

Registered Number: 02004021 (England and Wales)

HAREWOOD HOUSE TRUST LIMITED

(A Company Limited by Guarantee)

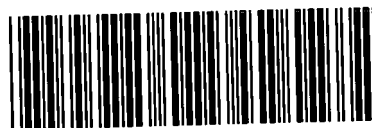
Annual Report

and

Financial Statements

For the Year Ended 31 December 2017

MONDAY



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

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HAREWOOD HOUSE TRUST LIMITED

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

COMPANY INFORMATION

Trustees

Iwona Blazwick
Jeremy Burton
Paul Dolan
Patricia, Dowager Countess of Harewood (resigned 18 May 2018)
David Lascelles, Earl of Harewood
Diane Lascelles, Countess of Harewood
Charles Sebag-Montefiore
Sir Hugh Roberts
Emily Shard
Andrea Walton (resigned 17 July 2017)

Chairman

David Lascelles, Earl of Harewood (appointed January 2017)

Interim Chairman

Paul Dolan (appointed August 2016; resigned January 2017)

Trust Director

Jane Marriott (appointed January 2017)

Interim Trust Director

David Lascelles, Earl of Harewood
(appointed August 2016; resigned January 2017)

Company Secretary

Damian Clements (appointed 17 July 2017)

**Registered Office
& Principal 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

Wrigleys Solicitors LLP
19 Cookridge Street,
Leeds
LS2 3AG

Auditors

Saffery Champness LLP
Statutory Auditors
Mitre House, North Park Road
Harrogate
HG1 5RX

HAREWOOD HOUSE TRUST LIMITED

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

The Trustees submit their annual report and accounts for the Harewood House Trust Limited (the Trust) for the year ended 31 December 2017.

Directors and Trustees

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

Committee Membership at 31 December 2017

Iwona Blazwick		
Jeremy Burton	A F C	
Paul Dolan	A F	(Deputy Chairman of the Board of Trustees, Chairman of Finance & General Purposes Committee, Chairman of Audit Committee)
Patricia, Dowager Countess of Harewood		(Resigned May 2018)
David Lascelles, Earl of Harewood	N	(Stepped down as Chair of Board, August 2016 to January 2017)
Diane Lascelles, Countess of Harewood		
Sir Hugh Roberts	N C	
Emily Shard	F	
Andrea Walton		(Resigned July 2017)
Charles Sebag-Montefiore	A F C	
	A = member of Audit Committee	
	F = member of Finance & General Purposes Committee	
	N = member of Nominations Committee	
	C = member of Collections Committee	

The Trustees who are also members of the Charity are Paul Dolan, Sir Hugh Roberts (from 17 July 2017), Iwona Blazwick, David Lascelles, Earl of Harewood and Diane Lascelles, Countess of Harewood.

Governing Document

Harewood House Trust Limited is a registered Charity and a company limited by guarantee with each member's liability limited to £1,000. The Charity's governing document is contained in its Memorandum and Articles of Association dated 25 March 1986, last amended 15 January 2018. The Charity's principal legal advisers and auditors are shown on page 2.

Structure, governance and management

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.

HAREWOOD HOUSE TRUST LIMITED

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

The Trustees meet at least biannually; in addition, there are four committees of Trustees, being the Finance and General Purposes Committee, the Audit Committee, the Collections Committee and the Nominations Committee.

The Finance and General Purposes Committee meets at least biannually 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, as well as reviewing the pay and remuneration of the Charity's key management personnel. 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 Collections Committee manages any conflicts of interest arising in relation to the loan of collections to the Charity by the 7th Earl of Harewood's Will Trust, the Lascelles family or other family trusts. The Nominations Committee meets when required. The Trust Director is responsible for day-to-day management and implementing 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 22 on page 34. During the year ended 31 December 2017, Harewood House Trading delivered the non-primary purpose trading activities of the group. Harewood House Trading is fully consolidated within the group accounts, where applicable, which increases the level of turnover, assets and liabilities.

Recruitment, Induction and Training of Trustees

The Trust regularly reviews the balance of skills and experience of its Trustees. When required, due to Trustee retirements or the identification of skills and experience gaps, it seeks to identify and recruit suitable new Trustees through the Nominations Committee, from a diverse background.

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: What you need to know" and its guidance on operating for the public benefit.

Objectives and Activities

In setting the objectives and planning activities, the Trustees have given careful consideration to the Charity Commission's guidance on public benefit. The Charity holds a lease for Harewood House and surrounding lands. The objectives of the Charity 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 that have been acquired by the Charity, or donated or loaned by the Earl of Harewood, the late 7th Earl of Harewood's estate or other family trusts;
- to promote the study 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 2017, the Charity undertook the following:

- maintaining the historic buildings and gardens and continuing to conserve and interpret the collections;
- maximising access and quality service to all visitors, including those with disabilities;
- developing exhibitions, programmes and publications to promote engagement with the collections;
- providing a range of events which are in sympathy with the inherent qualities of Harewood;
- encouraging corporate partnerships through sponsorship and fundraising activities to support the charity.

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

Strategic Report

A - Achievements and Performance

General

The Trust was delighted to be able to appoint Jane Marriott to the post of Trust Director with effect from the end of January 2017. Jane joined Harewood from Yorkshire's award-winning art gallery The Hepworth Wakefield, where she had held the position of Managing Director and formerly Deputy Director since August 2014. Before joining the gallery, Jane was the Director of Development at the Royal Academy of Arts (RA) in London. With effect from January 2017, David Lascelles stepped down as interim Trust Director and resumed his position as Chairman.

2017 was a very successful year. Growth in admissions and memberships surpassed target, and fees from filming were significant in contributing towards unrestricted income. The Victorian Harewood programme was clearly popular, with investments in marketing and education paying dividends. Opening over Christmas for the first time in five years was another ambitious decision that made a positive return. Supported by project funding from the Lascelles family, the Trust was able to increase its reserves over the period.

The table below summarises the number of visitors welcomed to Harewood during the past five years. These figures exclude visitors attending events that are restricted to limited areas of the site:

	2017	2016	2015	2014	2013
Member visits	64,947	62,473	49,074	48,873	58,158
Day visitors & groups	125,211	90,209	91,413	81,496	91,892
School visitors	7,579	5,426	3,824	4,051	4,094
Totals	<u>197,737</u>	<u>158,108</u>	<u>144,311</u>	<u>134,420</u>	<u>154,144</u>

Note that the winter closure period only began in late 2013.

Improvements to the visitor experience are being driven by audience and market research carried out in the year, which will rely on clear brand development, and will in turn allow for deeper public engagement. A broader reach of the Trust's charitable message will allow for a greater mix of funding possibilities and income generation. These ambitions have been approved by the Board as strategic priorities for the Charity: improve the visitor experience; clarify the brand; and increase income from a more diverse range of sources.

The Trust implemented a new ticketing and customer relationship management system at the beginning of 2016, allowing quicker, more efficient payments at visitor reception. The system also enables more detailed reporting and the identification of visitor trends to inform future visitor support and marketing. Over 2017, the bespoke system has been under continual review and has been upgraded over the year to provide greater operational performance.

The Head of Finance, appointed in May 2017, is leading a working group to review and develop the Trust's IT infrastructure and systems, including compliance with Data Protection legislation. This is alongside an objective to introduce much more regular and robust financial performance reporting. Key performance indicators are reviewed regularly by the senior management team, and quarterly reforecasting to budget is being undertaken.

