

The Prince's Trust Group

Annual Report

For the year ended 31st March 2018

**Incorporated by Royal Charter
Charity Registration Number 1079675 and SC041198**



Prince's Trust

THE PRINCE'S TRUST

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THE PRINCE'S TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018

Chairman's Foreword

This Annual Report for 2017/18 covers the activities of The Prince's Trust Group.

In the UK, The Prince's Trust has been supporting young people for 42 years. In total, since our foundation in 1976, we have helped more than 900,000 young people and our work continues to change lives in communities across the whole of the country.

In recent years, governments and agencies from across the world have contacted The Trust to see if our approach to tackling unemployment and underachievement could be successfully applied in their countries. In response, we launched Prince's Trust International in 2015 and, last year, we delivered support to young people in nine countries: Australia, Barbados, Canada, Greece, India, Jordan, Malta, New Zealand and Pakistan.

During the year, our sister charities in Australia and Canada became part of the Group and we are delighted to be working with Prince's Trust Australia and Prince's Charities Canada to support young people, veterans and indigenous communities.

Work is also underway to establish Prince's Trust New Zealand and Prince's Trust America.

Under the leadership of Dame Martina Milburn, The Prince's Trust Group forms a global network of organisations that is making a tangible - and increasing - difference to people's lives. Together we supported more than 66,000 people in the last financial year.

We should recognise that each member of the Group is at a different stage in its development. There are, therefore, understandable differences in programmes and approaches. In the year ahead we will be working to align priorities to form a coherent Group strategy. Support to young people and communities will be at the heart of this plan.

Given our long-standing history in the UK and the comparative scale of the separate organisations, these accounts will, in large part, reflect our UK activities. We have endeavoured to be clear in each section to specify if the detail relates to the Group, the UK or a subsidiary.

In the UK, we completed delivery of a three year strategy which saw us support an incredible 118,000 new young people. We also delivered a number of infrastructure projects which will transform our ability to grow our delivery in future years.

During 2017/18 we supported 63,486 individual young people in the UK, including 43,732 who were new to The Trust and 19,754 who received ongoing support from previous years. Of those young people who were new to The Trust, 2,392 took part in more than one programme in order to give them the maximum opportunity of a positive outcome. So we had a total of 66,116 programme participations compared to 60,535 the year before, thus representing year-on-year growth of 9%.

Our positive outcomes – the proportion of young people who move into education, employment, training or volunteering on completion of our programmes - have been maintained at 78% and this is a key measure of our success.

In a fiercely competitive fundraising environment, securing the resources to continue our work is an ongoing challenge. We have, however, risen to the challenge. Due to the continued investment of our brilliant partners in both the public and private sector, we generated an income of £72.9 million, representing growth of nearly 3% over the previous year. I would like to offer my personal thanks to every individual and organisation who has

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demonstrated their faith in the work of The Trust and the potential of our young people. Without you, we simply could not achieve so much.

Our expenditure for the year was £71.2m. We have also invested in systems and processes that will ensure the organisation is fit for the future. We successfully completed a major IT project which has delivered a new website, a comprehensive new client database and a reporting system which gives us meaningful data upon which we can make better decisions. We have also made substantial progress on a new HR system which will come online later this year.

Prince's Trust Online is our new digital learning and mentoring platform. Following a successful launch, 1,000 young people have participated in online learning; many of these young people would not have been able to access our traditional support. Moving forward, we are looking at a blended approach where each individual client receives their tailored mix of online and face-to-face support.

It is my great pleasure to welcome Nick Stace as our new UK Chief Executive. Nick has been the driving force behind a dynamic strategy which will see The Trust support a million more young people over the next ten years. In addition to providing individually tailored support to each of these young people, we aim to give them an increasing stake in the economy and society. To do this, we need to be the best organisation and we are determined to enable our colleagues, volunteers and supporters to achieve their goals.

Much of this innovation and development in the UK will inspire our future activities as a global Group. At the same time, there are innovations and insights within our Group charities which could well benefit young people here in the UK.

While the global political, economic and social situation remains unstable and uncertain, there is every reason to be optimistic about the future. If we invest in our young people, then we are investing in the future of our communities and countries. Surely this must be a priority?

I'd like to thank everyone, from our staff and volunteers to our donors and of course the young people we support, all of whom continue to play a part in our growing Prince's Trust community. We are connected by a common belief in the value of human potential. Together we have achieved a great deal, but there is very much more work still to do.



Sir Lloyd Dorfman CBE
Chairman

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The Prince's Trust

Administrative details

Principal Address

Prince's Trust House
9 Eldon Street
London
EC2M 7LS

Telephone: 020 7543 1234

Fax: 020 7543 1200

www.princes-trust.org.uk

Charity Registration Number: England & Wales 1079675, Scotland SC041198

Royal Charter Number: RC000772

Governing Document

The Prince's Trust is a company incorporated by Royal Charter. The Royal Charter is the governing document of The Trust.

President

His Royal Highness The Prince of Wales

Chair of The Prince's Trust Council

Sir Lloyd Dorfman CBE

Trustees and Members of The Prince's Trust Council

Sir Lloyd Dorfman CBE

Wendy Becker (resigned June 2018)

John Booth (appointed March 2018)

Alison Brittain

Blondel Cluff CBE

Thierry Henry

Sir Nigel Knowles

Michael Marks CVO, CBE

Ian Mukherjee

Michelle Pinggera (appointed July 2017)

Shabir Randeree CBE

Alistair Summers (appointed June 2018)

Management

Dame Martina Milburn DCVO CBE

Nick Stace

Paul Brown

Richard Chadwick

Martyn Dicker

Tara Hull

David Ivell

Chief Executive (Group Chief Executive from October 2017)

UK Chief Executive (appointed October 2017)

Director, Marketing and Communications (Chief Marketing Officer- UK and Group, from June 2018)

Director, Programmes and Development (left in June 2018)

Director, People and Learning

Director, Fundraising (Deputy CEO - Income and Innovation, from June 2018)

Chief Information Officer (left in June 2018)

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Ian Jeffers	Director, Operations (Deputy CEO - Design and Delivery, from June 2018)
Simon Major	Company Secretary (Group General Counsel & Company Secretary from October 2017)
Wayne Orr	Director, Finance (Interim, appointed December 2017) (Chief Operating Officer from June 2018)
Jo Passingham	Director, Finance (resigned November 2017)

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place, London WC2N 6RH

Principal Solicitors

McCarthy Denning Limited
49 Queen Victoria Street, London EC4N 4SA

Bankers

National Westminster Bank plc
3rd Floor, 280 Bishopsgate, London EC2M 4RB

Coutts & Co
Villiers Branch, 440 Strand, London WC2R 0QS

Investment Advisers

Cazenove Capital Management Limited
12 Moorgate, London EC2R 6DA

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The Trustees are pleased to present their report and audited financial statements for The Prince's Trust Group (which includes The Prince's Trust and its subsidiaries) for the year ended 31st March 2018.

Organisational Structure, Governance and Management

The Prince's Trust (The Trust) is incorporated by Royal Charter (with Royal Charter number RC000772) and is registered with the Charity Commission for England and Wales (with registered number 1079675) and the Office of the Scottish Charity Regulator (with registered number SC041198). Its objects and powers are set out in the Royal Charter and Byelaws. The Royal Charter, the Byelaws and The Handbook (a document that sets out The Trust's internal governance structure) are the documents that govern The Trust's administration.

Trustee Recruitment, Appointment and Training

Trustees are appointed in accordance with the Byelaws and are collectively known as the Council. On joining the organisation, new Trustees receive a personalised wide-ranging induction which covers the values and purpose of The Trust and includes sections on strategy, finance, fundraising, programmes, operations and governance. During induction, Trustees meet young people and members of The Trust's Senior Management Team to help fully understand their role as a Trustee. In addition, they are invited to attend Trust programmes to see them in action and are asked to take an interest in a particular area of The Trust's work via membership of one of the committees, to be ready to contribute to The Prince's Trust Council as required. Trustees receive ongoing support and up to date guidance to enable them to fulfil their responsibilities to the organisation. They regularly meet with beneficiaries at events and on programme visits. The Council meets bi-monthly with occasional additional meetings as needed. The Trustee role is unremunerated but Trustees are able to claim expenses where relevant.

The Prince's Trust Council is accountable for the work of The Trust. The matters reserved for The Prince's Trust Council include the approval of strategy, the budget and business plan and the Annual Report and Accounts. The Prince's Trust Council also retains oversight of management controls and corporate governance, along with the appointment of Trustees, the Group Chief Executive, the UK Chief Executive and senior volunteers. Appointment of directors/trustees of The Prince's Trust subsidiaries are a matter for their boards with Council retaining the right of ratification.

The Advisory Board meets up to twice a year with the Council and contributes ideas to help inform strategy and organisational development. Members of the Advisory Board have an advisory role only and have no legal obligations. The members of the Advisory Board, in addition to the members of Council, during 2017/18 were:

Richard Huntingford
Duane Jackson
Sir Derek Jones KCB, CMG
Margaret McPherson
Patrick Passley LVO
Steve Sealey
Rose Mary Stalker (appointed June 2017)
Ursula Morgenstern (appointed August 2017)

The Prince's Trust Council has appointed six committees to help with the execution of its responsibilities. Members are appointed by The Prince's Trust Council. The committees meet regularly and members during 2017/18 were:

- ➔ **Audit:** Shabir Randeree CBE, Sir Nigel Knowles, Blondel Cluff CBE (appointed July 2017)
- ➔ **Investment:** Michael Marks CVO, CBE (Chair), Sandra Robertson, Ian Mukherjee, John Booth (appointed March 2018)

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- ➔ **Fundraising Advisory Board:** Ian Mukherjee (Chair), Richard Huntingford, Steve Sealey, Jeremy Green, James Bennet MBE, James Wates CBE (appointed June 2017), Uzair Bawany (appointed June 2017), John Booth (appointed November 2017)
- ➔ **Nominations & Remuneration Committee:** Sir Lloyd Dorfman CBE (Chair), Wendy Becker, Michael Marks CVO, CBE
- ➔ **Young Persons Committee** (formerly the Programmes & Operations Committee): Wendy Becker (Chair), Alison Brittain, Michelle Pinggera (appointed July 2017), Emily Cherrington (resigned May 2017)
- ➔ **Mosaic:** Shabir Randeree CBE (Chair), Yasmin Waljee OBE (Vice-Chair), Saker Nusseibeh (Vice-Chair (from November 2017), Harris Bokhari OBE, Professor Farida Fortune CBE, Bushra Nasir CBE, Mohamed Amersi, Tariq Shah, Farouq Sheikh, Professor Aaqil Ahmed, Sarah Khan-Bashir MBE, Uzair Bawany, Varinder Dhaliwal (appointed January 2018), Dr Haseena Lockat (appointed January 2018), Wakkas Khan (appointed January 2018), Atif Bashir (appointed January 2018), Farida Gibbs (resigned November 2017), HE Sheikh Mohammed bin Nahyan bin Mubarak Al Nahyan (resigned November 2017)

The Prince's Trust Council appoints Advisory Councils in Wales, Scotland and Northern Ireland, Development Committees in the English regions and Development Committees for our Industry and Leadership Groups. These are composed of senior volunteers, whose role is to provide fundraising support and guidance.

The Prince's Trust Council has delegated authority to the Group Chief Executive for oversight of The Prince's Trust and its subsidiaries. The Council has also delegated authority to the UK Chief Executive and a Senior Management Team for the day-to-day management of The Trust. The Senior Management Team comprises the UK Chief Executive, the Finance Director, the Chief Information Officer and the Directors for Operations, People and Learning, Marketing and Communications, Fundraising, Programmes and Development, and the Group General Counsel & Company Secretary.

The Senior Management Team has delegated authority from the Council for the design and delivery of programmes and income generation, along with the administrative functions of finance, people and learning, health and safety, internal audit, evaluation, management information systems, marketing and communications. Designated staff may commit The Trust to expenditure within defined limits.

During the financial year Council reviewed and agreed organisational pay and the Nominations & Remuneration Committee considered and approved the appointment and remuneration of new roles in the Senior Management Team in consideration of good practice in the charity sector.

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The Prince's Trust Subsidiaries

Prince's Trust International

The Prince's Trust is the sole member of Prince's Trust International. Prince's Trust International is a company limited by guarantee (with company number 09090276) and is registered with the Charity Commission for England and Wales (with registered number 1159815). The vision of Prince's Trust International is to help unemployed young people around the globe into education, training and work by partnering with governments, NGOs and corporations to implement The Prince's Trust programmes. Prince's Trust International aims to provide opportunities for unemployed and disengaged young people to gain the skills, motivation and self-confidence to contribute to their local economy and engage as active members of society. The primary objective of Prince's Trust International, to promote by all charitable means throughout the world the mental, spiritual, moral and physical development and improvement of young people, and to provide opportunities for them to develop to their full capacities and enable them to become responsible members of society so that their conditions of life may be improved, is similar to The Prince's Trust. Jonathan Townsend is the Chief Executive. The Prince's Trust Chairman is also Chairman of the Prince's Trust International Board and the Group Chief Executive sits on the board of Prince's Trust International as a Trustee. The Prince's Trust and Prince's Trust International each have an independent Deputy Chairman who is solely focused on the one charity.

Prince's Trust Australia

The Prince's Trust became the sole member of Prince's Charities Australia in July 2017, which subsequently changed its name to Prince's Trust Australia. Prince's Trust Australia is a public limited company also registered as a charity with the Australian Charities and Not-for-profits Commission (with registered number ABN 73 161 872 993). Prince's Trust Australia carries out, and supports, charitable projects in Australia which are similar to those of The Prince's Trust in the United Kingdom including working in consultation and partnership with other charitable bodies. It also carries out charitable projects in other areas. Janine Kirk is the Chief Executive and the Group Chief Executive sits on the board of Prince's Trust Australia as a Trustee.

Prince's Charities Canada

The Prince's Trust became the sole member of Prince's Charities Canada in February 2018, and it is currently in the process of changing its name to Prince's Trust Canada. Prince's Charities Canada is designated a Charitable Organization under the Canadian Income Tax Act and has registered number 83229 5406 RR000. Prince's Charities Canada funds and carries out activities and programmes in Canada that are beneficial to the community as a whole, in a way which the law in Canada regards as charitable. Sharon Broughton is the Chief Executive and the Group Chief Executive sits on the board of Prince's Charities Canada as a Trustee.

For more detailed information about the activities, achievements and future plans of The Trust's programming subsidiaries, being Prince's Trust International, Prince's Trust Australia and Prince's Charities Canada, see page 22.

Prince's Trust Trading Limited

The Prince's Trust's commercial activities are undertaken by its wholly-owned trading subsidiary, Prince's Trust Trading Limited. Prince's Trust Trading Limited is incorporated as a company to conduct trading activities to support The Prince's Trust's charitable objectives. It passes all of its taxable profits to The Trust via gift aid. The payment under deed of covenant from Prince's Trust Trading Limited to The Trust in 2017/18 was £1.8m (2016/17 £2.5m). Prince's Trust Trading Limited is incorporated in England and Wales (with company number 03161821).

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Futures Charitable Trust

The Prince's Trust was the sole member of Futures Charitable Trust. Futures Charitable Trust was a company limited by guarantee (with company number 03075475) and registered with the Charity Commission for England and Wales (with registered number 1080195). During 2011/12 Futures Charitable Trust wound up its activities and was dormant from that date until it was dissolved in October 2017.

The financial results for 2017/18 of all subsidiaries are summarised in Note 18 to the Financial Statements.

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The Prince's Trust in the UK

Objectives and Activities

2017/18 was the final year of delivery of our three year UK strategy which states:

Our vision is that every young person should have the chance to succeed.

Our mission is to help disadvantaged young people in the UK to change their lives and get into work, education, training or volunteering.

The Trust's new strategy for 2018-23 is detailed on page 17.

The primary objective of The Prince's Trust (The Trust), as defined by its Royal Charter, is:

To promote by all charitable means the mental, spiritual, moral and physical development and improvement of young people, and to provide opportunities for them to develop to their full capacities and enable them to become responsible members of society so that their conditions of life may be improved.

In accordance with Charity Commission guidance on public benefit (section 17 of Charities Act 2011) The Trust achieves this by:

- helping young people aged 11 to 30 who are unemployed and those at risk of unemployment because they have struggled at school.
- bringing young people together from different backgrounds, cultures and faiths, so that they can make a positive difference in their communities.
- providing practical support, enabling them to overcome their problems and get their lives on track.
- delivering proven, high quality programmes and basic financial support, which help young people to develop the confidence and skills they need to get a job or start a business.

