

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



FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2001

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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
C R Buckle CBE (deceased 12.10.01)
Sir Hugh Roberts
Sir Nicholas Goodison
Mr Roger Tempest
Sir Ernest Hall
Sir Jonathan Miller

CHIEF EXECUTIVE

Mr Terence Suthers

SECRETARY

Mr Terence 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
19 Cookridge Street, Leeds, LS2 3AG

AUDITORS

Lishman Sidwell Campbell & Price Ltd
397 Harrogate Road
Moortown
Leeds, LS17 6DJ

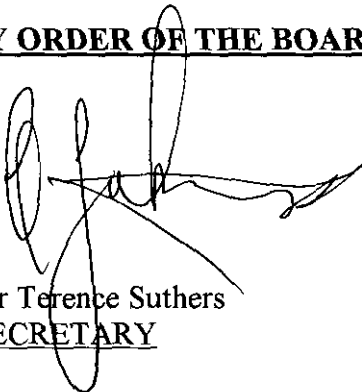
HAREWOOD HOUSE TRUST LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice hereby given that the 2002 annual general meeting of Harewood House Trust Limited will be held at Harewood House, Harewood, Leeds on 2 August 2002 to transact the following business:

1. To receive, consider and adopt the trustees' report and accounts for the year ended 31 December 2001.
2. To agree the remuneration of the auditors.
3. To propose the re-appointment of Messrs Lishman Sidwell Campbell & Price Ltd as auditors of the company.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'T. Suthers', written over the printed name and title.

Mr Terence Suthers
SECRETARY

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

The trustees submit their annual report and accounts for the year ended 31 December 2001.

TRUSTEES

The trustees, who are also the directors of the charity, who served during the financial period, were:

Lord Harewood	Lady Harewood
The Viscountess Lascelles	The Viscount Lascelles
Lord Romsey	Sir Hugh Roberts
Sir Nicholas Goodison	Mr Roger Tempest
Sir George W L Christie	
Sir Ernest Hall	
Sir Jonathan Miller	
C R Buckle CBE (deceased 12.10.01)	

The trustees who are also members of the charity 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 charity is a company limited by guarantee and each member's liability is limited to £1,000.

PRINCIPAL ACTIVITIES

The charity holds a lease of Harewood House and surrounding lands. The charity's principal activities are to preserve for the public benefit Harewood House with its ancillary buildings, gardens, arboreta, woodlands and park; to promote the study and appreciation of Harewood as a place of historic and cultural interest and natural beauty; to provide facilities for recreation and leisure time occupations; and to advance the education of the public in the arts and sciences.

ORGANISATION AND POLICY

In order to achieve its objectives, the charity applies income generated by admissions, investments, 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.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

FINANCIAL POSITION

The results for the year ended 31 December 2001 are shown on Page 7. Despite the delayed start to the season caused by foot and mouth disease precautions, visitor numbers were at record levels during the year. Consequently visitor related income showed significant increases on the previous year but grants and sponsorship receivable along with investment income were less which resulted in a reduction in total income for the year to £2,623,491 (2000:£2,778,357). In common with the general trend, accelerated by the events of September 11th 2001, there was also a further substantial fall in investment values during the year. Operating costs fell with the lower level of project expenditure to £3,290,706 (2000: £3,879,439).

Overall the deficit on ordinary activities was much lower at £667,215 (2000: £1,101,082). The charity continued with the gift aid scheme on Harewood card members' subscriptions, the tax relief on which has been a significant set off against falling investment income.

As shown in note 17e on page 22 the charity purchased from the Harewood Estate at a cost of £150,000 plus fees a long lease on property previously rented from them. This will give the charity more options in the development of this property in the medium term plan. The Harewood Estate is a business which is regarded as a connected person. A bank loan of £160,000 was received to finance this transaction.