Volunteers continue to play a pivotal role in the success of Harewood and their involvement and contributions are greatly valued. To improve support for our Volunteers and ensure that their generous help is effectively utilised, the Trust appointed a Volunteer Coordinator at beginning of 2016. Volunteers provided 3,300 days (20,000 hours) of support, a 10% increase compared to 2016, whilst only growing our active volunteer numbers from 232 to 233.

HAREWOOD HOUSE TRUST LIMITED

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

Repairing and maintaining the Trust's assets, the property open to the public and conserving its Collections remains a strong focus. Our total investment across these areas in 2017 was £1,450,739 (2016: £1,015,303). This investment includes capital works, such as the completion of biomass heating installation, fire precautions works and new electrical infrastructure; it also includes the appointment of a Facilities Manager and in-house maintenance staff. Much remedial work has been carried out, which will significantly reduce ongoing running costs.

Capital works are progressing in earnest with the fire precautions work on the State Floor and Below Stairs continuing, alongside renovation of the East Wing Flats. To develop the Masterplan, and in response to findings from audience research, a business case has been carried out for the appointment of a specialist consultant to advise on site-wide capital investments. This will ensure the visitor journey improves, in order to increase the number of visitors and memberships, whilst strengthening the Charity's public engagement.

Fundraising and Development

A dedicated Head of Development was taken on in late 2017, whose initial focus will be on improving the offer to Harewood's members and ensuring that the charity is perceived as a cultural institution of great value to the public, worthy of securing further funding from public bodies, trusts and foundations, corporations and individuals.

Grant funding been secured from Arts Council England to support and enhance the 2018 public exhibition programme, and additional applications have been submitted after the year end. Focus will also be given to the creation of a philanthropic network of patrons to assist in the Charity's funding.

Benchmarking exercises have been carried out on the membership offering, and research has revealed that members are very satisfied and enjoy good value for money; numbers continue to grow. However, there remain opportunities for a much deeper engagement with the members through assessment of their cultural values.

Trading and Operational Activities

New terms of reference have been agreed for directors of the Trading Board, and four new directors have been appointed in 2017: Michael Bates, Nuala McGourty, Fiona Sale and James Penfold. A new Head of Trading was also recruited by the Trust, starting January 2018.

The contribution from commercial activities was £318,207 (2016: £288,542), from third-party hosted events and in-house retail managed by the Head of Operations. This increase is largely attributable to sundry activities included in the Christmas offering. The contribution from our fine dining offering was disappointing and we are reviewing how to improve the income we can generate from this activity.

Filming activities have again provided a direct positive financial contribution to the Trust and a wider benefit of increased interest and awareness of Harewood House. The most high-profile of these was the popular airing of 'Victoria' on ITV and the Trust was also able to secure an exhibition displaying some of the costumes worn by the actors for the 'Victorian Harewood' theme in 2017. Alongside Victoria, the Trust hosted various smaller productions and will continue to explore this direction while it does not conflict with the visitor journey.

The Trust has continued to partner with the Yorkshire Party Company to deliver its catering offer to visitors, and with Seaton Gifts for retail. Further product lines are being sold in-house, however, such as vegetables from the Walled Garden and a range of drinks from the Harewood Food and Drink Project.

During the year, the team moved to new office space in the Courtyard, to allow more immersion and integration with the visitor route, and to provide an environment to better partner with third party organisations. A new Visitor Centre was created alongside this move, which is used to inform visitors and also houses a retail space.

HAREWOOD HOUSE TRUST LIMITED

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

House and Collections

The Trust was successful in renewing its full Museum Accreditation, with support from a specialist consultant and Arts Council England. During 2017, the Trust appointed a Head of Collections, to oversee the House, its collections and exhibitions. New terms of reference have been agreed for the Collections Committee, and updates have been made to internal policies around conservation, loans and risk management.

Following the winding down of the Orme Square Settlement, new 10 year loan agreements were signed in November 2017 for all family loans to the Trust [expiry date: 28 February 2027] excluding a one year revised loan agreement with the Late Dowager Countess. The West Yorkshire Archive Service loan agreement is now signed.

A draft budget was prepared in 2017 for a new Collections Management System. The investment plans have been approved, to be funded by the late 7th Earl of Harewood's estate, with a tender scheduled to take place in 2018.

Exhibitions:

Frank Walter *Flamboyant Trees* coincided with *Frank Walter, The Last Universal Man (1926-2009)* at the Venice Biennale, garnered good press coverage in *The Times*. Rotations of Conditionally Exempt items continued with a display of watercolours by Varley and Turner in the Ante Room. The department contributed to *Alice in Wonderland* and *A Victorian Christmas* through research, interpretation, installation and Press & PR (TV and radio). A significant loan from Ilkley Toy Museum was also arranged to complement the Trust's Christmas display.

The main exhibition for the year, *Victorian Harewood*, proved highly popular and resulted in a significantly increased proportion of visitors purchasing tickets to the State Floor. The Christmas opening saw the dressing of the House by the celebrated set designer of ITV's *Victoria*. Both programmes attracted strong media interest and higher than forecast visitor numbers, with correspondingly positive feedback and uptake of memberships.

Bird Garden and Farm

The Bird Garden Advisory Group was formed in 2017, with responsibility for reviewing care and governance of the Charity's aviaries and wild birds. The group meets quarterly, chaired by Ben Lascelles, with participation from the International Zoo Veterinary Group. Many positive ideas have been shared for moving the Bird Garden and capital plans forward, in line with BIAZA best practice guidelines.

The redevelopment of the Bird Garden continued with much ground clearing, landscaping, pruning and fencing. The Trust successfully opened the Farm Experience in 2016, introducing free daily talks and animal handling sessions with a variety of animals including pigs, alpacas, goats, rabbits, guinea pigs and donkeys.

Adoptions have performed below target over the year, but were improved due to opening for the Christmas period. Placing more signage around the Bird Garden for the 2018 season will also help to improve sales. The 'Meet the Farm Animals' keeper experiences were a slow seller during the summer. Again, Christmas bookings helped with this, and the Trust will be offering these sessions as an add-on to the ever popular 'Meet the Penguins' experiences to improve awareness and sales of the new offer.

During the summer, the Trust hosted a voluntary work based placement student from Askham Bryan College, which we now hope to repeat every year. The Trust continues to build relations with Leeds University and Askham Bryan College, hosting student research projects from both and work placements from the latter.

HAREWOOD HOUSE TRUST LIMITED

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

Grounds and Gardens

Development of a Tree Management Plan continued over 2017. This involves an overall strategy for managing trees, raising understanding of tree-related issues and ensuring that decisions are taken with regards to both conservation and health and safety. Ongoing collaborations with local universities are enabling research around tree ecology, biodiversity and environmental management. This includes applications for funding towards student internship placements working on tree inspection and mapping across some of the larger areas of the park.

The Trust will cease its involvement in maintenance of the wider Estate from the end of 2017 to enable the team to focus entirely on delivering the Trust's programmes. As a means of broadening their skills and experience, the gardeners have rotated around the gardens to look after new sections. The change-round has resulted in resources in the Walled Garden being boosted with two full-time gardeners ahead of the 2018 exhibitions. The walls have been repaired and made safe, and the glasshouses have been de-glazed to reduce risk to the public.

Education

School visits have been successful in 2017, with increased visitor figures of 7,579 (2016- 5,426) and a well-received programme of outreach projects offering free access to those with the greatest needs.

