

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31st DECEMBER 2002

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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
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
Fisher More Chambers
12-14 Westgate
Tadcaster, LS24 9AB

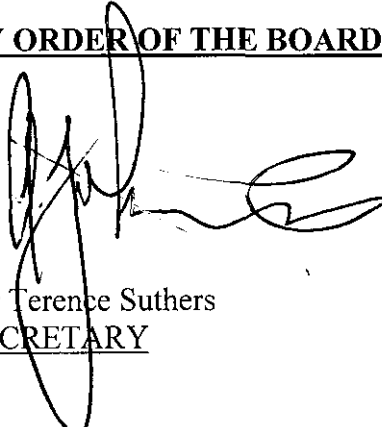
HAREWOOD HOUSE TRUST LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice hereby given that the 2003 annual general meeting of Harewood House Trust Limited will be held at Harewood House, Harewood, Leeds on ~~5 August~~ 2003 to transact the following business:

1. To receive, consider and adopt the trustees' report and accounts for the year ended 31 December 2002.

BY ORDER OF THE BOARD



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 2002.

TRUSTEES

The trustees may appoint any person as a trustee provided that the maximum of twelve is not exceeded. Any trustee so appointed shall retire at the next annual general meeting but shall be eligible for re-election. Trustees will then retire by rotation every three years but will be eligible for re-election.

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	

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 Memorandum and Articles 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, donations, investments, grants and sponsorship to programmes of repairs and improvements to the House and its grounds. The finance and general purposes committee and the audit committee were formerly constituted and provided with terms of reference at a full trustees meeting held on the 18 December 2002. The trustees, the finance and general purposes committee and the audit committee each meet biannually to review progress and financial controls and also 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 2002 are shown on Page 7. The year 2002 was another record for attendances with 325,000 visits, exceeding the 2001 record of 315,000. Visitor related income and gift aid again showed significant increases on the previous year but grants receivable along with investment income were less. Overall there was a reduction of £23,045 in total income compared to the previous year. There was a further substantial fall in investment values during the year in line with market falls generally. Resources expended fell by £3,602 mainly due to a reduction in preservation expenditure offset by an increase in operating costs because of the increased level of visitor activity .

Overall the deficit on ordinary activities was at a similar level to last year at £(686,658) (2001: £(667,215)).

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 on page 19 note 15. Retail, catering and events were at a similar level to the previous year. Profitability was up and the gift aid contribution to the parent company was £182,866 (2001: £164,829), which is considered to be an excellent return.

In January 2002 the trustees, following advice from both investment managers, decided not to draw down on equities to fund the operating deficit as had been the case in previous years. The alternative funds were provided by NatWest bank overdraft facilities at an interest rate of 1% above base rate. As a result the bank overdraft has increased to £839,846 (2001:£88,672). See page 18 note 13.

Income in the first quarter of the 2003 season is ahead of budget and the trading prospects for the year again look encouraging.

The trustees are concerned at the fall in value of the charity's investments. In order to secure additional capital, the trustees are pursuing funding bids in connection with the Stables Redevelopment Project with the regional offices of the Heritage Lottery Fund, English Heritage and Yorkshire Forward. The charity also has advanced plans to submit an application for endowment funding to the Heritage Lottery Fund.

The success of these applications is crucial to financial future of the charity. It is considered vital that the endowment and resultant income is boosted by one means or another.

INVESTMENTS AND RESERVES

The trustees delegate the management of its investments to two investment managers. The finance and general purposes 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 outperform 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.

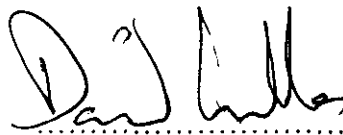
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

RISK MANAGEMENT

The trustees continually assess the risks to which the charity is exposed and are satisfied that systems are in place to mitigate those risks. The major risks identified are:

- Investment risk - the charity limits investment risk through the monitoring and policy instructions of the finance and general purposes 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 3.

