

REGISTERED NUMBER: 02004021

HAREWOOD HOUSE TRUST LIMITED

(A Company Limited by Guarantee)

Annual Report

And

Financial Statements

For the Year Ended 31 December 2012

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HAREWOOD HOUSE TRUST LIMITED

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HAREWOOD HOUSE TRUST LIMITED

COMPANY INFORMATION

Trustees

Iwona Blazwick
Paul Dolan
Sir Nicholas Goodison
Patricia, Countess of Harewood
David Lascelles, Earl of Harewood
Diane Lascelles, Countess of Harewood
Sir Hugh Roberts
Emily Shard
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
Statutory Auditors
12 Princes Square
Harrogate
North Yorkshire
HG1 1LY

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 2012

Directors and Trustees

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

Committee Membership

Iwona Blazwick (appointed 21 July 2012)		
Lord Brabourne (resigned as Trustee 21 July 2012)	A F	(Chairman of Audit Committee up to 21 July 2012))
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	
Emily Shard (appointed 21 July 2012)		
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 Paul Dolan, Sir Nicholas Goodison and David Lascelles, Earl of Harewood. Diane Lascelles, Countess of Harewood was appointed a member of the charity on 27 January 2012. In addition, Lord Brabourne was a member of the charity throughout the year but, having given notice of his intention, he resigned as a member on 21 January 2013. The Trustees are very grateful for his input as Trustee since the Trust's formation.

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 32.

Harewood House Trading Ltd delivers the non-primary purpose trading activities through Harewood Hospitality & Events LLP, a partnership set up with Boutique Catering Ltd during 2010. Boutique Catering Ltd resigned from the partnership on 9 February 2012 and was replaced by Picotus Ltd. Harewood House Trading Ltd has majority voting rights on most issues in the partnership. The partnership results are shown at note 25 on page 33.

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 Picotus 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 2012, 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 financial performance of the charity is heavily dependent on visitor income and consequently the weather. Moves have been made to diversify, seek income opportunities from other sources and ensure that income is less weather dependent.

During 2012, day visitor admission prices were held at 2011 levels. Prices of annual membership were revised and the structure simplified. 2012 is reported as England's wettest year on record and this certainly had an impact on visitor numbers resulting in admissions income being 21% below the previous year and membership sales 13% down. The number of memberships fell by 11% in the year, following a decline of 9% in 2008, 14% in 2009, an increase of 2% in 2010 and a decrease of 6% in 2011.

Gift aid received in 2012 was 25% below the previous year, due to the reduced visitor income and the final effects of the 3% transitional relief for gift aid ending in April 2011.

The partnership Harewood Hospitality & Events LLP, which was set up between Harewood House Trading Limited and Boutique Catering Ltd during 2010, was altered in February 2012 to avoid further losses being made. Boutique Catering Ltd resigned from the partnership and was replaced by a new partner, Picotus Ltd. The partnership entered into an agreement with a separate retail, catering and hospitality provider, Boutique Catering & Events Ltd, and from 2012 receives an annual facility fee from this company. Where ground events form part of the charity's normal operation and involve little risk they are again dealt with by the charity, whereas Harewood Hospitality & Events LLP received income from these in 2010 and 2011.

The results for the year and balance sheets of Harewood House Trading Limited and Harewood Hospitality & Events LLP are shown at note 24 (page 32) and note 25 (page 33) respectively, and the results of both entities are consolidated within these accounts.

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

House & Collections

In 2012, Jubilee Year, an HLF grant enabled us to catalogue, conserve and interpret our Royal collections. Displays running throughout the House focused on HRH Princess Mary's life at Harewood and especially her collections of Faberge, fans and miniatures. The Faberge display in the Cinnamon Drawing Room was enhanced by loans from the Royal Collection. We also showed photographs by Royal Photographer Marcus Adams in the Terrace Gallery. Work on cataloguing Harewood's Royal collections continues and a successful engagement programme is being run by our Learning team to support the project.

Our other theme, Medieval Harewood, focused on the buildings at Harewood that pre-date Harewood House. Harewood Castle, All Saints Church and the ongoing excavation, in partnership with the University of York and York Archeological Trust, of Gawthorpe Hall, with guided tours and interpretive displays in the church and the Terrace Gallery. Artistic responses by Eleanor Morton, Diane Howse, Susan Collins and Simon Warner were commissioned through the kind support of Alchemy to further engage visitors with the project.

We also hosted and co-curated a one-day event *Art, Ideas and Empire* as part of an Arts Council England funded partnership between Ilkley Literature Festival, Bradford Museums & Galleries and Alchemy. This brought together an international cast of artists, thinkers and cultural commentators who shared ideas on the role of women as artists, patrons and curators over the past 175 years, from the start of Queen Victoria's reign to the present day.

The Stewards Room was re-furnished with support from Farrow and Ball and work on our storage rooms and cataloguing systems continues.

HAREWOOD HOUSE TRUST LIMITED

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

Achievements and Performance (continued)

Gardens

To coincide with the Royal Harewood exhibition, a new rose was named 'Yorkshire Princess' in honour of HRH Princess Mary. Plants were sent from a specialist rose breeder to be potted and grown at Harewood. The rose was exhibited at the Harrogate Flower Show in September and planted in the gardens in autumn.