As set out in the accounting policies on page 13, group accounts have been prepared which consolidate the results of Harewood House Trust Limited and its subsidiary Harewood House Trading Limited. The results of the subsidiary are shown at note 15. Retail, catering and events income was at a similar level to the previous year. Profitability was also unchanged and the gift aid contribution to the parent company was £164,829 (2000: £163,500), which is considered to be an excellent return.

Income in the first quarter of the 2002 season is ahead of budget and the prospects for the year look encouraging although the costs of insurance have increased substantially at the 2002 renewal.

The results, together with the state of affairs of the charity are considered to be satisfactory.

INVESTMENTS AND RESERVES

The trustees delegate the management of its investments to two investment managers. The investment sub-committee of the charity comprising of five trustees receives quarterly reports from and meets with each manager to monitor their respective performance. The managers are not restricted in any way and are expected to out perform the appropriate indices.

The endowed funds are not restricted in any way and the trustees have the ability to convert capital into income. The funds are thus described as unrestricted income and expendable endowment throughout.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

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 charity and of the surplus or deficit of the charity 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.

RISK MANAGEMENT

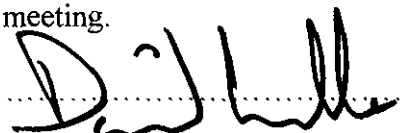
The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate those risks as follows:

- Investment risk - the charity limits investment risk through the monitoring and policy instructions of the investment sub committee in partnership with the fund managers.
- Security risk - the charity invests fully in security personnel and devices to ensure the safety of its assets. Emergency fire and evacuation plans are in place and are regularly tested and reviewed. Insurance cover is regularly assessed and is satisfactory.
- Public liability risk - staff are trained to assist members of the public and the charity is fully insured in connection with its opening to the public.

In order to indemnify the trustees against the consequences of neglect or default on their part, the charity has purchased indemnity insurance. The cost is shown on page 8 note 2.

AUDITORS

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

 Trustee

2.8.02 Date

HAREWOOD HOUSE TRUST LIMITED

AUDITORS REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

We have audited the financial statements of Harewood House Trust Limited on pages 7 to 22. These financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at market value, and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described on page 5, the charity's trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the trustees is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the report of the trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 charity's affairs as at 31 December 2001 and of its deficit for the year 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
397 HAROGATE ROAD
MOORTOWN
LEEDS LS17 6DJ

Dated: 19 September 2002

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY **FOR THE YEAR ENDED 31 DECEMBER 2001**

NOTES

	<u>Unrestricted</u> <u>Income</u> <u>£</u>	<u>Expendable</u> <u>Endowment</u> <u>£</u>	<u>Total</u> <u>31.12.01</u> <u>£</u>	<u>Total</u> <u>31.12.00</u> <u>£</u>
<u>INCOMING RESOURCES:</u>				
<u>Activities to generate funds:</u>				
Admissions and special events	1,059,122	-	1,059,122	948,624
Retail	320,818	-	320,818	290,521
Catering	607,107	-	607,107	647,522
Guide books and other book sales	40,540	-	40,540	65,778
Gift aid	58,471	-	58,471	21,573
Rents	24,085	-	24,085	19,960
Sub total	2,110,143	-	2,110,143	1,993,978
<u>Activities to further the charity's objects:</u>				
Grants & sponsorship receivable	261,165	-	261,165	488,846
Management services	42,513	-	42,513	37,248
Investment income	171,983	-	171,983	221,295
Other income	37,687	-	37,687	36,990
<u>TOTAL INCOMING RESOURCES</u>	<u>2,623,491</u>	<u>-</u>	<u>2,623,491</u>	<u>2,778,357</u>
<u>RESOURCES EXPENDED:</u>				
<u>Direct charitable expenditure:</u>				
Property held for preservation	431,708	-	431,708	1,000,677
Maintaining property open to the public	802,023	-	802,023	806,800
<u>Cost of generating funds:</u>				
1 Fund raising and publicity	1,710,984	-	1,710,984	1,759,823
<u>Support costs:</u>				
2 Management and administration	345,991	-	345,991	312,139
	<u>3,290,706</u>	<u>-</u>	<u>3,290,706</u>	<u>3,879,439</u>
<u>NET OUTGOING RESOURCES</u>	<u>(667,215)</u>	<u>-</u>	<u>(667,215)</u>	<u>(1,101,082)</u>
Realised gains on investment assets	-	241,596	241,596	756,303
Unrealised losses on investment assets	-	(1,120,273)	(1,120,273)	(1,017,040)
Net movement in funds	(667,215)	(878,677)	(1,545,892)	(1,361,819)
Funds brought forward at 1.1.01	(6,049,306)	13,655,219	7,605,913	8,967,732
<u>FUNDS CARRIED FORWARD AT 31.12.01</u>	<u>(6,716,521)</u>	<u>12,776,542</u>	<u>6,060,021</u>	<u>7,605,913</u>

