INTEGRATED ANNUAL REPORT 2023

Sustainable Stewardship

DUCHY *of* CORNWALL

Wistman's Wood, Dartmoor

DUCHY *of* CORNWALL

Integrated Annual Report 2023

For the year ended 31st March 2023

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

Any queries should be sent to: london@duchyofcornwall.org

Welcome

This Integrated Annual Report summarises activity on the Duchy of Cornwall estate for the year ended 31st March 2023. It aims to describe how we work to balance our commercial responsibilities with our commitment to supporting local communities, local economies and the natural environment. The Report also seeks to provide a reflection on the changes to the Duchy during more than 50 years under the guidance of HRH The 24th Duke of Cornwall, now HM The King, and a glimpse into some of our future planning at a time of transition.

Sustainable stewardship

The Duchy is a private estate that provides an income to The Duke of Cornwall and his family to fund his official, charitable and private activities. It is managed in harmony with the natural environment and for the benefit of its local communities so that it can be passed on with pride to the next generation.

History and constitution

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

The estate was established under the Great Charter of 1337 and is governed under the terms of the Duchy of Cornwall charters and Management Acts. The Duke of Cornwall has no access to the Duchy's capital value and pays income tax on the annual revenue surplus that he receives from the Duchy.

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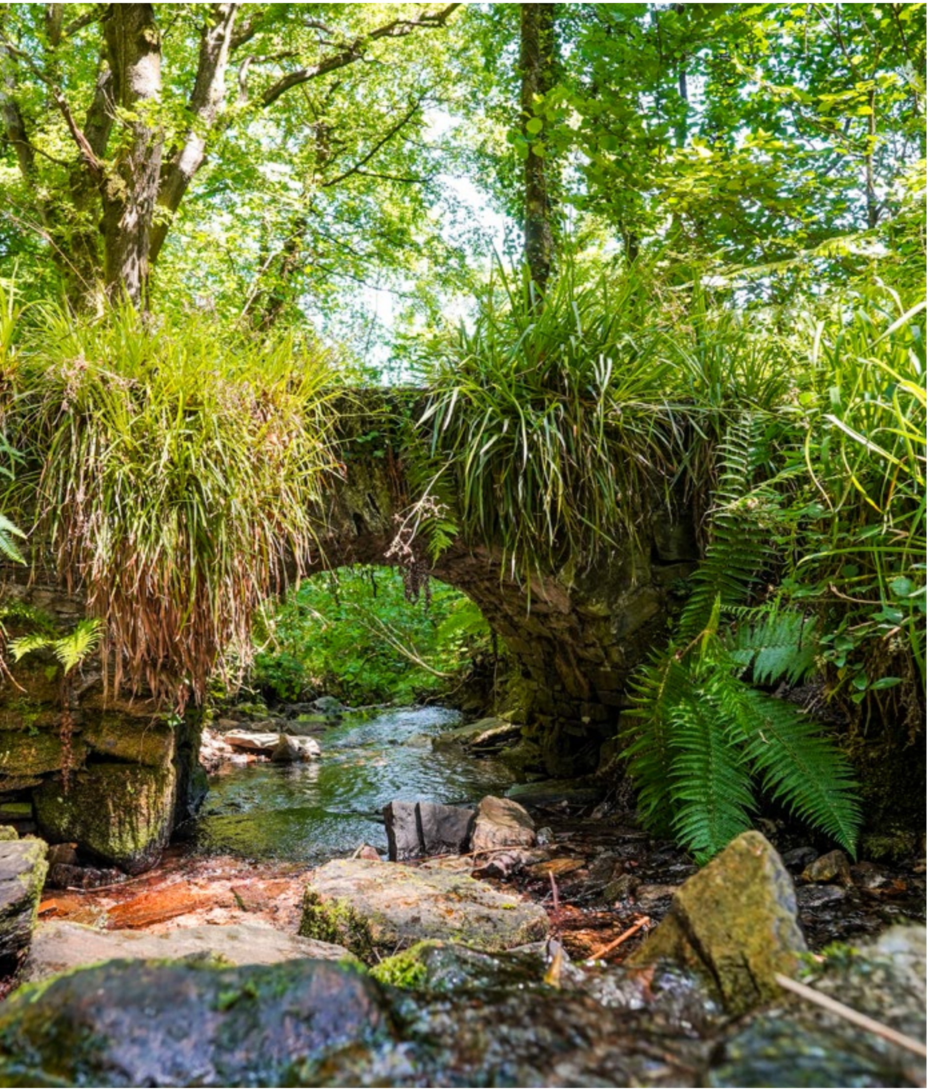
Building on a proud heritage



Greenscombe Wood

It is a time of transition at the Duchy of Cornwall estate. After more than five decades under the passionate, focused guidance of the 24th Duke of Cornwall, the duty of care for this land, its communities and its natural environment is passing to the next generation. In 2022 the new Prince of Wales proudly assumed responsibility for the Duchy, its essential work for positive impact and the safeguarding of its unique legacy.

Our vision – *Sustainable Stewardship* – remains unchanged. More than ever, we view our role as protectors of a unique and precious heritage, which contains incredible biodiverse ecosystems and natural resources, as well as the communities who live and work across the estate.

We will continue to meld imagination and innovation with a wisdom and experience cultivated over the decades to balance financial results with the protection of the natural environment and support for communities.

Our vision Sustainable Stewardship –

for Communities, Enterprise and Nature

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

Our values and behaviours

Our vision is supported by our values and behaviours and the loyalty, passion and commitment of our people. We are visionary; we lead with integrity; we act responsibly; we encourage inclusivity.

Our activities

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

Our critical success factors

We are guided in all that we do by our critical success factors:

- Viability
- People
- Sustainability
- Reputation
- Governance

Handing on to the next generation

Over the past nine months, I have been privileged to step into my father's shoes as the 25th Duke of Cornwall. Having spent a number of years shadowing his work and gradually learning more about the Duchy, I have relished the opportunity to really immerse myself in the Duchy's extensive efforts to improve the natural environment and the lives of communities across the estate.

As the longest-serving Duke of Cornwall in history, my father left an indelible mark on the Duchy – from developing a pioneering blueprint for urban design and architecture at Poundbury to turbo charging its work on sustainability. He was passionate about driving forward change and having a positive impact on all those who called the Duchy estate their home. I am very much looking forward to continuing his work, as well as exploring new opportunities to make a difference.

I recognise that I have taken the helm at a challenging time for many Duchy tenants, businesses and communities. My own father was becoming increasingly involved with the Duchy at a similar period of uncertainty during the 1970s. Like him, I will support the Duchy family through this, seeking to ensure the estate continues to evolve and move forward as a modern enterprise that delivers on our vision of Sustainable Stewardship – for communities, enterprise and nature.

In particular, I am committed to the cause of tackling climate change and I am proud of the estate's efforts to contribute to this challenge. If we can also help respond to social challenges such as mental health and homelessness, I will feel my term as Duke has been worthwhile.

I would like to take this opportunity to thank all those who have given me such a warm welcome so far – from the tenants and communities to the committed individuals who make up the Duchy team.

Together, I hope we can continue to make a difference.

William

HRH Prince William The Duke of Cornwall

"I am committed to the cause of tackling climate change and I am proud of the estate's efforts to contribute to this challenge. If we can also help respond to social challenges such as mental health and homelessness, I will feel my term as Duke has been worthwhile."

Reflections on a legacy

A look back from the outgoing Lord Warden of the Stannaries, Sir Nicholas Bacon Bt. KCVO OBE DL

After nearly 17 years in a role, there may be a tendency to view that period in terms of statistics or hyperbole – or maybe both. Instead, over that period, I want to concentrate upon the culture and soul that is the Duchy.

For a large estate spread over many counties, the management and leadership by the 24th Duke of Cornwall has been remarkably personal. But, ultimately, the Duchy is about people – and throughout my tenure, which is almost a third of the 24th Duke's period of custodianship, staff and tenants have been cherished.

The Duchy is one of a kind, and some roles within the Duchy have ancient titles. The Lord Warden of the Stannaries is, after The Duke of Cornwall, the most senior position on The Prince's Council, effectively Deputy Chairman. Previous Lord Wardens include Sir Walter Raleigh and Prince Albert.

The atmosphere of this successful operation, which has humanity at its core, has pervaded all aspects of the organisation – no mean feat. But that came from the top. As each traditional and untrendy idea that was poo-pooed 30 years ago then became the norm, so did the avant-garde become the accepted face of normality. Whether it be development, carbon awareness, agriculture or family farms, long-term custodianship necessarily implies sustainability. That word has been overused and little understood, but the concept of sustainability has, during my 16 years, pervaded every part of the Duchy way of life.

Many people have talked about these concepts for years, but for the last 16 years I have seen their delivery. Aristotle said you judge a man not by his words but by his deeds.

The 24th Duke will be remembered for delivering not only a financially successful estate, but also one with a human face.

HM King Charles III with Lord Warden of the Stannaries, Sir Nicholas Bacon Bt. KCVO OBE DL

Letter from the Secretary

Alastair Martin, Secretary and Keeper of the Records

This has been a year unlike any in recent Duchy history. With the very sad demise of HM Queen Elizabeth II on 8th September 2022, and the accession to the throne of HM King Charles III, HRH Prince William, The Prince of Wales, became the 25th Duke of Cornwall and Chairman of The Prince's Council.

Her Majesty Queen Elizabeth II took a keen interest in the Duchy of Cornwall during both the reign of her father, HM King George VI, and in the early years of her own reign. Together with HRH The Duke of Edinburgh she made a number of visits across the Duchy estate and regularly attended Council meetings until her son, HRH Prince Charles The Prince of Wales, came of age as Duke of Cornwall in 1969.

Our usual practice in these reports has been to reflect on the year past and look forward. However, given this extraordinary moment in history for the Duchy, we are looking back over a much longer period to consider where we have come from and what has been achieved under the extraordinary vision and leadership of HM The King as the 24th Duke of Cornwall. This retrospective flows throughout this Report.

The 24th Duke's contribution has been nothing short of outstanding. His vision and courage in taking forward various development projects is widely recognised as enormously important to understanding how we can build more sustainable communities. His instinctive sense of what is right and proper in husbanding the rural estate has always been beyond contemporary thinking and this is all underpinned by a strong sense of history and tradition in retaining the best of what we have always had.

We are in a time of significant change and yet of well-planned continuity. Our headline vision is unchanged – *Sustainable Stewardship – for Communities, Enterprise and Nature*. Achieving a balance between financial results, protecting the natural environment on which we all depend and supporting our communities has been at the heart of the Duchy ethos for many years and will continue to be so. I have had the privilege of introducing the 25th Duke to the Duchy over many years, first with visits to the estate and to meet tenants, and more recently as he and his advisers have attended meetings of various Duchy committees. I feel confident in saying that there have been no surprises on either side!

Having now completed two rounds of triennial surveys of our residential, commercial and then agricultural tenants, this year we undertook a staff survey. There is more detail about this on page 34. I was pleased with the levels of engagement and loyalty, but we have more work to do on internal communications.

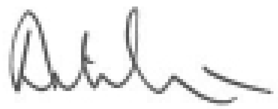
Our main development sites continued apace during the year. In the face of more challenging market conditions and record build cost inflation, it remains as important as ever to the Duchy that developments on our land focus on delivering the types of homes that meet local needs, mixed with commercial and community spaces that create a diverse range of jobs and ever more resilient and sustainable communities. Poundbury is now in the final furlong, generating significant capital receipts with final build completions earmarked for 2026/27. At Nansledan a new 10-year Consortium Agreement was completed, which improves the Duchy's commercial position and binds our developer partners to ambitious net zero carbon commitments. Our regular programme of farm and cottage overhauls continued during the year, together with significant conversion and new build projects on the estate. We completed some important commercial lease restructurings.

Following an exceptional but understandable fall in 2020/21 as a result of the COVID-19 pandemic, the income generated for The Duke of Cornwall in 2021/22 returned to more normal levels, at £23million. Last year I said that I expected little increase on this figure for the current year, the result of both downward pressure on agricultural rents and increasing costs – both staff salaries and significant repair cost inflation. Had it not been for some additional one-off income this year, that would have been the case. In the event, we have generated a record surplus of £24million. This will not continue and the surplus for 2023/24 will not be at this level. Income will return to ongoing levels, there will be significant cost increases and a full repairs programme to finance.

With the arrival of a new Duke there has been some modest change in personnel. Sir Nicholas Bacon served as Lord Warden of the Stannaries (effectively the vice chairman) since 2006, and was one of the longest-serving Lord Wardens in history. He is succeeded by Hugo van Vredenburch who brings extensive environmental and business experience to this role. In the few months since succession HRH has already devoted huge amounts of time and energy to the Duchy, visited a number of our offices, met most staff and many tenants, and visited all corners of the estate. I and the other two proper officers continue to serve under the new Duke. Three members of Council are retiring, but I am very grateful that they will stay on as advisers.

The Prince's Council was, as required, formally reconstituted on 6th March 2023. The Council now comprises the Proper Officers and the Chairs of the Council Committees. Full details of our governance structure are on pages 47–51.

There were no staff changes arising from succession. However, it is right to mention and thank Keith Willis, who retired as our Finance Director in November after 34 years of service. Our team continue to put into practice the values and behaviours they identified as part of work to define our vision and values: *we are visionary, we lead with integrity, we act responsibly, we encourage inclusivity*. Our new Duke wrote to all staff in September. I know that staff value his commitment to building on his father's legacy, cherishing his values of sustainability and community, as well as looking ahead to new opportunities and challenges. Already he has spoken of wanting to pass on, when the time comes, a robust and highly regarded Duchy to his son, Prince George.



Alastair Martin
Secretary and Keeper of the Records

The contents of the Strategic Report are signed on behalf of the Proper Officers by Alastair Martin, Secretary and Keeper of the Records, 16th June 2023

Reflections on a legacy

Sustaining our rural heritage

The 1960s and 1970s was a time of huge change in rural England. The advance of mechanisation on farms reduced the need for labour. Livestock numbers increased and most cattle were housed during the winter. Crop yields improved and large dry grain stores were required. Machines got bigger and wide-span portal-framed barns became commonplace. Attractive stone barns with tiled roofs ceased to be useful and began to fall into disrepair. This therefore created a viability issue in terms of how to maintain and use these attractive parts of our built environment.

In conjunction with farming changes, many more people started to own a car and become less reliant on public transport. As such, people started to choose to live in the country and drive into the towns and cities to work. Redundant farm buildings became ripe for redevelopment as houses and the popularity of living in a converted barn grew significantly. While some buildings on the Duchy estate were converted to dwellings, it became clear that there were fewer and fewer premises available as workplaces in rural areas. This caught the attention of the 24th Duke who, in the early 1980s, established an initiative across the estates of identifying redundant farm buildings that could be converted into places of non-agricultural work. The earliest examples were the old Weighbridge shed at Newton St Loe followed by an adjacent two-storey stable block; there were the Powdermills buildings on Dartmoor, the first few conversions at North Street, Stoke-sub-Hamdon and then the five Street Farm workshops at Highgrove. The Duchy worked closely with the Council for Small Industries in Rural Areas (CoSIRA), which was growing similar schemes across the country.

Nationally and within the Duchy it was envisaged that the converted premises would primarily be occupied by rural craftsmen and women. However, it soon became apparent that what were initially referred to as "workshops" became studios and studios became offices. Over the years the numbers of premises and the diversity of sizes grew and the standard of conversion rose significantly.

There are still craftsmen and women such as a potter, a mechanic, a pie maker and a blacksmith in Devon, but there are also offices for charities, the headquarters for a "super foods" company, and planning consultants, architects and archaeologists occupying space. There's a web designer, a picture framer, a beauty salon, a book binder, an electrician, a sports therapist, a catering company and a photographer's studio, plus many other businesses in total amounting to 93 conversions, which support something like 300 jobs. It is not just those companies that have benefitted, it is also the trade that they have brought to the local village shops, the pubs and farm shops, the local post offices and sandwich makers, which have all gained from the increased activity on the estate.
In addition to the employment units produced by the Duchy itself, a number of farm tenants have also undertaken conversions with landlords' consent, producing another 53 units on farms in Somerset alone. Thinking of new ways to save and make viable historic buildings has been a critical part of change made by the Duchy over the last 70 years, driven forwards by the 24th Duke and now the 25th Duke's passions.

HM visiting newly converted workshops in Somerset in 1986

The Duchy journey

The Duchy provides a unique environment for generations to cultivate family heritages within protected landscapes that are home to significant examples of national history and biodiversity.

The tenure of the 24th Duke has seen many significant projects inaugurated and completed across the Duchy with long-term changes made. The timeline below contains a sample of just some projects, events and change.

1969

HRH The 24th Duke chairs his first Prince's Council meeting at the age of 21.

1980s

1981 A scheme is entered into with the Council for Small Industries in Rural Areas. This is to build on work, started in the 1970s by the Duchy, to champion the conversion of disused farm and other rural buildings, promoting their use as workshops and small enterprises.

1982 A long-term management plan to encourage wildlife on Duchy lands is initiated. This includes two specified Forest Nature Reserves on Dartmoor. Increasingly the natural capital value of Dartmoor in particular has been recognised due to its unique ecology.

1986 HRH The 24th Duke switches on mains electricity in the Isles of Scilly. This marks the completion of a £3.5million power scheme, financially assisted by the Countryside Commission and the Duchy.

1989 HRH The 24th Duke publishes a *Vision of Britain*, which is put into practice across the Duchy estate.

1990s

1993 Construction begins on Poundbury, a pioneering walkable urban extension to Dorchester to provide 2,500 homes, 2,500 jobs and integrated affordable housing.

1995 The Duchy grants a 99-year lease of the uninhabited islets of the Isles of Scilly, plus the untenanted land on the five inhabited islands, to the Isles of Scilly Wildlife Trust for an annual payment of a single daffodil.

2000s

2000 The Prudential's rural portfolio is purchased. It is scattered over a number of counties, the bulk being in Herefordshire. This leads to the establishment of a Hereford office.

2006 Llwynywermod is purchased by the Duchy as a residence for HRH The 24th Duke in Wales.

2006 The Duchy estate becomes net zero for its own internal operations.

Early 2010s

2010 The Duchy establishes the Cornwall Sustainable Energy Fund, which provides funding for renewable energy projects in the county.

2010 Just part way into the programme, it is reported that Poundbury has now boosted Dorset county's local economy, contributing over £330million.

2011 An agreement is entered into with a local primary school to use part of the estate's woodland as a Forest School. The school uses a small section of a wood three times a week to teach children about woodland management and skills. The Duchy woodland craftsmen assist the school in this educational experience.

2012 Permission is given for the building of Nansledan, an urban extension to Newquay in Cornwall. Nansledan embodies the principles of architecture and urban planning championed by HRH The 24th Duke.

2012 Work begins on a 174-home development at Tregunnel Hill on the edge of Newquay in Cornwall.

2014 The Duchy acquires 728 hectares of Port Eliot Estate.

Late 2010s

2018 The Duchy of Cornwall is awarded first prize in two categories at the Excellence in Forestry Awards.

2018 A new peat-free soil conditioner, made from the renewable by-products of the Duchy's anaerobic digester, is launched.

2019 Renewable carbon dioxide (CO_2) company BioCarbonics, set up with Duchy support through its renewable energy subsidiary J V Energen, starts deliveries. By March 2020, monthly deliveries of CO_2 from renewable sources reaches over 450 tonnes.

2020s

2020 Following the easing of COVID-19 restrictions, The Duke and Duchess of Cornwall carry out their annual visit to the South West, including a socially distanced meeting with farming tenants at Tresemple Farm to discuss recovery from the effects of the pandemic.

2021 Planning permission is secured on a Duchy of Cornwall site for a scheme to provide affordable new homes on St Mary's, Isles of Scilly.

2022 HRH The 24th Duke celebrates 70 years as Duke of Cornwall and is noted as having been the longest-serving Duke of Cornwall.

2023 The UK's first biomethane-to-grid plant, Rainbarrow Farm Anaerobic Digestion Plant generates enough biofuel to power up to 56,000 homes on the Dorset grid.

A legacy of generations

The Duchy provides unique environments for generations of families and communities to live and flourish, while promoting the protection and restoration of our natural world.

The evolution of the Duchy under the 24th Duke

In 1952, HRH The 24th Duke assumed the title of Duke of Cornwall upon the accession of his mother HM Queen Elizabeth II. HRH went on to chair his first Prince's Council in 1969 at the age of 21.

Despite his youth, HRH had a clear vision for the Duchy from the outset, with an objective to create an estate that would prosper economically while creating vital communities and protecting ecosystems and nature.

In all endeavours, he recognised his role as a steward of the estate, not an owner, with his main mission being ensuring the estate was passed on much improved for the next generation.

Thus, HRH championed an agenda for a mixed portfolio of assets and a number of new initiatives, doubling the area of woodland across the Duchy, supporting farming and delivering high-quality mixed-use developments with integrated affordable housing. In terms of forestry and farming, there have been a number of purchases, for example Pendarves Wood and Port Eliot in Cornwall and the Cradley Estate and Prudential rural Estate, both encompassing land in Herefordshire that resulted in the need for a local Hereford office. Developments of mixed-use housing have been both small and largescale, with Poundbury becoming a case example for masterplanning.

HRH was also keen to bring critical resources to isolated areas and to assist more rural communities often through partnership and community working.

This agenda continues today, with detailed plans for maintaining and updating the estate, with a critical focus on sustainability that has seen the installation of air-source and ground source heat pumps and pioneering rooftop solar slates at the Nansledan development.

Over the last 50 years, the nature of the estate has been transformed, with strategic purchases consolidating the estate. Today the estate comprises 52,430 hectares of land and 2,830 hectares of woodland, spread across 21 counties. HRH The 24th Duke has been a hands-on Duke throughout his tenure. He even completed work experience on a number of farms in his youth and from 1969 he has been a constant sight across the Duchy enterprise, making thousands of planned and unplanned visits.

In more recent years, HRH The Prince of Wales has joined HRH The 24th Duke in his endeavours, undertaking a long handover, which places the estate in safe hands today. As the next chapter begins a significant legacy is left to be built on, of an estate that is much improved for the benefit of all today and for future generations.

Fowey Valley, Cornwall

Poundbury – a vision brought to life

HRH The 24th Duke has long championed beauty, particularly in the built environment. In 1989, HRH The 24th Duke published *A Vision of Britain*, which made the case for architecture that served the aesthetic and practical needs of citizens while preserving the unique character of Britain's villages, towns and cities.

Commenced in 1993, Poundbury serves as this vision brought to life. It was designed to be an attractive place for people to live, work and relax. It would stand as a testament for elegant, people-focused architecture and planning and adhere to four key principles:

- Architecture of Place, creating beauty and reflecting local character and identity.
- Integrated Affordable Housing, which is mixed throughout the development and indistinguishable from private housing.
- A walkable community that is welcoming and usable for pedestrians.
- A mix of uses, including shops, employment space, public areas and open green space.

On completion in around 2027, Poundbury will have provided 2,736 homes, a population projected to be some 5,800 and more than one job per house. The development will contribute an additional £105million gross value added (GVA) to the local economy each year, whilst the construction phase will have provided £236million GVA and almost 5,000 person-years of employment. It has also created opportunities for entrepreneurs and family businesses, sustainable living and the arts. In terms of its sustainability, Poundbury is home to the UK's first biomethane-to-grid site. The Rainbarrow Farm Anaerobic Digestion Plant creates enough biofuel to power up to 56,000 homes on the Dorset grid. In addition, the Great Field includes 14.2 ha of open space where 400 trees and 15,000 shrubs have been planted, and three wildflower meadows established. There is also a Community Orchard managed by volunteers, with apple and pear trees in addition to thriving allotments, a wildlife pond and bird nest boxes incorporated in houses, working with the RSPB. Electric car charging points, both public and private are being installed, alongside increasing use of sustainable materials.

Although it is not yet complete, Poundbury has already achieved its primary objectives. Chiefly, it has demonstrated that there is a genuine alternative to the way in which we build new communities. The success of Poundbury and His Majesty's vision has now been recognised beyond Dorset, and many of the founding principles have been incorporated into national and local planning policy. Poundbury is also proving to be increasingly influential with an international audience, attracting interest and generating many organised tours every year from architects, town planners, academics and developers across the globe.

A tie that binds – four generations at the Duchy

Tony Mitchell, tenant at St Kew Barton, reflects on what the Duchy has meant for his family.

My grandfather became a Duchy of Cornwall tenant in 1937, taking on Restormel Manor, and so started the Mitchell family's long association with the estate. My father continued at Restormel until 1994 when I became tenant at St Kew Barton, where we hope our son and his wife will be the fourth generation with the Duchy.

When we moved to St Kew, we converted a beef and sheep farm to a dairy holding and, with infrastructure help from the estate, established Laram Holsteins by 2003. Steady improvement took place until 2016 when our son Will returned from Harper Adams with new ideas for developing the farm. In the last two years we have completed another building project with the estate to upgrade cow accommodation and enable us to expand numbers to future proof the farm for the next generation.

Through my lifetime, His Majesty as Duke of Cornwall has led the development of the estate into the progressive and supportive organisation it is today. The future is not without challenges, be it economic or environmental, but I am sure the whole estate will embrace these issues and look forward to working with the new Duke of Cornwall at the helm.

Our diverse portfolio

The Duchy of Cornwall estate spans 21 counties in England and Wales. The map highlights a selection of sites from our varied portfolio.