Our Values

The Senior Management Team ensures that The Prince's Trust is influenced, both in the way it operates internally and how it engages with its beneficiaries and supporters, by the following values:

Approachable - We are open minded and value diversity

Non-judgemental - We focus on the potential not the past

Inspiring - We lead by example

Empowering - We enable positive change

Passionate - We are absolutely committed to supporting young people

Our Programmes

During 2017/18 The Prince's Trust continued to support young people through eight core programmes that helped them overcome their barriers and move forward with their lives.

The **Achieve** programme supports young people aged 11 to 19 to re-engage and succeed in education. It benefits young people who are at risk of underachieving or exclusion. Delivered informally in education and youth work settings, and in Prince's Trust Centres, Achieve provides young people with the space and attention they need to learn skills, develop confidence, raise aspirations and improve their attitude to learning. It aims to engage young people in education and ensure that every young person is given the opportunity to realise their

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potential. During 2017/18 we launched **Achieve for younger learners** for young people aged 11 and 12, focusing on supporting them in their transition from primary school and in their early years of secondary school education.

With the support of trained volunteer mentors, **Mosaic** programmes aim to bridge the aspirations-attainment gap by linking young people with inspirational, relatable role models and helping boost their confidence, self-efficacy and long-term employability. Our Mosaic teams run mentoring programmes to inspire young people from deprived communities to realise their potential. With a particular focus on young Muslims, it provides a vehicle to help us access communities where we believe we can make a positive difference. It also strengthens our volunteer capacity and brings with it a network of committed advocates from diverse communities.

Targeted at unemployed young people aged 16 to 25, the **Team** programme is a full-time, 12 week personal development course offering work experience, qualifications, practical skills, community projects and a residential week. The programme aims to increase confidence, motivation and skills and, as a result, enables young people to move into employment, education, training, volunteering or an apprenticeship.

The **Fairbridge** programme is an individually tailored personal development programme for young people aged 16 to 25 who are far away from reaching their potential, have chaotic lifestyles and are unable to overcome problems in their lives. It combines group activities, experiences, outdoor learning and one-to-one support, delivered by a dedicated team of Prince's Trust youth workers. It empowers young people through these positive opportunities and experiences to gain the personal and social skills needed to stabilise their lives. The programme provides participants, from the harder-to-reach end of the spectrum, with the confidence and motivation they need to move towards a positive outcome.

The **Get Started** programme engages young people through short courses themed around a wide range of activities including sports, the arts and STEM (science, technology, engineering and maths). The programme is aimed at young people aged 16 to 25 who are disengaged from learning or employment. It gives them the chance to try something new, develop skills and have fun, enabling them to move forward with their lives. It gives young people the opportunity to meet new friends and build their confidence and provides them with the skills they need to move into positive destinations.

The **Get into** programme provides unemployed young people aged 16 to 30 with the opportunity to develop relevant vocational skills and experience to enable them to move into sustainable employment in a specific sector. For example, during 2017/18 programmes have supported young people into jobs in the digital, construction, hospitality, customer service, retail, logistics and health and social care sectors. Programmes are delivered in partnership with employers who offer tangible job opportunities. These Get into programmes may vary in length depending on the sector and, wherever possible, all or part of the programme content is accredited.

The **Enterprise** programme assists young people aged between 18 and 30 to develop their entrepreneurial skills and start their own business through the provision of financial and mentoring support. The programme helps young people who are interested in self-employment to explore and test their ideas, write plans and start their own businesses or achieve alternative positive outcomes. The focus of the programme is on supporting young people to choose and achieve the outcome which is best for them. It also helps those who believe they are ready to start a business to plan and test their ideas thoroughly, improving the quality of their propositions and increasing their chances of success. Where appropriate, The Trust can offer a loan of up to £7,500 to help young people to establish their businesses. Further information on our loans policy is included on page 42.

Development Awards are cash grants of between £50 and £500, which are awarded in areas where funding is available. The Awards help young people aged 16 to 30 to enhance their employability and life skills and access positive outcomes in education, training or employment. Examples of what can be funded include tools or equipment for a job or qualification; course fees; interview clothes; license fees e.g. CSCS card (construction)

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or SIA license (security); childcare costs to help single parents access short-term education; or transport to a new job until the first pay cheque arrives.

In 2017/18 we also piloted a new shorter employability programme, **Ready to Work**, which aims to provide young people with tangible employment opportunities and sustainable careers with leading businesses across multiple sectors. We will be rolling out Ready to Work across the country during 2018/19.

Prince's Trust Online

Building on our extensive experience of supporting young people across these eight core programmes, during 2017/18 we successfully launched **Prince's Trust Online**, providing young people with online learning that's free and flexible to help them achieve their goals. Whether their aim is setting up a business, or finding that perfect job, this new learning platform helps them on their journey. The initial focus of Prince's Trust Online has been in two areas:

- Enterprise - helping young people develop the skills they need to set up a business.
- Employability - helping young people gain the skills they need to succeed in job searches and preparation for applications and interviews.

Other Opportunities Following Completion of a Prince's Trust Programme

In addition to achieving positive outcomes (i.e. moving into work, training or education), after completing one of the above programmes many young people decide to volunteer for The Trust as **Young Ambassadors**. The Trust supports them to develop their confidence and skills to become advocates and role models for our work. Young Ambassadors take on a range of responsibilities, from speaking at public events to contributing to policy debates and research projects.

The Trust also supports young people through its **Get Hired** and **Opportunity Days**. Get Hired days are bespoke employability events connecting young people, volunteers and employers to help young people into work. Young people benefit from the support of mentors and corporate volunteers who help them prepare their CVs, develop their interview skills and get ready for mini interviews with employers.

Opportunity days are similarly structured, but focused on a broader range of outcomes, including education and training.

Following completion of a Trust programme many young people also benefit from ongoing support – for example, being mentored by one of The Prince's Trust's large number of volunteers. This mentoring support often contributes to young people accessing and maintaining sustainable positive outcomes.

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Achievements and Performance

During 2017/18 we supported 63,486 individual young people, including 43,732 who were new to The Trust and 19,754 who received ongoing support from previous years. Of those young people who were new to The Trust, 2,392 took part in more than one programme in order to give them the maximum opportunity of a positive outcome, so we had a total of 66,116 programme participations compared to 60,535 the year before. This represents year on year growth of 9%.

	Individual young people	Participation on programmes
Young people who participated in one programme in 2017/18	41,340	41,340
Young people who participated in more than one programme in 2017/18	2,392	5,022
Total new young people/participations 2017/18	43,732	46,362
Young people receiving ongoing support in 2017/18	19,754	19,754
Grand total in 2017/18	63,486	66,116
<i>Comparative in 2016/17</i>	<i>57,667 10.1% growth</i>	<i>60,535 9.2% growth</i>

The breakdown of participation by programme during 2017/18 is as follows:

- Achieve: 18,661 (includes 6,660 ongoing clients, i.e. those whose participation began the previous financial year)
- Mosaic: 2,103
- Team: 8,795 (includes 240 ongoing clients)
- Fairbridge: 3,059 (includes 1,116 ongoing clients)
- Get Started: 3,524 (includes 821 ongoing clients)
- Get into: 7,185 (includes 1,799 ongoing clients)
- Enterprise: 15,198 (includes 8,625 ongoing clients)
- Development Awards: 4,012
- Other/Local/Pilot: 2,578 (includes 493 ongoing clients)
- Prince's Trust Online: 1,001

These programmes help young people at risk of exclusion to stay in school and continue to learn; they develop the confidence and motivation of the unemployed to turn their lives around; and they support young people to develop their skills to find work or start their own business. Maintaining the quality of these programmes, to maximise the benefit to young people, remains a priority. Our key measure of success during 2017/18 was the proportion of young people who achieve a positive outcome: moving into education, employment, training or volunteering three months after completing a Trust programme. In 2017/18 78% of young people achieved one or more of these outcomes (2016/17: 78%), including 49% of clients who got a job or went into self-employment (2016/17: 50%).

Resources

In 2017/18, our income was £67.1m million (2016/17: £65.9 million) representing slight growth (2%) from the previous year. Year on year income growth has been achieved with another strong fundraising performance; public sector partnerships achieved the largest growth while income from trusts, philanthropy and campaigns continued to grow.

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For further details on our approach to fundraising, please see page 14.

In support of our focus on maintaining high safety and quality standards, we continue to be accredited to BS OHSAS 18001:2007 (Occupational Health and Safety Standard) and licensed by the Adventure Activity Licensing Authority (AALA).

People

The Prince's Trust is committed to being a great organisation to work and volunteer for. To achieve this, we have a clear people strategy, which empowers our people to be their best.

We continue to have a strong focus on performance management, with our new approach prioritising regular feedback and development. This has helped enhance our work on pay and reward, with a greater emphasis on recognition. In addition, we have secured funding specifically for Leadership Development. We are in the process of designing Leadership and Management Development programmes which will support our leaders in delivering The Trust's ambitious new strategy.

In the year ahead we will launch a dynamic new system that will greatly enhance all of our processes. At the same time, we are developing a more agile culture, with modern new Centres offering fantastic places to work.

The Trust is committed to supporting improved mental health and wellbeing and has signed the Time to Change pledge. In addition we have an active LGBT+ and women's network supporting everyone to bring their true self to work.

We benefit from the time, skills and expertise of more than 9,000 volunteers and secondees who deliver our programmes, mentor our young people, fundraise, and support a range of strategic development projects and head office functions.

Over the past year we have developed and launched a new digital approach to recruit and train volunteers. This has been embedded within Prince's Trust Online, and we will look to develop elements of this approach across all volunteering - enabling us to reach and engage more volunteers than ever before

We have continued to grow our offer across uniformed partnerships - increasing delivery with the Fire & Rescue Service, seconded/volunteer support with Help for Heroes and developing outreach with the Police. Together, these partnership are delivering impactful gift-in-kind resourcing to all our programmes.

We have also significantly increased the provision of mentors to the Mosaic programmes, ensuring that each volunteer is well supported by our dedicated volunteer teams.

Reputation

The Prince's Trust continues to take great care in the management of its reputation. This begins with effective risk management; taking good decisions around the partners we choose to work with; and keeping our promises to young people and partners.

With the support of 'The & Partnership' - on a pro-bono basis - we reviewed our branding and messaging to be more appealing to the young people we aim to support. 'Youth Can Do It' is the new strapline which embodies our positive attitude to young people and society. We are grateful to our gift-in-kind media partners who have helped us to spread the word.

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We continue to raise awareness and understanding amongst the public through regular media campaigns around the issues that affect young people. Our Prince's Trust Macquarie Youth Index, now in its ninth year, attracted significant media attention when it was launched in January. Highlighting the mental health challenges that young people face in an increasingly uncertain world, the Index is gaining a reputation as a key indicator of young people's happiness and confidence.

Demonstrating the outstanding achievements of young people, we refreshed our Prince's Trust Awards and focussed on telling the life-changing stories of our inspirational young people. And, for the first time, we worked in partnership with ITV's 'Good Morning Britain' to highlight the key role that our mentors play in helping shape young lives.

On social media, we have also been engaging The Prince's Trust Community. Thanks to our network of Young Ambassadors and a growing list of social media influencers, we use digital media to spread positive messages and engage young people who we might struggle to reach through traditional channels.

Through our public affairs work, we help Ministers, MPs and representatives of devolved administrations to better understand the experiences of young people. We achieve this through visits to our programmes, targeted focus groups, and sharing expertise to support policy development in areas such as youth employment and apprenticeships.

Fundraising

The Charities (Protection and Social Investment) Act 2016 requires that the annual report of any charity subject to audit must include a statement of each of the following for that year:

a. The approach taken by the charity to activities by the charity or by any person on behalf of the charity for the purpose of fundraising, and in particular whether a professional fundraiser or commercial participator carried on any of those activities;

The Prince's Trust primarily fundraises through our own fundraising staff team and through our supporters who fundraise on our behalf. There are occasions where we will work with third parties to carry out fundraising activities, such as event companies and our corporate partners.

The Prince's Trust is a community of supporters who give their time, energy and money to help young people. We are fortunate to have a broad range of supporters and partners who donate or fund our work in a variety of different ways. In 2017/18, these included:

- Public sector contracts – working in partnership with a large range of local and national public sector partners who support our work to help young people. These partnerships are primarily in the form of grant giving or commissioned contracts to deliver services.
- Corporate partnerships – we have over 200 local and national corporate partners who provide funding, training and job opportunities to help young people succeed.
- Charitable trusts – our work with young people is supported by a number of charitable trusts and foundations. These charitable trusts provide funding needed to carry out our vital work.
- Individuals and legacies – we receive donations and legacy gifts from our community of supporters. Individuals donate to The Prince's Trust in a number of ways, including:
 - Regular donations, such as direct debits or long term commitments;
 - One off gifts including responses to fundraising appeals and philanthropic donations,

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- Fundraising on our behalf, for example by taking part in an event or fundraising in their community;
 - Leaving a gift in their will.
- Gift-in-kind – a number of our partners and supporters provide their expertise, service and products free of charge to the charity.
- Trading income – we deliver a number of income generating activities through our trading subsidiary, Prince's Trust Trading Limited, including ticketed events, sponsorship opportunities and commercial partnerships.
- Other income – alongside our fundraising activities, we have some other income sources such as our investments and programme fees.

b. Whether the charity or any person acting on behalf of the charity was subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising, in respect of activities on behalf of the charity, and, if so, what scheme or standard;

The Prince's Trust is registered with the Fundraising Regulator who holds the Code of Fundraising Practice for the UK. We endeavour to carry out our fundraising activities in line with the Code of Fundraising Practice and the expectations of our supporters. We are signed up to the Fundraising Preference Service, which gives the public control over the fundraising communications they receive, as well as the Gambling Commission for fundraising lotteries that our supporters take part in.

c. Any failure to comply with a scheme or standard mentioned under paragraph (b);

None.

d. Whether the charity monitored activities carried out by any person on behalf of the charity for the purpose of fundraising, and, if so, how it did so;

The Prince's Trust primarily fundraises through its own fundraising staff team and through our supporters who fundraise on our behalf. Supporters that choose to fundraise on our behalf are required to sign up to clear terms and conditions before being able to use our logo and branding to fundraise. There are occasions where we will work with third parties to carry out fundraising activities, such as event companies. Where we work with third parties, we have agreements in place and regularly monitor the performance of third parties in line with these agreements.

e. The number of complaints received by the charity, or a person acting on its behalf, about the fundraising activities carried out by the charity or a person acting on its behalf;

The Prince's Trust is committed to providing a high quality service to all of its service users, partners and supporters. We have a clear, publically available complaints policy that allows us to thoroughly investigate any complaints, communicate results, record results and review our work, enabling improvements to be made, if required. For the financial year 2017/18, we received 19 complaints about our fundraising activities, compared to 21 we received in 2016/17.

Further to our complaints policy, we make a pledge to our supporters whose generous support is vitally important to transforming young lives. As a supporter of The Prince's Trust, we make a pledge that:

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- You can expect The Trust to use your donations wisely, and to help young people in the most effective and efficient manner.
- You can expect The Trust to hold your information securely and responsibly, and we will not share any of your details for use by any other organisation.
- If you have supplied your name and address, we would like to let you know how your donation is helping to save young lives. But we will only send you communications that you have asked for, or have agreed to receive, and you can choose to stop hearing from us at any time.
- We would love to hear your feedback about any aspect of our work, our fundraising, or your experience as a supporter. Simply email getinvolved@princes-trust.org.uk or call us on 020 7543 1384 to let us know your thoughts, and to update your preferences. We are available between 9am and 5pm Monday to Friday (excluding bank holidays).

f. What the charity has done to protect vulnerable people and other members of the public from the following, in the course of, or in connection with, fundraising activities:

- **Unreasonable intrusion on a person's privacy;**
- **Unreasonably persistent approaches for the purpose of soliciting or otherwise procuring money or other property on behalf of the charity; and**
- **Placing undue pressure on a person to give money or other property.**

The Prince's Trust is committed to protecting vulnerable people and other members of the general public from unreasonable intrusion on a person's privacy, unreasonably persistent fundraising approaches and placing undue pressure on a person to give money. Our fundraising activities follow both the Code of Fundraising Practise and our own ethical fundraising policy.

To help protect vulnerable people, we have a field on our fundraising database which records a potentially vulnerable person. We exclude anyone flagged on the database as vulnerable from all of our fundraising appeals.