The Trust's focus on health and wellbeing has been integrated into the programme, and the department continues to respond to findings from audience segmentation in order to achieve the greatest engagement with the audience, encouraging them to learn from and engage with the Trust's collections, whilst raising awareness of the need to protect them for future generations.

Plans are underway for the restructure and development of the Education Department, following the approval of the new Vision and Strategy in December, with approval for the appointment of a Senior Learning Manager to work alongside the new post of Public Engagement Manager.

B - Financial Review

The results for the year ended 31 December 2017 are shown on page 16 in the consolidated statement of financial activity (incorporating the income and expenditure account). Net assets have increased to £17,725,346 from £17,635,793, a movement of £89,553, inclusive of donations and unrealised gains on investments. (Unrestricted operations ran at a deficit of £296k, but were offset by restricted donations of £386k which were used for projects that created unrestricted assets and allowed for a transfer between reserves.) The results for the year and the balance sheet of Harewood House Trading Limited is shown at note 22 (page 34), and the results are consolidated within these accounts.

Overall income from day visitor and membership admissions increased by 31% from the prior year to a total of £1,575,281 (2016- £1,206,941). Within this overall rise, visitor and membership admissions under gift aid were significantly higher than prior year at £708,913 (2016- £423,463). Costs of generating voluntary income increased to £711,620 (2016- £501,888). Fundraising and trading costs increased marginally to £299,584 (2016- £275,217). Expenditure on charitable activities increased to £1,808,380 (2016- £1,678,466).

In 2016, the Trust did not incur any costs in relation to the services of Christopher Ussher as the Trust Chief Executive during the year until his retirement in August. His services (and those of his support team) were financed directly by David Lascelles, Earl of Harewood. The Earl made no charge for his own services as interim Trust Director from August 2016 to January 2017. However, the Trust Director salary is now being paid by the Charity.

The Trust's trading activities (events, retail, catering and film work) continue to provide a positive contribution, being £333,137 for the year (2016- £288,542).

HAREWOOD HOUSE TRUST LIMITED

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

Following the creation of the Endowment Fund in December 2015, the Trust placed £2,500,000 with investment managers during the year ended December 2016. This has since been invested in listed investments and is shown within fixed assets on the balance sheet. The investments are subject to the Trust's investment policy.

The overall surplus for the year was £89,553 (2016- £459,768), which included non-admissions related donations of £491,144 (2016- £46,496).

The unrestricted endowment fund (comprised of Heritage Assets) at 31 December 2017 was valued at £10,088,916 (2016- £10,088,916). The Endowment Fund, established in 2015 was valued at £2,771,418 (2016- £2,667,947). £629,442 has been utilised from the restricted Capital & Projects fund during the year and the balance at 31 December 2017 was £430,092 (2016- £673,534).

There are £11,501,050 (2016- £11,501,050) of heritage works of art which are maintained and displayed for the public benefit, these were valued during the prior year and a gain of £851,250 was reflected in the accounts. These assets represent a small proportion of the works of art made available by the Trust for the public benefit, the rest of which are loaned to the Trust from the estate of the 7th Earl of Harewood.

C – Investment Policy & Investment Performance

The power to appoint investment managers is reserved to the Board of Trustees on the recommendation of the Finance & General Purposes Committee. The latter has responsibility for monitoring investment managers and for conducting a review of investment performance.

The Trust has appointed a professional, regulated investment management firm to manage the assets of the Endowment Fund (and other assets as requested by the Finance & General Purposes Committee) on a discretionary basis, in line with the Trust's investment policy which is summarised here.

Following the creation of the Endowment Fund in December 2015, Cazenove Capital were appointed investment managers in 2016 and the funds were invested in accordance with the investment policy and objectives. The performance of the fund over 2017 was considered to be on target, and Cazenove Capital were warmly invited to retain their management into 2018.

The investment objective for the Trust's Endowment Fund is to maximise income to support the ongoing activities of the Trust whilst maintaining the value of the capital. This involves an acceptance of medium to high risk and is likely to mean that the capital value will fluctuate.

The investment objective for the Trust's Capital & Projects fund is to ensure assets are readily available to meet planned, and any emergency, capital and project costs.

The investment objective for the Trust's short term reserves is to preserve the capital value with a minimum level of risk. Assets should be readily available to meet unanticipated cash flow requirements.

The investment policy does not include specific restrictions concerning social, environmental or ethical considerations and this aspect remains under review by the Trustees.

The Finance & General Purposes Committee regularly review performance with the investment managers. The Committee was satisfied overall with the performance of the investment portfolio during the year, taking account of the general market uncertainties.

HAREWOOD HOUSE TRUST LIMITED

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

D – Reserves policy

Harewood House Trust Limited is reliant on the following sources of income:

- Donations and admissions income from visitors and from Harewood membership holders.
- Investment income generated from the Endowment Fund (which currently has capital of £2.77m)
- Profits generated by Harewood House Trading through events facility fees, catering, retail and other non-primary purpose income.
- Other sponsorship, grant and donation income.

As at 31 December 2017, the Trust had total funds of £17,725,346. This includes a restricted Endowment Fund of £2,771,418 and a restricted Capital & Projects fund of £430,092, which Trustees are able to use to fund capital and other projects in support of the Trust's charitable activities. The reserves shown as an unrestricted endowment fund of £10,088,916 could only be realised by disposing of the Trust's tangible fixed assets (including heritage assets).

The Trustees have reviewed the circumstances of the Trust and consider that it has access to adequate resources to be able to fund its operations for the foreseeable future. However, to reduce reliance on related party support, the Trustees have a target to maintain free reserves of at least one fifth of budgeted visitor admissions income to enable the Trust to deal with fluctuations in income levels. At 31 December 2017, the Trust had free reserves of some £575,488 (2016- £588,780), against a target of £295,131.

E – Principal Risks and Uncertainties

The Trustees continually assess the risks to which the charity is exposed and are satisfied that systems are in place to mitigate those risks and also to minimise or manage any potential impact on the Trust should those risks materialise. The principal risks and uncertainties identified are shown below, with actions to address those risks. The Trust's Risk Register is reviewed as an ongoing agenda point for Senior Management Meetings and Trustee Committee meetings.

Risk of damage or loss to the House & Collections

The Trust has put in place and regularly reviews and updates: comprehensive security systems; systems designed to prevent and detect potential damage in particular to the House and its collections by fire, flood or other peril; emergency disaster and evacuation plans; expert advised care, maintenance and restoration plans. Insurance cover is in place and regularly reviewed to ensure that it remains appropriate.

Reputational and public liability risks

There are potentially serious reputational impacts (including reduced visitor numbers or event bookings; disruption to opening; prosecutions or fines) resulting from an incident, accident or general poor performance concerning either the Trust's own operations or a third party hosted event. The Trust's approach to addressing these risks includes: health & safety systems and procedures; staff training; a focus on the management and maintenance of the physical areas open to visitors; close monitoring of the outsourced catering partners; careful management of third party event contracts; proactive public relations plans in the event of an incident; seeking and monitoring feedback from visitors; and maintaining public liability insurance.

Economic risks

Income levels are strongly impacted by visitor and membership numbers, which in turn are affected by weather. The Trust will develop and improve the visitor offer and to seek ways to mitigate the risk of reliance on visitors by diversifying income streams from Trading and Fundraising. Financial risks from running events have been

HAREWOOD HOUSE TRUST LIMITED

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

effectively transferred to third parties as the Trust receives a facility fee for externally organised events at Harewood. The establishment of the Endowment Fund in 2015 is helping to provide additional income to contribute towards the Trust's operational revenue. The Trust will increasingly seek opportunities for grant or loan funding in order to reduce reliance on support from the Harewood Estate and/or family members.

