

Duchy Originals Limited

**Annual Report and Financial Statements
for the year ended 31 March 2018**

Registered number: 02478770



Contents

Chairman's Statement	1
Directors' Report	2-3
Statement of Directors' Responsibilities	4
Independent Auditor's Report to the members of Duchy Originals Limited	5-6
Profit and Loss	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10-16

Chairman's Statement

Duchy Originals Limited continues to license the "Duchy" brand to Waitrose Ltd. The partnership gives Waitrose, the exclusive right to originate, promote and distribute products under the Duchy brand in the UK. Waitrose sells Waitrose Duchy Organic products through its own branches and at Waitrose.com, and also wholesales Waitrose Duchy Organic products in the U.K. and overseas. Waitrose pays a royalty to the Company on all retail and wholesale sales.

The Duchy brand has come a long way since being founded by HRH The Prince of Wales 25 years ago. The first product, our oaten biscuit made from wheats and oats grown organically on the Home Farm at Highgrove, continues to be popular. But the range has now grown to include more than 300 products. Waitrose Duchy Organic now sells over £200m at retail sales value and is one of the top 30 grocery brands in the UK.

The Partnership between Duchy Originals and Waitrose is built on the shared principles of Good Food, Good Farming and Good Causes. This ethos is set out in our Charter, a series of commitments that underpins everything we do. It's this same Charter that guides the Waitrose Duchy Organic range. Together, we believe in the value of organic food, grown and produced sustainably.

Profit before taxation is £3,241,774 (2017: £3,188,944). The amount which Duchy Originals donated in gift aid to The Prince of Wales's Charitable Foundation was £3,239,646 (2017: £3,186,368).



Michael Jary

Chairman

Clarence House

London

SW1A 1BA

Date: 15 October 2018

Directors' Report

The Directors present their Directors' Report and Financial Statements for the year ended 31 March 2018.

Principal Activities

The Company owns the premium brand "Duchy Originals". The partnership with Waitrose gives it the exclusive right to originate, promote and distribute Duchy products in the UK and overseas. Waitrose pays a royalty to the Company on all retail and wholesale sales.

The taxable profits generated by the Company are donated to The Prince of Wales's Charitable Foundation, its parent organisation.

Results and Charitable Contributions

The profit on ordinary activities before taxation amounted to £3,241,774 (2017: £3,188,944). Charitable donations were made in the year of £3,239,646 (2017: £3,186,368).

Proposed Dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Future Plans

The Company will continue to derive income from royalties and donate any profits to The Prince of Wales's Charitable Foundation for the foreseeable future.

Directors

The Directors who held office during the year were as follows:

Michael Jary
Stephen Nelson
Craig Sams
Andrew Wright

Disclosure of Information to Auditor

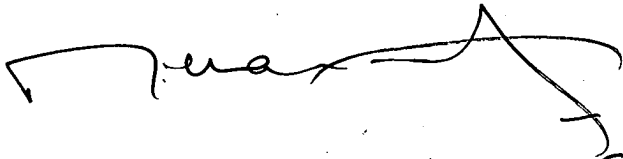
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware. Each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

Directors' Report
(continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will continue in office, subject to approval at the general meeting.

By order of the Board,



Michael Jary

Director

Clarence House

London

SW1A 1BA

Company number: 02478770

Date: 15 October 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CHAIRMAN'S STATEMENT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Chairman's statement, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUCHY ORIGINALS LIMITED

Opinion

We have audited the financial statements of Duchy Originals Limited ("the company") for the year ended 31 March 2018 which comprise the Profit and Loss, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Chairman's statement and Directors' report

The directors are responsible for the Chairman's statement and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Chairman's statement and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Chairman's statement and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion: adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the company'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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

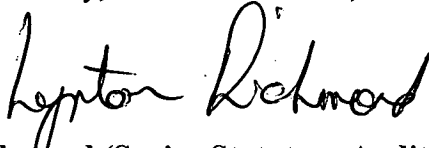
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Lynton Richmond (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

19th October 2018

Profit and Loss

for the year ended 31 March 2018

	<i>Notes</i>	2018 £	2017 £
Turnover		3,374,766	3,342,288
Gross Profit		3,374,766	3,342,288
Administrative Expenses	2	(132,992)	(153,344)
Profit before taxation		3,241,774	3,188,944
Tax on profit	5	(615,511)	(637,274)
Profit for the year		2,626,263	2,551,670

There is no difference between the profit for the financial year and the profit on a historical cost basis.

