

Company Number :- 02004021

HAREWOOD HOUSE TRUST LIMITED

(A Company Limited by Guarantee)

Annual Report

And

Financial Statements

For the Year Ended 31 December 2007

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HAREWOOD HOUSE TRUST LIMITED

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HAREWOOD HOUSE TRUST LIMITED

COMPANY INFORMATION

Trustees

Lord Brabourne
Sir George W L Christie
Paul Dolan
Sir Nicholas Goodison
Sir Ernest Hall (resigned 25 February 2008)
The Right Hon The Earl of Harewood
The Right Hon The Countess of Harewood
The Viscount Lascelles
The Viscountess Lascelles
Sir Hugh Roberts
Andrea de Vogel

Executive Chairman

The Viscount Lascelles (to 31 January 2008)

Chief Executive

Richard Mansell (from 1 February 2008)

Company Secretary

Matthew Wrigley

Registered Office

Harewood House,
Harewood,
Leeds, LS17 9LG

Registered Company Number

2004021

Charity Registration Number

517753

Bankers

NatWest Bank Plc
Leeds City Office
8 Park Row,
Leeds, LS1 1QS

Solicitors

Wrigley's Solicitors LLP
19 Cookridge Street,
Leeds, LS2 3AG

Auditors

Lishman Sidwell Campbell & Price LLP
Fisher More Chambers
12-14 Westgate
Tadcaster, LS24 9AB

HAREWOOD HOUSE TRUST LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice hereby given that the 2008 annual general meeting of Harewood House Trust Limited will be held at Harewood House, Leeds, LS17 9LG, at . a m. on 13 September 2008 to transact the following business

- 1 To receive, consider and adopt the trustees' report and accounts for the year ended 31 December 2007
- 2 To propose a resolution that Lishman Sidwell Campbell & Price LLP be re-appointed as auditors to the charity in accordance with Section 385 of the Companies Act 1985
- 3 To accept the retirement of trustees retiring by rotation and to propose the appointment of those trustees eligible for re-election in accordance with the Articles of Association

BY ORDER OF THE BOARD

Matthew Wngley
COMPANY 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 2007

Directors and Trustees

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

Lord Brabourne (Chairman of Audit Committee)	Sir Ernest Hall (resigned 25 February 2008)
Sir George W L Christie	Lord Harewood
Paul Dolan (Chairman of Finance & General Purposes Committee)	Lady Harewood
Sir Nicholas Goodison	The Viscount Lascelles (Chairman of Board of Trustees)
(Vice-Chairman Finance and General Purposes Committee)	The Viscountess Lascelles
	Sir Hugh Roberts
	Andrea de Vogel

The trustees who are also members of the charity are:

Lord Brabourne	Paul Dolan	Sir Nicholas Goodison
Lord Harewood	Viscount Lascelles	

The trustees wish to express their thanks to Sir Ernest Hall, who has retired as a trustee, for his advice, companionship and contribution to the Harewood House Trust.

Organisation

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 and two committees of trustees, being the Finance and General Purposes Committee and the Audit Committee, each meet biannually. The Finance and General Purposes Committee's role is to supervise the assets, investments and all financial and administrative affairs of the charity. It supervises budgetary matters and recommends approval of the annual budget to the trustees. The Audit Committee's role is to review the annual reports, accounts, auditors' reports and to report on them to the trustees. It is also responsible for reviewing the effectiveness of internal controls and for the identification and management of risk. The Chief Executive is responsible for day-to-day management and implementing the decisions of the trustees.

The charity owns all of the share capital of Harewood House Trading Limited, the activities and results of which are shown at note 24 on page 32.

Governing Document

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

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

Induction and Training of Trustees

On appointment, trustees are given an induction to the work of the charity and provided with the information necessary for them to perform their role successfully, including a copy of the governing document of the charity, the most recent accounts and the Charity Commission's guidance, "CC3a – The Essential Trustee An Introduction"

Objectives and Activities

The charity holds a lease for Harewood House and surrounding lands The charity's objectives are:

- to preserve for the public benefit Harewood House, its ancillary buildings, gardens, arboreta, woodlands and park which the charity holds on long lease and works of art donated by Lord Harewood, on loan from Lord Harewood and those acquired by the charity
- 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
- to advance the education of the public in the arts and sciences

In order to achieve its objectives in the year ended 31 December 2007, the charity has adopted the following strategies

maintaining the "core" historic buildings and gardens;

continuing to conserve and interpret the collections donated or loaned by Lord Harewood;

maximising access to all and providing a high quality service to all visitors, including those with disabilities;

developing exhibitions, educational programmes and publications and encouraging scholarly use of the collections,

providing events which are in sympathy with the inherent qualities of Harewood;

encouraging corporate partnerships through sponsorship and other fundraising activities to support the charity's work

Achievements and Performance

Overall 2007 was a year of consolidation for the charity The favourable weather in spring meant that attendance levels over the Easter period and slightly beyond were at unprecedented levels Conversely, the well documented unseasonably wet weather experienced in June and July did eliminate much of the benefit of the earlier attendance levels and moreover, also had a detrimental effect on the outdoor events programme, causing extensive ground damage and dictating that some events were cancelled However, conditions recovered, resulting in good attendance levels during the school holidays The overall result was an increase in donations and gate income from visitors, over and above 2006 levels This, coupled with lower core operating costs (excluding Carnival Messiah) and reduced building works and associated activity, resulted in a reduced operating deficit compared to 2006

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

Achievements and Performance (continued)

The charity can point to many achievements during 2007 and these are recorded under the activity headings below

Carnival Messiah and 1807 Commemoration of the Abolition of the Slave Trade

The charity's major theme in 2007 was the commemoration of the bi-centenary of the abolition of the slave trade with interpretation material, displays, contemporary art exhibitions and a Caribbean food weekend amongst several other similarly themed activities culminating in the staging at Harewood, in a big top tent, of Carnival Messiah, a large scale theatrical performance that combined the music of Handel's Messiah with the costumes, dance and music styles of the Caribbean. Produced by David Lascelles, whose experience in TV and film production helped ensure that this was both high profile and successful, the project brought together a wide multicultural mix of cast and audiences many of them with little previous knowledge of Harewood. Financially the project broke-even due to the support in funds and in kind of Harewood Estate along with grants from Yorkshire Forward, Leeds City Council, Heritage Lottery Fund, Arts Council, Peter Moores Foundation and sponsorship from KW Linfoot PLC and others. Income from ticket sales also represented a substantial part of the revenue.

