Company No. 2004021

HAREWOOD HOUSE TRUST LIMITED
(A COMPANY LIMITED BY GUARANTEE)
MOOR HOUSE
HAREWOOD
LEEDS

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1997

STATUTORY FINANCIAL STATEMENTS

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HAREWOOD HOUSE TRUST LIMITED

COMPANY INFORMATION

TRUSTEES	The Right Hon The Earl of Harewood
	The Right Hon The Countess of Harewood
	The Viscount Lascelles
	The Viscountess Lascelles
	Sir George W L Christie
	Lord Romsey
	Mr A E Peters
	C R Buckle CBE
	Mr H Roberts
	Sir Nicholas Goodison
	Mr R Tempest
CHIEF EXECUTIVE	T. Suthers
SECRETARY	T. Suthers
REGISTERED OFFICE	Moor House, Harewood, Leeds, LS17 9LQ
REGISTERED IN CARDIFF	Number 2004021
CHARITY REGISTRATION NO	517753
BANKERS	National Westminster Bank Plc Leeds City Office 8 Park Row, Leeds
SOLICITORS	Wrigleys 5 Butts Court, Leeds, LS1 5JS
AUDITORS	Lishman Sidwell Campbell & Price Ltd Harewood Yard The Harewood Estate Harewood, LS17 9LF

HAREWOOD HOUSE TRUST LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice hereby given that the 1998 Annual General Meeting of Harewood House Trust Limited will be held at Harewood House, Harewood, Leeds on 4th September. 1998 to transact the following business:

1. To receive, consider the adopt the Trustee's Report and Accounts for the year ended 31st December 1997.

2. To re-elect the following Trustees:

   The Right Hon The Earl of Harewood
   Mr Alton Peters

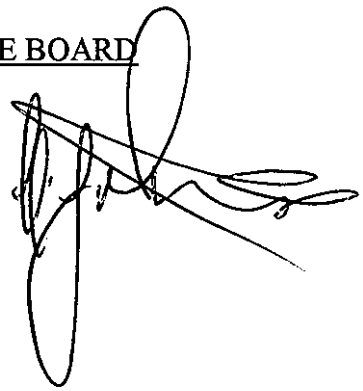
3. To agree the remuneration of the auditors.

4. To propose the re-appointment of Messrs Lishman Sidwell Campbell & Price as auditors of the company.

BY ORDER OF THE BOARD

T Suthers

SECRETARY



TRUSTEES REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

The Trustees submit their Annual Report and Accounts for the year ended 31st December 1997.

TRUSTEES

The Trustees, who are also the directors of the Company, who served during the financial period were:

Lord Harewood	Lady Harewood
The Viscountess Lascelles	The Viscount Lascelles
Lord Romsey	Mr A E Peters
C R Buckle CBE	Mr H Roberts
Sir Nicholas Goodison	Mr R Tempest
Sir George W L Christie	

Lord Harewood and Mr A E Peters retire by rotation and, being eligible, offer themselves for re-election.

The Trustees who are also members of the Company are:

Lord Harewood
Viscount Lascelles

LEGAL AND ADMINISTRATIVE INFORMATION

Harewood House Trust Limited is a Registered Charity No. 517753 and a company limited by guarantee No. 2004021 in England and Wales. The Charity's governing document is contained in its Articles and Memorandum of Association. The Charity's principal advisors are shown on page 1.

The Company is a company limited by guarantee and each member's liability is limited to £1,000.

PRINCIPAL ACTIVITIES

The company holds a lease of Harewood House and surrounding lands. The Company's principal activities are the maintenance and preservation of this property and opening it to the public.

ORGANISATION AND POLICY

In order to achieve its objectives, the company applies income generated by admissions, investments, special events and sponsorship to programmes of repairs and improvements to the House and its grounds.

The Trustees and Investment Sub-committee each meet biannually to review progress and approve new initiatives. The Trust Director is responsible for day to day management and implementing the decisions of the Trustees.

FINANCIAL POSITION

The results for the year ended 31 December 1997 are shown on Page 6 . Visitor numbers and admission income increased significantly over the prior year due in particular to the success of the Turner in the North Exhibition. The results, together with the state of affairs of the Company are considered to be satisfactory.

TRUSTEES REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

CHANGE OF ACCOUNTING POLICY

As set out in note 9a to the Financial Statements, the accounting policy relating to inalienable works of art has been amended in accordance with recommended practice.

