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HAREWOOD HOUSE TRUST LIMITED

(A Company Limited by Guarantee)

Annual Report

And

Financial Statements

For the Year Ended 31 December 2011

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HAREWOOD HOUSE TRUST LIMITED

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HAREWOOD HOUSE TRUST LIMITED

COMPANY INFORMATION

Trustees

Lord Brabourne
Paul Dolan
Sir Nicholas Goodison
Patricia, Countess of Harewood
David Lascelles, Earl of Harewood
Diane Lascelles, Countess of Harewood
Sir Hugh Roberts
Andrea Walton

Chairman

David Lascelles, Earl of Harewood

Chief Executive

Mike Schafer

Company Secretary

Mike Schafer

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 and Price LLP
Registered Auditors
12-14 Westgate
Tadcaster
LS24 9AB

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 2011

Directors and Trustees

The trustees, who are also the directors of the charity and who served throughout the financial period were.

Committee Membership

Lord Brabourne	A F	(Chairman of Audit Committee)
Paul Dolan	A F	(Chairman of Finance & General Purposes Committee)
Sir Nicholas Goodison	A F N	(Vice-Chairman Finance and General Purposes Committee)
Patricia, Countess of Harewood		
David Lascelles, Earl of Harewood	F N	(Chairman of Board of Trustees)
Diane Lascelles, Countess of Harewood		
Sir Hugh Roberts	N	
Andrea Walton		

A = member of Audit Committee

F = member of Finance & General Purposes Committee

N = member of Nominations Committee

The trustees who are also members of the charity are

Lord Brabourne, Paul Dolan, Sir Nicholas Goodison and David Lascelles, Earl of Harewood

In addition, the 7th Earl of Harewood served as a Trustee, and was a member of the charity up to his death on 11 July 2011. The Trustees are saddened by the death of the 7th Earl who was the settlor of the Trust, and are very grateful for his input as Trustee since the Trust's formation.

Diane Lascelles, Countess of Harewood was appointed a member of the charity on 27 January 2012

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 meet biannually, in addition there are three committees of trustees, being the Finance and General Purposes Committee, the Audit Committee and the Nominations Committee. The Finance and General Purposes Committee meets three times a year and its 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 meets biannually; its 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 Nominations Committee meets as and when required. 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 33. Harewood House Trading Ltd entered into partnership with Boutique Catering Ltd during 2010, forming Harewood Hospitality & Events LLP to deliver the non-primary purpose trading activities, and the partnership results are shown at note 25 on page 34. Harewood House Trading Ltd has majority voting rights on most issues in the partnership. Harewood House Trading Ltd and Harewood Hospitality & Events LLP are fully consolidated within the group accounts, which increases the level of turnover, assets and liabilities. The share of Harewood Hospitality & Events LLP which is attributable to Boutique Catering Ltd is shown as a Minority Interest.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

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.

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, a copy of recent Annual Reports and the Charity Commission's guidance, "CC3a – The Essential Trustee: An Introduction" (Crown Copyright 2008).

Objectives and Activities

In setting the objectives and planning activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and fee charging.

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 the 7th Earl of Harewood, on loan from his estate 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 2011, the charity maintained the following strategies

- maintaining the "core" historic buildings and gardens,
- continuing to conserve and interpret the collections,
- 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 a range of 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.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

Achievements and Performance

The performance of the charity is heavily dependent on visitor income and consequently the weather. Moves have been made to diversify and seek income opportunities from other sources.

During 2011, day visitor admission prices and membership prices were held at 2010 levels. Admissions income from day visitors was the same as the previous year although a greater proportion of this was received on event days. Membership sales were 16% below 2010 with the number of memberships falling by 6% in the year. This follows a decline of 9% in 2008, 14% in 2009, and an increase of 2% in 2010.

Gift aid received in 2011 was 20% below the previous year. This is due to the reduced membership income and the ending in April 2011 of the 3% transitional relief for gift aid.

Harewood House Trading Limited, the wholly owned trading subsidiary of the Trust, entered into partnership with Boutique Catering Ltd during 2010, forming Harewood Hospitality & Events LLP to deliver the non-primary purpose trading activities, to maximise returns for both partners and ensure that Harewood received a larger portion of income from these activities. A number of well attended ground events were put on during 2011, and there was a good level of hospitality bookings but the income received from retail, catering, hospitality and ground events continued below the levels which were anticipated on setting up the partnership. The level of fixed costs and the staffing required to deliver the activity resulted in a second loss making year.

The deficits for the year and balance sheets of Harewood House Trading Limited and Harewood Hospitality & Events LLP are shown at note 24 (page 33) and note 25 (page 34) respectively, and the results of both entities are consolidated within these accounts.

Shortly after the year end the Trustees approved an agreement to alter the partnership so that for 2012 onwards Harewood House Trading Ltd will receive an annual facility fee from the now separate retail, catering and hospitality provider, Boutique Catering & Events Ltd.

Details of the activities of the charity are given under the activity headings below.

Audience Development Programme

The audience development programme, Harewood Explored, which commenced in 2006, came to an end in mid 2011. The project was jointly funded by the Harewood House Trust, Heritage Lottery Fund and the Churches Conservation Trust.

The primary objective was the engagement of a much wider audience with nominated communities listed as targeted priorities. In 2011 activities included a range of reminiscence sessions for older people at risk of social exclusion and activities with schools and families from remote rural locations, all based on the heritage of Harewood. These activities have continued beyond the end of the Harewood Explored project with the reminiscence group, for example, continuing on a low annual cost basis with 35 members continuing to meet quarterly.

A secondary objective of Harewood Explored was the upgrade of infrastructure at All Saints Church, Harewood, to allow increased usage of this magnificent but under-utilised feature of the estate. The project aims were achieved, constructing a mains power link to the church, installing improved lighting, non-detrimental to the fabric of the building, and building a composting toilet block just outside the churchyard for the use of visitors to the church.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

Achievements and Performance (continued)

House and Collections Activity

In 2011 Harewood's exhibition theme was sculpture with two main exhibitions which were well received

The season started with "Finding Adam" Epstein's masterpiece, Adam, returned to Harewood after being conserved and exhibited at the Royal Academy's "Modern British Sculpture" exhibition. Back in place in the Entrance Hall at Harewood House, Adam was the focus of an exhibition telling the story of his journey across the world and how the lives of the artist and the 7th Earl of Harewood intertwined.

