

SUSTAINABLE STEWARDSHIP





INTEGRATED ANNUAL REPORT 2024

For the year ended 31st March 2024

WELCOME

This Integrated Annual Report summarises activity on the Duchy of Cornwall estate for the year ended 31st March 2024. 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 seeks to illustrate how the estate has been led during The 25th Duke of Cornwall's first full year, and to set out our future planning.

CONTENTS

Strategic report

- 8 Introduction
- 10 Letter from the Secretary
- 12 Value creation
- 14 Our year
- 16 Understanding what matters most
- 18 How we create and share value
- 20 Viability
- 22 People
- 26 Sustainability
- 30 Governance
- 32 Identifying and addressing risks
- 38 Climate and nature-related financial risks
- 45 Risk governance

Governance

- 48 Governance at a glance
- 50 Governance roles and activities
- 52 Governance, engagement and consultation
- 54 The Prince's Council and Committees
- 58 Other disclosures
- 59 Proper Officer's report

Accounts

- 62 Independent auditor's report to The Duke of Cornwall
- 65 Financial statements
- 73 Notes to the financial statements
- 105 Treasury consents
- 106 Appendix

Other information

- 110 Accounting and disclosure requirements
- 111 Greenhouse gas report
- 118 Surface area report

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 future generations.

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.





STRATEGIC REPORT

In this section

8	Introduction
10	Letter from the Secretary
12	Value creation
14	Our year
16	Understanding what matters most
18	How we create and share value
20	Viability
22	People
26	Sustainability
30	Governance
32	Identifying and addressing risks
38	Climate and nature-related financial risks
45	Risk governance

INTRODUCTION





Our decades-long vision of Sustainable Stewardship is at the heart of what we do. We continue to view our role as protectors of a unique and precious heritage, which contains incredibly biodiverse ecosystems and natural resources, as well as the communities who live and work across the estate.

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 of Wales’s goals so that it can be passed with pride to future generations.

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 ➔

LETTER FROM THE SECRETARY

The year just ended, 2023/24, has been one of both consolidation and continued change at the Duchy, as our new Duke explores what the Duchy will mean to him.



Alastair Martin, Secretary and Keeper of the Records

Our emerging strategic goals under his leadership are fourfold: to grow income while maintaining value, to become a net zero estate by 2032, to be an exemplar estate for mental health provision for tenants and staff, and, working with others, to address the homelessness challenge in Cornwall. I hope this, our seventh annual report since we adopted the formal integrated thinking and reporting structure, which is recommended by the International Financial Reporting Standards (IFRS), will explain how we are addressing these goals.

Our headline vision of Sustainable Stewardship – for Communities, Enterprise and Nature remains unchanged. 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. Over the years, I have had the privilege of introducing the 25th Duke to the Duchy, with visits to the estate to meet tenants, and more recently as he and his advisers attended meetings of various Duchy Committees. This year has been the first full year with the “new team” in post, and it has been a busy year. Four meetings of The Prince’s Council were held. In addition, His Royal Highness attended a number of other committee meetings and visited tenants and property. Our new Council members and advisers have given generously of their time and expertise, both in meetings and across the estate.

I have particularly enjoyed working with Kensington Palace, The Royal Foundation and The Earthshot Prize this year to ensure The Duke’s priorities are implemented consistently across our three organisations.

In 2017 we started annual tenant surveys, cycling around residential, commercial and agricultural tenants. After two rounds, we paused in 2022 for a staff survey. This year we have re-engaged with our residential tenants. Looking at the rolling average results, our net promoter score remains encouraging but has declined marginally since we started seeking feedback. Our tenants would like us to respond more quickly when problems arise, and to keep them better informed, but I was pleased to see that Duchy staff are again viewed as being very friendly and approachable. This year we also asked about mental health and wellbeing, and concerns about the cost of living. We will be actively monitoring these areas to see how we can best help.

Significant new housing is being delivered at our main developments of Poundbury and Nansledan, despite a more cautious general market than last year. The mixture of private and affordable accommodation, alongside employment and community facilities, has been maintained. We have a planning application running for a development at Faversham in Kent, which has been the subject of much consultation locally over the last six years and which, if consented, will provide much-needed innovative sustainable housing and employment.

The Duchy exists to provide an income to The Duke of Cornwall. In recent years, the surplus generated has been subject to greater variation than for quite some time; there was the understandable but exceptional fall in 2020/21, as our tenants and their businesses struggled with the pandemic. In 2021/22 the surplus recovered to more normal levels, at £23million. In 2022/23 we expected little increase, but some unexpected additional one-off income resulted in a record surplus of £24million. In my letter last year I said that the surplus for 2023/24 could not replicate this but we actually got quite close at £23.6million. I am pleased this was achieved while still spending a record amount on repairs and maintenance and investing in our staff and our sustainability programmes. Again, it would be imprudent to expect much of an increase on this over the coming year.

Following some modest changes in personnel with the arrival of a new Duke in 2022/23, our governance bodies have been relatively stable this year. All the Proper Officers remain the same, as does The Prince's Council. There have been a few changes in Council advisers. I am delighted to welcome Emily Norton and Kate Holborow to the Rural Committee, and Sean Carney to the Finance and Audit Committee. Sean is Chief Operating Officer at Kensington Palace, and replaces Guy Monson, previously Treasurer to Their Royal Highnesses. I am indebted to Guy for his guidance and support. Full details of our governance structure are on pages 47 to 57.

It is with a certain poignancy that I say I will be leaving the Duchy of Cornwall in September. I am not going far: I am deeply honoured that HM The King has invited me to become Chief Executive and Clerk of the Council of the Duchy of Lancaster, a challenge I look forward to immensely. I have served on that Duchy's Council since January 2023 and on their Rural Committee (which I now chair) since 2022. It has been the greatest privilege to serve His Majesty as his seventh Secretary of the Duchy of Cornwall and now as the first such Secretary to His Royal Highness The Prince of Wales. To have worked alongside two individuals who have taken such a passionate interest in the Duchy, its tenants and its staff has made my job a huge pleasure.

A process for finding my successor started in January and I look forward to an announcement being made over the summer. Staff 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 diversity*. I am therefore confident that I leave the Duchy of Cornwall in excellent hands. I would like to thank all of my colleagues for making the decade since I joined the Duchy in 2013 so interesting, enjoyable and fulfilling. I am proud to have been part of this unique organisation at a time of such great change.



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, 18th June 2024

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.

HIGHLIGHTS

Distributable surplus

£23.6m

1.8% average annualised increase over the last five years (2022/23: £24m)

Farm tenancies

21 years

Average length of Farm Business Tenancies (2022/23: 20 years)

Renewable energy installed capacity

3 MW

of installed capacity in solar PV, biomass boilers, heat pumps and a hydro-electric scheme, at a cost of £4m (2022/23: 3MW)

Net assets

£1,109m

including £1,076m of investment property assets, £103m of financial investments and £137m of borrowings (2022/23: £1.075m)

Environmental impact

224,401 tCO₂e

Scope 1, 2 and 3 emissions (224,557 restated baseline year 2019/20)

Sequestration and avoided emissions

28,246 tCO₂e

removed annually through woodlands, marine assets, and biomethane and renewable electricity generation

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 some 52,250 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
- Prioritising diversity as we continue to build an inclusive workforce.



Brimpts Farm, Dartmoor

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.



EV charging points, Poundbury

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
- To conduct our business in accordance with recognised standards of sustainable management that protect the planet.

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 65.

Enhanced natural capital

By supporting sustainable farming and rural communities. Read about how we are reducing our environmental impact on page 26.

Stronger communities

By stimulating local prosperity and supporting rural infrastructure. Read about how we are supporting communities on page 24 and 53.



Peninsula Way, Poundbury

OUR YEAR

2023

APRIL

On Thursday 20th April Hereford farming tenants gathered at Lower Blakemere Focus Farm for a visit to discuss the Duchy's Future Farming ambitions in the Wye Valley.

MAY

Some Duchy staff were invited to attend the Coronation of King Charles III and Queen Camilla at Westminster Abbey. Colleagues were honoured to be invited to both the day event and the concert at Windsor Castle, which they agreed was a very "special evening".

JUNE



Plans to expand, regenerate and increase resilience of the Wistman's Wood temperate rainforest on Dartmoor were finalised in June. For over two years, the Duchy of Cornwall had been working with its agricultural tenants Natural England, and consulting with the Dartmoor National Park Authority, to develop an exciting landscape scale plan that works with natural processes to expand Wistman's Wood.



JULY

On 10th July The Prince of Wales visited Cornwall and opened the Duchy of Cornwall Nursery's new restaurant, The Orangery.

The following day he visited the Dartmoor Estate and Wistman's Wood, following the expansion announcement, met with local Dartmoor tenants, and visited the Duchy's Curlew conservation project where the estate works to recover the endangered Curlew population on Dartmoor.



AUGUST

On 10th August 13 Duchy dairy farmers visited the South West Dairy Development Centre at Shepton Mallet, alongside Duchy staff. During the day, Hannah Jones from Farm Carbon Toolkit presented the average carbon footprinting results for Duchy dairy farms.



SEPTEMBER

In September The Prince and Princess of Wales visited the Duchy of Cornwall estate in Hereford. They were welcomed at Madley Primary School's Forest School, where outdoor learning is prioritised within the day-to-day curriculum to enhance children's physical and mental wellbeing, as well as meeting local mental health charity We are Farming Minds, both partners of the Duchy of Cornwall.

In conjunction with the visit, the Duchy of Cornwall and The Duke of Cornwall launched a new Mental Health Strategy for tenants, with a specific focus on farmers and rural communities.



2024



OCTOBER

In October the Duchy of Cornwall announced its partnership with the Isles of Scilly Wildlife Trust to help aid mental health on the islands. The new partnership focused on initiatives that support islanders' mental health through upskilling young people and encouraging outdoor volunteering.

On Dartmoor, the Duchy of Cornwall commenced work on the Wistman's Wood expansion and regeneration landscape scale plan. The estate worked with charity Moor Trees to collect acorns from the temperate rainforest after a special licence was issued from Natural England, an initial step for the plan.



NOVEMBER

The estate revealed how it is supporting farming tenants and land managers to achieve a net zero estate by the early 2030s. Under the guidance of The Duke of Cornwall, the Duchy has now increased the available support for tenants to target emission reduction on farms.

Also in November the Duchy of Cornwall achieved Gold Carbon Literate Organisation status, after over half of its employees became individually certified as Carbon Literate by The Carbon Literacy Project.

DECEMBER



The Duchy of Cornwall submitted plans to Swale Borough Council for a new neighbourhood in Faversham. The urban extension to Faversham will bring 2,500 new homes, together with jobs, community and transport infrastructure and green spaces targeting a 20% net gain in biodiversity.

South East Faversham will be aligned with affordable housing policy to ensure it delivers local needs and will include at least 875 affordable homes, of which at least 400 will be social rented homes tailored to local incomes.

JANUARY

In January the Duchy of Cornwall launched its Mind Workplace Survey to help the estate improve its approach and support for workplace mental health and wellbeing.

FEBRUARY



The Prince of Wales announced an innovative housing project in Nansledan, Newquay, to help address homelessness in Cornwall. The project will be delivered alongside Cornish charity St Petrocs and will provide 24 homes with wraparound support for local people experiencing homelessness.

MARCH



In March The Duke of Cornwall visited three farms on the Duchy's Mere and Gillingham estates. The farms included Longmoor Farm, North Lawn Farm and Manor Farm, where The Prince of Wales met with Duchy tenants and their families, and learnt about each farm in detail across dairy, beef and arable sectors.

UNDERSTANDING WHAT MATTERS MOST

In 2024 the Duchy worked with Flag Communication, an environmental, social and governance (ESG) strategy agency, to complete a double materiality assessment and determine the issues that are important to our stakeholders, as well as those that could financially impact the Duchy.

This is the second double materiality assessment completed by the Duchy, the first being in 2019.

The assessment used desk-based research to understand the contemporary sustainability landscape and identify potential material issues. This research included a review of the Duchy's existing reports and policies, a scan of relevant global media, and a review of the applicable disclosure requirements of international reporting frameworks.

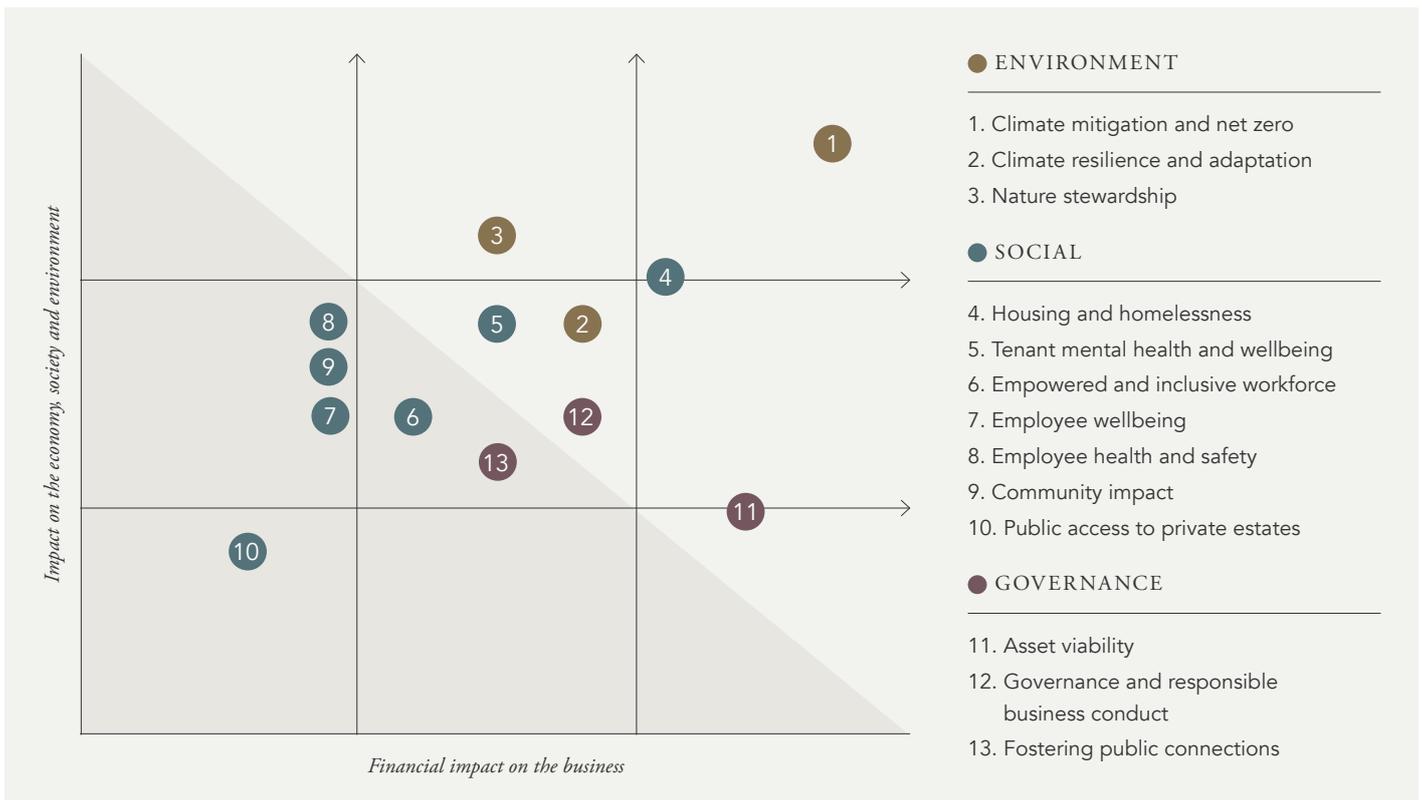
Based on our findings, we developed a primary list for consultation with stakeholders, including tenants, employees, members of the Duchy's governance structures, Duchy pensioners, advisers and customers of our Holiday Lets.

Consultations were followed by a workshop with the Duchy senior management team, which provided an opportunity to assess the findings and determine the final ranking and definitions of the Duchy's material issues.

The final conclusions will be discussed by the Executive Committee and The Prince's Council later in the year. Headline results are presented below.

What follows is a discussion on our primary material issues. While these are the most significant issues as identified by our research and our stakeholders, the disclosures in this Report feature insights on our approach to others of these issues.

Material issues and their impact on the business, the economy, society and the environment



ENVIRONMENTAL

For the Duchy, the following environmental topics are the most material issues, from both an impact and a financial perspective:

Climate mitigation and net zero

The Duchy's emissions are predominately our indirect Scope 3, which come primarily from farming and peatland, which together account for 82% of our total emissions. Meeting our net zero goal will require rapid and significant changes that may impact other stakeholders.

Climate resilience and adaptation

The way we manage the Duchy estate provides some mitigation from the impact of extreme weather for our stakeholders, particularly our tenants, though we cannot insulate them completely.

Nature stewardship

The Duchy operates across, and interacts with, many different ecosystems. Our proactive approach and history of incorporating nature mean the Duchy can provide an example for others while making an impact on our estate.

SOCIAL

While environmental and sustainability issues remain the top priority for stakeholders, a renewed focus on social impact is considered important.

Housing and homelessness

Another key focus of The Duke of Cornwall, who is working through The Royal Foundation to show that it is possible to end homelessness in the UK through his Homewards initiative. The issue of affordable housing for local people is growing in importance across the country and is acute in areas where the Duchy has assets (e.g. the South West).

Tenant mental health and wellbeing

The Duchy operates in sectors that can be both stressful and financially challenging, such as agriculture. This can impact the mental health and wellbeing of the community, something that is a key priority for The Duke of Cornwall, which is why the Duchy mental health strategy was launched in 2023.

GOVERNANCE

Given our structure, the Duchy has a unique role that includes maintaining a profitable estate that provides livelihoods for our tenants and protection for our natural capital. This only increases the need for responsible business conduct.

Asset viability

The optimal allocation of assets is fundamental to delivering and maintaining diverse and robust income streams. This relies on long-term investment plans, a significant challenge in these fast-evolving times.

Governance and responsible business conduct

Maintaining integrity and acting responsibly are key to building trust with our stakeholders and operating in compliance with laws and best practice. Reputational and remediation costs of non-compliance mean it is of financial significance.



Herefordshire

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 20 to 31 of this Report we consider some of these critical success factors further, looking at objectives, key performance indicators (KPIs), case studies and what our future plans are.

Viability	People
<p><i>Objectives</i></p> <ul style="list-style-type: none"> • 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. <p><i>How it is measured (KPIs)</i></p> <ul style="list-style-type: none"> • Maintain an ethical investment policy • Grow real net income over the medium term • Maintain the real capital value of the Duchy. <p><i>Our progress</i></p> <p>Net income fell marginally this year, as we expected it would. At a time of high inflation, this means that real income has reduced. Despite this, investment in the estate has increased.</p> <p><i>Future focus</i></p> <p>Over the medium term, our goal remains to grow net real income of the Duchy while maintaining real capital value. Our focus over the coming years is on the weighting and spread of assets across different classes.</p>	<p><i>Objectives</i></p> <ul style="list-style-type: none"> • 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 • To ensure the Duchy is a leading provider for mental health support. <p><i>How it is measured (KPIs)</i></p> <ul style="list-style-type: none"> • Empowered staff • Safe buildings and places. <p><i>Our progress</i></p> <p>Over 90% of staff feel very engaged with the work of the estate. Relationships between staff are strong. 98% of staff understand why sustainability is critical to the estate and feel very positive about our sustainability goals.</p> <p><i>Future focus</i></p> <p>We intend to conduct another staff survey, to better understand staff needs, perspectives and areas for improvement. We will use these findings to develop new targets and KPIs for the Duchy.</p>
<p><i>Related UN Sustainable Development Goals</i></p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="600 2042 679 2119"> </div> <div data-bbox="695 2042 775 2119"> </div> </div>	<p><i>Related UN Sustainable Development Goals</i></p> <div style="display: flex; justify-content: space-around;"> <div data-bbox="1066 2042 1145 2119"> </div> <div data-bbox="1161 2042 1241 2119"> </div> <div data-bbox="1257 2042 1337 2119"> </div> </div>

Sustainability	Reputation	Governance
<p><i>Objectives</i></p> <ul style="list-style-type: none"> • To be a net zero and nature-rich estate where communities and enterprises flourish in support of a sustainable world • To conduct our business in accordance with recognised standards of sustainable management that protect the planet. <p><i>How it is measured (KPIs)</i></p> <ul style="list-style-type: none"> • Net zero carbon targets • Improved natural capital. <p><i>Our progress</i></p> <p>This year we report the first major update to our baseline Scope 1, 2 and 3 carbon emissions data. We also publish updated climate-related risk and new nature-related risk disclosures. A comprehensive Sustainability in Action report will follow later in the year.</p> <p><i>Future focus</i></p> <p>The Future Farming and Building Surveying teams will finalise their detailed delivery plans for achieving net zero. More farms will have a follow-up farm carbon audit. We are planning a trial project for biodiversity net gain.</p> <p><i>Related UN Sustainable Development Goals</i></p> 	<p><i>Objectives</i></p> <ul style="list-style-type: none"> • 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. <p><i>How it is measured (KPIs)</i></p> <ul style="list-style-type: none"> • Tenant satisfaction • Length of Farm Business Tenancies (FBTs) • Jobs created by urban extension projects • Community engagement on major developments. <p><i>Our progress</i></p> <p>We continued to diversify our external communications, engaging with new opportunities and outlets, while also prioritising internal communications. We will prioritise diversity as we continue to build an inclusive workforce.</p> <p><i>Future focus</i></p> <p>We will continue to invest in dedicated communications specialists to support the extensive work we do to engage our audiences, employing the support of agencies and community engagement specialists.</p> <p>We will lead with integrity so that we communicate openly and consistently, and act in a way that protects our heritage and is environmentally responsible.</p> <p><i>Related UN Sustainable Development Goals</i></p> 	<p><i>Objectives</i></p> <ul style="list-style-type: none"> • 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. <p><i>How it is measured (KPIs)</i></p> <ul style="list-style-type: none"> • Staff are engaged with the Duchy's vision and critical success factors. <p><i>Our progress</i></p> <p>In the first full year under the new Duke, our governance processes have been reviewed and adapted. We have enlisted additional specialist advisers, introduced effective board software, appointed new auditors and enhanced our working relationship with HM Treasury.</p> <p><i>Future focus</i></p> <p>In the coming year, Committees will be reviewing their membership and terms of reference. We have a new member joining the Finance and Audit Committee to add experience in the investment and strategy arenas.</p> <p><i>Related UN Sustainable Development Goals</i></p> 

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

£23.6m

1.8% average annualised increase in distributable surplus over the last five years (2022/23: £24m)

£1,109m

net assets (2022/23: £1,075m)

Performance

Our financial strength is a product of effective governance, committed and empowered people, a trusted reputation, and managing a net zero and nature-rich estate, where communities and enterprise flourish in support of a sustainable world. Good estate management generates revenue today while protecting and enhancing nature's ability to provide fundamental resources for future prosperity. Commentary on our financial performance should be read in this context.