The Trust is also exposed to price or liquidity risk through changes in interest rates and to the credit risk of the securities it holds. Equity holdings within the investment portfolio are subject to market volatilities. The Trustees have appointed qualified investment managers to manage these risks.

Conflicts of interest risks

The necessarily close relationship of the Trust with the Harewood Estate and related family members brings risks of conflict of interest with family Trustees. Actions taken to address these risks include: formal agreements to govern the relationship and transactions between the Trust and Estate; maintaining a conflicts of interest register; maintaining detailed records of transactions between the Trust, Estate and family members which are reviewed by independent Trustees on the Finance & General Purposes Committee; an employee Whistleblowing Policy; ensuring independent Trustees take decisions on any matters with a potential conflict; and receiving ongoing guidance from legal advisers.

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 28, note 15.

F – Plans for future periods

The Trust's core strategies remain consistent:

- maintaining the historic buildings and gardens;
- continuing to conserve and interpret the collections;
- maximising access and quality of service to all visitors, including those with disabilities;
- developing exhibitions, programmes and publications to promote engagement with the collections;
- providing a range of events which are in sympathy with the inherent qualities of Harewood;
- encouraging corporate partnerships through sponsorship and fundraising activities to support the charity;
- to develop and maintain a capital works programme across the full site to include all areas and buildings.

With the appointment of a new Trust Director, the Senior Management Team will lead the charity to achieve financial stability and an operational breakeven position by the end of 2021. This will be achieved through an improvement of the charity's brand and profile, improving the visitor experience, and greater visibility and investment in the Trust's cultural and charitable impact. The Trust will strengthen and diversify income generation, so that any family financial support can be used to invest in new projects rather than running costs.

With regard to capital investment, the Trust's ambition is for the Trustees to approve the feasibility of a Masterplan by December 2018, with work and fundraising to start in earnest during 2019. It is anticipated that the Trust will not have significant in-house capacity to cover the strategic, technical and practical elements of the plan and will need to hire consultants to progress the project.

HAREWOOD HOUSE TRUST LIMITED

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

Statement of Trustees' Responsibility

The Trustees, who are also directors of Harewood House Trust Limited for the purposes of company law, 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 income and expenditure of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

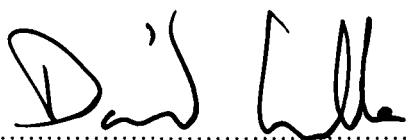
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 charitable company's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, including a strategic report, were approved by order of the Board of Trustees on 12 September 2018 and signed on their behalf by:

Trustee



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DAVID LASCELLES, EARL OF HAREWOOD
12 September 2018

HAREWOOD HOUSE TRUST LIMITED

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

Opinion

We have audited the financial statements of Harewood House Trust Limited for the year ended 31 December 2017 which comprise Consolidated statement of financial activities incorporating income and expenditure account, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 December 2017 and of the group's incoming resources and application of resources, including its income and expenditure, 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.

This report is made solely to the charitable company's members and the trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HAREWOOD HOUSE TRUST LIMITED

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- the group or 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 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibility set out on page 12, the trustees (who are also the 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, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

HAREWOOD HOUSE TRUST LIMITED

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

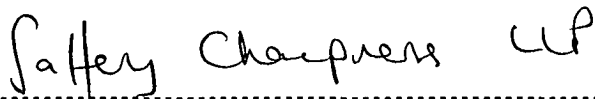
In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



.....
Sally Appleton
For and on behalf of Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
Mitre House
North Park Road
Harrogate
HG1 5RX

Statutory Auditors

Date: 12/9/18

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

HAREWOOD HOUSE TRUST LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY **(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)** **FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTES	<u>Unrestricted</u> <u>Funds</u> <u>£</u>	<u>Restricted</u> <u>Funds</u> <u>£</u>	<u>Endowment</u> <u>Fund</u> <u>£</u>	<u>Total</u> <u>31.12.17</u> <u>£</u>	<u>Total</u> <u>31.12.16</u> <u>£</u>
<u>Income and endowments from:</u>					
<u>Donations and legacies</u>					
4 Admissions under gift aid, donations and grants	814,057	386,000	-	1,200,057	489,959
<u>Income from charitable activities</u>					
5 Conservation and education	898,129	-	-	898,129	812,533
<u>Other trading activities</u>					
6 Retail, events and catering	632,721	-	-	632,721	563,759
7 <u>Income from investments</u>	87,762	-	-	87,762	38,444
<u>Total income and endowments</u>	<u>2,432,669</u>	<u>386,000</u>	<u>-</u>	<u>2,818,669</u>	<u>1,904,695</u>
<u>Expenditure on:</u>					
<u>Raising funds</u>					
8 Costs of generating voluntary income	711,620	-	-	711,620	501,888
9 Fundraising trading costs	299,584	-	-	299,584	275,217
10 Investment management costs	13,003	-	-	13,003	8,553
11 <u>Charitable activities</u>	<u>1,808,380</u>	<u>-</u>	<u>-</u>	<u>1,808,380</u>	<u>1,678,466</u>
<u>Total expenditure</u>	<u>2,832,587</u>	<u>-</u>	<u>-</u>	<u>2,832,587</u>	<u>2,464,124</u>
Net income/(expenditure) before minority interest	(399,918)	386,000	-	(13,918)	(559,429)
<u>Net gains/(losses) on investments</u>					
Realised (losses)/gains on disposal of investment assets	-	-	-	-	(11,269)
18 Unrealised gains on revaluations of investment assets	-	-	103,471	103,471	179,216
<u>Net income after gains/(losses) on investments</u>	<u>(399,918)</u>	<u>386,000</u>	<u>103,471</u>	<u>89,553</u>	<u>(391,482)</u>
<u>Transfers</u>	<u>629,442</u>	<u>(629,442)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Other recognised gains/(losses)</u>					
17 Gains/(losses) on revaluation of fixed assets	-	-	-	-	851,250
<u>Net movement in funds</u>	<u>229,524</u>	<u>(243,442)</u>	<u>103,471</u>	<u>89,553</u>	<u>459,768</u>
<u>Reconciliation of funds</u>					
Funds brought forward on January 1st	4,205,396	673,534	12,756,863	17,635,793	17,176,025
<u>Funds carried forward on December 31st</u>	<u>4,434,920</u>	<u>430,092</u>	<u>12,860,334</u>	<u>17,725,346</u>	<u>17,635,793</u>

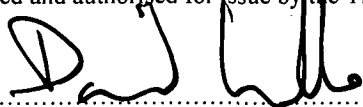
The statement of financial activity includes all gains and losses recognised in the year.

The notes at pages 21 - 39 form part of these financial statements.