David Lascelles also was prominent in media coverage of the commemoration, appearing on local TV news programmes, "Trade Roots" on Radio 4 and a BBC website debate on the legacy of the slave trade

House, Gardens and Bird Garden Activity

Complementary to the 1807 activities were exhibitions in the Watercolour Rooms, of sculptures by the Nigerian sculptor Sokari Douglas Camp and "Truth and Beauty: African Sculpture from Harewood and other local private collections".

In the Terrace Gallery "Matisse to Freud: A Critics Choice" exhibited works on paper from the collection of the late Alexander Walker, long-time film critic for the London Evening Standard, by some of the best known 20th century artists. Also in the Terrace Gallery were two films "Rush Hour", shot in Freetown Sierra Leone, and "Crop Over" about a carnival in Barbados, commissioned by Harewood alongside The Arts Council of England and Barbados Museum.

Other exhibitions included selected paintings by MF Hussein the renowned Indian artist in Lord Harewood's Sitting Room, and in the Gallery, "Shadows and Reflections", photographs by Jorma Puranen and "Single Shot Pomegranate", a time lapse film by Ori Gerht, both very popular with visitors. Working in partnership with the cross-cultural organisation Alchemy, the Hussein exhibition also attracted new audiences.

Successful bids to the Esmée Fairbairn Foundation and DCMS/Wolfson will allow the re-interpreting of the East Bedroom in Chinoiserie style and significantly, the restoration and re-hanging of Chinese wallpaper originating from the 18th century when it adorned one of the original bedrooms within the House. Such work will be a feature of the 2008 season.

Another new attraction which opened during the year was the 1761 John Carr designed Ice House, open for the public with an interpretation panel and internal lighting. This is the only British Country House Ice House open to the public.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

Achievements and Performance (continued)

The development of The Himalayan garden gathered pace during the year and the official opening of this is scheduled for May 2009. Unfortunately there was storm damage to trees and glasshouses during the year but this did not affect the enjoyment of visitors who made many favourable comments. There was also an increase in the number of volunteers in the gardens which is most welcome.

The Bird Garden, despite storm and flood damage, continued with its breeding programme with notable success being the mating of a pair of Violaceous Touraco. In addition there were successes with Red Crested Touraco, Java Sparrows and Speo Starlings.

The charity also maintained its relationship with other similar bodies and upgraded its records system which is now linked to the central ISIS database and most UK zoos.

Educational Activity

Learning and Access successes include the production of a web-based Bitter Sweet publication through Campaign – Making an Impact in partnership with the British Library, Hull Museums and Easingwold School.

For the second year as part of the aim to improve learning and access at Harewood, twenty students from Leeds schools worked with contemporary artists in July at the one-week Linfoot-Harewood Summer School. The trustees are very grateful for the continued support of Kevin Linfoot plc with this project.

Harewood was chosen as the location for the Yorkshire Planetarium, a new educational project which opened in spring 2007. Within this new attraction visitors can view images of the universe and watch new daily images from the Hubble telescope.

The Cultural Exchange project ran for six weeks and involved 4 local primary schools paired together with one school from an urban environment and one rural.

The HLF funded Harewood Explored entered its second of five years of audience development. The successful Moon Buggy week for family groups during the summer school holidays included family craft making activities in the educational suite within the refurbished Courtyard.

PhD collaborative work continued with the Department of Archaeology at York University, specifically research on the Harewood Estate Landscape in the 18th and 19th centuries.

Learning and Access staff are now consolidated within the new Education Suite in the Courtyard with two new members of staff appointed during the year for the HLF funded Harewood Explored project.

Commercial Trading Activity

The trading activity is carried out by Harewood House Trading Limited, the wholly owned trading subsidiary. The new facilities available following refurbishment of the old stable block, now known as the Courtyard, helped to improve returns in both catering and retail activities and these have allowed Harewood to position itself within the corporate conference market. This remains an area of potential growth in 2008 and beyond.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

Achievements and Performance (continued)

The poor weather in June and July affected attendances at the outdoor theatre events and also caused operating difficulties and ground damage at some of the major concerts, but despite this outdoor events still made a significant contribution to the profitability of the trading subsidiary See note 24 on page 32

Despite not having a major crowd-pulling exhibition to launch the season and continued disruption to retail facilities in the first half of the year, overall results of the Trading operation were significantly improved by record attendances at popular concerts and the O2 Wireless Festival, which together brought an audience of over 65,000 many being first time visitors to Harewood.