SUBSIDIARY UNDERTAKING

The Company owns, including shares held by a nominee, 100% of the shares of Harewood House Trading Limited. The Trustees are of the opinion that under the provisions of Section 246 (1) of the Companies Act 1985 it is not appropriate to prepare consolidated accounts as the group accounts would fall within the definition of a small or medium sized group. The trading result and net assets of the subsidiary are shown in note 10 to the financial statements.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company law 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 company and of the surplus or deficit of the company for that period. In preparing those financial statements, the trustees are required to:

* select suitable accounting policies and then apply them consistently;

* make judgements and estimates that are reasonable and prudent;

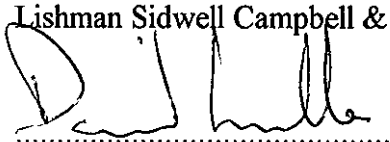
* state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Lishman Sidwell Campbell & Price as auditors of the Company will be put to the Annual General Meeting.



..... Trustee

4th September 1995 ..... Date

AUDITORS REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (A COMPANY LIMITED BY GUARANTEE)

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on page 12.

Respective responsibilities of trustees and auditors

As described on page four, the company's trustees are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lishman Sidwell Campbell & Price Ltd

LISHMAN SIDWELL CAMPBELL & PRICE LTD
REGISTERED AUDITOR
HAREWOOD YARD
THE HAREWOOD ESTATE
HAREWOOD
LEEDS
LS17 9LF

DATE: 7th September 1998

HAREWOOD HOUSE TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES		Unrestricted Income £	Unrestricted Capital £	Total 31/12/97 £	Total 31/12/96 £
	INCOMING RESOURCES:				
	Admissions & Special Events	1,041,626		1,041,626	697,388
	Guide Books	36,993		36,993	39,726
	Rents	76,138		76,138	69,083
	Grants & Sponsorship Receivable	166,624		166,624	55,916
	Less: Deferred Income	(2,000)		(2,000)	(27,000)
	Security & Other Management Services	54,614		54,614	48,782
	Net Investment Income	417,399		417,399	447,121
	Other Income	20,770		20,770	31,459
	Total Incoming Resources	1,812,164		1,812,164	1,362,475
	RESOURCES EXPENDITURE:				
	Direct Charitable Expenditure:				
	Property held for Preservation	269,591		269,591	312,519
	Maintaining Property Open to the Public	745,460		745,460	725,686
	Other Expenditure:				
1	Fund Raising and Publicity	729,578		729,578	651,791
2	Management and Administration	373,416		373,416	329,535
		2,118,045		2,118,045	2,019,531
	Net Outgoing Resources	(305,881)		(305,881)	(657,056)
	Realised Gains on Investment Assets		128,050	128,050	401,254
	Unrealised Gains on Investment Assets		833,407	833,407	9,561
	Net Movement in Funds	(305,881)	961,457	655,576	(246,241)
	Funds Brought Forward at 1/1/97	(3,054,288)	11,044,348	7,990,060	8,236,301
	Funds Carried Forward at 31/12/97	(3,360,169)	12,005,805	8,645,636	7,990,060

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY

		31/12/97	31/12/96
		£	£
1	FUNDRAISING AND PUBLICITY		
	Bird Garden Operating Costs	172,233	176,007
	Marketing and Advertisement	242,180	213,477
	Special Events	108,684	92,166
	Concerts and Exhibitions	206,481	170,141
		729,578	651,791
2	MANAGEMENT AND ADMINISTRATION		
	Salaries and Office Costs	248,864	206,766
	Legal and Professional Fees	59,432	50,554
	Rent	23,540	28,267
	Audit Fees	6,180	6,000
	Trustees Expenses	1,534	3,126
	Investment Management Fees	33,866	34,826
		373,416	329,539

HAREWOOD HOUSE TRUST LIMITED

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1997

	NOTE	31/12/97	31/12/96
		£	£
TURNOVER		1,262,216	910,074
Operating & Administrative Expenses		(1,793,840)	(1,701,732)
Exceptional Items	5	(191,656)	(312,519)
OPERATING (DEFICIT)	5	(723,280)	(1,104,177)
Interest Receivable & Similar Income	6	420,327	447,548
Interest Payable & Similar Charges	7	(2,928)	(427)
(DEFICIT) ON ORDINARY ACTIVITIES		(305,881)	(657,056)
Tax on Deficit on Ordinary Activities	8	-	-
(Deficit) Brought Forward		(3,054,288)	(2,397,232)
RETAINED (DEFICIT) CARRIED FORWARD		(3,360,169)	(3,054,288)
TOTAL RECOGNISED GAINS AND LOSSES			
Deficit on Ordinary Activities		(305,881)	(657,056)
Realised gains on disposal of investments	14	128,050	401,254
Unrealised gains on investments	14	833,407	9,561
Total recognised gains/(losses) relating to the year		655,576	(246,241)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous periods.