Our income is primarily derived from the letting of property. We also have financial investments and some small trading enterprises located in the Duchy heartland of Cornwall and the Isles of Scilly. Rental income from farms fell marginally this year, from £8.6million to £8.4million. Conversely, income from commercial property rose from £19million to £20.6million. Residential property income was flat year on year. Total property income thus rose to £35.8million, up 1.4million or 4.1%.

The surplus from our trading enterprises – the Duchy Nursery at Lostwithiel in Cornwall and the Duchy Holiday Cottage portfolio – was down year on year. Building works at the Nursery to provide exciting new spaces impacted on sales in the crucial early months of the year. The record "staycation" demand

for UK holiday accommodation was not repeated this season. Meanwhile, costs for both operations rose in excess of already high inflation.

Operating costs across the Duchy – primarily property repairs and staff costs – rose by more than 10% year on year, a function of inflation and increased investment in people and buildings, both essential for a well-run estate. The overall surplus is therefore down marginally, from £24million to £23.6million. We explained last year how the results for 2022/23 contained a number of one-off elements, so this reduction in surplus was as expected.

Despite reduced revenue, investment in the estate increased. This was mainly spent on regular repairs and maintenance, capital improvement expenditure, and our Future Farming and net zero programmes. Revenue repairs expenditure rose by 13% to £4.6million. And the Sustainability in Action teams spent over £1.5million this year towards delivering our natural capital and net zero targets.

Our investment property portfolio at 31st March 2024 was valued at £1,076million. After allowing for purchases, disposals and capital improvements, there was a 1.6% capital return from the portfolio. This compares favourably with other organisations primarily invested in property and shows the strength of our diverse portfolio. Our agricultural

property increased in value, as did our residential property albeit to a much lesser extent. This was partially offset by a decrease in commercial property values. Short-term fluctuations in capital values are inherent to asset ownership and are not concerning. However, we do carefully monitor the longer-term income returns from various sectors and the balance of our investments across different types of property.

In August 2023 we restructured our financial investment portfolio. Rising interest rates have made cash a more attractive investment than it has been for some time, so the portfolio, now valued at £103million, no longer includes any equities and is focused instead on cash-equivalent assets. It is used as a store of liquidity for future investments and to generate a good income return.

Future focus

Our medium-term goal remains to grow the real net income of the Duchy while maintaining the real capital value. In a year of high inflation and difficult business environments for many of our tenants, this has been challenging. These financial targets will be delivered alongside our sustainability and social targets. We will intensify our review of asset allocations and the performance of different asset classes. We will undertake further analysis of the risk inherent in the portfolio and its diversity, together with its impact on the environment and how it is affected by changes in both the climate and nature.



Tredeal Vean Farm, Cornwall

REINVESTMENT ON A CORNISH FARM

The Duchy recently re-let Tredeal Vean Farm in West Cornwall to new tenants on a 20-year farm business tenancy. As part of the re-let, the farmhouse required refurbishment and it was necessary to demolish, remodel and construct two new agricultural buildings to support the farming enterprise.

The Duchy invested substantially in an extensive retrofit of the old Grade II Listed farmhouse. This involved stripping back to the original stone walls and remodelling to create a modern partial open plan family living space, along with thermal upgrades including wood fibre and lime internal wall insulation, and glasscrete with lime slab ground floors. Due to the listed status, the original windows were overhauled and secondary glazing installed to assist the air source heat pump system. We also addressed damp penetration issues by installing natural slate rainscreen cladding. We have thus improved a draughty house with poor thermal performance and a number of defects to a high-quality modern farmhouse.

In addition to the farmhouse refurbishment, two replacement agricultural barns were required. One was a cattle shed with a large integrated dung store to improve cattle housing quality and animal welfare. The other was a new straw storage shed including new yards, drainage and electrical installations that have been upgraded to take a future solar PV installation.

Together, these projects saw an investment of over £1million. We have seen a substantial rise in the rental value of the holding, increased its capital value, increased animal welfare, and markedly improved the sustainability credentials of the home and buildings on the holding.

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

To ensure the Duchy is a leading provider for mental health support

Performance

In November 2022 the Duchy of Cornwall carried out a comprehensive staff survey to assess whether Duchy employees understood and felt aligned with our vision and values.

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).

Commentary

The survey showed that colleagues felt very engaged with the estate (92%), in turn creating a positive employee experience. Relationships between staff were reported as strong, particularly with line managers, and it was felt that colleagues were there to help and support one another. We also saw that employees felt aligned to the Duchy's vision and values, that 98% of employees understood why sustainability is critical to the estate, and that, overall, they felt very positive about our sustainability goals.

Communications between leadership and teams was an area to improve upon, and over the last year we have put communication methods in place to address this issue, including additional briefings and meet-ups.

In March 2024, the Duchy reviewed, refined and strengthened its benefits package for employees, where benefits included health and fitness schemes, pursuing passions and childcare support.

Future focus

We will be working to continue to better understand our employees' needs and perspectives and areas for improvement. As such we will continue to build on our internal communications strategies and empower a two-way dialogue.



Duchy staff day, Cornwall, May 2023

INTERNAL COMMUNICATIONS
WITH DUCHY EMPLOYEES

We know internal communications continues to be a priority for colleagues and that this is a critical element of creating a successful and highly engaged organisation. In a 2023 Internal Communications Survey, 62% of colleagues said they were happy or somewhat happy with the internal communications they received from the Duchy of Cornwall.

We have introduced further channels to ensure staff feel updated. Estate wide, we now have monthly Secretary Briefings that share key decision-making from the Executive Committee, The Prince’s Council and other Committees, updates to our Intranet where staff can share success stories, and Midday Meet Ups that bring the whole estate together to share knowledge around topics such as digital working, enterprise, sustainability and net zero, and communications.



Madley Primary School Forest School, Duchy woodlands, Herefordshire

MIND’S WORKPLACE WELLBEING INDEX

On 11th January 2024, the Duchy announced it was taking part in mental health charity Mind’s Workplace Wellbeing Index, which will help the estate to improve its approach to and support for workplace mental health and wellbeing.

The Workplace Wellbeing Index is a benchmark of best practice and policy and celebrates the good work employers are doing to promote positive mental health, as well as make recommendations for areas of improvement.

This year also saw the introduction of the Duchy’s new mental health strategy for both employees and tenants alike. The strategy was developed by the Duchy and The Duke of Cornwall over the past year, and is designed to prioritise mental health in individuals and help to de-stigmatise it. The Duchy’s ambition is to be a leading provider to all of its employees and tenants and to provide mental health care and support via a multi-layered approach, which includes the ability to talk to trained staff via a dedicated wellbeing service, as well as staff training opportunities.

THE PRINCE OF WALES ENCOURAGING
WELLBEING ON BLUE MONDAY

This year to mark Blue Monday on the third Monday of January, The Duke of Cornwall delivered a very special message to Duchy employees. While Blue Monday offers a strong platform to wellbeing, it is important to The Duke that we are prioritising our mental health every day of the year. The Prince of Wales reminded staff of the several mental health and wellbeing platforms the Duchy has in place, and the commitment of the Duchy to supporting colleagues wherever possible when it comes to their mental health.



Duchy staff

ENGAGING WITH TENANT FARMERS

Our tenants and our engagement with them continue to be a priority, especially in the rural areas of the estate. Traditionally, farm walks, tenant suppers and knowledge-sharing events have been hugely beneficial to tenants to discuss the farming industry, but also to nurture a sense of community in sometimes isolating work. Across the year, we have conducted a number of farm walks across the estate, including our Focus Farm Walk at Wilmington Farm, Newton Park Estate, in February 2024. Over 30 farming tenants joined staff from the Bath office, making this the largest Focus Farm Walk to date.

The day began with a presentation from the Farm Carbon Toolkit on how farmers can reduce emissions and boost soil health while maintaining crop yields. Tenants Matt and Debbie Keeling hosted the group and openly shared their successes and learnings with participants.

We received very positive feedback from our farmers, who valued being able to meet up with other like-minded people from the sector, and enjoyed the opportunity to learn from one another, while having personal engagement with Duchy staff.



Soil health workshop, Herefordshire, April 2023



Dartmoor

PUBLIC ACCESS TO PRIVATE ESTATES: WILD CAMPING ON DARTMOOR

In January 2023, a High Court Judgment ruled that the Dartmoor Commons Act does not provide a right for the public to wild camp on Dartmoor's commons.

Following this Judgment, the Duchy worked closely with the Dartmoor Commons Owners' Association and Dartmoor National Park (DNP) and a permissive access system was suggested, whereby each owner would license the National Park to provide ongoing access, this being made available via the existing National Park online platform. This system was quickly supported by the vast majority of landowners within less than a week of the Judgment.

In July 2023 the National Park won its appeal against the Judgment, by which time some 93% of the original camping area had been put back on the map as a result of the permissive system promoted by the Duchy. However, the Appeal is being challenged by the original Claimant at the Supreme Court in October 2024 so, dependent on the outcome, the permissive system may still have a role to play to enable continued access for true, "leave no trace" wild camping on Dartmoor.

We received supportive responses from wild campers:

"It was very good news to hear of the continuing collaboration between the Duchy and DNP, which of course is so crucial in the management of the National Park ... for all those who respect and benefit from this wonderful landscape."

"I am overjoyed at this news, not just for me but for the other people who enjoy wild camping on Dartmoor in a respectful manner."

"May I just say, the reaction to this from the outdoors community has been a joy to behold."

PROVIDING WORK EXPERIENCE
ACROSS THE DUCHY

The Duchy of Cornwall has had six work experience placements over the last year based in Hereford, spanning different areas of the business, from admin to woodland work.

In spring 2023 we partnered with The Royal National College for the Blind and were delighted to welcome a student who joined the admin team to assist with completing various tasks, such as writing letters and emails, completing document summaries, visiting various Duchy properties and general reading to further their knowledge of the estate.

The student said: "I would like to say a massive thank you to everyone at the Duchy of Cornwall for supporting me and giving me the opportunity to do my work placement at the office. Not only have I used my current admin skills in the office, but I have gained new skills that I can use when I apply for a job next year, which is really helpful, and I know what to expect when I work at an admin office."

Other work placements at the Duchy of Cornwall have included woodland work experience, where we have welcomed four students to our woodlands to learn practical skills in the world of forestry, including tree planting, woodland maintenance, strimming and using a brush cutter. In addition, one student gained Land Agency work experience alongside our Future Farming team.



In memoriam:

PETER IVOR JEFFERY RVM
DUCHY OF CORNWALL ESTATE BUILDER
28th August 1955 – 29th October 2023

Pete was one of the Duchy of Cornwall’s longest-serving employees. He joined as Estate Foreman in 1981 at the age of 26, based in Newton St Loe, Somerset. He looked after and worked on a wide array of cottages and farms across the Wessex area.

Pete was a most loyal and hardworking colleague, regularly working many additional hours and weekends to simply “get the job done”. As well as turning his hand to most practical things, he project-managed numerous property refurbishments, establishing close and long relationships with valued subcontractors and suppliers.

At times, Pete extended his role to that of pastoral carer, checking on some vulnerable tenants in his spare time and even picking up shopping for them. He was invariably cheery, positive and helpful, offering to go out of his way to do the best for you, often helping his colleagues with projects at home in his own time.

Pete tragically lost his life in October 2023 in the sea while going to the aid of a complete stranger in difficulty. He died as he lived, helping others.

A popular and long-standing employee, Pete is missed immensely.



Achieved April 2023

SUSTAINABILITY

OBJECTIVES

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

To conduct our business in accordance with recognised standards of sustainable management that protect the planet

HIGHLIGHTS

224,401_{tCO₂e}

Scope 1, 2 and 3 emissions (224,557 restated baseline year 2019/20)

28,246_{tCO₂e}

removals annually

£1.56m

invested in our Sustainability in Action initiatives this year

27,500_{hectares}

farmland covered by farm carbon audits and natural capital surveys

An update on Future Farming with our Focus Farms

This year the Duchy's Future Farming team has continued to work closely with Focus Farmers across the estate as they create net zero, nature-rich and profitable farms.

This year, Tregooden Farm in Cornwall has continued its annual management of the newly created species-rich hay meadows, while allowing the natural colonisation of the farm ponds created two years ago. Two additional barn owl boxes have been placed in large in-field trees, and the presence of harvest mice on the farms has been confirmed for a second year. The farm's soils continue to benefit from regenerative farming techniques, ensuring that their long-term health and cropping value increases year on year, contributing to soil carbon sequestration and other benefits.

Over on Dartmoor, Brimpts Farm and Huccaby Farm continue to support a range of biodiverse habitats alongside food production. Careful cattle and pony grazing of the species-rich wetlands and heathlands, along with aftermath grazing of the traditionally cut hay meadows, continues to support nature. At Huccaby, 400 metres of new hedge and bank has been created to enable more effective meadow management and a new permissive path across the two farms is under development, with the aim to provide an enjoyable and informative route for walkers.

Low-carbon construction

At Nansledan, our urban extension to Newquay, the Duchy and construction partners are ensuring traditional architecture blends perfectly with high-performance homes. There has been a real focus on reducing embodied carbon associated with building design and construction, meaning new homes already beat the 2030 embodied carbon targets set by the Royal Institute of British Architects (RIBA) Climate Challenge and Low Energy Transformation Initiative (LETI) standard. Part of this success is due to our focus on using locally sourced building materials such as Cornish slate and granite. Sourcing locally also supports the Cornish economy, keeps traditional trades alive and reflects local identity.

To reduce operational emissions, upcoming phases of homes across Nansledan will be heated by heat pumps rather than fossil gas, with solar PV providing renewable electricity. Key successes include a number of pilot projects that incorporate timber-frame construction, domestic house batteries and thermally improved timber windows.

We are also delighted that the St Petrocs project at Nansledan, a partnership with The Duke of Cornwall's Charitable Foundation for the construction of 24 homes for local homeless people, is designed to exemplify low-carbon construction.

Key performance indicators

- Net zero carbon targets
- Improved natural capital.

Targets

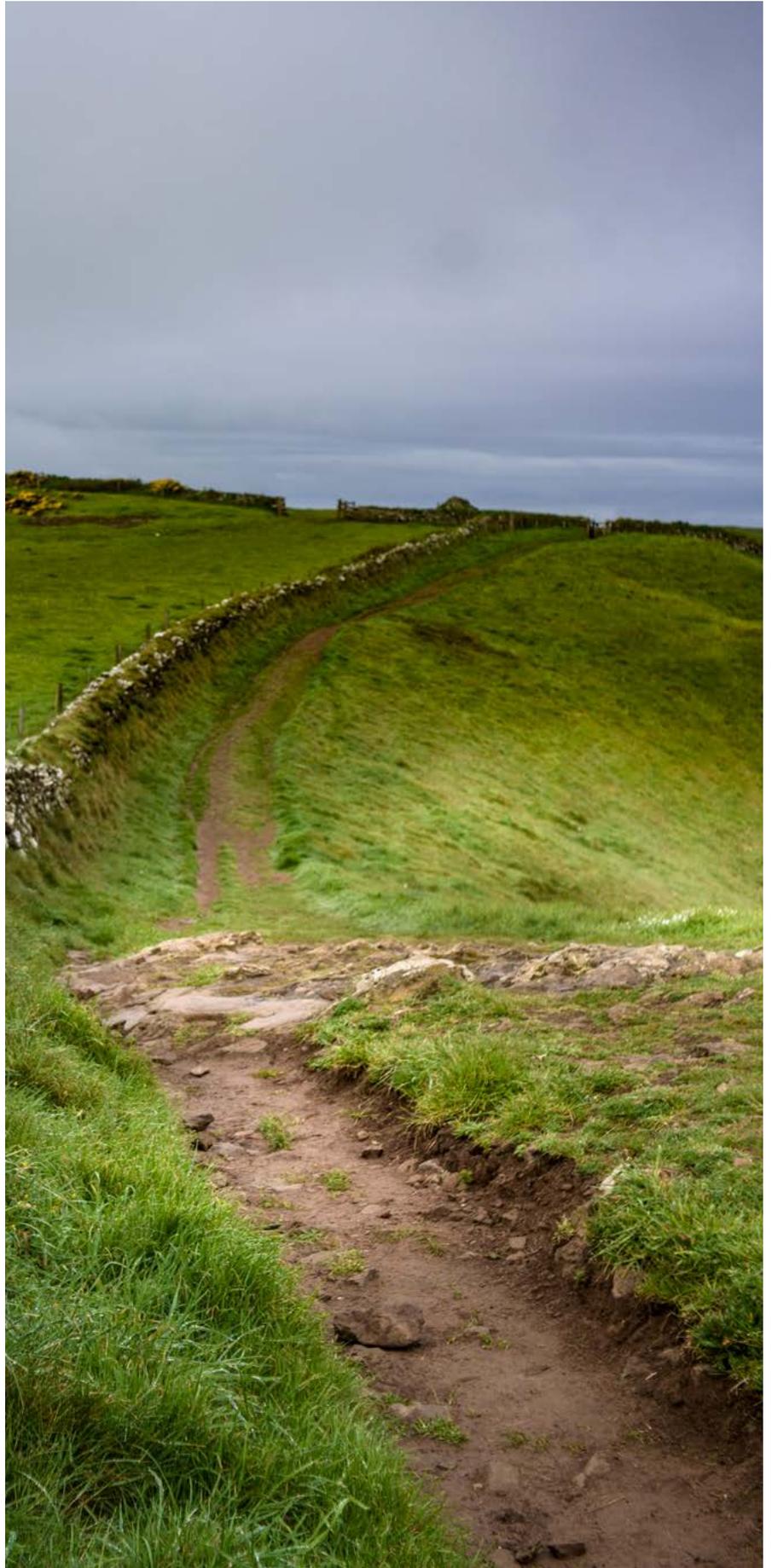
- Net zero for Scopes 1, 2 and 3 by the end of 2032
- Improve natural capital by 30% by 2030 and 50% by 2050.

Performance

- 196,030 tCO₂e net annual emissions, down 1,353 tCO₂e on baseline.

Commentary

The 2023/24 period has been a time of significant activity, resulting in a deeper understanding of our emissions across Scopes 1, 2 and 3. Multiple sustainability and conservation initiatives have launched, as well as further exploration into low-carbon solutions for the development areas of the estate.



Dartmoor

The regeneration and expansion of Wistman's Wood

Last year the Duchy announced an ambitious plan for the regeneration and expansion of Wistman's Wood. Over the previous two years, the Duchy had worked with farm tenants and Natural England, and consulted with the Dartmoor National Park Authority, to develop an exciting landscape scale plan, which works with natural processes, to double its size by 2040 and bring about its increased resilience.

Wistman's Wood is an ancient oak woodland which covers three hectares of the West Dart Valley on Dartmoor. It is a National Nature Reserve (NNR), a Site of Special Scientific Interest (SSSI) and a Special Area of Conservation (SAC) in recognition of its significance for nature conservation. It is often referred to as one of the South West's last remaining examples of temperate rainforest.