In the Walled Garden, a 'Dig for Victory' vegetable plot was recreated from the 1942 Ministry of Agriculture's advisory leaflet, extending the Royal Harewood theme into the gardens and commemorating Harewood's role in supporting the national food campaign during the war years. We have worked closely with the Learning Department to deliver a range of educational sessions to schools based on the subject of food, particularly the subject of wartime rationing.

Other highlights of our gardening year include planting sixty oaks to mark Jubilee Year, an enhancement of our long-term tree-planting scheme, setting up a plant stall outside the bookshop, partnering Wharfebank Brewery to produce "Harewood Gold" bottled beer, made from hops grown in the Walled Garden. We hope that this will be the first of a series of beers specially produced for Harewood.

Bird Garden

Some changes have been made in the Bird Garden with a number of internal aviary partitions being removed, meaning birds have greater choice in bathing and drinking ponds, feeding stations, nesting sites and heated shelter areas. Signage and interpretation panels are being re-designed and re-branded.

The restructuring of the education department means that the delivery of school talks is now by Keepers and some Volunteers, rather than by a specialized education officer. These have proved to be popular with staff, volunteers and school groups.

Learning

The Head of Learning is now also responsible for the science element of Harewood's education offer, particularly in the Bird Garden and Gardens. A range of new sessions and initiatives have been developed, including Dig for Victory, Where Does Your Food Come From, Use Your Senses and a Maths Trail.

The Learning Department has also worked closely with the House & Collections Department both on the Royal Harewood project, with funding from Heritage Lottery, and Medieval Harewood where we have liaised with Harewood Estate in developing new tours for both the Castle and the Church.

In June the team assisted the Events team in running the Olympic Torch Relay event at Harewood, initiating a range of activities specifically for schools within the LS17 postcode. As well as attending the Torch Relay, schools also performed a short performance piece relating to the theme of sports and the Olympics and the winners, judged by the Lord High Sheriff of Yorkshire and Lord and Lady Harewood, won an annual pass to Harewood. The event was a great success and helped forge new relationships with the schools in our area.

The Reminiscence Group continues, now run on an annual subscription basis following the end of the HLF Audience Development Project.

HAREWOOD HOUSE TRUST LIMITED

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

Achievements and Performance (continued)

Personnel

There has been a significant change in personnel during the year, catering and hospitality events are again subcontracted with a resulting reduction in employees. Staff numbers have reduced to 49 permanent or fixed term and 50 seasonal.

There are currently 268 volunteers on the Register, the majority of which are active and committed. It is sad to report that the House Volunteer Coordinator is still off on long term sick.

The usual monthly induction programme for staff and volunteers has been streamlined. All the usual compliance training is being undertaken as necessary. Sales training from an external company was given to all Visitor Experience staff whose remit this year is to increase membership.

Events

The brief for the re-constituted in-house Event Department was to resurrect Harewood's core events after the LLP and to build on an identity that complements the Harewood Brand. We are responsible not only for major outdoor events, but also for putting on added value events in the park (events that visitors to Harewood do not pay extra for, but are part of the Grounds admission ticket), developing private events, quoting and liaising with Boutique, our catering partner.

Major Events delivered this year include The Kite Festival, Museums at Night, Renault Ride & Drive, and Harewood Medieval Faire. Added value events include Love Nature, Mother's Day, Easter, Princess Mary's Birthday weekend, Jubilee Celebrations, Canoldir Choir and the Texan Choir. Sadly, the appalling summer weather meant the cancellation of Father's Day, Classic Car, and M Fest.

PLAY! was a successful event for adults as well as children, and included a Lego model of Harewood House, designed and built by LEGOLAND Discovery Centre in Manchester. A good crowd enjoyed the Olympic Torch Relay when it passed through Harewood in the presence of Princess Beatrice. Working closely with the Learning Department, we were also able to attract many local schools.

Sales, Marketing & Visitor Experience

Poor weather had a negative impact on our visitor numbers in the year. To keep Harewood's indoor offer front of mind, we made a door drop of our existing generic leaflet to go to selected postcodes and ran tactical ads in the local newspapers. We also changed the focus of some of our social media and digital activity to talk more about the indoor offer.

Membership was also behind budget (over 25% down). Lapse rates were an issue with only 40% of our membership renewing early in the year. We have sent follow-up reminders, mailed 3,000 people who have lapsed in last 12 months and initiated a Summer Membership scheme, which has started to improve this trend.

The new partnership with the Box Tree for fine dining and private events in the House was launched.

New signage is now completed and installed in the Bird Garden including information panels, Adoption Board and mandatory information.

The shuttles and bus-stops are now rebranded as part of a sponsorship arrangement with Transdev, who run the local bus service.

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 2012 are shown on page 13 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 17% decrease in voluntary income from £1,080,226 in 2011 to £892,023 this year. Reduced visitor numbers, affected by poor weather, led to a reduction in gift aided donations. There was no income from the HLF assisted project, Harewood Explored, which ended in 2011, but this was alleviated partly by support from HLF for Royal Harewood, by ACE for Allegories of Power and by donation from Charity Clay Days. Conservation and education income increased from £297,055 in 2011 to £397,455 in 2012 as more grounds event income remains within the charity now that the involvement of Harewood Hospitality & Events LLP has been altered.

Retail, events and catering income has reduced from £2,609,837 in 2011 to £703,180 in 2012. These services were provided to visitors and clients by Harewood Hospitality & Events LLP in 2011 but in 2012 a facility fee is received from the company which provides the service. Fundraising trading costs have similarly decreased, from £2,950,514 in 2011 to £689,205 this year. Trading activities show a small profit this year compared with a loss in 2010 and 2011.