52,430
hectares of land

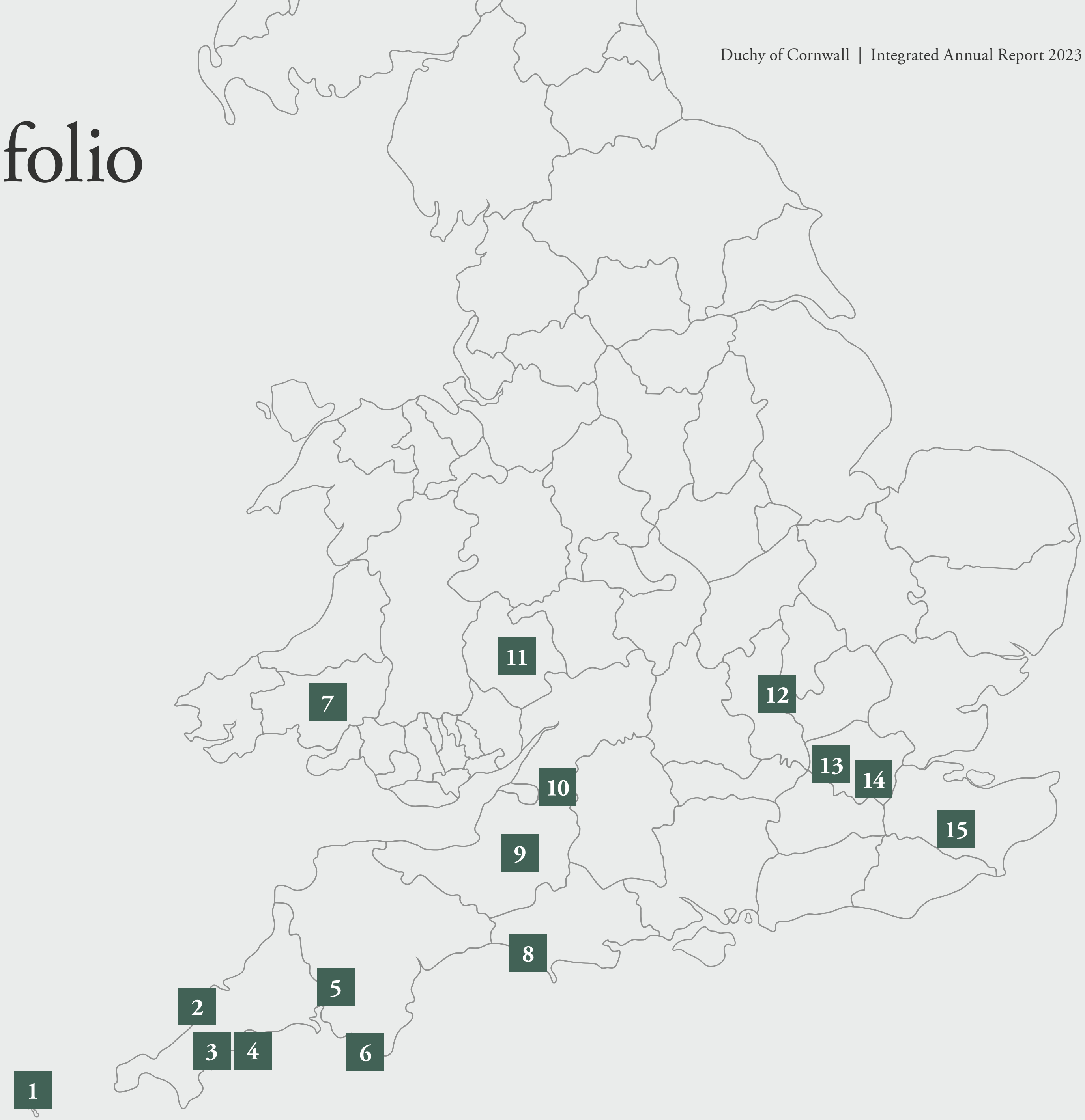
2,600
tenancy agreements and leases

2,830
hectares of woodland

£54m
development land

260
fully equipped farms

£360m
commercial property



Isles of Scilly

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

Nansledan

The Duchy's major community development project on Duchy of Cornwall land as an extension to the coastal town of Newquay.

Duchy of Cornwall holiday cottages

We have a small number of period properties available as holiday cottages.

Duchy of Cornwall Nursery

The Nursery, shop and renowned café at Lostwithiel opened its doors to the public in 1975.

Dartmoor and Princetown

Most of the Duchy's 27,200 hectares on Dartmoor have been part of the estate since the 14th century.

Coastal and inland waters

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

Llwynywermod

Let to His Majesty The King as a Welsh home.

Poundbury

An urban extension to Dorchester, Poundbury is built on principles of architecture and urban planning advocated by His Majesty The King when The Prince of Wales.

Wessex

Includes land in Gloucestershire, Somerset, Wiltshire and Dorset.

Highgrove House and Home Farm

Highgrove House is the Gloucestershire Home of Their Majesties. The nearby 425-hectare Home Farm is entirely organic and is let.

Herefordshire

Incorporating the Guy's Estate and Cradley Estate, as well as land in Shropshire.

Commercial portfolio

Standard investment properties, the majority of which are located in London, Milton Keynes and the West Country.

Head office

The Duchy's head office is at 10 Buckingham Gate, London. It includes the Duchy archive store.

London

Mainly Kennington Estate properties, including the direct letting of 16 flats and 23 houses, various commercial buildings, The Oval cricket ground and a number of long leases.

Kent

Purchased in 2000, includes 350 hectares of farmland and rural residential property, and a potential development project at Faversham.

Value creation

Our business model

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

We rely on resources and relationships to create value

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

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

Natural
As a historic estate of 52,400 hectares, natural capital is a major resource.

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

Community
Our community relationships that support the effective management of the estate.

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

We always consider what is important to our stakeholders

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

- Being mindful of our reputation and how we communicate
- Understanding our long-term impact on the climate
- Knowing our impact on natural capitals such as soil, air and water
- Being aware of the potential impacts of political change and uncertainty
- Recognising the need to build a diverse and inclusive workforce.

We live by our values and behaviours

We are visionary
We are proactive, brave and innovative in meeting our objectives and encouraging our partners to do the same; we plan for the future with imagination and wisdom.

We lead with integrity
We respect our heritage and the environment in our actions; we strive to communicate openly and consistently.

We act responsibly
We are accountable, building trust with those around us; we are caretakers of the past, present and future of the Duchy estate.

We encourage inclusivity
We foster a culture of community; we treat customers, colleagues and critics professionally, mindfully and kindly.

We are guided by our critical success factors

Viability
- To provide a sustainable income stream for present and future Dukes of Cornwall
- To build capital to allow long-term reinvestment opportunities.

People
- To employ the very best staff and empower them to succeed and help deliver the Duchy's vision
- To encourage staff development for everyone to reach their full potential
- To recognise and celebrate our diverse workforce and their contribution to the Duchy's vision.

Sustainability
- To be a net zero and nature-rich estate where communities and enterprises flourish in support of a sustainable world.

Reputation
- To protect and enhance the Duchy's reputation
- To engage with and inform our key audiences
- To build strong partnerships with our tenants and communities.

Governance
- To be practical and trusted in our decision-making
- To ensure effective governance and management structures at all levels
- To ensure staff have a clear understanding of the Duchy's vision and how they contribute to it.

We create long-term value

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

Greater financial value
By delivering a growing revenue surplus and increased capital values. See our Financial statements on page 63

Enhanced natural capital
By supporting sustainable farming and rural communities. Read about how we are reducing our environmental impact on page 28

Stronger communities
By stimulating local prosperity and supporting rural infrastructure. Read about how we are supporting communities on page 33

Value creation highlights 2022/23

Distributable surplus
£24m
2.6% average annualised increase over the last three years (2021/22: £23m)

Environmental impact
234,860 tCO_2e
Scope 1, 2 and 3 emissions (baseline year 2019/20)

Farm tenancies
20 years
Average length of Farm Business Tenancies (2021/22: 21 years)

Net assets
£1,075m
including £1,064m of investment property assets, £27m of cash and £138m of borrowings (2021/22: £1,049m)

Renewable energy installed capacity
3.0 MW
of installed capacity, to date, in solar PV, biomass boilers, heat pumps and a hydroelectric scheme, at a cost of over £4m (2021/22: 3.0MW)

Sequestration and avoided emissions
26,040 tCO_2e
from woodlands, marine assets, and biomethane and renewable electricity generation

Mine workings at Kelly Bray, Cornwall

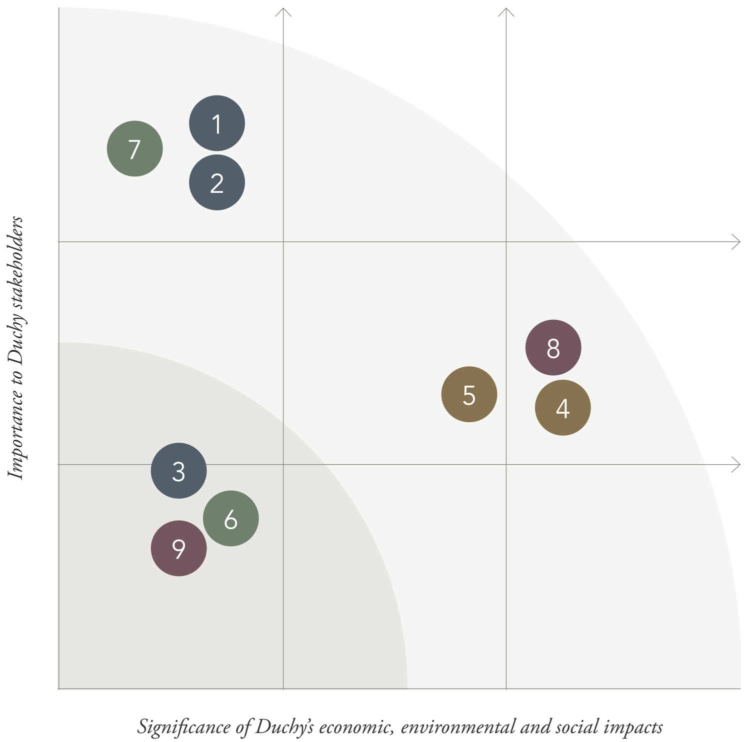
Understanding what matters most

Our approach to managing the communities and natural capital of the Duchy has been developed following an assessment of the Duchy's most material issues in 2019. In 2021 we completed work on our operational plan and undertook a major staff engagement exercise to review the values of the organisation and capture new ones. These efforts resulted in a new plan that summarises our vision, values and goals, which are grouped under five critical success factors – Viability, People, Sustainability, Reputation and Governance – that form the basis of this Report. These themes reflect the issues that emerged from a robust materiality review that was conducted to ensure we are focusing on what matters most to our stakeholders. The most material topics, as identified in the matrix, have determined our critical success factors and guide our objectives and KPIs.

As we transition to the guidance of the 25th Duke, some of our current priorities are being assessed to ensure we are still meeting the most material needs of Duchy stakeholders. This work will inform the direction of, and be shared in, our next report.

Our stakeholders include the current and future Dukes of Cornwall, tenants, staff, Duchy pensioners, our suppliers and customers, those who come to live or work in developments on our land, those whose communities include or are near Duchy property, and the natural environment across and neighbouring our estate.

Material issues



People and culture

1. Diversity and inclusion
2. Employee engagement
3. Employee health and safety

Environment

4. Climate crisis
5. Managing and improving natural capitals

Society

6. Affordable housing
7. Relationships with tenants

Governance

8. Reputation, communications and awareness
9. Responsible investment

How we create and share value

Our critical success factors

Our objectives are grouped into five critical success factors, which form the basis of our strategic governance of the organisation. On pages 24 to 35 of this Report we consider each in turn, looking at objectives, key performance indicators (KPIs), case studies and what our future plans are.

Viability

Objectives

- To provide a sustainable income stream for present and future Dukes of Cornwall
- To realise capital to allow long-term reinvestment opportunities to be resourced
- To maintain a diverse property portfolio that meets the long-term needs of stakeholders.

How it is measured (KPIs)

- Maintain an ethical investment policy
- Grow real net income over the medium term
- Maintain the real capital value of the Duchy.

Our progress

Net income grew by 4.4% and the capital value of the Duchy property grew by 5.0%. All financial investments remain invested according to the policy.

Future focus

Over the medium term, our goal is to grow the real net income of the Duchy while maintaining the real capital value. In times of high inflation, this will be challenging.

Related UN Sustainable Development Goals

8 Decent work and economic growth

11 Sustainable cities and communities

People

Objectives

- To employ the very best staff and empower them to succeed and help deliver the Duchy's vision
- To encourage staff development for everyone to reach their full potential
- To recognise and celebrate our diverse workforce and their contribution to the Duchy's vision.

How it is measured (KPIs)

- Empowered staff.

Our progress

In the wake of COVID-19, we have invested in digital infrastructure and policy assessments to provide more flexible ways of working to our people. In addition, we have implemented wellbeing initiatives for the first time and conducted a staff survey to gather perspectives and feedback on how our people feel about working at the Duchy.

Future focus

Following on from wellbeing initiatives conducted in 2022 and early 2023, we intend to explore more ways to support our people to manage and enhance their mental health. We are also using the findings from our staff survey to understand where we can continue to provide a positive employee experience.

Related UN Sustainable Development Goals

3 Good health and well-being

8 Decent work and economic growth

10 Reduced inequalities

Sustainability

Objectives

- To be a net zero and nature-rich estate where communities and enterprises flourish in support of a sustainable world.

How it is measured (KPIs)

- Net zero carbon targets
- Improved natural capital
- Safe buildings and places.

Our progress

With the release of our first Net Zero Carbon Report, the Duchy has provided a comprehensive look at our high-level plan to eliminate our contribution to climate change. Following on from the report, we have created a new Future Farming team. The team is working with farms across the estate to harmonise nature recovery and food production to bring change on the ground that will meet our net zero ambition.

Future focus

Our Future Farming team will offer a 'toolbox' of support options to farmers to support their transition to net zero and nature rich farming. Across all areas of the estate, we will take opportunities to work with suppliers and tenants on sustainability improvements.

Related UN Sustainable Development Goals

Reputation

Objectives

- To protect and enhance the Duchy's reputation
- To engage with and inform our key audiences
- To build strong partnerships with our tenants and communities.

How it is measured (KPIs)

- Tenant satisfaction
- Length of Farm Business Tenancies (FBTs)
- Jobs created by urban extension projects
- Community engagement on major developments.

Our progress

We continue to work with local communities and organisations to ensure we engage and inform our key audiences. Our new Future Farms team now produces a regular bulletin focused on the work taking place to meet our net zero commitments.

Future focus

With the support of Kensington Palace, we intend to grow our external communications capability to enable greater engagement with our people and communities.

Related UN Sustainable Development Goals

Governance

Objectives

- To be practical and trusted in our decision-making
- To ensure effective governance and management structures at all levels
- To ensure staff have a clear understanding of the Duchy's vision and how they contribute to it.

How it is measured (KPIs)

- Staff are engaged with the Duchy's vision and critical success factors.

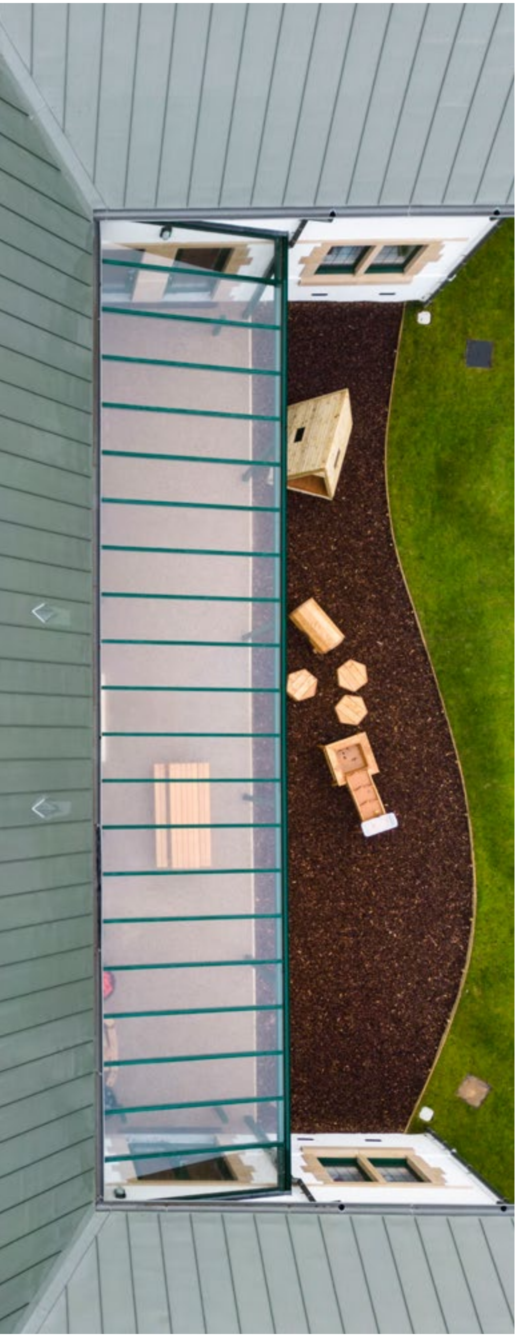
Our progress

We have established two new committees as part of our governance infrastructure, the Investment Committee, reporting to the Finance and Audit Committee, and the Net Zero Task Force, which reports directly to The Prince's Council.

Future focus

New committees will provide additional focus to ensure that all strategic decisions consider both the long-term financial viability of any given action or investment, as well as how such actions or investments will impact our essential net zero commitments.

Related UN Sustainable Development Goals



Nursery School, Nansledan, Newquay

Viability

Objectives

To provide a sustainable income stream for present and future Dukes of Cornwall

To realise capital to allow long-term reinvestment opportunities to be resourced

To maintain a diverse property portfolio that meets the long-term needs of stakeholders.

Highlights

Distributable surplus

£24m

2.6% average annualised increase over the last three years (2021/22: £23m)

Net assets

£1,075m

(2021/22: £1,049m)

Performance

As an estate that provides a home to thriving small and rural communities, as well as significant natural capital, the Duchy has a unique role and it is one we are proud to play. We protect an important shared heritage and in order to do so effectively, we work to ensure the financial viability of the estate.

Implementing an effective financial strategy depends on continuously assessing risks to the Duchy, both internal and external. These risks are evolving and many exist beyond our direct sphere of control. However, understanding our risks is essential to developing approaches to what we can address and mitigate, such as our contribution to climate change.

For example, in 2022 we conducted hazard screening to identify our most relevant climate risk indicators, which we then used to conduct a mapping exercise against Duchy property. This work is being undertaken to align our approach to those recommended by the Task Force on Climate-related Financial Disclosures (TCFD). We have now modelled scenarios 50 to 100 years into the future to assess the impact of climate change on the financial position of the Duchy and to properly understand the risks and opportunities presented.

We have also formed a new Investment Committee, which is discussed further on page 48.

We will continue to monitor the needs of communities within the Duchy and the state of its natural capital in order to identify at-risk areas and to respond with flexibility and innovation. There is more information on our approach to this on pages 37 to 39, where we outline our strategic, operational and financial risks in detail, as well as the steps we take to respond and manage.

Key performance indicators

- Maintain an ethical investment policy
- Grow real net income over the medium term
- Maintain the real capital value of the Duchy.

Targets

- Maintain all liquid financial investments in ethically and sustainably invested assets
- Grow real net income over the medium term
- Maintain the real capital value of the Duchy.

Future focus

Over the medium term, our goal is to grow the real net income of the Duchy while maintaining the real capital value. In times of high inflation, this will be challenging. These financial targets will be delivered alongside our sustainability and social targets. We will review our asset allocations and the performance of different asset classes, and consider the risk and diversity of the portfolio.

Viability

Reflections on a legacy

Nansledan – building financial resilience in Cornwall

The Duchy seeks to maintain a diverse property portfolio and realise capital to resource long-term reinvestment opportunities. Since 2014 work has been taking place at Nansledan to create around 4,000 homes in walkable mixed-use and mixed-income neighbourhoods, using local materials and reflecting local heritage.

Nansledan is a 540-acre extension to the coastal town of Newquay, which exemplifies the 24th Duke's vision of a return to sustainable, human-scale development with a strong sense of place that meets local needs going forward.

Most of the land at Nansledan is owned by the Duchy of Cornwall. The project evolved from engagement and discussion with local people and the local authority. It has been purposefully designed to meet the future needs of Newquay and to strengthen and diversify the local economy, providing around 4,000 jobs.

Construction work on Nansledan started in 2014 and since then some 600 homes have been built, alongside a primary and a nursery school, local shops, offices and open green space for everyone to enjoy. Around 30% of Nansledan's homes are affordable and they are spread throughout the development.

Sustainability is at the heart of this project. Energy-efficient buildings and the use of local materials such as Cornish slate, granite and stone are helping to reduce carbon while reflecting local identity. The development is embracing new technologies and carbon-efficient methods of design and construction, trialling new materials and sharing best practice.

Measures to enhance local wildlife include 20 hectares of planted wildflower-rich grasslands, paths and walkways, built-in nest boxes and bee bricks to support pollination. Newquay Orchard brings people and nature together, promoting mental health and wellbeing, environmental education, and skills and training.

Nansledan, Newquay

When complete, Nansledan will have the equivalent of 180 football pitches of natural and open space, including meadows, parkland, play areas and community allotments. 30% of Nansledan's homes is Affordable Housing integrated throughout the development. There will be almost 50% more Cornish hedgerows and around 25% more habitat to support a diverse range of species in perpetuity.

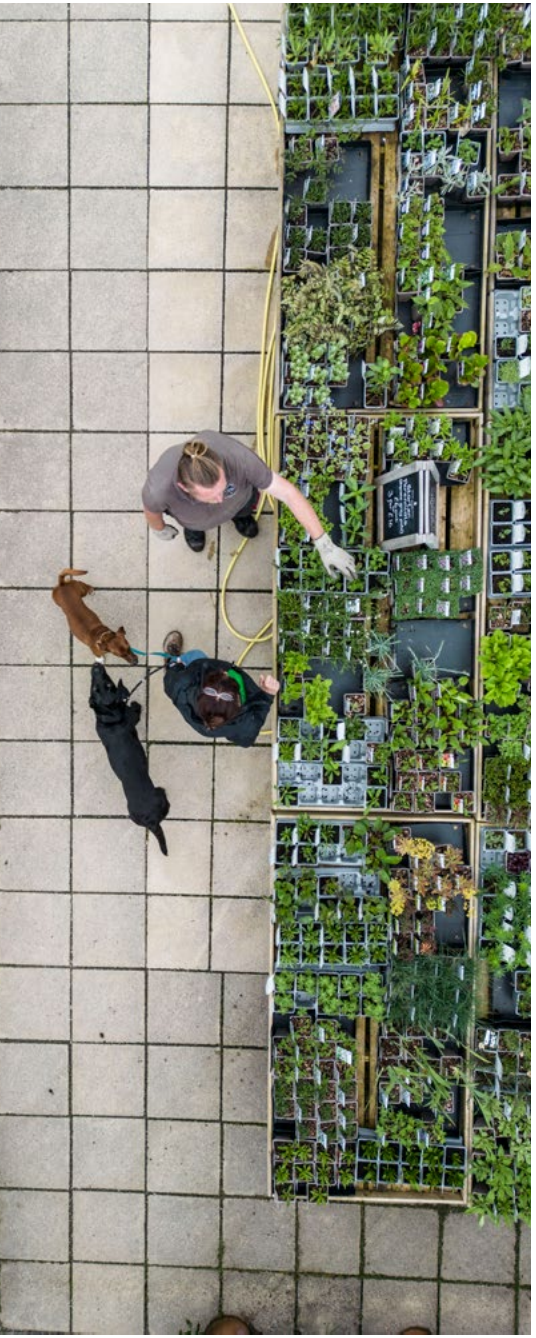
Nansledan endeavours to set new standards for urban development, not just in the way it is designed and built, but in the way it enables and encourages people to lead their lives in a more sustainable way.

Reflections on a legacy

A grateful farewell to Keith Willis LVO FCA, Finance Director

Keith Willis retired at the end of October 2022 after 34 years of service. Keith had joined the Duchy in 1988 as a Financial Controller and was promoted to Finance Director in 2002. In 2009, he was made a Lieutenant of the Royal Victorian Order.

During his time at the Duchy, Keith was a critical strategic player, supporting no less than four Duchy Secretaries and four Receiver Generals. He attended The Prince's Council and all its Committees, reflecting his central role in all the Duchy's operations. We are most grateful to Keith for his expertise, professionalism and dedication over his many years of service to the Duchy.



Duchy Nursery, Lostwithiel, Cornwall

People

Objectives

To employ the very best staff and empower them to succeed and help deliver the Duchy's vision

To encourage staff development for everyone to reach their full potential

To recognise and celebrate our diverse workforce and their contribution to the Duchy's vision.

Highlights

See highlights on page 34

Performance

In line with our KPI from the previous year, in 2022 we carried out a comprehensive staff survey to assess whether Duchy employees understood and felt aligned with our vision and values, including our ambitious net zero objectives.

Overall, we achieved a high engagement score and also identified some areas for improvement, including the overall survey response rate and an opportunity to improve on engagement between leadership and teams. We appreciate the honest feedback of our people and, as intended, will be using the results of this survey to create a baseline for future targets and performance indicators. You can read more about the survey results in the Governance section on page 34.

We have also seen a positive transition to more digital ways of working, which has been a significant investment for us in the wake of COVID-19. Our Information Technology team has grown and more of our people are starting to use new platforms to communicate and complete tasks. This is enabling a more flexible approach to working hours and remote work, which for many of our people is supporting a greater work/life balance.

However, we are aware that the impacts of COVID-19 and the significant changes we have all experienced remain a challenge for many. We have begun to explore wellness and wellbeing initiatives to support our people. So far we have focused on ways to help team members talk about and address mental health, including providing training on how to recognise difficulties in others and in ourselves and how to start and conduct meaningful conversations. The response by staff has been encouraging and we will continue to explore ways to build on our approach.

Key performance indicator

- Empowered staff.

Target

- Carry out a staff survey by December 2022 and baseline new KPIs based on this.

Future focus

Having collated the results of our staff survey, we are now focused on using the findings to develop new targets and KPIs for the Duchy, including how to improve the working experience. We are also exploring the potential of different ways to support wellbeing.

People

Reflections on a legacy

Colin Sturmer, Land Steward and Pension Fund Trustee reflects on the tenure of the 24th Duke

Colin Sturmer joined the Duchy in 1965 as an Assistant Cartographer within the Duchy's head office at 10 Buckingham Gate.

"10 BG, as it is affectionately known, was a smooth-running machine, quietly and efficiently producing support services to the District Offices as it had done for generations," says Colin. In 1969 he well remembers receiving the news that His Royal Highness The 24th Duke would be attending a Prince's Council meeting, after which he would visit the offices. Colin relates that there was, "an air of excitement as well as one of apprehension, but we were soon put at ease. I was asked what I was doing and why? There was a genuine interest to know, which gave me added pride in my work."