Movement in funds is disclosed in Note 16 to the financial statements.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>31.12.01</u>	<u>31.12.00</u>
	<u>£</u>	<u>£</u>
1 <u>FUND RAISING AND PUBLICITY</u>		
Bird garden operating costs	140,702	139,460
Marketing and site operating costs	397,490	380,379
Special events, retail and catering	982,690	964,813
Concerts and exhibitions	93,271	181,708
Management	<u>96,831</u>	<u>93,463</u>
	<u>1,710,984</u>	<u>1,759,823</u>
2 <u>MANAGEMENT AND ADMINISTRATION</u>		
Salaries and office costs	287,439	238,312
Legal and professional fees	8,994	7,606
Rent	23,340	26,340
Audit fees	8,350	8,250
Trustees expenses	500	889
Trustees indemnity insurance	2,021	1,838
Investment management fees	<u>15,347</u>	<u>28,904</u>
	<u>345,991</u>	<u>312,139</u>

See statement of accounting policies on page 13 for treatment of expenditure

HAREWOOD HOUSE TRUST LIMITED**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>NOTE</u>	<u>31.12.01</u>	<u>31.12.00</u>
		<u>£</u>	<u>£</u>
<u>TURNOVER</u>		2,260,757	2,142,043
Operating and administrative expenses		<u>(3,097,581)</u>	<u>(3,461,791)</u>
<u>OPERATING (DEFICIT)</u>	5	(836,824)	(1,319,748)
Interest receivable and similar income	6	171,983	221,295
Interest payable and similar charges	7	<u>(2,374)</u>	<u>(2,629)</u>
<u>(DEFICIT) ON ORDINARY ACTIVITIES</u>		(667,215)	(1,101,082)
Tax on deficit on ordinary activities	8	-	-
(Deficit) brought forward		(6,049,306)	(4,948,224)
<u>RETAINED (DEFICIT) CARRIED FORWARD</u>		<u>(6,716,521)</u>	<u>(6,049,306)</u>
<u>TOTAL RECOGNISED GAINS AND LOSSES</u>			
Deficit on ordinary activities		(667,215)	(1,101,082)
Realised gains on disposal of investments	16	241,596	756,303
Unrealised losses on investments	16	(1,120,273)	(1,017,040)
Total recognised (losses) gains relating to the year		<u>(1,545,892)</u>	<u>(1,361,819)</u>

CONTINUING OPERATIONS

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

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2001

	<u>Notes</u>	<u>31.12.01</u> £	<u>31.12.00</u> £
<u>FIXED ASSETS</u>			
Tangible assets	9	722,379	619,771
Investments	10	<u>5,729,783</u>	<u>7,193,766</u>
		<u>6,452,162</u>	<u>7,813,537</u>
<u>CURRENTS ASSETS</u>			
Stocks	11	91,119	86,013
Debtors	12	199,726	123,231
Cash at bank and in hand		<u>5,655</u>	<u>44,742</u>
		296,500	253,986
<u>CREDITORS</u> - amounts falling due within one year	13	<u>(553,359)</u>	<u>(461,610)</u>
<u>NET CURRENT ASSETS/(LIABILITIES)</u>		(256,859)	(207,624)
<u>CREDITORS</u> - amounts falling due after more than one year	14	(135,282)	-
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>6,060,021</u>	<u>7,605,913</u>