Investment income is negligible in 2012 as remaining investments were sold early in the year.

Net outgoing resources for the group are £845,905 increased by the external partner's £48,578 share of the profit for the year of Harewood Hospitality & Events LLP.

There was a small investment gain of £1,527 realised on the sale of the charity's investments.

The overall deficit for the year was £892,956 after depreciation of £249,507. This is a recovery from the £1,086,800 deficit in 2011 and achieved in a year where visitor numbers were considerably depressed and visitor income was £360,000 less than budgeted. The Trustees have pressed the management of the Trust for further progress to deliver a substantially improved performance for 2013.

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 investment funds were exhausted during the year.

The expendable endowment reserve at 31 December 2012 was £9,552,841 (2011 £10,445,797). There are £10,444,800 of heritage assets, previously donated, which are maintained and displayed for the public benefit.

In 2013 action is being taken to deliver additional budgeted increases in visitor and membership income, further reductions in operating costs, and the development of relationships to deliver further fixed facility fee events. The Trustees are satisfied by assurances given that funds are in place to secure the on-going future of the Trust.

HAREWOOD HOUSE TRUST LIMITED

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

Future Plans

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

- it is aimed to continue the increase in membership achieved at the end of 2012, by promoting more actively to visitors, focusing on the benefits to members and selling membership as supporting a local Charitable Trust. Most memberships are now paid for by direct debit which assists renewal.
- a varied exhibitions programme for 2013 will include *In Cloud Country* inspired by Harewood's landscape and curated by Diane Howse and Iwona Blazwick, *The Seven Eggs* a solo exhibition by Clare Woods, and *Objectivity* which investigates the art of useful things
- to commence a planned programme of pre-approved maintenance expenditure, refocusing on protection of the fabric of Harewood House
- to reduce the risk of income fluctuations by increasing the level of fixed facility fee income from trading and other activities
- replacement and reintroduction of interpretative signage in the bird garden, terrace, Himalayan garden and walled garden
- reintroduction of "*Capability*" to offer boat trips on the lake after a gap of six years. This is intended to provide an added attraction and encourage more visitors to spend time around the lakeside and walled garden

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

- 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. To increase certainty, improvement in marketing continues, and full membership is being promoted more actively to visitors. Income from retail, catering and hospitality is now largely fixed and efforts are being focused on increasing the level of fixed ground facility fee income

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 26, 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.

Trustee



DAVID LASCELLES, EARL OF HAREWOOD

26 September 2013

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 2012 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 10, 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 2012 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



Peter Tarren FCA (Senior Statutory Auditor)
For and on behalf of Lishman Sidwell Campbell and Price LLP
Statutory Auditors
12 Princes Square
Harrogate
North Yorkshire
HG1 1LY

Date:.....26/09/13.....

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 2012**

NOTES

	<u>Unrestricted</u> <u>Income</u> <u>£</u>	<u>Expendable</u> <u>Endowment</u> <u>£</u>	<u>Total</u> <u>31 12 12</u> <u>£</u>	<u>Total</u> <u>31.12 11</u> <u>£</u>
<u>Incoming resources:</u>				
<u>Incoming resources from generated funds</u>				
<u>Voluntary income</u>				
4 Donations and grants	892,023	-	892,023	1,080,226
<u>Activities for generating funds</u>				
5 Retail, events and catering	703,180	-	703,180	2,609,837
Investment income	531	-	531	33,240
<u>Incoming resources from charitable activities</u>				
6 Conservation and education	397,455	-	397,455	297,055
<u>Total incoming Resources</u>	<u>1,993,189</u>	<u>-</u>	<u>1,993,189</u>	<u>4,020,358</u>
<u>Resources expended</u>				
<u>Costs of generating funds</u>				
7 Costs of generating voluntary income	537,252	-	537,252	411,442
8 Fundraising trading costs	689,205	-	689,205	2,950,514
10 Charitable activities	1,591,348	-	1,591,348	1,807,386
9 Governance costs	21,289	-	21,289	20,871
<u>Total resources expended</u>	<u>2,839,094</u>	<u>-</u>	<u>2,839,094</u>	<u>5,190,213</u>
<u>Net outgoing resources</u>				
	(845,905)	-	(845,905)	(1,169,855)
12 <u>Minority interest</u>	(48,578)	-	(48,578)	95,913
<u>Net outgoing resources before transfers</u>	<u>(894,483)</u>		<u>(894,483)</u>	<u>1,073,942</u>
<u>Transfers</u>	894,483	(894,483)	-	-
<u>Other recognised gains/(losses)</u>				
Realised (losses)/gains on investment assets	-	1,527	1,527	(101,028)
Unrealised (losses)/gains on investment assets		-	-	88,170
<u>Net movement in funds for the year</u>	<u>-</u>	<u>(892,956)</u>	<u>(892,956)</u>	<u>(1,086,800)</u>
<u>Reconciliation of funds</u>				
Funds brought forward at 1 1 2011 as previously stated				1,087,797
27 Prior year adjustment				10,444,800
Funds brought forward at 1 1 2012 (2011 as restated)	-	10,445,797	10,445,797	11,532,597
<u>Funds carried forward at 31 12 12</u>	<u>-</u>	<u>9,552,841</u>	<u>9,552,841</u>	<u>10,445,797</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 2012