The Duchy of Cornwall's plans to increase resilience at Wistman's Wood are centred on natural regeneration of oak and rowan in a way that continues to support the rare lichen species that make the wood of such

high conservation value. To accelerate the expansion, carefully planned planting of additional trees, grown on from locally collected seeds, will happen over coming winters on the west side of the River Dart opposite Wistman's Wood, with further sites under consideration.

None of this would be possible without the positive engagement and support of the tenant farmer. Active grazing management will ensure appropriate levels of grazing support the regeneration and conservation status of the site, as well as public access.



Wistman's Wood

Future focus

The Duchy will deliver sustainability across Communities, Enterprise and Nature. Success will be measured against targets to achieve net zero by the end of 2032 and a 30% increase in natural capital by 2030 and 50% by 2050. These targets will be achieved in a way that supports communities and enterprises to flourish in support of a sustainable world, ensuring a just transition for tenants and suppliers.

“Sustainability means sharing well with future generations. The Duchy has incorporated sustainability into its thinking for decades, but just sustaining the current situation is no longer enough. Across the world, we see the terrible harms caused by the climate and nature crisis. We believe the Duchy must go beyond sustainability to actually improve the estate for future generations. The case studies in this section illustrate how we bring these goals to life, taking a holistic approach to sustainability for communities, enterprise and nature.”

David Cope, Head of Sustainability

ANOTHER YEAR OF THE CURLEW RECOVERY PROJECT

Curlews are classified on the UK Birds of Conservation Concern’s “Red list” and the breeding population has declined nationally by 85% since 1985. The Curlews on Dartmoor form one of the most important southerly breeding populations.

The Dartmoor Curlew Recovery Project takes place on Duchy land, where landscape scale plans have been devised to enhance Curlew habitat, perform targeted predator control and use an innovative technique developed by the Wildfowl & Wetlands Trust (WWT) to “head-start” Curlews.

The WWT and Natural England identified that Curlew eggs laid alongside RAF runways in East Anglia that are otherwise removed to protect aircraft, could be incubated, with the chicks reared to support smaller populations elsewhere. The Dartmoor project is the first UK upland example of this kind for Curlew conservation.

To date, 67 Curlews have been reared and released. At the time of writing, we are expectantly awaiting the outcomes of the 2024 breeding season, where we are hoping that previously released birds will themselves return to breed.



Curlew

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

NEW ADVISERS TO THE RURAL COMMITTEE EMILY NORTON AND KATE HOLBOROW REFLECT ON THEIR FIRST MONTHS WITH THE DUCHY

Emily Norton

"My first meeting was in Herefordshire, where we visited farms, woodland projects and parts of the let estate. We met with local farmers, all Duchy tenants in the area to a greater or lesser extent, and the Duchy teams. The whole trip was full of honest, challenging and inspiring conversations and I left with a deep appreciation of the breadth and depth of impact that the Duchy delivers.

"As a Rural Committee, our job is to bring in outside expertise and perspectives to help the Duchy staff in the day-to-day management of the estate. My role is to help the Duchy navigate external influences on land use and to try to ensure that both the owner and the occupier of the land are working for mutual benefit as much as possible. Meeting those working the land and hearing their stories is a vital part of this. Seeing it first hand and 'from the outside' enables us to challenge preconceptions and hopefully stimulate innovative thinking across the executive team."



Kate Holborow

"Brought up and still living in the heart of the Duchy estate in Cornwall, I have always been very aware of the importance of the Duchy to Cornwall and was honoured to be invited to represent Cornwall as an adviser to The Prince's Council, with a seat on the Rural Committee.

"In Cornwall we are very proud of our own 'special relationship', reflected in our self-appointed name as 'the Duchy', and since coming on board at the end of last year I have witnessed firsthand how intrinsic the Duchy is to life in Cornwall. I have met many farming partners, several with Duchy connections stretching back generations, and visited Nansledan to hear about the Homewards initiative in conjunction with the homeless charity St Petrocs. I have met the Duchy of Cornwall Nursery team and those responsible for the Duchy of Cornwall Holiday Cottages. I have also learnt about the extensive Duchy Marine Estate and coastline interests in Cornwall.

"It was fascinating to see up close the work on the Isles of Scilly and the integral role that the Duchy of Cornwall is playing in facilitating a strong and sustainable future for the islanders.

"I am looking forward to representing Cornwall's interests and working with the Duchy of Cornwall team as the estate continues to evolve and thrive."



STAFF UNDERSTANDING OF THE DUCHY'S VISION

Our staff survey showed that a very good understanding of the vision exists within the Duchy, as well as a personal connection to that vision. When asked whether they understood the vision of the Duchy of Cornwall, only 2% of staff gave an unfavourable response. Less than 10% said they did not understand how our critical success factors are important in helping the Duchy achieve its vision.

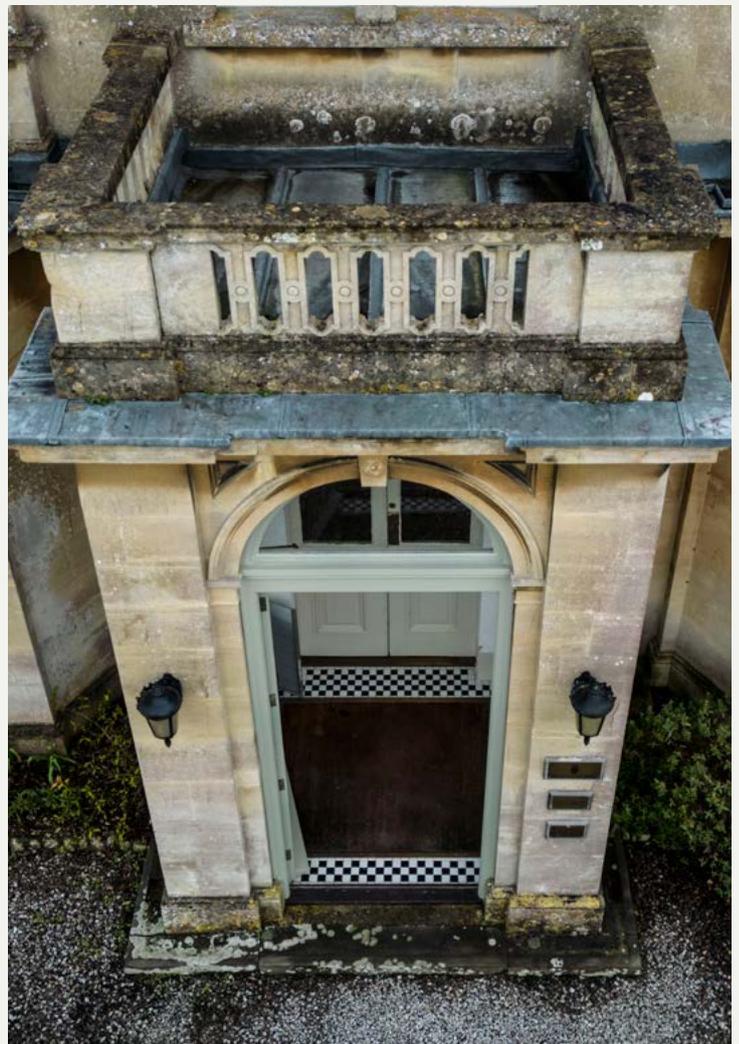
This awareness has certainly been helped by the publication of a visions and values booklet, issued to all staff and many Duchy stakeholders. We keep this at hand during the working day to remind us of our shared values and behaviours, our critical success factors and the objectives that underpin them.



Future focus

Each year, all Committees review their terms of reference and consider any skills gaps. Membership is reviewed and succession planning undertaken. Those Committees responsible for various elements of the property portfolio undertake site visits. In the coming year, the Commercial Property and Development Committee will be visiting the Kennington Estate in London. The Rural Committee will be on Dartmoor to look at, among other things, peat restoration works, and also in Somerset to visit the estates there and meet with farm tenants.

However, we must also work more on communicating outcomes. Fewer than 30% of staff were able to give a favourable response when asked how well they knew the Duchy was doing against our critical success factors. The Executive Committee is looking at ways of improving communication in this regard.



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:

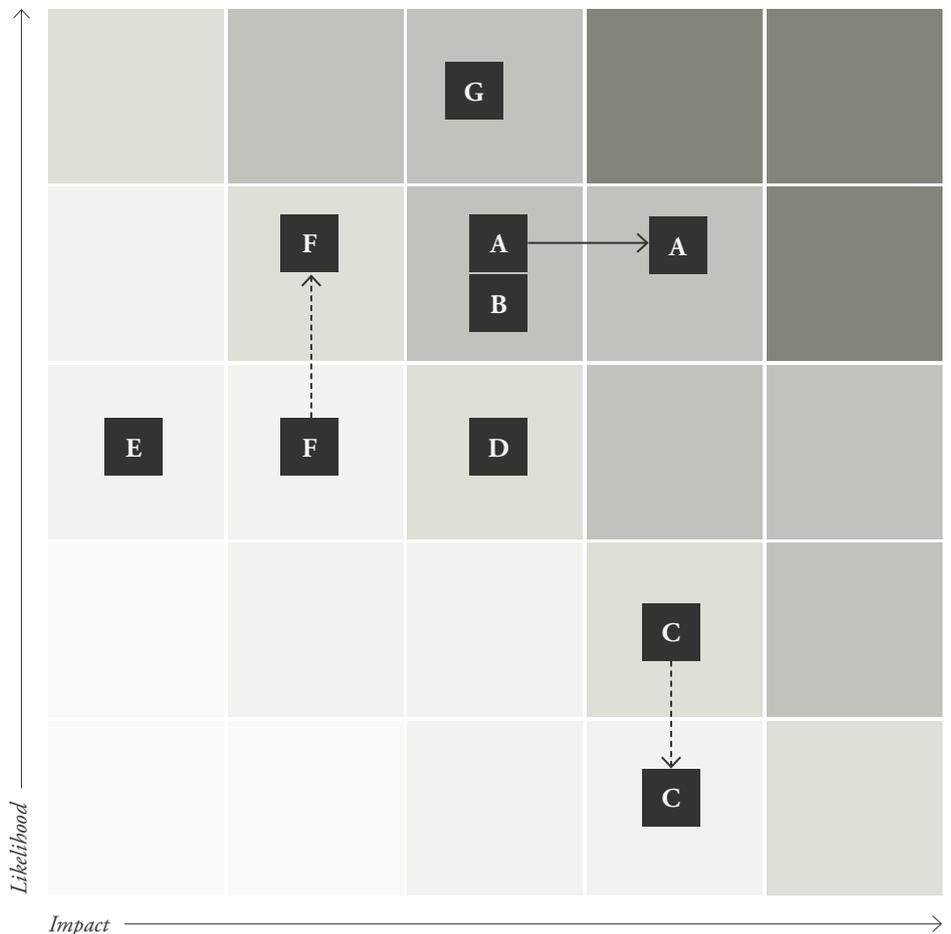
- Strategic and operational risks
- Financial risks.

How our risk profile is evolving

At 31st March 2024 our overall risk position remains stable. 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. Anticipated interest rate reductions will eventually help our tenants and their businesses and livelihoods. The cost-of-living crisis continues to affect our tenants. The biggest external factor impacting on the estate remains the climate crisis and associated extreme weather events.

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
- 2022/23 to 2023/24, actual movement
 - - - 2023/24 forward, anticipated movement



Strategic and operational risks

THE RISK	POTENTIAL IMPACTS	OUR RESPONSE AND MANAGEMENT
Capital cash generation		
<p>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.</p>	<p>Without sufficient capital funds, we are likely to be restricted in how we provide sufficient income by rebalancing the portfolio in income-earning assets.</p> <p><i>Critical success factors impacted:</i></p> <ul style="list-style-type: none"> • Viability • Sustainability <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • Financial • Manufactured 	<p>We combine good budgetary control and forward planning with ongoing strategic reviews of asset holdings. Five years ago we took a significant step to mitigate this risk by reissuing debt via fixed-rate loan notes of between 40 and 50 years. Two years ago a significant commercial property was sold, with the majority of the proceeds reinvested in a more diversified portfolio of property. Further disposals are planned. Long-term capital cash flow planning and reviews of our asset allocation strategy continue to be undertaken. Medium-term investment opportunities, particularly at our development sites and on our rural estate, will continue to require innovative financing solutions.</p>
Tenant livelihoods		
<p>The complex and uncertain outlook faced by the agricultural sector and other rural businesses brings financial, social and environmental risks.</p>	<p>Some commodities and farming enterprises continue to come under financial pressure, which significantly affects many of our tenants.</p> <p><i>Critical success factors impacted:</i></p> <ul style="list-style-type: none"> • Viability • People <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • Natural • Financial • Community 	<p>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, from shifting consumer patterns to international trade and extreme weather. Through our Future Farming initiative, we are working with tenants to discover the best way to transition to a low-carbon and resilient sector.</p>

Strategic and operational risks

THE RISK	POTENTIAL IMPACTS	OUR RESPONSE AND MANAGEMENT
Safe buildings and places		
<p>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 mineral assets (mines, quarries, workings), our forestry, the Marine Estate, St Mary's Harbour, and our trading enterprises and subsidiaries.</p>	<p>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.</p> <p><i>Critical success factors impacted:</i></p> <ul style="list-style-type: none"> • People • Sustainability • Reputation <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • People • Manufactured 	<p>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.</p> <p>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.</p>
Public understanding and perception		
<p>The Duchy estate is a unique organisation. Public understanding and perception of its work, and the outcomes it achieves, are important to its ability to create value.</p>	<p>The Duchy 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. There is also a general lack of understanding about what the Duchy is and the work it does.</p> <p><i>Critical success factors impacted:</i></p> <ul style="list-style-type: none"> • Reputation <p><i>Resources and relationships affected:</i></p> <ul style="list-style-type: none"> • People • Community • Intellectual 	<p>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 recruiting a Communications Manager.</p>

Financial risks

THE RISK	POTENTIAL IMPACTS	OUR RESPONSE AND MANAGEMENT
Property		
<p>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.</p>	<p>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.</p>	<p>The Duchy holds a diversified property portfolio that is actively monitored by management to reduce the overall risk profile. We monitor asset allocation by class and yield, review unexpired lease terms, and consider likely future capital liabilities. Long-term capital cash flow modelling helps us predict when realisations might be required. There is more information about the portfolio in note 8 to the financial statement on page 83.</p>
Credit		
<p>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.</p>	<p>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.</p>	<p>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.</p>
Investment		
<p>The Duchy holds financial investments valued at £81million, 6.6% of its total assets. The value of investments rises and falls, and the income returns can also rise and fall, particularly in times of changing interest rates.</p>	<p>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.</p>	<p>The Duchy employs fund managers for its investment portfolios and the risks inherent in them. Portfolios are regularly reviewed by the new Investment Committee to ensure they reflect the overall objectives of the Duchy. They are primarily held for the income generated. During the year we moved out of equities and into cash and cash equivalents to take advantage of higher interest rates now prevailing.</p>

Existential risks

THE RISK	POTENTIAL IMPACTS	OUR RESPONSE AND MANAGEMENT
<h3>Climate crisis and severe weather</h3>		
<p>The world needs to limit global warming to 1.5 degrees Celsius but is failing. The transition 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.</p> <p>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.</p>	<p>More severe weather patterns, such as heavy rainfall and flooding, create difficult conditions for farming, damage the land and reduce yields. As the <i>Land use: Policies for a Net Zero UK</i> 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.</p>	<p>We continue to take action across the estate, particularly through our Net Zero Carbon Programme and Future Farming initiative (see pages 26 to 29). 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 Sustainability Delivery Committee 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.</p> <p>For the third 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 confirmed our commitment to becoming a net zero estate by 2032.</p>

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		
<p>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 and uncertainty around trade deals, and the transition period to 2027 of post-common agricultural policy support for English agriculture.</p>	<p>Volatile commodity prices affected both producers and consumers, making planning more difficult and outcomes less certain. Higher 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.</p>	<p>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 hope to demonstrate alternative ways of farming that are both financially and environmentally sustainable.</p>
Cybersecurity and data management		
<p>Worldwide there has been an increase in cybercrime 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.</p>	<p>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.</p>	<p>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.</p>

CLIMATE AND NATURE-RELATED FINANCIAL RISKS

A stable climate and healthy natural world underpins the functioning of our economy.

However, the fragility of this relationship is increasingly apparent. Climate and nature-related risks are an existential threat to the future of the Duchy of Cornwall estate where all activity depends in some way on a healthy natural environment. In this context the disclosure of climate and nature-related financial risks has become an important component of reporting. It prompts organisations to understand, mitigate and adapt to these risks, and provides transparency to stakeholders who have an interest in how organisations are responding to these threats and challenges.

Here, we provide information relating to the Duchy's climate and nature-related financial risks. We have prepared this information following guidance from the Task Force on Climate-related Financial Disclosures (TCFD), whose recommendations are now governed by ISSB/IFRS, and the Taskforce on Nature-related Financial Disclosures (TNFD, which released recommendations in September 2023). Our reporting in this area is not legally mandated, though we believe this is an important topic to address voluntarily.

Reporting on climate and nature-related risks is still relatively new for the Duchy, particularly for the TNFD, given this is the first reporting cycle since release of the full recommendations. We will continue to progress our analysis and action on this subject over the coming years, building towards full disclosures against both sets of guidance.



Dartmoor

Climate-related risk and Duchy strategy

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

- **Transitional risks:** risks arising due to climate action-related policies, 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 and flooding.

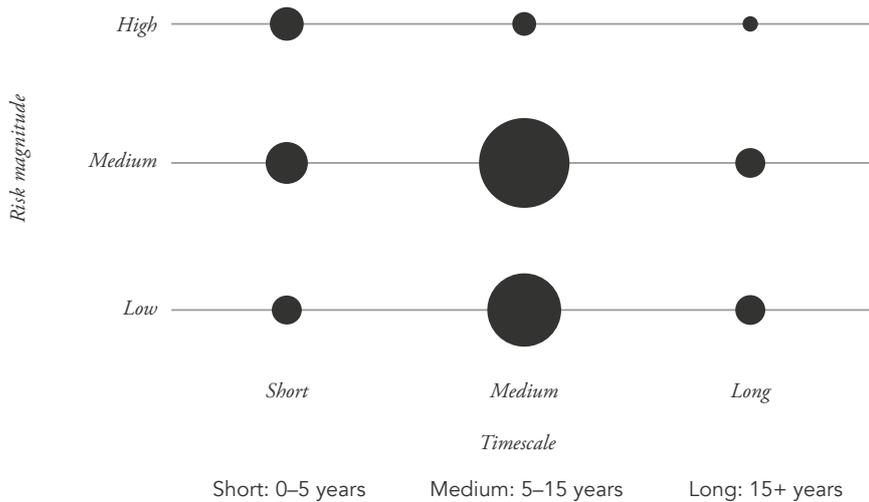
Risks can also be characterised by expected timescales, the likelihood of occurrence and the impact if realised. We have used these characteristics in our analysis of climate-related financial risks relevant to the Duchy.

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;
- timescale: 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.

Climate-related risk

Figure 1: Climate-related risks; magnitude and timescale breakdown



Our review identified many risks, with varying timelines and potential impacts. Figure 1 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, such as drought and localised flooding, are already impacting the estate. Several high- and medium-level risks have also been identified, each of which could in isolation cause significant challenges to effective operation of the Duchy estate.

Over the past year the Duchy has begun to explore its climate-related risk in more detail using the scenario analysis approach recommended by the TCFD. This involves considering the resilience of assets in the context of a range of future climate scenarios. Given the importance of agriculture within the Duchy’s portfolio we have conducted our first round of analysis focusing on this asset class.

In collaboration with the Met Office, the climate variables most relevant to agricultural activities were defined and associated scenario outputs were produced. While the TCFD recommends using multiple future climate scenarios, the Duchy’s timescales of interest (as set out in Figure 1) and specific geographic focus means one scenario, the high emissions RCP8.5 scenario, was judged to be sufficient for this initial piece of analysis. Modelling was undertaken to capture the projected climate in 2030 and 2050, approximately aligning with our mid- and long-term TCFD timescales.

Relative to typical climate conditions over the past three decades, the Met Office analysis highlighted the following key climate changes and potential risks relevant to the Duchy’s agricultural assets:

- Lower levels of summer rainfall, with more frequent extended dry periods where little or no rainfall occurs.
- While average winter rainfall is projected to increase, modelling indicates a similar frequency of particularly wet winters. Rainfall is expected to become more intense, with projected increases in extreme hourly rainfall.
- In the summer months, increased frequency of temperatures that are associated with reduced crop yields and adverse impacts on livestock welfare and productivity.
- Potential extensions to the ‘growing season’, due to warmer temperatures persisting into October/November – albeit changing rainfall quantities and frequencies may constrain the farming practices possible during this period.
- Reduced frequencies of frost days. This may increase crop survival rates, but also come with negative impacts, such as increased pest and pathogen activity, and reduced exposure to the cold conditions some species require to trigger flowering.
- Regional variations in these effects across the estate. For example, the Hereford and Wessex regions are likely to experience increasing temperature extremes before Devon and Cornwall.