Financed by:

FUNDS

Expendable Endowment	16	12,776,542	13,655,219
Unrestricted Income Fund	16	(6,716,521)	(6,049,306)
		<u>6,060,021</u>	<u>7,605,913</u>

Trustee



Date

2.8.02

HAREWOOD HOUSE TRUST LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
FOR THE YEAR ENDED 31 DECEMBER 2001

	<u>Notes</u>	<u>31.12.01</u>		<u>31.12.00</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>NET OUTGOING RESOURCES</u>	1		(776,823)		(1,159,618)
<u>BEFORE FINANCING</u>					
<u>Returns on investment and servicing of finance</u>					
Investment income received		171,983		221,295	
Interest paid		<u>(2,374)</u>		<u>(2,629)</u>	
			169,609		218,666
<u>Investing activities</u>					
Purchase of tangible fixed assets		(203,801)		(126,772)	
Sale of tangible fixed assets		882		-	
Purchase of investments		(243,471)		(2,377,479)	
Sales of investments		<u>1,014,152</u>		<u>3,319,539</u>	
			567,762		815,288
<u>Financing</u>					
Bank loan received		160,000		-	
Loan repaid		<u>(10,533)</u>		<u>(21,311)</u>	
			149,467		(21,311)
<u>INCREASE (DECREASE) IN CASH</u>	2		<u>110,015</u>		<u>(146,975)</u>
<u>AND CASH EQUIVALENTS</u>					

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

1 Reconciliation of net outgoing resources before investment income and interest paid

	<u>31.12.01</u>	<u>31.12.00</u>
	<u>£</u>	<u>£</u>
Operating loss (including re-roofing)	(836,824)	(1,319,748)
Depreciation	99,949	106,197
(Increase)decrease in stocks	(5,106)	3,376
(Increase)decrease in debtors	(76,495)	88,901
Increase(decrease) in creditors	41,653	(38,344)
	<u>(776,823)</u>	<u>(1,159,618)</u>

2 Analysis of changes in cash and cash equivalents during the year

	<u>£</u>
Balance at 1 January 2000	186,708
Net outflow	<u>(146,975)</u>
Balance at 31 December 2000	<u>39,733</u>

Balance at 1 January 2001	39,733
Net inflow	<u>110,015</u>
Balance at 31 December 2001	<u>149,748</u>

Analysed in balance sheet

Cash at bank and in hand	5,655
Investments - cash on deposit with fund managers	232,765
Bank overdraft	<u>(88,672)</u>
Net funds and debt at 31 December 2001	<u>149,748</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2001**

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 SORP 2000 as modified by the inclusion of fixed asset investments at market value. The charity's financial statements consolidate the statement of financial activity and the balance sheet of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. No separate statement of financial activity has been presented for the charity alone as permitted by S230 Companies Act 1985 and paragraph 304 of the SORP.

b Turnover

Turnover represents income receivable in the period comprising admissions, special events, retail sales and catering income along with other income arising from the charity'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:

Motor vehicles	- 20% reducing balance
Plant and machinery	- 10% - 20% reducing balance
Playground equipment	- 10% reducing balance
Leasehold property and buildings	- 2% - 5% 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.