In July the Terrace Gallery hosted Anthony Gormley's "Two States", two new works together with a film shown in the Servants Hall giving insight into the artist's creative process.

Following the sad death of the 7th Earl of Harewood the exhibition celebrating his life was very special and reflected the title, "A Life Well Lived". It added a personal and moving aspect to a visit to the House and the popularity encouraged us to extend the exhibition to sit alongside "Royal Harewood" early in 2012.

During the autumn, work began on a series of room refurbishments on the State Floor and Below Stairs, and work also commenced on repair and repainting of some of the rotten windows and exterior woodwork.

Gardens Activity

In the Walled Garden, the production of organic vegetables increased in 2011, on plots which were dug and prepared during early spring. This generated much interest among visitors, who had the opportunity to purchase freshly-picked vegetables in the Courtyard Shop.

A visit from the 'Yorkshire in Bloom' judges in July 2011 led to Harewood receiving the 'Yorkshire Rose Gold Award' in the category of Country Houses, Estates, Parks and Gardens. The judges commented on the "*magnificent Himalayan hillside garden with authentic Stupa set amidst a rich and diverse representation of Himalayan plants*", on the "*crisp formality on the parterre giving way to subtle colour and textural combinations in the terrace borders*", and on the "*walled garden as a fine example of the art of fruit and vegetable production*".

In January 2012 a tree planting scheme commenced to ensure the continuity of Harewood's eighteenth century landscape. During the Jubilee year sixty oak trees will be planted in planned locations of the parkland.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

Achievements and Performance (continued)

Bird Garden Activity

A large proportion of the species in Harewood's collection is conservationally important, and we are actively involved in European breeding programs for a number of species. In 2011 there were particular successes with breeding of our Conure and Pheasant species and Superb Parrots with a number of surplus birds being sent to other collections.

A number of the aviaries are being increased in size which will improve the environment for the birds concerned, giving a greater choice of bathing areas and feeding stations for example. This is likely to reduce food competition and aggression.

Work has been done on replacing and improving perimeter and internal fencing and gates. This is to strengthen security from predators, to improve the appearance and to reduce the maintenance which was required with wooden fencing.

Educational Activity

In 2011 7,032 school pupils visited Harewood (2010 5,031), comprising 4,142 (2010 2,603) pupils on facilitated visits with an education officer and 2,890 (2010 2,428) pupils on self led visits. The outreach programme also engaged a further 1,253 (2010 1,446) pupils during 2011.

In addition to these educational visits an extensive programme of activities, including themed events, workshops and trails were developed to enrich Harewood's educational offer. And over 23,000 children have been involved in family craft activities as part of their visit to Harewood.

New Garden trails have been developed around "Dig for victory", "Where does your food come from?", "Use your senses", and new Bird Garden trails covering Penguins, Owls and Adaption. This improves our Science education offering, and flexibility has been improved by training casual staff to deliver these where required.

Volunteers and Staff

The Trustees would like to thank all staff and volunteers for their continued loyalty and hard work in helping the organisation achieve its aims.

Volunteers are deployed across all areas of the Trust and numbers totalled 266. This is 16 above the previous year and includes 52 new people joining the scheme. Our volunteers offer a tremendous variety of skills and experience to the Trust and their assistance is invaluable. The time contributed is recorded as an amazing 17,620 hours over the year, slightly above 2010. Taken at 2011 minimum wage rates this represents a benefit to the Trust of at least £107,130 gross compared to £102,025 in 2010.

Training of staff and volunteers is comprehensive, with much being delivered in-house. During 2011 this also included new sales, catering and hospitality staff, and additional events and retail staff within the trading partnership, areas which have suffered from relatively high staff turnover.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

Financial Review

The results for the year ended 31 December 2011 are shown on page 14 in the consolidated statement of financial activity. The following provides a review of variations in sources of income and expenditure in support of the objectives of the charity.

There was a 12% decrease in voluntary income from £1,228,996 in 2010 to £1,080,226 this year, principally due to reduced gift aided donations but alleviated by an increase in income from the HLF assisted project, Harewood Explored. Conservation and education income also showed a decrease, of 16% from £354,538 in 2010 to £297,055 in 2011 due to a reduction in non gift aided membership.

Retail, events and catering income were largely earned through Harewood Hospitality & Events LLP and shows a small decrease of 3%, the main reduction being in retail sales (from £960,317 in 2010 down to £824,403 this year). The full income and costs of trading are consolidated within the accounts.

Investment income is considerably lower, at £33,240 compared to £67,520 in 2010, due to the sale of some investments early in the year and reducing returns in the current financial climate.

Total resources expended shows a 2% increase from £5,094,907 to £5,190,213, largely a result of the level of activity in Harewood Explored and the quality of exhibitions in the year.

Net outgoing resources for the group are £1,169,855 reduced by the external partners' £95,913 share of the loss for the year of Harewood Hospitality & Events LLP.

Following investment gains in 2009 and 2010, this year there was a small loss of £12,858 in the charity's investment.

The overall deficit for the year, after depreciation of £291,706, an impairment of £90,044 in Harewood Hospitality & Events LLP's fixed assets, and the investment gain on the endowment, was £1,086,800. The Trustees are disappointed with this result and have pressed the management of the Trust to deliver a substantially improved performance for 2012.

Investment Powers and Policy

The charity has an unrestricted power to invest as the Trustees consider fit. The charity continues to invest solely in M & G Charifund and Charibond units. The Finance and General Purposes Committee of the charity, comprising four Trustees, regularly reviews the performance.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

Expendable Endowment

The endowed investment funds, introduced by Lord Harewood between 1987 and 1989, were to fund both operating activities and capital requirements, were not restricted in any way, and are therefore described as unrestricted income and expendable endowment. The value of the investment funds was eroded considerably during the year as a result of the need to cover continued trading losses.

The expendable endowment reserve at 31 December 2011 was £10,445,797 (2010 restated £11,532,597). £10,444,800 of these are heritage assets previously donated, which are maintained and displayed for the public benefit.