	<u>NOTES</u>	<u>Unrestricted</u> <u>Income</u> <u>31.12.12</u> <u>£</u>	<u>Unrestricted</u> <u>Income</u> <u>31.12.11</u> <u>£</u>
<u>Turnover</u>		1,992,658	3,987,118
Operating and administrative expenses		(2,819,417)	(5,174,663)
<u>Operating (deficit)</u>		<u>(826,759)</u>	<u>(1,187,545)</u>
Interest receivable and similar income	15	531	33,240
Interest payable and similar charges	16	<u>(19,677)</u>	<u>(15,550)</u>
<u>(Deficit) on ordinary activities</u>		<u>(845,905)</u>	<u>(1,169,855)</u>
Tax on (deficit) on ordinary activities	17	-	-
Minority interests	12	<u>(48,578)</u>	<u>95,913</u>
<u>(Deficit) on ordinary activities after taxation and minority interest</u>		<u>(894,483)</u>	<u>(1,073,942)</u>
(Deficit) brought forward		-	-
Surplus transferred from expendable endowment		894,483	1,073,942
<u>Retained (deficit) carried forward</u>		<u>-</u>	<u>-</u>
<u>Total recognised gains and losses</u>			
(Deficit) on unrestricted income fund		(894,483)	(1,073,942)
Realised (losses)/gains on disposal of investments		1,527	(101,028)
Unrealised (losses)/gains on investments		-	88,170
Prior year adjustment	27	-	10,444,800
<u>Total gains/(losses) recognised in the year</u>		<u>(892,956)</u>	<u>9,358,000</u>

Continuing Operations

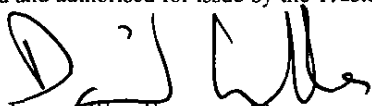
None of the company's activities were acquired or discontinued during the current and previous periods

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012**

	NOTES	Group 31 12.12	Group 31 12.11
		£	£
<u>Fixed assets</u>			
Tangible assets	18	731,509	880,332
Heritage assets	18	12,509,310	12,558,779
Investments	19	-	167,266
		<u>13,240,819</u>	<u>13,606,377</u>
<u>Current assets</u>			
Stocks	20	24,697	53,566
Debtors	21	244,362	230,418
Cash at bank and in hand		<u>194,738</u>	<u>21,650</u>
		463,797	305,634
<u>Liabilities</u>			
Creditors - amounts falling due within one year	22	(745,141)	(1,390,200)
<u>Net current (liabilities)</u>		<u>(281,344)</u>	<u>(1,084,566)</u>
<u>Total assets less current (liabilities)</u>		12,959,475	12,521,811
Creditors - amounts falling due after more than one year	23	(3,408,903)	(2,213,857)
<u>Net assets</u>		<u>9 550,572</u>	<u>10,307,954</u>
<u>Minority interest</u>	12	2,269	137,843
		<u>9,552,841</u>	<u>10,445,797</u>
Financed by			
<u>Funds of the charity</u>			
Expendable endowment	26	9,552,841	10,445,797
Unrestricted income fund	26	-	-
<u>Total funds</u>		<u>9,552,841</u>	<u>10,445,797</u>

Approved and authorised for issue by the Trustees on 26 September 2013 and signed on their behalf by



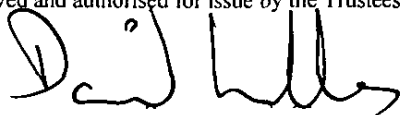
DAVID LASCELLES, EARL OF HAREWOOD - DIRECTOR

The notes form part of these financial statements

CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2012

	<u>NOTES</u>	<u>Charity</u> <u>31.12.12</u>	<u>Charity</u> <u>31.12.11</u>
		<u>£</u>	<u>£</u>
<u>Fixed assets</u>			
Tangible assets	18	467,190	560,246
Heritage assets	18	12,509,310	12,558,779
Investments	19	100	167,366
		<u>12,976,600</u>	<u>13,286,391</u>
<u>Current assets</u>			
Stocks	20	24,697	3,543
Debtors	21	608,005	517,334
Cash at bank and in hand		192,692	11,637
		<u>825,394</u>	<u>532,514</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	22	(764,501)	(796,990)
<u>Net current (liabilities)</u>		<u>60,893</u>	<u>(264,476)</u>
<u>Total assets less current (liabilities)</u>		<u>13,037,493</u>	<u>13,021,915</u>
Creditors - amounts falling due after more than one year	23	(3,068,903)	(2,213,857)
<u>Net assets</u>		<u>9,968,590</u>	<u>10,808,058</u>
Financed by			
<u>Funds</u>			
Expendable endowment		9,968,590	10,808,058
Unrestricted income fund		-	-
<u>Total funds</u>		<u>9,968,590</u>	<u>10,808,058</u>

Approved and authorised for issue by the Trustees on 26 September 2013 and signed on their behalf by