HAREWOOD HOUSE TRUST LIMITED**CONSOLIDATED BALANCE SHEET**
AS AT 31 DECEMBER 2017

	<u>NOTES</u>	<u>31.12.17</u>	<u>31.12.16</u>
		<u>£</u>	<u>£</u>
<u>Fixed assets</u>			
Tangible assets	17	948,849	638,133
Heritage assets	17	13,318,305	13,367,399
Investments	18	2,771,418	2,667,947
		<u>17,038,572</u>	<u>16,673,479</u>
<u>Current assets</u>			
Stocks	19	15,179	8,557
Debtors	20	228,482	216,202
Investments	23	-	-
Cash at bank and in hand		855,686	1,018,544
		<u>1,099,347</u>	<u>1,243,303</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	21	(412,573)	(280,989)
<u>Net current assets/(liabilities)</u>		<u>686,774</u>	<u>962,314</u>
<u>Total assets less current liabilities</u>		17,725,346	17,635,793
Creditors - amounts falling due after more than one year	21	-	-
<u>Net assets</u>		<u>17,725,346</u>	<u>17,635,793</u>
Financed by:			
<u>Funds of the charity</u>			
Endowment funds	23	12,860,334	12,756,863
Restricted funds	23	430,092	673,534
Unrestricted funds	23	4,434,920	4,205,396
<u>Total funds</u>		<u>17,725,346</u>	<u>17,635,793</u>

Approved and authorised for issue by the Trustees on 12 September 2018 and signed on their behalf by:



DAVID LASCELLES - DIRECTOR

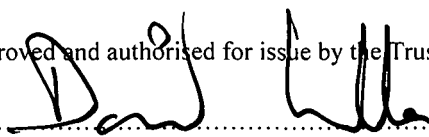
Company registration number 02004021

The notes at pages 21 - 39 form part of these financial statements.

HAREWOOD HOUSE TRUST LIMITED**CHARITY BALANCE SHEET**
AS AT 31 DECEMBER 2017

	<u>NOTES</u>	<u>31.12.17</u>	<u>31.12.16</u>
		<u>£</u>	<u>£</u>
<u>Fixed assets</u>			
Tangible assets	17	947,779	637,798
Heritage assets	17	13,318,305	13,367,399
Investments	18	2,771,518	2,668,047
		<u>17,037,602</u>	<u>16,673,244</u>
<u>Current assets</u>			
Stocks	19	15,179	7,488
Debtors	20	198,061	188,006
Investments	23	-	-
Cash at bank and in hand		839,425	996,071
		<u>1,052,664</u>	<u>1,191,565</u>
<u>Liabilities</u>			
Creditors - amounts falling due within one year	21	(1,024,728)	(284,147)
<u>Net current assets/(liabilities)</u>		<u>27,937</u>	<u>907,418</u>
<u>Total assets less current liabilities</u>		17,065,539	17,580,662
Creditors - amounts falling due after more than one year	21	-	-
<u>Net assets</u>		<u>17,065,539</u>	<u>17,580,662</u>
Financed by:			
<u>Funds</u>			
Endowment funds	23	12,308,686	12,205,215
Restricted funds	23	430,092	673,534
Unrestricted funds	23	4,326,761	4,701,913
<u>Total funds</u>		<u>17,065,539</u>	<u>17,580,662</u>

Approved and authorised for issue by the Trustees on 12 September 2018 and signed on their behalf by:



DAVID LASCELLES - DIRECTOR

The notes at pages 21 - 39 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>NOTES</u>	<u>31.12.17</u>		<u>31.12.16</u>	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cash flows from operating activities</u>	1		197,438		(2,571,243)
<u>Cash flows from investing activities</u>					
Investment income received		87,762		38,444	
Interest received		389		(506)	
Payments to acquire tangible fixed assets		(448,446)		(256,851)	
Receipts from sale of tangible fixed assets				913	
Payments to acquire investments				(2,864,425)	
Receipts from sale of investments				364,425	
Net cash used in investing activities			(360,295)		(2,718,000)
<u>Cash flows from financing activities</u>					
Capital element of hire purchase loan repayment		-		(30,396)	
Net cash used in financing activities			-		(30,396)
<u>Net (decrease)/increase in cash and cash equivalents</u>	2		(162,858)		(5,319,639)

HAREWOOD HOUSE TRUST LIMITED

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

NOTES

1 Reconciliation of cash generated from operations

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Net incoming / (outgoing) resources	(13,918)	(559,429)
Investment income	(87,762)	(38,444)
Interest payable and similar charges	(389)	506
	<u>(102,069)</u>	<u>(597,367)</u>
Depreciation	186,823	197,857
(Profit)/loss on disposal	-	832
(Increase)/decrease in stocks	(7,529)	3,123
(Increase)/decrease in debtors	(12,280)	33,841
(Decrease)/increase in creditors	132,492	(2,209,529)
	<u>197,438</u>	<u>(2,571,243)</u>

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

a) Analysis of cash and cash equivalents

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Cash at bank and in hand	855,686	1,018,544
Cash and cash equivalents held as current asset investments	-	-
	<u>855,686</u>	<u>1,018,544</u>

b) Analysis of change in cash and cash equivalents

Balance at 1 January 2017	1,018,544	6,338,183
Increase/(decrease) in net cash and funds	(162,858)	(5,319,639)
Balance at 31 December 2017	<u>855,686</u>	<u>1,018,544</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

1 Company information

The company is a registered charity, number 517753 and a company limited by guarantee (registered number 02004021) which is incorporated and domiciled in the UK. The address of the registered office is Harewood House, Harewood, Leeds, LS17 9LG.

2 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006 as modified by the inclusion of fixed assets at market value.

Harewood House Trust Limited meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

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. The group accounts comply with the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on the going concern basis. The Trustees do not consider that any material uncertainties exist regarding the charity's ability to continue its operations.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

2 Accounting policies continued

(c) Income

Income 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 to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. 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.

(e) Tangible fixed assets and heritage assets

Expenditure on assets less than £500 is not capitalised.

Heritage assets are capitalised 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
Biomass and other site improvements	-	4% - 10% reducing balance

(f) Stocks

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

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

2 Accounting policies continued

(g) Investments

Realised and unrealised surpluses and deficits on any investments are recognised in the statement of financial activities. Any income from investments is accounted for on a receivable basis. Where held, investments are stated at market value.

Cash and cash equivalents held on deposit with a maturity date of less than one year which are held for investment purposes rather than to meet short term cash commitments are classified as current asset investments. Such investments are measured at the value of the deposit at the balance sheet date.

(h) Pensions

The charity operates a defined contribution scheme under auto-enrolment, 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) Expenditure and allocation of support costs

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.

Charitable activity costs include expenditure on repairs and maintenance of Harewood House, grounds 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 included in charitable activity costs, as are those associated with the statutory and constitutional requirements of the charity.

Support costs comprise the costs of management, the 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.

(j) Irrecoverable VAT

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

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES

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. This lease was further extended on 30 November 2016 to run for 99 years and two days from that date. There is an under lease of part of the property in favour of Patricia, Dowager Countess of Harewood, on an arm's length basis, taken on by her estate since her passing in 2018.

4 Donations and legacies

<u>Admissions under gift aid, donations and grants</u>	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Admissions and Harewood Card under gift aid	708,913	423,463
Donation from Executors of the 7th Earl of Harewood and subsequent will trust	417,960	-
Donation from the Earl of Harewood	65,000	41,000
Donated heritage asset	-	-
Other donations	4,184	5,496
Other grant income	4,000	20,000
	<u>1,200,057</u>	<u>489,959</u>

Income from donations and legacies amounted to £1,200,057 (2016- £489,959) of which £814,057 (2016- £489,959) was unrestricted. £386,000 (2016- £nil) was restricted under the terms of an existing agreement.