During his early time at the Duchy Colin was encouraged to work in other parts of the estate, moving initially to the Princetown office in Dartmoor. He saw his confidence blossom and was served well by Dartmoor's Outward Bound School motto: "To serve, to strive and not to yield". While working in Princetown, he got to know the 24th Duke far better due to his numerous visits across the estate. He remembers the Duke of Cornwall's particular delight in meeting the high moorland farmers on their holdings recognising the challenge of living in such a tough, unforgiving, albeit beautiful, landscape. The Duke of Cornwall's interest and support was always well received and appreciated. In 2003 Colin moved on again when he was accepted for the position of Land Steward, Isles of Scilly, where he worked until his retirement in 2009.

Of his time with the Duchy, Colin remembers that, for most of the time, "I had the great fortune to live and work in the most incredibly beautiful parts of this country. I met many dedicated hard-working tenants who showed me great kindness and colleagues who have become lifelong friends. But most important of all to me, it has been an honour and privilege to have served His Royal Highness as The Duke of Cornwall and assist in my small part in his inspired vision to improve and sustain such a diverse and precious landed estate."

Colin has been an invaluable member of the Duchy family and has continued to serve the Duchy as a Trustee of the Duchy of Cornwall Pension Fund from 2015 to the present.

Welcoming Natalie Geen as Deputy Land Steward for the Isles of Scilly

In April 2022 the Duchy estate on the Isles of Scilly welcomed Natalie Geen as Deputy Land Steward on the Islands. Having previously worked in the Falklands for the National Trust, Natalie is used to the challenges of island life.

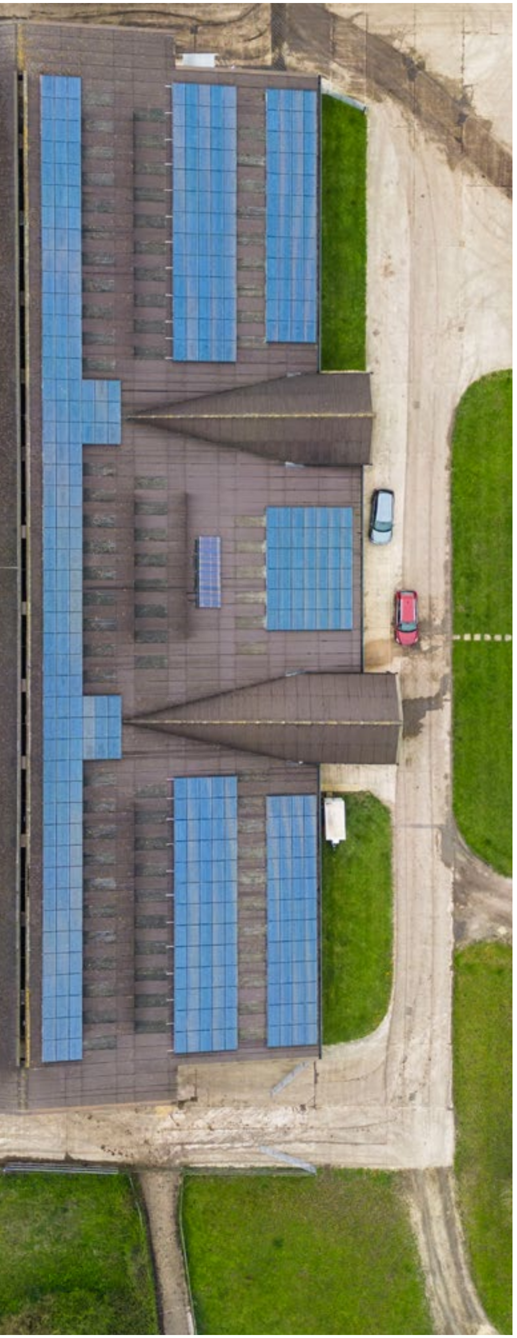
Of the role, Natalie remarked, "It is truly a privilege to be leading the Duchy stewardship of such a special archipelago. I am fortunate to be working with remarkable colleagues, tenants and communities in the care of this incredible place with its unique challenges and stunning natural environment."

The Isles of Scilly team

Encouraging wellbeing on Blue Monday

On 15th January 2023, or Blue Monday – so named because we are often cold and awaiting the first pay day after Christmas – our HR team organised a box of wellbeing gifts for everyone across the Duchy. All staff received a box, and with each box a £1 donation was made to the mental health charity Mind.

mind
for better mental health


The Home Farm, Highgrove

Sustainability

Objective

To be a net zero and nature-rich estate where communities and enterprises flourish in support of a sustainable world.

Highlights

Environmental impact
234,860 tCO_2e
Scope 1, 2 and 3 emissions (baseline year 2019/20)

Sequestration and avoided emissions
26,040 tCO_2e
from woodlands, marine assets, and biomethane and renewable electricity generation

A dedicated sustainability team of
10
alongside the time put in by our land agents and building survey

Performance

The 2022/23 period has been a time of significant activity, resulting in a deeper understanding of our emissions across Scopes 1, 2 and 3 and greater disclosure as we reported our Scope 3 emissions for the first time in our inaugural Net Zero Carbon Report.

The future of farming

Having established the scale of our impact, we have installed a Future Farming team, with a mix of long-standing Duchy employees and new recruits with additional expertise. Farmed land is the biggest source of greenhouse gas (GHG) emissions at the Duchy but it also represents our most significant asset in terms of the impact we can make through carbon sequestration and nature recovery. The team is focused on working with tenants to enhance nature recovery and transition methods around food production to bring change on the ground.

Seven farms have volunteered to be the first cohort of Focus Farms to test these processes. The most successful processes will then be taken to all farms across the estate. Using Department for Environment, Food & Rural Affairs (Defra) Biodiversity Metric, our seven Focus Farms are working to demonstrate the biodiversity uplift achieved via new hedgerow planting, expansion of wildflower meadows and the creation of wood pasture and ponds. Now Defra's Biodiversity Metric tool has been fully developed, we will use this to report actual figures next year.

During the year a natural capital baseline audit was completed on all equipped mainland farms. The audit included an assessment of water, soil, biodiversity, heritage, air, landscape and access features. It also identified existing nature-rich habitats and highlighted future opportunities for nature recovery within the farmed environment. This work continues on the Isles of Scilly.

In addition, the Future Farming team in partnership with Farm Carbon Toolkit (FCT) has completed audits across all equipped mainland farms, providing an accurate greenhouse gas baseline, including recommendations for carbon reduction and sequestration. Repeat audits on some farms have shown significant evidence of emission reduction already occurring. For example, one mixed farm has reduced its overall carbon footprint by 21% over one year through reducing emissions and increasing sequestration. Emissions fell 16% by reducing fuel use through moving towards minimum tillage and achieving a reduction in chemical fertiliser input. Sequestration increased 325% as a result of establishing wildflower meadows, herbal leys and grass margins, planting hedgerow trees, and using diverse cover crops as part of the arable rotation.

Sustainability

A legacy of trees

Tree planting has always been a significant part of the Duchy's work. Our Net Zero Carbon Programme set a target for 50 hectares of new woodland creation per year over this decade. We are working up plans to secure these planting sites. These new woodlands will be managed according to our long-standing commitment to the Forest Stewardship Council standards for nature and people, as well as producing high-quality timber and carbon sequestration, vital to neutralise the residual emissions from the estate after work has reduced them to the minimum possible.

To mark HM The King's 70 years as Duke of Cornwall, we committed to creating 70 copses. To date, 28 copses have been planted, with plans for planting the remainder well under way. Integrating trees into the farmed landscape is also a key part of our natural capital objectives, and ongoing enhancements at Restormel are an example of this.

So far, additional parkland and driveway trees have been planted, as well as riverbank, or riparian, tree planting to help provide bankside protection and significant widening of the wet woodland corridor of the River Fowey.

Peatland restoration

We are also continuing our work on peatland restoration within the Dartmoor Estate, as part of the South West Peatland Partnership, with 800 hectares being restored in the period 2023–25. At Ockerton Court, a 95-hectare site on the North Moor, we are restoring historic peat cuttings comprising a mix of peat and timber dams and fish-scale bunds. We are also using wool logs, developed using wool from local farms, to slow the flow of water passing through the drainage channels, thus reducing further peatland degradation, enabling restoration and benefiting water resilience downstream. We calculate this will reduce GHG emissions by 31,000 tCO_2, with attendant benefits to biodiversity, water storage and quality.

Improving carbon literacy

In addition, as part of our work to ensure everyone across the Duchy has the same understanding of the climate crisis and the actions we need to take to address it, we completed our roll-out of the Carbon Literacy learning for Duchy staff. All Council and Committee members were invited to a two-hour carbon literacy masterclass, delivered by the Duchy's Head of Sustainability and Chris Stark, Chief Executive of the Climate Change Committee.

Through this masterclass we explored the UK's pathway to net zero, with particular focus on the sectors most relevant to the Duchy, namely agriculture, land use and buildings. Key enablers and barriers for the Duchy's net zero transition were also discussed. The training helped establish a common language for climate action and a recognition that the transition would not be straightforward but is achievable.

> *"Chris Stark delivered an inspirational briefing analysing the particular challenges for our society presented by climate change and the real world solutions that are available to minimise its impact. It is crucial for decision-makers up and down the country to understand these issues and what can be done to address them. Although the challenges are significant, we must be ambitious about what can be achieved. The team at the Duchy is passionate about these matters and is determined to be at the forefront of the drive against climate change."*

Sharif Shivji Attorney General, on the Carbon Literacy masterclass

Sustainability

Key performance indicators

- Net zero carbon targets
- Improved natural capital
- Safe building and places.

Targets

- Net zero for Scopes 1, 2 and 3 by early 2030s
- Improve natural capital by 30% by 2030 and 50% by 2050
- Zero RIDDOR incidents or accidents.

We are pleased to report that we had another year without any reportable incidents or accidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR).

Future focus

By the time of our next Integrated Report, we hope to report on the activities and findings of the first cohort of Focus Farms. We will continue to use SBTi guidance to inform our approach to cutting GHG emissions, enhancing carbon sequestration, and moving towards net zero GHGs.

Our Future Farming team will offer a 'toolbox' of support options to farmers to assist with their transition to net zero and nature rich farming. Across all areas of the estate, we will take opportunities to work with suppliers and tenants on sustainability improvements.

Following on from the launch of our net zero commitments – published in our inaugural Net Zero Carbon Report – we have been developing a new sustainability strategy called Sustainability in Action. We look forward to sharing details of the strategy in upcoming reports.

Reflections on a legacy

Reflections from Head Forester Geraint Richards

In my 27 years as Head Forester of the Duchy Estate, I have witnessed on countless occasions His Majesty's deep knowledge of and interest in trees, woodlands and forests and the many benefits they deliver to people and planet.

Owning woodlands is one thing but actively managing them takes a much higher level of commitment. During His Majesty's time as The Duke of Cornwall, woodland cover on The Duchy estate increased considerably via a combination of new planting and acquisition.

His Majesty has always employed a professional Head Forester and, since the purchase of the estate in Herefordshire, a wider woods team that has grown in size and includes an apprenticeship position, highlighting His Majesty's active concern for developing rural skills.

His Majesty was also "hands on" when it came to the hedgerow tree planting campaign that he asked the Duchy to instigate, to ensure that trees were planted to replace the elms and ash lost to disease.

In my world, His Majesty's influence on the Duchy estate but also in the wider sector, nationally and internationally, has been enormous. A leader, a visionary, an inspiration: he is all of these and more and his legacy, when considering trees alone, will endure for centuries to come.

His Majesty planting a tree

Geraint Richards, Head Forester

Sustainability

Reflections on a legacy

A focus on protection

Under the tenure of the 24th Duke, preservation of the estate's natural capital has been of supreme importance. From doubling the volume of woodland across the Duchy to setting net zero targets, the approach has evolved to keep pace with both scientific understanding and the need to manage impact in a rapidly changing world. As such, several areas across the estate have been designated protected areas because of their natural and cultural importance.

Today there are 115 Sites of Special Scientific Interest (SSSIs) located across the Duchy estate totalling 19,898 hectares of land protected for its special conservation purposes. There are also 11 Areas of Outstanding Natural Beauty (AONBs) covering 11,003 hectares of the estate. Within Dartmoor, the estate also overlaps with one National Park. Dartmoor National Park totals 95,575 hectares, of which 27,280 hectares (or 29%) is owned by the Duchy.

These are some of the designations that have been given to areas of the Duchy in recent decades. By securing these important statuses, land is protected for the benefit of the next generation – from the ability to study and observe ecosystems that will not be threatened by development to the opportunity to enjoy breathtaking natural beauty for years to come.

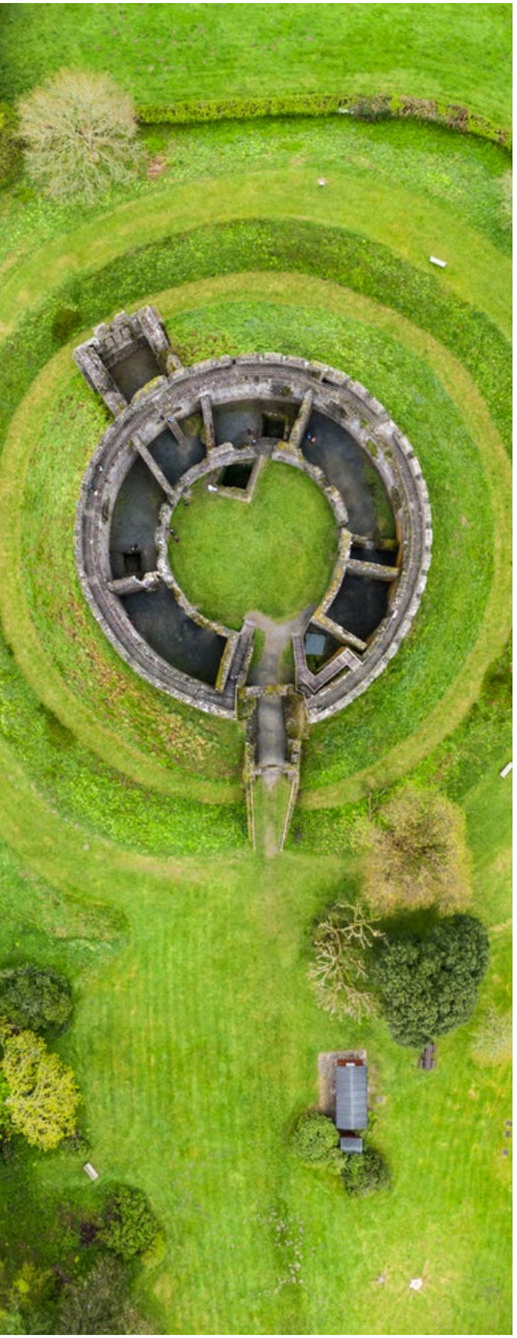
Transitioning to future farming

Under the leadership of the 24th Duke, farming has become an ever more critical part of the Duchy. As the steward of over 55,000 hectares of land, there is an amazing breadth of habitat types. The goal in managing these unique spaces is to protect these special places while actively increasing stocks of natural capital in a way that respects the landscape, creates genuine opportunities for wildlife and enables sustainable and viable farming businesses.

To achieve this the Duchy's Future Farming team – a seven-person team of ecologists, land agents and soil specialists with a budget to facilitate delivery of biodiversity and net zero carbon – works with farm tenants to record the baseline position, identify opportunities for improvement and provide practical support to help delivery.

In 2022/23, the team and several tenants established Focus Farms, where a programme of events provide the opportunity for Duchy tenants to meet and converse, sharing techniques and ideas for new approaches to sustainable farming.

The team has also focused on inspiring a rapid mind-set change in our tenants' approaches to soil management. Many tenants are now switching to a more regenerative approach to soil health and carbon sequestration by changing cropping and cultivation techniques. It is encouraging to see the growing collaboration between the team and tenants on ways to deliver positive solutions for the environment as part of their farm business direction. We believe this is essential to helping meet the Duchy's net zero carbon goal and supporting viable food production, natural capital and resilient farms.



Restormel Castle

Reputation

Objectives

To protect and enhance the Duchy's reputation

To engage with and inform our key audiences

To build strong partnerships with our tenants and communities.

Highlights

Quality of customer service

78%

of tenants satisfied or very satisfied with customer service (2021/22 data. No survey undertaken in 2022/23; 2020/21: 80%)

20 years

Average length of Farm Business Tenancies (2021/22: 21 years)

1.2 people

employed per dwelling built (Poundbury) (2021/22: 1.1; target 1.0)

Performance

Communication is fundamental to ensuring that all our stakeholders are informed of the work that we are doing, the way it impacts them and their ability to provide feedback that could inform our efforts. We continue to explore and facilitate different methods to communicate with our tenants, our people and wider communities.

One example is the monthly bulletins from our Future Farming team. This showcases the work being undertaken on Focus Farms, such as the establishment of events to provide Duchy tenants with an opportunity to meet and converse. Specific projects include the proposed River Amble restoration in Cornwall, the Hedgerow Tree Campaign and the delivery of natural capital plans.

In addition, we are increasing our communications capacity with support from the team at Kensington Palace.

We are pleased to have recorded positive results from our 2022/23 staff survey. Please read more about these on page 26.

Key performance indicators

- Tenant satisfaction
- Length of Farm Business Tenancies (FBTs)
- Jobs created by urban extension projects
- Community engagement on major developments.

Targets

- Improving relationship with tenants (as evidenced by customer service questions and net promoter score from tenant surveys)
- Let all equipped FBTs for periods of no less than 10 years
- At least one job created per house built on major developments
- Engagement process for all projects.

Future focus

As the projects and initiatives in the Duchy have grown, we have recognised a clear need to have a dedicated communications specialist supporting the extensive work we do to engage our tenants, our people and a wider audience of those interested in what we do.

Reputation

Reflections on a legacy

Growth and development of our external communications

The Duchy communicates what it is and what it does in a variety of ways, which have developed over time. In the 1970s the annual report comprised three pages, mainly numbers. By 2000, the Stationery Office was printing standard accounts with a narrative, but no pictures, and it may not have been obvious that The Duke of Cornwall was HRH The Prince of Wales.

We now report in line with the Companies Act 2006, using International Accounting Standards and under the Integrated Reporting Framework, established by HM The King's Accounting for Sustainability initiative. In 2017 the Duchy's report was used as an example of best practice to illustrate the Integrated Reporting guiding principles of connectivity of information and the discussion of materiality. Our latest report contains a wealth of information about the estate, how we create value, our governance and the financial and environmental risks we face. We disclose our carbon footprint, information about oversight from the Treasury and last year, we published a Net Zero Carbon Report.

We share information through our website, staff intranet and tenants' intranet and regularly publish newsletters for tenants. For many years, staff have been visiting local community and interest groups to speak about the Duchy. Working with The Prince's Foundation, we support Enquiry by Design community workshops, which are key to securing successful placemaking. In addition, our Focus Farms are becoming beacons of best practice and great bases for gathering tenants together.

Planning people-focused housing in Faversham

Affordable housing has presented a challenge in the UK for some time and this came into sharper focus during 2022/23.

For decades the Duchy has worked to create better places to live and thrive, because community is at the heart of our model and drives our thinking and approach to building. Poundbury and Nansledan stand as proud testaments to our ethos and we now hope to create a similarly flourishing community in Faversham in Kent.

We have been deeply engaged with local stakeholders and planning officers to understand the needs of the community and, through these discussions, it has become clear that there are insufficient one- and two-bedroom homes that are financially within reach for locals. These are the homes we will get our developers to prioritise.

We have held several community engagement events and have monitored feedback across different channels, including social media, in order to provide locals with responses to their queries and concerns and to ensure that our plans are clearly understood.

As with previous developments on Duchy land, we want places created where people join, integrate and contribute to the existing community, in homes that meet their needs and are built to the highest possible standards of sustainability.

Engaging with tenant farmers

Towards the end of 2022 and during the start of 2023, informal lunch or supper catch-ups were held for our Duchy tenant farmers on the Isles of Scilly, and in Restormel, Hereford, Dartmoor and Bath.

Alongside each local office team, the Land Steward and Head of Future Farming used these opportunities to update the tenants on the work the Duchy has been doing as we begin to think about the future direction of the Duchy's farming estate and how we deliver on our vision of Sustainable Stewardship. Utilising the opportunity to engage with tenants, our Rural Committee members were invited to attend as many of the events as possible.

These catch-ups were organised following feedback from the Future Farming Engagement group sessions that took place in the second half of 2022. Many tenants commented that they missed the social occasions the Duchy used to host. As such, the suppers were organised for tenant farmers and their partners, and attendee numbers totalled 270 across the estates.

We received very positive feedback from our farmers, who valued being able to meet up with the Committee and each respective local office team in an informal setting.

Faversham – design plans

Soils workshop for tenants and staff

Duchy office, Newton St Loe, Somerset

Governance

Objectives

To be practical and trusted in our decision-making

To ensure effective governance and management structures at all levels

To ensure staff have a clear understanding of the Duchy's vision and how they contribute to it.

Highlights

Responses to the 2022 staff survey:

91%

understand the vision of the Duchy of Cornwall

93%

are proud to say they work for the Duchy of Cornwall

96%

care about the future of the Duchy of Cornwall

98%

understand why sustainability is critical to the Duchy of Cornwall's success

Performance

In 2022/23 we made some key changes to our governance structure by appointing two new committees: the Investment Committee, reporting to the Finance and Audit Committee, and the Net Zero Task Force, which reports directly to The Prince's Council. These additions will ensure that we continue to harmonise strategic investment with sustainable impacts in ways that meaningfully benefit the viability of the Duchy.

In addition, the results of our comprehensive staff survey provided confirmation that across the Duchy there is a strong understanding of our vision and a personal connection to it. We also saw excellent results with regard to sustainability awareness and impact, both at a group and an individual level. In addition, participants largely agreed that the Duchy is a very good place to work, highlighting fairness, our visionary approach to our role and a friendly working environment.

Key performance indicator

- Staff are engaged with the Duchy's vision and critical success factors.

Target

- Carry out a staff survey by December 2022 and baseline new KPIs on this.

Future focus

Having collated the results of our staff survey, we are now focused on using the findings to develop new targets and KPIs for the Duchy.

As the new Duke and new Lord Warden enter their first full year in their roles, the effectiveness of all governance structures and practices will come under review.

Governance

Reflections on a legacy

HM The King's commitment to active governance

Between November 1969 and September 2022, HM The King (as the 24th Duke of Cornwall) made many hundreds of visits to the estate, including 1,222 private and official engagements, in later years often visiting the next generation of tenants whose parents he had known earlier in his tenure.

There were 123 meetings of the Prince's Council, with HM chairing all but one of these. HM worked with seven successive Lords Warden of the Stannaries, five Receivers General, seven Attorneys General, and 58 different members of Council.

Additionally, there were Duchy Committee meetings and regular audiences with the Secretary of the day (seven, over the years), not to mention regular "yellow bags" containing meeting minutes, reports, designs, drawings, and letters to and from tenants.

Significant strategic decisions were made, including starting the developments at Poundbury and Nansledan, establishing a modern commercial property portfolio, taking on prudent levels of gearing, and the introduction of annual property valuations. While the landed estate has grown by around 1,000 hectares (just under 2%), there were many strategic sales and acquisitions, with around 12,000 hectares sold and 13,000 hectares purchased, including from the Prudential (mainly in Herefordshire) and at Port Eliot in Cornwall.

Ian Marchant becomes Chair of the new Net Zero Task Force

"Having served on The Prince's Council for a few years now, I was pleased to take on an additional role as Chair of the Net Zero Task Force. I have been passionate about sustainable development and climate change for many years and so accepting this new challenge felt a good fit.

During 2022/23 we established the group, set out its ways of working and recruited some additional non-executive members in Emma Howard Boyd and Anouka Dhadda.

The issues facing the Duchy are fascinating and representative of those facing the whole country as we address the future of farming and the built environment. The Duchy team has made progress on these and other topics but it has been good to subject those plans to additional scrutiny, challenge the delivery timescales and suggest new areas needing attention, such as resilience to climate change and the wider sustainability agenda."

Ian Marchant
Chair, Net Zero Task Force

A view on governance from Hugo van Vredenburch, new Lord Warden of the Stannaries

"Since its founding by Edward III in 1337, the Duchy has changed enormously. Still ancient but remarkably dynamic and ever evolving. Always aware of its history as a magnificent landed estate but not beholden to it. Today more diversified than at any time in its history, ensuring that the Duchy continues to thrive for centuries to come.

Our collective goal is a well-managed estate, an exemplar wherever possible, respectful of its communities, and a leader in the journey towards carbon neutrality and substantial further improvement in biodiversity.

Good governance and effective decision-making are of paramount importance in ensuring that a vibrant Duchy can continue to fulfil its core function while also making significant contributions to broader society. The breadth of talent and relevant expertise on The Prince's Council and its subcommittees is outstanding and I believe an effective source of inspiration, guidance and oversight for the Executive team."

Hugo van Vredenburch
Lord Warden of the Stannaries

Identifying and addressing risks

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

The Duchy has a comprehensive risk management process that covers all assets and activities and its strategic, project, operational, hazard and financial risks. The Prince's Council and its Committees take account of strategic risk as part of their deliberations. Executive Committee members control project, operational, hazard and financial risks, raising issues at regular meetings or escalating earlier where necessary.

The Council and its Committees are supported by a risk register and risk management structure. Risks are grouped by asset or activity with a named individual responsible for assessing and mitigating each one.