Our supporters have the option to specify the frequency of fundraising communications that they receive from The Prince's Trust. We also carry out an annual survey with our supporters to ensure that our fundraising communications and activities are appropriate and in line with supporter's expectations. In the financial year 2017/18, we sent out the following direct mail communications to supporters:

- two direct mail fundraising appeals
- two supporter newsletters
- one thank you direct mailing; and
- one gift aid mailing.

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Our Future Plans

2017/18 was the final year of our three year UK strategy. We have developed a new, ambitious five year strategy for the period covering 2018 to 2023, with the following highlights:

Our Vision – Every young person should have the chance to succeed.

Our Mission – To help young people transform their lives by developing the confidence and skills to live, learn and earn.

The strategy has three key strategic goals:

Goal 1: Be the best organisation.

We will:

- ➔ Become the best place to work, volunteer and support
- ➔ Build a long term financially sustainable organisation
- ➔ Move to fewer and better quality properties to support an efficient and flexible delivery model
- ➔ Unleash our entrepreneurial spirit
- ➔ Be the partner of choice

Key success measure: We will achieve year-on-year increased satisfaction scores for colleagues, volunteers, partners and supporters.

Goal 2: Help one million more young people over the next 10 years.

We will:

- ➔ Maximise our positive impact on young people's lives; understand and report this impact
- ➔ Become a more youth-relevant brand
- ➔ Be the first point of contact for young people who need us most
- ➔ Develop a Prince's Trust passport for every young person we progress
- ➔ Increase the speed and effectiveness of support, with a more flexible mix of online and face to face delivery
- ➔ Move from a programme driven to young person led approach

Key success measure: By 2020/21 we will have helped 150,000 young people progress, 80% of whom will transform their lives; By 2022/23 we will be supporting over 100,000 young people a year to progress.

Goal 3: Give young people an increasing stake in our economy and society.

We will:

- ➔ Introduce a UK2030 taskforce to identify practical solutions for government, employers, educators and young people which are acted upon
- ➔ Help young people prepare for the new economy and society by creating highly relevant services through strong partnerships
- ➔ Listen to young people and involve them in shaping our and their future
- ➔ Mobilise our society behind young people as a force for good, inspiring our expanding community of supporters

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Key success measure: We will work with government, employers, educators, partners and young people to identify and deliver high impact practical solutions every year.

For the financial year 2018/19 in the UK we plan to support 73,000 young people across our traditional core programmes and Prince's Trust Online. To ensure this ambitious growth is sustainable, we aim to raise £69.1m of income in 2018/19.

Risk Management

How we manage our risks

The Trust's Council recognises the inherent risks in working with disadvantaged young people and in raising the funds to pay for its work. The span of these risks is wide, including health and safety, client safeguarding, programme development, data management and large-scale fundraising. The Trust works to mitigate the risks that it takes and aims to deliver safe and effective opportunities for young people. The Trust also recognises the new risks posed by expansion of its work internationally through Prince's Trust International, Prince's Trust Australia and Prince's Charities Canada.

The Audit Committee reviews and discusses the risk environment with the Senior Management Team and the actions taken to ensure appropriate robust controls are in place, and reviews the results of controls testing. The Council keeps risk management under review and receives reports from the Audit Committee. Health & Safety and Safeguarding are reviewed and discussed at the Young Persons Committee and are standing items on the agenda of each Council meeting.

The Senior Management Team ensures The Trust manages its risk effectively as follows:

1. Risk Management: Each department is responsible for identifying and managing its specific risks. The Senior Management Team is responsible for identifying the organisational risk and managing it accordingly, these are then reported to the Audit Committee.
2. Internal Audit: During the year The Trust carries out a number of audits, either required by regulatory bodies or funders. The Trust also undertakes audit work on contemporaneous risks, such as data protection, GDPR and cyber security.
3. Health and Safety: The Trust operates a centrally managed Health and Safety Practitioners team which reports into the Director of Operations. The team provides advice and support to countries and regions and is responsible for providing assurance on The Trust's framework of health and safety control. The Trust has accreditation to the BS OHSAS 18001:2007 Occupational Health and Safety Management System Standard. A Health & Safety report is presented at each Council meeting.
4. Safeguarding: The Trust operates a centralised Safeguarding function. Members of staff carry out regular safeguarding training, all safeguarding concerns are logged and, where required, statutory bodies notified. The Safeguarding function reports to the Director of Operations and a Safeguarding report is presented at each Council meeting.
5. Programme Quality Assurance: A central quality team ensures that minimum standards are complied with through a Quality Assurance System, which follows the Business Excellence Model.
6. Emerging risks: The Senior Management Team monitors the external and internal environments applicable to each of their departments. Changes to the risk environment are monitored in The Trust's Risk Register.

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Principal Risks and Uncertainties

During 2017/18 the most significant risks to The Trust were identified as follows:

	Risk	Management action
P R O G R A M M E S	Failure to keep the young people and children we work with safe	- Established and embedded risk assessments for all our programmes, activities and events - Contractual arrangements with delivery partners and subcontractors working on our programmes - Adherence to the standards of our OHSAS 18001 and AALA accreditations - Health, Safety and Safeguarding training for staff - Safeguarding policies and procedures and training
	Failure to provide the most effective solutions to the young people and children in need of our services	- Programme structure with clearly defined target groups and outcome measures - Toolkit methodology including minimum delivery standards - Customer Relationship Management system to track engagement with young people - Monitoring and Evaluation reporting on key performance indicators to the Council - Complaints monitoring by Senior Management Team - Young Persons Committee of the Council look at the needs of young people on a regular basis
	Failure to effectively manage the development of new activities	- Policy and Programmes Development teams in place to scope, assess and develop new programmes - Established due diligence and work-flow methodologies for working with other charities
P E O P L E	Failure to attract, recruit, train and retain high performing staff members and volunteers	- Benchmarking of benefits and reward packages against charity standards - Succession planning supported by Continuous Review and Development process - Staff consultative body and staff surveys provide feedback to management - Adherence to the standards of our Investors In People accreditation
R E S O U R C E S	Failure to manage our financial stability	- Reserves policy and annual business planning underpinning finance strategy - Fundraising strategy supports diversification of income streams and maximisation of flexibility of donations - Investment Committee and regular reporting by fund managers - Procurement policy and procedures
	Failure to manage the data we hold safely and effectively	- Additional resource made available to prepare for GDPR - Data Protection and Information Security policies and procedures reviewed and updated. Face to face and online training provided - Contracts and Information Sharing Protocols in place to manage transfer of data to third parties - IT Disaster Recovery plans providing clear priorities for restoring key systems

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Principal Risks and Uncertainties (continued)

R E P U T A T I O N	Failure to comply with all our required regulatory and legal obligations	- Regular horizon scanning exercises completed by Legal team to identify and respond to regulatory and legislative changes - Compliance monitoring programme and regulatory reporting to support our Financial Conduct Authority authorisation for the Enterprise Programme - Governance Handbook, aligned to Charity Commission guidance, to define legal and financial authorities
	Failure to demonstrate that we operate to the highest ethical standards in our dealings with others	- Fundraising policies and procedures reviewed against Codes of Practice set by the Institute of Fundraising - Ethical Fundraising Committee in place to review major gifts and income contracts - Anti-Bribery Policy, Gifts and Hospitality Register and Declarations of Interest in place to identify and record potential conflicts of interest with suppliers - Whistle blowing process to allow anonymous reporting of malpractice and rigorous, independent review of evidence
	Risk that a growing international expansion does not deliver on its goals	- During the year The Trust created the new role of Group Chief Executive, supported by a small group of staff, to lead on the international work - The Trust recruited a new UK Chief Executive to focus on the work of The Trust in the UK - By working in close collaboration with its subsidiaries The Trust is able to retain oversight of the activities and quality of programming of the entities operating internationally

Independent Inquiry into Child Sexual Abuse (IICSA)

As one strand of its Inquiry, the Independent Inquiry into Child Sexual Abuse (IICSA) investigated protection of children outside the UK, including historic child migration programmes.

In 2011, the UK youth charity Fairbridge (which had long ceased to have any involvement in child migration programmes) became part of The Prince's Trust. At that time The Prince's Trust inherited the archives of the Fairbridge Society which were held by Fairbridge.

Since we were approached in 2016 by IICSA to assist with its inquiry, The Trust has cooperated fully and has made all relevant information available to IICSA.

The Trust is committed to supporting former migrants and we will do all we can to enable them to access any information contained in the archives.

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The Prince's Trust in Scotland

In 2017/18 The Trust in Scotland supported 6,408 new young people through our core programmes and a number of new pilot initiatives. A number of highlights throughout the year include: growth across our education offer; development of our new pioneering Centre-based sessions; and the increased accessibility of The Prince's Foundation Dumfries House estate to young people from right across Scotland.

The Trust in Scotland has continued to support young people to turn their lives around. The positive outcome rate for Scotland over the last 12 months stands at 79% with 46% moving into employment; 39% into education/training; and 7% into voluntary work.

Across the United Kingdom, Scotland continues to have the lowest unemployment rates, with youth unemployment at its lowest level in the last 10 years. As a result, The Trust has diversified its provision over the past 12 months, with the introduction of non-core activities, including support for young people experiencing mental health issues. This has positively enabled us to engage with those young people furthest from the labour market that often demonstrate more complex needs. The Trust has also continued to grow and reach diverse community groups across Greater Glasgow, supporting 58 young people through the Mosaic programmes.

At the beginning of 2018, Scotland launched the Year of Young People, a year where we will celebrate the achievements of young people and the positive contribution they make to society. Partnering with a number of youth charities across Scotland, The Trust has delivered activities within the first quarter of this year. Engaging with our Young Ambassadors, all of the initiatives we have developed have been youth-led, with our young people empowered to have a strong voice in society.

Our Education, Training and Development programmes have supported 3,141 young people. We have continually developed the roll out of the Achieve programme over the last 12 months, engaging with our school partners to increase the number of Achieve clubs so that more young people that require support within an education setting have the opportunity to access our help. The further development and growth of Achieve forms a core part of our strategy for Scotland in the years ahead. Despite a challenging funding climate, our 12 week personal development programme - Team - reached 653 young people, maintaining a similar level of support to 2016/17.

A total of 3,046 young people benefited from financial, enterprise and employability support. Whilst we have seen a national decline in the number of young people approaching The Trust to start up their own business in recent years, Scotland has this year supported 1,228 young people through the Enterprise programme. With strong funding support, Scotland continues to award the highest number of cash grants compared to other parts of the UK. This year, 1,052 young people benefited from a Development Award up to £500, to support them into training or employment.

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Subsidiaries

Each programming subsidiary is registered in its country of incorporation and has its own board of Trustees which is responsible for managing its affairs and appointing its Chief Executive. The Group Chief Executive has delegated authority from the Council of The Prince's Trust to work with the UK Chief Executive and Chief Executives of the programming subsidiaries to co-ordinate the activities of the Group.

Each member of the Group is at a different stage in its development. There are, therefore, understandable differences in programmes and approaches. In the year ahead we will be working to align priorities to form a coherent Group strategy. Support to young people and communities will be at the heart of this plan.

Prince's Trust International

Achievements in 2017/18

Prince's Trust International delivered support for 2,210 young people with delivery partners across a range of programmes in nine countries during 2017/18. These countries are Australia, Barbados, Canada, Greece, India, Jordan, Malta, New Zealand and Pakistan..

In Australia, Prince's Trust International worked in partnership with Prince's Trust Australia, which joined The Prince's Trust Group in July 2017. In Canada, Prince's Trust International worked in partnership with Prince's Charities Canada, which joined The Prince's Trust Group in February 2018.

The programmes co-delivered by Prince's Trust International help young people to engage with their education, turn their lives around, develop their skills to find work or start their own business. The breakdown of the 2,210 participation total by programme during 2017/18 was Enterprise Challenge 1,581 (in Jordan and Pakistan); and 629 young people on other programmes, including Get into 303; Team 21; and Achieve 305. We continued the delivery of international programmes formerly delivered by Mosaic.

This compared to a total of 4,163 young people in 2016/17, which included 3,516 on the Enterprise Challenge and 647 young people on the other programmes. Prince's Trust International ran particularly high volumes of the Enterprise Challenge in Qatar and Jordan for one year only in 2016/17. Separately, the volume of participation on other programmes in 2017/18 was broadly the same as in 2016/17.

Delivering high-quality programmes is our top priority. Our key measure of success is the proportion of participants who achieve a positive outcome – in particular, moving into education, employment or self-employment. In 2017/18, 69% of the total 597 participants on Get into, Achieve and Team achieved one of these outcomes.

During 2017/18 Prince's Trust International:

- Completed a successful pilot of the Get into programme in India. Began developing a partnership agreement to work with NGO Magic Bus to roll out the programme to six cities in India over the next two years, funded by the Michael and Susan Dell Foundation and the Macquarie Group Foundation
- Expanded the Achieve programme in Malta, with presence in 31 schools, and with further growth planned in 2018/19. Also ran the Get into pilot in Malta, with plans for further delivery in 2018/19
- Expanded the delivery of the Get into programme in Jordan, and also delivered the Enterprise Challenge there
- Continued to deliver the Team and Get into programmes in Barbados

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- Jointly grew the delivery and secured funding for the Get into programme in Canada, working alongside Prince's Charities Canada
- Completed a successful pilot of the Get into programme in Adelaide, Australia, working alongside Prince's Trust Australia
- Ran a successful pilot of the Achieve programme in New Zealand, with plans to roll this out in 2018/19
- Delivered the Enterprise Challenge in Pakistan, increasing the number of schools and young people participating
- Secured funding for and started the pilot of the Get into programme in Greece

In addition, Prince's Trust International developed its Monitoring & Evaluation framework, to enable comprehensive measurement of its impact. We also refreshed our identity to align more closely with The Prince's Trust brand and strengthened our Risk, Health and Safety, Safeguarding and Serious Incident procedures.

Financial Performance

Prince's Trust International had income for the year of £1.4m (2016/17: £1.6m) and expenditure of £1.3m (2016/17: £1.4m). Its £85k surplus will be retained by Prince's Trust International for investment in 2018/19. Financial performance for the year was broadly in line with expectations.

Total funds as at 31st March 2018 were £486k (2016/17: £401k), of which £95k (2016/17: £89k) were restricted funds. Unrestricted reserves £391k (2016/17: £312k) represented approximately four months of non-programme related expenditure.

Funding has been received from a number of companies, Patrons and Founding Patrons. The principal funding source in the year continues to be from the Founding Patrons start-up scheme which closed at the end of the 2016/17 year. This is supplemented with funding secured through our new Patron scheme as well as funding from corporate partners, trusts and foundations.

Future Plans

For 2018/19, Prince's Trust International plans to support 4,200 young people, to secure £1.8 million of income with £1.7 million of expenditure.

We will continue to roll out programmes with delivery partners in the nine countries where we have successfully run pilots. This will involve activity in Australia and Canada, with Prince's Trust Australia and Prince's Charities Canada respectively; and in Barbados, India, Jordan, Malta, New Zealand and Pakistan. Prince's Trust International will continue with its pilot Get into programme in Greece and also launch the Enterprise programme there. During 2018/19, we plan to undertake scoping in Malaysia, Jamaica and Trinidad and Tobago in preparation to run programmes there in 2019.

At the end of 2018/19, Prince's Trust International will be a little over three years old and will have completed its first strategy cycle. By March 2019, we will produce a new strategic plan for the next five years. This will build on the foundations established in the initial three year start-up phase.

Quality of delivery and meaningful impact for young people will remain at the heart of what Prince's Trust International does. We aim to grow over the next five years, both in terms of the breadth of programme delivery and geographic reach. We will explore new ways to interact with young people, in line with The Prince's Trust's experience in the UK – potentially piloting an online platform and more flexible programme delivery.

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To fund this growth, Prince's Trust International will seek to increase and broaden its funder base, by delivering beneficial programme interventions that are in tune with their interests and funding criteria.

Prince's Trust International will ensure it is aligned with strategic developments within The Prince's Trust Group. At the same time, we will continue to ensure we recognise the specific country and cultural contexts of where we operate. Prince's Trust International will also continue to meet its high expectations for the health and safety and safeguarding of young people beneficiaries and staff.

Prince's Trust International manages risk through a comprehensive risk register which is reviewed by the Management Team at regular intervals and at every board meeting by the Trustees. The international risk register is also reviewed at The Prince's Trust Audit committee.

