188,132	Yield methodology	Rental values	-	
Capitalisation rate				4% to 8%		
Adjusted sales comparison approach			Adjusted comparable vacant possession values	-		
			Discount rate for terminal value	4.5% to 7%		
			Estimate of period until vacant possession achieved, for short-term lets	0 to 20 years (average 1.3 years) Fair value £113m		
			Estimate of period until vacant possession achieved, for long-term lets	0 to 157 years (average 31 years) Fair value £74m		
Development land	£48,021	Discounted cash flow	Discount rate	6% to 8% (average 7.1%)		
			Risk factor	0% to 50% (average 11.1%)		
			Time to completion	< 1 year, to 31 years (average 7.18 years)		

9 Property, plant and equipment – Group

	Motor vehicles £'000	Plant and equipment £'000	Owner occupied property £'000	Total £'000
At 31st March 2013				
Cost/valuation	239	11,258	5,841	17,338
Accumulated depreciation	(143)	(2,415)	-	(2,558)
Net book value	96	8,843	5,841	14,780
Year ended 31st March 2014				
Additions/improvements	31	497	364	892
Transfer to investment property	-	-	(282)	(282)
Transfer to investment property assets held for sale	-	-	(380)	(380)
Disposals	(12)	-	-	(12)
Depreciation charge	(54)	(708)	-	(762)
Revaluation	-	-	(116)	(116)
At 31st March 2014	61	8,632	5,427	14,120
At 31st March 2014				
Cost/valuation	193	11,346	5,427	16,966
Accumulated depreciation	(132)	(2,714)	-	(2,846)
Net book value	61	8,632	5,427	14,120
Year ended 31st March 2015				
Additions/improvements	15	193	207	415
Transfer to investment property	-	-	(320)	(320)
Depreciation charge	(40)	(713)	-	(753)
Revaluation	-	-	21	21
At 31st March 2015	36	8,112	5,335	13,483
At 31st March 2015				
Cost/valuation	191	10,759	5,335	16,285
Accumulated depreciation	(155)	(2,647)	-	(2,802)
Net book value	36	8,112	5,335	13,483

9 Property, plant and equipment – the Duchy

	Motor vehicles £'000	Plant and equipment £'000	Owner occupied property £'000	Total £'000
At 31st March 2013				
Cost/valuation	239	4,322	5,841	10,402
Accumulated depreciation	(143)	(1,732)	-	(1,875)
Net book value	96	2,590	5,841	8,527
Year ended 31st March 2014				
Additions/improvements	31	381	364	776
Transfer to investment property	-	-	(282)	(282)
Transfer to investment property assets held for sale	-	-	(380)	(380)
Disposals	(12)	(9)	-	(21)
Depreciation charge	(54)	(404)	-	(458)
Revaluation	-	-	(116)	(116)
At 31st March 2014	61	2,558	5,427	8,046
At 31st March 2014				
Cost/valuation	193	4,626	5,427	10,246
Accumulated depreciation	(132)	(2,068)	-	(2,200)
Net book value	61	2,558	5,427	8,046
Year ended 31st March 2015				
Additions/improvements	15	193	207	415
Transfer to investment property	-	-	(320)	(320)
Depreciation charge	(40)	(386)	-	(426)
Revaluation	-	-	21	21
At 31st March 2015	36	2,365	5,335	7,736
At 31st March 2015				
Cost/valuation	191	4,702	5,335	10,228
Accumulated depreciation	(155)	(2,337)	-	(2,492)
Net book value	36	2,365	5,335	7,736

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.

10a Investments in associate and joint venture

Associate

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Balance at start of year	228	-
Impairment in year	(228)	-
Balance at end of year	-	-

The Duchy owned 33.3% of the A shares and 44.3% of the B shares in Coressence Limited (“Coressence”), a company incorporated in the UK, which was deemed to be an associated undertaking. Coressence was a Hereford based company established to help protect the apple orchards of Herefordshire where the Duchy has a significant land holding.

On 11th November 2014 Coressence Limited went into creditors’ voluntary liquidation.

Joint venture

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
Balance at start of year	3,618	4,651
Invested in year	803	627
Share of profit	61	20
Share of revaluation surplus	259	(307)
Profit transferred out	(90)	(20)
Transfer to subsidiary	-	(4,971)
Balance at end of year	4,651	-

As at 31st March 2014, the Duchy owned 50% of the members’ capital of QMS (Poundbury) LLP (“the LLP”). On 31st October 2014, the Duchy acquired the remaining 50% of the members’ capital and the partnership has been consolidated within these accounts.

10b Investment in subsidiaries

	Year ended 31 st March 2014 £'000	Year ended 31 st March 2015 £'000
QMS LLP	-	8,864
JVE LLP	650	650
	650	9,514

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.