3 a Grants receivable and other incoming resources

Grants receivable towards revenue expenditure are credited to the income and expenditure account in the period to which they relate. Grants receivable towards capital expenditure are deducted from the cost of fixed assets in the period in which they are acquired.

b Resources expended

All expenditure is accounted for on an accruals basis. Specific overheads are attributed directly to the preservation and maintenance of charitable activities. Overheads relating to the management of the charity's assets, its organisational administration and compliance with statutory requirements are reported as management and administration costs. Other non-specific overheads are allocated to preservation and maintenance or fund raising based on staff hours or level of fund raising as appropriate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

NOTES	31.12.01	31.12.00
	£	£
4 STAFF COSTS		
Wages and salaries	1,148,981	1,099,335
National insurance	77,527	77,974
Pension costs	54,218	50,323
	<u>1,280,726</u>	<u>1,227,632</u>

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

	No	No
Full time including full-time equivalents	<u>104</u>	<u>101</u>

The number of employees whose emoluments as defined for taxation purposes amounted to more than £50,000 in the year was as follows:

	No	No
£50,000 - £60,000	<u>1</u>	<u>1</u>

Pension contributions for high earners were £16,311 (2000:£13,804)

The trustees receive no remuneration for their services. Expenses reimbursed are shown below.

5 OPERATING DEFICIT	£	£
The Operating deficit is stated after charging		
Major renovation and project costs	431,708	1,000,679
Less grants receivable	<u>(190,751)</u>	<u>(415,766)</u>
Net expenditure	240,957	584,913
Auditors remuneration	8,350	8,250
Auditors fees for other services	8,308	6,195
Consultancy	805	2,930
Depreciation	99,949	106,197
Trustees expenses	500	889
Trustees indemnity insurance	2,021	1,838

6 INTEREST RECEIVABLE AND SIMILAR INCOME	£	£
Other interest	5,479	3,758
Dividend income	<u>166,504</u>	<u>217,537</u>
	<u>171,983</u>	<u>221,295</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES	£	£
Interest payable on short term borrowing	<u>2,374</u>	<u>2,629</u>

8 TAXATION

- (a) Charity-No corporation tax is chargeable because of the company's charitable status
- (b) Subsidiary-No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2001

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

NOTES

9 TANGIBLE FIXED ASSETS

	<u>Long lease land & buildings</u>	<u>Plant and machinery</u>	<u>Playground equipment</u>	<u>Tractors</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£	£
<u>Cost</u>						
As at 1 January 2001	236,376	1,087,128	171,307	18,965	34,594	1,548,370
Additions	151,710	40,026	-	2,565	9,500	203,801
Disposals	-	(2,430)	-	-	-	(2,430)
As at 31 December 2001	<u>388,086</u>	<u>1,124,724</u>	<u>171,307</u>	<u>21,530</u>	<u>44,094</u>	<u>1,749,741</u>
<u>Depreciation</u>						
As at 1 January 2001	222,783	592,139	67,216	18,965	27,496	928,599
Charge for the year	8,172	77,535	10,409	513	3,320	99,949
Eliminated on disposals	-	(1,186)	-	-	-	(1,186)
As at 31 December 2001	<u>230,955</u>	<u>668,488</u>	<u>77,625</u>	<u>19,478</u>	<u>30,816</u>	<u>1,027,362</u>
<u>Net Book Value</u>						
As at 31 December 2001	<u>157,131</u>	<u>456,236</u>	<u>93,682</u>	<u>2,052</u>	<u>13,278</u>	<u>722,379</u>
As at 31 December 2000	<u>13,593</u>	<u>494,989</u>	<u>104,091</u>	<u>-</u>	<u>7,098</u>	<u>619,771</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

NOTES

9(a) **WORKS OF ART**

Lord Harewood has donated in earlier years certain works of art, mirrors and porcelain and the trustees continue to add to the collection. These items are of national significance, inalienable and historic due to their association with Harewood House and because their continued display is in the furtherance of the objectives of the charity.

These inalienable and historic assets have not been capitalised because of the significant costs involved in producing reliable market values, which the charity considers to be onerous when compared to the additional information which would be provided to users of these accounts.

The inclusion of these assets at historic cost and/or value at the date of donation would increase total funds to £7,567,695 (2000: £9,109,090).