Chief Executive

Viscount Lascelles fulfilled the role of Executive Chairman of the charity throughout 2007 The trustees would like to express their thanks to him for taking on this role. However, during the year a comprehensive recruitment campaign was commissioned culminating in the appointment of Richard Mansell with effect from 1st February 2008 At that point Viscount Lascelles will revert to the role of Chairman of the charity. Viscount Lascelles did not receive any remuneration from the charity for his considerable input during the year and will not receive any remuneration when he reverts to his role as Chairman

Volunteers and Permanent Staff

Finally, the Trustees would like to thank all loyal volunteers and permanent staff for all their hard efforts during a difficult year Volunteers actively participating during the year numbered 240 with the benefit to Harewood of almost 7,000 recorded hours being equivalent to £40,000 at current statutory wage levels, a very significant contribution for which the Trustees are extremely grateful

Financial Review

The results for the year ended 31 December 2007 are shown on page 14 in the consolidated statement of financial activity

Two major projects had a significant bearing on the 2007 figures compared to 2006. The stable block refurbishment costs had a sizeable impact on the 2006 figures but only finishing-off costs were incurred during 2007 The Carnival Messiah 2007 project had a major impact on the incoming resources and resources expended figures but had no effect on the operating deficit for the year which has reduced to £285,330 from £608,845 in 2006.

Voluntary income at £1,264,158 is less than the 2006 figure of £1,382,199 mainly due to the grants received in 2006 from Yorkshire Forward for the stable block offset by grants for the restoration of the east bedroom in the House in 2007. Donations from visitors under gift aid of £1,084,648 (2006 £972,002) increased after two years of decline

Retail events and catering income at £2,061,826 is higher than (2006. £834,010) again largely because of Carnival Messiah but there was also an increase in retail and catering income which was offset by a reduction from concerts and events The trading subsidiary gift aided £220,790 (2006: £173,588) to the charity

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

Financial Review (continued)

Income from charitable activities was £426,278 (2006 £450,782) Reductions in non-gift aided Harewood card sales and admissions are the main reason for this decline

The costs of generating voluntary income of £581,293 (2006 £607,143) fell partly because of reduced marketing activity and also lower support costs due to the absence of a remunerated chief executive

Resources expended for fundraising at £1,668,766 (2006 £583,732) were affected by the costs of staging Carnival Messiah This apart, costs were generally down due to the reduced building activity and the absence of a remunerated chief executive for the whole of the year.

The reduction in Resources expended on charitable activities £1,939,292 (2006 £2,404,258) was due to less activity in the stable block building works There was also a reduction in the cost of maintaining property open to the public along with reduced support costs

The market value of the charity's investments fell by £499,955 to £3,049,948. The reduction was caused by a draw down £283,000 during the year and net realised and unrealised losses of £216,955 due to adverse equity market conditions.

Investment Powers and Policy

The charity has an unrestricted power to invest as the trustees consider fit The finance and general purposes committee of the charity, comprising five trustees, receives reports from the fund manager which assists the committee to monitor performance The fund manager is not restricted in any way and is expected to maintain the capital of the fund, as shown by the appropriate indices, and to maximize income The charity continues to invest solely in Charifund and Charibond which are managed by M & G Securities

Expendable Endowment

The endowed investment funds, introduced by Lord Harewood between 1987 and 1989, are held to fund both operating activities and capital requirements and are not restricted in any way The funds are thus described as unrestricted income and expendable endowment The trustees consider that the present endowment reserves are adequate in terms of working capital for the short term but that a much larger fund is needed for the long term because the Trust has the responsibility to conserve and maintain major heritage assets

The expendable endowment reserve at 31 December 2007 was £3,509,021 (2006: £4,011,306).

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

Future Plans

In addition to striving to improve the overall experience for visitors and preserving world-class heritage assets, the charity plans to undertake the following

- complete the restoration and hanging of the Chinese wallpaper within the East Bedroom in readiness for the launch of the 2008 season;
- continue to liaise with all cultural communities to encourage their enjoyment of Harewood and the charity's objects and activities,
- in particular to commission a range of Chinese themed events and exhibitions This will complement the East Bedroom project and form a key component of the audience development strategy within the HLF funded Harewood Explored project,
- convene the third Linfoot-Harewood Summer School scheduled for 23-27 July 2008,
- continue with current educational programmes and develop new projects to encourage new audiences to Harewood,
- continue with the programme of outdoor concerts and events within the grounds of Harewood House,
- host the Yorkshire Planetarium during the 2008 season,
- continue the programme of exhibitions in the House and Terrace Gallery,
- augment the status of the charity as a charitable educational trust; new educational partnerships will be developed with schools, universities and other appropriate institutions

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 manager
- 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 27, note 14.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE **HAREWOOD HOUSE TRUST LIMITED**

Statement of Trustees' Responsibility

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.

Statement as to Disclosure of Information to Auditors

In accordance with company law, as the company's directors, we certify that:

So far as we are aware, there is no relevant audit information of which the company's auditors are unaware.

As the directors of the company we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Trustee


.....

Date

20/10/08
.....

HAREWOOD HOUSE TRUST LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED

We have audited the group and parent company financial statements of Harewood House Trust Limited for the year ended 31 December 2007 on pages 14 to 36. 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

This report is made solely to the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As described on page 11, the charity's trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and international standards on auditing (UK and Ireland).

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 Audit 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.

HAREWOOD HOUSE TRUST LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE
HAREWOOD HOUSE TRUST LIMITED**

Opinion

In our opinion,

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Standards, of the state of affairs of the charitable company and of the group as at 31 December 2007 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended

the financial statements have been properly prepared in accordance with the Companies Act 1985

the information in the Trustees' report is consistent with the financial statements

Lishman Sidwell Campbell & Price LLP

Lishman Sidwell Campbell & Price LLP
Registered Auditor
Fisher More Chambers
12-14 Westgate
Tadcaster
LS24 9AB