Risks and external factors that could have a material impact on our work and value creation, set out on the following pages, are categorised as follows:

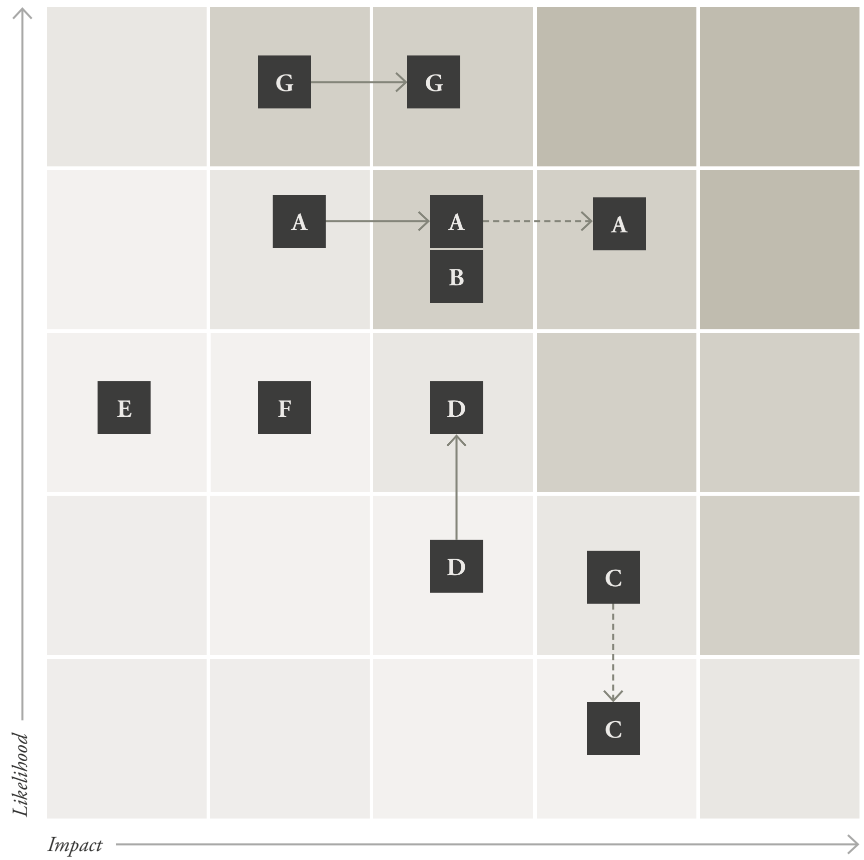
- Strategic and operational risks
- Financial risks.

How our risk profile is evolving

At 31st March 2023 our overall risk position has stabilised. The impact of the pandemic and lockdowns has generally worked itself through (although some individual tenants have been significantly affected). The impact of interest rate rises has been limited: our borrowings are fixed and the impact on capital and rental values has, so far, been limited. It remains to be seen how the cost-of-living crisis affects our tenants in the medium term. Reign change brought unexpected attention and interest in the Duchy: we have recruited dedicated PR resource to work on this.

The Duchy's principal risks

A	Capital cash generation
B	Tenants' livelihoods
C	Safe buildings and places
D	Public understanding and perception
E	Property risk
F	Credit risk
G	Investment risk
—	2021/22 to 2022/23, actual movement
- -	2022/23 forward, anticipated movement



Strategic and operational risks

	The risk	*Potential impacts*	*Our response and management*
Capital cash generation	The ability of the Duchy to generate capital cash flow is primarily related to the health of the property market. Our forward financial planning suggests a strong requirement for capital investment over the coming years, with reduced receipts.	Without sufficient capital funds, we are likely to be restricted in how we provide sufficient income by rebalancing the portfolio in income-earning assets. *Critical success factors impacted:* • Viability • Sustainability *Resources and relationships affected:* • Financial • Manufactured	We combine good budgetary control and forward planning with ongoing strategic reviews of asset holdings. During 2018/19 we took a significant step to mitigate this risk by reissuing debt via fixed-rate loan notes of between 40 and 50 years. During 2021/22 a significant commercial property was sold with the majority of the proceeds reinvested in a more diversified portfolio of property. During 2022/23 long-term capital cash flow planning has been undertaken and varying approaches to future needs have been reviewed. Nevertheless, medium-term investment opportunities, particularly at our development sites and on our rural estate, will require innovative financing solutions.
Tenant livelihoods	The complex and uncertain outlook faced by the agricultural sector and other rural businesses brings financial, social and environmental risks.	Some commodities and farming enterprises continue to come under financial pressure, which significantly affects many of our tenants. *Critical success factors impacted:* • Viability • People *Resources and relationships affected:* • Natural • Financial • Community	Our diversified asset portfolio mitigates the scale of this risk to the Duchy. However, for our agricultural and rural commercial tenants, life continues to be challenging on many fronts.

Strategic and operational risks

	The risk	*Potential impacts*	*Our response and management*
Safe buildings and places	Being the owner of a large portfolio of buildings and associated structures brings inherent safety risks. Site health and safety is vitally important, especially where we undertake maintenance and improvement projects. Similar risks are presented by our historic minerals assets (mines, quarries, workings), our forestry, the Marine Estate, St Mary's Harbour, and our trading enterprises and subsidiaries.	Without a comprehensive approach to health and safety and a thorough risk management process, we expose tenants, the public and staff who use these buildings to the risk of harm and our buildings to damage. *Critical success factors impacted:* • People • Sustainability • Reputation *Resources and relationships affected:* • People • Manufactured	Safety is a key focus for the team of building surveyors and land agents who manage our properties. We are pleased to have had another year of zero reportable incidents or accidents under RIDDOR. We maintain a comprehensive risk register and risk oversight process covering all assets and activities. Our comprehensive internal health and safety oversight structure is supported by specialist consultants where required. A safety training programme is provided for all employees.
Public understanding and perception	The Duchy estate is a unique organisation. Public understanding and perception of its work, and the outcomes it achieves, are important to its ability to create value.	There is a need to change the narrative around the understanding of what the Duchy is and does; for example, it must be differentiated from Duchy Originals (now known as Waitrose Duchy Organic), an organic food brand set up by His Majesty in 1990 and a separate entity. The Duchy is also quite distinct from the County of Cornwall and there is room for confusion in this respect. *Critical success factor impacted:* • Reputation *Resources and relationships affected:* • People • Community • Intellectual	Communication continues through the Duchy website, press releases, this Integrated Annual Report and the Net Zero Carbon Report. Duchy employees are engaged in a broad programme of outreach with communities where Duchy assets exist. We have employed a Sustainability Communication and Education Officer, and are developing our communications capacity, liaising closely with the team at Kensington Palace.

Financial risks

	The risk	*Potential impacts*	*Our response and management*
Property	The capital and rental values of property can fall as well as rise over time, and property can be an illiquid asset. Oversupply of a particular type of property, or in a given location, can result in void periods. The immediate impact of the pandemic was to create volatility in the property market, followed by sustained increases in values, particularly within parts of the commercial portfolio and in the residential sector. For this reason we believe the potential likelihood of property risk reduced over the year, but continuing volatility could increase both the likelihood and the impact.	If property values fall, the Duchy's asset values will also fall. However, while a 10% fall in property values would represent a capital loss of around £100million, the Duchy rarely trades its portfolio, so losses would not be crystallised. Our property is held for the medium and long terms, often hundreds of years. Short-term market fluctuations, therefore, represent only accounting movements.	The Duchy holds a diversified property portfolio that is actively monitored by management to reduce the overall risk profile. Last year our single largest asset was realised and reinvested in three smaller lot sizes, more than matching the rent roll and generating a capital cash surplus. There is more information about the portfolio in note 8 to the financial statement on page 77.
Credit	The Duchy is exposed to credit risk in relation to our tenants, who might default on their rent or, where applicable, their share of maintenance costs.	The creditworthiness of our tenants can impact both whether and when rents are received. The major impact is from slow payment, which affects our cash flow. With the social and economic impacts of the lockdowns now much reduced, the general likelihood of this risk has decreased, although there remain some individual causes for concern, which are being carefully monitored.	Credit risk in respect of the Duchy's tenants is regularly reviewed and appropriate action is taken where necessary. For new lettings, the Duchy undertakes credit checks and holds tenant deposits where appropriate.
Investment	The Duchy holds financial investments valued at £81million, around 6.5% of its total assets. The value of investments rises and falls, and the income distributions can also rise and fall.	These assets are exposed to adverse movements within financial markets. Recently volatility brought on by global conflicts, inflation and interest rate rises continues to affect our portfolio. The impact on financial investment income streams has been less marked than anticipated, but the outlook remains uncertain.	The Duchy employs fund managers for its investment portfolios and the risks associated therein. Portfolios are regularly reviewed to ensure they reflect the overall objectives of the Duchy and are primarily held for the income generated and their medium-term capital growth.

Existential risks

	The risk	*Potential impacts*	*Our response and management*
Climate crisis and severe weather	The world needs to limit global warming to 1.5 degrees Celsius. This requires "rapid, far-reaching and unprecedented changes in all aspects of society"[1]. Farming, land use, development and housing all affect, and are affected by, global warming and must contribute to solutions. It is predicted that "within the next decades, the climate crisis is likely to have severe effects on UK agriculture. Increased numbers of 'extreme weather events' – such as floods – may be the most serious immediate problem"[2].	More severe weather patterns, such as heavy rainfall and flooding, create difficult conditions for farming and damage the land. As the Land use: Policies for a Net Zero UK report from the Committee on Climate Change notes, the UK's net zero carbon target will not be met without changes in how land is used. This presents challenges for our tenants and their farming operations, and for how our areas of common land (particularly peat) are managed.	We continue to take action across the estate, particularly through our Net Zero Carbon Programme and Natural Capital Project (see pages 28 to 31). We are modelling the impacts of the climate crisis and severe weather on our tenants and working with them to test ways of reducing impacts, which measures are needed to adapt, and how the estate can be part of the solution. Our Net Zero Task Force is now established as a full Committee of The Prince's Council. We have recruited a dedicated sustainability team of 10, including a Head of Sustainability, Future Farming Team Leader, Communications and Education Officer, Sustainable Buildings Officer and Sustainability Analyst. For the second year running, an annual budget of over £2million has been approved to address both the climate crisis and biodiversity loss. This budget covers staff salaries and associated overheads, tenant engagement and knowledge transfer, funding direct natural capital projects on farms, a biodiversity proof of concept fund, a renewable energy research project, net zero machinery and equipment, establishing an evidence base and monitoring performance, and the curlew recovery project on Dartmoor. The new Duke has reconfirmed our commitment to becoming a net zero estate.

[1] *Intergovernmental Panel on Climate Change (IPCC)*
[2] *researchbriefings.files.parliament.uk/documents/SN03763/SN03763.pdf*

Existential risks

	The risk	*Potential impacts*	*Our response and management*
Macroeconomic and regulatory change	Political and economic instability during the year, including rapidly increasing interest rates and the ongoing tragic war in Ukraine, has continued a theme of uncertainty that started with the global pandemic and lockdowns in the UK. While some aspects of life for our tenants have returned to normal, there is also considerable change in the landscape in which they operate: the post-Brexit environment with new regulatory requirements, labour shortages, uncertainty around trade deals, and the transition period to 2027 of post-common agricultural policy support for English agriculture.	Volatile commodity prices affected both producers and consumers, making planning more difficult and outcomes less certain. Rising interest rates are likely to drive up property yields and in turn depress capital values. Increased costs of finance and commodity prices may reduce tenant profitability, impacting rental values. The new financial support package for farmers, which is centred around "a pathway to sustainable farming", is likely to drive considerable change in the sector: some will choose to exit the sector, while others may not succeed in making the necessary adjustments and may fail.	These issues affect the Duchy's approach to the structure of its agricultural estates and how rural land is used. We have been developing our rural strategy and a charter for land management, examining the resilience of our let farming estate and how effectively and sustainably these assets are used. Where tenants wish to retire from the industry, we will seek to agree an exit. As we reconsider the structure of farms and estates, we will continue to be mindful of the need to protect the social structure and to secure future uses that respect the sustainable use of resources. Using our network of focus farms, we will seek to demonstrate alternative ways of farming that are both financially and environmentally sustainable.
Cybersecurity and data management	Worldwide there has been an increase in cyber crime as technology has developed. The scale and complexity of cyber attacks is wide ranging. A cyber attack could cause significant disruption and upset to people.	In common with many organisations, our digital working programme is developing. More of our work and knowledge is now hosted online and we become more dependent on cloud resources. This increases our reliance on third-party providers to protect our confidential data and information from unauthorised access or loss, and to mitigate the risk of key systems being unavailable.	We use accredited external advisers and systems. We undertake detailed assessment of applications and suppliers prior to implementation to ensure appropriate security controls and practices are in place. We carry out regular systems testing and reviews of our existing IT infrastructure. Staff are trained in new applications and best practice operation. We have recruited an IT Infrastructure Analyst and a Records Manager focused on our digital transformation and data strategy.

Climate-related financial disclosure

The diversity of the Duchy estate means climate change will have important and varied consequences for our portfolio in the years to come.

In response to recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) and evolving best practice in environmental reporting, we present this initial voluntary disclosure regarding the Duchy's climate-related risks and our approach to their mitigation. This is very much the start of a journey for us, and we hope to learn from best practice as TCFD reporting in our sector develops.

The Duchy's governance structure is set out on pages 47 to 49 of this Report. Central responsibility for monitoring climate risks sits with the Net Zero Task Force, and specific management of these risks is delegated to other relevant committees. Our approach to management of climate-related risks follows our standard risk management approach, which is set out on page 36 of this Report.

In the following pages, we present the outcomes of our initial assessment of climate-related risks and opportunities in the context of the Duchy's estate management strategy.

We have now modelled scenarios 50 to 100 years into the future to assess the impact of climate change on the financial position of Duchy and to properly understand the risks and opportunities presented.

What are climate-related financial risks?

"Climate-related financial risks" broadly describe risks presented to an organisation as a result of climate change. The TCFD separates these risks into two broad categories:

- **Transitional risks:** risks arising due to climate action-related policy, and legal, technology and market changes. For example, new regulations, carbon pricing systems and market demands.
- **Physical risks:** risks arising due to physical environmental changes resulting from climate change. For example, heat waves, flooding and long-term shifts in climate patterns.

Risks can also be characterised by expected timings, the likelihood of occurrence and the impact if realised. We have used these characteristics in our analysis of climate-related financial risks relevant to the Duchy.

Summarising the Duchy's climate-related financial risks

The Duchy has undertaken a qualitative assessment of climate-related risks that may have an impact on the estate. The assessment was undertaken as a desk-based exercise among Duchy staff members with relevant estate knowledge and expertise.
The assessment considered:

- **risk types:** transitional and physical risks;
- **asset types:** e.g. agricultural, residential property, woodland. The nature of the Duchy estate means the asset type is also broadly representative of location, e.g. inland or coastal;
- **timeline:** whether the risk was most applicable to the asset type in the short, medium or long term;
- **probability of impact:** estimation of the likelihood that a risk occurs in the context of a given asset and timeline; and
- **magnitude of impact:** estimation of the impact of the risk, if realised.

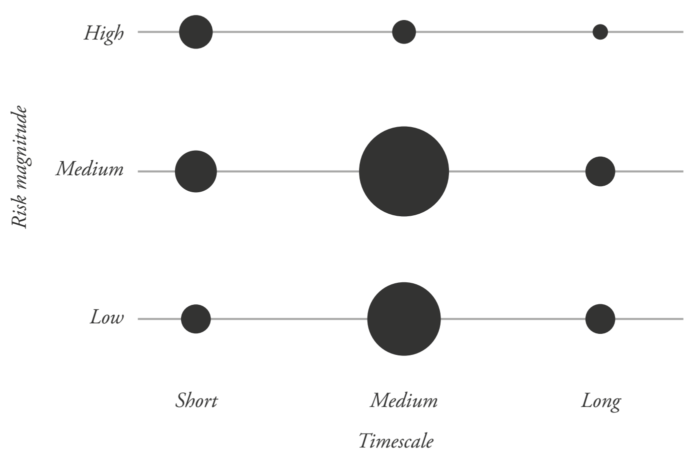
Our review identified many risks, with varying timeline and potential impacts. The graphic to the right provides a visual summary of all identified risks. The position of the circles indicates the interaction between risk magnitude and timescale, while the size of the circle indicates the associated number of risks.

From this analysis we have identified the largest number of climate-related risks to the Duchy falling into the two categories of low magnitude/medium timescale, and medium magnitude/medium timescale (with the Duchy defining a "short" timescale as 0–5 years from present, "medium" timescale as 5–15 years from present, and "long" timescale as 15+ years from present). In these instances the Duchy has a reasonable amount of time to respond to the risks, and the scale of response to these challenges when taken individually may be manageable. That said, we must be mindful of the quantity of these risks. Many arising at one time may prove challenging for the Duchy to overcome.

We are also cognisant of the short-term risks, some of which are already being felt on the estate. Drought and localised flooding are the foremost of these concerns, with the associated impacts expected to increase in severity in the near future.

In addition, the Duchy faces several high- and medium-level risks. Each of these risks could in isolation cause notable challenges to the effective operation of the Duchy estate.

Risk levels and timescales



Short: 0–5 years Medium: 5–15 years Long: 15+ years

Key climate-related financial risks

In the following table we share the key risks identified by our analysis and our approach to mitigation.

Asset type	*The risk(s)*	*Transitional or physical?*	*Potential impacts*	*Our response and management*
All rented buildings	Enhancing energy performance regulation and tenant expectation necessitates additional expenditure on property maintenance.	Transitional	Reduction in net income from rented buildings.	The Duchy recognises the importance of enhancing the energy efficiency of tenanted properties for tackling climate change. We have begun test-bed retrofits of selected properties to identify suitable approaches for broader roll-out. However, energy performance certificate (EPC) enhancements that reach the level of future legislation may not be feasible in all contexts due to the historic nature of a property and/or associated costs. In these instances the Duchy will need to consider whether it is reasonable to apply for an exemption, or whether another owner may be better placed to complete the necessary works.
All rented buildings	Increased heatwave frequency causes property overheating and tenant discomfort.	Physical	Reduced tenant wellbeing, possible reduction in demand for Duchy rented properties.	Our building fabric improvements to comply with EPC regulation and net zero goals will go some way to mitigating this risk. The expected impact of future climate on tenant comfort levels is however unknown at present and we intend to investigate this risk further to better understand what solutions are required. It may be necessary for the Duchy to consider alternative heating and/or cooling systems, as well as further fabric improvements, to improve the resilience of our properties to these temperature extremes.
Farmland	Increased frequency of temperature and weather extremes reduce yields putting strain on current farming practices.	Physical	Reduced financial viability of tenant farming operations and associated rental income.	The Duchy's Future Farming team was established with the goal of supporting our tenant farms to make the transition to agricultural models that are financially viable, have net zero GHG emissions, are nature rich, and are resilient to acute and chronic climate impacts. Alongside this existing work it will be necessary for the Duchy to further investigate the potential impacts of climate change in the different farming contexts of our estate, so we can better inform our strategy. In the medium to long term we must be prepared for the nature of our tenants' farming activities to alter in response to new climate conditions, for example with new crop varieties, cultivation and stock rearing practices, and diversified businesses.

Asset type	*The risk(s)*	*Transitional or physical?*	*Potential impacts*	*Our response and management*
Farmland	New agricultural subsidy regimes to encourage climate- and nature-friendly farming are insufficient to support necessary activity changes.	Transitional	Financial viability of farming activities is undermined.	Our Future Farming team, alongside other advisers to our tenants, is already identifying ways in which the new Environmental Land Management (ELMs) payments, and other grant sources, can be utilised. It remains unclear whether these payment options, alongside market signals, will be sufficient to deliver on the Government's ambitions for the farming sector, as well as the Duchy's own ambitions. We will continue to provide support to our tenants in this area and engage with relevant stakeholders regarding the design and implementation of new payment systems.
Carbon sequestering habitats	Increased temperature extremes damage carbon sinks such as woodland and peatland.	Physical	Reduced capacity to sequester carbon, and/or further emissions of GHGs.	The Duchy's new woodland creation is being delivered with species mixes selected to improve resilience to future climate regimes. Planting is being conducted to high standards to maximise survival rates, with a clear ethos of "right tree, right place". Peatland restoration on Dartmoor has been ongoing for several years, with further rounds of restoration planned. This will play a role in improving the resilience of our peatland habitats to climate change.
Coastal areas	Storm events and sea level rise.	Physical	Coastal flooding and potential permanent inundation.	With substantial coastline holdings in Cornwall, and extensive holdings on the Isles of Scilly, this risk is of particular importance to the Duchy. We are actively considering a range of options for management alongside enhanced understanding of the locations and magnitude of risks.

Climate-related opportunities

The Duchy's response to climate change must encompass two themes: managing and mitigating risk in the existing areas of the estate where this is appropriate, alongside an evolution of the estate to hold new assets that secure our net zero, nature-rich and financially viable future. Never more so than now has the Duchy been driven to find the opportunities made possible by thinking in a holistic way about environment, society and business. There are three areas of current investigation:

- **Renewable energy generation and storage:** there is great theoretical potential for the generation and storage of renewable energy across our estate, particularly in the context of our development sites and commercial buildings.
- **Properties for 21st century business:** we anticipate increasing demand for high-energy efficiency buildings, including those for specialist users delivering products and services that provide solutions for a net zero and nature-rich future.
- **Markets for ecosystem services**: increasing recognition of the environmental services nature currently provides "for free" is leading to rapid development of markets for ecosystem services with the ability to deliver revenue streams. Identifying opportunities to participate in these markets with highest integrity, alongside our tenants, is a key focus for the Duchy in the coming year.

Metrics and targets

At present, we are using our GHG reporting as a means of tracing our impact on climate change. This information is held on pages 96 to 98 of this Report.

We recognise the importance of developing a suite of metrics and targets to inform and monitor our risk mitigation approach. This will be a focus for our sustainability team in the coming year.

Summary and next steps

The importance of managing climate-related risks will only increase for the Duchy in the coming years as the effects of climate change continue to crystallise. Despite the Duchy's long record of environmental stewardship, we are not immune to the challenges ahead and must take action to manage them. Alongside this work, the Duchy will seek new opportunities for environmental improvement and revenue generation that are made possible by evolving markets and environmental conditions.

Over the next year we will begin quantitative analysis of our climate risks to help understand priority areas for concern in more detail. We will continue to report on our assessment of climate-related risks and our actions to manage them in future annual reports.

Governance

In this section

Governance at a glance

Direction, oversight and transparency

The Dukes of Cornwall have traditionally managed their own estates, and today the new Duke of Cornwall will carry this custom forward by actively leading the Duchy and chairing The Prince's Council, which the 24th Duke chaired for 53 years.

The Council provides invaluable leadership that is key to the performance of the Duchy estate. The Council delegates responsibility to its respective Committees while maintaining oversight through member participation in these Committees.

Duchy building surveyors

Governance at a glance

London head office, 10 Buckingham Gate

Updates to The Prince's Council

During 2022 two new committees – the Investment Committee and the Net Zero Task Force – were added to The Prince's Council to ensure that work in the Duchy supports the continued viability of the estate and does so in a way that enables progress towards the Duchy's net zero targets.

The Investment Committee has undertaken a thorough review of the Duchy's financial investment portfolio, investment policy and approach to fund management. It reports to the Finance & Audit Committee and will meet four times each year.

The Net Zero Task Force will be renamed to the Sustainability Delivery Committee and will increase its remit to cover all aspects of sustainability including net zero, future farming, nature recovery, mental health and homelessness. It will meet four times a year and engage directly with The Duke of Cornwall in the course of its work.

Governance at a glance

Transparency

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

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

Members of The Prince's Council were involved in the development of this Integrated Annual Report and consider that it complies with the International Integrated Reporting Council (IIRC) Framework for integrated reporting. The Prince's Council acknowledges its overall responsibility for the accuracy and integrity of the Report's contents.

Operating framework

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

Leading The Prince's Council

The Prince's Council and its Committees provide the Duchy with invaluable professional experience, drawing on recognised leaders in the various sectors in which the Duchy operates.

For the first time in 53 years, there is a new head of The Prince's Council, as the 25th Duke has assumed the title of HRH The Prince of Wales and Duke of Cornwall. Having taken part in Duchy visits and Committee activities for many years, the 25th Duke is well versed in the running of the Duchy and brings his own perspectives, passion and energy.

In 2009, he attended the 40th anniversary reception for tenants at Highgrove. Over subsequent years he joined various Council and Committee meetings, being a regular attendee of the Finance & Audit Committee, as well as receiving members of the Duchy Executive team. Before becoming Duke of Cornwall, HRH Duke of Cambridge also visited the estate on a number of occasions; for example, the Newton Park Estate in Somerset in 2019, including the offices of the charity Ripple Effect and local farms.

Since becoming Duke, HRH The Prince of Wales has chaired two meetings of The Prince's Council, jointly hosted a reception for tenants and staff with HM The King at St. James's Palace, attended the Rural Committee and Finance & Audit Committee, visited Duchy offices in Cornwall and Somerset, and met regularly with the Lord Warden and the Secretary, from whom he receives a weekly report.

Updates to Council and Committee membership

With a new Duke, The Prince's Council is required to be reconstituted. This was undertaken in March 2023. Sir Nicholas Bacon retired as Lord Warden of the Stannaries (effectively the vice chairman of Council) having served since 2006. "Nico" as he was affectionately known, was one of the longest-serving Lord Wardens in history. He is succeeded by Hugo van Vredenburch. Hugo brings a passion for the environment and useful business experience. The other three proper officers continue to serve under the new Duke.

Jonathan Ruffer, James Willcocks and Christina Williams retired from Council during the year, but all retain roles on various committees. We are immensely grateful for their contributions. Harry Aubrey-Fletcher joined Council in March 2023, and has become chair of the Rural Committee and a member of the Commercial Property and Development Committee.

Offices of the charity Ripple Effect, Somerset

Three advisers to Council also retired during the year: Paul Morrell and Henry Richards had both served on our Commercial Property and Development Committee for many years; Catherine James, Treasurer to the 24th Duke, an ex-officio member of Finance and Audit Committee, retired on reign change.

We have been delighted to welcome new advisers with a breadth of experience and diversity of view. Guy Monson, Treasurer to the 25th Duke, joins our Finance and Audit Committee. Emma Howard Boyd and Anouka Dhadda were recruited to the growing Net Zero Task Force. William van Cutsem brings his experience of the construction sector to the Commercial Property and Development Committee.

Brief biographies of all Council and Committee members are on pages 55 to 58.

Governance roles and activities

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

The Prince's Council

Role and remit

- Chaired by The Prince of Wales
- Provides advice to His Royal Highness regarding the strategy of the Duchy
- Except for the membership of the Secretary and Keeper of the Records, the Council is a non-executive body.