 Trustee

...5 August 2003 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 2002 and of its deficit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

Lishman Sidwell Campbell & Price
LISHMAN SIDWELL CAMPBELL & PRICE LTD
REGISTERED AUDITOR
FISHER MORE CHAMBERS
12-14 WESTGATE
TADCASTER LS24 9AB

Dated: 13th August 2003

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY **FOR THE YEAR ENDED 31 DECEMBER 2002**

NOTES

	<u>Unrestricted</u> <u>Income</u> <u>£</u>	<u>Expendable</u> <u>Endowment</u> <u>£</u>	<u>Total</u> <u>31.12.02</u> <u>£</u>	<u>Total</u> <u>31.12.01</u> <u>£</u>
<u>INCOMING RESOURCES:</u>				
<u>Activities to generate funds:</u>				
1 Admissions donations and events	1,275,396	-	1,275,396	1,117,593
Retail	343,679	-	343,679	320,818
Catering	588,629	-	588,629	607,107
Guide books and other book sales	41,402	-	41,402	40,540
Rents	25,590	-	25,590	24,085
Sub total	2,274,696	-	2,274,696	2,110,143
<u>Activities to further the charity's objects:</u>				
Grants & sponsorship receivable	87,633	-	87,633	261,165
Management services	42,505	-	42,505	42,513
<u>Investment income</u>	157,223	-	157,223	171,983
<u>Other income</u>	38,389	-	38,389	37,687
<u>TOTAL INCOMING RESOURCES</u>	<u>2,600,446</u>	<u>-</u>	<u>2,600,446</u>	<u>2,623,491</u>
<u>RESOURCES EXPENDED:</u>				
<u>Direct charitable expenditure:</u>				
Property held for preservation	330,211	-	330,211	431,708
Maintaining property open to the public	954,745	-	954,745	802,023
<u>Cost of generating funds:</u>				
2 Fund raising and publicity administration	1,657,051	-	1,657,051	1,710,984
<u>Support costs:</u>				
3 Management and administration	345,097	-	345,097	345,991
	<u>3,287,104</u>	<u>-</u>	<u>3,287,104</u>	<u>3,290,706</u>
<u>NET OUTGOING RESOURCES</u>	<u>(686,658)</u>	<u>-</u>	<u>(686,658)</u>	<u>(667,215)</u>
Realised (losses)/gains on investment assets	-	(49,247)	(49,247)	241,596
Unrealised (losses) on investment assets	-	(1,078,961)	(1,078,961)	(1,120,273)
Net movement in funds	(686,658)	(1,128,208)	(1,814,866)	(1,545,892)
Funds brought forward at 1.1.02	(6,716,521)	12,776,542	6,060,021	7,605,913
<u>FUNDS CARRIED FORWARD AT 31.12.02</u>	<u>(7,403,179)</u>	<u>11,648,334</u>	<u>4,245,155</u>	<u>6,060,021</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 2002

	<u>31.12.02</u>	<u>31.12.01</u>
	<u>£</u>	<u>£</u>
1 <u>ADMISSIONS, DONATIONS AND EVENTS</u>		
Donations under gift aid	486,947	324,248
Admissions	545,538	542,207
Special events	242,911	251,138
	<u>1,275,396</u>	<u>1,117,593</u>
2 <u>FUND RAISING AND PUBLICITY</u>		
Bird garden operating costs	136,744	140,702
Marketing and site operating costs	415,775	397,490
Special events, retail and catering	944,309	982,690
Concerts and exhibitions	54,538	93,271
Management	105,685	96,831
	<u>1,657,051</u>	<u>1,710,984</u>
3 <u>MANAGEMENT AND ADMINISTRATION</u>		
Salaries and office costs	296,751	287,439
Legal and professional fees	11,174	8,994
Rent	14,340	23,340
Audit fees	8,000	8,350
Trustees expenses	1,994	500
Trustees indemnity insurance	2,363	2,021
Investment management fees	10,475	15,347
	<u>345,097</u>	<u>345,991</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 2002