On 31st October 2014, the Duchy acquired the remaining 50% of the members’ capital of QMS LLP for cash at a fair value of £4,750,000 and the partnership has been consolidated within these accounts. The fair value of the investment property was £9,500,000 and the fair value of other working capital £76,316. The fair value of the previously held equity interest was £4,949,747. The loss recognised in respect of the purchase was £323,000. £9,000 of costs on acquisition were recognised as an expense.

10b INVESTMENT IN SUBSIDIARIES (continued)

The latest audited accounts were produced for the year ended 31st March 2015. The revenue and results for the LLP for the full year and post acquisition were as follows:

	Year ended 31 st March 2015 £'000	Post acquisition £'000
Revenue	271	231
Profit	138	112

The partnerships have been consolidated within these financial statements. The investment in the Group company is 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

	Available for sale					Loan and receivable	Total £'000
	Equity securities Level 1 £'000	Fixed interest securities Level 1 £'000	Private equity funds Level 2 £'000	Private equity funds Level 3 £'000	Equity securities Level 3 £'000	£'000	
At 31st March 2013	55,581	20,969	15,929	11,253	902	1,550	106,184
Purchases	-	10,000	-	835	30	2,371	13,236
Sale proceeds	(17,000)	(4,924)	-	(16)	(429)	-	(22,369)
Profit/(loss) on sale/revaluation	(471)	(1,073)	(1,496)	(742)	75	-	(3,707)
At 31st March 2014	38,110	24,972	14,433	11,330	578	3,921	93,344
Purchases	-	9,000	-	1,777	35	1,079	11,891
Sale proceeds	(6,404)	(10,924)	-	(4,201)	(22)	-	(21,551)
Profit on sale/revaluation	1,589	236	1,737	890	165	-	4,617
At 31st March 2015	33,295	23,284	16,170	9,796	756	5,000	88,301

The fair values of financial investments classified as Level 1 are based on quoted market prices on the 31st March 2015. Level 2 financial instruments are valued based significantly on observable market data at 31st March 2015. 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 2015.

The loan and receivable investment meets the definition of a hybrid instrument, comprising a debt instrument ("the host") with a right to convert to preference shares at a future date. The debt instrument and preference shares provide a return of 6% per annum. At 31st March 2015 there is no difference between the fair value of the hybrid instrument and the host contract.

11 FINANCIAL ASSETS – GROUP AND THE DUCHY (*continued*)

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 2014 £'000	31 st March 2015 £'000
US Dollar exchange rate +/- 10%	4,073	4,171

The maximum exposure to the credit risk at the reporting date is the carrying value of the debt securities classified as available for sale.

The carrying value of financial assets, including debt securities classified as available for sale and cash deposits best represents the maximum exposure to counterparty risk at the reporting date.

12 Trade and other receivables

	Group 31 st March 2014 £'000	Duchy 31 st March 2014 £'000	Group 31 st March 2015 £'000	Duchy 31 st March 2015 £'000
Amounts falling due within one year:				
Trade receivables	5,107	4,193	5,426	4,274
Less provision for impairment of trade receivables	(179)	(179)	(211)	(211)
Prepayments and accrued income	2,890	2,890	3,487	3,487
Other receivables	2,443	2,443	3,230	3,730
	10,261	9,347	11,932	11,280
Amounts falling due within one year:				
Other receivables	5,000	5,000	5,000	5,000
Amounts due from Group company	-	7,650	-	7,150
	5,000	12,650	5,000	12,150

Other receivables due within one year include amounts of £360,000, £225,000, £84,000 and £15,000 at 6%.

Other receivables falling due after more than one year include £5million at 6% repayable 2025.

Amounts due from the Group company comprise of two loans to J V Energen LLP, classified as loans and receivables – £4.6million repayable in 2026 and £2.55million repayable at a date to be determined, both at an interest rate of 8%. These loans are secured against the land and buildings of the company.

All receivables are denominated in Sterling.

As of 31st March 2015 trade receivables of £3,946,000 (2014: £3,855,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Group 31 st March 2014 £'000	Duchy 31 st March 2014 £'000	Group 31 st March 2015 £'000	Duchy 31 st March 2015 £'000
Under 3 months	2,817	2,817	2,862	2,862
3 to 12 months	774	774	859	859
Over 12 months	264	264	225	225

12 TRADE AND OTHER RECEIVABLES (continued)

As of 31st March 2015 trade receivables of £211,000 (2014: £179,000) 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.