Principal resources and relationships overseen

- The Prince's Council has always taken a holistic view of the resources and relationships the Duchy estate draws from and impacts upon. In its discussions and recommendations the Council takes care to balance all resources and relationships.

Matters reviewed

Met three times, in July 2022 under the 24th Duke, and in December 2022 and March 2023 under the 25th Duke. Reviewed the work of all Committees. Reviewed the Duchy's management of risk. Reflected on past operation and policy with regard to the rural estate, development land, commercial property, financial investments, and the management and oversight of the Duchy. Discussed the results of the staff survey. Dealt with the appointment of the High Sheriff of Cornwall.

Finance & Audit Committee

Role and remit

- Chaired by Edward Harley, Receiver General
- Advises on the Duchy's financial strategy and liaises with the external auditor
- The Committee reviews financial performance, ensuring that an appropriate balance is struck between revenue and capital growth, that any variations between forecast and budget are understood and are appropriate, and that risks are well managed
- Met four times, in June, September, December and March.

Principal resources and relationships overseen

- Financial
- Manufactured.

Matters reviewed

Met twice with the external auditors to hear the results of the 2021/22 audit and to review the planning of the 2022/23 audit. Reviewed the performance of the financial investment portfolio and established a new Investment Committee. Discussed the annual valuation results, budgets, forecasts and major capital expenditure. Reviewed the various sectors of the Duchy's assets, the management of risk, sustainability and liquidity.

Rural Committee

Role and remit

- Chaired by Sir Nicholas Bacon until December 2022, and now by Harry Aubrey-Fletcher
- Advises on the rural economy
- Much of the value provided by the Rural Committee flows from the time and expert guidance given by members outside of meetings. Members carry out an extensive range of visits to the Duchy district offices, estates and farm tenants
- Met three times, in June, November and February, including a site visit to part of the Marine Estate in Devon.

Principal resources and relationships overseen

- Natural
- Community
- Financial
- Manufactured.

Matters reviewed

The main focus of the year was the development of a rural review and strategy, which was endorsed by The Prince's Council in March 2023. In addition, the Committee reviewed the portfolio's role in the Duchy's Net Zero Carbon Programme and Natural Capital Project, the Future Farming team, climate resilience, the results of the triennial agricultural tenants' survey, the Rock Review (of tenant farming), and deeper dives into the mineral and marine portfolios.

Governance roles and activities

Commercial Property & Development Committee

Role and remit
- Chaired by Alistair Elliott
- Advises on the commercial property portfolio, the Kennington residential portfolio and development sites
- Met four times, in June, September, November and March, including a site visit to Nansledan in Cornwall.

Principal resources and relationships overseen
- Manufactured
- Community.

Matters reviewed
The major development sites at Poundbury and Nansledan and development opportunities in Kent, Somerset and London; the urban commercial portfolio, including the reinvestment of funds generated by a major sale in the previous year; Dartmoor Prison; and the sustainability strategy for the portfolio.

Executive Committee

Role and remit
- Chaired by Alastair Martin, Secretary and Keeper of the Records
- Implements strategy and manages all operational activities
- Met four times, in May, September, November and February, plus special sessions to respond to reign change.

Principal resources and relationships overseen
- People
- Intellectual
- Community
- Financial.

Matters reviewed
Each Executive Committee meeting covers health and safety, HR and legal matters. During the year we also reviewed annual financial budgets and forecasts, the sustainability strategy – including solar and carbon removal policies – communications issues, carbon literacy training, the staff survey, sustainable procurement, biodiversity net gain and our digital working programme.

Net Zero Task Force

Role and remit
- Chaired by Ian Marchant, the Task Force has overall responsibility for delivering the Duchy's net zero carbon and sustainability ambitions. Met four times, in April, July, October and February.

Principal resources and relationships overseen
- Natural
- Community
- Manufactured
- Financial
- Intellectual.

Matters reviewed
The Task Force reviewed progress on our net zero pathway, the work of the various workstream net zero challenge groups and operational programme board. Other initiatives included peatland restoration on Dartmoor, a wider-ranging sustainability strategy and a sustainable procurement guide. We co-opted two new critical friends, Emma Howard Boyd (outgoing Chair of the Environment Agency) and Anouka Dhadda (formerly the Number 10 Head of Net Zero and Energy).

Investment Committee

Role and remit
- The Investment Committee is a new sub-group of, and reports to, the Finance & Audit Committee. It has been charged with overseeing the management and performance of the financial investment portfolio.

Principal resources and relationships overseen
- Financial.

Matters reviewed
At its inaugural meeting in January 2023, the Committee revised its draft Terms of Reference and clarified its remit. It reviewed our approach to yield, gearing, asset classes and investment type. It designed an approach for the review and recruitment of fund managers.

Governance, engagement and consultation

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

Newton St Loe, Duchy of Cornwall office

Section 172 Statement on governance, engagement and consultation

The Duchy is not a "large company", as defined by the Companies Act, but to provide maximum transparency we set out here some thoughts and signposting on how various aspects of stakeholder interest are taken into account. These issues and factors have been arrived at through the Integrated Reporting framework, based on understanding what matters most to our stakeholders.

Employees

The Duchy has a small number of staff with a relatively flat structure. Departmental team meetings are a regular feature, with meetings in each office attended by Executive Committee members.

All staff have an annual appraisal. There is an annual Duchy Day, when staff from all offices gather in one place to share business updates and engage in social activities. A Staff Group with representatives from each office contributes to the development of HR initiatives and staff social events.

There is a comprehensive training programme available, mandatory where required, with topics ranging from health and safety to management development. We regularly have staff on training contracts, helping them become, for example, surveyors or accountants.

For many years our video conferencing system has linked all offices. Staff working from home can connect to this, keeping engagement going and facilitating remote working.

See also the section of this Report on our critical success factor of People.

Fostering business relationships

We engage with our tenants and tenant organisations in myriad ways. Our in-house staff meet regularly with tenants, and we undertake tenant surveys.

There is a dedicated manager for every property, with regional offices across the estate, meaning that over 90% of our properties are within 30 miles of their local office, and many much closer. New residential tenants receive detailed home information packs, and there is also a tenants' intranet for farmers and a regular newsletter. All tenants also receive an annual financial statement of accounts.

Duchy staff meet with the Tenant Farmers Association, the National Farmers Union and the Country Land and Business Association (CLA) at least annually, and are members of various working groups, such as the CLA Institutional Landowners Group. We work with various tenants' groups for mutual gain, such as the provision of rural broadband in Herefordshire and The Prince's Farm Resilience Programme.

Impact of operations on the community and environment

Creating thriving communities is at the heart of our ethos and we believe that we can carry this out most effectively when we engage with a wide range of stakeholders. Our relationships with, and the impact of our operations on, our stakeholders are a priority, from the conversations a rural land agent has with a long-standing farm tenant to the prompt payment of a local builder.

See also the section of this Report on our critical success factor of Sustainability.

Maintaining a reputation for high standards of conduct

Communication is fundamental to ensuring that our stakeholders are informed of the work we are doing and the way it impacts them, and their ability to provide feedback that could inform our efforts. We discuss how we meet our objectives in this regard in the section of this Report on our critical success factor of Reputation, from monthly bulletins from our Future Farming team to engagement programmes with local communities about their needs for better place to live, work and thrive.

Likely consequence of any decision in the long term

The Duchy was established in 1337 and is now headed by the 25th Duke of Cornwall. In this context, the "long term" has real meaning. This is illustrated throughout this Report, but in particular when we discuss our financial goals (see Viability), plans for a net zero and nature-rich estate (see Sustainability, Climate-related financial disclosure, Carbon Report and critical success factor of Governance).

The Prince's Council and Committees

Members of The Prince's Council bring invaluable expertise and experience to the Duchy as recognised leaders in their varying fields.

Their careers span agriculture, commercial property, estate management, investment management, law and finance. Many have worked internationally. Each brings a unique perspective and significant experience in their field to bear on the running of the Duchy. The Duke of Cornwall personally appoints members of The Prince's Council.

	Dates served	Membership: *Council (C)*	*Finance & Audit (FAC)*	*Investment (IC)*	*Rural (RC)*	*Commercial Property & Development (CPDC)*	*Net Zero Task Force (NZTF)*	*Remuneration (Rem)*	*Executive (ExCo)*
The Prince's Council									
Chairman: His Royal Highness The Prince of Wales		✓							
Lord Warden of the Stannaries – Sir Nicholas Bacon	June 2006–Dec 2022	✓	✓		✓	✓		✓	
Lord Warden of the Stannaries – Hugo van Vredenburch	Dec 2022–Present	✓	✓	✓	✓	✓	✓	✓	
Receiver General – Edward Harley	Dec 2019 (Council) Dec 2021–Present (RG)	✓	✓	✓				✓	
Attorney General to HRH The Prince of Wales – Sharif Shivji QC	Dec 2020–Present	✓	✓						
Secretary and Keeper of the Records – Alastair Martin	May 2012–Present	✓	✓		✓	✓	✓	✓	✓
James Williams	Nov 2009–July 2022	✓	✓		✓			✓	
Ian Marchant	May 2012–Present	✓	✓				✓		
Sir Clive Alderton, Principal Private Secretary to Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall	Oct 2015–Sept 2022	✓	✓						
Jonathan Ruffer	Dec 2019–Mar 2023	✓	✓	✓					
Alistair Elliott	Sept 2020 (as adviser); May 2021 (to Council)–Present	✓				✓			
James Willcocks	Nov 2020 (as adviser); May 2021 (to Council)–Mar 2023	✓			✓				
Christina Williams	Nov 2020 (as adviser); May 2021 (to Council)–Mar 2023	✓			✓				
Harry Aubrey-Fletcher	Mar 2023–Present	✓			✓	✓			
Advisers to the Council									
David Fursdon	April 2008–Present				✓				
Paul Morrell	Feb 2012–July 2022					✓			
Lord Hintze	Sept 2014–Present		✓	✓					
Henry Richards	Nov 2014–July 2022					✓			
Kit Martin	Feb 2015–Present					✓			
The Marquess of Downshire	Aug 2017–Present				✓				
Nigel Fox	Sept 2017–Present					✓			
Nathan Thompson	Feb 2019–Present					✓			
Catherine James, Treasurer to Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall	June 2019–Sept 2022		✓						
Guy Monson, Treasurer to Their Royal Highnesses The Prince and Princess of Wales	Sept 2022–Present		✓						
Emma Howard Boyd	July 2022–Present						✓		
William van Cutsem	Sept 2022–Present					✓			
Anouka Dhadda	Feb 2023–Present						✓		
Duchy staff									
Linda Bryant, Property Services Director									✓
Marie Cook, Operations and HR Director								✓	✓
David Cope, Head of Sustainability							✓		
Matthew Morris, Land Steward					✓		✓		✓
Ben Murphy, Estate Director						✓	✓		✓
Andrew Phillips, Finance Director			✓	✓	✓	✓	✓	✓	✓
Nick Pollock, Head of Planning						✓			✓
Geraint Richards, Head Forester					✓				
Karl Taylor, Head of Enterprise									✓

The Prince's Council

Hugo van Vredenburch *(C, FAC, IC, Rem, RC, CPDC, NZTF)*

Lord Warden of the Stannaries, Hugo is a trustee of Fauna & Flora International, the world's oldest conservation charity. He was previously Chairman of Interactive Investor, the UK's second-largest investment platform, and prior to that was CEO of TMF Group, a professional services business with over 10,000 colleagues and operations in over 80 countries globally. Early in his career Hugo was a partner at Goldman Sachs & Co. and worked in New York, London and Tokyo.

Edward Harley *(C, FAC, IC, Rem)*

Receiver General, Edward worked for many years and was a Partner at Cazenove, most recently advising charities on investment strategy. He is a past President of the Historic Houses Association and a trustee of several landed estates, including Burghley. He recently stood down from chairing the Acceptance in Lieu Panel, and is a member of the Court of the Goldsmiths' Company. He is based in Herefordshire, where he is a patron of several organisations and a Lay Canon Emeritus of Hereford Cathedral. He is His Majesty's Lord-Lieutenant of Herefordshire. Edward is also Chairman of The Duke of Cornwall's Benevolent Fund.

Sharif Shivji KC *(C, FAC)*

Attorney General to HRH The Prince of Wales, Sharif is a barrister in private practice at 4 Stone Buildings in Lincoln's Inn and took silk in 2020. Prior to his career at the Bar, Sharif worked in investment banking. Sharif's practice involves high-profile commercial disputes (often with an international element) and company, insolvency, financial services and banking law and regulation. Sharif is involved in many different aspects of the legal profession. He is the Chair of the board of the legal advice and representation charity Advocate, and a Director of the Bar's professional indemnity insurer, the Bar Mutual Indemnity Fund.

Alastair Martin *(C, FAC, RC, CPDC, NZTF, Rem, ExCo)*

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

Ian Marchant *(C, FAC, NZTF)*

Ian has a business background in utilities and renewable energy through his previous leadership of Scottish and Southern Energy and his current chairmanship of both Thames Water and Logan Energy, a hydrogen engineering company. He has recently joined the board of Morgan Advanced Materials as chairman designate, and has also served on the boards of organisations such as John Wood plc, Aggreko plc and the Maggie's Cancer Centres charity. He is a qualified accountant and has expertise in audit, capital allocation and risk management. He is interested in wildlife conservation and is the Honorary President of the Royal Zoological Society of Scotland. He set up the 2020 Climate Group in Scotland, inspired by his interest in climate change mitigation and adaptation and the use of natural capital accounting. He also advises and invests in early-stage companies, principally in the clean tech and sustainability industries.

The Prince's Council

Jonathan Ruffer *(C, FAC, IC)*

Jonathan trained as a trust barrister (Bencher of the Middle Temple) and has spent most of his working life as an investment manager in the City, where in 1990 he set up Ruffer Investment Management (now a partnership: Ruffer LLP). He has written extensively on investment and was the author of *The Big Shots*, a chronicle of Edwardian shooting parties. He has spent the last 10 years in charitable work in Bishop Auckland, County Durham, and has been a Deputy Lieutenant of Durham since 2014. He is an International Trustee of the Prado Museum and the Hispanic Society of America.

Alistair Elliott (C, CPDC)

Alistair is a Chartered Surveyor and Fellow of the RICS. He spent all of his career at Knight Frank, where he started as a graduate in 1983, and he retired as Senior Partner and Group Chairman in the spring of 2022 after nine years in the role. Much of his professional experience centred on commercial property markets, especially offices, advising a broad range of occupiers and landlords. As Senior Partner, Alistair had responsibility for chairing the Group Executive Board and oversight of Knight Frank's interests in 50+ territories across the globe covering all aspects of real estate. Alistair is a non-executive member of the Grosvenor Great Britain & Ireland board, and the board at London Metric. He was recently appointed to the Council of the Duchy of Lancaster.

James Willcocks (C, RC)

James is a third-generation tenant dairy farmer and landowner from North Cornwall, with a passion for crossbreeding. He is a past chairman of the Tenant Farmers Association (South West) and is still an active committee member. Conservation and sustainable farming have always been part of his farming practice and he is currently involved in a project developing regenerative farming techniques locally.

Christina Williams (C, RC)

Christina is a Deputy Lieutenant of Devon. She manages the Molland Estate on the edge of Exmoor with land both tenanted and in hand. Her interests are in improving the natural capital of the land, including wildlife and landscape beauty, while maintaining a viable family business and a thriving local community. She sits on various advisory groups for the Exmoor National Park and is a trustee of the Exmoor Society. She also has a garden design business, has exhibited at the Chelsea Flower Show and runs the gardens at Coughton Court, Warwickshire.

Harry Aubrey-Fletcher (C, RC, CPDC)

Harry manages a group of rural businesses across Buckinghamshire, Oxfordshire, Berkshire and West Sussex. These include a mixed farming operation with three dairy herds, a diverse property portfolio and a retail and hospitality business. Alongside his rural interests, he has a background in corporate finance and housebuilding and is the founder of the residential development business Carden Group PLC.

Advisers to the Council

David Fursdon (RC)

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

Lord Hintze (FAC, IC)

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

Kit Martin (CPDC)

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

The Marquess of Downshire (RC)

Nick is a Chartered Accountant with a diploma in advanced farm management from the Royal Agricultural College, Cirencester. He has worked in corporate finance and as a finance director in the technology sector. He holds a number of non-executive directorships, including Chairman of Audit and Risk for the CLA and Treasurer of the Moorland Association. He is a council member and Chairman of the Finance Committee for the Duchy of Lancaster and a trustee and Chairman of Upland Research for the Game & Wildlife Conservation Trust; he also acts as trustee to several landed estates and runs an estate in North Yorkshire.

Nigel Fox (CPDC)

Nigel is a Chartered Surveyor, and established Capital Real Estate Partners in 2010, having previously spent 20 years at Jones Lang LaSalle. Nigel's expertise is in advising a range of clients (landowners, institutions, property companies, private investors and occupiers) on commercial properties, with particular experience in investment and development projects, often of scale and in central London, but also nationally in the UK. For the Duchy estate, Nigel and his team are responsible for the asset management of the commercial property portfolio.

Nathan Thompson (CPDC)

Nathan is a Chartered Surveyor and has over 30 years' experience in commercial property and asset management. Formerly Managing Director of Forth Ports' property arm in Edinburgh, he was appointed Chief Executive Officer, Keeper of Records and Surveyor General of the Duchy of Lancaster in 2013. In his current role Nathan is responsible for the day-to-day management and development of a diverse portfolio of historic land and property assets across England and Wales. Prior to joining Forth Ports, Nathan was a member of the executive at MEPC plc, where he ran the London fund, and a Director of JER Partners.

Advisers to the Council

Guy Monson *(FAC)*

Guy is Chief Market Strategist and Senior Partner of Sarasin & Partners LLP, and has over 35 years of investment experience. He pioneered the use of thematic investment in the management of global equity portfolios and today leads the firm's global investment and markets strategy. Guy writes regularly in the international financial press and appears on Bloomberg and other financial channels. He is a member of the London School of Economics IDEAS Advisory Board, a Foundation Fellow of Lady Margaret Hall, Oxford University, and is Treasurer to HRH The Prince of Wales.

Emma Howard Boyd *(NZTF)*

Emma has had an extensive career in financial services at the forefront of the climate change, environmental and sustainable finance agenda. She was Chair of the Environment Agency and an ex-officio board member of Defra from 2016 to 2022. She is currently Chair of the Green Finance Institute, the Major Projects Association and Climate Arc. She is a UN Global Ambassador for Race to Zero and Race to Resilience, and serves on a number of boards and advisory committees. Emma was the UK Commissioner to the Global Commission on Adaptation from 2018 until January 2021.

William van Cutsem *(CPDC)*

William is a Chartered Surveyor specialising in commercial property. He started his career at Savills and then co-founded Pigeon, a property company undertaking projects in the southeast and east of England. These include a strategic land business that is promoting a number of major urban extensions, a commercial development business specialising in logistics and industrial development, and a renewables business building out battery storage facilities across the UK. Outside of the property business, William retains a keen interest in regenerative farming practices within the family's home farming businesses.

Anouka Dhadda *(NZTF)*

Anouka was the Prime Minister's Head of Net Zero and Energy until September 2022, and is now the co-founder of Zeroism, a strategic advisory firm. Anouka anchored her career in the UK Treasury before heading to No. 10 where she was the Prime Minister's Head of Net Zero and Energy Security for five years. Working for both Theresa May and Boris Johnson she led the UK push to be the first major economy to put net zero 2050 into law, wrote the Prime Minister's 10-point plan and the 2022 British energy security strategy, championed the Environment Act 2021, and set up the cross-Whitehall Net Zero unit. Anouka also helped bring COP26 to the UK.

Other disclosures

The Duke of Cornwall's Benevolent Fund

In the Benevolent Fund's last financial year, it made grants and commitments of c.£261,000 (2022: c.£296,000) to a variety of charities, primarily operating in Cornwall. In accordance with the wishes of The Dukes, grants were made towards the relief of poverty, restoration of churches and environmental initiatives, as well as to a variety of other charitable causes.

Charitable donations

Charitable donations made by the Duchy of Cornwall estate amounted to £109,000 (2022: £99,000), made to causes in the following areas:

- Agriculture – £19,000 (2022: £19,000)
- Environment – £36,000 (2022: £35,000)
- Community – £54,000 (2022: £45,000).

Significant individual donations included:

- £30,000 (2022: £25,000) to Islands' Partnership, a body dedicated to the promotion of the destination of the Isles of Scilly; and
- £15,000 (2022: £15,000) to the Dartmoor Hill Farm Project.

Going concern

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

Statement of Proper Officers' responsibilities in the preparation of the accounts

The Lord Warden of the Stannaries, the Receiver General, the Attorney General to HRH The Prince of Wales and the Secretary and Keeper of the Records (the "Proper Officers") are responsible for preparing the Integrated Annual Report and the accounts in accordance with applicable law and regulation.

The Accounts Direction given by HM Treasury dated 13th June 2023 (the "Accounts Direction") requires the Proper Officers to prepare accounts for each financial year. Under the Accounts Directions the Proper Officers have prepared the Group and Duchy of Cornwall accounts in accordance with UK-adopted international accounting standards.

Under the Accounts Direction, 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 Duchy of Cornwall and of the surplus or deficit of the Group for that period. In preparing the accounts, the Proper Officers are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group and Duchy of Cornwall will continue in business.

The Proper Officers are responsible for safeguarding the assets of the Group and Duchy of Cornwall and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Proper Officers are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Duchy of Cornwall's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Duchy of Cornwall and enable them to ensure that the accounts comply with the Accounts Direction.

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.

Proper Officers' confirmations

In the case of each Proper Officer in office at the date the Proper Officer's report is approved:

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

Accounts

In this section

Independent auditor's report to The Duke of Cornwall

Year ended 31st March 2023

Report on the audit of the accounts

Opinion

In my opinion, the Duchy of Cornwall's group accounts and company accounts (the "accounts"):

- give a true and fair view of the state of the Group's and of the Duchy of Cornwall's affairs as at 31st March 2023 and of the Group's revenue surplus, the Group's capital surplus and the Group's and Duchy of Cornwall's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and as applied to the Duchy of Cornwall by the Accounts Direction given by HM Treasury dated 13th June 2023; and
- have been prepared in accordance with the Accounts Direction given by HM Treasury dated 13th June 2023.

I have audited the accounts, included within the Annual Report, which comprise: the Group and the Duchy of Cornwall balance sheets as at 31st March 2023; the Group revenue account statement of comprehensive income; the Group capital account statement of comprehensive income; the Group and the Duchy of Cornwall statement of changes in capital and reserves and the Group and the Duchy of Cornwall statement of cash flows for the year then ended; and the notes to the accounts, which include a description of the significant accounting policies.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. My responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the accounts section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independence

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

Conclusions relating to going concern

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Duchy of Cornwall's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorised for issue.

In auditing the accounts, I have concluded that the Proper Officers' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

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

My responsibilities and the responsibilities of the Proper Officers with respect to going concern are described in the relevant sections of this report.

Reporting on other information

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

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

With respect to the Strategic report and Proper Officers' Report, I also considered whether the disclosures required by the Accounts Direction given by HM Treasury dated 13th June 2023 have been included.

Based on my work undertaken in the course of the audit, the Accounts Direction given by HM Treasury dated 13th June 2023 requires me also to report certain opinions and matters as described below.

Strategic report and Proper Officers' Report

In my opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Proper Officers' Report for the year ended 31st March 2023 is consistent with the accounts and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the accounts and the audit

Responsibilities of the Proper Officers for the accounts

As explained more fully in the Statement of Proper Officers' Responsibilities, the Proper Officers are responsible for the preparation of the accounts in accordance with the Accounts Direction given by HM Treasury dated 13th June 2023 and for being satisfied that they give a true and fair view. The Proper Officers are also responsible for such internal control as they determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Proper Officers are responsible for assessing the Group's and the Duchy of Cornwall's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Proper Officers either intend to liquidate the Group or the Duchy of Cornwall or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which my procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on my understanding of the Group and the Duchy of Cornwall and industry, I identified that the principal risks of non-compliance with laws and regulations related to the Accounts Direction given by HM Treasury dated 13th June 2023 and Duchy of Cornwall Management Act 1982, and I considered the extent to which non-compliance might have a material effect on the accounts. I evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of the Revenue account net surplus, including through incorrect classification of transactions between the Revenue account and Capital account. Audit procedures performed by the engagement team included:

- Enquiries of management of known or suspected instances of fraud or non-compliance with laws and regulations;
- Testing the allocation of costs between the Capital account and Revenue account including staff costs, repairs and maintenance expenses and net zero and natural capital expenditure;
- Reviewing transfers from the Capital bank account to the Revenue bank account and inspecting signed transfer letters for those transactions;
- Testing any unusual or unexpected journal entries, such as those which impact the Capital account but are unrelated to investment property or investments;
- Challenging assumptions and judgements made by management in accounting estimates, particularly in relation to investment property valuations and pensions;
- Incorporating an element of unpredictability in the nature, timing and extent of audit procedures performed; and
- Obtaining legal confirmations from each of the Duchy of Cornwall's lawyers and reviewing the legal expense listings to identify any possible breaches of laws or regulations.

There are inherent limitations in the audit procedures described above. I am less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the accounts. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

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

In my opinion:

- proper accounting records have been kept by the Proper Officers of the Duchy of Cornwall;
- the Proper Officers of the Duchy of Cornwall have maintained a satisfactory system of control over transactions affecting the Duchy of Cornwall Property, as defined in the Duchy of Cornwall Management Act 1982; and
- the Accounts are in agreement with the accounting records of the Duchy of Cornwall.

Other matters on which I am required to report by exception

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

- I have not obtained all the information and explanations I required for my audit; or
- certain disclosures of Proper Officers' remuneration specified by the Accounts Direction given by HM Treasury dated 13th June 2023.

I have no exceptions to report arising from this responsibility.