	<u>NOTE</u>	<u>31.12.02</u> <u>£</u>	<u>31.12.01</u> <u>£</u>
<u>TURNOVER</u>		2,411,033	2,260,757
Operating and administrative expenses		<u>(3,226,944)</u>	<u>(3,097,581)</u>
<u>OPERATING (DEFICIT)</u>	5	(815,911)	(836,824)
Interest receivable and similar income	6	157,223	171,983
Interest payable and similar charges	7	<u>(27,970)</u>	<u>(2,374)</u>
<u>(DEFICIT) ON ORDINARY ACTIVITIES</u>		(686,658)	(667,215)
Tax on (deficit) on ordinary activities	8	-	-
(Deficit) brought forward		(6,716,521)	(6,049,306)
<u>RETAINED (DEFICIT) CARRIED FORWARD</u>		<u>(7,403,179)</u>	<u>(6,716,521)</u>
<u>TOTAL RECOGNISED GAINS AND LOSSES</u>			
(Deficit) on ordinary activities		(686,658)	(667,215)
Realised/(losses) gains on disposal of investments	16	(49,247)	241,596
Unrealised (losses) on investments	16	(1,078,961)	(1,120,273)
Total recognised (losses) relating to the year		<u>(1,814,866)</u>	<u>(1,545,892)</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 2002

	<u>Notes</u>	<u>31.12.02</u>	<u>31.12.01</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible assets	9	807,706	722,379
Investments	10	<u>4,517,271</u>	<u>5,729,783</u>
		<u>5,324,977</u>	<u>6,452,162</u>
<u>CURRENTS ASSETS</u>			
Stocks	11	81,806	91,119
Debtors	12	180,252	199,726
Cash at bank and in hand		<u>3,423</u>	<u>5,655</u>
		265,481	296,500
<u>CREDITORS</u> - amounts falling due within one year	13	<u>(1,223,567)</u>	<u>(553,359)</u>
<u>NET CURRENT (LIABILITIES)</u>		<u>(958,086)</u>	<u>(256,859)</u>
		4,366,891	6,195,303
<u>CREDITORS</u> - amounts falling due after more than one year	14	(121,736)	(135,282)
<u>TOTAL NET ASSETS</u>		<u>4,245,155</u>	<u>6,060,021</u>

Financed by:

FUNDS

Expendable Endowment	16	11,648,334	12,776,542
Unrestricted Income Fund	16	(7,403,179)	(6,716,521)
		<u>4,245,155</u>	<u>6,060,021</u>

Trustee



Date

5 August 2003

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2002**

	<u>Notes</u>	<u>31.12.02</u>		<u>31.12.01</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>NET OUTGOING RESOURCES</u>	1		(746,530)		(776,823)
<u>BEFORE FINANCING</u>					
<u>Returns on investment and servicing of finance</u>					
Investment income received		157,223		171,983	
Interest paid		<u>(27,970)</u>		<u>(2,374)</u>	
			129,253		169,609
<u>Investing activities</u>					
Purchase of tangible fixed assets		(206,477)		(203,801)	
Sale of tangible fixed assets		-		882	
Purchase of investments		(986,323)		(243,471)	
Sales of investments		<u>879,580</u>		<u>1,014,152</u>	
			(313,220)		567,762
<u>Financing</u>					
Bank loan received		-		160,000	
Loan repaid		<u>(13,543)</u>		<u>(10,533)</u>	
			(13,543)		149,467
<u>INCREASE (DECREASE) IN CASH</u>	2		<u>(944,040)</u>		<u>110,015</u>
<u>AND CASH EQUIVALENTS</u>					

HAREWOOD HOUSE TRUST LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

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

	<u>31.12.02</u>	<u>31.12.01</u>
	<u>£</u>	<u>£</u>
Operating loss	(815,911)	(836,824)
Depreciation	121,150	99,949
Decrease/(increase) in stocks	9,313	(5,106)
Decrease/(increase) in debtors	19,474	(76,495)
(Decrease)/increase in creditors	(80,556)	41,653
	<u>(746,530)</u>	<u>(776,823)</u>

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

	<u>£</u>
Balance at 1 January 2001	39,733
Net inflow	<u>110,015</u>
Balance at 31 December 2001	<u>149,748</u>
Balance at 1 January 2002	149,748
Net outflow	<u>(944,040)</u>
Balance at 31 December 2002	<u>(794,292)</u>

Analysed in balance sheet

Cash at bank and in hand	3,423
Investments - cash on deposit with fund managers	41,721
Bank overdraft	<u>(839,436)</u>
Net funds and debt at 31 December 2002	<u>(794,292)</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2002**

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, donations, 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 and tractors	- 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.

f Pensions

The charity operates a defined contribution scheme. Contributions payable for the year are charged in the income and expenditure account.