Climate-related risk

Figure 2 shows an example output from this analysis relating to potential changes in summer rainfall. The chart depicts, for three timescales, how many years in a 10-year period are likely to experience less than 50% of historic average summer rainfall. The increasing prominence of red and orange grid squares indicates that by 2050 (the mid-point of the 2041–2060 illustration), some areas of the southwest might experience these low summer rainfall conditions up to four in every ten years. This compares to one or two in every ten years in recent history (shown in the 1994–2023 illustration). This type of analysis helps identify the future climate conditions farming businesses will have to adapt to over the coming years.

Reassuringly, the Duchy is already making progress in supporting tenants to prepare for the types of potential future climate impacts highlighted in the Met Office analysis. As one small example, much of the work of our Future Farming team is targeted towards improving soil health, a byproduct of which is improved water retention. Soil with greater water holding capacity increases the resilience of crops to withstand extended high temperature and low rainfall events, and also helps minimise water run-off during high-intensity rainfall, reducing flood risk.

Nonetheless, there is much more to do to understand and respond to the climate risks facing our agricultural estate, and our broader real asset classes. Some of the climate changes highlighted by the Met Office analysis may place fundamental limitations on the viability of current agricultural businesses and farm infrastructure. Equally, new climate norms are likely to present opportunities for new crops and agricultural enterprises. These challenges and opportunities need to be fully explored to ensure the Duchy’s portfolio is resilient to future climate conditions.

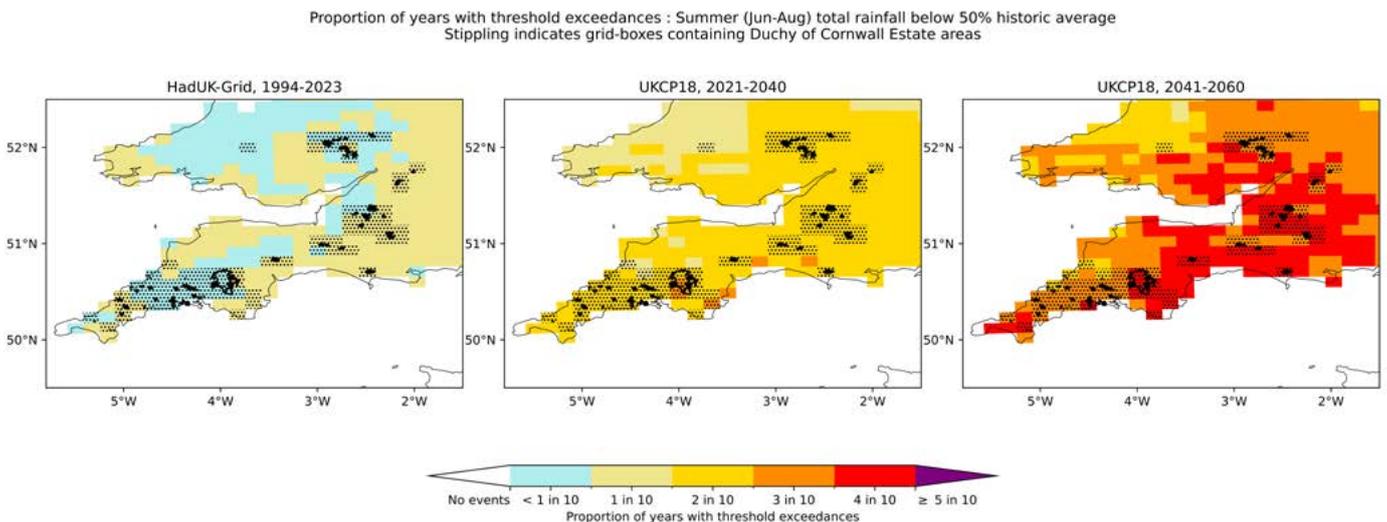
Continuing to build on this quantitative assessment of our portfolio’s climate resilience will remain a focus for the coming year. The summary climate risk analysis presented in Table 1 remains the starting point for these future quantitative assessments.

Climate-related opportunities

The Duchy’s response to climate change must encompass two themes: mitigating our impacts and adapting to change in the existing estate, alongside evolving our asset base to secure our net zero and nature-rich future, where communities and enterprises flourish. The Duchy remains driven to find the opportunities made possible by thinking in a holistic way about communities, enterprise and nature. There are three primary 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 retained 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:** rapidly developing markets for ecosystem services offer opportunities for new revenue streams. Identifying opportunities to participate in these markets with the highest integrity, in partnership with our tenants, is a key focus for the Duchy in the coming year.

Figure 2: Met Office analysis of future summer rainfall



Climate-related risk

Table 1: Climate risk summary

THE RISKS	TRANSITIONAL OR PHYSICAL	POTENTIAL IMPACTS	OUR RESPONSE AND MANAGEMENT
All rented buildings			
<p>Enhanced energy performance regulations and tenant expectations necessitate additional expenditure on property maintenance.</p>	<p>Transitional</p>	<p>Reduction in net income from rented buildings.</p>	<p>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.</p>
All rented buildings			
<p>Increased heatwave frequency causes property overheating and tenant discomfort.</p>	<p>Physical</p>	<p>Reduced tenant wellbeing, possible reduction in demand for Duchy rented properties.</p>	<p>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.</p>
Farmland			
<p>Increased frequency of temperature and weather extremes reduce yields putting strain on current farming enterprises.</p>	<p>Physical</p>	<p>Reduced financial viability of tenant farming enterprises and associated rental income.</p>	<p>The Duchy's Future Farming team was established with the goal of supporting our tenant farmers to make the transition to agricultural systems that are financially viable, net zero, nature rich, and are resilient to acute and chronic climate impacts. 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 livestock management practices, and diversified businesses.</p>

Climate-related risk

Table 1: Climate risk summary (continued)

THE RISK	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 identifying ways in which the new Environmental Land Management Scheme (ELMS) payments, and other grant sources, can be utilised. 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 greenhouse gases (GHGs).	New Duchy woodland creation is being planned with species mixes selected to improve resilience to future climate conditions. 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 currently enhancing our understanding of the locations and magnitude of associated risks.

Nature-related risk and Duchy strategy

While the Duchy and its tenants have been conscious stewards of nature for many decades, the launch of the TNFD guidance in September 2023 has provided an opportunity to more formally reflect on our nature-related financial risks, our resilience to these risks, and how this resilience can be improved.

As a first step in adopting the TNFD framework, the Duchy has undertaken a qualitative assessment of our dependencies and our impacts on nature. These findings are presented below. This work will underpin future investigation of our nature-related risks and opportunities, and how we target our efforts to help nature flourish.

Completing this first assessment required the Duchy to identify:

- **Nature interfaces:** in what sectors and locations the Duchy interacts with nature
- **Dependencies:** in what ways the Duchy relies on nature
- **Impacts:** in what ways the Duchy impacts on nature.

The outcome of this assessment, and how we understand the interaction of our nature interfaces, dependencies and impacts, is summarised in Table 2. We consider there to be seven key interfaces with nature across the estate:

- **Farmed land:** where tenants manage the land for agricultural production
- **Woodland:** including Duchy managed woodlands, and let woodland
- **Foreshore and marine:** containing a range of habitat types, from river bed to rocky outcrops
- **Peatland and protected habitats:** each with unique characteristics and often playing an important role in provision of ecosystem services

- **Enterprises:** Duchy Holiday Lets, the Nursery and Isles of Scilly harbour operations each have specific nature interactions, whether in their local vicinity or broader supply chains
- **Development:** construction interfaces with nature in-situ on the construction site and in material supply chains
- **Urban and rural buildings:** our buildings provide a platform for integrating nature within urban and rural settings.

Capturing the great variety of ways in which we depend and impact upon nature is challenging to achieve concisely. As a rural landowner with deep connections to landscapes and communities, we recognise the fundamental way in which our success is entwined with that of nature. We would highlight the following as the key dependencies and impacts that emerge from these connections, and view these as the most visible expressions of the complex and extensive ways in which the Duchy interacts with nature.

Dependencies:

Tenant incomes: our agricultural and land-managing tenants rely on the regulating and provisioning services provided by nature to operate their businesses. The Duchy is dependent on the successful functioning of our tenants' businesses to derive financial value from the estate.

Tenancy and customer demand: one of the key reasons tenants choose Duchy properties, and customers visit Duchy enterprises such as the Nursery and Holiday Cottages, is their proximity to high-quality nature. Sustaining and where possible enhancing local nature is fundamental to this aspect of the Duchy's operations.

Material and product supply: materials used in our developments, property maintenance and products sold in our enterprises, are almost entirely dependent on the availability of natural materials. The long-term sustainability of these supplies is an essential underpinning of the Duchy's activities.

Impacts:

Habitat changes: through land use change and land management systems, the Duchy and its tenants can both enhance and diminish the extent of nature-rich habitats on the estate. How these decisions impact upon nature varies considerably between the Duchy's nature interfaces. With careful management decisions we have the ability to substantially expand or create new distinctive habitats across our regions.

Environmental quality: the quality of our existing or newly created habitats also depends on the land management choices of the Duchy and its tenants. Risks of pollutants from agricultural settings is particularly important in this context, as are the use and disposal of products by tenants in our buildings.

Natural stocks: the consumption of materials across our operational activities closely associates us with the nature-related impacts of sourcing and processing those products. Again, sourcing decisions made by the Duchy strongly influence the longevity of these natural resource supply chains.

Nature-related risk and Duchy strategy

Table 2: Nature dependencies and impacts

NATURE INTERFACE	DEPENDENCIES			IMPACTS		
	Tenant incomes	Tenancy & customer demand	Material & product supply	Habitat changes	Environmental quality	Natural stocks
Farmed land	⊗			⊗	⊗	⊗
Woodland	⊗			⊗	⊗	⊗
Foreshore and marine estate		⊗			⊗	
Peatland and protected habitats	⊗	⊗		⊗	⊗	
Nursery, Holiday Lets, harbour		⊗	⊗		⊗	⊗
Development		⊗	⊗	⊗	⊗	⊗
Urban and rural buildings		⊗		⊗	⊗	

The Duchy already goes to substantial lengths to minimise our negative impacts and where possible ensure nature is enhanced through our actions. As a small set of examples:

- On our farms, we are working with tenants to enhance the condition and extent of habitats and adopt regenerative farming methods that aim to improve nature alongside food production.
- Our woodland management seeks to minimise clear-felling and promote a continuity of diverse woodland habitats.
- Within our construction activities we work with our contractors and partners to promote material choices that minimise environmental harms and integrate green spaces throughout our urban developments.
- On Dartmoor, peatland restoration activities carried out by the South West Peatland Partnership are restoring bog habitats, new plans are in place to extend the Wistman's Wood ancient oak woodland, and the Duchy's Curlew Recovery Project is helping boost numbers of this UK Red Listed species.

The next year will see continued focus on this essential work and further application of the TNFD's framework.

Risk Governance

The Duchy's full governance structure is set out on page 49 of this Report. The Prince's Council undertakes overall governance responsibility for the Duchy, supported by several sub-committees.

Of these sub-committees the Sustainability Delivery Committee has primary responsibility for considering climate and nature-related risks. The Finance and Audit Committee also receives reporting on the overall Duchy risk register from the Duchy's Proper Officers, which includes climate and nature-related risks.

Both The Prince's Council and the Sustainability Delivery Committee meet four times a year with an agenda reflecting a range of ongoing Duchy projects. Sustainability as one of our critical success factors is always on the agenda. Issues and opportunities relating to climate and nature-related risks are presently raised on an as-required basis. As the Duchy works to further integrate consideration of climate and nature-related risks into its operations, inclusion of these matters will become more frequent.

Risk management

Responsibility for identification and management of climate and nature-related risks is distributed across the organisation. Duchy employees are encouraged to integrate climate and nature-aware thinking into their day-to-day roles, helping drive implementation throughout the organisation.

Coordination of this work is undertaken by department leads and the Duchy's sustainability team. This group is responsible for disseminating new risk-related information across the organisation and ensuring appropriate actions are in place to address and adapt to the risks ahead of us. This group also escalates items to the Executive Committee, and relevant non-executive committees where appropriate.

Metrics and targets

The Duchy's climate and nature-related metrics are currently focused on tracking changes in our direct impacts. These include our net zero targets (reported on page 111 of this Report) and biodiversity enhancement targets (being prepared for external reporting). Specific metrics relating to our climate and nature-related risks are yet to be developed and remain an important task to progress.





GOVERNANCE

In this section

- 48 Governance at a glance
- 50 Governance roles and activities
- 52 Governance, engagement and consultation
- 54 The Prince's Council and Committees
- 58 Other disclosures
- 59 Proper Officer's report

GOVERNANCE AT A GLANCE

Direction, oversight and transparency

The Dukes of Cornwall have traditionally managed their own estates. The new Duke of Cornwall continues this custom, actively leading the Duchy and chairing The Prince's Council, joining the meetings of many other governance Committees, and visiting the estate.

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.





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.

The Duke of Cornwall has been visiting the Duchy for many years and is well versed in the running of the estate. In this, his first full year, he has chaired all four meetings of The Prince's Council and attended meetings of the Finance and Audit Committee, Rural Committee and The Duke of Cornwall's Charitable Foundation. He has regularly visited the estate, meeting with tenants and staff across Cornwall, Devon, Somerset, Wiltshire and Herefordshire, including the Duchy Nursery at Lostwithiel and Wistman's Wood on Dartmoor.

Updates to The Prince's Council

During 2023 the Net Zero Task Force was reoriented as the Sustainability Delivery Committee, to recognise its broadening mandate to oversee wider aspects of sustainability across the Duchy, including our net zero carbon targets, Future Farming transition programme, nature recovery, homelessness and mental health projects.

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 Framework as set out by the [IFRS Foundation](#). 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.

Updates to Council and Committee membership

Following a number of changes to Council and Committee membership during 2022/23, this past year has seen four changes. We are delighted to welcome Emily Norton and Kate Holborow as advisers to the Rural Committee. Emily brings a wealth of experience working in farming, food and rural affairs. Kate, a communications professional, was born and brought up in Cornwall and is involved with business, community and charity activities across the County.

Guy Monson, previously Treasurer to Their Royal Highnesses The Prince and Princess of Wales, has retired as adviser to the Finance and Audit Committee. He is succeeded by Sean Carney, Chief Operating Officer at the Household of The Prince and Princess of Wales. Arjun Raghavan, the CEO of a global investment office, has joined the Finance and Audit Committee and the Investment Committee, which he chairs.

Brief biographies of all Council and Committee members are on pages 55 to 57.

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.

ROLE AND REMIT	PRINCIPAL RESOURCES AND RELATIONSHIPS OVERSEEN	MATTERS REVIEWED
The Prince’s Council		
<ul style="list-style-type: none"> • Chaired by The Prince of Wales • Provides advice to The Prince of Wales 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. 	<p>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.</p>	<p>Met four times, in May, October, December and March. Reviewed the work of all Committees. Reviewed the Duchy’s management of risk. Approved the appointment of a new Duchy Auditor. Considered matters of financial viability, including annual budgets and forecasts, medium-term cash flow, asset allocation and a review of the cost base. Discussed strategies for addressing the climate and nature crises, and how the Duchy can respond on mental health, housing and homelessness issues, including essential needs housing on the Isles of Scilly and rough sleeping in Cornwall. Dealt with the appointment of the High Sheriff of Cornwall.</p>
Finance & Audit Committee		
<ul style="list-style-type: none"> • 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, November and February. 	<ul style="list-style-type: none"> • Financial • Manufactured. 	<p>Met twice with the external auditors to hear the results of the 2022/23 audit and, with the new auditors, to review the planning of the 2023/24 audit. Reviewed the performance of the financial investment portfolio and the recommendations of the Investment Committee. Discussed the annual property valuation results, budgets, forecasts and major capital expenditure. Reviewed the management of risk, sustainability and liquidity, and considered medium-term asset allocation.</p>
Rural Committee		
<ul style="list-style-type: none"> • Chaired by Harry Aubrey-Fletcher • Advises on the rural economy and the transition of farming to net zero • Much of the value provided by the Rural Committee flows from the time and expert guidance given by members outside meetings. Members carry out an extensive range of visits to the Duchy district offices, estates and farm tenants • Met four times, in April, June, November and February, including site visits to estates in Hereford. Members also attended tenant suppers in Cornwall, Somerset, Hereford, Dartmoor and on the Isles of Scilly. 	<ul style="list-style-type: none"> • Natural • Community • Financial • Manufactured. 	<p>Key topics this year included soil health, net zero farming, the Duchy’s mental health strategy, future estate management, capital liabilities, renewable energy opportunities and Landscape Recovery bids.</p>

ROLE AND REMIT	PRINCIPAL RESOURCES AND RELATIONSHIPS OVERSEEN	MATTERS REVIEWED
Commercial Property & Development Committee		
<ul style="list-style-type: none"> • Chaired by Alistair Elliott • Advises on the commercial property portfolio, the Kennington residential portfolio and development sites • Met four times, in June, October, November and February, including site visits to Nansledan, Kennington and Dartmoor Prison. 	<ul style="list-style-type: none"> • Manufactured • Community. 	<p>Discussed the major development sites at Poundbury and Nansledan and the next stages of infrastructure investment and place-making. Also reviewed the planning application for a development at South East Faversham in Kent project design, viability and sustainability. The Committee also assessed the urban commercial portfolio, including asset allocation and disposal and acquisition opportunities; energy efficiency in the Kennington residential portfolio, and ways to contribute to the Duchy's homelessness and mental health goals.</p>
Executive Committee		
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • People • Intellectual • Community • Financial. 	<p>Each Executive Committee meeting covers health and safety, HR and legal matters; annual financial budgets, forecasts and a review of the cost base; the sustainability strategy including annual carbon reduction targets; communications issues; a staff survey and mental health survey; sustainable procurement; and our digital working programme.</p>
Sustainability Delivery Committee		
<ul style="list-style-type: none"> • Chaired by Ian Marchant • Has overall responsibility for delivering the Duchy's net zero carbon and sustainability ambitions, and for progress with the homelessness and mental health strategies • Met four times, in May, July, October and February, including a site visit to Somerset to see highly energy-efficient housing and regenerative agriculture. 	<ul style="list-style-type: none"> • Natural • Community • Manufactured • Financial • Intellectual. 	<p>Reviewed progress on, and risks to, our net zero pathway, the efforts of the various workstream net zero challenge groups and operational programme board. Considered internal and external sustainability communications, including the TCFD and the TNFD; woodland creation; the Marine Estate; technological opportunities in construction; mental health and homelessness; sustainability outcomes in asset allocation decisions; and the Duchy's participation in Landscape Recovery programmes on the Isles of Scilly, Dartmoor and in Herefordshire.</p>
Investment Committee		
<ul style="list-style-type: none"> • Chaired by Arjun Raghavan • A sub-group of, and reports to, the Finance and Audit Committee. Charged with overseeing the management and performance of the financial investment portfolio. 	<ul style="list-style-type: none"> • Financial. 	<p>Reviewed the investment policy and its ESG and exclusions elements; analysed the performance of the various sections of the portfolio and made recommendations for changes in asset allocations to meet financial and other objectives, in the light of the rapidly changing interest rate environment; considered medium-term capital cash flow forecasts and liquidity needs.</p>

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.



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 we take various aspects of stakeholder interest 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.

A comprehensive training programme is 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 (NFU) 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 Farm Resilience Programme, part of The Royal Countryside Fund.

This year we launched our Sustainable Procurement Policy, which covers our procurement approach for goods and services, and ensures we work with our supply chain to achieve our critical success factors. To support the policy’s adoption, we surveyed all our suppliers to discover what help they might need to meet our policy ambitions and have run support webinars covering social impact and social value, climate change and net zero, and equality, diversity and inclusion. We will provide more support during the coming year.

The Royal Foundation of The Prince and Princess of Wales is the primary philanthropic vehicle of Their Royal Highnesses. The Royal Foundation has built very successful programmes addressing environmental and social causes that are very relevant to the Duchy, including The Earthshot Prize (environment), Heads Together (mental health), The Centre for Early Childhood, Homewards (homelessness) and United for Wildlife (conservation). We see opportunities for collaboration with The Royal Foundation across these areas, to help The Royal Foundation increase the impact of its work,

and also to help the Duchy enhance long-term value via natural capital and community. We have set up joint working initiatives with The Royal Foundation and The Earthshot Prize at board and operating levels.