Movements in the provision for impairment of trade receivables are as follows:

	Group 31 st March 2014 £'000	Duchy 31 st March 2014 £'000	Group 31 st March 2015 £'000	Duchy 31 st March 2015 £'000
At 1 st April	148	148	179	179
Provision for receivables impairment	35	35	53	53
Net receivables written off	(4)	(4)	(21)	(21)
At 31st March	179	179	211	211

The creation and release 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 2014 £'000	31 st March 2015 £'000
Investment property assets held for sale	9,911	9,814

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 2014 £'000	Duchy 31 st March 2014 £'000	Group 31 st March 2015 £'000	Duchy 31 st March 2015 £'000
Amounts falling due within one year:				
Trade payables	2,546	2,326	5,151	4,806
Accruals	1,613	1,613	1,208	1,208
Social security and other taxes	2,828	2,828	1,908	1,908
Payments received on account	6,038	6,038	5,089	5,089
Rents paid in advance	3,244	3,244	3,393	3,393
	16,269	16,049	16,749	16,404
Amounts falling due after more than one year:				
Payments received on account	8,870	8,870	14,022	14,022
Other payable (note 16)	-	-	2,000	2,000
	8,870	8,870	16,022	16,022

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

	Less than 1 year £'000	Between 1–5 years £'000	Over 5 years £'000	Total £'000
At 31st March 2015				
Borrowings	-	30,000	40,000	70,000
Interest rate swaps – cash flow hedges (Level 2)	-	2,187	3,905	6,092
At 31st March 2014				
Borrowings	10,000	30,000	40,000	80,000
Interest rate swaps – cash flow hedges (Level 2)	-	1,767	969	2,736

The Duchy has three interest rate derivatives designated into cash flow hedge relationships on loan facilities totalling £70million. The notional amount of the interest rate derivatives is £70million. As at 31st March 2015, a loss of £3,356,000 was recognised in other comprehensive income in the Capital Account Statement of Comprehensive Income, in respect of the effective cash flow hedge relationships. These are classified as Level 2 financial instruments measured at fair value on directly or indirectly observable inputs, other than quoted prices included within Level 1.

The loan of £10million was repaid on 30th April 2014. The bank loan of £40million is repayable in 2022; interest in the year is at a floating rate which has been fully swapped to a fixed rate of 4.31%. The bank loan of £30million is repayable in 2019, interest in the year is at a floating rate which has been fully swapped to a fixed rate of 3.355%.

The fair values of borrowings are not considered to be significantly different from their carrying value.

16 Provisions – Group and the Duchy

	£'000
At 1 st April 2014	2,000
Transfer to trade and other payables (note 14)	(2,000)
At 31st March 2015	-

The provision related to a payment required for the early surrender of a tenancy which has now been agreed.

17 Reconciliation of operating surplus to net cash inflow from operating activities

	Group Year ended 31 st March 2014 £'000	Duchy Year ended 31 st March 2014 £'000	Group Year ended 31 st March 2015 £'000	Duchy Year ended 31 st March 2015 £'000
Net surplus on the Revenue account	19,486	19,485	19,781	19,822
Net surplus on the Capital account	74,177	74,174	36,427	36,684
Adjusted for:				
Depreciation	762	458	753	426
Dividend income on available for sale assets	(4,821)	(4,821)	(4,384)	(4,384)
Net finance costs	2,801	3,416	2,307	1,624
Share of loss from associate and joint venture	(167)	-	323	-
Shortfall of pension charge over contributions	(428)	(428)	(402)	(402)
Net gain from fair value of investment property	(74,423)	(74,423)	(34,016)	(33,946)
Net (gain)/loss on property held for sale	(425)	(425)	424	424
Profit on disposal of investment property	(590)	(590)	(4,499)	(4,499)
(Profit)/loss on disposal of financial investments	(156)	(156)	76	76
(Increase)/decrease in inventories	(380)	42	96	226
Increase in trade receivables	(1,859)	(2,750)	(1,818)	(1,580)
Increase in trade payables	4,986	5,221	1,949	2,029
Other non-cash movements	384	384	-	-
Net cash inflow from operating activities	19,347	19,587	17,017	16,500

18 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 pays surplus receipts of bona vacantia as detailed in note 19. There were no transactions with the trustees during the financial year and as at 31st March 2015 there was £nil (2014: £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 amounting to £645,888 (2014: £630,062). As at 31st March 2015 there was £57,795 (2014: £124,525) 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 £37,286 (2014: £53,570) for fees and commission and £61,821 (2014: £81,631) for the purchase of furniture, furnishings, and retail stock for the Duchy of Cornwall holiday accommodation, Duchy office at Restormel and Penlyne Nursery. At 31st March 2015 there was £8,220 (2014: £nil) 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 2015, the Duchy of Cornwall made the following payments to key management personnel: Short-term employee benefits (salary) £1,362,000 (2014: £1,410,000); Post-employment benefits (retirement benefit plan contribution) £346,000 (2014: £358,000); Benefits £89,000 (2014: £108,000); Total £1,797,000 (2014: £1,876,000).