In 2012 action is being taken to deliver budgeted increases in visitor and membership income, further reductions in operating costs, the conversion of retail, catering and hospitality activity into a fixed facility fee, and the development of relationships to deliver further fixed facility fee events. Although the remaining endowment funds are now exhausted, the Trustees are satisfied by assurances given that funds are in place to secure the on-going future of the Trust.

Future Plans

To help discharge the objects of the Trust, plans include the following:

- it is aimed to increase membership by reviewing the current offering, improving the benefits to members and selling membership as supporting a local Charitable Trust. Full membership will be promoted more actively to visitors, and also by introduction of a new "trial" membership during the summer. Enquiries will be made into lapses in membership and direct debit promoted as the normal payment method to reduce future lapses.
- a focus on medieval Harewood is planned to continue through 2012 and 2013, based on the ongoing excavation of Gawthorpe Hall in partnership with the University of York and using improved facilities within the church (which were supported by HLF and the Churches Conservation Trust).
- the themes for the 2012 exhibitions programme are *Royal Harewood* and *Medieval Harewood*. In this Jubilee year *Royal Harewood* focuses on Harewood's Royal connections and features items on loan from the Royal Collections including, in the early part of the season, images of the Queen throughout her life by Russell Adams. Later in the season *Medieval Harewood* focuses on Harewood's medieval past with discoveries from the Gawthorpe Hall excavation and studies of the castle, the church and its alabaster tombs.
- A maintenance programme in the Bird Garden to replace the older wooden structures and fences, using more suitable materials to improve the environment, the appearance and reduce ongoing maintenance cost. There is an ongoing review of species in the collection, to improve breeding programme results.
- to continue to encourage access to Harewood from under-represented visitor groups.
- completion of an improved education brochure, to demonstrate to teachers the broad educational offering at Harewood.
- to reduce the risk to commercial returns by altering the Harewood Hospitality & Events LLP arrangement. A separate contractor is now providing retail, catering and hospitality in return for a fixed facility fee.

HAREWOOD HOUSE TRUST LIMITED

TRUSTEES' REPORT TO THE MEMBERS OF THE HAREWOOD HOUSE TRUST LIMITED (CONTINUED)

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
- 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.
- Economy risk - the current economic conditions create uncertainty over the level of visitor numbers and Harewood membership. Improvement in marketing is in progress, and full membership will be promoted more actively to visitors, and by introduction of a new "trial" membership during the summer. The additional risk to visitor secondary spend and the trading performance of Harewood Hospitality & Events LLP has been reduced by altering the arrangement so a fixed facility fee is received.

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 (CONTINUED)

Statement of Trustees' Responsibility

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

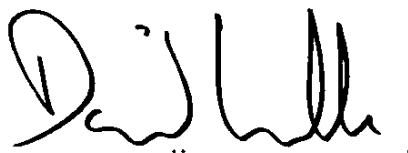
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Trustee has taken all the steps that he ought to have taken as a Trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Trustees

Trustee


DAVID LASCELLES

Date

21. July 2012

HAREWOOD HOUSE TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF HAREWOOD HOUSE TRUST LIMITED

We have audited the financial statements of Harewood House Trust Limited for the year ended 31 December 2011 which comprises the Group Statement of Financial Activity, the Group Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the Trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under Companies Act 2006 and section 144 of the Charities Act 2011 and report in accordance with those acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material misstatements or inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2011 and of the group's incoming resources and application of resources, including its income and expenditure account for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

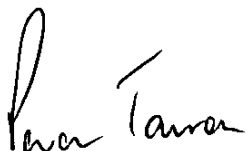
HAREWOOD HOUSE TRUST LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF
HAREWOOD HOUSE TRUST LIMITED (CONTINUED)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion

- The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Mr Peter Tarren (Senior Statutory Auditor)
For and on behalf of Lishman Sidwell Campbell and Price LLP
Registered Auditor
12-14 Westgate
Tadcaster
North Yorkshire
LS24 9AB

Date:.....26/09/12.....

Lishman Sidwell Campbell and Price LLP is eligible to act as an auditor under section 1212 of the Companies Act 2006

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY **FOR THE YEAR ENDED 31 DECEMBER 2011**

<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 11</u> <u>£</u>	<u>Total</u> <u>31.12 10</u> <u>£</u>
<u>Incoming resources:</u>				
<u>Incoming resources from generated funds</u>				
<u>Voluntary income</u>				
4 Donations and grants	1,080,226	-	1,080,226	1,228,966
<u>Activities for generating funds</u>				
5 Retail, events and catering	2,609,837	-	2,609,837	2,685,675
Investment income	33,240	-	33,240	67,520
<u>Incoming resources from charitable activities</u>				
6 Conservation and education	297,055	-	297,055	354,538
<u>Total incoming Resources</u>	<u>4,020,358</u>	<u>-</u>	<u>4,020,358</u>	<u>4,336,699</u>
<u>Resources expended.</u>				
<u>Costs of generating funds</u>				
7 Costs of generating voluntary income	411,442	-	411,442	413,121
8 Fundraising trading costs	2,950,514	-	2,950,514	2,952,094
10 Charitable activities	1,807,386	-	1,807,386	1,707,707
9 Governance costs	20,871	-	20,871	21,985
<u>Total resources expended</u>	<u>5,190,213</u>	<u>-</u>	<u>5,190,213</u>	<u>5,094,907</u>
<u>Net outgoing resources</u>	<u>(1,169,855)</u>	<u>-</u>	<u>(1,169,855)</u>	<u>(758,208)</u>
12 <u>Minority interest</u>	95,913	-	95,913	41,930
<u>Net outgoing resources before transfers</u>	<u>(1,073,942)</u>	<u>-</u>	<u>(1,073,942)</u>	<u>(716,278)</u>
<u>Transfers</u>	<u>1,073,942</u>	<u>(1,073,942)</u>	<u>-</u>	<u>-</u>
<u>Other recognised gains/(losses)</u>				
Realised (losses)/gains on investment assets	-	(101,028)	(101,028)	(77,653)
Unrealised (losses)/gains on investment assets		88,170	88,170	126,571
<u>Net movement in funds for the year</u>	<u>-</u>	<u>(1,086,800)</u>	<u>(1,086,800)</u>	<u>(667,360)</u>
<u>Reconciliation of funds</u>				
Funds brought forward at 1 1 11 as previously stated	-	1,087,797	1,087,797	1,755,157
Prior year adjustment (note 27)	-	10,444,800	10,444,800	-
Funds brought forward at 1 1 11 as restated	-	11,532,597	11,532,597	1,755,157
<u>Funds carried forward at 31.12 11</u>	<u>-</u>	<u>10,445,797</u>	<u>10,445,797</u>	<u>1,087,797</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 2011