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. Their ability to provide feedback informs 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 places 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 and nature-related financial risks, Greenhouse gas report](#) and our [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, government, 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	Council (C)	Finance & Audit (FAC)	Investment (IC)	Rural (RC)	Commercial Property & Development (CPDC)	Sustainability Delivery (SDC)	Remuneration (Rem)	Executive (ExCo)
<i>The Prince's Council</i>									
Chairman: The Prince of Wales		C	X						
Lord Warden of the Stannaries – Hugo van Vredenburg	Dec 2022–Present	X	X	X	X	X	X	C	
Receiver General – Edward Harley	Dec 2020–Dec 2021 (Council); Dec 2021–Present (Council and RG)	X	C	X				X	
Attorney General to The Prince of Wales – Sharif Shivji KC	Dec 2020–Present	X	X						
Secretary and Keeper of the Records – Alastair Martin	May 2012–Present	X	X		X	X	X	X	C
Ian Marchant	May 2012–Present	X	X				C		
Alistair Elliott	Sept 2020 (as adviser); May 2021 (to Council)–Present	X				C			
Harry Aubrey-Fletcher	Mar 2023–Present	X			C	X			
<i>Advisers to the Council</i>									
David Fursdon	April 2008–Present				X				
Lord Hintze	Sept 2014–Present		X	X					
Kit Martin	Feb 2015–Present					X			
The Marquess of Downshire	Aug 2017–Present				X				
Nigel Fox	Sept 2017–Present					X			
Nathan Thompson	Feb 2019–Present					X			
Jonathan Ruffer	Dec 2019–Mar 2023 (Council); Mar 2023–Present (as adviser)			X					
James Willcocks	Nov 2020 (as adviser); May 2021 (to Council)–Mar 2023; Mar 2023–Present (as adviser)				X				
Christina Williams	Nov 2020 (as adviser); May 2021 (to Council)–Mar 2023; Mar 2023–Present (as adviser)				X				
Guy Monson, Treasurer to Their Royal Highnesses The Prince and Princess of Wales	Sept 2022–Nov 2023		X						
Emma Howard Boyd	July 2022–Present						X		
William van Cutsem	Sept 2022–Present					X			
Anouka Dhadda	Feb 2023–Present						X		
Arjun Raghavan	Aug 2023–Present		X	C					
Kate Holborow	Nov 2023–Present				X				
Sean Carney, COO, Household of The Prince and Princess of Wales	Nov 2023–Present		X						
Emily Norton	Feb 2024–Present				X				
<i>Duchy staff</i>									
Linda Bryant, Property Services Director									X
Marie Cook, Operations and HR Director								X	X
David Cope, Head of Sustainability							X		
Matthew Morris, Rural Director		A			X		X		X
Ben Murphy, Estate Director		A				X	X		X
Andrew Phillips, Finance Director		A	X	X	X	X	X	X	X
Nick Pollock, Head of Planning						X			X
Geraint Richards, Head Forester					X				
Karl Taylor, Head of Enterprise									X

Key

X Member C Chairs A Attends

The Prince's Council

HUGO VAN VREDENBURCH
(C, FAC, IC, RC, CPDC, SDC, Rem)

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, where he most recently advised 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 a number of 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 Charitable Foundation.

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. 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.

ALASTAIR MARTIN
(C, FAC, RC, CPDC, SDC, 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, SDC)

Ian has a business background in utilities and renewable energy through his previous leadership of Scottish and Southern Energy and his chairmanship of both Thames Water and Logan Energy, a hydrogen engineering company. He is now Chair at Morgan Advanced Materials plc and a non-executive at Fred Olsen Limited, 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.

ALISTAIR ELLIOTT
(C, CPDC)

Alistair is a Chartered Surveyor and Fellow of the RICS. He spent all 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 Chair of LondonMetric plc. He is a member of the Duchy of Lancaster's Council.

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. He is a Commissioner and Trustee 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, National Trust Trustee 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 was the founder, Group Executive Chairman and Senior Investment Officer of CQS, before becoming the founder and CEO of Deltroit Asset Management in 2024. Prior to this, Michael held senior roles at CSFB and Goldman Sachs. The Hintze Family Charitable Foundation has provided significant funding to hundreds of charities. Michael is an Honorary Captain in the Royal Navy Reserve, a papal knight and a member of the Order of Australia. He was knighted in 2013 and granted a peerage in 2022. Through MH Premium Farms, Michael has significant investments in the agricultural sector both in Australia and the UK.

KIT MARTIN (CPDC)

Kit trained as an architect and is an Honorary Fellow of the RIBA. 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.

JONATHAN RUFFER (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.

JAMES WILLCOCKS (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 (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 vice chair 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.

EMMA HOWARD BOYD
(SDC)

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
(SDC)

Anouka is 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.

ARJUN RAGHAVAN
(FAC, IC)

Arjun is the Chief Executive Officer of Partners Capital, a global investment office acting for distinguished endowments and foundations, senior investment professionals and prominent families across the globe. Arjun is a member of Partners Capital's Board of Directors and sits on the Global Investment Committee. He set up the firm's Asian operations in Singapore and Hong Kong. Before joining Partners Capital, Arjun was a Director at Quantiva Capital, an equities hedge fund, and prior to that he was at Accenture where he focused on corporate strategy. Arjun is a CFA Charterholder, holds an MBA with Distinction from INSEAD and graduated from the Indian Institute of Technology, Mumbai.

KATE HOLBOROW
(RC)

Born and brought up in Cornwall, Kate (as Kate Wild) is founder of Wild Card, a communications consultancy with offices in Truro, Bristol and London. She was appointed High Sheriff of Cornwall in 2020/21 and represents the Duchy in the High Sheriff of Cornwall appointment process. A Deputy Lieutenant of Cornwall since 2017, she leads on fund development and sponsorship for Young & Talented Cornwall, The Lord Lieutenant's Fund. Kate has been on the board of the Cornwall Chamber of Commerce since 2017. She co-chairs both the Cornwall Lieutenancy Voluntary Sector Committee and the annual Cornwall Christmas Fair at Eden, one of Cornwall's largest fundraisers supporting the Cornwall Community Foundation. In 2023 she was appointed to the inaugural Cornish Lithium Advisory Board.

SEAN CARNEY
(FAC)

Sean is the Chief Operating Officer at Kensington Palace, where he is responsible for finance, HR and related matters for the Household of The Prince and Princess of Wales. He has a background both in larger financial institutions, and in leading the family offices and investment vehicles of other philanthropic families. Sean is a trustee of UNICEF UK and sits on the investment committees of other charitable foundations. He is a Canadian who studied both economics and law in the US before moving to the UK over 30 years ago.

EMILY NORTON
(RC)

Emily is a farmer and an independent strategic advisor for the rural sector. She works with farmers, investors and businesses on rural policy and emerging trends, with expertise in natural capital influences on land, food and farming. Emily qualified as a solicitor before undertaking an MSc in Sustainable Agriculture. She has spent her career working in farming, food and rural affairs, including within a family farming business and most recently as Head of Rural Research at property consultancy Savills. Emily was a member of the working group for the recent Rock Review of agricultural tenancies, holds various board positions in the rural sector and writes an opinion column in *Farmers Weekly*. She is a member of the national policy committee of the CLA and is a trustee at the Royal Norfolk Agricultural Association. Emily lives and farms in Norfolk.

OTHER DISCLOSURES

The Duke of Cornwall's Charitable Foundation

In the Charitable Foundation's¹ last financial year, it made grants and commitments of c.£159,000 (2023: c.£261,000) to a variety of charities, primarily operating in Cornwall. 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 £130,000 (2023: £109,000). These were made to causes in the following areas:

- Agriculture – £24,000 (2023: £19,000)
- Environment – £57,000 (2023: £36,000)
- Community – £49,000 (2023: £54,000).

Significant individual donations included:

- £33,000 (2023: £30,000) to Islands' Partnership, a body dedicated to the promotion of the destination of the Isles of Scilly; and
- £15,000 (2023: £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.



¹ The Duke of Cornwall's Charitable Foundation is the new name of The Duke of Cornwall's Benevolent Fund. The process for formal adoption via the Charity Commission is underway.

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

62	Independent auditor's report to The Duke of Cornwall
65	Financial statements
73	Notes to the financial statements
105	Treasury consents
106	Appendix

INDEPENDENT AUDITOR'S REPORT TO THE DUKE OF CORNWALL

Year ended 31st March 2024

Independent auditor's report to The Duke of Cornwall

Opinion

We have audited the financial statements of the Duchy of Cornwall (the "Duchy") and its subsidiaries (the "Group") for the year ended 31st March 2024, which comprise the Group revenue and capital account statement of comprehensive income; the Group and Duchy of Cornwall balance sheet; the Group and Duchy of Cornwall statement of changes in capital and reserves; and the Group and Duchy of Cornwall statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards (IAS) as applied to the Duchy of Cornwall by the Accounts Direction given by HM Treasury dated 13th June 2023.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and of the Duchy of Cornwall as at 31st March 2024 and of the Group's revenue surplus and the Group's capital surplus for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards 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 requirements of the Accounts Direction given by the HM Treasury dated 13th June 2023.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Duchy of Cornwall's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Proper Officers

are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Opinions on other matters

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

- the information given in the Strategic report and the Proper Officers' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Proper Officers' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Duchy of Cornwall and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Proper Officers' report.

Responsibilities of the Proper Officers

As explained more fully in the Proper Officers' responsibilities statement set out on page 59, the Proper Officers are responsible for the preparation of the financial statements 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, and for such internal control as the Proper Officers determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below.

Identifying and assessing risks related to irregularities

We assessed the susceptibility of the Group and Duchy of Cornwall's financial statements to material misstatement and how fraud might occur, including through discussions with the Proper Officers, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Group and the Duchy of Cornwall by discussions with management and Proper Officers and by updating our understanding of the sectors in which the Group and Duchy of Cornwall operate.

Laws and regulations of direct significance in the context of the Group and the Duchy of Cornwall include the Accounts Direction given by HM Treasury dated 13th June 2023 and the Duchy of Cornwall Management Act 1982.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items, including a review of Group and Duchy of Cornwall's financial statement disclosures. We reviewed the Duchy of Cornwall's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the

Duchy of Cornwall's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas that might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. We evaluated management's incentives for fraudulent manipulation of the financial statements through incorrect classification of transactions between the Revenue account and Capital account. We tested the allocation of costs between the two accounts including staff costs, repairs and maintenance expenses, net zero and Future Farming expenditure. We tested unusual journal entries, unrelated to the Duchy of Cornwall's investments or investment properties, along with testing the assumptions and judgements made by management in investment property valuations and pensions.

At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and

regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to The Duke of Cornwall and the Proper Officers in accordance with the Duchy of Cornwall Management Act 1982. Our audit work has been undertaken so that we might state to The Duke of Cornwall and the Proper Officers those matters we are required to state to in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Duke of Cornwall and the Proper Officers for our audit work, for this Report, or for the opinions we have formed.

Other reporting required

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

In our 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 we are required to report by exception

Under the terms of our engagement we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Other matters

In our 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.

David Sedgwick

for and on behalf of Saffery LLP

Chartered Accountants Statutory Auditors

St Catherine's Court

Berkeley Place

Bristol

BS8 1BQ

18th June 2024

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 31 ST MARCH 2023 (RESTATED*) £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Continuing operations			
Revenue	2	36,608	38,649
Operating costs	2	(14,501)	(17,062)
Operating surplus		22,107	21,587
Finance income	5	3,238	4,541
Finance costs	6	(3,521)	(3,515)
Net finance (costs)/income		(283)	1,026
Net surplus for the year from continuing operations		21,824	22,613
Net surplus for the year from discontinued operations	24	3,861	1,951
Net surplus for the year (continuing and discontinued)		25,685	24,564
Surplus attributable to:			
Non-controlling interests		1,637	920
Net surplus for the year, distributable to HRH		24,048	23,644
Other comprehensive income from continuing operations			
Items that will not be reclassified to revenue profit and loss:			
Actuarial loss on retirement benefit obligations		(1,429)	(542)
Total comprehensive income on Revenue account		24,256	24,022
Total comprehensive income attributable to:			
Non-controlling interests		1,637	920
Net surplus for the year, distributable to HRH		22,619	23,102

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).

* The prior year figures in the Revenue account, Capital account and related disclosure notes have been restated in line with IFRS 5 – Non-current assets held for sale and discontinued operations. See note 24 on pages 103 and 104 for details.

Group capital account statement of comprehensive income

		YEAR ENDED 31 ST MARCH 2023	YEAR ENDED 31 ST MARCH 2024
	NOTE	£'000	£'000
Net gain from Fair Value adjustment on investment property	8	24,632	26,582
Net gain on the disposal of investment property		8,643	51
Net (loss)/gain on revaluation of investment property held for sale	13	(4,818)	5,397
Net gain on the disposal of investment property held for sale		4,699	3,105
Share of profit from joint venture	10	10	167
Finance costs		(205)	(210)
Net loss on the disposal of financial assets	11	–	(728)
Charge from revenue account for salary costs	2	(916)	(1,172)
Other costs		(1,871)	(1,538)
Net surplus for the year from continuing operations		30,174	31,654
Net surplus for the year from discontinued operations	24	–	9,597
Net surplus for the year (continuing and discontinued)		30,174	41,251
Surplus attributable to:			
Non-controlling interests		–	–
Duchy of Cornwall		30,174	41,251
Other comprehensive income/(expense) from continuing operations			
Items that will not be reclassified to capital profit and loss:			
Net loss on revaluation of owner-occupied property	9	(627)	(887)
Items that may be reclassified to capital profit or loss:			
Net (loss)/gain on the revaluation of financial assets	11	(6,819)	1,423
Net gain/(loss) on the revaluation of financial derivatives	15	2,254	(554)
		5,192	(18)
Total comprehensive income on Capital account		24,982	41,233
Total comprehensive income attributable to:			
Non-controlling interests		–	–
Duchy of Cornwall		24,982	41,233

The notes on pages 73 to 104 are an integral part of these financial statements.

Group balance sheet

	NOTE	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Assets			
Non-current assets			
Investment property	8	1,064,272	1,076,497
Property, plant and equipment	9	19,769	11,125
Investments in joint ventures and associates	10	2,370	1,320
Financial assets	11	81,089	102,873
Derivative financial instruments	15	3,219	2,749
Trade and other receivables	12	9,468	8,289
Total non-current assets		1,180,187	1,202,853
Current assets			
Inventories		1,775	783
Trade and other receivables	12	9,588	9,689
Cash and cash equivalents	23	27,312	8,258
		38,675	18,730
Investment property assets held for sale	13	14,711	43,072
Total current assets		53,386	61,802
Total assets		1,233,573	1,264,655
Liabilities			
Current liabilities			
Trade and other payables	14	(15,533)	(16,968)
Borrowings	15	(702)	–
Lease liabilities		(479)	(7)
Total current liabilities		(16,714)	(16,975)
Non-current liabilities			
Trade and other payables	14	(2,386)	(1,383)
Borrowings	15	(137,776)	(137,361)
Lease liabilities		(1,882)	(53)
Retirement benefit obligations	7	(41)	(84)
Total non-current liabilities		(142,085)	(138,881)
Net assets		1,074,774	1,108,799
Reserves			
Revenue reserve available for distribution to HRH		7,940	4,043
Retirement benefit reserve		(3,501)	(4,043)
Capital reserve		1,063,960	1,105,747
Hedging reserve		3,606	3,052
		1,072,005	1,108,799
Non-controlling interest		2,769	–
Total equity		1,074,774	1,108,799

The notes on pages 73 to 104 are an integral part of these financial statements.

The financial statements on pages 65 to 104 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 18th June 2024.

Duchy of Cornwall balance sheet

		YEAR ENDED 31 ST MARCH 2023 NOTE (RESTATED) £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Assets			
Non-current assets			
Investment property	8	1,054,147	1,076,497
Property, plant and equipment	9	9,814	11,125
Investments in joint ventures and associates	10	2,370	1,320
Investments in subsidiaries	10	9,515	–
Financial assets	11	81,089	102,873
Derivative financial instruments	15	3,219	2,749
Trade and other receivables	12	16,073	8,759
Total non-current assets		1,176,227	1,203,323
Current assets			
Inventories		699	783
Trade and other receivables	12	6,374	9,508
Cash and cash equivalents	23	25,383	7,875
Investment property assets held for sale	13	14,711	43,072
Total current assets		47,167	61,238
Total assets		1,223,394	1,264,561
Liabilities			
Current liabilities			
Trade and other payables	14	(14,434)	(16,820)
Lease liabilities		(5)	(7)
Total current liabilities		(14,439)	(16,827)
Non-current liabilities			
Trade and other payables	14	(2,386)	(1,383)
Borrowings	15	(137,151)	(137,361)
Lease liabilities		(55)	(53)
Retirement benefit obligations	7	(41)	(84)
Total non-current liabilities		(139,633)	(138,881)
Net assets		1,069,322	1,108,853
Reserves			
Revenue reserve available for distribution to HRH		5,906	4,087
Retirement benefit reserve		(3,501)	(4,043)
Capital reserve		1,063,311	1,105,757
Hedging reserve		3,606	3,052
Total equity		1,069,322	1,108,853

The notes on pages 73 to 104 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 £25.722million (2023: £22.335million).

The financial statements on pages 65 to 104 were approved by the Proper Officers and signed on their behalf by Alastair Martin, Secretary and Keeper of the Records, 18th June 2024.

Group statement of changes in capital and reserves

	REVENUE ACCOUNT		CAPITAL ACCOUNT		TOTAL £'000	NON- CONTROLLING INTEREST £'000	TOTAL RESERVES £'000
	REVENUE RESERVE	RETIREMENT BENEFIT RESERVE	CAPITAL RESERVE	HEDGING RESERVE			
	£'000	£'000	£'000	£'000			
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)
Less payments made to HRH							
In respect of current year 25 th Duke	(5,900)	–	–	–	(5,900)	–	(5,900)
In respect of current year 24 th Duke	(10,208)	–	–	–	(10,208)	–	(10,208)
In respect of prior year 24 th 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
Net surplus for the year	23,644	–	41,251	–	64,895	920	65,815
Other comprehensive income							
Net loss on revaluation of owner-occupied property (note 9)	–	–	(887)	–	(887)	–	(887)
Net gain on revaluation of financial assets (note 11)	–	–	1,423	–	1,423	–	1,423
Loss on financial derivatives (note 15)	–	–	–	(554)	(554)	–	(554)
Actuarial loss on retirement benefit obligations (note 7)	–	(542)	–	–	(542)	–	(542)
Total comprehensive income/(expense)	23,644	(542)	41,787	(554)	64,335	920	65,255
Disposal of non-controlling interest	–	–	–	–	–	(3,689)	(3,689)
Less payments made to HRH							
In respect of current year 25 th Duke	(19,601)	–	–	–	(19,601)	–	(19,601)
In respect of prior year 25 th Duke	(6,873)	–	–	–	(6,873)	–	(6,873)
In respect of prior year 24 th Duke	(1,067)	–	–	–	(1,067)	–	(1,067)
Balance as at 31st March 2024	4,043	(4,043)	1,105,747	3,052	1,108,799	–	1,108,799

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	CAPITAL RESERVE £'000	HEDGING RESERVE £'000	
		BENEFIT RESERVE £'000			
Balance as at 31st March 2022 (Restated)	7,034	(2,072)	1,040,584	1,352	1,046,898
Net surplus for the year (Restated)	22,335	–	30,173	–	52,508
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) (Restated)	22,335	(1,429)	22,727	2,254	45,887
	29,369	(3,501)	1,063,311	3,606	1,092,785
Less payments made to HRH					
In respect of current year 25 th Duke	(5,900)	–	–	–	(5,900)
In respect of current year 24 th Duke	(10,208)	–	–	–	(10,208)
In respect of prior year 24 th Duke	(7,355)	–	–	–	(7,355)
Balance as at 31st March 2023 (Restated)	5,906	(3,501)	1,063,311	3,606	1,069,322
Net surplus for the year	25,722	–	41,910	–	67,632
Other comprehensive income					
Net loss on revaluation of owner-occupied property (note 9)	–	–	(887)	–	(887)
Net gain on revaluation of financial assets (note 11)	–	–	1,423	–	1,423
Loss on financial derivatives (note 15)	–	–	–	(554)	(554)
Actuarial loss on retirement benefit obligations (note 7)	–	(542)	–	–	(542)
Total comprehensive income/(expense)	25,722	(542)	42,446	(554)	67,072
	31,628	(4,043)	1,105,757	3,052	1,136,394
Less payments made to HRH					
In respect of current year 25 th Duke	(19,601)	–	–	–	(19,601)
In respect of prior year 25 th Duke	(6,873)	–	–	–	(6,873)
In respect of prior year 24 th Duke	(1,067)	–	–	–	(1,067)
Balance as at 31st March 2024	4,087	(4,043)	1,105,757	3,052	1,108,853

Group statement of cash flows

	NOTE	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Cash generated from operating activities	16	25,348	22,436
Interest paid		(3,735)	(3,918)
Net cash inflow from operating activities		21,613	18,518
Cash flows from investing activities			
Purchase of financial investments	11	–	(70,447)
Proceeds from disposal of financial investments	11	4,302	49,358
Loan repaid by a subsidiary undertaking		–	5,073
Tenant loan repaid		–	14
Distributions from joint ventures	10	915	1,190
Net proceeds from disposal of subsidiaries (net of cash disposed)*	10	–	12,477
Purchase of investment property	8	(17,032)	(1,065)
Property improvements	8	(7,025)	(8,834)
Property development expenditure	8	(14,661)	(12,179)
Proceeds from disposal of investment properties	8	7,886	7,994
Purchase of property, plant and equipment	9	(2,100)	(2,833)
Proceeds from disposal of assets held for sale	13	4,608	7,348
Financial investment income received		3,042	2,246
Interest received		79	1,742
Net cash outflow from investing activities		(19,986)	(7,916)
Cash flows from financing activities			
Proceeds from borrowings		1,008	–
Principal paid on lease liabilities		(456)	(824)
Borrowings repaid		(382)	(1,291)
Dividends paid to non-controlling interest		(70)	–
Payments made to 24 th Duke		(17,563)	(1,067)
Payments made to 25 th Duke in respect of the prior year		–	(6,873)
Payments made to 25 th Duke in respect of the current year		(5,900)	(19,601)
Net cash outflow from financing activities		(23,363)	(29,656)
Decrease in cash in the year		(21,736)	(19,054)
Cash and cash equivalents at start of year		49,048	27,312
Cash and cash equivalents at end of year		27,312	8,258

* 2024 amount of £12.477million comprises cash consideration received of £13.735million less cash and cash equivalents sold of £1.258million. Cash flows of discontinued operations sold are shown in note 24.