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Prince's Trust Australia

Prince's Trust Australia joined The Prince's Trust Group on 13th July 2017. Prince's Trust Australia's financial year-end in 2017/18 is 30th June 2018. For Prince's Trust Australia, this report covers the nine-month period 1st July 2017 to 31st March 2018, and as such represents only a partial picture of Prince's Trust Australia's achievements and performance.

Prince's Trust Australia delivers a range of programmes that help participants to develop their confidence, turn their lives around, develop their skills to find work or start their own business. As part of this, Prince's Trust Australia works in partnership with Prince's Trust International to deliver the Get into programme.

Achievements in 2017/18

Between 1st July 2017 and 31st March 2018, Prince's Trust Australia continued to pilot and develop The Prince's Lead Your Own Business and Get into programmes, with a view to scaling them up in future years. Eighty percent of The Prince's Lead Your Own Business participants went on to start their own business and all of the young people completing Get into demonstrated improvement in their employability skills.

Prince's Trust Australia developed an emotional recovery programme for young people experiencing mental health issues following trauma and natural disaster. Prince's Trust Australia collaborated with partners and local communities in Queensland, to highlight the importance of protecting endangered loggerhead turtles on Mon Repos beach.

In addition, Prince's Trust Australia collaborated with partners to complete The Prince's Terrace in Adelaide, a 12 dwelling exemplar residential scheme demonstrating innovation in sustainable design. Officially opened in December 2017, this is the first residential scheme in Australia to receive a '6 Star Green Star' design and build rating from the Green Building Council. It is predicted to use 50 per cent less power and potable water than a typical urban townhouse.

Financial Performance

Prince's Trust Australia income for the nine-month period 1st July 2017 to 31st March 2018 was £1.1m.

Future Plans

Prince's Trust Australia's financial year 2018/19 will start on 1st July 2018 and end on 31st March 2019, to align with The Prince's Trust Group year-end. Over this period, Prince's Trust Australia plans to achieve £0.6m of income and deploy £0.9m of expenditure.

We have developed a transition strategy for 2018/19, including a more focused mandate of "achieving social impact, by transforming lives and building sustainable communities in Australia, through high-quality programme delivery in employment, education and sustainability."

Our key strategic goals for 2018/19 are:

Goal 1: Grow the portfolio of Prince's Trust youth employability and education programmes across Australia, starting with the Get into programme, and explore opportunities to deliver the Achieve programme;

Goal 2: Expand the range of business training programmes for defence members, enabling them to achieve employment and self-employment;

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Goal 3: Develop our Sustainable Communities offer, including training programmes in traditional design and progressing an exemplary mid-rise residential development in Sydney.

During 2018/19, Prince's Trust Australia will begin to increase the scale of its delivery.

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Prince's Charities Canada

Prince's Charities Canada joined The Prince's Trust Group on 27th February 2018, towards the end of The Prince's Trust Group financial year ended 31st March 2018. While this Report includes just one month of Prince's Charities Canada's financial activity, this section sets out the achievements and performance of Prince's Charities Canada for the whole of 2017/18.

Prince's Charities Canada's programmes transform lives by helping participants develop hope and confidence, strengthen their skills to find work or start their own business, and build a brighter future. In doing this, Prince's Charities Canada works in partnership with Prince's Trust International to deliver the Get into programme.

Achievements in 2017/18

During 2017/18, Prince's Charities Canada supported 608 total participants: 52 through the Get into programme, in partnership with Prince's Trust International; and 556 military veterans through The Prince's Operation Entrepreneur.

We welcomed The Prince of Wales and Duchess of Cornwall during Their Royal Highnesses' tour of Canada during June and July 2017. We launched a campaign through The Prince's Operation Entrepreneur in order to promote the products and services of veterans' enterprises. The Indigenous languages revitalization project provided every child aged 3 to 8 in the Canadian territory of Nunavut with copies of "The Old Man of Pangnirtung" in Inuktitut – one of the Indigenous languages of Canada.

Our priority is to deliver high-quality, impactful programmes so we are working with The Prince's Trust Group to implement a Monitoring and Evaluation strategy with measures of success to demonstrate impact year over year. This will enable Prince's Charities Canada to track and report on the proportion of participants who achieve a positive outcome – in particular, moving into employment or self-employment.

Financial Performance

Prince's Trust Canada income for the period 27th February 2018 to 31st March 2018 was £0.9m. 85% of our staff are deployed directly in supporting front line delivery.

Future Plans

Prince's Charities Canada is due to become Prince's Trust Canada during 2018/19. We have developed a transition strategy for 2018/19, including a more focused mandate of "delivering social impact, by transforming the lives of Canadians who are facing challenge or transition; and by building sustainable communities".

Our key strategic goals for 2018/19 are:

Goal 1: Deliver tangible social impact through high quality programmes that support unemployed youth, transitioning military veterans and Indigenous communities seeking to revitalize their languages;

Goal 2: Be relevant and responsive to the realities facing present-day Canada;

Goal 3: Achieve financial and operational sustainability while maximizing the benefits and opportunities of being an integral part of The Prince's Trust Group.

For 2018/19, we plan to support 693 total participants including 168 young people and 525 military veterans, plus more than 5,000 individuals through Indigenous Languages projects.

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We plan to secure £1.5m of income and deploy £1.4m of expenditure.

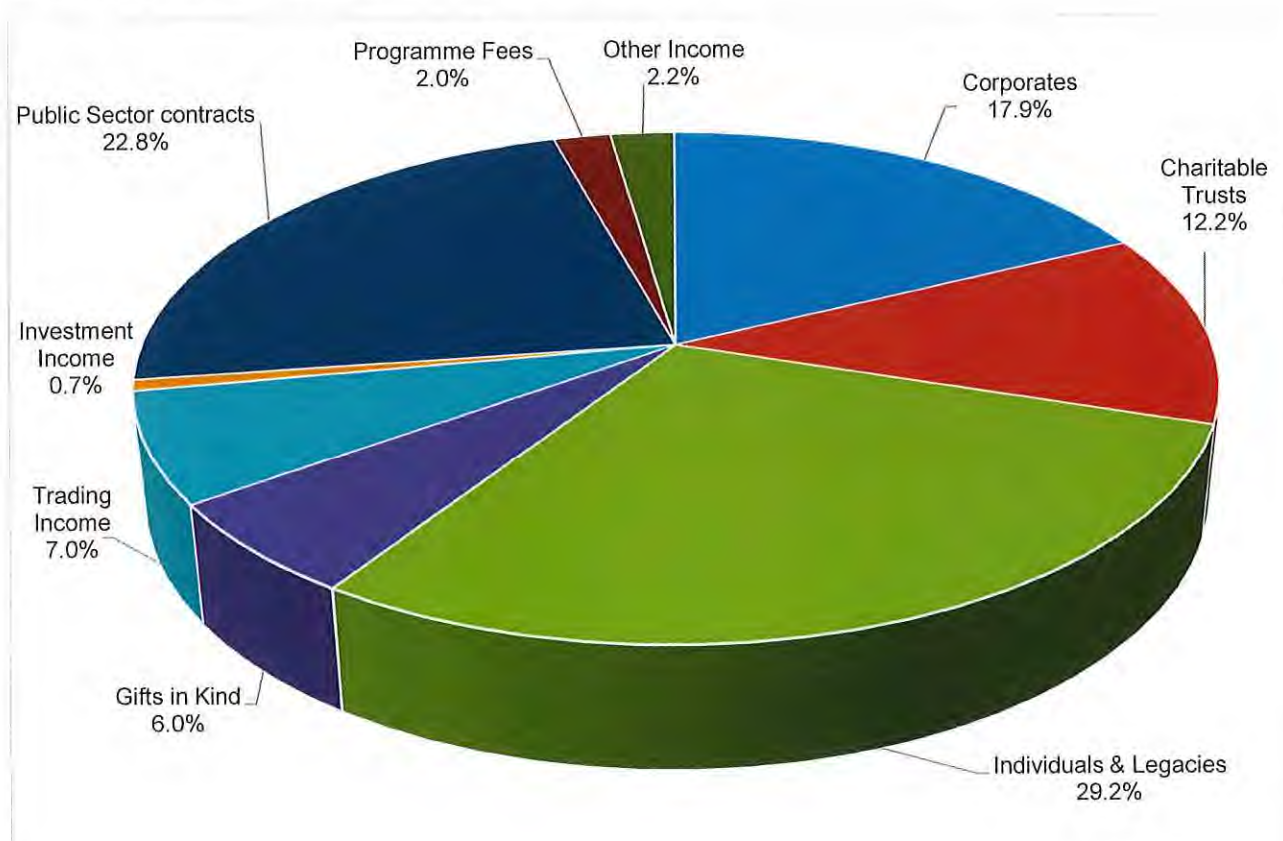
Financial Review for The Prince's Trust Group

The results of the Group for the year are set out in the Consolidated Statement of Financial Activities (SOFA) on page 36. Net incoming resources for the year after gain on investments were £2.5m (2016/17: £4.4m). The free reserves at the end of the financial year were £29.4m (2016/17: £33.5m) as analysed on page 31.

Income and Endowments

Total income was £72.9m in 2017/18 (2016/17: £70.9m), showing an increase of £2.0m from the prior year. This increase was largely due to growth in charitable activity, with funding for our programmes from Public Sector contracts, particularly the EU, up £2.6m (19%) from the prior year. Income was also boosted due to the expansion of the Group in 2017/18, with £1.9m attributable to the incorporation of new subsidiaries into the Prince's Trust Group and £1.5m of funding from The Prince of Wales's Charitable Foundation for charitable activities in Australia, Canada and New Zealand. Other income streams were down compared to the prior year, driven by anticipated reductions in Corporate Funding, Charitable Trusts and Events income, and an unforeseen reduction in our investment income.

Where our Group funds of £72.9m came from:



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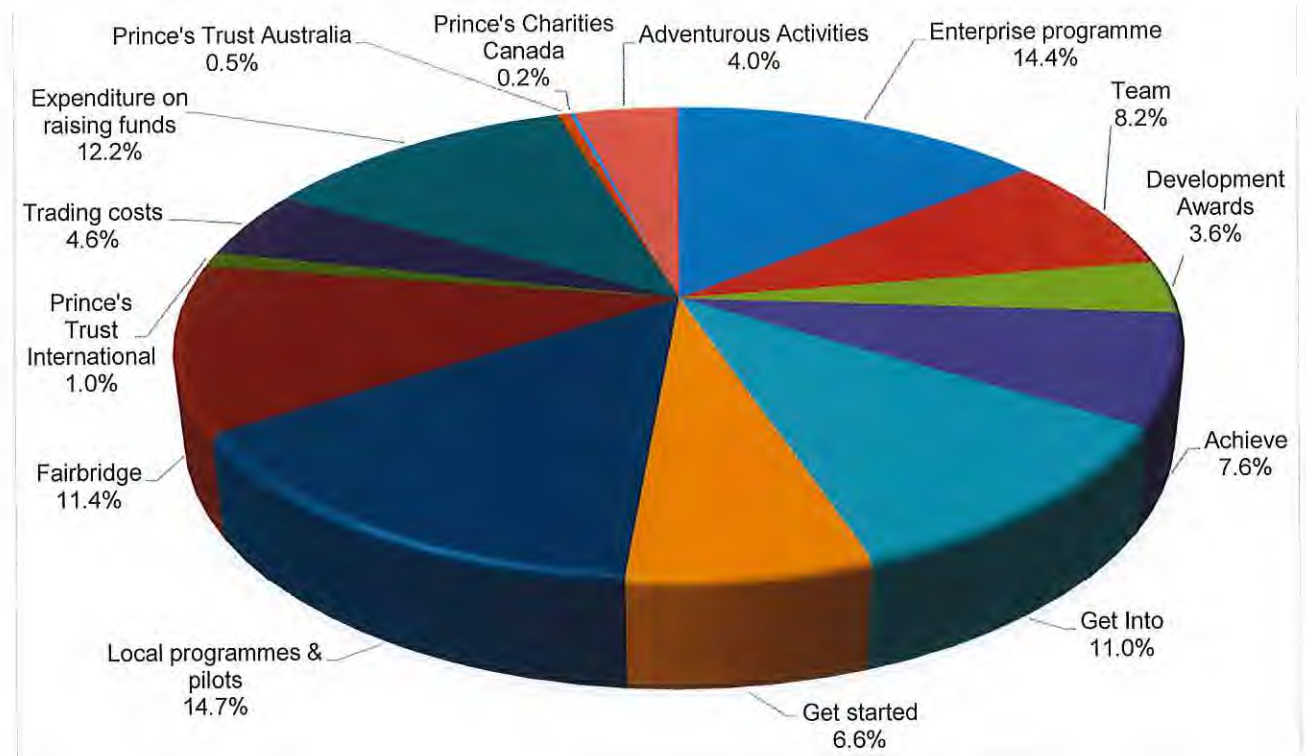
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Expenditure

Total expenditure increased by 5% to £71.2m in 2017/18 (2016/17: £67.8m). Expenditure on raising funds was stable with an increase of less than 1% to £12.0m (2016/17: £11.9m). The total cost of charitable activities increased by 6% to £59.2m (2016/17: £55.9m) as a result of a 9% increase in programme participations in the year.

Total expenditure	£71.2m
Less trading costs	(£3.3m)
Less expenditure on raising funds	(£8.7m)
Total expenditure to meet our objectives	£59.2m

Where our Group expenditure of £71.2m was used:



This total expenditure includes £1.3m expenditure in Prince's Trust International, £0.4m in Prince's Trust Australia and £0.2m in Prince's Charities Canada. The International charities raise and spend their own funds. Funds raised for UK activity are spent in the UK.

Both the Team and Achieve programmes are delivered in partnership with delivery partner organisations and the costs incurred by our partners in delivering these programmes are not included in The Trust's financial statements. Notes 7, 8 and 9 to the financial statements provide a detailed analysis of expenditure by the Group.

THE PRINCE'S TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018

Investment Policy and Performance

The Prince's Trust Council is empowered through its Royal Charter to invest funds not immediately required for operational purposes appropriately. The mix of investments is maintained to ensure that there are sufficient liquid funds to cover working capital needs, any future cash calls and to provide capital growth within an agreed risk profile. The investments of The Trust are held in a diversified portfolio for the medium to longer-term. The Trust has appointed Cazenove Capital Management Limited as its investment advisers to work with The Trust to maximise the total return within a given level of risk.

The Trust's portfolio produced a negative return of 0.3% (2016/17 a positive return of 14.8%) during the year. Cazenove are provided a target to achieve Retail Price Index +3%, with an investment objective 'To protect and grow the real value of the assets'.

The investment portfolio stood at a value of £14.8m as at 31st March 2018 (2016/17: £14.8m), excluding cash held for investment purposes. The value and composition of investments are summarised in Note 17 to the financial statements.

Reserves Policy

The total funds of The Prince's Trust Group currently stand at £56.6m (2016/17: £54.0m). The free reserves of The Prince's Trust Group are £29.4m (2016/17: £33.5m). The adjustments to determine the free reserves of The Trust are set out below:

	2018 £m	2017 £m
Total funds of The Prince's Trust Group	56.6	54.0
Deduct:		
Restricted Funds	(12.6)	(9.9)
Intangible and Tangible Fixed Assets (excluding Freehold Land and Buildings)	(14.2)	(9.6)
Realisable value discount on programme related investments	(0.4)	(1.0)
	<u>29.4</u>	<u>33.5</u>

The Trustees review the reserves policy annually and target a level of free reserves of between four to six months of operational expenditure. Reserves are held to cover for unforeseen circumstances including any unplanned reduction to income.

Included within free reserves are the equity value of freehold land and buildings and the value of programme related investments net of a discount to estimate realisable value. The land and building are realisable to cash as they are held in prime and prominent locations, are kept in good marketable conditions and could be used for multiple purposes. Free reserves are within this target range and The Trust continues to manage its free reserves on a regular basis.

THE PRINCE'S TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2018

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales and Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In so far as the Trustees are aware,

- there is no relevant audit information of which the charity's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.



Sir Lloyd Dorfman CBE
Chairman
26 July 2018

THE PRINCE'S TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PRINCE'S TRUST FOR THE YEAR ENDED 31 MARCH 2018

Report on the audit of the financial statements

Our opinion

In our opinion, The Prince's Trust's group financial statements and parent charity financial statements (the financial statements"):

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31st March 2018 and of the group's incoming resources and application of resources, and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Charities Act 2011, and the Charities and Trustee Investment (Scotland) Act 2005.