DAVID LASCELLES, EARL OF HAREWOOD - DIRECTOR

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED CASH FLOW STATEMENT **FOR THE YEAR ENDED 31 DECEMBER 2012**

	<u>NOTES</u>	<u>31.12.12</u>		<u>31.12.11</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Net cash inflow from operating activities</u>	1		(707,636)		(819,663)
<u>Returns on investment and servicing of finance</u>					
Investment income received		531		33,240	
Interest paid		<u>(19,677)</u>		<u>(15,550)</u>	
Net cash inflow for returns on investment and servicing of finance			(19,146)		17,690
<u>Capital expenditure and financial investment</u>					
Payments to acquire tangible fixed assets		(76,268)		(181,808)	
Receipts from sale of tangible fixed assets		23,117		1,500	
Receipts from sale of investments		<u>168,793</u>		<u>950,000</u>	
Net cash inflow/(outflow) for capital expenditure and financial investment			115,642		769,692
<u>Financing</u>					
Debt due in more than one year					
New bank loan repayable December 2014		850,000		-	
New unsecured loan		<u>340,000</u>		<u>-</u>	
Net cash inflow/(outflow) from financing			1,190,000		-
<u>Increase/(Decrease) in cash and net funds</u>	2		<u>578,860</u>		<u>(32,281)</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>31.12.12</u> <u>£</u>	<u>Group</u> <u>31.12.11</u> <u>£</u>
Net outgoing resources	(845,905)	(1,169,855)
Investment income	(531)	(33,240)
Interest payable and similar charges	<u>19,677</u>	<u>15,550</u>
	(826,759)	(1,187,545)
Depreciation	249,507	291,706
Fixed asset impairment	-	90,044
Loss/(profit) on disposal	1,936	1,999
(Increase)/decrease in stocks	28,869	36,001
(Increase)/decrease in debtors	73,052	119,626
(Decrease)/increase in creditors	(234,241)	(171,494)
Net cash outflow from operating activities	<u>(707,636)</u>	<u>(819,663)</u>

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

	<u>£</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>
Balance at 1 January 2012	(668,636)
Increase in net cash and funds	<u>578,860</u>
Balance at 31 December 2012	<u>(89,776)</u>

Analysed in balance sheet

	<u>£</u>
Cash at bank and in hand	194,738
Bank overdraft	<u>(284,514)</u>
Net funds and debt at 31 December 2012	<u>(89,776)</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

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 the Charity SORP (revised 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. The group accounts comply with the Charities Act 2011.

(b) 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.

(c) 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 2012**

2 Accounting policies continued

(d) 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	-	10% straight line

(e) Stocks

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

(f) 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.

(g) 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.

(h) 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 2012**

2 Accounting policies continued

(1) 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 2012

NOTES Incoming resources from generated funds

4	<u>Voluntary income</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Donations under gift aid	766,060	891,809
	Grants		
	HLF - Harewood Explored	-	150,983
	HLF -Royal Harewood	44,730	-
	ACE - Allegories of Power	21,041	-
	Charity Clay Days	30,117	-
	Other grant income	30,075	37,434
		<u>892,023</u>	<u>1,080,226</u>

5	<u>Retail, events and catering</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Retail shops and cafes	119,764	824,403
	Catering events	95,978	985,108
	Ground events	453,395	763,464
	Rents and filming income	31,700	30,875
	Sundry	2,343	5,987
		<u>703,180</u>	<u>2,609,837</u>

Incoming resources from charitable activities

6	<u>Conservation and education</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Admissions and Harewood Card (non-gift aid)	349,669	245,334
	Guide books and education	44,435	49,541
	Bird adoption	3,351	2,180
		<u>397,455</u>	<u>297,055</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 2012

NOTES Resources expended

7	<u>Costs of generating voluntary income</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Marketing and promotion	118,652	92,599
	Events	74,157	11,719
	Operating costs	177,208	173,975
	Support	167,235	133,149
		<u>537,252</u>	<u>411,442</u>
8	<u>Fundraising trading costs</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Commercial trading operation	380,435	2,410,431
	House and event operation	10,601	21,548
	Support	298,169	518,535
		<u>689,205</u>	<u>2,950,514</u>
9	<u>Governance costs</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Trustees meeting expenditure	4,767	2,334
	Trustees indemnity insurance	2,246	2,246
	Auditors remuneration	10,500	10,500
	Support	3,776	5,791
		<u>21,289</u>	<u>20,871</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 11

The notes form part of these financial statements

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Resources expended

10 Charitable activities - analysis of expenditure

	<u>Conservation of Harewood House and gardens</u> £	<u>Conservation of Bird Garden and collection</u> £	<u>Conservation of art and educational projects</u> £	<u>Total 2012</u> £	<u>Total 2011</u> £
Repairs and renewals to existing facilities	25,712	7,329	-	33,041	32,187
Maintaining property open to the public	536,729	38,173	44,274	619,176	643,149
Exhibitions and educational programmes	-	-	133,984	133,984	288,434
Conserving collections	-	111,500	118,301	229,801	253,425
Marketing and events	29,550	14,775	14,775	59,100	29,805
Support	318,763	82,612	114,871	516,246	560,386
Total 2012	910,754	254,389	426,205	1,591,348	1,807,386
Total 2011	933,466	316,567	557,353		

11 Support - analysis of expenditure

	<u>Security & Site Services</u> £	<u>Head office and Finance office</u> £	<u>Depreciation</u> £	<u>Bank charges</u> £	<u>Total 2012</u> £	<u>Total 2011</u> £
Costs of voluntary income	47,185	84,486	21,842	13,722	167,235	133,149
Fundraising trading costs	60,530	108,382	111,654	17,603	298,169	518,535
Charitable activities						
Harewood House and Gardens	82,085	146,975	89,703	-	318,763	323,260
Bird Garden conservation	22,928	41,053	18,632	-	82,613	97,604
Art conservation and education	38,413	68,780	7,678	-	114,871	139,522
Governance costs	-	3,776	-	-	3,776	5,791
Total 2012	251,141	453,452	249,509	31,325	985,427	1,217,861
Total 2011	251,027	551,153	381,750	33,931		