Duchy of Cornwall statement of cash flows

	NOTE	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Cash generated from operating activities	16	20,431	18,737
Interest paid		(3,411)	(3,601)
Net cash inflow from operating activities		17,020	15,136
Cash flows from investing activities			
Purchase of financial investments	11	–	(70,447)
Proceeds from disposal of financial investments	11	4,302	49,358
Tenant loan repaid		–	14
Net movement on amounts owed by subsidiaries		1,189	5,223
Net proceeds from disposal of subsidiaries	10	–	13,679
Distributions from joint ventures	10	915	1,190
Distribution received from QMS (Poundbury) LLP		400	161
Purchase of investment property	8	(17,032)	(1,065)
Property improvements	8	(7,010)	(8,834)
Property development expenditure	8	(14,661)	(12,179)
Proceeds from disposal of investment properties	8	7,886	7,994
Purchase of property, plant and equipment	9	(1,920)	(1,916)
Proceeds from disposal of assets held for sale	13	4,608	7,348
Financial investment income received		3,042	2,246
Interest received		590	2,125
Net cash outflow from investing activities		(17,691)	(5,103)
Cash flows from financing activities			
Proceeds from borrowings		1,008	–
Principal paid on lease liabilities		(10)	–
Payments made to the 24 th Duke		(17,563)	(1,067)
Payments made to the 25 th Duke in respect of the prior year		–	(6,873)
Payments made to the 25 th Duke in respect of the current year		(5,900)	(19,601)
Net cash outflow from financing activities		(22,465)	(27,541)
Decrease in cash in the year		(23,136)	(17,508)
Cash and cash equivalents at start of year		48,519	25,383
Cash and cash equivalents at end of year		25,383	7,875

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31st March 2024

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 2024.

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 page 106).

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 £1,109million.

The financial statements have been prepared in Sterling (generally 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 (OCI) 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.

The Duchy allocates items between the Capital and Revenue accounts on the basis of the nature of the transaction. Capital transactions are those that have longer-term benefit to the assets of the Duchy such as the purchase and sale of assets, and expenditure that improves an asset and enhances value. Revenue transactions are likely to be annual, such as rental and interest receipts, property repairs and maintenance, and overhead and administration expenses.

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 2023:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Classification of Liabilities as Current and Non-current (Amendments to IAS 1).

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 2024 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.

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.

1 Accounting policies (continued)

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 Duchy operates a nursery and café 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 had a subsidiary, J V Energen LLP, which built and ran an anaerobic digestion and biomethane injection plant at Dorchester, Dorset. Income was recognised when biomethane was injected into the local gas distribution network or when electricity was exported to the National Grid. Sales of energy were invoiced and renewable energy subsidies were 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 when a right to receive the income is established and when probable economic benefits will flow.

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. The Group uses the most-likely amount method.

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 OCI 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, and will continue to be, maintained to a high standard and it is assumed that property values will not fall. 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.

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

1 Accounting policies (continued)

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 Duchy 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 to the Capital account 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 OCI 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 OCI 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 OCI is recognised in OCI 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.

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.

1 Accounting policies (continued)

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 OCI, 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, joint ventures and associate undertakings

Investments in subsidiaries are held at cost less accumulated impairment losses by the Duchy. Investments in joint ventures and associate undertakings are valued at Fair Value using the equity method.

2 Analysis of Revenue account operating surplus

	NOTE	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Property income:			
Agricultural income		8,632	8,425
Commercial income		19,126	20,680
Residential income		6,679	6,729
Total property income		34,437	35,834
Sale of goods		2,171	2,815
Operating income – continuing operations		36,608	38,649
Operating income – discontinued operations		12,205	9,752
Total operating income		48,813	48,401
Staff costs	4	6,393	7,564
Charge to Capital account		(916)	(1,172)
		5,477	6,392
Direct cost of sales		834	1,100
Depreciation		482	503
Repairs and maintenance		4,091	4,605
Administration		2,714	3,606
Other operating costs		903	856
Operating costs		14,501	17,062
Operating surplus – continuing operations		22,107	21,587
Operating surplus – discontinued operations		4,204	2,243
Total operating surplus		26,311	23,830

Sale of goods comprises sales at the Duchy Nursery.

2 Analysis of Revenue account operating surplus (continued)

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

	YEAR ENDED 31 ST MARCH 2023 £	YEAR ENDED 31 ST MARCH 2024 £
Fees payable to the Duchy of Cornwall auditor for the audit of the Duchy and consolidated financial statements:		
Current year	215,300	169,000
Prior year	5,000	–
Fees payable to the Duchy of Cornwall auditor and their associates for other services:		
The audit of QMS (Poundbury) LLP	13,820	–
	234,120	169,000

3 Leasing: operating leases with tenants

The Duchy of Cornwall leases out all of its investment properties under operating leases with, on average, 61 years remaining to expiry. The aggregate minimum rentals, excluding contingent rents, receivable under non-cancellable leases are as follows:

	31 ST MARCH 2023 £'000	31 ST MARCH 2024 £'000
Less than one year	20,147	21,070
Between two and five years	67,973	68,579
After five years	432,245	424,942
	520,365	514,591

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

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Contingent rents receivable	2,688	3,344

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 31 ST MARCH 2023 MONTHLY AVERAGE NUMBER	DUCHY YEAR ENDED 31 ST MARCH 2023 MONTHLY AVERAGE NUMBER	GROUP YEAR ENDED 31 ST MARCH 2024 MONTHLY AVERAGE NUMBER	DUCHY YEAR ENDED 31 ST MARCH 2024 MONTHLY AVERAGE NUMBER
Administrative	89	89	98	98
Estate workers	16	16	15	15
Nursery	53	53	62	62
Housekeepers	29	29	26	26
	187	187	201	201
Discontinued operations	7	–	7	–
	194	187	208	201

4 Staff costs (continued)

The total remuneration for the Group was £10.105million (2023: £8.923million) comprising:

	GROUP YEAR ENDED 31 ST MARCH 2023 £'000	DUCHY YEAR ENDED 31 ST MARCH 2023 £'000	GROUP YEAR ENDED 31 ST MARCH 2024 £'000	DUCHY YEAR ENDED 31 ST MARCH 2024 £'000
Wages and salaries	6,377	6,377	7,148	7,148
Social security costs	697	697	777	777
Pension costs	888	888	1,023	1,023
Other staff costs	331	331	507	507
Continuing operations	8,293	8,293	9,455	9,455
Discontinued operations	630	–	650	–
Total	8,923	8,293	10,105	9,455

Included within the above figures are £1.550million (2023: £1.513million) of costs capitalised as improvements or development expenditure. The costs of staff primarily engaged on Revenue account activities are:

	GROUP YEAR ENDED 31 ST MARCH 2023 £'000	DUCHY YEAR ENDED 31 ST MARCH 2023 £'000	GROUP YEAR ENDED 31 ST MARCH 2024 £'000	DUCHY YEAR ENDED 31 ST MARCH 2024 £'000
Wages and salaries	4,846	4,846	5,737	5,737
Social security costs	528	528	615	615
Pension costs	738	738	799	799
Other staff costs	281	281	413	413
Continuing operations	6,393	6,393	7,564	7,564
Discontinued operations	630	–	650	–
Total	7,023	6,393	8,214	7,564

Of the above, £1.172million (2023: £0.916million) 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.

The emoluments of members of, and advisors to, The Prince's Council were as follows:

	YEAR ENDED 31 ST MARCH 2023 £	YEAR ENDED 31 ST MARCH 2024 £
Alastair Martin	346,338	367,085
James Willcocks	8,000	8,000
	354,338	375,085

In addition, pension contributions of £24,761 (2023: £23,360) were paid into a money purchase scheme for Alastair Martin.

5 Finance income – Group

	YEAR ENDED 31 ST MARCH 2023	YEAR ENDED 31 ST MARCH 2024
	£'000	£'000
Interest and dividend income from financial investments measured at Fair Value through OCI	3,048	2,251
Bank interest	150	2,205
Loan and other interest	40	85
Continuing operations	3,238	4,541
Discontinued operations	1	1
Total	3,239	4,542

6 Finance costs – Group

	YEAR ENDED 31 ST MARCH 2023	YEAR ENDED 31 ST MARCH 2024
	£'000	£'000
Loan interest – continued operations	3,521	3,515
Loan interest – discontinued operations	344	294
Total	3,865	3,809

Loan interest cost recognised for the year ended 31st March 2024 includes £84,000 (2023: £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 2024.

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 comprise 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 de-risked 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.

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

Recognition of funded status

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

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Fair Value of assets at end of year	19,608	19,451
Present value of obligations at end of year	(19,649)	(19,535)
Net defined benefit obligation	(41)	(84)

Expense recognised in income statement

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Current service cost	242	142
Administration expenses	113	123
Operating expense	355	265
Net interest on the net defined benefit obligation	(35)	(13)
Total expense recognised in income statement	320	252

Reconciliation of value of defined benefit obligations over the year

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

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Present value of obligations at start of year	27,154	19,649
Current service cost	242	142
Interest cost	727	903
Distributions	(1,447)	(866)
Experience (gains)/losses	(64)	283
Actuarial gains arising from change in financial assumptions	(6,935)	(249)
Actuarial gains arising from change in demographic assumptions	(28)	(327)
Present value of obligations at end of year	19,649	19,535

Reconciliation of Fair Value of assets

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

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Fair Value of assets at start of year	28,127	19,608
Employer contributions	735	751
Interest income	762	916
Return on Scheme assets excluding interest income	(8,456)	(835)
Distributions	(1,447)	(866)
Administration expenses and death in service premia	(113)	(123)
Fair Value of assets at end of year	19,608	19,451

Movement in net defined benefit obligation over the year

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Net defined benefit obligation at beginning of the year	973	(41)
Employer contributions	735	751
Expense recognised in income statement	(320)	(252)
Remeasurement loss recognised in OCI	(1,429)	(542)
Net defined benefit obligation at end of year	(41)	(84)

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

Remeasurement effects recognised in OCI

	YEAR ENDED 31 ST MARCH 2023 £'000	YEAR ENDED 31 ST MARCH 2024 £'000
Return on Scheme assets excluding interest income	(8,456)	(835)
Experience gains/(losses) on obligations	64	(283)
Actuarial gains arising from change in financial assumptions	6,935	249
Actuarial gains arising from change in demographic assumptions	28	327
Total loss recognised in OCI	(1,429)	(542)

Actuarial assumptions at end of year

	31 ST MARCH 2023	31 ST MARCH 2024
Discount rate (p.a.)	4.70%	4.70%
Salary increases (p.a.)	4.25%	4.15%
RPI inflation (p.a.)	3.50%	3.40%
CPI inflation (p.a.)	3.00%	2.90%
Pension increases: RPI min 0%, max 5% (p.a.)	3.40%	3.30%
Post-retirement mortality (base table)	S3PxA "light" adjusted for CMI	S3PxA "light" adjusted for CMI
Post-retirement mortality (improvements)	2021 projections with 1.5% p.a. long-term trend rate	2022 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:	31 ST MARCH 2024 £'000
Discount rate reduced by 0.25% p.a.	604
Discount rate increased by 0.25% p.a.	(575)
Salary increases increased by 0.25% p.a.	50
Salary increases reduced by 0.25% p.a.	(50)
Inflation increased by 0.25%* p.a.	519
Inflation reduced by 0.25%* p.a.	(500)
Life expectancy increased by approximately one year	638
Life expectancy decreased by approximately one year	(646)

* 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 de-risked 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	2,432	–	2,432
Diversified growth fund	1,560	–	1,560
UK corporate bonds: investment grade	10,307	–	10,307
LDI matching and liquidity funds	3,824	–	3,824
Cash	–	155	155
Private markets	–	1,173	1,173
At 31st March 2024	18,123	1,328	19,451

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)	620
Average duration of the liabilities (years)	13
Expected future benefit payments (£'000):	
Year ending 31 st March 2025	911
Year ending 31 st March 2026	1,017
Year ending 31 st March 2027	1,166
Year ending 31 st March 2028	980
Year ending 31 st March 2029	987
Five years ending 31 st March 2034	5,853

The Duchy also contributes to defined contribution scheme arrangements, the charge for continuing operations was £771,000 (2023: £763,000).

8 Investment property – Group

	AGRICULTURAL & FORESTRY £'000	COMMERCIAL £'000	RESIDENTIAL £'000	DEVELOPMENT LAND £'000	TOTAL £'000
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
Additions	12	1,058	4	–	1,074
Capital improvements	1,866	1,696	4,030	4	7,596
Capitalised development expenditure	–	–	–	11,309	11,309
Transfers to property, plant and equipment	–	–	(940)	–	(940)
Transfers from current assets held for sale	–	–	–	2,610	2,610
Transfer to investment property assets held for sale	(316)	(27,970)	(874)	(115)	(29,275)
Disposals	(5,801)	–	(930)	–	(6,731)
Net gain/(loss) from Fair Value adjustments on investment property	41,669	(5,499)	308	(9,896)	26,582
At 31st March 2024	488,562	323,498	223,446	40,991	1,076,497

8 Investment property – the Duchy

	AGRICULTURAL & FORESTRY £'000	COMMERCIAL £'000	RESIDENTIAL £'000	DEVELOPMENT LAND £'000	TOTAL £'000
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
Additions	12	1,058	4	–	1,074
Capital improvements	1,866	1,696	4,030	4	7,596
Capitalised development expenditure	–	–	–	11,309	11,309
Transfers from subsidiary undertaking	–	7,925	2,200	–	10,125
Transfers to property, plant and equipment	–	–	(940)	–	(940)
Transfers from current assets held for sale	–	–	–	2,610	2,610
Transfer to investment property assets held for sale	(316)	(27,970)	(874)	(115)	(29,275)
Disposals	(5,801)	–	(930)	–	(6,731)
Net gain/(loss) from Fair Value adjustments on investment property	41,669	(5,499)	308	(9,896)	26,582
At 31st March 2024	488,562	323,498	223,446	40,991	1,076,497

Property assets held for sale include those that are being actively marketed and are likely to complete during the 12 months following the balance sheet date. During the year, following discussions with some of our development partners about the slowdown in the housing market, it was agreed that certain parcels of development land would be drawn down later than had previously been anticipated. Other than timing, no other criteria have changed. This has resulted in a transfer of £2.61m of land from current assets held for sale back into investment property.

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 the London residential properties are valued externally by Savills. All 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 that 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 the European Public Real Estate Association'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.

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.

8 Investment property – Group and the Duchy (continued)

Relationship of significant unobservable inputs to Fair Value and the impact of significant changes to those inputs – at 31st March 2024

Unobservable input	Impact on Fair Value of changes to input	
	INCREASE IN INPUT	DECREASE IN INPUT
Capitalisation rates	Decrease in Fair Value	Increase in Fair Value
Discount rates	Decrease in Fair Value	Increase in Fair Value
Adjusted comparable vacant possession values	Increase in Fair Value	Decrease in Fair Value
Market rental values	Increase in Fair Value	Decrease 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	362,786	427,646	573,195
Other rural assets	32,090	33,408	34,872
Forestry	27,505	27,508	27,515
Urban commercial	200,881	218,030	243,803
Rural commercial	100,744	105,468	110,847
Residential property	219,983	223,446	227,431

Impact on Fair Value of changes to vacant possession values (ceteris paribus)

All in £'000	INCREASE OF 10%	AS DISCLOSED	DECREASE OF 10%
Agricultural	445,990	427,646	409,312
Other rural assets	34,299	33,408	32,508
Forestry	30,259	27,508	24,764
Residential property	242,736	223,446	204,146

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

All in £'000	INCREASE OF 10%	AS DISCLOSED	DECREASE OF 10%
Agricultural	450,889	427,646	404,400
Urban commercial	248,235	218,030	213,020

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

8 Investment property – Group and the Duchy (continued)

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

PROPERTY TYPE		FAIR VALUE AT 31 ST MARCH 2024 £'000	VALUATION TECHNIQUES	UNOBSERVABLE INPUTS	RANGE OF UNOBSERVABLE INPUTS (WHERE MEANINGFUL)
Agricultural & Forestry	Agricultural	427,646	Yield methodology	Rental values	–
				Capitalisation rate	Farms: 1.35% to 2.6% Bare land: 9% to 10%
				Adjusted sales comparison approach	Adjusted comparable vacant possession values
	Forestry	27,508	Adjusted sales comparison approach	Discount rate for terminal value	5% to 7%
				Estimate of period until vacant possession achieved	0 to 75 years (average 5 years)
				Price per hectare	£2,471 to £79,369 (average £14,446) per hectare
Other rural assets	33,408	Yield methodology	Rental values	–	
			Capitalisation rate	8% to 12%	
			Discount rate for terminal value	6% to 12%	
Total		488,562			
Commercial	Urban commercial	218,030	Yield methodology	Rental values	Industrial: £140 psm Office: £18 to £617 psm Retail: £139 to £148 psm
				Capitalisation rate	Industrial: 6% Office: 3.4% to 7.2% Retail: 6.2% to 6.6% Other: 3% to 10%
				Rural commercial	105,468
	Rural commercial	105,468	Yield methodology	Capitalisation rate	6% to 11.75%
				Total	
	Residential		223,446	Yield methodology	Rental values
Capitalisation rate					4% to 5%
Adjusted sales comparison approach					Adjusted comparable vacant possession values
Adjusted sales comparison approach				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 £154million
				Estimate of period until vacant possession achievable, for long-term lets	0 to 158 years (average 39 years) Fair Value £69million
Development land	40,991	Discounted cash flow	Discount rate	7% to 8% (average 8%)	
			Risk factor	5% to 50% (average 6.9%)	
			Time to completion	< 1 year to 19 years (average 14.3 years)	

8 Investment property – Group and the Duchy (continued)

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

	PROPERTY TYPE	FAIR VALUE AT 31 ST MARCH 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
				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
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 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
Year ended 31st March 2024							
Additions/improvements	54	–	1,413	–	1,192	–	2,659
Disposal – cost	(7)	(10)	–	–	–	–	(17)
Disposal on sale of subsidiary	–	(37)	(12,744)	(4,577)	–	–	(17,358)
Depreciation charge	(62)	(10)	(1,113)	(343)	–	–	(1,528)
Transfer from investment property	–	–	–	–	940	–	940
Disposal – depreciation	7	10	–	–	–	–	17
Disposal on sale of subsidiary	–	31	5,093	2,406	–	–	7,530
Revaluation	–	–	–	–	(887)	–	(887)
At 31st March 2024	131	–	2,399	7	8,541	47	11,125
At 31st March 2024							
Cost/valuation	300	–	6,388	16	8,541	47	15,292
Accumulated depreciation	(169)	–	(3,989)	(9)	–	–	(4,167)
Net book value	131	–	2,399	7	8,541	47	11,125

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 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
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
Year ended 31st March 2024							
Additions/improvements	54	–	560	–	1,192	–	1,806
Disposal – cost	(7)	(10)	–	–	–	–	(17)
Transfer from investment property	–	–	–	–	940	–	940
Depreciation charge	(62)	(1)	(481)	(4)	–	–	(548)
Disposal – depreciation	7	10	–	–	–	–	17
Revaluation	–	–	–	–	(887)	–	(887)
At 31st March 2024	131	–	2,399	7	8,541	47	11,125
At 31st March 2024							
Cost/valuation	300	–	6,388	16	8,541	47	15,292
Accumulated depreciation	(169)	–	(3,989)	(9)	–	–	(4,167)
Net book value	131	–	2,399	7	8,541	47	11,125

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 OCI and is shown in "Capital reserve".