Dated 22 October 2008

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 31 DECEMBER 2007

<u>NOTES</u>	<u>Unrestricted</u> <u>Income</u> <u>£</u>	<u>Expendable</u> <u>Endowment</u> <u>£</u>	<u>Total</u> <u>31 12 07</u> <u>£</u>	<u>Total</u> <u>31 12 06</u> <u>£</u>
<u>Incoming resources</u>				
<u>Incoming resources from generated funds</u>				
<u>Voluntary income</u>				
4 Donations and grants	1,264,158	-	1,264,158	1,382,199
<u>Activities for generating funds</u>				
5 Retail, events and catering	2,061,826	-	2,061,826	834,010
Investment income	169,712	-	169,712	191,592
<u>Incoming resources from charitable activities</u>				
6 Conservation and education	426,278	-	426,278	450,782
7 <u>Other incoming resources</u>	-	-	-	152,073
<u>Total incoming Resources</u>	<u>3,921,974</u>	<u>-</u>	<u>3,921,974</u>	<u>3,010,656</u>
<u>Resources expended</u>				
<u>Costs of generating funds</u>				
8 Costs of generating voluntary income	581,293	-	581,293	607,143
9 Fundraising trading costs	1,668,766	-	1,668,766	583,732
11 <u>Charitable activities</u>	1,939,292	-	1,939,292	2,404,258
10 <u>Governance costs</u>	17,953	-	17,953	24,368
<u>Total resources expended</u>	<u>4,207,304</u>	<u>-</u>	<u>4,207,304</u>	<u>3,619,501</u>
<u>Net outgoing resources before transfers</u>	<u>(285,330)</u>	<u>-</u>	<u>(285,330)</u>	<u>(608,845)</u>
<u>Transfers</u>	285,330	(285,330)	-	-
<u>Other recognised gains/(losses)</u>				
Realised gains on investment assets	-	60,966	60,966	44,058
Unrealised (losses)/gains on investment assets	-	(277,921)	(277,921)	248,291
<u>Net movement in funds for the year</u>	<u>-</u>	<u>(502,285)</u>	<u>(502,285)</u>	<u>(316,496)</u>
<u>Reconciliation of funds</u>				
Funds brought forward at 1 1 07	-	4,011,306	4,011,306	4,327,802
<u>Funds carried forward at 31 12 07</u>	<u>-</u>	<u>3,509,021</u>	<u>3,509,021</u>	<u>4,011,306</u>

The statement of financial activity includes all gains and losses recognised in the year

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2007

	<u>NOTES</u>	<u>Unrestricted</u> <u>Income</u> <u>31.12.07</u> <u>£</u>	<u>Unrestricted</u> <u>Income</u> <u>31.12.06</u> <u>£</u>
<u>Turnover</u>		3,749,634	2,494,394
Operating and administrative expenses		(4,166,275)	(3,269,330)
<u>Operating (deficit)</u>		<u>(416,641)</u>	<u>(774,936)</u>
Interest receivable and similar income	15	169,712	191,592
Interest payable and similar charges	16	<u>(38,401)</u>	<u>(25,501)</u>
<u>(Deficit) on ordinary activities</u>		<u>(285,330)</u>	<u>(608,845)</u>
Tax on (deficit) on ordinary activities	17	-	-
(Deficit) brought forward		-	-
Surplus transferred from expendable endowment		285,330	608,845
<u>Retained (deficit) carried forward</u>		<u>-</u>	<u>-</u>
<u>Total recognised gains and losses</u>			
(Deficit) on unrestricted income fund		(285,330)	(608,845)
Realised gains on disposal of investments		60,966	44,058
Unrealised (losses)/gains on investments		(277,921)	248,291
<u>Total recognised (losses)/gains relating to the year</u>		<u>(502,285)</u>	<u>(316,496)</u>

Continuing Operations

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

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED**CONSOLIDATED BALANCE SHEET**
AS AT 31 DECEMBER 2007

	<u>NOTES</u>	<u>Group</u> <u>31.12.07</u> <u>£</u>	<u>Group</u> <u>31.12.06</u> <u>£</u>
<u>Fixed assets</u>			
Tangible assets	18	3,188,623	3,310,914
Investments	19	<u>3,049,948</u>	<u>3,549,903</u>
		<u>6,238,571</u>	<u>6,860,817</u>
<u>Current assets</u>			
Stocks	20	26,599	36,515
Debtors	21	396,936	403,900
Cash at bank and in hand		<u>76,542</u>	<u>3,188</u>
		<u>500,077</u>	<u>443,603</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	22	(952,859)	(742,652)
<u>Net current (liabilities)</u>		<u>(452,782)</u>	<u>(299,049)</u>
<u>Total assets less current (liabilities)</u>		<u>5,785,789</u>	<u>6,561,768</u>
Creditors - amounts falling due after more than one year	23	(2,276,768)	(2,550,462)
<u>Net assets</u>		<u>3,509,021</u>	<u>4,011,306</u>
Financed by			
<u>Funds of the charity</u>			
Expendable endowment	25	3,509,021	4,011,306
Unrestricted income fund	25	-	-
<u>Total funds</u>		<u>3,509,021</u>	<u>4,011,306</u>

Trustee



Approved by the Board on

13/9/08

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED**CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2007**

	<u>NOTES</u>	<u>Charity</u> <u>31.12.07</u> <u>£</u>	<u>Charity</u> <u>31.12.06</u> <u>£</u>
<u>Fixed assets</u>			
Tangible assets	18	2,985,309	3,074,850
Investments	19	<u>3,050,048</u>	<u>3,550,003</u>
		<u>6,035,357</u>	<u>6,624,853</u>
<u>Current assets</u>			
Stocks	20	2,380	6,544
Debtors	21	604,863	678,266
Cash at bank and in hand		<u>65,729</u>	<u>2,701</u>
		<u>672,972</u>	<u>687,511</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	22	(937,718)	(750,293)
<u>Net current (liabilities)</u>		<u>(264,746)</u>	<u>(62,782)</u>
<u>Total assets less current (liabilities)</u>		5,770,611	6,562,071
Creditors - amounts falling due after more than one year	23	(2,276,768)	(2,550,462)
<u>Net assets</u>		<u>3,493,843</u>	<u>4,011,609</u>
Financed by			
<u>Funds</u>			
Expendable endowment		3,493,843	4,011,609
Unrestricted income fund		-	-
<u>Total funds</u>		<u>3,493,843</u>	<u>4,011,609</u>