We have audited the financial statements, included within The Prince's Trust Group Annual Report (the "Annual Report"), which comprise: the group and parent charity balance sheets as at 31st March 2018; the consolidated statement of financial activities for the year then ended, the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a summary of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

THE PRINCE'S TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PRINCE'S TRUST FOR THE YEAR ENDED 31 MARCH 2018

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Trustees' Report

Under the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 we are required to report to you if, in our opinion the information given in the Trustees' Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they 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 Trustees are responsible for assessing the group's and parent charity'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 Trustees either intend to liquidate the group and parent charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We are eligible to act and have been appointed auditors under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 auditors' 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. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

THE PRINCE'S TRUST

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE PRINCE'S TRUST FOR THE YEAR ENDED 31 MARCH 2018

Use of this report

This report, including the opinions, has been prepared for and only for the charity's Trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Part 4 of The Charities (Accounts and Reports) Regulations 2008) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Charities Accounts (Scotland) Regulations 2006 and Charities (Accounts and Reports) Regulations 2008 exception reporting

Under the Charities Accounts (Scotland) Regulations 2006 and Charities (Accounts and Reports) Regulations 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 July 2018

THE PRINCE'S TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Income from:					
Donations and legacies	3	17,649	31,025	48,674	48,094
Charitable activities	4	2,677	15,402	18,079	15,760
Other trading activities	5	5,088	21	5,109	5,974
Investments	6	504	2	506	621
Other		491	33	524	445
Total		26,409	46,483	72,892	70,894
Expenditure on:					
Raising funds	7	11,947	25	11,972	11,929
Charitable activities	8	15,490	43,688	59,178	55,906
Total		27,437	43,713	71,150	67,835
Other recognised losses		-	(41)	(41)	-
Net gain on investments	17	835	-	835	1,292
Net movement in funds for the year		(193)	2,729	2,536	4,351
Total funds brought forward at 1 April		44,101	9,914	54,015	49,664
Total funds carried forward at 31 March	31	43,908	12,643	56,551	54,015

Note 1 gives details of the basis of reporting for the financial statements.

Note 14 gives details of the consolidated statement of financial activities for the comparative year ended 31 March 2017.

The notes on pages 40 to 73 form part of these financial statements.

There are no recognised gains and losses other than those passing through the consolidated statement of financial activities. All of the operations are continuing in the group.

THE PRINCE'S TRUST

CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 MARCH 2018

		Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
	Note				
Fixed assets					
Intangible assets	15	7,294	5,601	7,292	5,601
Tangible assets	16	23,526	22,170	23,515	22,170
Investments – Fixed Asset	17	14,782	14,828	14,782	14,933
Investments – Property	17	7,705	5,535	7,705	5,535
Investment in subsidiaries	18	-	-	-	-
Programme Related Investments - loans to supported businesses (net of provisions):					
Amounts recoverable within one year	19	912	2,312	912	2,312
Amounts recoverable in more than one year	19	1,150	2,914	1,150	2,914
Total fixed assets		55,369	53,360	55,356	53,465
Current assets					
Stocks	20	53	66	-	-
Debtors	21	10,743	8,842	10,702	12,305
Cash held for investment purposes	22	-	182	-	182
Cash at bank and in hand	22	11,120	12,982	6,796	8,758
Total current assets		21,916	22,072	17,498	21,245
Creditors: amounts falling due within one year	23	(9,589)	(9,903)	(7,728)	(9,582)
Net current assets		12,327	12,169	9,770	11,663
Total assets less current liabilities		67,696	65,529	65,126	65,128
Creditors: amounts falling due after one year	24	(10,060)	(10,674)	(10,460)	(10,674)
Provisions for liabilities and charges	25	(1,085)	(840)	(1,043)	(840)
Net assets		56,551	54,015	53,623	53,614
The Funds of the Group/Charity					
Restricted income funds	29	12,643	9,914	10,104	9,720
Unrestricted income funds		43,908	44,101	43,519	43,894
Total Group/Charity funds	30	56,551	54,015	53,623	53,614

The notes on pages 40 to 73 form part of the financial statements. The financial statements on pages 36 to 73 were approved by the Trustees on 26 July 2018 and were signed on their behalf by:

Sir Lloyd Dorfman CBE
Chairman
26 July 2018

THE PRINCE'S TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes to the Consolidated Statement of Cash Flows	2018 £'000	2017 £'000
Cash flows from operating activities:			
<i>Net cash generated from operating activities</i>	1	<u>4,407</u>	<u>2,679</u>
Cash flows from investing activities:			
Investment income		252	275
Proceeds from the sale of property, plant and equipment		903	1,276
Purchase of property, plant and equipment		(6,672)	(2,733)
Proceeds from sale of investments		11,167	3,478
Purchase of investments		(10,797)	(4,205)
(Decrease)/ increase in cash and deposits		<u>(559)</u>	<u>510</u>
<i>Net cash used in investing activities</i>		<u>(5,706)</u>	<u>(1,399)</u>
Cash flows from financing activities:			
Repayments of borrowing		(753)	(581)
Cash inflows from new borrowing		<u>8</u>	<u>23</u>
<i>Net cash used in financing activities</i>		<u>(745)</u>	<u>(558)</u>
<i>Change in cash and cash equivalents in the year</i>		<u>(2,044)</u>	<u>722</u>
<i>Cash and cash equivalents at the beginning of the year</i>		<u>13,164</u>	<u>12,442</u>
<i>Cash and cash equivalents at the end of the year</i>	2	<u>11,120</u>	<u>13,164</u>

THE PRINCE'S TRUST

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

Note 1: Reconciliation of net income to net cash inflow from operating activities

	2018	2017
	£'000	£'000
Net income for the year (as per the statement of financial activities)	2,536	4,351
Adjustments for:		
Depreciation charges	1,526	1,442
(Gains)/ losses on investments	(835)	(1,292)
Dividends, interest and rents from investments	(506)	(621)
Loss/ (profit) on the sale of fixed assets	95	(665)
Decrease in stocks	13	1
(Increase)/ decrease in debtors	(1,901)	326
Increase/ (decrease) in creditors	70	(2,140)
Depreciation reclassified	-	-
Decrease in programme investments	4,951	3,527
Provision for and write off of loans	(1,542)	(2,250)
	<u>4,407</u>	<u>2,679</u>

Note 2: Analysis of cash and cash equivalents

	2018	2017
	£'000	£'000
Cash held for investment purposes	-	182
Cash at bank and in hand	<u>11,120</u>	<u>12,982</u>
Total cash and cash equivalents	<u><u>11,120</u></u>	<u><u>13,164</u></u>

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Principal Accounting Policies

Basis of Preparation

The financial statements have been prepared on the going concern basis. 2017/18 was the final year of the UK three year strategy which sought to expand our support to those young people who will benefit most. For the financial year 2018/19, Prince's Trust in the UK plans to support 73,000 young people and to do this, we are aiming to raise £69.1m and with reserves remaining within the reserves policy. There are no material uncertainties about the Charity' or its subsidiaries' ability to continue. The Charity is a public benefit entity. The accounting policies have been applied consistently throughout the financial statements in both the current year and the prior year.

Basis of Accounting

The Charities Act 2011 requires financial statements to be prepared in accordance with Charities (Accounts and Reports) Regulations 2008. These financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective from 1 January 2015 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The consolidated financial statements have been prepared in accordance with the following:

- ➔ Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102')
- ➔ The Statement of Recommended Practice 'Accounting and Reporting by Charities' FRS 102 as revised in 2015 ('the SORP 2015')
- ➔ The Charities Act 2011 and The Charities and Trustee Investment (Scotland) Act 2005
- ➔ The historical cost convention, with the exception of investments which are included at fair value

Basis of Consolidation

For the year ended 31 March 2018, the results, assets and liabilities of the following subsidiaries have been included in the financial statements: Prince's Trust Trading Limited, Prince's Trust International, Prince's Trust Australia, Prince's Charities Canada and Futures Charitable Trust. Amounts were consolidated on a line by line basis.

Income and expenditure relating to Prince's Trust Australia and Prince's Charities Canada have been included in the consolidated accounts from the date at which each entity became part of the Prince's Trust Group. Upon joining the group, the fair value of assets exceeded the fair value of liabilities in each entity and the resulting gain has been recognised separately within income from donations (see note 3). Transactions in local currency (AUD and CAD) have been converted to GBP in the SOFA using an average exchange rate between the point of joining the group and the end of the financial year. Balances have been converted using the exchange rate at 31st March 2018 and a foreign exchange gain/loss adjustment has been posted to account for the difference between the opening and closing balance sheet rates.

There were no differences in accounting policies between the newly incorporated subsidiaries and The Prince's Trust Group policies which would result in a material misstatement.

The Charity has taken advantage of the provisions in section 9 of FRS 102 not to provide a separate SOFA for the Charity. Total income for the Charity was £67,147k (2016/17: £65,885), expenditure was £67,973k (2016/17: £62,968k) and net movement in funds were £9k (2016/17: £4,209k).

The Charity prepares a consolidated cash flow statement and the consolidated financial statements, in which the Charity's results are included, are available to the public. It has therefore taken advantage of the exemption conferred by FRS 102 Section 1 not to prepare a cash flow statement for the Charity.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1. Principal Accounting Policies (continued)

Income

Income is accrued and included in the SOFA when the Group is entitled to the income, receipts can be quantified and the receipt is probable.

Grants receivable and legacies are included in the SOFA when The Trust believes it has entitlement, receipt is probable and the amount can be measured reliably. Donations are accounted for when received, except sponsorships from events which is recognised when the event takes place and major gifts which are recognised on a receivable basis where receipt is probable, there is entitlement to the income and this can be measured reliably. Grants from government and income from other public sector contracts have been recorded as income from charitable activities. All income is shown gross of related expenditure. Tax credits receivable from gift aid donations are recognised at the time of the donation.

Income is deferred where the donor has specified that the income is to be expended in a future period or where contractual conditions for entitlement will be met in a future period. Income is also deferred when the conditions applying to the grant are not wholly within the control of The Trust.

Retail income is accounted for when the sale takes place.

Donations in kind comprise goods, services and facilities donated to The Trust which would otherwise have had to be purchased. They are valued at the amount that The Trust would have paid in order to obtain them and are included both in income and expenditure.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

The expenditure on raising funds includes the salaries and overhead costs of the staff who undertake fundraising activities and the marketing and publicity costs associated with raising the profile of The Trust (but not those which are used in an educational manner in furtherance of the charity's objects).

Grants payable, including multi-year grants, are recognised in the SOFA when awarded and the recipient has the control of meeting the conditions that have been communicated.

Expenditure on charitable activity includes the write off and movement in provision of loans to supported businesses. Other direct costs included within charitable activity expenditure comprise costs generated centrally and locally, identifiable as arising directly from the delivery of The Trust's programmes of charitable work.

Support costs include the salaries of those managerial staff which are not directly attributable to a particular programme of charitable work, governance costs, and of finance, IT, HR and other administrative staff and all office running costs and consumables and other overheads not specifically attributable to a particular programme of charitable work. Support costs are allocated to costs of generating funds and charitable activities on the basis of the relative size of the business units involved with fundraising and charitable work. The size of these functions is determined by reference to the number of staff (full time equivalents) in each business unit. Irrecoverable VAT is included with the item of expense to which it relates.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1. Principal Accounting Policies (continued)

Intangible assets

Intangible fixed assets costing more than £500 are capitalised and are valued at their purchase cost, including any incidental expenses of acquisition. Any impairment is recognised in the year in which it occurs in the corresponding SOFA category. Amortisation is provided on all intangible fixed assets (excluding assets under construction, which will be amortised as brought into use, but including donated assets) at rates calculated to write off the cost, less estimated residual values, on a straight-line basis over their expected useful economic lives as follows:

Databases and software	6-15 years
------------------------	------------

The useful economic life applied to each asset category is reviewed annually to ensure this is appropriate.

Tangible assets

Tangible fixed assets costing more than £500 are capitalised and are valued at their purchase cost, including any incidental expenses of acquisition. Any impairment is recognised in the year in which it occurs in the corresponding SOFA category. Donated assets are capitalised at a value equivalent to their notional cost at the time of acquisition. Depreciation is provided on all tangible fixed assets (excluding land but including donated assets) at rates calculated to write off the cost, less estimated residual values, on a straight-line basis over their expected useful economic lives as follows:

Freehold Buildings	50 years
Plant and equipment	5 years
Computer equipment	6-15 years
Fixtures and Fittings	10 years
Leasehold improvements	Over the lease term

The useful economic life applied to each asset category is reviewed annually to ensure this is appropriate.

Fixed asset investments

Listed investments are valued at bid-market value at the balance sheet date. Gains and losses on sales of investments and unrealised revaluation surpluses or deficits are calculated by reference to the opening carrying amount and are shown on the face of the SOFA. Donated investment assets are valued at fair market value. Investments in subsidiaries are held at cost but, where necessary, impairment reviews have been conducted and reflected in the valuation stated.

Investment properties

The investment properties are shown at the fair value in the balance sheet and the valuation has been provided by the independent, external surveyors. For the London and Glasgow properties, the investment method of valuation was adopted.

The portion of properties that is used by The Trust's own use is held at historical cost within tangible assets.

Programme related investments

Programme-related investments are held to further the charitable purposes of the Charity. They are held at cost less any provision for impairment. They are public benefit concessionary loans, which are arrangements entered into below the prevailing rate of interest, are not repayable on demand and are for the purposes of furthering the objectives of the Charity. Where a concessionary loan arrangement is entered into, the loan paid is retained on the balance sheet at the loan amount less an appropriate provision made for impairment.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1. Principal Accounting Policies (continued)

Programme related investments (continued)

The carrying amount of the concessionary loans at the year-end was £4.3m (2016/17: £9.0m). Loans are made to individuals to start-up businesses and are repayable over periods up to five years. Young people are eligible to apply for a loan if they are participating on the Enterprise programme with limited access to other funding.

Applicants must present a business plan to a panel that makes a recommendation to The Trust for each applicant regarding the suitability of the young person to run a business and the likelihood of the business's survival. A senior staff member with delegated authority makes the final decision on the loan application, based on affordability and viability of the business.

In prior years, loans awarded in the year include loans issued and outstanding loan commitments. Outstanding loan commitments were those successful loan applications where a loan was not yet issued however a constructive obligation exists between The Prince's Trust and the young person. Due to the changes which took place in 2017/18, there were no loans committed but not taken up at 31st March 2018 (2016/17: £272k).

The Trust is authorised by the Financial Conduct Authority (FCA); we submitted financial information to them in May 2018 based on loan book data at the end of March 2018. The review of loan balances at that stage confirmed consistency to the values reported at Note 19 to the financial statements.

Repayments are normally collected by direct debits or standing orders from the bank accounts of the businesses on a monthly basis. A specific provision is made against the aggregate value of loans issued, based on past experience and on management's current expectations. Loans are only written off when there is no realistic prospect of recovering any further repayments. Interest is charged at 3% of the total loan amount for each year of the agreed term except for all loans provided by Start-Up Loan Company where interest is charged at 6.2% APR. Interest charged on loans represents a management fee and is recognised as the loan is repaid and not at the point of loan award.

Impairment of fixed assets and investments

Fixed assets and investments are subject to review for impairment when there is an indication of a reduction in their carrying value. Any impairment is recognised in the year in which it occurs in the corresponding SOFA category.

Stocks

Stocks consist of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

Discounting

The long-term loans included in creditors falling due after one year have been discounted to the present value by using the effective interest rate.

Pensions

The Prince's Trust has arranged a defined contribution pension scheme for its staff. The assets of the scheme are not owned by The Trust. Pension contributions charged in the SOFA represent the contributions payable by The Trust in the year.

Operating Leases

Rentals payable under operating leases are charged to the SOFA on an accruals basis.

Contractual liabilities

The Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1. Principal Accounting Policies (continued)

Foreign currencies

Transactions in foreign currencies during the year are translated at the rate ruling at the transaction date. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date.

Foreign currency gains/(losses) are calculated as the difference between the book value of an asset at the balance sheet date less the sterling equivalent at the transaction date of disposal of that asset or the subsequent balance sheet date.

Financial instruments

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. The Charity only has taken reduced disclosure exemptions for sections 11 and 12 of FRS 102.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the SOFA.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the SOFA.

Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the SOFA, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the assets expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

1. Principal Accounting Policies (continued)

Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a basis or to realise the asset and settle the liability simultaneously.

Volunteers

Approximately 9,000 volunteers give their time freely to nurture and develop our young people. The value of this is not recognised in the accounts.