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 the assets 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.

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2002

<u>NOTES</u>	<u>31.12.02</u>	<u>31.12.01</u>
	<u>£</u>	<u>£</u>
4		
<u>STAFF COSTS</u>		
Wages and salaries	1,189,519	1,148,981
National insurance	84,578	77,527
Pension costs	52,499	54,218
	<u>1,326,596</u>	<u>1,280,726</u>

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

	<u>No</u>	<u>No</u>
Full time including full-time equivalents	<u>101</u>	<u>112</u>

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

	<u>No</u>	<u>No</u>
£50,000 - £60,000	<u>1</u>	<u>1</u>
Pension contributions for high earners were £17,229 (2001:£13,804)		

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

5	<u>OPERATING DEFICIT</u>	<u>£</u>	<u>£</u>
	The operating deficit is stated after charging		
	Major renovation and project costs	330,211	431,708
	Less grants receivable	<u>(32,190)</u>	<u>(190,751)</u>
	Net expenditure	298,021	240,957
	Auditors remuneration	8,000	8,350
	Auditors fees for other services	10,809	8,308
	Consultancy	2,746	805
	Depreciation	121,150	99,949
	Trustees expenses	1,994	500
	Trustees indemnity insurance	2,363	2,021

6	<u>INTEREST RECEIVABLE AND SIMILAR INCOME</u>	<u>£</u>	<u>£</u>
	Other interest	348	5,479
	Dividend income	<u>156,875</u>	<u>166,504</u>
		<u>157,223</u>	<u>171,983</u>

7	<u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u>£</u>	<u>£</u>
	Interest payable on short term borrowing	<u>27,790</u>	<u>2,374</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 2002

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

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>
	£	£	£	£	£	£
Cost						
As at 1 January 2002	388,086	1,124,724	171,307	21,530	44,094	1,749,741
Additions	-	142,367	11,094	-	53,016	206,477
As at 31 December 2002	<u>388,086</u>	<u>1,267,091</u>	<u>182,401</u>	<u>21,530</u>	<u>97,110</u>	<u>1,956,218</u>
Depreciation						
As at 1 January 2002	230,955	668,488	77,625	19,478	30,816	1,027,362
Charge for the year	8,793	88,210	10,478	410	13,259	121,150
As at 31 December 2002	<u>239,748</u>	<u>756,698</u>	<u>88,103</u>	<u>19,888</u>	<u>44,075</u>	<u>1,148,512</u>
Net Book Value						
As at 31 December 2002	<u>148,338</u>	<u>510,393</u>	<u>94,298</u>	<u>1,642</u>	<u>53,035</u>	<u>807,706</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>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2002**

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 £5,727,619.

The cost of acquiring inalienable and historic assets in the year was £896.

9(b) LEASE OF HAREWOOD HOUSE

On 4 June 1986 the charity took an assignment of a short lease of Harewood House and surrounding land 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.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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10 **INVESTMENTS**

Movements of investments market value

As at 1 January 2002	5,497,016
Additions	986,323
Disposals	(879,580)
Realised losses	(49,247)
Unrealised losses	<u>(1,078,962)</u>
As at 31 December 2002	<u>4,475,550</u>

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

	<u>31.12.02</u>	<u>31.12.01</u>
	<u>£</u>	<u>£</u>
Direct listed investments		
UK	2,141,036	2,338,972
Overseas	<u>-</u>	<u>-</u>
	2,141,036	2,338,972
Indirect listed investments		
UK	1,476,039	1,879,867
Overseas	<u>858,475</u>	<u>1,278,176</u>
	4,475,550	5,497,015
Cash on deposit with investment managers	<u>41,721</u>	<u>232,768</u>
	<u>4,517,271</u>	<u>5,729,783</u>

Material investments

Investments which comprise more than 5%
by value are:

	<u>31.12.02</u>	<u>31.12.02</u>
	<u>£</u>	<u>%</u>
Charishare Dist. Units (UK)	1,043,456	23
KWS Overseas Fund Inc	404,954	9