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

During the year the Duchy received £651,000 of interest (2014: £615,000). In addition the Duchy leased an area of land to the Partnership for which a rent of £58,000 (2014: £58,000) was received.

19 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) of £321,000 (2014: £39,000) before allowing for ex gratia payments and other associated costs of £48,000 (2014: £42,000). Surplus receipts of bona vacantia by His Royal Highness are paid over to The Duke of Cornwall's Benevolent Fund; £215,000 (2014: £nil) was paid during the year. At 31st March 2015, the Duchy retained £207,000 (2014: £149,000) 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.

20 Capital commitments

At 31st March 2015 the Duchy had Capital commitments of £16,559,000 (2014: £1,808,000) in respect of development and property improvement works and £3,549,000 (2014: £6,098,000) for the acquisition of financial investments.

21 Contingent liability

During the year to 31st March 2007 the Duchy sold an area of land subject to obtaining vacant possession. If vacant possession is not agreed between 2010 and 2017 it is possible for the purchaser of the land to require the Duchy to repurchase the land concerned at the original price received plus interest. The Duchy considers the likelihood of this outcome to be remote.

22 The Duchy of Cornwall total comprehensive income on Revenue account

The Duchy has elected under Section 408 of the Companies Act 2006 not to include its own statement of comprehensive income in these financial statements. The result for the year for the Duchy was £19,822,000 (2014: £19,485,000).

23 Financial risk management

A review of the Group's financial risks is set out on pages 42 to 43.

Market risk

All borrowings at floating rates are fully hedged by swap agreements. Sensitivity to currency exchange movements are outlined in note 11. The Duchy has a diverse financial investment portfolio predominately 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
At 31st March 2015	10,998	40,922	41,724	93,644
At 31st March 2014	19,646	40,922	41,724	102,292

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.

Capital management

The Duchy continually monitors the capital assets and liabilities as part of its comprehensive financial management systems as described on pages 42 to 43. This ensures that the covenants in relation to the bank loan facilities are adhered to.

Treasury consents

Particulars of authorisation as required under section 9(9) of The Duchy of Cornwall Management Act 1982

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

- Authority to fund a link road at Newquay up to £1.15million;
- Authority to enter into an option agreement for the disposal of a long leasehold interest of a commercial building at Poundbury;
- Authority to grant an option for the surrender of a leasehold interest at Dorchester for £2million;
- Authority to fund construction of a commercial building at Poundbury up to £2.1million.

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

- Authority to refurbish a building £0.80million;
- Authority to construct a commercial building £3.1million;
- Authority to construct a commercial building £0.95million;
- Authority to purchase land and property £10.75million;
- Authority for the sale of property £0.75million plus overage;
- Authority for the sale of property £0.895million;
- Authority for the sale of property £4.049million;
- Authority for the sale of property £6.2million;
- Authority for the sale of land £0.568million;
- Authority for the sale of land £0.811million.

Alastair Martin

Secretary and Keeper of the Records

5th June 2015

Appendix

Accounts direction given by HM Treasury

- 1 The Duchy of Cornwall shall prepare accounts for the financial year ended 31st March 2015 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; and
 - a Cash Flow Statement.

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 20th May 2014. It shall be reproduced as an appendix to the Accounts.

Richard Brown

Treasury Officer of Accounts

28th May 2015

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; and
 - 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 2013 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. The next formal valuation of the Pension Scheme will be concluded during 2016.

The Duchy of Cornwall estates

Surface Area Report 31st March 2015

The Duchy of Cornwall is a landed estate of 53,400.3 hectares.

The extent and distribution of the major land holdings at

31st March 2015 were as follows:

	Hectares
Devon	28,506.2
Cornwall	7,731.8
Hereford	5,378.4
Somerset	5,305.1
Isles of Scilly	1,582.9
Dorset	1,332.9
Wiltshire	1,253.5
Gloucestershire	657.2
Shropshire	581.5
Kent	519.6
Nottinghamshire	287.6
Oxfordshire	121.5
Carmarthenshire	84.0
Vale of Glamorgan	20.4
Greater London	15.7
Buckinghamshire	10.9
Hertfordshire	6.0
Norfolk	2.2
Berkshire	1.5
Cheshire	0.7
Hampshire	0.4
Leicestershire	0.2
Middlesex	0.1
Total	53,400.3

*View from Bryher,
Isles of Scilly*



Annual Report and Accounts

Year ended 31st March 2015

www.duchyofcornwall.org

Writing, design and production

The Duchy of Cornwall with Flag Communication Ltd.

www.flag.co.uk

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