The results shown above relate to continuing activities.

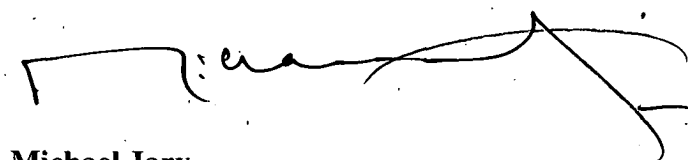
Notes from pages 10 to 16 form part of these financial statements.

Balance Sheet
as at 31 March 2018

	<i>Note</i>	2018 £	2017 £
Current Assets			
Debtors	7	1,336,868	1,390,917
Cash at Bank and In Hand		161,367	1,013,962
		<hr/> 1,498,235	<hr/> 2,404,879
Creditors			
Amounts Falling due within One Year	8	(972,046)	(1,880,818)
Net Current Assets		<hr/> 526,189	<hr/> 524,061
Net Assets		<hr/> <hr/> 526,189	<hr/> <hr/> 524,061
Capital and Reserves			
Called Up Share Capital	9	229,981	229,981
Profit and Loss Account	10	296,208	294,080
Equity Shareholders' Funds		<hr/> <hr/> 526,189	<hr/> <hr/> 524,061

Notes from pages 10 to 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 15 October 2018 and were signed on its behalf by



Michael Jary

Director

Company number: 02478770

Statement of Changes in Equity
As at 31 March 2018

	Called up share capital	Retained earnings	2018 Total	2017 Total
	£	£	£	£
Balance at 1 April	229,981	294,080	524,061	521,485
Profit for the year after tax	-	2,626,263	2,626,263	2,551,670
Gift aid committed	-	(3,239,646)	(3,239,646)	(3,186,368)
Current tax credit	-	615,511	615,511	637,274
Balance at 31 March	229,981	296,208	526,189	524,061

The notes on pages 10-16 form part of these financial statements.

Notes

(Forming part of the financial statement)

Duchy Originals Limited (the “Company”) is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 02478770 and the registered address is Clarence House, London SW1A 1BA.

1 Accounting Policies

The following accounting policies have been applied consistently to all periods presented in these financial statements.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

The Company's primary parent undertaking, The Prince of Wales's Charitable Foundation includes the Company in its consolidated financial statements. The consolidated financial statements of The Prince of Wales's Charitable Foundation are available to the public and may be obtained from Clarence House, London, SW1A 1BA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes

Measurement Convention

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historic cost accounting rules.

Going Concern

The financial statements have been prepared on the going concern basis. The Directors have taken the guidance issued by Financial Reporting Council on Going Concern Assessments in determining that that is the appropriate basis of preparation of the financial statements and have considered a number of factors. The net financial position of the Company is set out in these accounts and they demonstrate the overall net cash position of the Company and its asset base. As a consequence the Directors believe that the Company is well placed to manage the business risks successfully.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they consider it appropriate to prepare these accounts under the going concern basis.

Related Party Transactions

Under FRS102, the company is exempt from the requirement to disclose details of related party transactions with its parent undertaking.

Notes

(Continued)

Post-Retirement Benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable in respect of the accounting period.

Turnover

Turnover represents royalty income notified to the Company. All turnover is accounted for on an accruals basis.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Deferred tax assets are recognised only to the extent that the directors consider it more likely that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse based on tax rates and laws enacted or subsequently enacted at the balance sheet date.