	<u>NOTES</u>	<u>Unrestricted</u> <u>Income</u> <u>31.12.11</u> <u>£</u>	<u>Unrestricted</u> <u>Income</u> <u>31.12.10</u> <u>£</u>
<u>Turnover</u>		3,987,118	4,269,178
Operating and administrative expenses		(5,174,663)	(5,083,638)
<u>Operating (deficit)</u>		<u>(1,187,545)</u>	<u>(814,460)</u>
Interest receivable and similar income	15	33,240	67,520
Interest payable and similar charges	16	<u>(15,550)</u>	<u>(11,268)</u>
<u>(Deficit) on ordinary activities</u>		(1,169,855)	(758,208)
Tax on (deficit) on ordinary activities	17	-	-
Minority interests	12	<u>95,913</u>	<u>41,930</u>
<u>(Deficit) on ordinary activities after taxation and minority interest</u>		(1,073,942)	(716,278)
(Deficit) brought forward		-	-
Surplus transferred from expendable endowment		1,073,942	716,278
<u>Retained (deficit) carried forward</u>		<u>-</u>	<u>-</u>
<u>Total recognised gains and losses</u>			
(Deficit) on unrestricted income fund		(1,073,942)	(716,278)
Realised (losses)/gains on disposal of investments		(101,028)	(77,653)
Unrealised (losses)/gains on investments		88,170	126,571
Prior year adjustment (note 27)		10,444,800	-
<u>Total gains/(losses) recognised in the year</u>		<u>9,358,000</u>	<u>(667,360)</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 2011**

	NOTES	Group 31.12.11 £	Group 31.12.10 (restated) £
<u>Fixed assets</u>			
Tangible assets	18	880,332	1,036,924
Heritage assets	18	12,558,779	12,605,628
Investments	19	167,266	1,130,124
		<u>13,606,377</u>	<u>14,772,676</u>
<u>Current assets</u>			
Stocks	20	53,566	89,567
Debtors	21	230,418	350,044
Cash at bank and in hand		21,650	35,059
		<u>305,634</u>	<u>474,670</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	22	(1,390,200)	(1,542,822)
<u>Net current (liabilities)</u>		<u>(1,084,566)</u>	<u>(1,068,152)</u>
<u>Total assets less current (liabilities)</u>		12,521,811	13,704,524
Creditors - amounts falling due after more than one year	23	(2,213,857)	(2,213,857)
<u>Net assets</u>		<u>10,307,954</u>	<u>11,490,667</u>
<u>Minority interest</u>	12	137,843	41,930
		<u>10,445,797</u>	<u>11,532,597</u>
Financed by			
<u>Funds of the charity</u>			
Expendable endowment	26	10,445,797	11,532,597
Unrestricted income fund	26	-	-
<u>Total funds</u>		<u>10,445,797</u>	<u>11,532,597</u>

Approved and authorised for issue by the Trustees on 21 July 2012 and signed on their behalf by

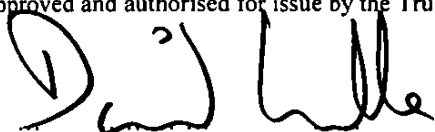

DAVID LASCELLES

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED**CHARITY BALANCE SHEET**
AS AT 31 DECEMBER 2011

	<u>NOTES</u>	<u>Charity</u> <u>31.12.11</u> <u>£</u>	<u>Charity</u> <u>31.12.10</u> <u>(restated)</u> <u>£</u>
<u>Fixed assets</u>			
Tangible assets	18	560,246	517,949
Heritage assets	18	12,558,779	12,605,628
Investments	19	167,366	1,130,224
		<u>13,286,391</u>	<u>14,253,801</u>
<u>Current assets</u>			
Stocks	20	3,543	3,156
Debtors	21	517,334	482,584
Cash at bank and in hand		11,637	27,710
		<u>532,514</u>	<u>513,450</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	22	(796,990)	(860,142)
		<u>(264,476)</u>	<u>(346,692)</u>
<u>Net current (liabilities)</u>			
		13,021,915	13,907,109
<u>Total assets less current (liabilities)</u>			
Creditors - amounts falling due after more than one year	23	(2,213,857)	(2,213,857)
		<u>10,808,058</u>	<u>11,693,252</u>
<u>Net assets</u>			
Financed by			
<u>Funds</u>			
Expendable endowment		10,808,058	11,693,252
Unrestricted income fund		-	-
		<u>10,808,058</u>	<u>11,693,252</u>
<u>Total funds</u>			

Approved and authorised for issue by the Trustees on 21 July 2012 and signed on their behalf by



HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2011**

	<u>NOTES</u>	<u>31.12.11</u>		<u>31.12.10</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Net cash inflow from operating activities</u>	1		(819,663)		(220,831)
<u>Returns on investment and servicing of finance</u>					
Investment income received		33,240		67,520	
Interest paid		<u>(15,550)</u>		<u>(11,268)</u>	
Net cash inflow for returns on investment and servicing of finance			17,690		56,252
<u>Capital expenditure and financial investment</u>					
Payments to acquire tangible fixed assets		(181,808)		(567,647)	
Receipts from sale of tangible fixed assets		1,500		-	
Payments to acquire investments		-		-	
Receipts from sale of investments		950,000		573,000	
Payments to loans		<u>-</u>		<u>(8,343)</u>	
Net cash inflow/(outflow) for capital expenditure and financial investment			769,692		(2,990)
<u>(Decrease) in cash and net funds</u>	2		<u><u>(32,281)</u></u>		<u><u>(167,569)</u></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>31.12.11</u> <u>£</u>	<u>Group</u> <u>31.12.10</u> <u>£</u>
Net outgoing resources	(1,169,855)	(758,208)
Investment income	(33,240)	(67,520)
Interest payable and similar charges	15,550	11,268
	<u>(1,187,545)</u>	<u>(814,460)</u>
Depreciation	291,706	236,831
Fixed asset impairment	90,044	-
Loss/(profit) on disposal	1,999	-
(Increase)/decrease in stocks	36,001	(69,084)
(Increase)/decrease in debtors	119,626	(2,969)
(Decrease)/increase in creditors	(171,494)	428,851
Net cash outflow from operating activities	<u>(819,663)</u>	<u>(220,831)</u>