Funds

The funds of The Trust have been segregated as follows:

Restricted Funds consist of donations, legacies and grants received, for which the donor or grant giver has specified the purposes for which the resources can be utilised. Outgoing resources on restricted funds reflect the appropriate expenditure that has been charged to those funds.

Restricted funds are disclosed by programme in the notes to the financial statements. Individual restricted funds are disclosed where these are material in value.

Unrestricted Funds consist of all other income that has not been restricted. They are expendable at the discretion of the Trustees in furtherance of the objects of The Trust.

Transfers are made between funds where there is a release of restricted funds to unrestricted funds or charges are made between funds.

2. Critical Accounting Judgements and Key Estimates and Assumptions

Estimates and assumptions are continually evaluated and are based on historical evidence and other factors, including expectations of future events that are believed to be reasonable under the circumstances have been made by The Trust in recognising investment property and long-term liabilities and assets.

a) Critical judgements in applying the entity's accounting policies

(i) Exemptions on transition to FRS 102

The Charity has elected to use the exemption provided in FRS 102 regarding the restatement of lease incentives entered into before the date of transition.

b) Key estimates and assumptions

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Investment property valuation

There is inherent uncertainty in the valuation of areas of freehold property which are leased to earn investment income. The properties are valued by an independent valuer, who holds a recognised and relevant professional qualification, as at the reporting date and the gain or loss on unrealised property and investment assets is recognised in the SOFA. Please refer to Note 17 for more information.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

2. Critical Accounting Judgements and Key Estimates and Assumptions (continued)

b) Key estimates and assumptions (continued)

(ii) Holiday accrual

The calculation of the value of annual leave not taken as at the reporting date includes an assumption that employees have holiday carried forward of 5 days. The value of the holiday accrual as at 31 March 2018 is £779k (2016/17: £761k).

(iii) Dilapidations

The calculation of the value of amounts payable in dilapidation costs as at the reporting date includes an assumption this would be payable to the landlord where the planned exit is confirmed. The value of the accrual in respect of dilapidations as at 31 March 2018 is £619k (2016/17: £700k).

(iv) Fixed Assets

Management has applied assumptions in relation to the categorisation of some assets between tangible and intangible assets.

3. Income from Donations and Legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Corporate donations	2,621	10,449	13,070	14,861
Grant from The Queen's Trust	-	825	825	600
Grant from The Prince of Wales's Charitable Foundation	-	1,500	1,500	-
Charitable Trusts	302	6,239	6,541	8,135
Individual donations	9,852	10,353	20,205	17,589
Legacies	1,072	-	1,072	570
Donations in kind	3,802	553	4,355	6,339
International subsidiary income	-	1,106	1,106	-
	17,649	31,025	48,674	48,094

At 31st March 2018, in addition to legacy income that has been included in the financial statements, The Prince's Trust expected to benefit from a number of legacies from estates for which the administration had yet to be finalised. The Trust's future income from these legacies is estimated at £1,108k (2016/17: £231k). Accrued legacy income included within the financial statements amounts to £420k (2016/17: £95k).

International subsidiary income represents the value of net assets acquired by The Prince's Trust Group when Prince's Trust Australia and Prince's Charities Canada became part of the group mid-way through the financial year.

Donations in kind represent the estimated cost of services donated to the group, at the value at which The Trust would have paid.

These amounts are included as costs in the appropriate expenditure category and consist of:

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

3. Income from Donations and Legacies (continued)

	2018 £'000	2017 £'000
Advertising and publicity	2,000	3,621
Charitable programme facilities	1,426	1,690
Other Professional Fees	11	78
Seconded staff	346	268
Other	352	493
Audit Fees	175	139
Office and occupation costs	45	50
	<u>4,355</u>	<u>6,339</u>

4. Income from Charitable Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Public sector contracts for operational programmes				
Income from local and national Government	1,293	3,290	4,583	3,868
Other public sector sources	-	2,142	2,142	1,373
European Union income	-	5,965	5,965	4,619
Big Lottery Fund	-	3,932	3,932	4,165
	<u>1,293</u>	<u>15,329</u>	<u>16,622</u>	<u>14,025</u>
Fees from programme attendance				
Achieve fees	-	-	-	-
School fees – Fairbridge programme	16	1	17	298
Qualifications income	410	-	410	438
Employers' fees – Team programme	125	-	125	149
Training fees	826	-	826	845
Other income from charitable activities	7	72	79	5
	<u>1,384</u>	<u>73</u>	<u>1,457</u>	<u>1,735</u>
	<u>2,677</u>	<u>15,402</u>	<u>18,079</u>	<u>15,760</u>

Income in the form of government grants from local and national Government support the Group's charitable activities and can be further analysed as follows:

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Department for Business, Innovation and Skills	1,293	391	1,684	1,330
England	-	934	934	1,229
Northern Ireland	-	166	166	118
Scotland	-	1,599	1,599	1,066
Wales	-	71	71	125
Canadian Government	-	129	129	-
	<u>1,293</u>	<u>3,290</u>	<u>4,583</u>	<u>3,868</u>

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

5. Income from Other Trading Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Income from fundraising events	2,106	21	2,127	2,285
Sponsorship	1,578	-	1,578	1,438
Sale of goods	1,262	-	1,262	2,011
Income from training	71	-	71	98
Rental	58	-	58	62
Other	13	-	13	80
	<u>5,088</u>	<u>21</u>	<u>5,109</u>	<u>5,974</u>

This income is generated by the subsidiary Prince's Trust Trading Limited, the results of which are shown in Note 18.

6. Income from Investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Income from fixed asset investments	252	-	252	275
Interest received on programme related investments	244	-	244	323
Bank interest receivable	8	2	10	23
	<u>504</u>	<u>2</u>	<u>506</u>	<u>621</u>

7. Expenditure on Raising Funds

	Direct staff costs £'000	Other direct costs £'000	Allocated support costs £'000	Total 2018 £'000	Total 2017 £'000
Cost of raising funds	4,459	588	3,574	8,621	8,453
Fundraising through trading	588	2,127	572	3,287	3,416
Investment management costs	-	64	-	64	60
	<u>5,047</u>	<u>2,779</u>	<u>4,146</u>	<u>11,972</u>	<u>11,929</u>

The costs of Fundraising through trading are analysed further in Note 18 showing the results of The Prince's Trust trading subsidiary.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

8. Expenditure on Charitable Activities

	Grant Funding (see Note 10) £'000	Direct staff costs £'000	Other direct costs £'000	Allocated Support costs £'000	Total 2018 £'000	Total 2017 £'000
Enterprise programme	472	3,532	1,631	4,631	10,266	8,496
Team programme	-	2,450	1,012	2,367	5,829	5,568
Awards programmes	707	1,538	5	309	2,559	2,705
Achieve programme	-	2,699	154	2,572	5,425	4,747
Get into programme	3	1,887	2,857	3,024	7,771	9,598
Get Started programme	-	1,850	1,061	1,785	4,696	4,456
Local programmes & pilots	15	4,170	3,593	2,672	10,450	8,615
Fairbridge	-	3,874	412	3,815	8,101	7,990
Adventurous Activities	-	1,347	163	1,313	2,823	2,545
Prince's Trust International	-	95	232	381	708	1,186
Prince's Trust Australia	-	111	229	-	340	-
Prince's Charities Canada	-	5	160	45	210	-
	1,197	23,558	11,509	22,914	59,178	55,906

9. Support Costs

	Expenditure on raising funds £'000	Charitable expenditure £'000	Total 2018 £'000	Total 2017 £'000
Staff costs:				
Managerial staff	267	1,315	1,582	1,226
Communications and marketing	102	634	736	932
Finance, IT, HR, H&S & administration	1,041	5,384	6,425	5,429
Recruitment, secondment & other costs	366	1,304	1,670	1,944
Other expenditure:				
Office rents, maintenance & consumables	941	5,808	6,749	7,040
Staff travel and vehicle costs	236	1,468	1,704	1,563
Sundry other fees and costs	1,193	7,001	8,194	6,105
	4,146	22,914	27,060	24,239

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

10. Grants Payable

The following table shows grants made in the year to individuals and institutions:

	2018 £'000	2018 number of awards	2017 £'000	2017 number of awards
Grants to individual beneficiaries:				
Enterprise programme grants	472	1,402	485	1,255
Development awards	707	4,012	544	3,472
Total grants to individuals	1,179	5,414	1,029	4,727
Grants to clubs and other institutions:				
Get Into programmes	3		2	
Local programmes & pilots	15		12	
	1,197		1,043	

Grants to individual beneficiaries

Enterprise programme awards to individuals are either for test marketing projects or to start up new businesses. Development Awards are described in more detail in the Trustees' Report.

Grants to clubs and other institutions

During 2017/18, there were 1,622 xl and Achieve clubs (2016/17: 566) run from schools, Pupil Referral Units, Young Offender Institutes and other centres across the UK. Grants to these clubs and other institutions for local programmes & pilots were normally between £1,000 and £5,000.

Grant-making activities occur under the charitable activities undertaken within the Enterprise, Awards and Achieve programmes, and within local programmes and pilots. Note 9 provides detail regarding the support costs allocated to these activities.

11. Group Employee Information and Trustees' Emoluments

Staff members

	2018 No.	2017 No.
Average headcount of employees analysed by function:		
Charitable purposes and support staff	1,097	1,080
Fundraising	166	159
	1,263	1,239
	2018 No.	2017 No.
Average monthly number of employees analysed by function:		
Charitable purposes and support staff	1,045	1,033
Fundraising	160	153
	1,205	1,186

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

11. Group Employee Information and Trustees' Emoluments (continued)

	2018 £'000	2017 £'000
Staff costs for the above employees were:		
Wages and salaries	33,981	32,619
Social security costs	3,226	3,096
Pensions and post-retirement benefits	1,246	1,038
	<u>38,453</u>	<u>36,753</u>

The Prince's Trust also paid £176k (2016/17: £220k) in redundancies during the year. Of this, £52k (2016/17: £63k) was related to ex-gratia payments. The nature of the payments is due to restructuring and is accounted for on accrual basis. This was funded by unrestricted income.

The Trust received donations in kind of the services of seconded staff valued at £346k (2016/17: £268k).

Employee Numbers

The following number of employees earned emoluments in respect of the year in excess of £60,000 within the bands shown below. This represents Group employees including all Prince's Trust subsidiary entities. Emoluments include taxable benefits but exclude employer pension costs.

	2018 No.	2017 No.
£60,001 - £70,000	8	9
£70,001 - £80,000	9	5
£80,001 - £90,000	5	4
£90,001 - £100,000	3	4
£100,001 - £110,000	1	2
£110,001 - £120,000	2	2
£120,001 - £130,000	1	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

The Prince's Trust paid £120k (2016/17: £120k) into defined contribution schemes for 28 (2016/17: 27) higher paid employees.

Key Management Personnel is defined as the Senior Management Team; see further details on page 3.

	2018 £'000	2017 £'000
Key Management Personnel aggregate emoluments	<u>1,244</u>	<u>1,040</u>

Trustee Emoluments

No trustee received salaries, fees, reimbursement of travel expenses or other benefits during the year (2016/17: £nil). Total donations from Trustees are disclosed in Note 32.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

12. Taxation

The Charity was a registered charity throughout the year. As such it is not liable to corporation tax on the surplus of income over expenditure for the year (s478 CTA 2010) or gains arising from the disposal of assets (s256 TCGA 1992) so far as the proceeds are used for charitable purposes only.

The Charity is registered for VAT and, where applicable, expenditure is recorded net of recoverable VAT.

13. Net Income for the Year

Net income for the year is stated after charging:

	2018 £'000	2017 £'000
Depreciation of intangible and tangible fixed assets	826	1,442
Operating lease rentals:		
- Land and buildings	1,469	1,274
- Other	209	203
Auditors' remuneration:		
- For external audit only – group and Charity	160	129
- For external audit only – UK subsidiaries	23	19
- For external audit only – Overseas subsidiaries	23	0
- Other services	23	34

The auditors' remuneration for the group and charity was £160k (2016/17: £129k), of which £143k (2016/17: £129k) represents donated services. The auditors made no charge for the audit of Prince's Trust Trading Limited (2016/17: nil), where the value of the donated services was £12k (2016/17: £10k). The auditors' remuneration for Prince's Trust International was £10k (2016/17: £9k). Other auditors' remuneration of £23k (2016/17: £34k) related to tax, VAT and consulting services. The audit of Prince's Charities Canada was undertaken by PwC in Canada (£3k, 2016/17: nil) and the audit of Prince's Trust Australia was undertaken as donated services by EY in Australia (£20k, 2016/17: nil).

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

14. Prior Year Consolidated Statement of Financial Activities

The Consolidated Statement of Financial Activities on page 36 shows only the total for the prior year figures. Below are the totals for the year 2016/17 split into Unrestricted and Restricted Funds:

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000
Income from:				
Donations and legacies	3	19,384	28,710	48,094
Charitable activities	4	1,765	13,995	15,760
Other trading activities	5	5,959	15	5,974
Investments	6	621	-	621
Other		419	26	445
Total		28,148	42,746	70,894
Expenditure on:				
Raising funds	7	11,929	-	11,929
Charitable activities	8	16,772	39,134	55,906
Total		28,701	39,134	67,835
Net gain/(loss) on investments	17	1,292	-	1,292
Net movement in funds/net income for the year		739	3,612	4,351
Total funds brought forward at 1 April		43,362	6,302	49,664
Total funds carried forward at 31 March	31	44,101	9,914	54,015

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

15. Intangible Assets

Group	Databases and Software £'000	Assets under construction £'000	Total £'000
Cost or valuation on transfer			
At 1 April 2017	3,909	2,882	6,791
Additions	1,725	453	2,178
Disposals	-	-	-
Reclassification	2,882	(2,882)	-
At 31 March 2018	8,516	453	8,969
Accumulated Amortisation			
At 1 April 2017	1,190	-	1,190
Charge for year	485	-	485
Disposals	-	-	-
Reclassification	-	-	-
At 31 March 2018	1,675	-	1,675
Net book value			
At 31 March 2018	6,841	453	7,294
At 31 March 2017	2,719	2,882	5,601

Charity	Databases and Software £'000	Assets under construction £'000	Total £'000
Cost or valuation on transfer			
At 1 April 2017	3,909	2,882	6,791
Additions	1,711	453	2,164
Disposals	-	-	-
Reclassification	2,882	(2,882)	-
At 31 March 2018	8,502	453	8,955
Accumulated Amortisation			
At 1 April 2017	1,190	-	1,190
Charge for year	473	-	473
Disposals	-	-	-
Reclassification	-	-	-
At 31 March 2018	1,663	-	1,663
Net book value			
At 31 March 2018	6,839	453	7,292
At 31 March 2017	2,719	2,882	5,601

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

16. Tangible Assets

Group	Freehold Land & Buildings £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Plant & Equipment £'000	Leasehold Improvements £'000	Assets under construction £'000	Total £'000
Cost or valuation on transfer							
At 1 April 2017	17,347	2,113	3,472	114	2,491	139	25,676
Additions	-	405	1,195	7	2,790	97	4,494
Disposals	(1)	(36)	(1,022)	(6)	(708)	-	(1,773)
Reclassification	(1,100)	-	-	-	-	-	(1,100)
At 31 March 2018	16,246	2,482	3,645	115	4,573	236	27,297
Accumulated Depreciation							
At 1 April 2017	459	802	1,577	51	617	-	3,506
Charge for year	103	213	478	24	223	-	1,041
Disposals	-	(15)	(720)	(6)	(35)	-	(776)
Reclassification	-	-	-	-	-	-	-
At 31 March 2018	562	1,000	1,335	69	805	-	3,771
Net book value At 31 March 2018	15,684	1,482	2,310	46	3,768	236	23,526
At 31 March 2017	16,888	1,311	1,895	63	1,874	139	22,170

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

16. Tangible Assets (continued)

Charity	Freehold Land & Buildings £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Plant & Equipment £'000	Leasehold Improvements £'000	Assets under construction £'000	Total £'000
Cost or valuation on transfer							
At 1 April 2017	17,347	2,113	3,472	114	2,491	139	25,676
Additions	-	405	1,165	7	2,790	97	4,464
Disposals	(1)	(36)	(1,022)	(6)	(708)	-	(1,773)
Reclassification	(1,100)	-	-	-	-	-	(1,100)
At 31 March 2018	16,246	2,482	3,615	115	4,573	236	27,267
Accumulated Depreciation							
At 1 April 2017	459	802	1,577	51	617	-	3,506
Charge for year	103	213	459	24	223	-	1,022
Disposals	-	(15)	(720)	(6)	(35)	-	(776)
Reclassification	-	-	-	-	-	-	-
At 31 March 2018	562	1,000	1,316	69	805	-	3,752
Net book value At 31 March 2018	15,684	1,482	2,299	46	3,768	236	23,515
At 31 March 2017	16,888	1,311	1,895	63	1,874	139	22,170

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

17. Investments

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Listed investments at Market Value:				
Open Ended Investment Companies	7,777	6,321	7,777	6,321
Common Investment Funds	788	1,278	788	1,278
Unit Trusts	554	417	554	417
Other managed funds	2,307	1,570	2,307	1,570
UK equities	169	1,316	169	1,316
Fixed interest investments	366	461	366	461
Gilts and cash	2,821	3,465	2,821	3,465
	14,782	14,828	14,782	14,828
Investment in Futures Charitable Trust	-	-	-	105
Total Fixed Asset Investments	14,782	14,828	14,782	14,933
	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Eldon St, London EC1	7,450	5,270	7,450	5,270
Wolfson House, Glasgow	255	265	255	265
Total Property Investments	7,705	5,535	7,705	5,535
	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Investment assets in the UK	15,311	14,242	15,311	14,347
Investment assets outside the UK	7,176	6,121	7,176	6,121
Total Fixed Asset Investments	22,487	20,363	22,487	20,468
	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Balance brought forward	20,363	18,825	20,468	18,946
Acquisitions at cost	10,797	4,205	10,797	4,205
Proceeds of disposals	(11,167)	(3,478)	(11,167)	(3,478)
Cash held for investment	559	(510)	559	(510)
Net gains/(losses) in value of investments	835	1,292	730	1,292
Write down of investment	-	-	-	(16)
Transfer from tangible assets to investment properties	1,100	29	1,100	29
Balance carried forward	22,487	20,363	22,487	20,468

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

17. Investments (continued)

The Trustees believe that the carrying value of the investments is supported by their underlying net assets.