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTES

12	<u>Minority Interest</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
		<u>(48,578)</u>	<u>95,913</u>

The minority interest is the share of Harewood Hospitality & Events LLP's (profit)/loss which is due to the external partner This represents 50% of the loss for the year

13	<u>Staff costs</u>	<u>31.12.12</u>	<u>31.12.11</u>
		<u>£</u>	<u>£</u>
	Wages and salaries	1,085,665	1,915,850
	National insurance	86,184	148,802
	Pension costs	30,276	30,365
		<u>1,202,125</u>	<u>2,095,017</u>

The average number of employees during the period was as follows

	<u>31.12.12</u>	<u>31.12.11</u>
	<u>No</u>	<u>No</u>
House & admissions	22	23
Bird Garden	4	6
Gardens	7	8
Retail & catering	-	28
Events	8	30
Support & management	19	26
Full time and full-time equivalents	<u>60</u>	<u>121</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>31.12.12</u>	<u>31.12.11</u>
	<u>No</u>	<u>No</u>
£80,000 - £90,000	1	1

Pension contributions for high earners in 2011 and 2012 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 2012**

NOTES

14

Operating deficit

The operating deficit is stated after charging	<u>31.12.12</u>	<u>31.12.11</u>
	<u>£</u>	<u>£</u>
Auditors remuneration	10,500	10,500
Auditors fees for other services	11,332	12,774
Depreciation	249,507	291,706
Fixed Asset impairment	-	90,044
Loss/(profit) on disposal of fixed assets	1,936	1,999
Trustees meeting expenses	4,767	2,334
Trustees indemnity insurance	2,246	2,246

The fixed asset impairment in 2011 related largely to fixtures held by Harewood Hospitality & Events LLP located in the "geopods" structure

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>31.12.12</u>	<u>31.12.11</u>
	<u>£</u>	<u>£</u>
Other interest	-	-
Distributions from investments	531	33,240
	<u>531</u>	<u>33,240</u>

16

Interest payable and similar charges

	<u>31.12.12</u>	<u>31.12.11</u>
	<u>£</u>	<u>£</u>
Interest payable on short term borrowing	19,677	15,550

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 TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

NOTES

18 Group tangible fixed assets

	<u>Heritage works of art (note 18 (a))</u>	<u>Heritage buildings & refurbishment (note 18 (a))</u>	<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>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
As at 1 January 2012	10,444,800	2,633,511	198,213	2,211,992	185,058	55,250	67,068	15,795,892
Additions	-	-	14,579	61,689	-	-	-	76,268
Disposals	-	-	-	(158,798)	-	-	(44,563)	(203,361)
As at 31 December 2012	<u>10,444,800</u>	<u>2,633,511</u>	<u>212,792</u>	<u>2,114,883</u>	<u>185,058</u>	<u>55,250</u>	<u>22,505</u>	<u>15,668,799</u>
<u>Depreciation</u>								
As at 1 January 2012	-	519,532	74,981	1,525,490	147,299	40,544	48,935	2,356,781
Disposals	-	-	-	(143,298)	-	-	(35,010)	(178,308)
Charge for the year	-	49,469	23,068	168,537	3,776	2,941	1,716	249,507
As at 31 December 2012	<u>-</u>	<u>569,001</u>	<u>98,049</u>	<u>1,550,729</u>	<u>151,075</u>	<u>43,485</u>	<u>15,641</u>	<u>2,427,980</u>
<u>Net book value</u>								
As at 31 December 2012	<u>10,444,800</u>	<u>2,064,510</u>	<u>114,743</u>	<u>564,154</u>	<u>33,983</u>	<u>11,765</u>	<u>6,864</u>	<u>13,240,819</u>
As at 31 December 2011	<u>10,444,800</u>	<u>2,113,979</u>	<u>123,232</u>	<u>686,502</u>	<u>37,759</u>	<u>14,706</u>	<u>18,133</u>	<u>13,439,111</u>

NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

18 Cont'd Charity tangible fixed assets

	<u>Heritage works of art</u> (note 18 (a))	<u>Heritage buildings & refurbishment</u> (note 18 (a))	<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 2012	10,444,800	2,633,511	1,654,899	185,058	55,250	67,068	15,040,586
Additions	-	-	29,275	-	-	-	29,275
Disposals	-	-	(5,458)	-	-	(44,563)	(50,021)
As at 31 December 2012	<u>10,444,800</u>	<u>2,633,511</u>	<u>1,678,716</u>	<u>185,058</u>	<u>55,250</u>	<u>22,505</u>	<u>15,019,840</u>
<u>Depreciation</u>							
As at 1 January 2012	-	519,532	1,165,251	147,299	40,544	48,935	1,921,561
Disposals	-	-	(5,458)	-	-	(35,010)	(40,468)
Charge for the year	-	49,469	104,345	3,776	2,941	1,716	162,247
As at 31 December 2012	<u>-</u>	<u>569,001</u>	<u>1,264,138</u>	<u>151,075</u>	<u>43,485</u>	<u>15,641</u>	<u>2,043,340</u>
<u>Net book value</u>							
As at 31 December 2012	<u>10,444,800</u>	<u>2,064,510</u>	<u>414,578</u>	<u>33,983</u>	<u>11,765</u>	<u>6,864</u>	<u>12,976,500</u>
As at 31 December 2011	<u>10,444,800</u>	<u>2,113,979</u>	<u>489,648</u>	<u>37,759</u>	<u>14,706</u>	<u>18,133</u>	<u>13,119,025</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