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

	<u>£</u>
Balance at 1 January 2010	(468,786)
(Decrease) in net cash and funds	<u>(167,569)</u>
Balance at 31 December 2010	<u>(636,355)</u>
Balance at 1 January 2011	(636,355)
(Decrease) in net cash and funds	<u>(32,281)</u>
Balance at 31 December 2011	<u>(668,636)</u>

Analysed in balance sheet

	<u>£</u>
Cash at bank and in hand	21,650
Bank overdraft	<u>(690,286)</u>
Net funds and debt at 31 December 2011	<u>(668,636)</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2011**

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, applicable UK Accounting Standards and the Companies Act as modified by the inclusion of fixed assets at market value. These financial statements consolidate the statement of financial activity and the balance sheet of the charity and its group undertakings. The results are consolidated on a line-by-line basis. No separate statement of financial activity has been presented for the charity alone as permitted by section 408 Companies Act 2006 and paragraph 397 of the SORP.

(b) Change in accounting policy

The charity has capitalised heritage works of art at market valuation, as required by FRS30. This has been treated as a prior year adjustment as explained in note 27. These items will not be depreciated.

(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 on an accruals basis.

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 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 2010**

2 Accounting policies continued

(e) Tangible fixed assets and heritage assets

Expenditure on assets less than £100 is not capitalised.

Heritage assets are capitalized where reliable cost or valuation information is available

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 works of art	-	not depreciated
Heritage buildings & refurbishment	-	2% - 5% straight line
Improvements to other property	-	20% 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 and irrecoverable VAT

All expenditure is accounted for on an accruals basis inclusive of any VAT which cannot be recovered and classified under activity 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.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2010**

2 Accounting policies continued

(j) Resources expended and irrecoverable VAT continued

Charitable activity costs include expenditure on repairs relating to the Courtyard 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 and enhance scholarly use of the collections

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 an activity of the charity but nevertheless support those activities. Support costs are allocated to the activity costs on a basis which is consistent with the use of resources.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

3 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 Patricia, Countess of Harewood, on an arms length basis.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTES Incoming resources from generated funds

4	<u>Voluntary income</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Donations under gift aid	891,809	1,137,615
	Grants		
	HLF - Harewood Explored	150,983	70,150
	Renaissance Partnership	-	15,913
	Other grant income	37,434	5,288
		<u>1,080,226</u>	<u>1,228,966</u>
5	<u>Retail, events and catering</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Retail shops and cafes	824,403	960,317
	Catering events	985,108	912,295
	Ground events	763,464	782,222
	Rents and filming income	30,875	29,000
	Sundry	5,987	1,841
		<u>2,609,837</u>	<u>2,685,675</u>

Incoming resources from charitable activities

6	<u>Conservation and education</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Admissions and Harewood Card (non-gift aid)	245,334	318,425
	Guide books and education	49,541	33,000
	Bird adoption	2,180	3,113
		<u>297,055</u>	<u>354,538</u>

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTES Resources expended

7	<u>Costs of generating voluntary income</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Marketing and promotion	92,599	112,772
	Events	11,719	11,017
	Operating costs	173,975	151,821
	Support	133,149	137,511
		<u>411,442</u>	<u>413,121</u>
8	<u>Fundraising trading costs</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Commercial trading operation	2,410,431	2,480,682
	House and event operation	21,548	18,053
	Support	518,535	453,359
		<u>2,950,514</u>	<u>2,952,094</u>
9	<u>Governance costs</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Trustees meeting expenditure	2,334	3,765
	Trustees indemnity insurance	2,246	963
	Auditors remuneration	10,500	10,500
	Support	5,791	6,757
		<u>20,871</u>	<u>21,985</u>

The accounting policy for the treatment of resources expended is set out on page 22

The analysis of support costs is shown at note 11

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Resources expended**10 Charitable activities - analysis of expenditure**

	Conservation of Harewood House and gardens £	Conservation of Bird Garden and collection £	Conservation of art and educational projects £	Total 2011 £	Total 2010 £
Repairs and renewals to existing facilities	26,113	6,074	-	32,187	28,287
Maintaining property open to the public	574,158	36,634	32,357	643,149	692,960
Exhibitions and educational programmes	-	-	288,434	288,434	140,057
Conserving collections	-	166,320	87,105	253,425	237,106
Marketing and events	9,935	9,935	9,935	29,805	44,949
Support	323,260	97,604	139,522	560,386	564,348
Total 2011	933,466	316,567	557,353	1,807,386	1,707,707
Total 2010	1,035,706	299,524	372,477		

11 Support - analysis of expenditure

	Security & Site Services £	Head office and Finance office £	Depreciation £	Bank charges £	Total 2011 £	Total 2010 £
Costs of voluntary income	35,141	61,076	26,470	10,462	133,149	137,511
Fundraising trading costs	57,491	208,992	228,583	23,469	518,535	453,359
Charitable activities						
Harewood House and Gardens	81,807	142,182	99,271	-	323,260	375,269
Bird Garden conservation	27,743	48,218	21,643	-	97,604	86,858
Art conservation and education	48,845	84,894	5,783	-	139,522	102,221
Governance costs	-	5,791	-	-	5,791	6,757
Total 2011	251,027	551,153	381,750	33,931	1,217,861	1,161,975
Total 2010	282,147	615,654	236,835	27,339		

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTES

12	<u>Minority Interest</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
		<u>95,913</u>	<u>41,930</u>

The minority interest is the share of Harewood Hospitality & Events LLP's result which is due to the external partner, Boutique Catering Ltd. This represents 50% of the loss for the year.