The following investments are considered significant and contribute more than 5% of the total investment value:

Investment	% Contribution to Total Investment
Findlay Park American Fund	9.25%
Stewart Investors Global Emerging, Markets Leaders Funds	8.06%
The Charities Property fund	6.20%
Trojan Investment Funds-Trojan Fund	5.64%

The investment properties are shown at the fair value in the balance sheet and the valuation has been provided by the external surveyors. The properties portion that is used by the Trust for its own use is held at historical cost within Tangible Assets.

Eldon Street and Wolfson House - the valuations have been prepared on the basis of the market value which is defined as the estimated amount for which an asset or liability should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation reports for both properties were prepared by CBRE Limited, independent property valuer, who is qualified for purpose of valuation as per the Red Book.

CBRE Limited confirms that "Fair Value reported is effectively the market value of the properties and does not have any restrictions on the realisability of the investment property".

The Prince's Trust does not have any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

18. Investment in Subsidiaries

The Charity controls the operations of the following subsidiaries through the ownership of share capital or as a sole member:

Name	Control	Interest	Activity
Prince's Trust Trading Limited Company Registration No. 3161821	100% Share Capital	2 ordinary £1 shares	Fundraising activities and operation of Tomorrow's Store
Prince's Trust International Company Registration No. 9090276 Charity No. 1159815	Deemed Control	Sole Member	Charitable activities in the international sector
Prince's Trust Australia Prince's Trust Australia is a public limited company and registered as a charity with the Australian Charities and Not-for-profits Commission no. ABN 73 161 872 993.	Deemed Control	Sole Member	Charitable activities in Australia
Prince's Charities Canada Designated as a Charitable Organisation in Canada with the registered number 83229 5406 RR000	Deemed Control	Sole Member	Charitable activities in Canada
Futures Charitable Trust Limited Company Registration No. 03075475 Charity No. 1080195	Deemed Control	Sole member	Dissolved in October 2017. Dormant prior to this date.

The Prince's Trust supports Prince's Trust International with the provision of administrative resource, including the monitoring of programmes.

The Trust has made a working capital facility of up to £1.2m available to Prince's Trust International. There was no drawdown of this facility in 2017/18.

The Prince's Trust and Prince's Trust International together support Prince's Trust Australia and Prince's Charities Canada with the provision of advice on strategic planning and programme delivery.

All shares are ordinary shares at par. Where the Charity has 'deemed control' this is by virtue of it having the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The control is achieved through sole membership and the power to remove and appoint Trustees from the board.

All of the above entities' financial statements are subject to audit. All entities work to a 31st March year end, with the exception of Prince's Trust Australia, which works to a 30th June year end. This is due to be aligned with the rest of the group in 2018/19. All entities are audited by PwC, with the exception of Prince's Trust Australia, which is audited by EY.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

18. Investment in Subsidiaries (continued)

The summarised financial information of subsidiary undertakings that are material to the group is provided below:

	Prince's Trust Trading Limited		Prince's Trust International	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income	5,084	5,906	1,409	1,597
Expenditure	(3,287)	(3,415)	(1,323)	(1,449)
Amount paid under deed of covenant to The Trust	(1,797)	(2,491)	-	-
Retained (loss)/profit for the year	-	-	86	148
Assets	2,622	3,666	654	1,157
Liabilities	(2,622)	(3,666)	(168)	(756)
Net assets	-	-	486	401

	Prince's Trust Australia		Prince's Charities Canada	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Income	1,096	-	854	-
Expenditure	(402)	-	(214)	-
Amount paid under deed of covenant to The Trust	-	-	-	-
Retained (loss)/profit for the year	694	-	640	-
Assets	1,278	-	1,718	-
Liabilities	(45)	-	(511)	-
Net assets	1,233	-	1,207	-

There are no figures showing in the 2017 columns above for Prince's Trust Australia and Prince's Charities Canada as these entities were not part of The Prince's Trust group in the prior year.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

19. Programme Related Investments: Loans to Supported Businesses

Charity and Group

	Total 2018 £'000	Total 2017 £'000
Loan reconciliation		
Loans at 1 April	9,014	12,218
Loans awarded in the year	281	2,370
Loans repaid in the year	(2,037)	(2,920)
Loans written off in the year	(2,950)	(2,654)
Loans at 31 March	4,308	9,014
Provision reconciliation		
Provision at 1 April	3,788	6,038
Movement on loans provision during the year	1,408	404
Remove Write off	(2,950)	(2,654)
Provision at 31 March	2,246	3,788
Net loan balance at 1 April	5,226	6,180
Net loan balance at 31 March	2,062	5,226

	Charity and Group 2018 £'000	Charity and Group 2017 £'000
Disclosed as:		
Amounts recoverable within one year	912	2,312
Amounts recoverable in more than one year	1,150	2,914
	2,062	5,226

The Prince's Trust provides loans to young people of up to £7,500 which are normally repayable over three years. In exceptional circumstances loans have been given out for up to £30,000. Interest charged on loans represents a management fee.

During the financial year, Start-Up Loan Company (SULCo) required us to legally assign our historic loan book funded by them to a finance partner (The Enterprise Fund, trading as Growth Company Business Finance, formerly trading as Business Finance Solutions). All new loans issued using SULCo funds were to also be provided by the finance partner, essentially putting The Prince's Trust in the position of a broker, for which the appropriate FCA permissions were issued. New SULCo loans ceased to be issued by the Trust in May 2017 and the historic loans were assigned in December 2017.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

19. Programme Related Investments: Loans to Supported Businesses (continued)

Our intention going forward is to assign all remaining loans that The Prince's Trust has issued to the same finance partner, as well as new loans funded by The Prince's Trust funds. This means that the Trust will be a broker for all new financing activity, while remaining as a funder of these loans. This will be appropriately represented within the 2018/19 financial accounts.

20. Stocks

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Goods for resale	53	66	-	-

There is no significant difference between the figure stated above and the net current replacement cost. The amount of stock recognised as an expense during 2017/18 was £63k (2016/17: £90k). These amounts are included within trading costs.

21. Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Amounts falling due within one year				
Trade debtors	1,201	521	782	281
Gift aid recoverable	259	70	259	70
Amounts owed by group undertakings	-	-	645	3,997
Central Government & European grants receivable	5,464	5,616	5,462	5,510
Taxation and social security	90	20	69	20
Other debtors	96	129	79	127
Prepayments	1,432	1,027	1,336	937
Accrued income	2,201	1,459	2,070	1,363
	<u>10,743</u>	<u>8,842</u>	<u>10,702</u>	<u>12,305</u>

The Prince's Trust played the role of lead charity in a consortium, administering contractual arrangements on behalf of other members with the donor, Skills Development Scotland (SDS). At 31st March 2018, the total balance outstanding from SDS and due to other consortium members was £386k (2016/17: £242k) and the balance received from SDS but not yet paid out to other consortium members was £53k (2016/17: nil).

22. Cash at Bank and in Hand

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Cash held for investment purposes	-	182	-	182
Cash at bank and in hand	11,120	12,982	6,796	8,758
	<u>11,120</u>	<u>13,164</u>	<u>6,796</u>	<u>8,940</u>

Cash held for investment purposes represents cash under the management of the investment committee and cash held on deposit. These items are classified as current assets because the Trustees can draw from these facilities on demand.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

23. Creditors: Amounts Falling Due Within One Year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade creditors	2,508	2,124	2,244	1,928
Enterprise loans awarded but not yet paid	1	272	-	272
Amounts owed to group undertakings	-	-	(685)	514
Taxation and social security	837	849	833	849
Other creditors	2,212	3,472	2,195	3,425
Accruals	1,292	1,078	1,164	957
Deferred income	2,104	1,507	1,342	1,036
Mortgage	635	601	635	601
	<u>9,589</u>	<u>9,903</u>	<u>7,728</u>	<u>9,582</u>

Reconciliation of Deferred Income

	Group £'000	Charity £'000
Brought Forward at April 1 2017		
Fees from Programme Attendance	-	-
Contract and Conditional Income	1,036	1,036
Income for Events	471	-
Total Brought Forward at April 1 2017	<u>1,507</u>	<u>1,036</u>
Deferred Income Released during Year		
Fees from Programme Attendance	-	-
Contract and Conditional Income	(1,172)	(1,036)
Income from Events	(471)	-
Total Deferred Income Released during Year	<u>(1,643)</u>	<u>(1,036)</u>
Incoming Resources Deferred during Year		
Contract and Conditional Income	1,857	1,342
Income from Events	383	-
Total Incoming Resources Deferred during Year	<u>2,240</u>	<u>1,342</u>
Deferred Income Carried Forward at 31 March 2018		
Contract and Conditional Income	1,721	1,342
Income for Events	383	-
Total Carried Forward at 31 March 2018	<u>2,104</u>	<u>1,342</u>

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

24. Creditors: Amounts Falling Due After One Year

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Mortgage – Prince's Trust House				
Between one and five years	3,113	2,830	3,113	2,830
Over five years	6,681	7,532	6,681	7,532
Mortgage – Wolfson House				
Between one and five years	182	182	182	182
Over five years	84	130	84	130
Amounts due to international subsidiaries	-	-	400	-
	<u>10,060</u>	<u>10,674</u>	<u>10,460</u>	<u>10,674</u>

The mortgages taken out in 2013/14 relate to the purchase of Prince's Trust House at 9 Eldon Street, London and Wolfson House, 15 Carlton Court, Glasgow.

The mortgage for Prince's Trust House has been secured over the property and is repayable over a 10 year period. Repayments consist of both capital and interest amounts and are payable quarterly, with 3.99% being the rate of interest.

The Wolfson House mortgage is repayable over 11 years and is secured over the property. Repayments are made monthly, with capital repayments which commenced 12 months after drawdown. The interest rate is 0.158%.

25. Provisions for Liabilities and Charges

Group	Dilapidations £'000	Other £'000	Total £'000
As at 1 st April 2017	699	141	840
Charged to the SOFA	(80)	325	245
Amount utilised	-	-	-
As at 31 March 2018	<u>619</u>	<u>466</u>	<u>1,085</u>

Charity	Dilapidations £'000	Other £'000	Total £'000
As at 1 st April 2017	699	141	840
Charged to the SOFA	(97)	300	203
Amount utilised	-	-	-
As at 31 March 2018	<u>602</u>	<u>441</u>	<u>1,043</u>

The dilapidation provision is an estimate of the cost of the obligation to repair damages which are incurred during the life of leases held, such as wear and tear. The dilapidation is likely to materialise when the lease of the property comes to an end.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

26. Financial Instruments

The Group has the following financial instruments:

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Financial assets measured at amortised cost:				
Trade debtors	1,201	521	782	281
Cash	11,120	13,164	6,796	8,940
Other debtor transactions	9,542	7,274	9,920	11,067
	<u>21,863</u>	<u>20,959</u>	<u>17,498</u>	<u>20,288</u>
Financial assets that are equity investments measured at cost less impairment:				
Programme-related investments	<u>2,062</u>	<u>5,226</u>	<u>2,062</u>	<u>5,226</u>
Financial assets measured at fair value through income and expenditure				
Investments	<u>14,782</u>	<u>14,828</u>	<u>14,782</u>	<u>14,933</u>
Financial liabilities measured at amortised cost				
Trade creditors	(2,508)	(2,124)	(2,244)	(1,928)
Other creditor transactions	<u>(17,141)</u>	<u>(16,097)</u>	<u>(15,944)</u>	<u>(16,443)</u>
	<u>(19,649)</u>	<u>(18,221)</u>	<u>(18,188)</u>	<u>(18,371)</u>
	<u>19,058</u>	<u>22,792</u>	<u>16,154</u>	<u>22,076</u>

The amortised interest expense on the mortgages for the year was £442k (2016/17: £464k).

27. Pension Schemes

The Trust provides defined contribution pension schemes that are available to all UK-based eligible employees. During the year, The Trust contributed 5% of gross salary of employees subject to a minimum of 3% from the employee. The Trust contributes 1% to a minimum of 1% from the employee, for those employees who were auto-enrolled into The Trust's work based pension scheme. There are a number of employees whereby The Trust contributes 7.5% of gross salary subject to a minimum of 2.5% from the employee. This scheme is now closed for new employees. There are a number of employees whereby The Trust contributes into a scheme as a result of the Prince's Trust Youth Business Scotland merger. The contribution rate of 10% from the employer for existing and eligible members is paid into this scheme.

The assets of all of the schemes are held separately from The Trust. The pension cost of these schemes in the year was £1,070k (2016/17: £1,038k). The contributions outstanding as at 31st March 2018 were £148k (2016/17: £147k). Pension costs are allocated to unrestricted funds.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

28. Financial Commitments

At 31st March, as lessee, the Group and Charity had total commitments under non-cancellable operating leases for land and buildings, vehicles and photocopiers as follows:

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Land and Buildings				
Operating leases which expire:				
Within one year	1,366	1,159	1,338	1,159
Between one and five years	3,055	2,000	3,055	2,000
Over five years	3,453	545	3,453	545
	<u>7,874</u>	<u>3,704</u>	<u>7,846</u>	<u>3,704</u>
Vehicles – operating leases which expire:				
Within one year	60	185	60	185
Between one and five years	-	62	-	62
	<u>60</u>	<u>247</u>	<u>60</u>	<u>247</u>
Office machinery – operating leases which expire:				
Within one year	10	12	10	12
Between one and five years	1	10	1	10
	<u>11</u>	<u>22</u>	<u>11</u>	<u>22</u>
	<u>7,945</u>	<u>3,973</u>	<u>7,917</u>	<u>3,973</u>

At 31st March, as lessor, the Group and Charity was due total commitments under non-cancellable operating leases for land and buildings as follows:

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Land and Buildings				
Operating leases which expire:				
Within one year	181	294	181	294
Between one and five years	-	69	-	69
	<u>181</u>	<u>363</u>	<u>181</u>	<u>363</u>

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

29. Restricted Funds

Group	Balance 1 April 2017 £'000	Income in year £'000	Expenditure in year £'000	Balance 31 March 2018 £'000
Enterprise programme	2,695	6,172	(6,473)	2,394
Team	43	383	(340)	86
Awards	58	445	(488)	15
Achieve	857	2,964	(3,385)	436
Get into	1,325	8,562	(8,342)	1,545
Get Started	865	2,094	(2,662)	297
Pilots and local programmes	445	2,725	(3,006)	164
Regional and other restrictions	3,397	18,314	(15,592)	6,119
Fairbridge	229	2,968	(2,850)	347
PTA programmes	-	1,035	(402)	633
PCC programmes	-	821	(214)	607
	9,914	46,483	(43,754)	12,643

Restricted funds relating to Prince's Trust International have been included within the programmatic categories above.