HAREWOOD HOUSE TRUST LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1997

	Notes	31/12/97	31/12/96
		£	£
FIXED ASSETS			
Tangible Assets	9	573,489	515,211
Investments	10	8,153,626	7,456,046
		8,727,115	7,971,257
CURRENT ASSETS			
Stocks	11	86,835	111,192
Debtors	12	362,265	380,809
Cash and Bank Balances		4,955	3,910
		454,055	495,911
CREDITORS - amounts falling due within one year	13	(535,534)	(477,108)
NET CURRENT ASSETS		(81,479)	18,803
TOTAL ASSETS LESS CURRENT LIABILITIES		8,645,636	7,990,060
CREDITORS - amounts falling due after more than one year		-	-
		8,645,636	7,990,060
Financed by:			
FUNDS			
Unrestricted Capital Fund	14	12,005,805	11,044,348
Unrestricted Income Fund	14	(3,360,169)	(3,054,288)
		8,645,636	7,990,060

Trustee .....

Date 4th September 1998

HAREWOOD HOUSE TRUST LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1997

	Notes	31/12/97		31/12/96	
		£	£	£	£
Net Outflow from Operating Activities	1		(674,595)		(939,712)
Returns on Investment & Servicing of Finance					
Investment Income Received		420,327		434,868	
Interest Paid		(2,928)		(427)	
			417,399		434,441
Investing Activities					
Purchase of Tangible Fixed Assets		(126,320)		(81,193)	
Purchase of Investments		(1,515,286)		(2,916,619)	
Sales of Investments		1,599,379		3,369,558	
			(42,227)		371,746
Financing					
Repayment of Debenture Loan		23,724		23,724	
Hire Purchase		(3,376)		(3,376)	
			20,348		20,348
Decrease in Cash and Cash Equivalents	2		(279,075)		(113,177)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO CASH FLOW STATEMENT

1 Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	31/12/97	31/12/96
	£	£
Operating Loss	(723,280)	(1,104,177)
Depreciation	68,042	68,316
Decrease/(Increase) in Stocks	24,357	957
Decrease/(Increase) in Debtors	8,441	(63,788)
Increase/(Decrease) in Creditors	(41,910)	143,264
Other Additions to Funds	(10,245)	15,716
	(674,595)	(939,712)

2 Analysis of Changes in Cash and Cash Equivalents During the Year

	£
Balance at 1st January 1996	607,897
Net Outflow	(113,177)
Balance at 31st December 1996	494,720
Balance at 1st January 1997	494,720
Net Outflow	(279,075)
Balance at 31st December 1997	215,645

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

1 CHARITABLE STATUS

The Company is a registered charity, number 517753.

2 ACCOUNTING POLICIES

a. Basis of Accounting
The Financial Statements have been prepared under the Historical Cost Convention and in accordance with applicable Accounting Standards as modified by the inclusion of Fixed Asset Investments at Market Value.

b. Turnover
Turnover represents income receivable in the period comprising admissions and other income arising from the company's principal activities.

c. Tangible Fixed Assets
Depreciation is provided at the following annual rates, after deducting grants receivable, in order to write off each asset over its estimated useful life:

Land	- Not Provided
Motor Vehicles	- 25% Straight Line
Plant and Machinery	- 2.5% - 20% Straight Line
Playground Equipment	- 5% - 10% Straight Line
Buildings	- 10% Straight Line

d. Stocks
Stocks are valued at the lower of cost or net realisable value.

e. Investments
Realised and Unrealised surpluses and deficits on investments are dealt with through reserves. Income from investments is accounted for when it is received.

f. Grants
Grants towards revenue expenditure are credited to the Income and Expenditure Account in the period to which they relate. Grants towards capital expenditure are deducted from the cost of fixed assets in the period in which they are acquired.

3 LEASE OF HAREWOOD HOUSE

On 4th June 1986 the company took an assignment of a lease of Harewood House and surrounding land for a period, and on 12th December 1996 took a further assignment of a lease of the same property for a period of 99 years from December 1996. There is an under lease of part of the property in favour of Lord and Lady Harewood on arms length terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES		31/12/97	31/12/96
		£	£
4	**STAFF COSTS**		
	Wages and Salaries	675,882	571,426
	National Insurance	57,164	40,603
	Pension Costs	47,460	17,658
		780,506	629,687

The average number of employees during the period was as follows:

		No	No
	Full time including full-time equivalents	75	62

5	**OPERATING DEFICIT**	£	£
	The Operating Deficit is stated after charging		
	Auditors Remuneration	6,180	6,000
	Depreciation	68,042	68,316
	Exceptional Items		
	Exceptional Repairs and Project Costs	269,591	322,035
	Less Grants Receivable	(77,935)	(9,516)
	Net Exceptional Expenditure	191,656	312,519

6	**INTEREST RECEIVABLE AND SIMILAR INCOME**	£	£
	Covenant income from subsidiary undertaking	105,226	47,725
	Other Interest	13,620	10,282
	Dividend Income	301,481	389,541
		420,327	447,548