13	<u>Staff costs</u>	<u>31.12.11</u>	<u>31.12.10</u>
		<u>£</u>	<u>£</u>
	Wages and salaries	1,915,850	1,972,136
	National insurance	148,802	164,115
	Pension costs	<u>30,365</u>	<u>73,105</u>
		<u>2,095,017</u>	<u>2,209,356</u>

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

	<u>31.12.11</u>	<u>31.12.10</u>
	<u>No</u>	<u>No</u>
House & admissions	23	23
Bird Garden	6	6
Gardens	8	8
Retail & catering	28	28
Events	30	32
Support & management	26	27
Full time and full-time equivalents	<u>121</u>	<u>124</u>

The number of employees whose emoluments as defined for taxation purposes amounted to more than £60,000 in the year was as follows:

	<u>31.12.11</u>	<u>31.12.10</u>
	<u>No</u>	<u>No</u>
£80,000 - £90,000	1	-

Pension contributions for high earners in 2010 and 2011 were £nil.

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 2011**

NOTES

14

Operating deficit

The operating deficit is stated after charging	<u>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>
Auditors remuneration	10,500	10,500
Auditors fees for other services	12,774	13,583
Depreciation	291,706	236,831
Fixed Asset impairment	90,044	-
Loss/(profit) on disposal of fixed assets	1,999	-
Trustees meeting expenses	2,334	3,765
Trustees indemnity insurance	2,246	963

The fixed asset impairment relates largely to fixtures held by Harewood Hospitality & Events LLP located in the "geopods" structure. The structure has not been used since December and the contents are included at the value realised.

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>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>
Other interest	-	-
Distributions from investments	33,240	67,520
	<u>33,240</u>	<u>67,520</u>

16

Interest payable and similar charges

	<u>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>
Interest payable on short term borrowing	<u>15,550</u>	<u>11,268</u>

17

Taxation

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

NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

18 Group tangible fixed assets

	<u>Heritage works of art</u> (note 18 (a))	<u>Heritage buildings & refurbishment</u> (note 18 (a))	<u>Improvements to other property</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 2011	-	2,633,511	198,213	2,081,474	185,058	55,250	75,790	5,229,296
As previously stated	-	-	-	-	-	-	-	-
Prior year adjustment	10,444,800	-	-	-	-	-	-	10,444,800
As restated	10,444,800	2,633,511	198,213	2,081,474	185,058	55,250	75,790	15,674,096
Additions	-	-	-	172,623	-	-	9,185	181,808
Disposals	-	-	-	(42,105)	-	-	(17,907)	(60,012)
As at 31 December 2011	10,444,800	2,633,511	198,213	2,211,992	185,058	55,250	67,068	15,795,892
<u>Depreciation</u>								
As at 1 January 2011	-	470,063	35,339	1,287,812	143,103	36,867	58,360	2,031,544
Disposals	-	-	-	(41,765)	-	-	(14,748)	(56,513)
Charge for the year	-	49,469	39,642	189,399	4,196	3,677	5,323	291,706
Fixed asset impairment	-	-	-	90,044	-	-	-	90,044
As at 31 December 2011	-	519,532	74,981	1,525,490	147,299	40,544	48,935	2,356,781
<u>Net book value</u>								
As at 31 December 2011	10,444,800	2,113,979	123,232	686,502	37,759	14,706	18,133	13,439,111
As at 31 December 2010	-	2,160,828	162,874	796,282	41,955	18,383	17,430	3,197,752
As previously stated	-	-	-	-	-	-	-	-
Prior year adjustment	10,444,800	-	-	-	-	-	-	10,444,800
As restated	10,444,800	2,160,828	162,874	796,282	41,955	18,383	17,430	13,642,552

NOTES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011****18 Cont'd Charity tangible fixed assets**

	Heritage works of art (note 18 (a))	Heritage buildings & refurbishment (note 18 (a))	Plant and machinery	Playground equipment	Tractors	Motor vehicles	Total
	£	£	£	£	£	£	£
Cost							
As at 1 January 2011	-	2,633,511	1,508,604	185,058	55,250	75,790	4,458,213
As previously stated	10,444,800	-	-	-	-	-	10,444,800
Prior year adjustment	10,444,800	2,633,511	1,508,604	185,058	55,250	75,790	14,903,013
As restated	-	-	162,672	-	-	9,185	171,857
Additions	-	-	(16,377)	-	-	(17,907)	(34,284)
Disposals	10,444,800	2,633,511	1,654,899	185,058	55,250	67,068	15,040,586
As at 31 December 2011							
Depreciation							
As at 1 January 2011	-	470,063	1,071,043	143,103	36,867	58,360	1,779,436
Disposals	-	-	(16,377)	-	-	(14,748)	(31,125)
Charge for the year	-	49,469	110,585	4,196	3,677	5,323	173,250
As at 31 December 2011	-	519,532	1,165,251	147,299	40,544	48,935	1,921,561
Net book value							
As at 31 December 2011	10,444,800	2,113,979	489,648	37,759	14,706	18,133	13,119,025
As at 31 December 2010	-	2,160,828	437,561	41,955	18,383	17,430	2,678,777
As previously stated	10,444,800	-	-	-	-	-	10,444,800
Prior year adjustment	10,444,800	2,160,828	437,561	41,955	18,383	17,430	13,123,577
As restated	-	-	-	-	-	-	-

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTES

18 (a) Heritage Assets

The charity holds two categories of heritage assets in support of its charitable objectives, to preserve Harewood House, its ancillary buildings, surroundings and collections for the public benefit.

Heritage building refurbishment

Costs of £2,633,511 are held, largely relating to the refurbishment of the "Courtyard" stables block in 2005 and 2006. These are recorded at the cost incurred by the charity and are depreciated over periods of 20 and 50 years.

The Courtyard is open to visitors to Harewood House, as a café and retail outlet, with an education facility and with function rooms which are available to hire.

All buildings managed by the charity are subject to regular inspection and assessment of maintenance requirements.

The charity was assigned a 99 year lease of Harewood House and the surrounding land from December 1996, but the value of this lease has not been capitalised because of the difficulty in providing a reliable valuation.

Works of art

These consist of certain works of art, furniture and mirrors, most of which were donated to the charity by the 7th Earl of Harewood. The charity also made some purchases.

These items are of national significance due to their association with Harewood House.

There have been no purchases or disposals in the last five years.