The restricted funds donated in the year ended 31 December 2017 of £386,000 were donated by the Trustees of the 7th Earl of Harewood Will Trust and comprise wholly of a contribution to the 'Capital & Projects' fund, to fund special projects including capital works, maintenance projects, exhibitions, education programmes and other similar projects.

The Trust benefits greatly from the involvement and contributions of volunteers. In accordance with FRS102 and the Charities SORP (FRS102), the economic contribution of volunteers is not recognised in the accounts.

5 Income from charitable activities

<u>Conservation and education</u>	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Admissions and Harewood Card (non-gift aid)	866,368	783,478
Guide books and education	21,708	21,165
Bird adoption	10,053	7,890
	<u>898,129</u>	<u>812,533</u>

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITY**
FOR THE YEAR ENDED 31 DECEMBER 2017**NOTES****6 Other trading activities**

<u>Retail, events and catering</u>	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Retail shops and cafes	124,658	119,624
Catering and courtyard events	76,351	71,495
Other events	210,782	214,371
Rents and filming income	178,398	153,826
Sundry	42,533	4,443
	<u>632,721</u>	<u>563,759</u>

7 Income from investments

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Dividends	87,644	32,756
Interest	118	5,688
	<u>87,762</u>	<u>38,444</u>

Costs of raising funds (notes 8, 9 & 10)**8 Costs of generating voluntary income**

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Marketing and promotion	63,334	51,422
Events	7,301	12,144
Operating costs	263,696	262,083
Support (see note 12)	377,289	176,239
	<u>711,620</u>	<u>501,888</u>

9 Fundraising trading costs

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Commercial trading operation	86,790	46,013
House and event operation	53,053	78,400
Support (see note 12)	159,741	150,804
	<u>299,584</u>	<u>275,217</u>

10 Investment management costs

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Investment management fees	13,003	8,553
	<u>13,003</u>	<u>8,553</u>

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2017**NOTES****11 Analysis of expenditure on charitable activities**

	<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 2017</u>	<u>Total 2016</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Repairs and renewals to existing facilities	-	-	-	-	83,027
Maintaining property open to the public	195,875	-	69,690	265,565	688,912
Exhibitions and educational programmes	-	-	107,061	107,061	99,461
Conserving collections	300,206	148,465	-	448,671	243,364
Marketing and events	21,111	10,556	10,556	42,223	48,119
Support (see note 12)	664,200	152,333	109,850	926,383	502,000
Governance costs (see note 13)	12,729	3,340	2,409	18,477	13,583
Total 2017	<u>1,194,120</u>	<u>314,694</u>	<u>299,565</u>	<u>1,808,380</u>	<u>1,678,466</u>
Total 2016	<u>1,118,714</u>	<u>225,505</u>	<u>334,246</u>		

All of the above expenditure relates to unrestricted funds and is for the purpose of conservation of the House, gardens and collections which generate voluntary income and income from charitable activities

12 Analysis of support costs

	<u>Security & Site Services</u>	<u>Head office and Finance Office</u>	<u>Depreciation</u>	<u>Bank charges and interest</u>	<u>Total 2017</u>	<u>Total 2016</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Costs of voluntary income	<u>168,743</u>	<u>169,953</u>	<u>35,348</u>	<u>3,246</u>	<u>377,289</u>	<u>176,239</u>
Fundraising trading costs	<u>73,324</u>	<u>73,850</u>	<u>11,157</u>	<u>1,410</u>	<u>159,741</u>	<u>150,804</u>
Charitable activities:						
Harewood House and Gardens	269,783	271,718	122,699	-	664,200	376,810
Bird Garden conservation	70,794	71,302	10,237	-	152,333	60,928
Art conservation and education	51,051	51,417	7,382	-	109,850	64,262
	<u>391,628</u>	<u>394,437</u>	<u>140,318</u>	<u>-</u>	<u>926,383</u>	<u>502,000</u>
Total 2017	<u>633,694</u>	<u>638,240</u>	<u>186,823</u>	<u>4,656</u>	<u>1,463,413</u>	<u>829,043</u>
Total 2016	<u>316,350</u>	<u>307,607</u>	<u>197,863</u>	<u>7,223</u>		

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES

13	<u>Governance costs</u>	<u>31.12.17</u>	<u>31.12.16</u>
		<u>£</u>	<u>£</u>
	Trustees' meeting expenditure	6,527	7,193
	Trustees' indemnity insurance	1,550	1,858
	Auditor's remuneration	11,950	4,532
		<u>20,028</u>	<u>13,583</u>
14	<u>Staff costs</u>	<u>31.12.17</u>	<u>31.12.16</u>
		<u>£</u>	<u>£</u>
	Wages and salaries	1,040,439	886,011
	National insurance	72,448	62,313
	Pension costs	26,628	18,688
		<u>1,139,515</u>	<u>967,012</u>

Number of employees with benefits in excess of £60,000 2017- 1 (2016- nil)

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds

The trustees receive no remuneration for their services. Meeting expenses are shown in note 13 above.

In 2016, neither the Chief Executive of Harewood House Trust Limited, nor the interim Trust Director who were each in post for part of year received any remuneration from the Trust in the year ended 31 December 2016.

The key management personnel of the parent charity, Harewood House Trust Ltd, and the group comprise Trustees, Trust Director, Head of Finance, Head of Operations, and the Head of House & Collections.

The total employee benefits of the key management personnel of the Trust were £230,982 (2016- £104,307)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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14 **Staff costs (continued)**

The average monthly headcount was 62 staff (2016- 58) and the average monthly number of full time equivalent employees (including casual and part time staff) during the year were as follows:

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>No</u>	<u>No</u>
House & admissions	19	20
Bird Garden	5	5
Gardens	10	9
Retail & catering	1	1
Events	2	2
Support & management	6	5
Full time and full-time equivalents	<u>43</u>	<u>42</u>

15 **Operating surplus/deficit**

The operating surplus/deficit is stated after charging:

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Auditor's remuneration	11,950	4,532
Depreciation	186,823	197,857
(Profit)/loss on disposal of fixed assets	0	832
Trustees' meeting expenses	6,527	7,193
Trustees' indemnity insurance	1,550	1,858

16 **Taxation**

- (a) Charity - The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.
- (b) Subsidiary undertakings - No liability to UK corporation tax arose on ordinary activities for the year.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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17 Group tangible fixed assets	<u>Heritage works of art (note 17 (a))</u>	<u>Heritage buildings & refurbishment (note 17 (a))</u>	<u>Biomass installation</u>	<u>Plant and machinery</u>	<u>Playground equipment</u>	<u>Tractors & Motor vehicles</u>	<u>Assets under construction</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>								
As at 1 January 2017	11,501,050	2,633,512	72,831	2,404,096	185,059	200,514	-	16,997,062
Additions	-	-	279,217	106,740	-	8,500	53,990	448,446
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
As at 31 December 2017	<u>11,501,050</u>	<u>2,633,512</u>	<u>352,048</u>	<u>2,510,836</u>	<u>185,059</u>	<u>209,014</u>	<u>53,990</u>	<u>17,445,508</u>
<u>Depreciation</u>								
As at 1 January 2017	-	767,162	13,838	1,938,505	162,762	109,264	-	2,991,531
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	49,095	12,414	103,134	2,230	19,950	-	186,823
As at 31 December 2017	<u>-</u>	<u>816,257</u>	<u>26,252</u>	<u>2,041,639</u>	<u>164,991</u>	<u>129,214</u>	<u>-</u>	<u>3,178,354</u>
<u>Net book value</u>								
As at 31 December 2017	<u>11,501,050</u>	<u>1,817,255</u>	<u>325,795</u>	<u>469,197</u>	<u>20,067</u>	<u>79,800</u>	<u>53,990</u>	<u>14,267,154</u>
As at 31 December 2016	<u>11,501,050</u>	<u>1,866,349</u>	<u>58,993</u>	<u>465,591</u>	<u>22,297</u>	<u>91,250</u>	<u>-</u>	<u>14,005,531</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES

17 <u>Charity tangible fixed assets</u> <u>Continued</u>	<u>Heritage</u> <u>works of</u> <u>art</u> (note 17 (a))	<u>Heritage</u> <u>buildings &</u> <u>refurbishment</u> (note 17 (a))	<u>Biomass</u> <u>installation</u>	<u>Plant and</u> <u>machinery</u>	<u>Playground</u> <u>equipment</u>	<u>Tractors &</u> <u>Motor</u> <u>vehicles</u>	<u>Assets</u> <u>under</u> <u>construction</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>								
As at 1 January 2017	11,501,050	2,633,512	72,831	2,062,317	185,059	200,514	-	16,655,282
Additions	-	-	279,217	105,450	-	8,500	53,990	447,156
Disposals	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
As at 31 December 2017	<u>11,501,050</u>	<u>2,633,512</u>	<u>352,048</u>	<u>2,167,767</u>	<u>185,059</u>	<u>209,014</u>	<u>53,990</u>	<u>17,102,439</u>
<u>Depreciation</u>								
As at 1 January 2017	-	767,162	13,838	1,597,060	162,762	109,264	-	2,650,086
Disposals	-	-	-	-	-	-	-	-
Charge for the year	-	49,095	12,414	102,580	2,230	19,950	-	186,268
As at 31 December 2017	<u>-</u>	<u>816,257</u>	<u>26,252</u>	<u>1,699,640</u>	<u>164,991</u>	<u>129,214</u>	<u>-</u>	<u>2,836,354</u>
<u>Net book value</u>								
As at 31 December 2017	<u>11,501,050</u>	<u>1,817,255</u>	<u>325,795</u>	<u>468,127</u>	<u>20,067</u>	<u>79,800</u>	<u>53,990</u>	<u>14,266,084</u>
As at 31 December 2016	<u>11,501,050</u>	<u>1,866,349</u>	<u>58,993</u>	<u>465,257</u>	<u>22,297</u>	<u>91,251</u>	<u>-</u>	<u>14,005,197</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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17(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 which was extended until 2115 in November 2016, 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 Trust purchases or disposals in the last five years however during the year ended 31 December 2015 a Turner watercolour was donated. This watercolour has been included in the accounts at the value on the date of donation.

The works of art held by the Charity at 1 January 2016 are included at a mid-auction estimate of £10,444,800, reported as at January 2012 by Christie's. This valuation was obtained in order to meet the requirements of FRS30 which required donated assets to be shown in the balance sheet. A Turner watercolour was donated to the Charity in the year ended 31 December 2015 and was included in the accounts at the value on the date of donation of £205,000. An updated valuation was obtained during 2016 which valued the works of art at £11,501,050 also using a mid-auction estimate. This valuation was reflected in the 2016 accounts resulting in a revaluation gain of £851,250. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES

18 **Group Investments**

At 31 December 2016 the Charity held external investments with a valuation of £2,667,947

During the year ended 31 December 2017, no additions or disposals were made to the externally managed portfolio. Movements shown below represent fair value movements as reported by the fund manager.

Charity investments

Non listed investments held by the Charity relate to £100 investment in the wholly owned subsidiary company, Harewood Harewood House Trading Ltd, at cost (2016- £100).

	<u>Charity</u> <u>31.12.17</u> <u>£</u>	<u>Charity</u> <u>31.12.16</u> <u>£</u>
Investment in subsidiary	<u>100</u>	<u>100</u>

Listed investments

	<u>Charity</u> <u>31.12.17</u> <u>£</u>	<u>Charity</u> <u>31.12.16</u> <u>£</u>
Cost or valuation		
At 1 January 2017	2,667,947	-
Additions	-	2,864,425
Disposals	-	(375,694)
Fair value movements	103,471	179,216
At 31 December 2017	<u>2,771,418</u>	<u>2,667,947</u>
Carrying amount		
At 31 December 2017	<u>2,771,418</u>	<u>2,667,947</u>
At 31 December 2016	<u>2,667,947</u>	<u>-</u>

All investments shown above are held at valuation. Investments at fair value comprise:

Equities	1,533,779	1,454,006
Bonds	416,115	405,186
Multi asset funds	220,702	145,638
Alternatives	574,459	455,646
Cash held within the investment portfolio	26,363	207,471
	<u>2,771,418</u>	<u>2,667,947</u>

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are on a net asset value basis. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the financial review and investment policy and performance sections of the Trustees' Annual Report.

HAREWOOD HOUSE TRUST LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31 DECEMBER 2017**NOTES**

19 <u>Stocks</u>	<u>Group</u> <u>31.12.17</u> £	<u>Group</u> <u>31.12.16</u> £	<u>Charity</u> <u>31.12.17</u> £	<u>Charity</u> <u>31.12.16</u> £
Retail, catering and guide books	15,179	8,557	15,179	7,488
	<u>15,179</u>	<u>8,557</u>	<u>15,179</u>	<u>7,488</u>

20 <u>Debtors</u>	<u>Group</u> <u>31.12.17</u> £	<u>Group</u> <u>31.12.16</u> £	<u>Charity</u> <u>31.12.17</u> £	<u>Charity</u> <u>31.12.16</u> £
Trade debtors	50,452	50,745	20,030	10,357
Other debtors	-	-	-	12,194
Amounts owed by trading subsidiary	-	-	-	-
Prepayments	178,031	165,457	178,031	165,455
	<u>228,482</u>	<u>216,202</u>	<u>198,061</u>	<u>188,006</u>

21 <u>Creditors:</u> <u>amounts falling due within one year</u>	<u>Group</u> <u>31.12.17</u> £	<u>Group</u> <u>31.12.16</u> £	<u>Charity</u> <u>31.12.17</u> £	<u>Charity</u> <u>31.12.16</u> £
Hire purchase creditor	-	908	-	908
Trade creditors	232,382	107,726	231,728	95,354
Other creditors including social security and other taxes	39,641	23,070	39,641	16,148
Amounts owed to trading subsidiary	-	-	662,851	94,919
Accruals	90,136	77,739	90,108	74,918
Event deposits in advance	50,415	71,546	400	1,900
	<u>412,573</u>	<u>280,989</u>	<u>1,024,728</u>	<u>284,147</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES

22 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.

A summary of the results of the subsidiary is shown below.