Trustee



Approved by the Board on

13/9/08

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2007**

	<u>NOTES</u>	<u>31.12.07</u>		<u>31.12.06</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Net cash inflow from operating activities</u>	1		(474,130)		352,251
<u>Returns on investment and servicing of finance</u>					
Investment income received		169,712		191,592	
Interest paid		<u>(38,401)</u>		<u>(25,501)</u>	
Net cash inflow for returns on investment and servicing of finance			131,311		166,091
<u>Capital expenditure and financial investment</u>					
Payments to acquire tangible fixed assets		(61,478)		(1,280,010)	
Receipts from sale of tangible fixed assets		2,043		9,021	
Payments to acquire investments		-		-	
Receipts from sale of investments		283,000		500,000	
Payments to lease finance		(5,762)		(23,347)	
Payments to loans		<u>(16,153)</u>		<u>(15,915)</u>	
Net cash inflow/(outflow) for capital expenditure and financial investment			201,650		(810,251)
<u>(Decrease) in cash and net funds</u>	2		<u>(141,169)</u>		<u>(291,909)</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

1 Reconciliation of net outgoing resources to net cash inflow from operating activities

	<u>Group</u> <u>31.12.07</u> <u>£</u>	<u>Group</u> <u>31.12.06</u> <u>£</u>
Net outgoing resources	(285,330)	(608,845)
Investment income	(169,712)	(191,592)
Interest payable and similar charges	38,401	25,501
	<u>(416,641)</u>	<u>(774,936)</u>
Depreciation	183,769	190,151
(Profit)/loss on disposal	(2,042)	47,310
Decrease in stocks	9,916	2,265
Decrease/(increase) in debtors	6,964	(197,144)
(Decrease)/increase in creditors	(256,096)	1,084,605
	<u>(474,130)</u>	<u>352,251</u>

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

	<u>£</u>
Balance at 1 January 2006	28,503
(Decrease) in net cash and funds	<u>(291,909)</u>
Balance at 31 December 2006	<u>(263,406)</u>
Balance at 1 January 2007	(263,406)
(Decrease) in net cash and funds	<u>(141,169)</u>
Balance at 31 December 2007	<u>(404,575)</u>

Analysed in balance sheet

	<u>£</u>
Cash at bank and in hand	76,542
Bank overdraft	<u>(481,117)</u>
Net funds and debt at 31 December 2007	<u>(404,575)</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2007**

1 Charitable status

The company is a registered charity, number 517753

2 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with SORP 2005 and the Companies Act as modified by the inclusion of fixed asset investments at market value. These 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 397 of the SORP.

(b) Change in accounting policy

The adoption of SORP 2005 represents a change in accounting policy. The comparative figures have been restated accordingly so that support costs are allocated to the appropriate category of resources expended. This change has had no impact on the previously reported net assets at 31 December 2005 nor on the net outgoing resources for the year.

(c) Incoming resources

Incoming resources 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.

Income from commercial trading is recognised as earned.

Investment income and income tax recovered on gift aid donations is recognised on a receivable basis.

Voluntary income including donations and grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Grant income is only deferred when the donor specifies that the grant can only be used in a future accounting period or has imposed conditions to be met before unconditional entitlement.

(d) Volunteers

The value of services provided by volunteers has not been incorporated in the financial statements.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

2 Accounting policies continued

(e) Tangible fixed assets and heritage assets

Expenditure on assets less than £100 is not capitalised

The costs relating to the improvements to the Stables Block have been capitalised as a heritage asset.

Depreciation is provided at the following annual rates 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
Heritage assets and buildings	-	2% - 5% straight line

(f) Stocks

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

(g) Investments

Realised and unrealised surpluses and deficits on investments are recognised in the statement of financial activities. Income from investments is accounted for on a receivable basis. Investments are stated at market value.

(h) Pensions

The charity operates a defined contribution scheme, the assets of which are held separately to those of the charity. Contributions are charged in the income and expenditure account in the year in which they are paid.

(i) Resources expended

All expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered and classified under headings that aggregate all costs related to the category.

Costs of generating voluntary funds are the costs incurred in attracting voluntary income and the costs of the commercial trading operation.

Charitable activity costs include expenditure on repairs relating to the Stables redevelopment, maintenance of Harewood House and gardens, conservation of the bird collection, curatorial and conservation costs relating to works of art, and costs associated with exhibitions and educational programmes intended to advance public knowledge enhance scholarly use of the collections.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2006**

2 Accounting policies continued

(j) Resources expended continued

Governance costs are those associated with the statutory and constitutional requirements of the charity

Support costs comprise the costs of head office, finance office, depreciation, site management and finance costs which cannot be directly attributed to the core cost categories. Support costs are allocated to core costs on a basis which is consistent with the use of resources

3 (a) Historic assets and 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 due to their association with Harewood House. Their continued display is in the furtherance of the objectives of the charity. These assets have not been capitalised as heritage assets 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 value of these assets at historic cost and/or value at the date of donation is £1,482,464. The inclusion of these assets would increase total funds to £4,991,485.