The works of art are included at a mid-auction estimate of £10,444,800, reported as at January 2012 by Christie's. The items are deemed to have indeterminate lives and a high residual value so the Trustees do not consider it appropriate to charge depreciation.

The charity's works of art are displayed within the collections in Harewood House, which are open to the public, and are cared for by the charity's curatorial team.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

NOTES

19	<u>Group Investments</u>	<u>Group</u> <u>31.12.11</u> <u>£</u>	<u>Group</u> <u>31.12.10</u> <u>£</u>
	Movements of investments market value		
	As at 1 January 2011	1,130,124	1,654,206
	Additions	-	-
	Disposals	(950,000)	(573,000)
	Realised (losses)/gains	(101,028)	(77,653)
	Unrealised (losses)/gains	88,170	126,571
	As at 31 December 2011	<u>167,266</u>	<u>1,130,124</u>

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

	<u>Group</u> <u>31.12.11</u> <u>£</u>	<u>Group</u> <u>31.12.10</u> <u>£</u>
Direct listed investments and cash balances		
UK	-	-
Overseas	<u>-</u>	<u>-</u>
Indirect listed investments		
UK	167,266	1,130,124
Overseas	<u>-</u>	<u>-</u>
	<u>167,266</u>	<u>1,130,124</u>
As at 31 December 2011	<u>167,266</u>	<u>1,130,124</u>

Material investments

Investments which comprise more than 5% by value are	<u>31.12.11</u> <u>£</u>	<u>31.12.10</u> <u>£</u>
Charifund - equities investment fund	94,581	650,036
Charibond - fixed interest investment fund	72,685	480,088

Charity investments

Investments held by the charity also include £100 investment in the subsidiary company, Harewood House Trading Ltd, at market value (2010 £100)

	<u>Charity</u> <u>31.12.11</u> <u>£</u>	<u>Charity</u> <u>31.12.10</u> <u>£</u>
Market value including investment in subsidiary	<u>167,366</u>	<u>1,130,224</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

<u>NOTES</u>	<u>Group</u> <u>31.12.11</u> <u>£</u>	<u>Group</u> <u>31.12.10</u> <u>£</u>	<u>Charity</u> <u>31.12.11</u> <u>£</u>	<u>Charity</u> <u>31.12.10</u> <u>£</u>
20 <u>Stocks</u>				
Retail, catering and guide books	53,566	89,567	3,543	3,156
	<u>53,566</u>	<u>89,567</u>	<u>3,543</u>	<u>3,156</u>
21 <u>Debtors</u>				
Trade debtors	111,225	109,433	59,874	28,844
Other debtors	9,870	41,929	1,732	4,359
Amounts owed by Trading subsidiary	-	-	346,405	290,550
Amounts owed by Trading partner	-	39,851	-	-
VAT	-	9,272	-	9,272
Prepayments	109,323	149,559	109,323	149,559
	<u>230,418</u>	<u>350,044</u>	<u>517,334</u>	<u>482,584</u>

The charity charges interest at 2% over Bank of England base rate on loans to the subsidiary company, and holds a fixed and floating charge over its assets

22 **Creditors:**
amounts falling due within one year

Bank loan	-	8,116	-	8,116
Bank overdraft	690,286	671,414	438,152	421,112
Trade creditors	388,680	548,124	165,605	127,797
Other creditors including social security and other taxes	71,761	107,944	62,540	59,940
Amounts owed to Trading subsidiary	-	-	73,787	224,617
Accruals	106,170	78,384	51,396	15,619
Event deposits in advance	133,303	128,840	5,510	2,941
	<u>1,390,200</u>	<u>1,542,822</u>	<u>796,990</u>	<u>860,142</u>

23 **Creditors:**
amounts falling due after one year

Loan from Harewood Estate	<u>2,213,857</u>	<u>2,213,857</u>	<u>2,213,857</u>	<u>2,213,857</u>
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Within creditors, the bank 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 2011**

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, which have been conducted through the partnership, Harewood Hospitality & Events LLP from February 2010. 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>Hire of</u>			
	<u>Equipment</u>	<u>Events</u>	<u>Total</u>	<u>Total</u>
	<u>31.12.11</u>	<u>31.12.11</u>	<u>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	27,270	-	27,270	28,770
Cost of sales	-	-	-	(7,179)
Gross profit	27,270	-	27,270	21,591
Administrative expenses	(111,822)	-	(111,822)	(111,130)
Depreciation	(21,143)	-	(21,143)	(36,913)
Net profit/(loss)	(105,695)	-	(105,695)	(126,452)
Gift aid donation			-	-
Profit/(loss) after gift aid to parent company			(105,695)	(126,452)

Summary balance sheet

	<u>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>
Fixed assets	80,191	101,674
Current assets	55,435	84,082
Current liabilities	(241,840)	(156,749)
Liabilities due after more than one year	(118,106)	(147,632)
Net assets/(liabilities)	(224,320)	(118,625)
Represented by		
Share capital	100	100
Reserves	(224,420)	(118,725)
	(224,320)	(118,625)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTES

25 Limited Liability Partnership - Harewood Hospitality & Events LLP

During 2010 and 2011 the non-primary purpose trading activities were delivered by a new Limited Liability Partnership registered on 1 February 2010, a partnership between Harewood House Trading Limited and Boutique Catering Ltd. Harewood House Trading Ltd has majority voting rights on most decisions. Profits and losses are split equally between the two partners. The activities have been consolidated on a line-by-line basis in the statement of financial activity.