The net cost to the charity of acquiring inalienable and historic assets in the year was £4,500

9(b) **LEASE OF HAREWOOD HOUSE**

On 4 June 1986 the charity took an assignment of a lease of Harewood House and surrounding land for a period, and on 12 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 an arms length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

NOTES**£****10 INVESTMENTS**

Movements of investments market value

As at 1 January 2001	7,146,014
Additions	243,471
Disposals	(1,014,152)
Realised gains	241,955
Unrealised gains	<u>(1,120,273)</u>
As at 31 December 2001	<u>5,497,015</u>

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

	<u>31.12.01</u>	<u>31.12.00</u>
	<u>£</u>	<u>£</u>
Direct listed investments		
UK	2,338,972	3,150,072
Overseas	-	-
	<u>2,338,972</u>	<u>3,150,072</u>
Indirect listed investments		
UK	1,879,867	2,488,387
Overseas	<u>1,278,176</u>	<u>1,507,555</u>
	5,497,015	7,146,014
Cash on deposit	102	-
Cash on deposit with investment managers	<u>232,666</u>	<u>47,752</u>
	<u>5,729,783</u>	<u>7,193,766</u>

Material investments

Investments which comprise more than 5%
by value are:

	<u>31.12.01</u>	<u>31.12.01</u>
	<u>£</u>	<u>%</u>
Charishare Dist. Units (UK)	1,433,048	25
KWS Overseas Fund Inc	402,782	7

Investments held by the charity also include £100 investment in the subsidiary
company at cost.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

<u>NOTES</u>		<u>31.12.01</u>	<u>31.12.00</u>
		<u>£</u>	<u>£</u>
11	<u>STOCKS</u>		
	Retail, catering and guide books etc	50,800	46,052
	Birds	<u>40,319</u>	<u>39,961</u>
		<u>91,119</u>	<u>86,013</u>
12	<u>DEBTORS</u>		
	Trade debtors and other debtors	118,097	80,020
	VAT	19,696	9,861
	Prepayments and accrued income	43,340	30,920
	Income tax	<u>18,593</u>	<u>2,430</u>
		<u>199,726</u>	<u>123,231</u>
13	<u>CREDITORS:</u> <u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
	Bank loan	21,040	6,855
	Bank overdraft	88,672	52,761
	Trade creditors	169,153	157,567
	Other creditors including social security and other taxes	32,627	23,458
	Accruals and deferred income	<u>241,867</u>	<u>220,969</u>
		<u>553,359</u>	<u>461,610</u>
14	<u>CREDITORS:</u> <u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>		
	Bank loan	<u>135,282</u>	<u>-</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2001**

NOTES

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SUBSIDIARY COMPANY

The charity owns the whole of the issued ordinary share capital (100 shares of £1 each) of Harewood House Trading Limited, a company registered in England & Wales. The subsidiary is used for non-primary purpose trading activities, namely retail gift shops, catering and special events. All activities have been consolidated on a line by line basis in the SOFA. The total net profit is gifted to the charity. A summary of the results of the subsidiary is shown below.

Harewood House Trading Limited **Summary profit & loss account**

	Retail 2001 £	Catering 2001 £	Events 2001 £	Total 2001 £	Total 2000 £
Turnover	323,144	624,906	251,488	1,199,538	1,163,115
Cost of sales	244,143	365,822	105,437	715,402	641,279
Gross profit	79,001	259,084	146,051	484,136	521,836
Administrative expenses	32,898	222,934	67,018	322,850	360,680
Net profit	46,103	36,150	79,033	161,286	161,156

Summary Balance Sheet

	2001 £	2000 £
Fixed assets	40,480	45,053
Current assets	157,557	121,682
Current liabilities	(226,724)	(191,879)
Total assets	(28,687)	(25,144)
Share capital	100	100
Reserves	(28,787)	(25,244)
	(28,687)	(25,144)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