7	**INTEREST PAYABLE AND SIMILAR CHARGES**	£	£
	Interest Payable on Short Term Borrowing	2928	427

8 **TAXATION**

No Corporation Tax is Chargeable because of the Company's Charitable Status

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES

9 TANGIBLE FIXED ASSETS

	Short Lease Land & Buildings	Plant & Machinery	Playground Equipment	Tractors	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
As at 1st January 1997	172,720	538,597	154,682	18,965	25,721	910,685
Additions	5,452	120,868	-	-	-	126,320
As at 31st December 1997	178,172	659,465	154,682	18,965	25,721	1,037,005
Depreciation						
As at 1st January 1997	141,304	183,978	27,778	18,379	24,035	395,474
Charge for Year	12,115	50,036	3,619	586	1,686	68,042
As at 31st December 1997	153,419	234,014	31,397	18,965	25,721	463,516
Net Book Value						
As at 31st December 1997	24,753	425,451	123,285	-	-	573,489
As at 31st December 1996	31,416	354,619	126,904	586	1,686	515,211

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES

9a CHANGE OF ACCOUNTING POLICY

Lord Harewood has donated in earlier years certain works of art, mirrors and items of porcelain of national significance and the Trustees have added to the collection. These items are regarded as inalienable and had been held on the Balance Sheet as Endowment Funds at a value of £1,410,000. The assets are on display within Harewood House.

In accordance with Statement of Recommended Practice, the charity will now disclose these assets by way of note to the Financial Statements and has restated assets at 31 December 1996 to reflect this change.

If these assets had been retained on the Balance Sheet, funds would have been shown at £10,055,636 (1996: £9,400,060).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES £

10 INVESTMENTS

Movements of Investments Market Value

As at 1 January 1997	6,868,055
Additions	1,515,286
Disposals	(1,599,379)
Realised Gains	128,050
Unrealised Gains	833,407
As at 31 December 1997	7,745,419

The investments, which are all listed on recognised stock exchanges comprised:

	31/12/97	31/12/96
	£	£
Listed in UK	6,259,392	5,273,671
Listed Overseas	1,486,027	1,594,384
	7,745,419	6,868,055
Unlisted Equity	100	100
	7,745,519	6,868,155
Cash on Deposit with investment managers	408,107	587,891
	8,153,626	7,456,046

The unlisted equity comprises 100% of the shares of Harewood House Trading Limited incorporated in England. At 31 December 1997 the net (liabilities) of this company amounted to £(29,757), (31 December 1996: (£30,414)) and the profit for the period then ended after tax was £657, (31 December 1996: Loss (£12,035)). The Company's principal activity comprises the trading operations ancillary to the running of Harewood House Trust Ltd and 90% of its taxable profits before depreciation but after capital allowances are covenanted to Harewood House Trust Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES		31/12/97	31/12/96
		£	£
11	**STOCKS**		
	Guide Books	48,898	73,910
	Birds	37,937	37,282
		86,835	111,192
12	**DEBTORS**		
	Loan to Harewood House Trading Ltd (Group Undertaking)	119,977	130,080
	Trade Debtors and Other Debtors	158,396	186,916
	VAT	-	25,574
	Prepayments and Accrued Income	22,457	18,924
	Income Tax	24,203	19,315
	Amounts owed by Group Undertaking	37,232	-
		362,265	380,809

The loan to Harewood House Trading Ltd is secured by a debenture over all the assets of the company. The loan is repayable over 10 years. The amounts falling due after more than one year is as follows:

Within one year:	16,013
Within 2 - 5 years	76,902
Over 5 years	27,062
	119,977

13	**CREDITORS:**		
	AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Bank Overdraft	197,417	97,081
	Trade Creditors	139,556	212,860
	Other Creditors including Social Security and other Taxes	72,140	19,420
	Amounts owed to Group Undertaking	-	27,932
	Accruals and Deferred Income	126,421	119,815
		535,534	477,108

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1997

NOTES

14 **FUNDS**

RECONCILIATION AND ANALYSIS OF MOVEMENT OF FUNDS

	Unrestricted Income Fund	Unrestricted Capital Fund	Total 31/12/97	Total 31/12/96
	£	£	£	£
Opening Value of Funds	(3,054,288)	11,044,348	7,990,060	8,236,301
Prior Year Adjustment				
Deficit on Income and Expenditure Account	(305,881)		(305,881)	(657,056)
Realised Investment Gains		128,050	128,050	401,254
Unrealised Investment Gains		833,407	833,407	9,561
Transfer				
Closing Value of Funds	(3,360,169)	12,005,805	8,645,636	7,990,060

ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

Investments	-	8,153,626	8,153,626	7,456,046
Other Net Assets (Liabilities)	(3,360,169)	3,852,179	492,010	534,014
	(3,360,169)	12,005,805	8,645,636	7,990,060