A summary of the results of the partnership is shown below

Summary profit & loss account

	<u>Retail and cafes</u>	<u>Catering events</u>	<u>Ground events</u>	<u>Total</u>	<u>Total</u>
	<u>31.12.11</u>	<u>31.12.11</u>	<u>31.12.11</u>	<u>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	809,220	985,109	667,223	2,461,552	2,653,256
Cost of sales	(699,822)	(771,324)	(625,023)	(2,096,169)	(2,274,926)
Gross profit	109,398	213,785	42,200	365,383	378,330
Administrative expenses	(40,652)	(220,818)	(108,381)	(369,851)	(398,198)
Depreciation	(37,036)	(39,889)	(20,387)	(97,312)	(63,992)
Fixed asset impairment	(62,224)	-	(27,820)	(90,044)	-
Net profit/(loss)	(30,514)	(46,922)	(114,388)	(191,824)	(83,860)
Minority interest				95,912	41,930
Profit/(loss) attributable to Harewood group				(95,912)	(41,930)

Summary balance sheet

	<u>31.12.11</u>	<u>31.12.10</u>
	<u>£</u>	<u>£</u>
Fixed assets	239,897	417,302
Current assets	187,602	422,606
Current liabilities	(653,456)	(893,466)
Owing to LLP members	(49,725)	(30,301)
Minority interest	137,841	41,930
Net assets/(liabilities)	(137,841)	(41,929)
Represented by		
Harewood House Trading Ltd	1	1
Capital Reserves	(137,842)	(41,930)
	(137,841)	(41,929)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTES

26 Group funds

Reconciliation and analysis of movement in funds

	<u>Unrestricted</u> <u>Income Fund</u>	<u>Expendable</u> <u>Endowment</u>	<u>Total</u> <u>31 12 11</u>	<u>Total</u> <u>31 12.10</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Opening value of funds as previously stated	-	1,087,797	1,087,797	1,755,157
Prior year adjustment (note 27)	-	10,444,800	10,444,800	
Opening value of funds as restated	-	11,532,597	11,532,597	
Net (outgoing)/incoming resources	(1,073,942)	-	(1,073,942)	(716,278)
Realised investment gains/(losses)	-	(101,028)	(101,028)	(77,653)
Unrealised investment gains	-	88,170	88,170	126,571
Transfer	1,073,942	(1,073,942)	-	-
Closing value of funds	-	10,445,797	10,445,797	1,087,797

Analysis of group net assets between funds

Investments	-	167,266	167,266	1,130,124
Other net (liabilities)/assets	-	10,278,531	10,278,531	(42,327)
	-	10,445,797	10,445,797	1,087,797

27 Prior year adjustment

In previous years the value of works of art donated to the charity has not been capitalised. During the year ended 31 December 2011 a market valuation has been undertaken by Christie's and the value of £10,444,800 has been included in heritage assets (note 18 (a)), in accordance with FRS30. As this is a change of accounting policy the value has been shown as a prior year adjustment. Although the valuation is dated January 2012 the Trustees believe that, as the works of art were donated several years ago, including the value in the balance sheets at both 31 December 2010 and 31 December 2011 assists in ensuring the accounts give a true and fair view.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTES

28 Transactions with trustees and connected persons

The 7th Earl of Harewood and Patricia, Countess of Harewood

The 7th Earl of Harewood entered into transactions with the charity during the year as follows.

Rent and other charges up to 11 July 2011 £41,386 (2010 £74,345)

The charity charged rent in respect of the apartments within Harewood House used by The 7th Earl of Harewood and Patricia, Countess of Harewood. The rents were reviewed in 2011 and are charged at market rates established by Messrs Carter Jonas, a third party firm of surveyors. In addition amounts were recharged at cost for the use of utilities, insurance, conservation of artwork, a gardener and some office expenses

The Executors of the 7th Earl of Harewood entered into transactions with the charity as follows:

Funeral, Thanksgiving and other charges £46,926 (2010 £nil)

The charity recharged at cost expenses incurred.

Patricia, Countess of Harewood entered into transactions with the charity as follows:

Rent and other charges after 11 July 2011 £40,391 (2010 £nil)

The charity charged rent and expenses as described above

David Lascelles, Earl of Harewood

David Lascelles, Earl of Harewood 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 £1,300 (2010 £1,727)

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

(b) Transactions with the Earl and Countess of Harewood £1,790 (2010 £3,882)

The charity recharged the Earl and Countess of Harewood with day-to-day office and other related expenses

(c) Purchases from the Harewood Estate £165,051 (2010 £148,159)

This represents an amount paid to a trustee (David Lascelles, Earl of Harewood).

The Harewood Estate recharged the charity, at cost of £95,659 (2010. £95,659) for its share of security services provided to Harewood Trust by a third party specialist security organisation.

In addition the charity was charged rent for staff cottages by the Harewood Estate, determined commercially by a third party surveyor. Charges were also made at cost for storage, winter maintenance, fuel and repairs provided by the Harewood Estate to the charity

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2011**

NOTES

28 Transactions with trustees and connected persons continued

(d) Purchases from Harewood Farming Limited £nil (2010 £2,008)

The charity paid a facility fee to Harewood Farming Limited for the use of land for special events during 2010. This represented an amount paid to a trustee (David Lascelles, Earl of Harewood)

At 31 December 2011 balances were as follows.

Owed to the charity by.

Harewood Estate	£ 657	(2010 £ 414)
Executors of 7 th Earl of Harewood	£31,714	(2010 £ nil)
Patricia, Countess of Harewood	£20,720	(2010 £ nil)
The Earl and Countess of Harewood	£ 1,393	(2010 £ 1,205)

As the charity reinvoices other parties for services as described above, some invoices rendered near to the end of the charity's financial year remain outstanding. These do not represent loans but are simply amounts outstanding as at 31 December 2011. In practice invoices are paid promptly to the charity, and these amounts were repaid shortly after the year-end

Owed by the charity to

Harewood Estate	£ 2,224,070	(2010 £2,223,096)
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This figure includes £1,991,044, which was lent to the charity by the Harewood Estate to fund the Courtyard 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.

Trustee expenses

In addition to the foregoing, meeting and travel expenses of £2,334 (2010 £3,765) were incurred by the board of trustees in carrying out their duties. These items represent a reimbursement of trustee expenses at cost.

Transactions with Harewood Hospitality & Events LLP

During the year the partnership charged David Lascelles, the Earl of Harewood £381 (2010 £5,571) for catering services provided, valued on a commercial basis. Nothing was outstanding from the Earl of Harewood at 31 December 2011 or 2010.

During the year the partnership charged Patricia, Countess of Harewood £6,292 (2010 £ nil) for catering services provided, valued on a commercial basis. Nothing was outstanding at 31 December 2011 or 2010.

The Harewood Estate charged the partnership £20,138 (2010 £23,100) for the use of land at events, and other services provided in the period. At 31 December £195 (2010 £23,290) was owed by the partnership to The Harewood Estate.