(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

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES Incoming resources from generated funds

4	<u>Voluntary income</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Donations under gift aid	1,084,648	972,002
	Grants		
	East Bedroom restoration	55,916	-
	Yorkshire Forward (Stables Activity)	31,092	272,168
	HLF - Harewood Explored	54,693	61,567
	Linfoot Summer School	22,444	20,353
	Other grant income	15,365	56,109
		<u>1,264,158</u>	<u>1,382,199</u>

5	<u>Retail, events and catering</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Retail and catering - Harewood Trading Company	354,988	300,367
	Carnival Messiah event	1,192,512	-
	Concerts and other events	400,026	470,181
	State Dining Room	60,084	20,130
	Rents and filming income	39,855	32,000
	Sundry	14,361	11,332
		<u>2,061,826</u>	<u>834,010</u>

Incoming resources from charitable activities

6	<u>Conservation and education</u>	<u>31.12.07</u>	<u>31 12 06</u>
		<u>£</u>	<u>£</u>
	Admissions and Harewood Card (non-gift aid)	397,995	436,858
	Guide books and education	25,406	10,605
	Bird adoption	2,877	3,319
		<u>426,278</u>	<u>450,782</u>

7	<u>Other incoming resources</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Prior year VAT repayment	<u>-</u>	<u>152,073</u>

The charity is entitled to claim VAT exemption on cultural activities Following agreement in 2006 with HM Customs on the method of apportionment between exempt cultural and other activities, the net benefit generated in 2004 and 2005 was recognised as other incoming resources

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES Resources expended

8	<u>Costs of generating voluntary income</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Marketing and promotion	108,780	122,636
	Events	78,461	49,715
	Operating costs	256,370	259,805
	Investment management	-	-
	Support	137,682	174,987
		<u>581,293</u>	<u>607,143</u>
9	<u>Fundraising trading costs</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Commercial trading operation	359,581	443,034
	Carnival Messiah event	1,194,796	-
	House and event operation	31,952	57,450
	House concerts and music	-	20,299
	Lake boat	4,930	2,453
	Support	77,507	60,496
		<u>1,668,766</u>	<u>583,732</u>
10	<u>Governance costs</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Trustees meeting expenditure	2,585	5,635
	Trustees indemnity insurance	2,363	2,363
	Auditors remuneration	10,000	9,750
	Support	3,005	6,620
		<u>17,953</u>	<u>24,368</u>

The accounting policy for the treatment of resources expended is set out on page 21

The analysis of support costs is shown at note 12

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

Resources expended

11 Charitable activities - analysis of expenditure

	Stables redevelopment project	Conservation of Harewood House and gardens	Conservation of Bird Garden and collection	Conservation of art and educational projects	Total 2007	Total 2006
	£	£	£	£	£	£
Repairs and renewals to existing facilities	24,441	-	-	-	24,441	209,446
Maintaining property open to the public	-	677,612	13,309	43,212	734,133	799,398
Exhibitions and educational programmes	-	-	-	213,814	213,814	198,510
Conserving collections	-	-	153,874	72,925	226,799	262,705
Marketing and events	-	47,005	45,915	24,179	117,099	91,266
Support	118,174	314,392	98,692	91,748	623,006	842,933
Total	142,615	1,039,009	311,790	445,878	1,939,292	2,404,258

12 Support - analysis of expenditure

	Security and site services	Head office and Finance office	Depreciation	Finance charges	Total 2007	Total 2006
	£	£	£	£	£	£
Costs of voluntary income	29,486	87,372	15,043	5,781	137,682	174,987
Fundraising trading costs	29,487	7,414	37,813	2,793	77,507	60,496
Charitable activities						
Stables redevelopment	16,660	4,913	96,601	-	118,174	229,593
House conservation	162,178	139,181	13,033	-	314,392	345,827
Bird Garden conservation	44,230	40,196	14,266	-	98,692	106,358
Art conservation and education	14,744	69,991	7,013	-	91,748	161,155
Governance costs	-	3,005	-	-	3,005	6,620
Total	296,785	352,072	183,769	8,574	841,200	1,085,036

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES

13	<u>Staff costs</u>	<u>31.12.07</u>	<u>31.12.06</u>
		<u>£</u>	<u>£</u>
	Wages and salaries	1,322,548	1,239,136
	National insurance	102,561	100,437
	Pension costs	37,152	107,946
		<u>1,462,261</u>	<u>1,447,519</u>

The average number of employees during the period was as follows

	<u>31.12.07</u>	<u>31.12.06</u>
	<u>No</u>	<u>No</u>
House & admissions	28	27
Bird Garden	5	5
Gardens	8	7
Retail & catering	6	6
Events	21	16
Support & management	27	29
	<u>95</u>	<u>90</u>
Full time and full-time equivalents		

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

	<u>31.12.07</u>	<u>31.12.06</u>
	<u>No</u>	<u>No</u>
£60,000 - £70,000	-	1

Pension contributions for high earners were £nil (2006 £45,666)

The trustees receive no remuneration for their services Meeting expenses are shown in note 14 below

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2007**

NOTES

14

Operating deficit

The operating deficit is stated after charging	<u>31.12.07</u>	<u>31.12.06</u>
	<u>£</u>	<u>£</u>
Auditors remuneration	10,000	9,750
Auditors fees for other services	21,507	34,004
Consultancy	82,295	77,828
Depreciation	183,769	190,151
(Profit)/loss on disposal of fixed assets	(2,042)	47,310
Trustees meeting expenses	2,585	5,635
Trustees indemnity insurance	2,363	2,363

The charity has purchased executive liability insurance to protect it from loss arising from neglect or defaults of its trustees and professional indemnity insurance to indemnify it against loss arising from neglect or default of its employees and any person acting on its behalf

15

Interest receivable and similar income

	<u>31.12.07</u>	<u>31.12.06</u>
	<u>£</u>	<u>£</u>
Other interest	3,529	1,229
Distributions from investments	<u>166,183</u>	<u>190,363</u>
	<u>169,712</u>	<u>191,592</u>

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Interest payable and similar charges

	<u>31.12.07</u>	<u>31.12.06</u>
	<u>£</u>	<u>£</u>
Interest payable on short term borrowing	<u>38,401</u>	<u>25,501</u>