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 2012**

NOTES

19 Group Investments

	<u>Group</u> <u>31.12.12</u> <u>£</u>	<u>Group</u> <u>31.12.11</u> <u>£</u>
Movements of investments market value		
As at 1 January 2012	167,266	1,130,124
Additions	-	-
Disposals	(168,793)	(950,000)
Realised (losses)/gains	1,527	(101,028)
Unrealised (losses)/gains	-	88,170
As at 31 December 2012	<u>-</u>	<u>167,266</u>

The investments, which were listed on recognised stock exchanges comprised

	<u>Group</u> <u>31.12.12</u> <u>£</u>	<u>Group</u> <u>31.12.11</u> <u>£</u>
Indirect listed investments		
UK	-	167,266
Overseas	-	-
As at 31 December 2012	<u>-</u>	<u>167,266</u>

Material investments

Investments which comprise more than 5%
by value are

	<u>31.12.12</u> <u>£</u>	<u>31.12.11</u> <u>£</u>
Charifund - equities investment fund	-	94,581
Charibond - fixed interest investment fund	-	72,685

Charity investments

Investments held by the charity also include £100 investment in the subsidiary company, Harewood House Trading Ltd, at market value (2011 £100)

	<u>Charity</u> <u>31.12.12</u> <u>£</u>	<u>Charity</u> <u>31.12.11</u> <u>£</u>
Market value including investment in subsidiary	<u>100</u>	<u>167,366</u>

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTES	<u>Group</u> <u>31.12.12</u> <u>£</u>	<u>Group</u> <u>31.12.11</u> <u>£</u>	<u>Charity</u> <u>31.12.12</u> <u>£</u>	<u>Charity</u> <u>31.12.11</u> <u>£</u>
20 <u>Stocks</u>				
Retail, catering and guide books	24,697	53,566	24,697	3,543
	<u>24,697</u>	<u>53,566</u>	<u>24,697</u>	<u>3,543</u>
21 <u>Debtors</u>				
Trade debtors	158,283	111,225	77,284	59,874
Other debtors	689	9,870	-	1,732
Amounts owed by Trading subsidiary	-	-	445,331	346,405
Prepayments	85,390	109,323	85,390	109,323
	<u>244,362</u>	<u>230,418</u>	<u>608,005</u>	<u>517,334</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 <u>Creditors:</u> <u>amounts falling due within one year</u>				
Bank overdraft	284,514	690,286	-	438,152
Trade creditors	282,188	388,680	250,809	165,605
Other creditors including social security and other taxes	96,435	71,761	92,747	62,540
Amounts owed to participating interest	-	-	389,839	73,787
Accruals	47,004	106,170	31,106	51,396
Event deposits in advance	35,000	133,303	-	5,510
	<u>745,141</u>	<u>1,390,200</u>	<u>764,501</u>	<u>796,990</u>
23 <u>Creditors:</u> <u>amounts falling due after one year</u>				
Bank Loan	850,000	-	850,000	-
Loan from Harewood Estate	2,218,903	2,213,857	2,218,903	2,213,857
Loan from Picotus Ltd	340,000	-	-	-
	<u>3,408,903</u>	<u>2,213,857</u>	<u>3,068,903</u>	<u>2,213,857</u>

Within creditors, the bank overdraft, bank loan and loans from the Harewood Estate and Picotus Ltd are all unsecured

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

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. 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>31.12.12</u> <u>£</u>	<u>Events</u> <u>31.12.12</u> <u>£</u>	<u>Total</u> <u>31.12.12</u> <u>£</u>	<u>Total</u> <u>31.12.11</u> <u>£</u>
Turnover	27,270	-	27,270	27,270
Cost of sales	-	-	-	-
Gross profit	27,270	-	27,270	27,270
Administrative expenses	(109,290)	-	(109,290)	(111,822)
Depreciation	(20,048)	-	(20,048)	(21,143)
Net profit/(loss)	(102,068)	-	(102,068)	(105,695)
Gift aid donation			-	-
Profit/(loss) after gift aid to parent company			(102,068)	(105,695)

Summary balance sheet

	<u>31.12.12</u> <u>£</u>	<u>31.12.11</u> <u>£</u>
Fixed assets	60,142	80,191
Current assets	75,775	55,435
Current liabilities	(373,726)	(241,840)
Liabilities due after more than one year	(88,579)	(118,106)
Net assets/(liabilities)	(326,388)	(224,320)
Represented by		
Share capital	100	100
Reserves	(326,488)	(224,420)
	(326,388)	(224,320)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

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25 Limited Liability Partnership - Harewood Hospitality & Events LLP

Since 2010 the non-primary purpose trading activities were delivered by this partnership between Harewood House Trading Limited and Boutique Catering Ltd. During the year, Boutique Catering Ltd resigned from the partnership and was replaced by a new partner, Picotus Ltd. The partnership entered into an agreement with a separate retail, catering and hospitality provider, Boutique Catering & Events Ltd, and from 2012 receives an annual facility fee from this company, rather than providing the services direct to customers.