10 Investments in joint ventures, associates and subsidiaries

The Group has the following undertakings:

NAME	ENTITY TYPE	PRINCIPAL ACTIVITIES	% OF HOLDING	
			31 ST MARCH 2023	31 ST MARCH 2024
QMS (Poundbury) LLP*	Partnership	Investment property	100	100
RP (Poundbury) LLP**	Partnership	Investment property	50	50
Poundbury Spa LLP**	Partnership	Spa operation	15	15
J V Energen LLP***	Partnership	Energy supply	54	–
BioCarbonics Ltd***	Company****	Renewable CO ₂ sourcing and marketing	30	18.8
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 at 31st March 2023

Investments in joint ventures

As at 31st March 2024, the Duchy owned 50% of the members' capital of RP (Poundbury) LLP.

	YEAR ENDED 31 ST MARCH 2023	YEAR ENDED 31 ST MARCH 2024
	£'000	£'000
Balance at 1st April	1,943	1,038
Distributed in year	(915)	(1,190)
Share of profit	10	167
Balance at 31st March	1,038	15

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 2024. The aggregate assets, liabilities, revenue and results for RP (Poundbury) LLP were as follows:

	AS AT/YEAR ENDED 31 ST MARCH 2023	AS AT/YEAR ENDED 31 ST MARCH 2024
	£'000	£'000
Assets	2,140	33
Liabilities	(65)	(3)
Profit	20	335

The partnership results have been included within the Capital account statement of comprehensive income for the year.

Investments in associates

As at 31st March 2024, 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 31 ST MARCH 2023	YEAR ENDED 31 ST MARCH 2024
	£'000	£'000
Balance at 1st April	1,379	1,332
Share of loss	(47)	(27)
Balance at 31st March	1,332	1,305

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

The latest management accounts were produced for the year ended 31st March 2024. The aggregate assets, liabilities and results for Poundbury Spa LLP were as follows:

	AS AT/YEAR ENDED 31 ST MARCH 2023 £'000	AS AT/YEAR ENDED 31 ST MARCH 2024 £'000
Assets	3,860	3,760
Liabilities	(482)	(503)
Loss	(316)	(176)

The partnership results have been included within revenue net surplus.

Investments in subsidiaries

	31 ST MARCH 2023 £'000 (RESTATED)	31 ST MARCH 2024 £'000
QMS (Poundbury) LLP	8,865	–
J V Energen LLP	650	–
	9,515	–

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

The latest audited financial statements of QMS (Poundbury) LLP were produced for the period ended 31st March 2023. On 21st January 2024, QMS (Poundbury) LLP transferred its investment property to the Duchy and ceased to trade. The revenue and results for QMS (Poundbury) LLP were as follows:

	AS AT/YEAR ENDED 31 ST MARCH 2023 £'000	AS AT/YEAR ENDED 31 ST MARCH 2024 £'000
Revenue	647	443
Profit	561	296

On 29th February 2024 the Duchy disposed of its investment in J V Energen LLP for £13.6million and was entitled to 59% of the partnership profits up until this date. Prior to the disposal, the Duchy acquired a share of J V Energen's investment in BioCarbonics Ltd. The Duchy has also provided loans to the partnership that were fully repaid at disposal 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.

The partnerships have been consolidated within these financial statements up to the disposal date of 29th February 2024. 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 OCI					TOTAL £'000
	EQUITY SECURITIES LEVEL 1 £'000	FIXED INTEREST SECURITIES LEVEL 1 £'000	PRIVATE EQUITY FUNDS LEVEL 1 £'000	PRIVATE EQUITY FUNDS LEVEL 3 £'000		
At 1st April 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	
Purchases	–	45,012	25,397	38	70,447	
Sale proceeds	(49,358)	–	–	–	(49,358)	
Revaluation	–	1,423	–	–	1,423	
Loss on disposal	(728)	–	–	–	(728)	
At 31st March 2024	–	77,438	25,397	38	102,873	

The Fair Values of financial investments classified as Level 1 are based on quoted market prices on the 31st March 2024 under Fair Value through OCI. 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.

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

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

12 Trade and other receivables

	GROUP 31 ST MARCH 2023 £'000	DUCHY 31 ST MARCH 2023 £'000 (RESTATED)	GROUP 31 ST MARCH 2024 £'000	DUCHY 31 ST MARCH 2024 £'000
Current assets:				
Trade receivables	3,640	2,996	4,765	4,764
Expected loss allowance – trade receivables	(693)	(643)	(607)	(607)
Other receivables	347	280	694	457
Prepayments	492	319	468	525
Accrued income	5,565	2,984	4,182	4,182
Accrued income – variable consideration	237	237	187	187
Amounts due from Group subsidiaries	–	201	–	–
	9,588	6,374	9,689	9,508
Non-current assets:				
Other receivables	1,146	1,146	1,130	1,130
Accrued income – variable consideration	8,322	8,322	7,159	7,159
Amounts due from Group subsidiaries	–	6,605	–	470
	9,468	16,073	8,289	8,759

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 2024, £7.159million (2023: £8.322million) 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 at 31st March 2023 comprised 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 were repaid in full on 29th February 2024 following disposal of the investment.

All receivables are denominated in Sterling.

As of 31st March 2024, a provision of £607,000 (2023: £693,000) was made against trade receivables. The impaired receivables mainly relate to tenants who are in financial difficulty.

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. There is considered to be no reasonable expectation of recovery in situations where the customer has been declared bankrupt, a CCJ expires or the entity has been struck off at Companies House.

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 2024 is a decrease on 31st March 2023 for agricultural property, a reflection of more certainty 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 with whom the Duchy has had no historic credit losses. Duchy other represents miscellaneous non-rental income, a revenue stream that remains more volatile. The outlook for other property types remains relatively unchanged.

12 Trade and other receivables (continued)

On that basis, the loss allowance as at 31st March 2024 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 2024							
Expected loss rate	10.8%	2.8%	36.8%	4.3%	0.0%	6.5%	–
Gross carrying amount – trade receivables	1,873	1,532	543	611	–	206	4,765
Gross carrying amount – accrued income	249	2,297	21	500	1,115	–	4,182
Expected loss rate	–	–	–	–	–	0.0%	–
Gross carrying amount – accrued income – variable consideration	–	–	–	–	–	7,346	7,346
Gross carrying amount – other receivables	–	–	–	–	–	1,824	1,824
Loss allowance	230	109	207	48	0	13	607
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
Gross carrying amount – other receivables	–	–	–	–	–	1,493	1,493
Loss allowance	250	160	191	41	0	51	693

12 Trade and other receivables (continued)

Duchy

	AGRICULTURE £'000	COMMERCIAL £'000	RESIDENTIAL £'000	OTHER PROPERTY £'000	FINANCIAL INVESTMENTS £'000	OTHER £'000	TOTAL £'000
31st March 2024							
Expected loss rate	10.8%	2.8%	36.8%	4.3%	0.0%	6.5%	–
Gross carrying amount – trade receivables	1,872	1,532	543	611	–	206	4,764
Gross carrying amount – accrued income	249	2,297	21	500	1,115	–	4,182
Expected loss rate	–	–	–	–	–	0.0%	–
Gross carrying amount – accrued income – variable consideration	–	–	–	–	–	7,346	7,346
Gross carrying amount – other receivables	–	–	–	–	–	1,587	1,587
Loss allowance	230	109	207	48	0	13	607
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
Gross carrying amount – other receivables	–	–	–	–	–	1,426	1,426
Loss allowance	250	160	168	41	0	24	643

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

	GROUP 31 ST MARCH 2023 £'000	DUCHY 31 ST MARCH 2023 £'000	GROUP 31 ST MARCH 2024 £'000	DUCHY 31 ST MARCH 2024 £'000
Opening loss allowance at 1 st April	591	565	693	643
Transfer from Group Company	0	0	0	23
Increase in loss allowance recognised in Revenue account	189	165	4	20
Net receivables written off	(87)	(87)	(90)	(79)
Closing loss allowance at 31st March	693	643	607	607

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	YEAR ENDED
	31 ST MARCH 2023	31 ST MARCH 2024
	£'000	£'000
At 1 st April	14,307	14,711
Disposal	(4,014)	(4,920)
Capitalised development expenditure	790	1,192
Capital improvements	–	27
Transfer from investment property	8,446	26,665
Revaluation in year	(4,818)	5,397
At 31st March	14,711	43,072

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. Further details can be found within the accounting policies.

14 Trade and other payables

	GROUP	DUCHY	GROUP	DUCHY
	31 ST MARCH 2023	31 ST MARCH 2023	31 ST MARCH 2024	31 ST MARCH 2024
	£'000	£'000	£'000	£'000
Current liabilities:				
Trade payables	3,049	2,700	2,654	2,452
Accruals	4,725	4,177	3,792	3,788
Social security and other taxes	1,149	1,012	1,613	1,613
Payments received on account	1,263	1,263	1,345	1,345
Income received in advance	5,065	5,000	7,273	7,273
Other payable	282	282	291	349
	15,533	14,434	16,968	16,820
Non-current liabilities:				
Payments received on account	2,136	2,136	1,383	1,383
Other payable	250	250	–	–
	2,386	2,386	1,383	1,383

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

Payments received on account relate to up-front payments related to development sites or property sales.

Included within Other payable above is an amount for £0.25million (2023: £0.5million) 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	1–5 YEARS	OVER	TOTAL
	1 YEAR		5 YEARS	
	£'000	£'000	£'000	£'000
At 31st March 2024				
Borrowings	–	32,956	104,405	137,361
Interest rate swaps – cash flow hedges (Level 2)	–	(2,749)	–	(2,749)
At 31st March 2023				
Borrowings	702	33,380	104,396	138,478
Interest rate swaps – cash flow hedges (Level 2)	–	(3,219)	–	(3,219)
Duchy				
	LESS THAN	1–5 YEARS	OVER	TOTAL
	1 YEAR		5 YEARS	
	£'000	£'000	£'000	£'000
At 31st March 2024				
Borrowings	–	32,956	104,405	137,361
Interest rate swaps – cash flow hedges (Level 2)	–	(2,749)	–	(2,749)
At 31st March 2023				
Borrowings	–	32,755	104,396	137,151
Interest rate swaps – cash flow hedges (Level 2)	–	(3,219)	–	(3,219)

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 2024 a loss of £0.554million (2023: gain of £2.254million) was recognised in OCI 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. 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 Loan Scheme, no interest is charged for the first 12 months.

All of these borrowings were transferred out of the Group at disposal on 29th February 2024. At 31st March 2023, £0.844million remained outstanding on the CBILS loan and £40,000 and £24,000 respectively on the Bounce Back loans.

In June 2022, 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 2024 was £3.754million (2023: £3.754million). During the year, £140,000 (2023: £108,000) 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 £0.470million (2023: -£2.338million) and the Fair Value of the hedged item of £0.472million (2023: -£2.824million) was used as the basis for recognising hedge ineffectiveness for the year.

15 Borrowings and derivative financial instruments – Group and the Duchy (continued)

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.

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 31 ST MARCH 2023 £'000	DUCHY YEAR ENDED 31 ST MARCH 2023 (RESTATEd) £'000	GROUP YEAR ENDED 31 ST MARCH 2024 £'000	DUCHY YEAR ENDED 31 ST MARCH 2024 £'000
Net surplus on the Revenue account	25,685	22,335	24,564	25,722
Net surplus on the Capital account	30,174	30,173	41,251	41,910
Adjusted for:				
IFRS 9 effective interest	196	196	201	201
Bond transaction costs	8	8	9	9
Depreciation	1,584	532	1,528	548
Impairment of financial assets	(10)	(10)	–	–
Interest and dividend income on Fair Value through OCI assets	(3,048)	(3,048)	(2,251)	(2,251)
Net finance costs	3,674	2,259	1,518	545
Share of profit in QMS LLP through the Capital account	–	1,402	–	–
Share of loss from associate and joint venture	47	47	27	27
Share of profit from associate and joint venture	–	–	(167)	(167)
Net gain on disposal of subsidiary undertaking	–	–	(9,597)	(12,979)
Shortfall of pension charge over contributions	(415)	(415)	(499)	(499)
Net gain from Fair Value of investment property	(24,632)	(26,034)	(26,582)	(26,582)
Net loss/(gain) from Fair Value of investment property held for sale	4,818	4,818	(5,397)	(5,397)
Net gain on property held for sale	(4,699)	(4,699)	(3,105)	(3,105)
Profit on disposal of investment property	(8,643)	(8,643)	(51)	(51)
Loss on disposal of financial investments	–	–	728	728
Decrease/(increase) in inventories	173	(52)	(972)	(84)
(Increase)/decrease in trade receivables	(210)	383	(2,126)	(2,666)
Decrease in trade payables	646	1,179	3,357	2,828
Net cash inflow from operating activities	25,348	20,431	22,436	18,737

17 Related party transactions

Two members of The Prince's Council are also trustees of The Duke of Cornwall's Charitable Foundation 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 2024, there was £nil (2023: £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 £520,971 (2023: £644,830). As at 31st March 2024 there was £999 (2023: £59,763) remaining payable to the Duchy. The Duchy invoiced His Majesty The King £2,714 (2023: £5,366) towards staff time, machinery and material costs for woodland work. At 31st March 2024 there was £nil (2023: £nil) remaining payable to the Duchy.

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 for fees and commission and £12,316 for the purchase of furniture, furnishings and retail stock for the Duchy of Cornwall Holiday accommodation, Duchy offices and Duchy Nursery. At 31st March 2024 there was £nil (2023: £nil) remaining payable to Mrs Elliot in respect of these.

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 2024 the Duchy of Cornwall made the following payments to key management personnel: short-term employee benefits (salary) £1.342million (2023: £1.245million); post-employment benefits (retirement benefit plan contribution) £163,000 (2023: £157,000); benefits £69,000 (2023: £49,000); total £1.574million (2023: £1.451million).

During the year to 31st March 2024, a residential property valued at between £300,000 and £400,000 was sold to the daughter of a senior member of staff. That member of staff played no part in the sale by the Duchy, and the sale process was conducted commercially at arm's length in the normal course of business.

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

In the period until 29th February 2024 when the Duchy disposed of its investment in J V Energen LLP, the Duchy received £383,979 of interest on loans to J V Energen LLP (2023: £511,107). In addition, the Duchy leased areas of land to the Partnership for which rent of £173,591 (2023: £185,077) 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 £246,000 (2023: £160,000) before allowing for ex gratia payments, returns and other associated costs of £100,000 (2023: £109,000). Surplus receipts of bona vacantia are paid over to The Duke of Cornwall's Charitable Foundation; £158,000 (2023: £50,000) was paid during the year. At 31st March 2024 the Duchy retained £799,000 (2023: £811,000) 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 Charitable Foundation financial statements may be obtained from 10 Buckingham Gate, London SW1E 6LA.

19 Capital commitments

At 31st March 2024 the Duchy had Capital commitments for development expenditure of £1.095million (2023: £1.830million), improvement works £2.424million (2023: £4.614million) and fixed asset acquisitions of £0.972million (2023: £nil); total £4.491million (2023: £6.444million).

20 Contingent liabilities

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 for these commitments as they are not probable.

At 31st March 2024, the Duchy had contingent liabilities of £3.687million (2023: £3.061million) in relation to bonds on development sites.

21 Financial instruments – Group

	NOTE	HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CAPITAL) £'000	HELD AT FAIR VALUE THROUGH PROFIT AND LOSS (REVENUE) £'000	AMORTISED COST (RESTATED) £'000	31 ST MARCH 2023 (RESTATED) £'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)

	NOTE	HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CAPITAL) £'000	HELD AT FAIR VALUE THROUGH PROFIT AND LOSS (REVENUE) £'000	AMORTISED COST £'000	31 ST MARCH 2024 £'000
Assets					
Financial assets	11	102,873	–	–	102,873
Trade and other receivables excluding prepayments and accrued income	12	–	–	5,982	5,982
Derivative financial instruments	15	2,749	–	–	2,749
Cash and cash equivalents		–	–	8,258	8,258
		105,622	–	14,240	119,862
Liabilities					
Trade and other payables excluding non-financial liabilities	14	–	–	(18,351)	(18,351)
Borrowings	15	–	(3,754)	(133,607)	(137,361)
		–	(3,754)	(151,958)	(155,712)

21 Financial instruments – the Duchy

	NOTE	HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CAPITAL) £'000	HELD AT FAIR VALUE THROUGH PROFIT AND LOSS (REVENUE) £'000	AMORTISED COST £'000	31 ST MARCH 2023 £'000
Assets					
Financial assets	11	81,089	–	–	81,089
Trade and other receivables excluding prepayments and accrued income	12	–	–	10,585	10,585
Derivative financial instruments	15	3,219	–	–	3,219
Cash and cash equivalents		–	–	25,383	25,383
		84,308	–	35,968	120,276
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 instruments – the Duchy (continued)

	NOTE	HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CAPITAL) £'000	HELD AT FAIR VALUE THROUGH PROFIT AND LOSS (REVENUE) £'000	AMORTISED COST £'000	31 ST MARCH 2024 £'000
Assets					
Financial assets	11	102,873	–	–	102,873
Trade and other receivables excluding prepayments and accrued income	12	–	–	6,124	6,124
Derivative financial instruments	15	2,749	–	–	2,749
Cash and cash equivalents		–	–	7,875	7,875
		105,622	–	14,089	119,241
Liabilities					
Trade and other payables excluding non-financial liabilities	14	–	–	(18,203)	(18,203)
Borrowings	15	–	(3,754)	(133,607)	(137,361)
		–	(3,754)	(151,810)	(155,564)

22 Financial risk management

A review of the Group's financial and non-financial risks is set out on pages 32 to 45. 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	–	33,754	105,000	138,754
Net interest payable on loans/swaps	3,603	13,439	95,004	112,046
Trade and other payables	6,737	–	–	6,737
Lease liabilities	7	5	48	60
At 31st March 2024	10,347	47,198	200,052	257,597
At 31 st March 2023	12,840	50,503	203,054	266,397

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 33 to 35 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.

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 both to meet 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.

23 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 31 ST MARCH 2023 £'000	DUCHY 31 ST MARCH 2023 £'000	GROUP 31 ST MARCH 2024 £'000	DUCHY 31 ST MARCH 2024 £'000
Loans and other borrowings	138,478	137,151	137,361	137,361
Lease liabilities	2,361	60	60	60
Less: cash and cash equivalents	(27,312)	(25,383)	(8,258)	(7,875)
Net debt	113,527	111,828	129,163	129,546

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

	GROUP 31 ST MARCH 2023 £'000	DUCHY 31 ST MARCH 2023 £'000	GROUP 31 ST MARCH 2024 £'000	DUCHY 31 ST MARCH 2024 £'000
Rent deposit accounts	396	382	194	194

Reconciliation of liabilities arising from financing activities:

	GROUP 1 ST APRIL 2022 £'000	CASH FLOWS – ADDITIONAL BORROWINGS/ (BORROWINGS REPAID) £'000	NON-CASH CHANGES		GROUP 31 ST MARCH 2023 £'000
			OTHER £'000	NEW LEASES £'000	
Lease liabilities	2,664	(456)	–	153	2,361
Borrowings	137,648	626	204	–	138,478
	140,312	170	204	153	140,839

	GROUP 1 ST APRIL 2023 £'000	CASH FLOWS – ADDITIONAL BORROWINGS/ (BORROWINGS REPAID) £'000	DISPOSAL £'000	NON-CASH CHANGES		GROUP 31 ST MARCH 2024 £'000
				OTHER £'000	NEW LEASES £'000	
Lease liabilities	2,361	(824)	(1,477)	–	–	60
Borrowings	138,478	(1,291)	(35)	209	–	137,361
	140,839	(2,115)	(1,512)	209	–	137,421

24 Discontinued operations

BioCarbonics Ltd

During the year the Duchy and other partners of J V Energen LLP took the decision to dispose of J V Energen LLP's investment in BioCarbonics Ltd. The sale completed on 29th February 2024 for proceeds of £60,000. The shares of BioCarbonics Ltd were acquired directly by the existing partners of J V Energen LLP.

J V Energen LLP

During the year the Duchy and other partners took the decision to dispose of their investment in J V Energen LLP. The sale completed on 29th February 2024 for proceeds (net of direct transaction costs/fees) of £13.629million.

The results of the disposals above, up to the date of disposal, have been treated as discontinued operations and are shown in the tables below.