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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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES

18 <u>Group tangible fixed assets</u>	<u>Heritage assets & 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 2007	2,724,685	1,599,057	185,058	49,780	94,281	4,652,861
Additions	42,747	17,966	-	-	765	61,478
Disposals	-	-	-	-	-	-
As at 31 December 2007	<u>2,767,432</u>	<u>1,617,023</u>	<u>185,058</u>	<u>49,780</u>	<u>95,046</u>	<u>4,714,339</u>
<u>Depreciation</u>						
As at 1 January 2007	333,670	784,674	121,175	36,102	66,325	1,341,946
Disposals	-	-	-	-	-	-
Charge for the year	51,190	117,738	6,361	2,736	5,744	183,769
As at 31 December 2007	<u>384,860</u>	<u>902,412</u>	<u>127,536</u>	<u>38,838</u>	<u>72,069</u>	<u>1,525,715</u>
<u>Net book value</u>						
As at 31 December 2007	<u>2,382,572</u>	<u>714,611</u>	<u>57,522</u>	<u>10,942</u>	<u>22,977</u>	<u>3,188,623</u>
As at 31 December 2006	<u>2,391,015</u>	<u>814,383</u>	<u>63,883</u>	<u>13,678</u>	<u>27,956</u>	<u>3,310,914</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES

18 Cont'd Charity tangible fixed assets

	<u>Heritage assets & 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 2007	2,666,426	1,382,768	185,058	49,780	94,281	4,378,313
Additions	42,747	12,903	-	(14,500)	765	41,915
Disposals	-	-	-	-	-	-
As at 31 December 2007	<u>2,709,173</u>	<u>1,395,671</u>	<u>185,058</u>	<u>35,280</u>	<u>95,046</u>	<u>4,420,228</u>
<u>Depreciation</u>						
As at 1 January 2007	272,791	807,070	121,175	36,102	66,325	1,303,463
Disposals	-	-	-	(14,500)	-	(14,500)
Charge for the year	51,190	79,925	6,361	2,736	5,744	145,956
As at 31 December 2007	<u>323,981</u>	<u>886,995</u>	<u>127,536</u>	<u>24,338</u>	<u>72,069</u>	<u>1,434,919</u>
<u>Net book value</u>						
As at 31 December 2007	<u>2,385,192</u>	<u>508,676</u>	<u>57,522</u>	<u>10,942</u>	<u>22,977</u>	<u>2,985,309</u>
As at 31 December 2006	<u>2,393,635</u>	<u>575,698</u>	<u>63,883</u>	<u>13,678</u>	<u>27,956</u>	<u>3,074,850</u>

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2007**NOTES**

19	<u>Group Investments</u>	<u>Group</u> <u>31.12.07</u> <u>£</u>	<u>Group</u> <u>31.12.06</u> <u>£</u>
	Movements of investments market value		
	As at 1 January 2007	3,549,903	3,757,554
	Additions	-	-
	Disposals	(283,000)	(500,000)
	Realised gains	60,966	44,058
	Unrealised (losses)/gains	(277,921)	248,292
	As at 31 December 2007	<u>3,049,948</u>	<u>3,549,903</u>

The investments, which are listed on recognised stock exchanges comprised

	<u>Group</u> <u>31.12.07</u> <u>£</u>	<u>Group</u> <u>31.12.06</u> <u>£</u>
Direct listed investments and cash balances		
UK	-	-
Overseas	<u>-</u>	<u>-</u>
Indirect listed investments		
UK	3,049,948	3,549,903
Overseas	<u>-</u>	<u>-</u>
	<u>3,049,948</u>	<u>3,549,903</u>
As at 31 December 2007	<u>3,049,948</u>	<u>3,549,903</u>

Material investments

Investments which comprise more than 5%
by value are

	<u>31.12.07</u> <u>£</u>	<u>%</u>
Charifund - equities investment fund	1,898,482	62
Charbond - fixed interest investment fund	1,151,466	38

Charity investments

Investments held by the charity also include £100 investment in the subsidiary company at
market value (2006 £100)

	<u>Charity</u> <u>31.12.07</u> <u>£</u>	<u>Charity</u> <u>31.12.06</u> <u>£</u>
Market value including investment in subsidiary at cost	<u>3,050,048</u>	<u>3,550,003</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

NOTES	Group 31.12.07 £	Group 31.12.06 £	Charity 31.12.07 £	Charity 31.12.06 £
20 Stocks				
Retail, catering and guide books	26,599	36,515	2,380	6,544
	<u>26,599</u>	<u>36,515</u>	<u>2,380</u>	<u>6,544</u>
21 Debtors				
Trade debtors	130,180	78,482	105,611	71,842
Other debtors	143,437	129,807	129,936	129,807
Amounts owed by Trading subsidiary	-	-	327,670	298,193
VAT	-	75,868	-	75,868
Prepayments	123,319	119,743	41,646	102,556
	<u>396,936</u>	<u>403,900</u>	<u>604,863</u>	<u>678,266</u>
The charity charges interest at 2% over Bank of England base rate on loans to the subsidiary company				
22 Creditors: amounts falling due within one year				
Bank loan	21,043	21,043	21,043	21,043
Bank overdraft	481,117	266,594	472,803	264,012
Trade creditors	199,044	139,525	151,853	137,195
Other creditors including social security and other taxes	121,610	77,983	97,213	49,793
Amounts owed to Trading subsidiary	-	-	127,592	85,593
Accruals	112,975	200,038	66,014	184,682
Event deposits in advance	17,070	32,135	1,200	5,185
Lease purchase	-	5,334	-	2,790
	<u>952,859</u>	<u>742,652</u>	<u>937,718</u>	<u>750,293</u>
23 Creditors: amounts falling due after one year				
Loan from Harewood Estate	2,230,364	2,487,478	2,230,364	2,487,478
Lease purchase	833	1,260	833	1,260
Bank loan	45,571	61,724	45,571	61,724
	<u>2,276,768</u>	<u>2,550,462</u>	<u>2,276,768</u>	<u>2,550,462</u>

Within creditors, the bank loan and overdraft and the loan from the Harewood Estate are unsecured

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2007**NOTES****24 Subsidiary Company - Harewood House Trading Limited**

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.