Charity	Balance 1 April 2017 £'000	Income in year £'000	Expenditure in year £'000	Balance 31 March 2018 £'000
Enterprise programme	2,695	6,440	(6,741)	2,394
Team	43	443	(400)	86
Awards	58	6,440	(6,483)	15
Achieve	857	3,034	(3,455)	436
Get into	1,238	8,621	(8,255)	1,604
Get Started	865	2,100	(2,671)	294
Pilots and local programmes	357	3,138	(3,424)	71
Regional and other restrictions	3,378	12,866	(11,387)	4,857
Fairbridge	229	2,968	(2,850)	347
	9,720	46,050	(45,666)	10,104

All the funds disclosed above are restricted in so far as the funders have specified that the income can only be expended on particular programmes and activities.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

29. Restricted Funds (continued)

Due to the additional requirements of the funder, the income, expenditure and restricted fund balances of the following grants are disclosed.

	Balance 1 April 2017 £'000	Income in year £'000	Expenditure in year £'000	Balance 31 March 2018 £'000
The Big Lottery Fund				
Get Started with The Prince's Trust (URN: 10017112)	-	96	(96)	-
BLF - FB Who Cares (URN: IID/1/010420351)	-	28	(28)	-
BLF - Investing in Communities (ID : 0010257471)	-	208	(208)	-
Big Lottery Fund & ESF Building Better Opportunities - West of England Works	-	110	(110)	-
Big Lottery & ESF Building Better Opportunities - Coast to Capital Make Trax	-	34	(34)	-
Talent Match	-	-	-	-
Talent Match South East (URN: TM/1/010075608)	-	1,468	(1,468)	-
Talent Match Leicestershire (URN: TM/1/10082630)	-	539	(539)	-
Talent Match Lincolnshire (URN: TM/1/010082084)	-	294	(294)	-
Talent Match Middlesbrough (URN: TM/1/010072557)	-	388	(388)	-
Glasgow City Council IGF				
Glasgow City Council - Integrated Grants Fund	-	89	(89)	-
Scottish Government				
The Scottish Government – The Prince's Trust Enterprise Programme	-	400	(400)	-
Lloyds Foundation				
Scottish Government – Early Intervention Fund	-	150	(150)	-
Careers and Enterprise Company				
Mentoring Fund	-	58	(58)	-
Enterprise Fund	-	21	(21)	-
Help for Heroes				
Help for Heroes	84	138	(173)	49
ERDF (West Midlands)				
Enterprise 1830 – Small Business Loans (080/P2/033)	281	-	-	281
Enterprise 1830 – Small Business Loans (FS/SL9022)	300	-	-	300
Enterprise 1830 – Small Business Loans (XFS/SL9022)	244	-	-	244
ERDF West of England				
Enterprising	-	110	(110)	-

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

29. Restricted Funds (continued)

	Balance 1 April 2017 £'000	Income in year £'000	Expenditure in year £'000	Balance 31 March 2018 £'000
European Social Fund				
ESF – Elevate Berkshire	-	104	(104)	-
WCVA Active Inclusion - Swansea 16/17	-	7	(7)	-
WCVA Active Inclusion - RCT 16/17	-	(5)	5	-
WCVA Active Inclusion - Conwy 17-18	-	18	(18)	-
WCVA Active Inclusion - Cardiff 17-18	-	12	(12)	-
WCVA Active Inclusion - Swansea 17/18	-	22	(22)	-
European Agricultural Fund for Rural Development				
Brecon Beacons National Park Gi Rural Skills 17/18	-	9	(9)	-
Welsh Government				
Health Challenge Wales - Active Youth 2015 - 17	-	24	(24)	-
Lancashire Sports Partnership (Now Active Lancashire)				
More Positive Together 16-19	-	51	(51)	-
Other				
Hampshire PCC	-	50	(50)	-
Hampshire County Council	-	15	(15)	-
Culture Bridge North East	-	11	(11)	-

Due to the additional requirements of the funder, the income, expenditure and restricted fund balances of the following grants from 2016/17 are also disclosed.

	Balance 1 April 2016 £'000	Income in year £'000	Expenditure in year £'000	Balance 31 March 2017 £'000
The Big Lottery Fund				
Get Started with The Prince's Trust (URN: 10017112)	-	110	(110)	-

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

29. Restricted Income Funds (continued)

Due to the additional requirements of the funder, the following amounts received during the year are also disclosed:

Funder	Project	Amount £'000
City Bridge Trust	Ten year partnership to support the hardest to reach young Londoners	1,000
The Queen's Trust	The Queen's Trust in Wales	825
London Borough of Tower Hamlets	Mainstream Grants - Bridging the Gap	34
Health Education Kent & Sussex - Innovation Fund	Get into Health & Social Care 2017/18 (Kent & Sussex)	50
Luton Borough Council	Luton Young People First	143
King Baudouin Foundation U.S.	King Baudouin Foundation U.S. (Caterpillar)	43
Your MK LLP	YourMK	8
Derbyshire PCC	Moving Lives Forward	25
Health Education England East of England	Get Into Hospital Services	150
Health Education England West Midlands	Get Into Hospital Services	90
Essex PCC	Positive Strides	6
Be Together Inc	Be Together	9
D Buffini	Staffordshire delivery	50
Simon Clarke Staffordshire	Staffordshire delivery	50
LLEP Revenue Fund	Leicestershire LEP	45
Norfolk Community Foundation	Positive Steps	75
Central Bedfordshire Council	Youth Support Service	8
Birmingham City Council as the Accountable Body for the Local Growth Fund	Youth Skills and Enterprise Hub and Flagship Centre for Birmingham and Solihull	629
Ulster Garden Villages Education Authority	Achieve in Northern Ireland	10
Gannochy Trust	The Prince's Trust xl Programme	60
Hew Watt Family Charitable Fund	Fairbridge Dundee	15
	Get Into Customer Services & Logistics employment programme in Thurrock in partnership with DP World	9

Due to the additional requirements of the funder, the following amounts received during 2016/17 are also disclosed:

Education Authority	The Prince's Trust xl Programme	71
Mid Ulster District Council	Prince's Trust Development Awards Scheme	1

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

30. Analysis of Net Assets Between Funds

Group	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund balances at 31 March 2018 are represented by:			
Intangible fixed assets	7,292	2	7,294
Tangible fixed assets	23,515	11	23,526
Investments	24,549	-	24,549
Current assets	8,730	13,186	21,916
Current liabilities	(9,057)	(532)	(9,589)
Long-term liabilities	(11,121)	(24)	(11,145)
	<u>43,908</u>	<u>12,643</u>	<u>56,551</u>

Charity	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund balances at 31 March 2018 are represented by:			
Intangible fixed assets	7,292	-	7,292
Tangible fixed assets	23,515	-	23,515
Investments	24,549	-	24,549
Current assets	7,394	10,104	17,498
Current liabilities	(7,728)	-	(7,728)
Long-term liabilities	(11,503)	-	(11,503)
	<u>43,519</u>	<u>10,104</u>	<u>53,623</u>

31. Reconciliation of Movement in Funds

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Opening funds	54,015	49,664	53,614	49,405
Net income/ (expenditure) for the year before gains on investments	1,701	3,059	(826)	2,917
Net gains in value of investments	835	1,292	835	1,292
Write down of investment	-	-	-	-
Closing funds	<u>56,551</u>	<u>54,015</u>	<u>53,623</u>	<u>53,614</u>

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

32. Related Party Transactions

The Prince's Trust in the UK entered into the following material transactions with its subsidiaries during the year. All income and expenditure is removed on consolidation.

Entity	Nature of Relationship	Transaction	Transactions during the year ended 31 st March 2018 (£'000)		Balances at 31 st March 2018 (£'000)	
			Income	Expenditure	Debtor	Creditor
Prince's Trust Trading	Wholly owned subsidiary	Management charge for costs incurred by The Prince's Trust on behalf of Prince's Trust Trading Limited.	1,163	-	519	-
		Distribution of year-end profit to The Prince's Trust, under deed of covenant.	1,797	-	1,486	-
Prince's Trust International	Deemed control	Costs incurred by The Prince's Trust on behalf of Prince's Trust International. These costs relate to staff salaries and expenses, procurement cards, Click travel and recharges for facilities, licence fee and management fees.	409	-	126	-
Prince's Trust Australia	Deemed control	Sub-grant of funding from the Prince of Wales's Charitable Foundation for delivery of charitable activities in Australia.	-	600	-	600
Prince's Charities Canada	Deemed control	Sub-grant of funding from the Prince of Wales's Charitable Foundation for delivery of charitable activities in Canada.	-	600	-	600

Prince's Trust International also entered into the following material transaction with Prince's Charities Canada.

Prince's Charities Canada	Subsidiary of The Prince's Trust	Reimbursement of Prince's Trust International support costs associated with the delivery of the Get Into Programme in Canada.	21	-	21	-
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Expenses reimbursed to Trustees and the remuneration of key management personnel are disclosed in Note 11. Transactions by the Charity with its defined contribution pension scheme are set out in Note 27.

THE PRINCE'S TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

32. Related Party Transactions (continued)

The following transactions were entered into with members of The Prince's Trust Council or its committees, or with organisations in which those individuals hold a position of influence. There were no outstanding balances in relation to any of these transactions at the year end.

- £500k was received in donations from the John Booth Foundation, whose Director, John Booth, joined The Prince's Trust Council in March 2018 and is also a member of the Investment Committee.
- £333k was received as a donation and £3k in donations in kind from Sir Lloyd Dorfman CBE, who joined The Prince's Trust Council in 2007 and took over as Chairman in August 2015.
- £232k was received as a donation from Ian Mukherjee. Mr Mukherjee joined The Prince's Trust Council in December 2015 and is also a member of the Investment Committee. Mr Mukherjee is a long-standing supporter and Patron of The Prince's Trust, becoming a Committee Member of Invest in Futures in 2010 before taking over as Chairman in 2014.
- £19k was received from Michael Marks CVO, CBE, who is a member of the Prince's Trust Council, its Investment Committee and the Nominations & Remuneration Committee. £800k was also received from The Queen's Trust where Mr Marks has been a member of the Investment Committee since March 2017.
- £50k was received from Shabir Randeree CBE who joined the Prince's Trust Council in July 2016 and Chairs the Audit Committee and the Mosaic Committee.
- £10k was received in individual donations from Wendy Becker. Ms Becker is a member of The Prince's Trust Council, the Nominations & Remuneration Committee and chairs the Young Persons Committee. £1k was also received as donation from Oxford University Press where Ms Becker has acted as an external member of The Finance Committee of the Delegacy since 2016.
- £27k was received in individual donations from Michelle Pinggera, who was appointed as Trustee to the Council in July 2017 and also sits on the Young Persons Committee. £106k was also received as a donation from Goldman Sachs International, where Ms Pinggera was the international chief of staff until the end of 2017 and continues to work as an advisory director.

The following transactions were recorded entered into with members of the Board of Trustees of Prince's Trust International. There were no outstanding balances in relation to any of these transactions at the year end.

- £100k was received as a donation and £2k in donations in kind to Prince's Trust International from Sir Lloyd Dorfman CBE. £2k was also received as gifts in kind for meeting space from Esselco Group Ltd, an organisation of which Sir Lloyd is a Director. Sir Lloyd is Chairman of Prince's Trust International.
- £115k was received in donations from the Amersi Foundation, an organisation of which Mohamed Amersi, Trustee of Prince's Trust International, is the Chairman and founder.
- £15k was received as a donation from Rupert Goodman towards Prince's Trust International costs for the Buckingham Palace dinner in March 2018. Mr Goodman is a Trustee of Prince's Trust International.

There were no other transactions with the directors or board members of any of The Prince's Trust Group's other subsidiaries, or their affiliated organisations.

33. Events after the Reporting Period

There are no events to report in the current year.

THE PRINCE'S TRUST

ADDITIONAL UNAUDITED INFORMATION FOR THE YEAR ENDED 31 MARCH 2018

Income and Expenditure Account for Wales, Scotland and Northern Ireland

To meet the audit requirements of some funders, the results of each of the countries are summarised below. The results are presented in The Trust's management accounts and include an allocation of the shared support costs of head office and UK-wide. These costs are allocated based on the most appropriate driver for each function; full time equivalent employees, young people supported or income / expenditure per function.

Activities undertaken in Wales

	2018 £'000	2017 £'000
Incoming Resources		
Private Sector	2,924	2,215
Public Sector	236	388
Other	247	96
	<u>3,407</u>	<u>2,699</u>
Resources Expended (including support costs)		
Direct Charitable	(626)	(756)
Fundraising	(27)	(6)
Staff costs	(2,781)	(2,410)
Other	(884)	(633)
	<u>(4,318)</u>	<u>(3,805)</u>
Deficit for the year	<u>(911)</u>	<u>(1,106)</u>

During 2017/18, The Prince's Trust Cymru supported 2,803 new young people in Wales, 503 more than the previous year, a growth of 21%. 78% of these achieved positive outcomes in employment, training, education or volunteering.

Local Private Sector income improved last year, generating £810k. Local public sector fundraising also generated £329k. Key relationships with the Welsh Government have been enhanced to ensure we are well placed to attract public sector funds in 2018/19.

We received £800k from our multiyear contract with The Queen's Trust of £2.67 million over four years. We received increased funding of £469k from The Hodge Foundation and a significant increase in this multi-year contract to £2.1m over four years to support growth in the Achieve and Fairbridge programmes. We received £500k of the £1.5 million from the Latsis family funding our Enterprise programme over three years.

We have achieved very impressive growth in the first two years of our ambitious five-year Wales growth plan. Supported by the Wales Advisory Council under the chairmanship of Sir Derek Jones K.C.B., we are strengthening our links to key decision makers within Welsh Government and across the Public and Private Sectors, communicating with more people and building on our strong reputation with the public. Looking forward, The Prince's Trust's new strategy will position us to: help even more young people in many more innovative ways; extend our delivery in North Wales; give young people a greater stake in our society and economy; and consolidate The Prince's Trust Cymru as the youth charity of choice in Wales.

THE PRINCE'S TRUST

ADDITIONAL UNAUDITED INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Income and Expenditure Account for Wales, Scotland and Northern Ireland (continued)

Activities undertaken in Scotland

	2018 £'000	2017 £'000
Incoming Resources		
Private Sector	3,402	3,847
Public Sector	3,862	2,520
Other	536	639
	<u>7,800</u>	<u>7,006</u>
Resources Expended (including support costs)		
Direct Charitable	(1,955)	(1,068)
Fundraising	(175)	(327)
Staff costs	(5,696)	(5,555)
Other	(1,858)	(1,858)
	<u>(9,684)</u>	<u>(8,808)</u>
Deficit for the year	<u>(1,884)</u>	<u>(1,802)</u>

Further commentary on the activities in Scotland is included within the Trustees' Report on page 21.

THE PRINCE'S TRUST

ADDITIONAL UNAUDITED INFORMATION FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Income and Expenditure Account for Wales, Scotland and Northern Ireland (continued)

Activities undertaken in Northern Ireland

	2018 £'000	2017 £'000
Incoming Resources		
Private Sector	924	1,041
Public Sector	2,109	2,180
Other	200	145
	<u>3,233</u>	<u>3,366</u>
Resources Expended (including support costs)		
Direct Charitable	(935)	(931)
Fundraising	(44)	(28)
Staff costs	(2,723)	(2,629)
Other	(846)	(751)
	<u>(4,548)</u>	<u>(4,339)</u>
Deficit for the year	<u>(1,315)</u>	<u>(973)</u>

The Prince's Trust reported another record year in Northern Ireland during 2017/18. Young people numbers increased by over 12% year-on-year, to 8,800. Strikingly, we supported 13% of The Trust's overall national number in a region with less than 3% of the UK population. Importantly, 85% of young people that we helped progressed into a positive outcome in education, training or employment.

Two other highlights during the year include securing two new European contracts totalling £6.8m over the next four years and achieving the highest grade available for the quality of our delivery from the Education and Training Inspectorate in Northern Ireland.

Local income in Northern Ireland performed in line with forecast, with an increase in drawdown across our two core European contracts making up for the shortfall in private sector income.

Direct Charitable Expenditure was slightly below forecast for the year, with exceptional growth in activity on The Prince's Trust Achieve and Development Awards programmes enabling The Trust to support more young people with lower delivery costs locally.