NOTES

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FUNDS

RECONCILIATION AND ANALYSIS OF MOVEMENT OF FUNDS

	<u>Unrestricted</u>	<u>Expendable</u>	<u>Total</u>	<u>Total</u>
	<u>Income Fund</u>	<u>Endowment</u>	<u>31.12.01</u>	<u>31.12.00</u>
	£	£	£	£
Opening value of funds	(6,049,306)	13,655,219	7,605,913	8,967,732
Deficit on income and expenditure account	(667,215)		(667,215)	(1,101,082)
Realised investment gains	-	241,596	241,596	756,303
Unrealised investment losses		(1,120,273)	(1,120,273)	(1,017,040)
Transfer	-	-	-	-
Closing value of funds	<u>(6,716,521)</u>	<u>12,776,542</u>	<u>6,060,021</u>	<u>7,605,913</u>

ANALYSIS OF FUND BALANCES BETWEEN ASSETS

Investments	-	5,729,783	7,193,866
Other net assets (liabilities)	<u>(6,716,521)</u>	<u>7,046,759</u>	<u>412,047</u>
	<u>(6,716,521)</u>	<u>12,776,542</u>	<u>7,605,913</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2001**

NOTES

17 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

The Earl of Harewood and the Countess of Harewood entered into transactions with the charity during the year.

Viscount Lascelles entered into transactions with the charity during the year, through the following businesses in which he had a direct interest:-

Harewood Estate
Harewood Property Company Limited
Thread Cross Films Limited

Details of the transactions are:-

a Transactions with Harewood Estate £4,302

The charity was reimbursed by the Harewood Estate for recharges of minor travel and office expenses.

b Rent and other charges to Lord and Lady Harewood £62,436

The charity charged a rent in respect of apartments and the garden used by Lord and Lady Harewood within Harewood House. The rents charged are at market rates and were established by Messrs Carter Jonas, a third party firm of surveyors. In addition amounts were recharged for the use of utilities, a gardener and other office expenses at cost.

c Transactions with Thread Cross Films Limited £18,245

Viscount Lascelles has been charged by the charity with the time-apportioned share of a personal assistant's salary at cost, through Thread Cross Films of which Viscount Lascelles is a director. In addition there were recharges for minor office expenses.

d Transactions with Viscount and Viscountess Lascelles £4,854

The charity recharged the Viscount and Viscountess Lascelles with day-to-day office and other expenses.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

NOTES

17 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS Continued

e Purchases from the Harewood Estate £328,652

The charity purchased from the Harewood Estate on a 99 year lease at a cost of £150,000 a property known as Terrace Cottage which was previously rented. The valuation of the property was determined by two independent surveyors.

The charity was charged rent by Harewood Estate, determined commercially by a third party surveyor, in respect of Moor House, the charity's head office, staff cottages and facility fees.

In addition there were certain services for security and repairs which were provided by the Harewood Estate to the charity and which were recharged by the Harewood Estate to the charity at cost. This represents an amount paid to a trustee (Viscount Lascelles) for services provided to the charity.

f Purchases from The Harewood Property Company Limited £5,400

This represents rent payable for certain staff cottages occupied by charity employees. Viscount Lascelles is a director of this company.

g At 31 December 2001 balances were as follows:-

Owed to the charity by:	Harewood Estate	£ 2,744
	Lord and Lady Harewood	£ 14,505
	Viscount and Viscountess Lascelles	£ 3,092
	Thread Cross Films Limited	£ 13,091

Owed by the charity to:	Harewood Estate	£13,430
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As the charity and the Harewood Estate share the above common services which are re-invoiced by the charity or to the Harewood Estate or vice versa, invoices which are rendered near to the end of the charity's financial year are shown in these accounts as amounts outstanding. These do not represent loans but are simply amounts outstanding as at 31 December 2001. In practice invoices are paid promptly by all connected persons to the charity.

h In addition to the foregoing, travel expenses of £350 were incurred by the board of trustees in carrying out their duties plus a fee of £150 for attending an Arts lecture. Both these items represent a reimbursement of trustee expenses.