Other matters

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

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

Katharine Finn
Chartered Accountant and Statutory Auditor
Bristol
19th June 2023

Financial statements

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

Group revenue account statement of comprehensive income

	Note	*Year ended 31st March 2022 £'000*	*Year ended 31st March 2023 £'000*
Revenue	2	45,005	48,813
Operating costs	2	(20,359)	(22,502)
Operating surplus		**24,646**	**26,311**
Finance income	5	**3,233**	**3,239**
Finance costs	6	**(3,913)**	**(3,865)**
Net finance costs		**(680)**	**(626)**
Net surplus for the year		**23,966**	**25,685**
Surplus attributable to:			
Duchy of Cornwall – HM (24th Duke)		23,024	11,275
Duchy of Cornwall – HRH (25th Duke)		–	12,773
		23,024	24,048
Non-controlling interests		942	1,637
Other comprehensive income			
Items that will not be reclassified subsequently to income statement:			
Actuarial gain/(loss) on retirement benefit obligations	7	1,406	(1,429)
Total comprehensive income on Revenue account		**25,372**	**24,256**
Total comprehensive (expense)/income attributable to:			
Non-controlling interests		942	1,637
Duchy of Cornwall		24,430	22,619

All operations are considered to be continuing.

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

Group capital account statement of comprehensive income

	Note	*Year ended 31st March 2022 £'000*	*Year ended 31st March 2023 £'000*
Net gain from Fair Value adjustment on investment property	8	67,758	24,632
Net gain on the disposal of investment property		19,615	8,643
Net gain/(loss) on revaluation of investment property held for sale	13	1,064	(4,818)
Net gain on the disposal of investment property held for sale		1,801	4,699
Share of profit from joint venture	10	29	10
Finance costs		(200)	(205)
Charge from Revenue account for salary costs	2	(1,030)	(916)
Other costs		(721)	(1,871)
Net surplus for the year		**88,316**	**30,174**
Surplus attributable to:			
Non-controlling interests		–	–
Duchy of Cornwall		88,316	30,174
Other comprehensive income/(expense)			
Items that will not be reclassified to capital profit or loss:			
Net gain/(loss) on revaluation of owner-occupied property	9	173	(627)
Items that may be reclassified to capital profit or loss:			
Net gain/(loss) on the revaluation of financial assets	11	289	(6,819)
Net gain on the revaluation of financial derivatives	15	2,162	2,254
Total comprehensive income on Capital account		**90,940**	**24,982**
Total comprehensive income attributable to:			
Non-controlling interests		–	–
Duchy of Cornwall		90,940	24,982

The notes on pages 69 to 92 are an integral part of these financial statements.

Group balance sheet

	Note	*As at 31st March 2022 £'000*	*As at 31st March 2023 £'000*
Assets			
Non-current assets			
Investment property	8	1,015,011	1,064,272
Property, plant and equipment	9	19,705	19,769
Investments in joint ventures and associates	10	3,322	2,370
Financial assets	11	92,210	81,089
Retirement benefit assets	7	973	–
Derivative financial instruments	15	881	3,219
Trade and other receivables	12	1,000	9,468
Total non-current assets		**1,133,102**	**1,180,187**
Current assets			
Inventories		1,948	1,775
Trade and other receivables	12	10,283	9,588
Cash and cash equivalents	22	49,048	27,312
		61,279	38,675
Investment property assets held for sale	13	14,307	14,711
Total current assets		**75,586**	**53,386**
Total assets		**1,208,688**	**1,233,573**
Liabilities			
Current liabilities			
Trade and other payables	14	(14,779)	(15,533)
Borrowings	15	(382)	(702)
Lease liabilities		(448)	(479)
Total current liabilities		**(15,609)**	**(16,714)**

	Note	*As at 31st March 2022 £'000*	*As at 31st March 2023 £'000*
Non-current liabilities			
Trade and other payables	14	(4,528)	(2,386)
Borrowings	15	(137,266)	(137,776)
Lease liabilities		(2,216)	(1,882)
Retirement benefit obligations	7	–	(41)
Total non-current liabilities		**(144,010)**	**(142,085)**
Net assets		**1,049,069**	**1,074,774**
Reserves			
Revenue reserve available for distribution to HRH		7,355	7,940
Retirement benefit reserve		(2,072)	(3,501)
Capital reserve		1,041,232	1,063,960
Hedging reserve		1,352	3,606
		1,047,867	1,072,005
Non-controlling interest		1,202	2,769
Total equity		**1,049,069**	**1,074,774**

The notes on pages 69 to 92 are an integral part of these financial statements.

The financial statements on pages 63 to 92 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 16th June 2023.

Duchy of Cornwall balance sheet

	Note	*As at 31st March 2022 £'000*	*As at 31st March 2023 £'000*
Assets			
Non-current assets			
Investment property	8	1,003,502	1,054,147
Property, plant and equipment	9	9,017	9,814
Investments in joint ventures and associates	10	3,322	2,370
Investments in subsidiaries	10	7,440	7,440
Financial assets	11	92,210	81,089
Retirement benefit assets	7	973	–
Derivative financial instruments	15	881	3,219
Trade and other receivables	12	7,222	14,490
Total non-current assets		**1,124,567**	**1,172,569**
Current assets			
Inventories		648	699
Trade and other receivables	12	7,651	6,374
Cash and cash equivalents	22	48,519	25,383
		56,818	32,456
Investment property assets held for sale	13	14,307	14,711
Total current assets		**71,125**	**47,167**
Total assets		**1,195,692**	**1,219,736**
Liabilities			
Current liabilities			
Trade and other payables	14	(13,169)	(14,434)
Lease liabilities		(7)	(5)
Total current liabilities		**(13,176)**	**(14,439)**

	Note	*As at 31st March 2022 £'000*	*As at 31st March 2023 £'000*
Non-current liabilities			
Trade and other payables	14	(4,528)	(2,386)
Borrowings	15	(135,939)	(137,151)
Lease liabilities		(50)	(55)
Retirement benefit obligations	7	–	(41)
Total non-current liabilities		**(140,517)**	**(139,633)**
Net assets		**1,041,999**	**1,065,664**
Reserves			
Revenue reserve available for distribution to HRH		4,785	3,496
Retirement benefit reserve		(2,072)	(3,501)
Capital reserve		1,037,934	1,062,063
Hedging reserve		1,352	3,606
Total equity		**1,041,999**	**1,065,664**

The notes on pages 69 to 92 are an integral part of these financial statements.

The Duchy has elected under Section 408 of the Companies Act 2006 as allowed by the Accounts Direction given by HM Treasury dated 13th June 2023 not to include its own statement of comprehensive income in these financial statements. The profit for the year for the Duchy was £22.174million (2022: £21.817million).

The financial statements on pages 63 to 92 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 16th June 2023.

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 31st March 2021	**5,397**	**(3,478)**	**952,454**	**(810)**	**953,563**	**260**	**953,823**
Net surplus for the year	23,024	–	88,316	–	111,340	942	112,282
Other comprehensive income							
Net gain on revaluation of owner-occupied property (note 9)	–	–	173	–	173	–	173
Net gain on revaluation of financial assets (note 11)	–	–	289	–	289	–	289
Gain on financial derivatives (note 15)	–	–	–	2,162	2,162	–	2,162
Actuarial gain on retirement benefit obligations (note 7)	–	1,406	–	–	1,406	–	1,406
Total comprehensive income	**23,024**	**1,406**	**88,778**	**2,162**	**115,370**	**942**	**116,312**
Non-controlling interest in subsidiary share capital	–	–	–	–	–	–	–
	28,421	(2,072)	1,041,232	1,352	1,068,933	1,202	1,070,135
Less payments made to HRH							
In respect of current year	(15,669)	–	–	–	(15,669)	–	(15,669)
In respect of prior year	(5,397)	–	–	–	(5,397)	–	(5,397)
Balance as at 31st March 2022	**7,355**	**(2,072)**	**1,041,232**	**1,352**	**1,047,867**	**1,202**	**1,049,069**
Net surplus for the year	24,048	–	30,174	–	54,222	1,637	55,859
Other comprehensive income							
Net loss on revaluation of owner-occupied property (note 9)	–	–	(627)	–	(627)	–	(627)
Net loss on revaluation of financial assets (note 11)	–	–	(6,819)	–	(6,819)	–	(6,819)
Gain on financial derivatives (note 15)	–	–	–	2,254	2,254	–	2,254
Actuarial loss on retirement benefit obligations (note 7)	–	(1,429)	–	–	(1,429)	–	(1,429)
Total comprehensive income/(expense)	**24,048**	**(1,429)**	**22,728**	**2,254**	**47,601**	**1,637**	**49,238**
Dividend paid to non-controlling interest	–	–	–	–	–	(70)	(70)
	31,403	(3,501)	1,063,960	3,606	1,095,468	2,769	1,098,237
Less payments made to HRH							
In respect of current year 25th Duke	(5,900)	–	–	–	(5,900)	–	(5,900)
In respect of current year 24th Duke	(10,208)	–	–	–	(10,208)	–	(10,208)
In respect of prior year 24th Duke	(7,355)	–	–	–	(7,355)	–	(7,355)
Balance as at 31st March 2023	**7,940**	**(3,501)**	**1,063,960**	**3,606**	**1,072,005**	**2,769**	**1,074,774**

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

Duchy of Cornwall statement of changes in capital and reserves

	Revenue account		*Capital account*		*Total reserves £'000*
	Revenue reserve £'000	*Retirement benefit reserve £'000*	*Capital reserve £'000*	*Hedging reserve £'000*	
Balance as at 1st April 2021	**4,034**	**(3,478)**	**949,905**	**(810)**	**949,651**
Net surplus for the year	21,817	–	87,567	–	109,384
Other comprehensive income					
Net loss on revaluation of owner-occupied property (note 9)	–	–	173	–	173
Net gain on revaluation of financial assets (note 11)	–	–	289	–	289
Gain on financial derivatives (note 15)	–	–	–	2,162	2,162
Actuarial gain on retirement benefit obligations (note 7)	–	1,406	–	–	1,406
Total comprehensive income	**21,817**	**1,406**	**88,029**	**2,162**	**113,414**
	25,851	(2,072)	1,037,934	1,352	1,063,065
Less payments made to HRH					
In respect of current year	(15,669)	–	–	–	(15,669)
In respect of prior year	(5,397)	–	–	–	(5,397)
Balance as at 31st March 2022	**4,785**	**(2,072)**	**1,037,934**	**1,352**	**1,041,999**
Net surplus for the year	22,174	–	31,575	–	53,749
Other comprehensive income					
Net loss on revaluation of owner-occupied property (note 9)	–	–	(627)	–	(627)
Net loss on revaluation of financial assets (note 11)	–	–	(6,819)	–	(6,819)
Gain on financial derivatives (note 15)	–	–	–	2,254	2,254
Actuarial loss on retirement benefit obligations (note 7)	–	(1,429)	–	–	(1,429)
Total comprehensive income/(expense)	**22,174**	**(1,429)**	**24,129**	**2,254**	**47,128**
	26,959	(3,501)	1,062,063	3,606	1,089,127
Less payments made to HRH					
In respect of current year 25th Duke	(5,900)	–	–	–	(5,900)
In respect of current year 24th Duke	(10,208)	–	–	–	(10,208)
In respect of prior year 24th Duke	(7,355)	–	–	–	(7,355)
Balance as at 31st March 2023	**3,496**	**(3,501)**	**1,062,063**	**3,606**	**1,065,664**

Group statement of cash flows

	Note	*Year ended 31st March 2022 £'000*	*Year ended 31st March 2023 £'000*
Cash generated from operating activities	16	23,432	25,348
Interest paid		(4,072)	(3,735)
Net cash inflow from operating activities		**19,360**	**21,613**
Cash flows from investing activities			
Tenant loan repaid		200	–
Investments in associates		(100)	–
Distributions from joint ventures		3,994	915
Proceeds from sale of associate		127	–
Proceeds from disposal of financial investments		502	4,302
Purchase of investment property		(41,828)	(17,032)
Property improvements and development expenditure		(18,750)	(21,686)
Proceeds from disposal of investment properties		72,883	7,886
Purchase of property, plant and equipment		(1,031)	(2,100)
Proceeds from disposal of assets held for sale		12,795	4,608
Financial investment income received		3,128	3,042
Interest received		75	79
Net cash inflow/(outflow) from investing activities		**31,995**	**(19,986)**
Cash flows from financing activities			
Proceeds from borrowings		2,746	1,008
Principal paid on lease liabilities		(524)	(456)
Borrowings repaid		(1,017)	(382)
Dividends paid to non-controlling interest		–	(70)
Payments made to the 24th Duke		(21,066)	(17,563)
Payments made to the 25th Duke		–	(5,900)
Net cash outflow from financing activities		**(19,861)**	**(23,363)**
Increase/(decrease) in cash in the year		31,494	(21,736)
Cash and cash equivalents at start of year		17,554	49,048
Cash and cash equivalents at end of year		**49,048**	**27,312**

Duchy of Cornwall statement of cash flows

	Note	*Year ended 31st March 2022 £'000*	*Year ended 31st March 2023 £'000*
Cash generated from operating activities	16	18,882	20,431
Interest paid		(3,620)	(3,411)
Net cash inflow from operating activities		**15,262**	**17,020**
Cash flows from investing activities			
Tenant loan repaid		200	–
Net movement on amounts owed by subsidiaries		729	1,189
Investments in associates		(100)	–
Distributions from joint ventures		3,994	915
Distribution received from QMS (Poundbury) LLP		443	400
Proceeds from disposal of financial investments		502	4,302
Purchase of investment property		(41,828)	(17,032)
Property improvements and development expenditure		(18,613)	(21,671)
Proceeds from disposal of investment properties		72,883	7,886
Purchase of property, plant and equipment		(582)	(1,920)
Proceeds from disposal of assets held for sale		12,795	4,608
Financial investment income received		3,128	3,042
Interest received		863	590
Net cash inflow/(outflow) from investing activities		**34,414**	**(17,691)**
Cash flows from financing activities			
Proceeds from borrowings		2,746	1,008
Principal paid on lease liabilities		(14)	(10)
Payments made to the 24th Duke		(21,066)	(17,563)
Payments made to the 25th Duke		–	(5,900)
Net cash outflow from financing activities		**(18,334)**	**(22,465)**
Increase/(decrease) in cash in the year		31,342	(23,136)
Cash and cash equivalents at start of year		17,177	48,519
Cash and cash equivalents at end of year		**48,519**	**25,383**

Notes to the financial statements

Year ended 31st March 2023

1 Accounting policies

Basis of preparation

The consolidated financial statements incorporate the financial statements of the Duchy of Cornwall ("the Duchy") and its subsidiary undertakings all prepared up to 31st March 2023.

The financial statements of the Group and the Duchy have been prepared on a going concern basis and in accordance with the Accounts Direction issued by HM Treasury dated 13th June 2023 (set out on pages 93 to 94).

The financial statements of the Duchy have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 where applicable in the Accounts Direction issued by HM Treasury dated 13th June 2023.

The Duchy prepares detailed budgets and medium-term forecasts, for both the Revenue and Capital account cash flows, coupled with strategic and operational risk reviews and scenario planning. These reviews indicate that the availability of liquid resources to manage future operations and liabilities will remain considerable. We can confirm that the Duchy will continue to meet its financial commitments and remains a going concern.

The Duchy is in the fortunate position that the Group balance sheet has grown year on year, with net assets at the balance sheet date of £1,075million.

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

New standards and interpretations not yet adopted

The Group has applied the following amendments for the first time for its annual reporting period commencing 1st April 2022:

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

- Reference to the Conceptual Framework (Amendments to IFRS 3)

- Annual Improvements to IFRS Standards 2018-2020

The amendments listed above did not have any material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31st March 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Significant judgements and estimates

Property assets held for sale

Judgement is taken to establish when to classify an investment property as an asset held for sale. The Duchy classifies investment properties as assets held for sale where their carrying amount is likely to be recovered principally through a sale transaction, and a sale is considered highly probable within the next 12 months. The Duchy does not treat held for sale investment property as inventory as it does not carry out the development itself and is not in the business of building property for onward sale. Information on properties being openly marketed and the status of sale negotiations is used to aid the decision.

Estimates

Pension valuation

A formal valuation of the pension scheme is undertaken every three years by an external actuary and the most recent result rolled forward to the reporting date. Valuations are based on a number of key assumptions, including estimates of future salary and pension increases, mortality rates and inflation.

Property valuations

Investment properties, investment property assets held for sale and owner-occupied property are all held at Fair Value, in accordance with valuations carried out by external and internal valuers. Valuations are based on a number of key assumptions, including estimates of future rental income, investment yields, and anticipated outgoings and maintenance costs. The external and internal valuers also make reference to market evidence of transaction prices for similar properties.

1 Accounting policies *(continued)*

Revenue

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

Property income

This comprises rental income, licence fees, other dues and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable. Rental income is recognised on a straight line basis over the lease term. Licence fees and other property-related dues are recognised on an accruals basis for the period covered.

Sales of produce at the Duchy Nursery

The Group operates a nursery selling plants and other goods. Sales of goods are recognised when the performance obligation is fulfilled, which is when a product is sold and control transferred. Sales are usually in cash or by credit card.

Income at J V Energen LLP

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

Finance income

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

Accrued income

Revenue that has met all performance obligations but consideration has not been received in the financial year is recognised in the balance sheet as an asset.

Deferred revenue

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

Foreign currencies

All major foreign exchange dealings relate to the Capital account. Foreign currency transactions are translated into Sterling at rates prevailing at the dates of transaction.

Gains and losses arising on conversion or translation are dealt with as part of realised and unrealised investment gains and losses within the Capital account statement of comprehensive income.

Post-retirement benefits

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

For defined contribution plans, the Duchy pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Duchy has no further payment obligations once the contributions have been paid. The contributions are recognised as an 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. On a voluntary basis, His Majesty the King and His Royal Highness pay income tax at the prevailing rates in respect of the net revenue surplus of the Duchy after deduction of business-related costs.

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. Transfers into and out of investment property happen on a regular basis.

1 Accounting policies *(continued)*

Disposal of properties

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

Impairment

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

Leases

Leases – the Group as lessor

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

Leases – the Group as lessee

Where the Group is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease except for all leases of 12 months or less, which are treated as short-term leases and are accounted for through profit and loss on a straight line basis.

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

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

Plant and equipment

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

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

The plant and equipment is depreciated on a straight line basis, over the expected useful life, and repaid out of the Revenue account statement of comprehensive income applying the following rates:

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

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

Financial investments

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

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

Consolidation

(a) Subsidiaries

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

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

(b) Associates and joint ventures

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

The Group's share of post-acquisition profits or losses is recognised in the Revenue account statement of comprehensive income. Its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate The joint venture activity is deemed to be Capital related and the profits or losses are recognised in the Capital account statement of comprehensive income.

1 Accounting policies *(continued)*

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 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 receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at Fair Value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group and Duchy apply the IFRS 9 simplified approach to measuring expected credit losses. This uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade payables

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

Borrowings

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

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

Capitalisation of staff costs

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

Derivative financial instruments and hedging activities

Derivatives are initially recognised at Fair Value on the date a derivative contract is entered into and are subsequently remeasured at their Fair Value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Duchy designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

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

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

Cash flow hedge

The effective portion of changes in the Fair Value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income, within the Capital account statement of comprehensive income. The ineffective portion of changes in Fair Value of derivatives is recognised in the surplus or deficit within the Capital account statement of comprehensive income. Amounts accumulated in reserves are reclassified to Revenue account statement of comprehensive income in the periods when the hedged transaction takes place.

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

Investment in subsidiaries and associate undertakings

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

2 Analysis of Revenue account operating surplus

	Note	*Year ended 31st March 2022 £'000*	*Year ended 31st March 2023 £'000*
Property income:			
Agricultural income		7,921	8,632
Commercial income		17,633	19,006
Residential income		6,925	6,679
Total property income		32,479	34,317
Sale of goods		7,888	9,819
Feed-in Tariff and Renewable Heat Incentive income		4,638	4,677
Total operating income		**45,005**	**48,813**
Staff costs	4	6,397	7,023
Charge to Capital account		(1,030)	(916)
		5,367	6,107
Direct cost of sales		4,922	5,390
Depreciation	9	1,441	1,584
Repairs and maintenance		4,784	4,927
Administration		3,077	3,568
Other operating costs		768	926
Total operating costs		**20,359**	**22,502**
Operating surplus		**24,646**	**26,311**

Sale of goods includes sales at the Duchy Nursery and the sale of gas, CO_2 and other sales at J V Energen LLP and its subsidiaries.

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

	Year ended 31st March 2022 £	*Year ended 31st March 2023 £*
Fees payable to the Duchy of Cornwall auditor for the audit of the Duchy and consolidated financial statements:		
Current year	182,000	215,300
Prior year	–	5,000
Fees payable to the Duchy of Cornwall auditor and their associates for other services:		
The audit of QMS (Poundbury) LLP	12,000	13,820
	194,000	**234,120**

3 Leasing: operating leases with tenants

The Duchy of Cornwall leases out all of its investment properties under operating leases with, on average, 65 years remaining to expiry. The aggregate minimum rentals, excluding contingent rents, receivable under non-cancellable leases are as follows:

	31st March 2022 £'000	*31st March 2023 £'000*
Less than one year	20,061	20,147
Between two and five years	62,604	67,973
After five years	425,212	432,245
	507,877	**520,365**

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

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Contingent rents receivable	**1,973**	**2,688**

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

4 Staff costs

The number of people employed during the year was as follows:

	Group Year ended 31st March 2022 Monthly average number	*Duchy Year ended 31st March 2022 Monthly average number*	*Group Year ended 31st March 2023 Monthly average number*	*Duchy Year ended 31st March 2023 Monthly average number*
Administrative	79	79	89	89
Estate workers	15	15	16	16
Renewable energy team	7	–	7	–
Nursery	59	59	53	53
Housekeepers	30	30	29	29
	190	**183**	**194**	**187**

The total remuneration for the Group was £8.923million (2022: £7.879million) comprising:

	Group Year ended 31st March 2022 £'000	*Duchy Year ended 31st March 2022 £'000*	*Group Year ended 31st March 2023 £'000*	*Duchy Year ended 31st March 2023 £'000*
Wages and salaries	5,955	5,575	6,767	6,377
Social security costs	621	590	737	697
Pension costs	884	876	896	888
Other staff costs	419	246	523	331
	7,879	**7,287**	**8,923**	**8,293**

Included within the above figures are £1.513million (2022: £1.404million) of costs capitalised as improvements or development expenditure. The costs of staff primarily engaged on Revenue account activities are:

	Group Year ended 31st March 2022 £'000	*Duchy Year ended 31st March 2022 £'000*	*Group Year ended 31st March 2023 £'000*	*Duchy Year ended 31st March 2023 £'000*
Wages and salaries	4,860	4,480	5,236	4,846
Social security costs	500	469	568	528
Pension costs	736	728	746	738
Other staff costs	301	206	473	281
	6,397	**5,883**	**7,023**	**6,393**

Of the above, £0.916million (2022: £1.030million) are recharged 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 31st March 2022 £	*Year ended 31st March 2023 £*
Alastair Martin	310,181	346,338
James Willcocks	8,000	8,000
	318,181	**354,338**

In addition, pension contributions of £23,360 (2022: £33,607) were paid into a money purchase scheme for Alastair Martin.

5 Finance income – Group

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Interest and dividend income from financial investments measured at Fair Value through other comprehensive income	3,167	3,048
Bank interest	20	151
Loan interest	46	40
	3,233	**3,239**

6 Finance costs – Group

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Loan interest	**3,913**	**3,865**

Loan interest cost recognised for the year ended 31st March 2023 includes £84,000 (2022: £84,000) transferred from hedging reserve in relation to the interest rate swaps.

7 Retirement benefit obligations – Group and the Duchy

The Duchy operates a defined benefit scheme in the UK, which is a final salary scheme that 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 2022 showed a funding deficit at that date of £0.517million. The Duchy agreed with the trustees of the Duchy of Cornwall Staff Pension Scheme a recovery plan to eliminate this funding shortfall by making additional annual contributions of £0.402million over a six-year period backdated to the valuation date. The results of the valuation as at 1st January 2022 have been used as a basis and then rolled forward to 31st March 2023.

The Scheme operates under the Pensions Act 2004.

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

Description of risks to which the Scheme exposes the Duchy:

- Asset volatility – if the Scheme's assets underperform the discount rate a deficit may result and so to mitigate this, the trustees have agreed that the Scheme's investment strategy will be derisked over time. This is achieved by funding triggers that allow the Scheme to take advantage of favourable market conditions and developments in the funding level. If the funding level improves by a predetermined amount, then a switch to increase the target allocation for liability matching assets will be made.
- Inflation – the majority of benefits are linked to inflation and so increases in inflation will lead to higher liabilities (although for most increases there are caps in place that protect against extreme inflation).
- Longevity – increases in life expectancy will increase the period over which benefits are expected to be payable, which increases the value placed on the Scheme's liabilities.
- Funding shortfall – additional contributions may be required if the assets are not expected to be sufficient to pay for the benefits payable.