Summary profit & loss account

	<u>Retail</u>	<u>Catering</u>	<u>Carnival</u>		<u>Total</u>	<u>Total</u>
	<u>31.12.07</u>	<u>31.12.07</u>	<u>Messiah</u>	<u>Events</u>	<u>31.12.07</u>	<u>31.12.06</u>
	<u>£</u>	<u>£</u>	<u>31.12.07</u>	<u>31.12.07</u>	<u>£</u>	<u>£</u>
Turnover	204,069	150,919	1,194,802	278,678	1,828,468	711,988
Cost of sales	(128,568)	(15,380)	(703,952)	(84,427)	(932,327)	(307,665)
Gross profit	75,501	135,539	490,850	194,251	896,141	404,323
Administrative expenses	(46,443)	(43,767)	(490,850)	(40,996)	(622,056)	(135,369)
Depreciation	-	(36,914)	-	(899)	(37,813)	(36,800)
Net profit	29,058	54,858	-	152,356	236,272	232,154
Gift aid donation					(220,790)	(173,588)
Profit/(loss) after gift aid to parent company					15,482	58,566

Summary balance sheet

	<u>31.12.07</u>	<u>31.12.06</u>
	<u>£</u>	<u>£</u>
Fixed assets	213,314	246,066
Current assets	239,476	139,878
Current liabilities	(210,283)	(123,996)
Liabilities due after more than one year	(217,225)	(252,148)
Net assets/(liabilities)	25,282	9,800
Represented by		
Share capital	100	100
Reserves	25,182	9,700
	25,282	9,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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25 Group funds

Reconciliation and analysis of movement in funds

	<u>Unrestricted</u>	<u>Expendable</u>	<u>Total</u>	<u>Total</u>
	<u>Income Fund</u>	<u>Endowment</u>	<u>31 12 07</u>	<u>31 12 06</u>
	£	£	£	£
Opening value of funds	-	4,011,306	4,011,306	4,327,802
Net (outgoing)/incoming resources	(285,330)	-	(285,330)	(608,845)
Realised investment gains	-	60,966	60,966	44,058
Unrealised investment (losses) gains	-	(277,921)	(277,921)	248,291
Transfer	285,330	(285,330)	-	-
Closing value of funds	-	3,509,021	3,509,021	4,011,306

Analysis of group net assets between funds

Investments	-	3,049,948	3,049,948	3,549,903
Other net assets	-	459,073	459,073	461,403
	-	3,509,021	3,509,021	4,011,306

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2007**

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26 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

Lord and Lady Harewood

Rent and other charges £51,436 (2006 £63,885)

The charity charged 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

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

The Harewood Estate
The Harewood Property Company Limited
Thread Cross Films Limited

Details of the transactions are -

(a) Transactions with Harewood Estate £51,275 (2006 £1,297)

The charity received £50,000 from the Harewood Estate for its share of the facility fee for the 2007 CLA Game Fair plus recharges of minor travel and office expenses

(b) Transactions with Viscount and Viscountess Lascelles £7,322 (2006: £7,892)

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

(c) Transactions with Thread Cross Films Limited £26 (2006 £0)

The charity recharged the Viscount Lascelles with day-to-day office expenses in 2007

(d) Purchases from the Harewood Estate £71,499 (2006 £66,103)

The charity was charged rent by the Harewood Estate, determined commercially by a third party surveyor, for staff cottages. There were also rents payable for Portakabins used for storage and facility fees for land used by the charity

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2007**

NOTES

26 Transactions with trustees and connected persons continued

In addition there were charges for storage, fuel 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)

- (f) Purchases from Harewood Farming Limited £1,823 (2006 £0)

The charity paid a facility fee to Harewood Farming Limited for the use of land for special events during 2007. This represents an amount paid to a trustee (Viscount Lascelles)

- (g) There were also transactions with Viscount Lascelles in connection with the performances of Carnival Messiah as follows -

Viscount Lascelles - Executive Producer, expenses reimbursed £4,349

Viscount Lascelles invested £269,019 in the Carnival Messiah production held by Harewood House Trading Limited. The event did not generate sufficient funds to allow repayment of Viscount Lascelles so this amount has been credited to the profit and loss account in 2007

- (h) At 31 December 2007 balances were as follows -

Owed to the charity by

Harewood Estate	£937	(2006 £795)
Lord and Lady Harewood	£2,990	(2006 £14,146)
Viscount and Viscountess Lascelles	£0	(2006 £1,929)

As the charity and the Harewood Estate share the above common services, which are re-invoiced by the charity 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 2007. In practice invoices are paid promptly to the charity.

These amounts were repaid shortly after the year-end.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2007**

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Transactions with trustees and connected persons continued

Owed by the charity to

Harewood Estate	£ 2,251,839	(2006 £2,490,150)
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This figure includes £1,991,044 which was lent to the charity by the Harewood Estate to fund the Stable Block building during the years ended 31 December 2005 and 2006. The charity has provided no security for this loan. The balance represents amounts accrued in previous years for the shared costs of security and rent of Moor House and other properties.

- (1) In addition to the foregoing, meeting and travel expenses of £2,585 (2006 £5,635) were incurred by the board of trustees in carrying out their duties. These items represent a reimbursement of trustee expenses.