	YEAR ENDED 31 ST MARCH 2023	PERIOD ENDED 29 TH FEBRUARY 2024
	£'000	£'000
(a) Financial performance and cash flow information		
Discontinued operations		
Revenue	12,205	9,752
Operating costs	(8,001)	(7,509)
Operating surplus	4,204	2,243
Finance income	1	1
Finance costs	(344)	(293)
Net finance costs	(343)	(292)
Net surplus for the year on Revenue account	3,861	1,951
Surplus attributable to:		
Non-controlling interests	1,637	920
Net surplus for the year, distributable to HRH	2,224	1,031
Gain on sale	–	9,597
Net surplus for the year on Capital account	–	9,597
Surplus attributable to:		
Non-controlling interests	–	–
Duchy of Cornwall	–	9,597
Cash flow		
Net cash inflow from operating activities	3,742	2,616
Net cash outflow from investing activities	(1,441)	(1,008)
Net cash outflow from financing activities	(827)	(2,117)
Net increase/(decrease) in cash and cash equivalents	1,474	(509)

	YEAR ENDED 31 ST MARCH 2023	PERIOD ENDED 29 TH FEBRUARY 2024
	£'000	£'000
(b) Details of sale of BioCarbonics Ltd		
Consideration received		
Cash	–	60
Direct transaction costs/fees	–	–
Total net disposal consideration	–	60
Carrying amount of net assets sold	–	(60)
Gain on sale	–	–
Gain attributable to:		
Non-controlling interests	–	–
Duchy of Cornwall	–	–

24 Discontinued operations (continued)

	YEAR ENDED 31 ST MARCH 2023 £'000	PERIOD ENDED 29 TH FEBRUARY 2024 £'000
(c) Details of sale of J V Energen LLP		
Consideration received		
Cash	–	13,982
Direct transaction costs/fees	–	(353)
Total net disposal consideration	–	13,629
Carrying amount of net assets sold	–	(4,032)
Gain on sale	–	9,597
Gain attributable to:		
Non-controlling interests	–	–
Duchy of Cornwall	–	9,597

25 Prior year adjustment

QMS (Poundbury) LLP, a 100% owned subsidiary, transferred its property to the Duchy of Cornwall during the year. This has been recognised as a capital distribution from the LLP, reducing the cost of investment on the Duchy's balance sheet. Following this transfer, the Duchy identified that historic profits made by the LLP, and due to the Duchy, had not been accounted for correctly, with the Duchy recognising distributions received in income rather than share of profits, and in some cases setting these distributions against the investment cost on the Duchy's balance sheet. Consequently, a prior year restatement has been included in these financial statements. The impact of the restatement is to recognise the share of profits due to the Duchy, less distributions received, as amounts due from its subsidiary.

The effect of the changes on relevant extracts of the financial statements is presented below:

	AT 1 ST APRIL 2022			AT 31 ST MARCH 2023		
	AS PREVIOUSLY REPORTED	PRIOR YEAR ADJUSTMENT	AS RESTATED	AS PREVIOUSLY REPORTED	PRIOR YEAR ADJUSTMENT	AS RESTATED
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue reserve	4,785	2,249	7,034	3,496	2,410	5,906
Capital reserve	1,037,934	2,650	1,040,584	1,062,063	1,248	1,063,311
Investments in subsidiaries	7,440	2,075	9,515	7,440	2,075	9,515
Balance due from subsidiary	–	2,824	2,824	–	1,583	1,583

There is no impact on the consolidated Group figures from this restatement, which affects the Duchy of Cornwall single entity figures only.

The above adjustments relate only to the Duchy's single entity balance sheet and statement of changes in capital and reserves. The consolidated statements have been correctly presented throughout, and therefore there has been no misstatement in the income available to be distributed to the Duke.

26 Covenants

The Duchy has to comply with certain key banking covenants tested annually at the balance sheet date. The covenants require that the consolidated financial indebtedness at that date does not exceed 50% of the consolidated assets as shown in the financial statements and that the consolidated net tangible assets as shown in the financial statements are not less than £400million. The Duchy met both of these requirements with ease at 31st March 2023 and 31st March 2024.

TREASURY CONSENTS

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

Authority for expenditure of up to £1,931,000 to reduce carbon emissions and for the assessment and improvement of natural capital

Authority for expenditure of up to £1,400,000 towards improvement works at a building

Authority for expenditure of up to £1,080,000 towards a new pilot boat

Authority for expenditure of up to £985,000 towards the provision of a bus link

Authority for expenditure of up to £975,000 towards the grant of planning fees for a development project

Authority for expenditure of up to £985,000 to reduce carbon emissions

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

Authority for the sale of a property for £5,216,500

Authority for the sale of a property for £3,700,000

Authority for the expenditure of up to £2,100,000 on a housing project

Authority for the sale of a property for £1,875,000

Authority for expenditure of up to £780,000 on improvements

Authority for expenditure of up to £100,000 on a building construction

Alastair Martin

Secretary and Keeper of the Records

18th June 2024

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

- 110 Accounting and disclosure requirements
- 111 Greenhouse gas report
- 118 Surface area report

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 and, together with explicit assurance that the loan is not being used to inflate the revenue surplus payable; and
- provide details of the remuneration package of each member of The Prince's Council, together with a note of the pension contributions made in respect of Council members.

11. A formal valuation of the pension scheme was undertaken in 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.

GREENHOUSE GAS REPORT

The Duchy of Cornwall has maintained a long-standing commitment to understanding and reducing its greenhouse gas (GHG) emissions. We have calculated and published GHG data on Scope 1 and 2 emissions for the last 18 years, and presented a full Scope 3 GHG baseline for financial year 2019/20 (released in our 2021/22 annual report). 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 end of 2032.

Here, we provide our Scope 1 and 2 GHG emissions for 2023/24 (and three previous years), our Scope 3 GHG emissions for 2023/24, and re-state our Scope 3 emissions for baseline year 2019/20.

Duchy GHG Performance

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

	2019/20 (Scope 3 baseline year)	2021/22	2022/23	2023/24
<i>tCO_{2e}</i>				
Scope 1 and 2 (market based)	108	86	90	125
Scope 3	224,449			224,276
Total GHG emissions	224,557			224,401
Carbon removals	27,066			28,246
Net	197,491			196,155

Table 2: Scope 1 and 2 GHG emissions breakdown

	UNITS	2019/20		2021/22		2022/23		2023/24	
		L	M	L	M	L	M	L	M
Location based (L) or Market based (M)									
Scope 1 – Buildings fossil fuels	tCO _{2e}	92	32	92	26	85	24	103	45
Scope 1 – Buildings biomass fuels	tCO _{2e}	17	17	11	11	10	10	11	11
Scope 1 – Non-stationary fuels	tCO _{2e}	45	45	42	42	48	48	62	62
Scope 2 – Electricity	tCO _{2e}	190	14	139	7	150	8	181	7
Total GHG emissions	tCO_{2e}	343	108	283	86	293	90	357	125
GHG intensity: Scopes 1 and 2	tCO _{2e} /FTE	3.2	1.0	2.3	0.7	2.7	0.8	3.4	1.2
Biogenic CO ₂ emissions (out of scope)	tCO ₂	441	441	330	330	397	397	409	409
Energy consumption in buildings									
Gas	MWh	325		356		346		358	
Electricity	MWh	748		596		775		875	
Oil	MWh	129		106		90		124	
Total	MWh	1,202		1,058		1,212		1,357	

Greenhouse gas report (continued)

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, as well as portfolio properties during void periods. 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. The gas boiler in our London office was replaced this year and is expected to deliver efficiency improvements in 2024/25.

Scope 3 GHG emissions

Scope 3 encompasses over 99% of the Duchy’s total net GHG emissions and includes many asset types and activities. The following structure will be used to cover this important component of the Duchy’s climate impact and responsibilities:

- Scope 3 GHG emissions breakdown
- Scope 3 GHG changes from 2019/20 to 2023/24
- 2019/20 baseline restatement
- Notes on land-use GHG emissions and removals
- Methodology descriptions.

Greenhouse gas report (continued)

Scope 3 GHG emissions breakdown

Table 3 provides a breakdown of our Scope 3 GHG emissions by GHG Protocol Scope 3 category for our 2019/20 baseline year, and the latest financial year 2023/24. Table 4 presents the same data broken down by Duchy asset type, providing additional insight into the GHG emitting activities within the Duchy's portfolio. These Scope 3 results are derived using market-based GHG accounting principles.

Table 3: Scope 3 GHG emissions breakdown, GHG Protocol categories

SCOPE 3 EMISSIONS BY GHG PROTOCOL CATEGORY	EMISSIONS (tCO ₂ e)	REMOVALS (tCO ₂ e)	EMISSIONS (tCO ₂ e)	REMOVALS (tCO ₂ e)
Year	2019/20	2019/20	2023/24	2023/24
1: Purchased goods and services	4,636	–	6,107	–
2: Capital goods	12,241	–	10,151	–
3: Fuel- and energy-related activities (FERA)	22	–	23	–
4: Upstream transportation and distribution	–	Out of scope as immaterial	–	–
5: Waste generated in operations	–	Covered in category 1	–	–
6: Business travel	98	–	85	–
7: Employee commuting	74	–	81	–
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	198,492	27,066	197,221	28,246
14: Franchises	–	Out of scope as immaterial	–	–
15: Investments	8,886	–	10,608	–
Total	224,449	27,066	224,276	28,246
Net total	197,383		196,030	

Table 4: Scope 3 GHG emissions breakdown, Duchy of Cornwall categories

DUCHY ASSET TYPE	EMISSIONS (tCO ₂ e)	REMOVALS (tCO ₂ e)	EMISSIONS (tCO ₂ e)	REMOVALS (tCO ₂ e)
Year	2019/20	2019/20	2023/24	2023/24
Land use and farming	148,398	24,342	147,271	25,522
Peatland	38,593	–	37,211	–
Construction	12,243	–	11,059	–
Financial investments	8,886	–	10,608	–
Rural commercial property	6,890	542	4,769	542
Residential property	3,675	–	4,107	–
Urban commercial property	3,324	–	6,547	–
Trading enterprises	1,854	–	2,149	–
Other rural and marine assets	355	2,182	333	2,182
Duchy operational	231	–	222	–
Total	224,449	27,066	224,276	28,246
Net total	197,383		196,030	

Greenhouse gas report (continued)

Scope 3 GHG changes from 2019/20 to 2023/24

The Duchy's 2023/24 net Scope 3 GHG emissions are 0.7% lower than our baseline.

Changes in Scope 3 GHG emissions can result from three causes:

- **A change in asset ownership.** Emissions could come into the portfolio as a result of asset purchases, or leave the portfolio due to asset sales. These GHG changes are not real increases or reductions of GHGs, but a change of which organisation is including those GHGs within its inventory boundary.
- **A change in GHG emission factor.** If an activity such as electricity consumption stays constant, but the emissions factor changes, total GHGs will also change. A change in emissions factor is most likely the result of changes to national or local infrastructure beyond the influence of the Duchy, rather than specific activity changes made within the Duchy portfolio.
- **A change in GHG-emitting activities.** Activities within individual assets, such as improving a building's energy efficiency, changing a farming technique, or simply using more or less energy than the previous year, will alter the extent of a GHG-emitting activity. These changes are those where the Duchy and its tenants have the most direct impact on GHG emissions.

The breakdown of Duchy Scope 3 GHG changes by these three categories is shown in Table 5. An additional category of "other" forms part of the breakdown, where the GHG change could not be distinguished due to the calculation method. Emission changes relating to financial investments, and procured goods and services, sit within this category.

Table 5: Causes of Scope 3 GHG changes:

CAUSE OF GHG CHANGE	CHANGE (tCO _{2e})
Change in asset ownership	1,452
Change in emission factor	(204)
Change in activity	(5,768)
Other	3,167
Total	(1,353)

The principal factors that have contributed to our change in Scope 3 GHG emissions include:

- **Land use and farming:** 23 of our farms received follow-up carbon audits this year, delivering a net reduction of c. 1,900 tCO_{2e} for this select group of farms.
- **Peatland restoration:** restoration activities undertaken by the South West Peatland Partnership on Dartmoor have reduced c. 1,300 tCO_{2e} from degraded peat.
- **Construction:** fluctuations in build rates resulted in a reduction of c. 1,200 tCO_{2e}.
- **Changes in asset ownership:** property sales and purchases brought a net increase of c. 1,400 tCO_{2e} into the portfolio.
- **Financial investments:** changes to our portfolios of financial investments increased emissions by c. 1,700 tCO_{2e}.
- **Procured goods and services:** changes to both our spend and the blend of goods and services categories procured (excluding those allocated to construction, which are included in the construction comment above) are associated with an increase of c. 500 tCO_{2e}.

Greenhouse gas report (continued)

2019/20 Scope 3 baseline restatement

Improvements to our Scope 3 calculation methodology and data relating to activities in the baseline period have warranted updating our 2019/20 Scope 3 baseline first stated in our 2021/22 annual report, and 2022 Net Zero Carbon Report. Table 6 reconciles the two totals and describes reasons for the changes.

Table 6: Reconciliation to 2019/20 Scope 3 baseline

DUCHY ASSET CATEGORY	ORIGINAL BASELINE, STATED IN 2021/22 REPORTING		UPDATED BASELINE, PRESENTED IN THIS REPORT		EXPLANATION OF CHANGE
	EMISSIONS (tCO _{2e})	REMOVALS (tCO _{2e})	EMISSIONS (tCO _{2e})	REMOVALS (tCO _{2e})	
Land use and farming	144,784	23,319	148,398	24,342	Completion of baseline farm GHG audits, improvements to woodland removals calculations
Peatland	55,400		38,593		Refinements to peatland condition categorisations and application of updated Peatland Code emission factors
Construction	11,323		12,243		Addition of soil carbon losses due to land use change
Financial investments	8,886		8,886		N/A
Rural commercial property	6,580	548	6,890	542	Adjustments to building type classifications, inclusion of results from Parity Project software for certain properties, inclusion of some additional buildings excluded from initial baseline
Residential property	3,487		3,675		
Urban commercial property	3,324		3,324		N/A
Trading enterprises	451		1,854		Inclusion of GHGs arising from procured goods and services at Duchy Nursery
Other rural and marine assets	349	2,173	355	2,182	Adjustments to building type classifications
Duchy operational	231		231		N/A
Total	234,814	26,040	224,449	27,066	
Net total	208,774		197,383		

Notes on land-use GHG emissions and removals

In September 2022 the GHG Protocol released draft "Land Sector and Removals Guidance". This guidance is intended to improve corporate reporting of GHG emissions and removals associated with land-based activities. Given the Duchy's extensive land holdings this guidance is applicable to our activities and the following information addresses those requirements we are able to meet in the context of our 2023/24 emissions reporting. Once the finalised requirements are released the Duchy will amend its overall GHG reporting structure to integrate these requirements.

Table 7 presents a further breakdown of Duchy GHG emissions featuring components of the Land Sector and Removals Guidance.

Table 7: Additional land-use GHG information

LAND SECTOR AND REMOVALS GUIDANCE CATEGORY	tCO _{2e}
Non-land GHG emissions	38,873
Land management GHG emissions	184,482
Land use change emissions	921
Land management carbon removals, biogenic sink, land-based storage pool	28,246
Total emissions	224,276
Total carbon removals	28,246
Net total	196,030

Greenhouse gas report (continued)

The Land Sector and Removals Guidance requires a statistical assessment of uncertainty to be reported for carbon removals. The Duchy has investigated the availability of data relating to uncertainty associated with emission factors and activity data involved in the calculation of its carbon removals. At the present time suitable information has not been available to inform such an assessment and we must therefore make a judgement in the interim period. A 30% variation to our reported removals total would give a range of 36,719 to 19,772 tCO₂e removed. We will continue to research this topic area and update this estimation when possible in future reports.

An important component of the Duchy's land-based GHG balance is soil carbon emissions and removals, which have thus far been omitted from our GHG reporting due to the complexity of the carbon flux dynamics and partial data availability. To address this data gap the Duchy has been working with Downforce Technologies, an organisation using earth observation technology to create a digital twin of farms on the estate to estimate soil carbon stocks and fluxes. For this initial work we have focused on the Duchy's core farmed estate, which comprises approximately half of our land holding area. This novel data is helping the Duchy to understand more about the spatial and temporal variation of soil carbon, particularly how it connects with climatic variables and our farming activities. The results of analysis by Downforce indicate carbon stocks within the Duchy farmed estate are in the order of 12million tCO₂e, highlighting the importance of Duchy land as a substantial carbon store. Over the coming year the Duchy will further explore this novel evidence base, including associated carbon flux data, and how these figures can best be integrated within our central GHG reporting.

As a final point on this topic area, the Land Sector and Removals Guidance requires carbon removals occurring where the reporting organisation controls both the transfer of carbon via carbon sinks and the ongoing storage of the carbon to 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 removals should be reported as Scope 3. Following this guidance, the Duchy reports that approximately 10,800 tCO₂e of removals could be considered to fall within its Scope 1 boundary, and approximately 17,500 tCO₂e of removals 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 removals, we have opted to maintain our previous presentation format.

Greenhouse gas report (continued)

GHG calculation method notes

The following contains short summaries of the approach we take to calculating each of our Scope 3 GHG sources.

GHG PROTOCOL SCOPE 3 CATEGORY	DUCHY SUB-CATEGORY	METHODOLOGY DESCRIPTION
Category 1: Purchased goods and services		A spend-based method is used to quantify GHG emissions from purchased goods and services. The top 70% of Duchy and Nursery spend is separated into activity categories (e.g. building repairs, professional services, etc.). Those categories are matched with relevant Environmentally Extended Input-Output (EEIO) emissions factors. Total GHG emissions are uplifted to account for the remaining 30% of spend.
Category 2: Capital goods	Construction	Emission factors from principal Duchy new-build developments were developed by the Development Consultancy team at PRP Architects using design and build data provided by the Duchy of Cornwall and software packages including Tally, 1 click LCA, PHPP and SAP 10. These are combined with annual build rates to arrive at GHG emissions. Carbon emissions released through land-use change were estimated using indicative estimates of baseline soil carbon content and literature sources for losses when disturbed.
Category 3: Fuel and energy-related activities		Application of Transmission and Distribution and Well-to-Tank emission factors to fuel consumption activities within the Duchy's in-hand properties.
Category 6: Business travel		Travel data is collected via the expensing system and held in the Duchy's finance system. Information on transport modes and travel activities is combined with travel distance estimates and applicable emission factors.
Category 7: Employee commuting		Staff travel modes and distances are estimated for each office and associated emission factors applied.
Category 13: Downstream leased assets	Land use and farming	The Farm Carbon Toolkit (FCT) undertake GHG assessments for the Duchy's equipped farms – those where the farm includes farm buildings and accompanying land. This method gathers activity data from farmers and combines it with associated emission factors. GHGs arising from Duchy agricultural land not associated with equipped farms are estimated at a coarser scale using land management activity approximations and proxy emission factors.
	Peatland	Estimates of peatland condition are derived from University of Exeter data and combined with appropriate emission factors from the IUCN Peatland Code.
	Buildings (rural and urban)	Where primary energy consumption data is available this is combined with associated emission factors. Where primary energy consumption data is not available (for the majority of properties), electricity and natural gas consumption per building is estimated using floor area or EPC code data based on the National Energy Efficiency Data-Framework (NEED) data tables. Where it is more appropriate (e.g. for large or energy-intensive properties), bespoke estimates of energy consumption are calculated.
	Foreshore and riverbed	Carbon removals in the Duchy's intertidal habitats have been calculated by Professor Rick Stafford, Professor of Marine Biology and Conservation at Bournemouth University using data provided by the Duchy and from published removals rates in 2021 reports from Natural England and the British Ecological Society.
	Trees, woodland and forest	Carbon removal is calculated using the Duchy's woodland estate data in combination with biomass lookup tables from the Woodland Carbon Code.
Category 15: Financial investments		For securities portfolios, GHG intensity factors are provided by the Duchy's financial portfolio managers and combined with the extent of our holdings. For cash deposits where emission factors are not available, average GHG intensities are estimated using the Duchy's historic investment data.

SURFACE AREA REPORT

31st March 2024

The Duchy of Cornwall is a landed estate of 52,263.9 hectares. The extent and distribution of the major land holdings at 31st March 2024 were as follows:

	HECTARES
Devon	28,438.4
Cornwall	7,538.2
Hereford	5,212.7
Somerset	4,979.9
Isles of Scilly	1,606.6
Dorset	1,314.7
Wiltshire	1,250.2
Gloucestershire	658.4
Shropshire	393.2
Kent	349.0
Nottinghamshire	287.4
Oxfordshire	110.3
Carmarthenshire	95.9
Greater London	10.1
Hertfordshire	7.0
Buckinghamshire	4.4
Norfolk	2.2
Essex	2.2
West Midlands	1.7
Berkshire	1.5
Total	52,263.9



DUCHY of CORNWALL

INTEGRATED ANNUAL REPORT

Year ended 31st March 2024

www.duchyofcornwall.org

Writing, design and production

The Duchy of Cornwall with Flag Communication Ltd.

www.flag.co.uk

Photography

Hugh Hastings Photography – www.hughhastings.co.uk/

Charles Sainsbury-Plaice Photography – www.agripix.co.uk

Parsons Media – www.parsonsmedia.net

Duchy of Cornwall staff

All © Duchy of Cornwall

ISBN: 978-1-0686919-0-4

Front cover image

The front cover shows Restormel Castle, the Restormel Estate Office, holiday let complex, and Duchy Nursery.