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

Recognition of funded status

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

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Fair Value of assets at end of year	28,127	19,608
Present value of obligations at end of year	(27,154)	(19,649)
Net defined benefit asset/(obligation)	**973**	**(41)**

Expense recognised in income statement

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Current service cost	283	242
Administration expenses	106	113
Operating expense	389	355
Net interest on the net defined benefit obligation	9	(35)
Total expense recognised in income statement	**398**	**320**

Reconciliation of value of defined benefit obligations over the year

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

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Present value of obligations at start of year	28,168	27,154
Current service cost	283	242
Interest cost	543	727
Distributions	(684)	(1,447)
Experience losses/(gains)	318	(64)
Actuarial gains arising from change in financial assumptions	(1,412)	(6,935)
Actuarial gains arising from change in demographic assumptions	(62)	(28)
Present value of obligations at end of year	**27,154**	**19,649**

Reconciliation of Fair Value of assets

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

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Fair Value of assets at start of year	27,393	28,127
Employer contributions	740	735
Interest income	534	762
Return on Scheme assets excluding interest income	250	(8,456)
Distributions	(684)	(1,447)
Administration expenses and death in service premia	(106)	(113)
Fair Value of assets at end of year	**28,127**	**19,608**

7 Retirement benefit obligations – Group and the Duchy *(continued)*

Movement in net defined benefit obligation over the year

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Net defined benefit obligation at beginning of year	(775)	973
Employer contributions	740	735
Expense recognised in income statement	(398)	(320)
Remeasurement gain/(loss) recognised in OCI	1,406	(1,429)
Net defined benefit obligation at end of year	**973**	**(41)**

Remeasurement effects recognised in other comprehensive income (OCI)

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Return on Scheme assets excluding interest income	250	(8,456)
Experience (losses)/gains on obligations	(318)	64
Actuarial gains arising from change in financial assumptions	1,412	6,935
Actuarial gains arising from change in demographic assumptions	62	28
Total gain/(loss) recognised in OCI	**1,406**	**(1,429)**

Actuarial assumptions at end of year

	31st March 2022	*31st March 2023*
Discount rate (p.a.)	2.75%	4.70%
Salary increases (p.a.)	4.60%	4.25%
RPI inflation (p.a.)	3.95%	3.50%
CPI inflation (p.a.)	3.35%	3.00%
Pension increases: RPI min 0%, max 5% (p.a.)	3.70%	3.40%
Post-retirement mortality (base table)	S3PxA 'light' adjusted for CMI	S3PxA 'light' adjusted for CMI
Post-retirement mortality (improvements)	2020 projections with 1.5% p.a. long-term trend rate	2021 projections with 1.5% p.a. long-term trend rate

Sensitivity analysis

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

Value of obligations at the end of the year if:	*31st March 2023 £'000*
Discount rate reduced by 0.25% p.a.	617
Discount rate increased by 0.25% p.a.	(587)
Salary increases increased by 0.25% p.a.	53
Salary increases decreased by 0.25% p.a.	(52)
Inflation increased by 0.25%* p.a.	503
Inflation decreased by 0.25%* p.a.	(485)
Life expectancy increased by approximately one year	650
Life expectancy decreased by approximately one year	(650)

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

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

Description of any asset-liability matching strategies

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

7 Retirement benefit obligations – Group and the Duchy *(continued)*

Breakdown of value of assets at end of year

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

	Quoted £'000	*Unquoted £'000*	*Total £'000*
Equities	2,814	–	2,814
Diversified growth fund	1,484	–	1,484
UK corporate bonds: investment grade	9,400	–	9,400
LDI matching and liquidity funds	3,571	–	3,571
Cash	–	213	213
Private markets	–	2,126	2,126
At 31st March 2023	**17,269**	**2,339**	**19,608**

	Quoted £'000	*Unquoted £'000*	*Total £'000*
Equities	8,427	–	8,427
Diversified growth fund	3,413	–	3,413
UK corporate bonds: investment grade	5,630	–	5,630
LDI matching and liquidity funds	7,152	–	7,152
Cash	–	433	433
Private markets	–	3,072	3,072
At 31st March 2022	**24,622**	**3,505**	**28,127**

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

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

The Scheme was in deficit on a funding basis at 1st January 2022, the date of the latest completed annual actuarial report. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed with an effective date of 1st January 2025.

The Duchy's best estimate of contributions to be paid over following year (£'000)	726
Average duration of the liabilities (years)	14
Expected future benefit payments (£'000):	
Year ending 31st March 2024	894
Year ending 31st March 2025	921
Year ending 31st March 2026	1,028
Year ending 31st March 2027	1,178
Year ending 31st March 2028	992
Five years ending 31st March 2033	5,769

The Duchy also contributes to defined contribution scheme arrangements, the charge for which was £763,000 (2022: £478,000).

8 *Investment property – Group*

	Agricultural & Forestry £'000	*Commercial £'000*	*Residential £'000*	*Development land £'000*	*Total £'000*
At 31st March 2021	**393,016**	**308,265**	**213,427**	**37,342**	**952,050**
Additions	168	40,563	3	–	40,734
Capital improvements	3,531	232	923	9	4,695
Capitalised development expenditure	–	–	–	13,424	13,424
Transfers from property, plant and equipment at Fair Value	–	54	–	–	54
Transfer to investment property assets held for sale	–	–	(514)	(9,922)	(10,436)
Transfers between investment property categories	(2,544)	13,093	(10,133)	(416)	–
Disposals	(516)	(52,418)	(213)	(121)	(53,268)
Net gain from Fair Value adjustments on investment property	27,353	28,827	6,947	4,631	67,758
At 31st March 2022	**421,008**	**338,616**	**210,440**	**44,947**	**1,015,011**
Additions	76	16,010	2,040	–	18,126
Capital improvements	4,331	479	2,235	–	7,045
Capitalised development expenditure	–	–	–	13,859	13,859
Transfer to investment property assets held for sale	–	–	(758)	(7,688)	(8,446)
Disposals	(923)	–	(653)	(4,379)	(5,955)
Net gain/(loss) from Fair Value adjustments on investment property	26,640	(892)	8,544	(9,660)	24,632
At 31st March 2023	**451,132**	**354,213**	**221,848**	**37,079**	**1,064,272**

8 Investment property – the Duchy

	Agricultural & Forestry £'000	*Commercial £'000*	*Residential £'000*	*Development land £'000*	*Total £'000*
At 31st March 2021	**393,016**	**299,567**	**211,502**	**37,342**	**941,427**
Additions	168	40,563	3	–	40,734
Capital improvements	3,531	96	923	9	4,559
Capitalised development expenditure	–	–	–	13,424	13,424
Transfers from property, plant and equipment at Fair Value	–	54	–	–	54
Transfer to investment property assets held for sale	–	–	(514)	(9,922)	(10,436)
Transfers between investment property categories	(2,544)	13,093	(10,133)	(416)	–
Disposals	(516)	(52,418)	(213)	(121)	(53,268)
Net gain from Fair Value adjustments on investment property	27,353	28,352	6,672	4,631	67,008
At 31st March 2022	**421,008**	**329,307**	**208,240**	**44,947**	**1,003,502**
Additions	76	16,010	2,040	–	18,126
Capital improvements	4,331	461	2,235	–	7,027
Capitalised development expenditure	–	–	–	13,859	13,859
Transfer to investment property assets held for sale	–	–	(758)	(7,688)	(8,446)
Disposals	(923)	–	(653)	(4,379)	(5,955)
Net gain/(loss) from Fair Value adjustments on investment property	26,640	510	8,544	(9,660)	26,034
At 31st March 2023	**451,132**	**346,288**	**219,648**	**37,079**	**1,054,147**

8 Investment property – Group and the Duchy

Fair Values of land and buildings

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

All properties are valued on an annual basis. All significant development sites plus 20% by number of the remaining properties in the mainland rural estate are valued by Savills on a rotational basis. The balance of mainland rural estate properties are valued by internal valuers who are Royal Institution of Chartered Surveyors (RICS) Registered Valuers and employees of the Duchy of Cornwall. The internal valuers have detailed management knowledge of the properties concerned. The internal valuation team is led by one of the Duchy's employees, an RICS Registered Valuer, supported by the Duchy's Finance Director. All Isles of Scilly properties are valued externally by Savills. All of the London residential properties are valued externally by Savills. All of the urban commercial properties are valued externally by Avison Young. All valuations are in accordance with the RICS Valuation – Global Standards effective from 31st January 2022 (incorporating the IVSC International Valuation Standards) (the "Red Book") and, if relevant the RICS Valuation – Professional Standards UK January 2019.

Valuation fees for external valuers are a fixed amount agreed prior to the valuation and independent of the portfolio value. Internal valuers are not incentivised in any way in relation to property value.

Fair Value measurements using significant unobservable inputs (Level 3)

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

Valuation processes

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

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; and

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.

8 Investment property – Group and the Duchy *(continued)*

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

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

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

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

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

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

All in £'000	*Increase of 50 basis points*	*As disclosed*	*Decrease of 50 basis points*
Agricultural	332,127	392,708	522,319
Other rural assets	30,570	31,718	32,981
Urban commercial	213,780	238,510	270,670
Rural commercial	103,170	107,778	113,017
Residential property	216,725	219,648	223,811

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

All in £'000	*Increase of 10%*	*As disclosed*	*Decrease of 10%*
Agricultural	415,314	392,708	370,097
Urban commercial	250,750	238,510	229,345

The Fair Values at the balance sheet date, valuation techniques, nature and, where meaningful, range of unobservable inputs are shown in the table on the next page 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) – Duchy

	Property type	*Fair Value at 31st March 2023 £'000*	*Valuation techniques*	*Unobservable inputs*	*Range of unobservable inputs (where meaningful)*
Agricultural & Forestry	Agricultural	£392,708	Yield methodology	Rental values	–
				Capitalisation rate	Farms: 1.45% to 3% Bare land: 9% to 10%
			Adjusted sales comparison approach	Adjusted comparable vacant possession values	–
				Discount rate for terminal value	5% to 7%
				Estimate of period until vacant possession achieved	0 to 76 years (average 5 years)
	Forestry	£26,706	Adjusted sales comparison approach	Price per hectare	£2,471 to £79,369 (average £13,986) per hectare
	Other rural assets	£31,718	Yield methodology	Rental values	–
				Capitalisation rate	8% to 10%
				Discount rate for terminal value	6% to 12%
	Total	**£451,132**			
Commercial	Urban commercial	£238,510	Yield methodology	Rental values	Industrial: £138 psm Office: £17 to £560 psm Retail: £135 to £513 psm
				Capitalisation rate	Industrial: 5% Office: 3% to 5% Retail: 5% to 6.7% Other: 3.6% to 9.9%
	Rural commercial	£107,778	Yield methodology	Rental values	–
				Capitalisation rate	6% to 10.75%
	Total	**£346,288**			
Residential		£219,648	Yield methodology	Rental values	–
				Capitalisation rate	4% to 5%
			Adjusted sales comparison approach	Adjusted comparable vacant possession values	–
				Discount rate for terminal value	5% to 7%
				Estimate of period until vacant possession achievable, for short-term lets	0 to 18 years (average 0.8 years) Fair Value £150million
				Estimate of period until vacant possession achievable, for long-term lets	0 to 159 years (average 35 years) Fair Value £69million
Development land		£37,079	Discounted cash flow	Discount rate	7% to 8% (average 7.1%)
				Risk factor	10% to 55% (average 12.8%)
				Time to completion	< 1 year to 21 years (average 15.1 years)

9 Property, plant and equipment – Group

	Motor vehicles £'000	*Right-of-use motor vehicles £'000*	*Plant and equipment £'000*	*Right-of-use plant and equipment £'000*	*Owner-occupied property £'000*	*Right-of-use owner-occupied property £'000*	*Total £'000*
At 1st April 2021							
Cost/valuation	101	59	16,427	4,467	6,276	47	27,377
Accumulated depreciation	(74)	(14)	(6,033)	(1,347)	–	–	(7,468)
Net book value	**27**	**45**	**10,394**	**3,120**	**6,276**	**47**	**19,909**
Year ended 31st March 2022							
Additions/improvements	28	3	788	9	290	–	1,118
Transfer to investment property	–	–	–	–	(54)	–	(54)
Fully written down – cost	(31)	–	(132)	–	–	–	(163)
Depreciation charge	(20)	(18)	(1,032)	(371)	–	–	(1,441)
Fully written down – depreciation	31	–	132	–	–	–	163
Revaluation	–	–	–	–	173	–	173
At 31st March 2022	**35**	**30**	**10,150**	**2,758**	**6,685**	**47**	**19,705**
At 31st March 2022							
Cost/valuation	98	62	17,083	4,476	6,685	47	28,451
Accumulated depreciation	(63)	(32)	(6,933)	(1,718)	–	–	(8,746)
Net book value	**35**	**30**	**10,150**	**2,758**	**6,685**	**47**	**19,705**
Year ended 31st March 2023							
Additions/improvements	155	3	792	150	1,238	–	2,338
Transfer – cost	–	–	21	(21)	–	–	–
Disposal – cost	–	(18)	(77)	(26)	–	–	(121)
Fully written down – cost	–	–	(86)	–	–	–	(86)
Depreciation charge	(51)	(15)	(1,139)	(379)	–	–	(1,584)
Transfer – depreciation	–	–	(14)	14	–	–	–
Disposal – depreciation	–	16	17	25	–	–	58
Fully written down – depreciation	–	–	86	–	–	–	86
Revaluation	–	–	–	–	(627)	–	(627)
At 31st March 2023	**139**	**16**	**9,750**	**2,521**	**7,296**	**47**	**19,769**
At 31st March 2023							
Cost/valuation	253	47	17,719	4,593	7,296	47	29,955
Accumulated depreciation	(114)	(31)	(7,969)	(2,072)	–	–	(10,186)
Net book value	**139**	**16**	**9,750**	**2,521**	**7,296**	**47**	**19,769**

9 Property, plant and equipment – the Duchy

	Motor vehicles £'000	*Right-of-use motor vehicles £'000*	*Plant and equipment £'000*	*Right-of-use plant and equipment £'000*	*Owner-occupied property £'000*	*Right-of-use owner-occupied property £'000*	*Total £'000*
At 1st April 2021							
Cost/valuation	101	15	5,256	32	6,276	47	11,727
Accumulated depreciation	(74)	(9)	(2,851)	(18)	–	–	(2,952)
Net book value	**27**	**6**	**2,405**	**14**	**6,276**	**47**	**8,775**
Year ended 31st March 2022							
Additions/improvements	28	3	240	–	290	–	561
Transfer to investment property	–	–	–	–	(54)	–	(54)
Fully written down – cost	(31)	–	(132)	–	–	–	(163)
Depreciation charge	(20)	(6)	(403)	(9)	–	–	(438)
Fully written down – depreciation	31	–	132	–	–	–	163
Revaluation	–	–	–	–	173	–	173
At 31st March 2022	**35**	**3**	**2,242**	**5**	**6,685**	**47**	**9,017**
At 31st March 2022							
Cost/valuation	98	18	5,364	32	6.685	47	12,244
Accumulated depreciation	(63)	(15)	(3,122)	(27)	–	–	(3,227)
Net book value	**35**	**3**	**2,242**	**5**	**6,685**	**47**	**9,017**
Year ended 31st March 2023							
Additions/improvements	155	3	552	10	1,238	–	1,958
Transfer to investment property	–	–	–	–	–	–	–
Disposal – cost	–	(11)	(2)	–	–	–	(13)
Fully written down – cost	–	–	(86)	(26)	–	–	(112)
Depreciation charge	(51)	(4)	(473)	(4)	–	–	(532)
Disposal – depreciation	–	10	1	–	–	–	11
Fully written down – depreciation	–	–	86	26	–	–	112
Revaluation	–	–	–	–	(627)	–	(627)
At 31st March 2023	**139**	**1**	**2,320**	**11**	**7,296**	**47**	**9,814**
At 31st March 2023							
Cost/valuation	253	10	5,828	16	7,296	47	13,450
Accumulated depreciation	(114)	(9)	(3,508)	(5)	–	–	(3,636)
Net book value	**139**	**1**	**2,320**	**11**	**7,296**	**47**	**9,814**

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

10 Investments in joint ventures, associates and subsidiaries

The Group has the following undertakings for the year ended 31st March 2023:

Name	*Entity type*	*Principal activities*	*% of holding*
QMS (Poundbury) LLP*	Partnership	Investment property	100
RP (Poundbury) LLP**	Partnership	Investment property	50
Poundbury Spa LLP**	Partnership	Spa operation	15
J V Energen LLP***	Partnership	Energy supply	54
BioCarbonics Ltd***	Company****	Renewable CO_2 sourcing and marketing	30
West Country Soil Improvement Ltd***	Company****	Soil improver production and marketing	100

*Registered Office 66 Lincoln's Inn Fields, London WC2A 3LH
**Registered Office c/o C G Fry & Sons, Litton Cheney, Dorchester, Dorset DT2 9AW
***Registered Office c/o Wilkin Chapman LLP, The Maltings, Brayford Wharf, East Lincoln LN5 7AY
****Held through J V Energen LLP

Investments in joint ventures

As at 31st March 2023, the Duchy owned 50% of the members' capital of RP (Poundbury) LLP.

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Balance at 1st April	5,908	1,943
Distributed in year	(3,994)	(915)
Share of profit	29	10
Balance at 31st March	**1,943**	**1,038**

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

The latest unaudited financial statements were produced for the year ended 31st March 2023. The aggregate assets, liabilities, revenue and results for RP (Poundbury) LLP were as follows:

	As at/Year ended 31st March 2022 £'000	*As at/Year ended 31st March 2023 £'000*
Assets	3,902	2,140
Liabilities	(17)	(65)
Profit	**58**	**20**

Investments in associates

As at 31st March 2023, the Duchy owned 15% of the members' capital of Poundbury Spa LLP but 33% of the voting rights and is therefore deemed to have significant influence over the entity, so accounts for the investment as an associate. No dividends are payable until all loans have been repaid.

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
Balance at 1st April	1,342	1,379
Net invested in year	100	–
Share of loss	(63)	(47)
Balance at 31st March	**1,379**	**1,332**

The latest management accounts were produced for the year ended 31st March 2023. The aggregate assets, liabilities and results for Poundbury Spa LLP were as follows:

	As at/Year ended 31st March 2022 £'000	*As at/Year ended 31st March 2023 £'000*
Assets	3,987	3,860
Liabilities	(293)	(482)
Loss	**(422)**	**(316)**

Investments in subsidiaries

	31st March 2022 £'000	*31st March 2023 £'000*
QMS (Poundbury) LLP	6,790	6,790
J V Energen LLP	650	650
	7,440	**7,440**

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

10 Investments in joint ventures, associates and subsidiaries *(continued)*

The latest unaudited financial statements of QMS (Poundbury) LLP were produced for the year ended 31st March 2023. The revenue and results for QMS (Poundbury) LLP were as follows:

	As at/Year ended 31st March 2022 £'000	*As at/Year ended 31st March 2023 £'000*
Revenue	608	647
Profit	**524**	**561**

During the year the Duchy retained 54% of the members' capital of J V Energen LLP for £650,000 and is entitled to 59% of the partnership profits. The Duchy has also provided loans to the partnership as described in note 12. The principal activities of J V Energen LLP and its subsidiaries (BioCarbonics Ltd and West Country Soil Improvement Ltd) are the operation of an anaerobic digestion, biomethane injection and renewable carbon dioxide capture plant, the shipping and marketing of biomethane, the shipping and marketing of carbon dioxide from renewable sources, and the production and marketing of soil improvement products. Under the terms of J V Energen LLP's bank overdraft, dividends cannot be paid nor shareholders' loans or capital be repaid without prior bank approval.

The draft unaudited financial statements of J V Energen LLP were produced for the year ended 31st March 2023. The revenue and results for J V Energen LLP were as follows:

	As at/Year ended 31st March 2022 £'000	*As at/Year ended 31st March 2023 £'000*
Revenue	8,364	10,054
Profit	**2,352**	**3,230**

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

11 Financial assets – Group and the Duchy

	Fair Value through other comprehensive income			
	Equity securities Level 1 £'000	*Fixed interest securities Level 1 £'000*	*Private equity funds Level 3 £'000*	*Total £'000*
At 1st April 2021	**51,524**	**36,646**	**4,253**	**92,423**
Sale proceeds	–	–	(502)	(502)
Revaluation	2,007	(2,404)	686	289
At 31st March 2022	**53,531**	**34,242**	**4,437**	**92,210**
Sale proceeds	–	–	(4,302)	(4,302)
Revaluation	(3,445)	(3,239)	(135)	(6,819)
At 31st March 2023	**50,086**	**31,003**	**–**	**81,089**

The Fair Values of financial investments classified as Level 1 are based on quoted market prices on the 31st March 2023 under Fair Value through other comprehensive income. Level 3 investments are valued using valuation techniques in which at least one input is not based on observable market data. There were no transfers of investments between the Fair Value hierarchy levels during the year.

Several of the financial investments included above were 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:

	31st March 2022 £'000	*31st March 2023 £'000*
US Dollar exchange rate +/- 10bpt	(313)/365	–

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

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

12 Trade and other receivables

	Group 31st March 2022 £'000	*Duchy 31st March 2022 £'000*	*Group 31st March 2023 £'000*	*Duchy 31st March 2023 £'000*
Current assets:				
Trade receivables	4,408	3,953	3,640	2,996
Expected loss allowance – Trade receivables	(591)	(565)	(693)	(643)
Other receivables	1,525	1,521	347	280
Prepayments	450	192	492	319
Accrued income	4,491	2,360	5,565	2,984
Accrued income – variable consideration	–	–	237	237
Amounts due from Group subsidiaries	–	190	–	201
	10,283	**7,651**	**9,588**	**6,374**
Non-current assets:				
Other receivables	1,000	1,000	1,146	1,146
Accrued income – variable consideration	–	–	8,322	8,322
Amounts due from Group subsidiaries	–	6,222	–	5,022
	1,000	**7,222**	**9,468**	**14,490**

Accrued income – variable consideration relates to land sale receipts recognised but payable in the future where the amount receivable is dependent on future house prices. In estimating the amount of variable consideration to recognise, the Group used the most-likely amount method. At 31st March 2023, £8.322million (2022:£nil) is receivable after more than one year but all within two to five years.

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

Amounts due from the Group subsidiaries comprise two loans to J V Energen LLP – £3.6million repayable in 2026 at an interest rate of 8% and £1.623million at 6% repayable by 2030. These loans are secured against the land and buildings of the company. The recoverability of intercompany receivables and loans has been reviewed using the expected credit loss method under IFRS 9. The expected credit loss was immaterial.

All receivables are denominated in Sterling.

As of 31st March 2023, a provision of £693,000 (2022: £591,000) was made against trade receivables. 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.

Trade receivables balances are only written off when there is no reasonable expectation of recovery and when there is no enforcement action in place. Balances are not written off while enforcement action (such as a County Court Judgment) is in place.

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

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

The expected loss rates are based on risks associated with the particular property types, and our understanding of the situation faced by both specific tenants and the business sectors occupying these properties. The resulting loss allowance for 31st March 2023 is an increase on 31st March 2022 for agricultural property, a reflection of uncertainty in the UK agricultural sector. No loss allowance was required in respect of deferred development receipts where there are limited risks due to the counterparties involved. Duchy Other represents miscellaneous non-rental income, a revenue stream which remains more volatile. The outlook for other property types remain relatively unchanged.

12 Trade and other receivables *(continued)*

On that basis, the loss allowance as at 31st March 2023 was determined as follows for both trade receivables and accrued income:

Group

	Agriculture £'000	*Commercial £'000*	*Residential £'000*	*Other property £'000*	*Financial investments £'000*	*Other £'000*	*Total £'000*
31st March 2023							
Expected loss rate	13.8%	5.9%	32.6%	8.0%	0.0%	1.7%	–
Gross carrying amount – trade receivables	1,547	684	494	250	–	665	3,640
Gross carrying amount – accrued income	267	2,006	93	262	561	2,376	5,565
Expected loss rate	–	–	–	–	–	0.0%	–
Gross carrying amount – accrued income – variable consideration	–	–	–	–	–	8,559	8,559
Loss allowance	**250**	**160**	**191**	**41**	**0**	**51**	**693**
31st March 2022							
Expected loss rate	10.8%	6.5%	32.7%	7.1%	0.0%	0.6%	–
Gross carrying amount – trade receivables	1,406	1,314	441	479	–	768	4,408
Gross carrying amount – accrued income	297	1,268	70	257	467	2,132	4,491
Expected loss rate	–	–	–	–	–	–	–
Gross carrying amount – accrued income – variable consideration	–	–	–	–	–	–	–
Loss allowance	**185**	**169**	**167**	**52**	**0**	**18**	**591**

Duchy

	Agriculture £'000	*Commercial £'000*	*Residential £'000*	*Other property £'000*	*Financial investments £'000*	*Other £'000*	*Total £'000*
31st March 2023							
Expected loss rate	13.8%	6.7%	31.3%	8.0%	0.0%	14.8%	–
Gross carrying amount – trade receivables	1,548	566	470	250	–	162	2,996
Gross carrying amount – accrued income	267	1,826	67	263	561	–	2,984
Expected loss rate	–	–	–	–	–	0.0%	–
Gross carrying amount – accrued income – variable consideration	–	–	–	–	–	8,559	8,559
Loss allowance	**250**	**160**	**168**	**41**	**0**	**24**	**643**
31st March 2022							
Expected loss rate	10.8%	6.4%	32.7%	7.1%	0.0%	0.8%	–
Gross carrying amount – trade receivables	1,408	1,243	431	479	–	392	3,953
Gross carrying amount – accrued income	297	1,268	71	257	467	–	2,360
Expected loss rate	–	–	–	–	–	–	–
Gross carrying amount – accrued income – variable consideration	–	–	–	–	–	–	–
Loss allowance	**185**	**161**	**164**	**52**	**0**	**3**	**565**

12 Trade and other receivables *(continued)*

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

	Group 31st March 2022 £'000	*Duchy 31st March 2022 £'000*	*Group 31st March 2023 £'000*	*Duchy 31st March 2023 £'000*
Opening loss allowance at 1st April	501	477	591	565
Increase in loss allowance recognised in Revenue account	132	130	189	165
Net receivables written off	(42)	(42)	(87)	(87)
Closing loss allowance at 31st March	**591**	**565**	**693**	**643**

The creation, release and utilisation of the provision for impaired receivables has been included in the Revenue account statement of comprehensive income.

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

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

13 Investment property assets held for sale – Group and the Duchy

	Year ended 31st March 2022 £'000	*Year ended 31st March 2023 £'000*
At 1st April	15,582	14,307
Disposal	(12,779)	(4,014)
Capitalised development expenditure	–	790
Capital improvements	4	–
Transfer from investment property	10,436	8,446
Revaluation in year	1,064	(4,818)
At 31st March	**14,307**	**14,711**

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. Where sales have taken longer to complete than anticipated, some assets may be in this category for longer than 12 months.

14 Trade and other payables

	Group 31st March 2022 £'000	*Duchy 31st March 2022 £'000*	*Group 31st March 2023 £'000*	*Duchy 31st March 2023 £'000*
Current liabilities:				
Trade payables	3,400	2,519	3,049	2,700
Accruals	4,114	3,546	4,725	4,177
Social security and other taxes	335	278	1,149	1,012
Payments received on account	1,628	1,628	1,263	1,263
Income received in advance	5,052	4,948	5,065	5,000
Other payable	250	250	282	282
	14,779	**13,169**	**15,533**	**14,434**
Non-current liabilities:				
Payments received on account	4,028	4,028	2,136	2,136
Other payable	500	500	250	250
	4,528	**4,528**	**2,386**	**2,386**

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

Included within Other payable above is an amount for £0.50million (2022: £0.75million) relating to the Group's obligation to make dowry payments in connection with certain water and sewerage services on the Isles of Scilly. The dowry is payable in four equal annual instalments, with the first paid on 1st April 2021.