Harewood House Trading Ltd has majority voting rights on most decisions. Profits and losses are split equally between the two partners. The activities are 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 31.12.12</u>	<u>Catering events 31.12.12</u>	<u>Ground events 31.12.12</u>	<u>Total 31.12.12</u>	<u>Total 31.12.11</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	100,000	65,000	327,739	492,739	2,461,552
Cost of sales	(34,400)		(247,546)	(281,946)	(2,096,169)
Gross profit	65,600	65,000	80,193	210,793	365,383
Administrative expenses	(21,506)	(17,604)	(10,863)	(49,973)	(369,851)
Depreciation	(31,935)	(26,414)	(8,865)	(67,214)	(97,312)
Profit on disposal	-	-	3,550	3,550	-
Fixed asset impairment	-	-	-	-	(90,044)
Net profit/(loss)	12,159	20,982	64,015	97,156	(191,824)
Minority interest				(48,578)	95,912
Profit/(loss) attributable to Harewood group				48,578	(95,912)

Summary balance sheet

	<u>31.12.12</u>	<u>31.12.11</u>
	<u>£</u>	<u>£</u>
Fixed assets	204,178	239,897
Current assets	471,527	187,602
Current liabilities	(355,351)	(653,456)
Owing to LLP members	(411,886)	(49,725)
Minority interest	2,269	137,841
Net assets/(liabilities)	(89,263)	(137,841)
Represented by		
Harewood House Trading Ltd	1	1
Capital	(89,264)	(137,842)
Reserves	(89,263)	(137,841)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

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 12</u>	<u>Total</u> <u>31 12 11</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Opening value of funds as previously stated	-	10,445,797	10,445,797	1,087,797
Prior year adjustment (note 27)	-	-	-	10,444,800
Opening value of funds as restated	-	10,445,797	10,445,797	11,532,597
Net (outgoing)/incoming resources	(894,483)	-	(894,483)	(1,073,942)
Realised investment gains/(losses)	-	1,527	1,527	(101,028)
Unrealised investment gains	-	-	-	88,170
Transfer	894,483	(894,483)	-	-
Closing value of funds	-	9,552,841	9,552,841	10,445,797

Analysis of group net assets between funds

Investments	-	-	-	167,266
Other net (liabilities)/assets	-	9,552,841	9,552,841	10,278,531
	-	9,552,841	9,552,841	10,445,797

27 Prior year adjustment

During the year ended 31 December 2011 a market valuation was undertaken by Christie's and the value of £10,444,800 was included in heritage assets (note 18 (a)), in accordance with FRS30. As this was a change of accounting policy the value was shown as a prior year adjustment in the 2011 accounts. Although the valuation was dated January 2012 the Trustees believed that, as the works of art were donated several years ago, including the value in the balance sheets dated 31 December 2010 and 31 December 2011 assisted in ensuring the accounts gave a true and fair view.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

NOTES

28 Transactions with trustees and connected persons

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

Details of the transactions are

(a) Transactions with Harewood Estate £3,516 (2011 £1,300)

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

(b) Transactions with the Earl and Countess of Harewood £3,589 (2011 £1,790)

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

(c) Purchases from the Harewood Estate £162,590 (2010 £165,051)

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

The Harewood Estate recharged the charity, at cost of £95,659 (2011: £95,659) for its share of security services provided to Harewood Trust by a third party specialist security organisation. In addition Harewood Estate charged the charity £42,600 (2011: £51,950) rent for staff cottages, 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.

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

Rent and other charges £71,235 (2011 £40,391)

The charity charged rent in respect of the apartments within Harewood House used by 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, a gardener and some office expenses.

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

In 2012, staff time involved in asset valuation during the administration £4,712

In 2011, Funeral, Thanksgiving and other charges £46,926

The charity recharged these expenses incurred, at cost

In 2011, prior to his death, the 7th Earl of Harewood entered into transactions with the charity to pay rent and other charges of £41,386. The rent and expenses were charged as described above.

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)

At 31 December 2012 balances were as follows:

Owed to the charity by.

Harewood Estate	£ 62	(2011 £ 657)
Executors of 7 th Earl of Harewood	£ 5,654	(2011 £31,714)
Patricia, Countess of Harewood	£17,462	(2011 £20,720)
The Earl and Countess of Harewood	£ 1,138	(2011 £ 1,393)

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 2012. 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	£ 2,226,225	(2011 £ 2,224,070)
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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, and some invoices rendered near to the end of the charity's financial year.

Trustee expenses

In addition to the foregoing, meeting and travel expenses of £4,767 (2011 £2,334) 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 £185 (2011 £381) for catering services provided, valued on a commercial basis. Nothing was outstanding from the Earl of Harewood at 31 December 2012 or 2011.

During 2011 the partnership charged Patricia, Countess of Harewood £6,292 for catering services provided, valued on a commercial basis. Nothing was outstanding at 31 December 2012 or 2011.

During the year Picotus Ltd (a company held on Trust for David Lascelles, the Earl of Harewood, and a member of Harewood Hospitality & Events LLP) lent £340,000 to the partnership. Paul Dolan and David Lascelles are both directors of Picotus Ltd.

The Harewood Estate charged the partnership £12,668 (2011 £20,138) for the use of land at events, and other services provided in the period. At 31 December 2012 £13,401 (2011 £195) was owed by the partnership to The Harewood Estate.