Gift Aid

Gift aid payments to the parent charity represent an estimate of the company's taxable profits for the period. Under the current Gift Aid arrangements, all current and future taxable profits are payable to the Prince of Wales's Charitable Foundation and are recognised as a liability in the year the taxable profits are made.

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes

(Continued)

2 Administrative Expenses

	2018	2017
	£	£
Staff and consultancy costs	58,362	44,077
Travel and subsistence	4,696	6,053
Office costs	1,311	11,136
Legal and professional fees	43,623	4,578
Donation to The Prince's Countryside Fund	25,000	87,500
	132,992	153,344

No remuneration was paid to any Director during the year (2017: £nil).

3 Wages and Salaries

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2018	2017
Administration	1	1
	1	1

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	45,620	30,025
Social security costs	4,219	3,584
Pension costs	1,336	1,229
	51,175	34,838

Notes

(Continued)

4 Profit on Ordinary Activities

Profit on ordinary activities is stated after charging;

	2018 £	2017 £
Fee Payable to the Company's Auditors for the Audit of these Financial Statements	3,200	3,000

The amounts shown above have been recorded in administrative expenses.

5 Taxation

Reconciliation of the Tax Charge

The current tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
Current Tax Reconciliation		
Profit on ordinary activities before tax	3,241,774	3,188,944
Current tax at 19% (2017: 20%)	615,937	637,789
Effect of:		
Capital allowances in excess of depreciation	(426)	(519)
Items disallowed for tax purposes	-	4
Total current tax charge	615,511	637,274

Notes

(Continued)

5 Taxation *(continued)*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future tax charge accordingly.

6 Tangible Fixed Assets

	Leasehold Improvements
Cost at 1 April 2017 and 31 March 2018	134,165
Depreciation at 1 April 2017 and 31 March 2018	134,165
Net book value at 1 April 2017 and 31 March 2018	-

7 Debtors

	2018 £	2017 £
Trade debtors	30,366	753,575
Prepayments and accrued income	1,262,121	619,872
Other debtors	44,381	17,470
	<u>1,336,868</u>	<u>1,390,917</u>

Notes

(Continued)

8 Creditors

	2018 £	2017 £
Amounts Falling Due Within One Year		
Trade creditors	385	38,894
Amounts owed to parent undertaking	739,646	1,686,368
Taxation and social security	152,557	124,546
Accruals and deferred income	49,147	31,010
Provision	30,311	-
	<u>972,046</u>	<u>1,880,818</u>

9 Called Up Share Capital

	2018 £	2017 £
Allotted, Called Up and Fully Paid		
229,981 Ordinary shares of £1 each	<u>229,981</u>	<u>229,981</u>

10 Profit and Loss Account Reserve

	2018 £	2017 £
Opening reserve	294,080	291,504
Profit for the year	2,626,263	2,551,670
Gift aid payable	(3,239,646)	(3,186,368)
Tax credit	615,511	637,274
Closing reserve	<u>296,208</u>	<u>294,080</u>

Notes

(Continued)

11 Reconciliation of Movements in Shareholders' Funds

	2018 £	2017 £
Opening shareholders' funds	524,061	521,485
Profit for the year	2,626,263	2,551,670
Gift aid payable	(3,239,646)	(3,186,368)
Tax credit	615,511	637,274
Closing shareholders' funds	<u>526,189</u>	<u>524,061</u>

12 Commitments

The Company has a six year non-cancellable operating lease on its former business premises with annual payments of £63,750. The Company is sub-letting the premises. The shortfall between the Company's lease commitment and its sublet income has been provided for in full. The lease expires on the 21st December 2018. The amount expensed to the P&L is £nil (2017: £10,000).

13 Parent Undertaking and Controlling Party

The Company's parent undertaking is The Prince of Wales's Charitable Foundation (Registered Charity Number 1127255, Company Number 06777589, registered address Clarence House, London, SW1A 1BA), which prepares consolidated financial statements.

The consolidated financial statements of The Prince of Wales's Charitable Foundation are available to the public and may be obtained from The Charity Commission, PO Box 1227, Liverpool, L69 3UG.