15 Borrowings and derivative financial instruments – Group and the Duchy

Group

	Less than 1 year £'000	*1–5 years £'000*	*Over 5 years £'000*	*Total £'000*
At 31st March 2023				
Borrowings	702	33,380	104,396	**138,478**
Interest rate swaps – cash flow hedges (Level 2)	–	(3,219)	–	**(3,219)**
At 31st March 2022				
Borrowings	382	4,069	133,197	**137,648**
Interest rate swaps – cash flow hedges (Level 2)	–	–	(881)	**(881)**

Duchy

	Less than 1 year £'000	*1–5 years £'000*	*Over 5 years £'000*	*Total £'000*
At 31st March 2023				
Borrowings	–	32,755	104,396	**137,151**
Interest rate swaps – cash flow hedges (Level 2)	–	(3,219)	–	**(3,219)**
At 31st March 2022				
Borrowings	–	2,746	133,193	**135,939**
Interest rate swaps – cash flow hedges (Level 2)	–	–	(881)	**(881)**

As part of the risk management strategy, the Duchy Finance Committee concluded that it wished to lock in to low interest rates. Management intends to achieve this by hedging the interest rate risk arising on the variable interest payable on bank debt using interest rate swap with a receive variable rate (3M SONIA) and pay fixed interest rate (1.397%). The Duchy has an interest rate derivative designated into a cash flow hedge relationship on the bank loan facility totalling £30million. The notional amount of the interest rate derivative is £30million. As at 31st March 2023, a gain of £2.254million (2022: £2.162million) was recognised in other comprehensive income in the Capital account statement of comprehensive income, in respect of the effective cash flow hedge relationship. This is classified as a Level 2 financial instrument measured at Fair Value on directly or indirectly observable inputs.

The bank loan of £30million is repayable in 2027 and has been fully swapped to a fixed rate of 2.597%. The Fair Values of borrowings are not considered to be significantly different from their carrying value.

During previous financial years, J V Energen LLP and its subsidiaries (BioCarbonics Ltd and West Country Soil Improvement Ltd) took out Government-backed loans through the Coronavirus Business Interruption Loan Scheme (CBILS) and the Bounce Back Loan Scheme, on the standard terms available to all applicants, to support the businesses through operational and trading difficulties. J V Energen LLP borrowed £1.5million under CBILS, repayable in 66 instalments, at an interest rate of 4% above base rate. At 31st March 2023, £0.844million (2022: £1.111million) remained outstanding on the loan. BioCarbonics Ltd and West Country Soil Improvement Ltd borrowed £50,000 and £30,000 respectively under the Bounce Back Loan Scheme. Repayments for both are in 60 instalments at a fixed interest rate of 2.5% per annum. Under both the CBILS and Bounce Back Loans Scheme, no interest is charged for the first 12 months. At 31st March 2023, £40,000 (2022: £50,000) and £24,000 (2022: £25,000) remained outstanding on these loans.

During the previous financial year, a loan facility of up to £7million was agreed for the construction of specific infrastructure at Nansledan. The loan is repayable by 2026 and has a fixed interest rate of 3%. The total drawn down under facility as 31st March 2023 was £3.754million (2022: £2.746million). During the year, £108,000 (2022: £nil) of interest payable was capitalised within development additions.

On the 29th March 2019 the Duchy issued £105million of bonds maturing between 2059 and 2069 at fixed interest rates of between 2.68% and 2.73%. £75million was utilised to repay £75million of bank borrowings.

The valuation of interest rate swaps (classified as level 2) is taken from the counterparty bank. The economic relationship between hedged item (bank loan) and a hedging instrument (interest rate swap), as well as ineffectiveness (if any), is determined by using the dollar-offset methodology. Under this methodology a hypothetical derivative is constructed on the designation date to model the change in the Fair Value of the hedged item. This is constructed without the inclusion of credit risk. The hypothetical derivative will therefore be constructed as a 'receive fixed GBP, and pay floating GBP SONIA' interest rate swap. Potential sources of ineffectiveness are changes in the credit risk of the Duchy or the counterparty to the interest rate swap (which management considers not material at year end) and movements in the starting value of the hedging instrument on the hedge relationship designation date due to the off-market rate of the interest rate swap. Ineffectiveness (if any) is recorded in profit or loss. The change in Fair Value of the hedging instrument of £2.338million (2022: £2.246million) and the Fair Value of the hedged item of £2.824million (2022: £1.81million) was used as the basis for recognising hedge ineffectiveness for the year.

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

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

In 2017, the Duchy refinanced one of its borrowings to extend the maturity date and reduce the interest. The interest payable on the loan decreased from SONIA +1.4% to SONIA +1.25%. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

	Group Year ended 31st March 2022 £'000	*Duchy Year ended 31st March 2022 £'000*	*Group Year ended 31st March 2023 £'000*	*Duchy Year ended 31st March 2023 £'000*
Net surplus on the Revenue account	23,966	21,817	25,685	22,174
Net surplus on the Capital account	88,316	87,567	30,174	31,575
Adjusted for:				
IFRS 9 effective interest	191	191	196	196
Bond transaction costs	8	8	8	8
Depreciation	1,441	438	1,584	532
Impairment of financial assets	(29)	(29)	(10)	(10)
Interest and dividend income on Fair Value through other comprehensive income assets	(3,167)	(3,167)	(3,048)	(3,048)
Net finance costs	3,847	2,465	3,674	2,420
Share of loss from associate and joint venture	63	63	47	47
Shortfall of pension charge over contributions	(342)	(342)	(415)	(415)
Net gain from Fair Value of investment property	(67,758)	(67,008)	(24,632)	(26,034)
Net (gain)/loss from Fair Value of investment property held for sale	(1,064)	(1,064)	4,818	4,818
Net gain on property held for sale	(1,801)	(1,801)	(4,699)	(4,699)
Profit on disposal of investment property	(19,615)	(19,615)	(8,643)	(8,643)
Decrease/(increase) in inventories	104	(159)	173	(52)
(Increase)/decrease in trade receivables	(1,461)	(491)	(210)	383
Decrease in trade payables	733	9	646	1,179
Net cash inflow from operating activities	**23,432**	**18,882**	**25,348**	**20,431**

17 Related party transactions

Two members of The Prince's Council are also trustees of The Duke of Cornwall's Benevolent Fund to which the Duchy of Cornwall, on behalf of The Duke of Cornwall, pays surplus receipts of bona vacantia as detailed in note 18. There were no transactions with the trustees during the financial year and, as at 31st March 2023, there was £nil (2022: £nil) remaining payable to the trustees.

Certain Duchy properties were occupied by His Majesty The King and his office staff for living accommodation or commercial activities. These were let at open market values; the total value of annual rent charged amounted to £644,830 (2022: £659,285). As at 31st March 2023 there was £59,763 (2022: £nil) remaining payable to the Duchy. During the year to 31st March 2023, the Duchy received £nil (2022: £690,000) in respect of the sale of long leases on former rental properties.

During the period to 8th September 2022, the Duchy paid Mrs Annabel Elliot, the 24th Duke of Cornwall's sister-in-law, in the normal course of business and on an arm's length basis £19,625 (2022: £32,920) for fees and commission and £12,316 (2022: £30,373) for the purchase of furniture, furnishings and retail stock for the Duchy of Cornwall holiday accommodation, Duchy offices and Duchy Nursery. At 31st March 2023 there was £nil (2022: £5,376) remaining payable to Mrs Elliot in respect of these.

The Duchy invoiced the Prince of Wales's Office for £nil (2022: £104,080) in respect of carbon offset, £29,370 (2022: £25,133) for accommodation costs and £5,366 (2022: £19,686) towards staff time, machinery and material costs for woodland work. At 31st March 2023 there was £nil (2022: £4,640) remaining payable to the Duchy.

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 2023 the Duchy of Cornwall made the following payments to key management personnel: short-term employee benefits (salary) £1.245million (2022: £1.563million); post-employment benefits (retirement benefit plan contribution) £157,000 (2022: £157,000); benefits £49,000 (2022: £27,000); total £1.451million (2022: £1.747million).

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

During the year the Duchy received £511,107 of interest on loans to J V Energen LLP (2022: £562,288). In addition, the Duchy leased areas of land to a Partnership for which rent of £185,077 (2022: £172,662) from J V Energen LLP was received.

18 Bona vacantia

During the year His Royal Highness, by right of his Duchy of Cornwall, received bona vacantia (being the estate of deceased intestates resident in Cornwall and dying without next of kin or assets remaining following dissolution of a company registered in Cornwall) of £160,000 (2022: £293,000) before allowing for ex gratia payments, returns and other associated costs of £109,000 (2022: £42,000). Surplus receipts of bona vacantia by His Royal Highness are paid over to The Duke of Cornwall's Benevolent Fund; £50,000 (2022: £200,000) was paid during the year. At 31st March 2023 the Duchy retained £811,000 (2022: £810,000) within creditors to meet potential future claims from individuals statutorily entitled to estates that had previously passed as bona vacantia to His Royal Highness.

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

19 Capital commitments

At 31st March 2023 the Duchy had Capital commitments of £6.444million (2022: £21.886million) for development expenditure, fixed asset acquisitions, property purchases and improvement works; and £nil (2022: £1.815million) for the acquisition of financial investments.

A number of Duchy property leases include a commitment to appropriately compensate tenants at the end of the lease for capital improvements they have made during their tenancy. The improvements must be agreed in advance with the Duchy and a formula is used to derive the value of the improvements at the end of the lease, to ensure appropriate depreciation is included within the value. Due to some leases also including clauses for the tenant to pay the Duchy for dilapidations to the property, the requirement to pay out cash rarely occurs. No provision has been made been made for these commitments as they are not probable.

20 Financial Instruments – Group

	Note	*Held at Fair Value through other comprehensive income (Capital) £'000*	*Amortised cost £'000*	*31st March 2022 £'000*
Assets				
Financial assets	11	92,210	–	92,210
Trade and other receivables excluding prepayments and accrued income	12	–	6,342	6,342
Derivative financial instruments	15	881	–	881
Cash and cash equivalents		–	49,048	49,048
		93,091	**55,390**	**148,481**
Liabilities				
Trade and other payables excluding non-financial liabilities	14	–	(19,307)	(19,307)
Borrowings	15	(4,455)	(133,193)	(137,648)
		(4,455)	**(152,500)**	**(156,955)**

	Note	*Held at Fair Value through other comprehensive income (Capital) £'000*	*Amortised cost £'000*	*31st March 2023 £'000*
Assets				
Financial assets	11	81,089	–	81,089
Trade and other receivables excluding prepayments and accrued income	12	–	4,440	4,440
Derivative financial instruments	15	3,219	–	3,219
Cash and cash equivalents		–	27,312	27,312
		84,308	**31,752**	**116,060**
Liabilities				
Trade and other payables excluding non-financial liabilities	14	–	(17,919)	(17,919)
Borrowings	15	(5,081)	(133,397)	(138,478)
		(5,081)	**(151,316)**	**(156,397)**

20 Financial Instruments – the Duchy

	Note	*Held at Fair Value through other comprehensive income (Capital) £'000*	*Amortised cost £'000*	*31st March 2022 £'000*
Assets				
Financial assets	11	92,210	–	92,210
Trade and other receivables excluding prepayments and accrued income	12	–	12,131	12,131
Derivative financial instruments	15	881	–	881
Cash and cash equivalents		–	48,519	48,519
		93,091	**60,650**	**153,741**
Liabilities				
Trade and other payables excluding non-financial liabilities	14	–	(17,697)	(17,697)
Borrowings	15	(2,746)	(133,193)	(135,939)
		(2,746)	**(150,890)**	**(153,636)**

	Note	*Held at Fair Value through other comprehensive income (Capital) £'000*	*Amortised cost £'000*	*31st March 2023 £'000*
Assets				
Financial assets	11	81,089	–	81,089
Trade and other receivables excluding prepayments and accrued income	12	–	9,002	9,002
Derivative financial instruments	15	3,219	–	3,219
Cash and cash equivalents		–	25,383	25,383
		84,308	**34,385**	**118,693**
Liabilities				
Trade and other payables excluding non-financial liabilities	14	–	(16,820)	(16,820)
Borrowings	15	(3,754)	(133,397)	(137,151)
		(3,754)	**(150,217)**	**(153,971)**

21 Financial risk management

A review of the Group's financial and non-financial risks is set out on pages 36 to 41. This includes the strategic and operational risks of capital cash generation and tenant livelihoods, and the financial risks associated with credit investments.

Market risk

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

Liquidity risk

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

	Less than 1 year £'000	*2–5 years £'000*	*More than 5 years £'000*	*Total £'000*
Borrowings	702	34,379	105,000	**140,081**
Net interest payable on loans/swaps	3,603	14,218	97,828	**115,649**
Trade and other payables	8,056	250	–	**8,306**
Lease liabilities	479	1,656	226	**2,361**
At 31st March 2023	**12,840**	**50,503**	**203,054**	**266,397**
At 31st March 2022	12,210	20,718	236,780	269,708

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

There is further narrative on how the Duchy manages liquidity risk on pages 36 to 38 regarding the strategic and operational risks of capital cash generation and tenant livelihoods, as well as discussion on financial credit risk.

Credit risk

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

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

21 Financial risk management *(continued)*

Capital management

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

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

22 Cash and cash equivalents

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

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

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

	Group 31st March 2022 £'000	*Duchy 31st March 2022 £'000*	*Group 31st March 2023 £'000*	*Duchy 31st March 2023 £'000*
Loans and other borrowings	137,648	135,939	138,478	137,151
Lease liabilities	2,664	57	2,361	60
Less: cash and cash equivalents	(49,048)	(48,519)	(27,312)	(25,383)
Net debt	**91,264**	**87,477**	**113,527**	**111,828**

Included within cash and cash equivalents are the following restricted funds:

	Group 31st March 2022 £'000	*Duchy 31st March 2022 £'000*	*Group 31st March 2023 £'000*	*Duchy 31st March 2023 £'000*
Rent deposit accounts	392	366	396	382

Reconciliation of liabilities arising from financing activities:

			Non-cash changes		
	Group 1st April 2021 £'000	*Cash flows – additional borrowings/ (borrowings repaid) £'000*	*Other £'000*	*New leases £'000*	*Group 31st March 2022 £'000*
Lease liabilities	3,176	(524)	–	12	2,664
Borrowings	135,719	1,729	200	–	137,648
	138,895	1,205	200	12	140,312

			Non-cash changes		
	Group 1st April 2022 £'000	*Cash flows – additional borrowings/ (borrowings repaid) £'000*	*Other £'000*	*New leases £'000*	*Group 31st March 2023 £'000*
Lease liabilities	2,664	(456)	–	153	2,361
Borrowings	137,648	626	204	–	138,478
	140,312	170	204	153	140,839

Treasury consents

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

Authority for expenditure of up to £2,250,000 to reduce carbon emissions and for the assessment and improvement of natural capital

Authority for expenditure of up to £700,000 towards the grant of planning fees for a development project

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

Authority for expenditure of up to £1,100,000 on energy efficiency improvements

Authority for expenditure of up to £1,375,000 on constructing a retaining wall

Authority for expenditure of up to £1,650,000 on improvements and infrastructure

Authority for expenditure of up to £750,000 on a building construction

Authority for expenditure of up to £760,000 on a building construction

Authority for expenditure of up to £1,100,000 on buildings conversion

Authority for expenditure of up to £300,000 on buildings conversion

Authority for expenditure of up to £1,433,000 on a building extension

Authority for expenditure of up to £850,000 on building improvements

Authority for the sale of property for £1,738,320 plus a share of gross sales prices

Authority for the sale of property for £1,002,332 plus a share of gross sales prices

Authority for the sale of property for £578,165 plus a share of gross sales prices

Authority for the sale of property for £571,037 plus a share of gross sales prices

Authority for the sale of property for £428,963 plus a share of gross sales prices

Authority for the sale of property for £421,835 plus a share of gross sales prices

Authority for the sale of a property for £464,350

Authority for the sale of a property for £423,150

Authority for the purchase of a leasehold interest for £1,000,000

Authority for the purchase of a property for £1,239,250

Alastair Martin
Secretary and Keeper of the Records
16th June 2023

Appendix

Accounts Direction given by HM Treasury

1. The Duchy of Cornwall shall prepare accounts for the financial year ended 31st March 2023 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 UK-adopted International Accounting Standards.

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 7th June 2022. It shall be reproduced as an appendix to the accounts.

David Fairbrother
Treasury Officer of Accounts
13th June 2023

Other information

In this section

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 shall 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, 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 2022 and the contribution rate reviewed to ensure that the deficit is forecast to be made good within the term recommended by the actuary and agreed by the trustees. The pension reserve required by IAS 19 shall be a separate non-distributable reserve within the balance sheet.

Carbon report

31st March 2023

The Duchy of Cornwall has maintained a long-standing commitment to understanding and reducing its GHG emissions. It has calculated and published GHG data on Scope 1 and 2 emissions for the last 17 years, and in last year's report provided a first set of Scope 3 GHG accounts. Our full strategy for achieving net zero can be viewed in our stand-alone Net Zero Carbon Report, released in 2022. We have a target to achieve net zero across our Scope 1, 2 and 3 emissions by the early 2030s.

Here, we provide our Scope 1 and 2 GHG emissions for FY 2022/23 (and three previous years), and re-state our estimated Scope 3 emissions for baseline year FY 2019/20. Our Scope 3 GHG emissions will be recalculated periodically in accordance with improved data sources and decarbonisation activities, with our next update anticipated in FY 2023/24 or FY 2023/25.

Duchy GHG performance

Table 1: Scope 1, 2 and 3 GHG emissions summary

tCO_2e	*2018/19*	*2019/20 (baseline year)*	*2021/22*	*2022/23*
Scopes 1 and 2 (market based)	26	46	86	90
Scope 3		234,814		
Total GHG emissions		**234,860**		
Sequestration		26,040		
Net		**208,820**		

Table 2: Scope 1 and 2 GHG emissions breakdown

	Units	*2018/19*		*2019/20 (Scope 3 baseline year)*		*2021/22*		*2022/23*	
Location based (L) or Market based (M)		*L*	*M*	*L*	*M*	*L*	*M*	*L*	*M*
Scope 1 – Buildings (fossil fuels)	tCO_2e	79	20	92	32	92	26	85	24
Scope 1 – Buildings (biomass fuels)	tCO_2e	22	22	17	17	11	11	10	10
Scope 1 – Non-stationary fuels	tCO_2e	40	40	45	45	42	42	48	48
Scope 2 – Electricity	tCO_2e	194	6	190	14	139	7	150	8
Total GHG emissions	tCO_2e	**335**	**89**	**343**	**108**	**283**	**86**	**293**	**90**
GHG intensity: Scopes 1 and 2 tCO_2e per FTE	tCO_2e/FTE	3.1	0.8	3.2	1.0	2.3	0.7	2.7	0.8
Biogenic CO_2 emissions (out of scope)	tCO_2e	590	590	441	441	330	330	397	397
Energy consumption in buildings									
Gas	MWh	321		325		356		346	
Electricity	MWh	691		748		596		775	
Oil	MWh	81		129		106		90	
Total	**MWh**	**1,093**		**1,202**		**1,058**		**1,212**	

Carbon report (continued)

31st March 2023

GHG sources included in Scope 1 and 2 reporting

The GHG sources included in the Scope 1 and 2 reporting above are:

- Consumption of fossil fuels, electricity, and biofuels (e.g. woodchip) in Duchy offices, holiday lets and Duchy Nursery. These GHG sources correspond to GHGs listed against the buildings and electricity rows in Table 2.
- Fossil fuels consumed through mobile combustion, which covers vessels operating on the Isles of Scilly, vehicles and machinery operated by the Duchy woodlands team, and a small number of vehicles owned and used across the rural estate. These GHG sources correspond to GHGs listed against non-stationary fuels in Table 2.

Location-based and market-based reporting

All offices and trading businesses purchase only electricity generated from renewable sources backed by Renewable Energy Guarantee of Origin certificates, and purchase gas backed by Renewable Gas Guarantees of Origin registered through the Green Gas Certification Scheme. The 'market-based' reporting above includes the use of these certificates (indicated in columns marked 'M'). The 'location-based' reporting is based on grid-average GHG intensity factors for electricity and gas consumption (indicated in columns marked 'L').

Scope 1 and 2 energy-efficiency measures

The Cornwall and Devon offices have biomass boilers, the Hereford office has a heat pump and the Bath office has a roof-mounted solar PV array.

Reconciliation with previous reporting

Table 2 includes an expanded set of Scope 1 and 2 records compared with our previous reporting. Table 3 reconciles these totals.

Table 3: Scope 1 and 2 GHG reporting reconciliation

	Units	*2018/19*	*2019/20*	*2021/22*
FY 2021/22 Integrated Annual Report:				
Scope 1 and 2 emissions	tCO_2e	26	46	33
FY 2022/23 Integrated Annual Report:				
Scope 1 – buildings (market based, fossil fuels)	tCO_2e	20	32	26
Scope 2 – electricity consumption (market based)	tCO_2e	6	14	7
Total – emissions	tCO_2e	**26**	**46**	**33**

The two highlighted rows match, showing the cells in Table 2 corresponding to market-based building energy consumption from fossil fuels, and market-based electricity consumption, align with our Scope 1 and 2 reporting in previous years. Table 2 includes additional Scope 1 and 2 details compared with previous reporting to provide further transparency regarding our Scope 1 and 2 GHG emissions.

Carbon report (continued)

31st March 2023

Scope 3 emissions

Table 4 provides a breakdown of our GHG emissions by Scope 3 category. A description of the associated methodology can be found in our Net Zero Carbon Report, published in 2022. The baseline year is FY 2019/20, though some data falls outside this period due to the challenges associated with accessing data relating to Scope 3 GHG sources.

Table 4: Baseline Scope 3 GHG emissions breakdown

Scope 3 emissions by GHG category		*GHG emissions (tCO_2e)*	*GHG emissions (%)*
1: Purchased goods and services		3,230	1%
2: Capital goods		11,320	5%
3: Fuel-and-energy-related activities (FERA)		22	<1%
4: Upstream transportation and distribution	Out of scope as immaterial		
5: Waste generated in operations	Covered in category 1		
6: Business travel		98	<1%
7: Employee commuting		74	<1%
8: Upstream leased assets	Out of scope as immaterial		
9: Downstream transportation and distribution	Out of scope as immaterial		
10: Processing of sold products	Out of scope as immaterial		
11: Use of sold productions	Out of scope as immaterial		
12: End-of-life treatment of sold products	Out of scope as immaterial		
13: Downstream leased assets		211,184	90%
14: Franchises	Out of scope as immaterial		
15: Investments		8,886	4%
Total		**234,814**	
Sequestration		26,040	
Net total		**208,774**	

Scope 3 emissions by Duchy asset type	*GHG emissions (tCO_2e)*	*GHG emissions (%)*
Land use and farming	144,783	62%
Peatland	55,400	24%
Construction	11,323	5%
Financial investments	8,886	4%
Rural commercial property	6,580	3%
Residential property	3,487	1%
Urban commercial property	3,324	1%
Trading enterprises	451	<1%
Other rural and marine assets	349	<1%
Duchy operational	231	<1%
Total	**234,814**	
Sequestration	26,040	
Net total	**208,774**	

A note on Science-Based Targets

The Duchy of Cornwall has set a Scope 1, 2 and 3 net zero target for the early 2030s. It is our intention, therefore, to reach net zero ahead of the Science Based Target initiative's (SBTi) backstop date of 2050. The SBTi is currently prioritising corporate organisations for review and verification of targets. Due to the Duchy's unique organisation type, formal target verification is yet to be possible. However, the Duchy will continue to use the SBTi's requirements to inform our decarbonisation approach. In this regard, over the past year we have followed the SBTi's release of Forest, Land and Agriculture Guidance ('FLAG' Guidance) closely, given our extensive rural land holdings. This guidance will continue to inform our decarbonisation work into FY 2023/24.

A note on carbon sequestration

This year the GHG Protocol has released new guidance for reporting on GHG emissions in the Forest, Land and Agriculture sector. This guidance states carbon sequestration occurring where the reporting organisation controls both the transfer of carbon via carbon sinks, and the ongoing storage of the carbon, should be reported within Scope 1. Where only one of either the transfer of carbon via carbon sinks, or the storage of carbon, is controlled by the reporting organisation, the associated sequestration should be reported as Scope 3. Following this guidance, the Duchy reports that approximately 16,300 tCO_2e of sequestration could be considered to fall within its Scope 1 boundary, and approximately 9,700 tCO_2e of sequestration could be considered to fall within its Scope 3 boundary. Given the difference in magnitude between our Scope 1 and 2 GHG emissions, and this scale of sequestration, we have opted to maintain our previous presentation format.

Surface area report

31st March 2023

The Duchy of Cornwall is a landed estate of 52,434.1 hectares. The extent and distribution of the major land holdings at 31st March 2023 were as follows:

	Hectares
Devon	28,423.5
Cornwall	7,540.4
Hereford	5,366.8
Somerset	4,979.9
Isles of Scilly	1,606.4
Dorset	1,320.9
Wiltshire	1,253.2
Gloucestershire	658.4
Shropshire	393.2
Kent	349.0
Nottinghamshire	287.4
Oxfordshire	110.4
Carmarthenshire	95.9
Vale of Glamorgan	19.6
Greater London	10.1
Hertfordshire	7.0
Buckinghamshire	4.4
Norfolk	2.2
Essex	2.2
West Midlands	1.7
Berkshire	1.5
Total	**52,434.1**

DUCHY *of* CORNWALL

INTEGRATED ANNUAL REPORT

Year ended 31st March 2023

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Duchy of Cornwall staff

Front cover image

The front cover shows Rushy Bay on Bryher, Isles of Scilly.