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 2002

<u>NOTES</u>	<u>31.12.02</u>	<u>31.12.01</u>
	<u>£</u>	<u>£</u>
 11		
<u>STOCKS</u>		
Retail, catering and guide books etc	41,112	50,800
Birds	40,694	40,319
	<u>81,806</u>	<u>91,119</u>
 12		
<u>DEBTORS</u>		
Trade debtors and other debtors	74,593	118,097
VAT	27,981	19,696
Prepayments and accrued income	72,276	43,340
Income tax	5,402	18,593
	<u>180,252</u>	<u>199,726</u>
 13		
<u>CREDITORS:</u>		
<u>AMOUNTS FALLING DUE WITHIN ONE YEAR</u>		
Bank loan	21,043	21,040
Bank overdraft	839,436	88,672
Trade creditors	135,056	169,153
Other creditors including social security and other taxes	22,780	32,627
Accruals and deferred income	205,252	241,867
	<u>1,223,567</u>	<u>553,359</u>
 During March 2003 the NatWest Bank took an equitable charge on the Trust's investments.		
 14		
<u>CREDITORS:</u>		
<u>AMOUNTS FALLING DUE AFTER ONE YEAR</u>		
Bank loan	<u>121,736</u>	<u>135,282</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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15 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 and 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 statement of financial activity. 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 2002 £	Catering 2002 £	Events 2002 £	Total 2002 £	Total 2001 £
Turnover	346,326	602,114	242,910	1,191,350	1,199,538
Cost of sales	261,082	329,305	78,467	668,854	715,402
Gross profit	85,244	272,809	164,443	522,496	484,136
Administrative expenses	33,126	229,782	68,159	331,067	322,850
Net profit	52,118	43,027	96,284	191,429	161,286
Gift aid donation				182,866	164,829
Profit/(loss) after gift aid				8,563	(3,543)

Summary Balance Sheet

	2002 £	2001 £
Fixed assets	84,319	40,480
Current assets	123,585	157,557
Current liabilities	(228,028)	(226,724)
	(20,124)	(28,687)
Represented by		
Share capital	100	100
Reserves	(20,224)	(28,787)
	(20,124)	(28,687)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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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>31.12.02</u>	<u>31.12.01</u>
	£	£	£	£
Opening value of funds	(6,716,521)	12,776,542	6,060,021	7,605,913
Deficit on income and expenditure account	(686,658)		(686,658)	(667,215)
Realised investment (losses) gains	-	(49,247)	(49,247)	241,596
Unrealised investment losses	-	(1,078,961)	(1,078,961)	(1,120,273)
Transfer	-	-	-	-
Closing value of funds	<u>(7,403,179)</u>	<u>11,648,334</u>	<u>4,245,155</u>	<u>6,060,021</u>

ANALYSIS OF FUND BALANCES BETWEEN ASSETS

Investments	-	4,517,271	4,517,271	5,729,783
Other net assets (liabilities)	<u>(7,403,179)</u>	<u>7,131,063</u>	<u>(272,116)</u>	<u>330,238</u>
	<u>(7,403,179)</u>	<u>11,648,334</u>	<u>4,245,155</u>	<u>6,060,021</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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 as follows:

Rent and other charges to Lord and Lady Harewood £47,268

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.

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 £11,918

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

b Transactions with Thread Cross Films Limited £22,577

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.

c Transactions with Viscount and Viscountess Lascelles £4,582

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 2002

NOTES

17 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS Continued

e Purchases from the Harewood Estate £132,221

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 At 31 December 2002 balances were as follows:-

Owed to the charity by:	Harewood Estate	£ 789
	Lord and Lady Harewood	£ 5,370
	Viscount and Viscountess Lascelles	£ 3,149
	Thread Cross Films Limited	£ 3,785

Owed by the charity to:	Harewood Estate	£ 15,868
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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 2002. In practice invoices are paid promptly by the Harewood Estate to the charity.

g In addition to the foregoing, travel and meeting expenses of £1,994 were incurred by the board of trustees in carrying out their duties. Both these items represent a reimbursement of trustee expenses.