Summary profit & loss account

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Turnover	511,120	500,814
Expenditure	(115,145)	(241,213)
Income from participating interests	-	-
Waiver of loan due to parent charity	-	242,661
Other income	-	3,431
Net profit/(loss)	<u>395,975</u>	<u>505,693</u>
Gift aid donation	<u>(395,975)</u>	<u>(207,770)</u>
Profit/(loss) after gift aid to parent company	<u>-</u>	<u>297,923</u>

Summary balance sheet

	<u>31.12.17</u>	<u>31.12.16</u>
	<u>£</u>	<u>£</u>
Fixed assets	1,070	354
Current assets	104,858	158,850
Current liabilities	(50,697)	(103,972)
Liabilities due after more than one year	-	-
Net (liabilities)	<u>55,232</u>	<u>55,232</u>
Shareholders' funds	<u>55,232</u>	<u>55,232</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTES

23 Group funds

Reconciliation and analysis of movement in funds

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Unrestricted</u> <u>Endowment</u> <u>Fund</u>	<u>Total</u> <u>31.12.17</u>	<u>Total</u> <u>31.12.16</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Opening value of funds	4,205,396	673,534	2,667,947	10,088,916	17,635,793	17,176,025
Income for the year	2,432,669	386,000	-	-	2,818,669	1,904,695
Expenditure for the year	(2,832,587)	-	-	-	(2,832,587)	(2,464,124)
Minority interest	-	-	-	-	-	-
Investment gains	-	-	103,471	-	103,471	167,947
Transfer	629,442	(629,442)	-	-	-	-
Gains/(losses) on revaluation of fixed assets	-	-	-	-	-	851,250
Closing value of funds	<u>4,434,920</u>	<u>430,092</u>	<u>2,771,418</u>	<u>10,088,916</u>	<u>17,725,346</u>	<u>17,635,793</u>

The Endowment Fund of £2,500,000 was donated by the Trustees of the 7th Earl of Harewood Will Trust in the year ended 31 December 2015 and must be invested with the aim of generating the greatest possible income return, without unduly putting the capital at risk. Any income generated from the Endowment Fund may be used for the general purposes of Harewood House Trust Limited, including to cover general running costs, and as such has been shown as unrestricted income. Capital must be invested with the aim of maximising income whilst maintaining the value of the capital.

The restricted fund relates to the 'Capital & Projects' fund to fund special projects including capital works, maintenance projects, exhibitions, education programmes and other similar projects. A donation of £954,700 was received in the year ended 31 December 2015. During the year ended 31 December 2017 £629,442 (2016- £281,166) has been spent relating to projects funded by the restricted reserve. As there are no formal restrictions over the use of the assets and projects funded by this project the amount spent on eligible items has been transferred from restricted to unreserved reserves.

Analysis of group net assets between funds

	<u>Unrestricted</u> <u>Fund</u>	<u>Restricted</u> <u>Fund</u>	<u>Endowment</u> <u>Fund</u>	<u>Unrestricted</u> <u>Endowment</u> <u>Fund</u>	<u>Total</u> <u>31.12.17</u>	<u>Total</u> <u>31.12.16</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Fixed assets	-	-	2,771,418	14,267,154	17,038,572	16,673,479
Net current assets	4,434,920	430,092	-	(4,178,238)	686,774	962,314
Long term liabilities	-	-	-	-	-	-
	<u>4,434,920</u>	<u>430,092</u>	<u>2,771,418</u>	<u>10,088,916</u>	<u>17,725,346</u>	<u>17,635,793</u>

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTES

24 Financial instruments

31.12.17 **31.12.16**

£ **£**

Financial assets measured at amortised cost

906,138 1,069,289

Financial liabilities measured at amortised cost

372,932 257,919

The Group's income, expense, gains and losses in respect of financial instruments are summarised below;

Total interest expense for financial liabilities held at
amortised cost

(389) 506

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTES

25 Transactions with trustees and connected persons

David Lascelles, Earl of Harewood, entered into transactions with the Trust during the year, through the following businesses in which he had a direct interest:

Harewood Estate
Harewood Energy Supply Co Limited
Harewood Provisions Company Limited, t/a Harewood Food and Drink Project

Diane Lascelles, Countess of Harewood also has a direct interest in the Harewood Provisions Company. Patricia Lascelles, The Dowager Countess of Harewood also has a direct interest in Harewood Energy Supply Co.

Details of transactions with David Lascelles, Earl of Harewood, and businesses in which he had an interest:

(a) Transactions with Harewood Estate £52,295 (2016- £51,544)

The Charity was reimbursed by the Harewood Estate for recharges of office expenses and for the provision of grounds staff.

(b) Transactions with the Earl and Countess of Harewood £8,841 (2016- £9,469)

The Charity recharged the Earl and Countess of Harewood with office and admin expenses.

(c) Purchases from Harewood Estate £231,080 (2016- £200,209)

Harewood Estate recharged the Charity, at cost of £131,963 (2016- £124,876) for its share of security services provided to the Charity by a third party specialist security organisation. Charges were also made at cost for storage, winter maintenance, fuel and repairs provided by the Estate.

(d) Purchases from Harewood Energy Supply Co Limited £60,873 (2016- £45,208)

Harewood Energy Supply Co Limited charged the Trust £60,873 (2016- £45,208) for biomass running costs. The charge per unit was based on cost, as assessed by an independent report.

(e) Purchases from Harewood Provisions Company Limited £1,950 (2016- £-411)

Harewood Provisions Company Limited sells a range of drinks to the Charity at an approved commercial rate which is permitted by the Charity's Articles and charity law. A small level of sales is made by the Trust to Harewood Provisions Company, at market rates, for produce grown in the gardens. This is offset against purchases and totaled £962 (2016- £411)

(f) Donations from the Earl of Harewood £65,000 (2016: £41,000)

The Charity received donations totalling £65,000 (2016: £41,000) from the Earl during the year.

David Lascelles, Earl of Harewood, is also a trustee of the late 7th Earl of Harewood's estate, which made donations to the Charity during the year of £417,960.

The lease of Harewood House and its surrounding lands was assigned at a peppercorn rent by David Lascelles, Earl of Harewood, and Diane Lascelles, Countess of Harewood.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTES

25 Transactions with trustees and connected persons (continued)

Patricia Lascelles, The Dowager Countess of Harewood entered into transactions with the Charity as follows:

Rent and other charges £44,373 (2016- £43,448)

The Charity charged rent in respect of the apartments within Harewood House used by Patricia Lascelles, The Dowager 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, gardener and office expenses.

In May 2018, the Dowager Countess passed away. The transactions carried out between the Late Dowager Countess and the Trust are continuing throughout 2018, under the remit of her executors.

Diane Lascelles, Countess of Harewood is a Trustee of The Hepworth Wakefield

(a) Transactions with The Hepworth Wakefield £125 (2016- £nil)

The Charity provided visitor services to representatives of The Hepworth Wakefield on an arm's length basis, with a nil balance owed at the year end.

Donations from the Executors of the 7th Earl of Harewood £417,960 (2016- £nil)

The Charity received donations totalling £417,960 from the Executors of the 7th Earl and subsequent will trust during the year (2016- £nil).

The 7th Earl's Will Trust is also has a direct interest in Harewood Energy Supply Co.

Trustee expenses

In addition to the foregoing, meeting and travel expenses of £6,527 (2016- £7,193) were incurred by the Board of Trustees in carrying out their duties. These items represent a reimbursement of expenses at cost.

HAREWOOD HOUSE TRUST LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2017**

NOTES

25 Transactions with trustees and connected persons (continued)

At 31 December 2017 balances were as follows:

Owed to the Charity by:

Harewood Estate	£2,845	(2016- £5,001)
Harewood Energy Supply Co Limited	£nil	(2016- £nil)
Patricia, The Dowager Countess of Harewood	£236	(2016- £nil)
The Earl and Countess of Harewood	£4,211	(2016- £418)
Harewood Provisions Company Limited	£962	(2016- £nil)

As the Charity re-invoices 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 2017. 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	£8,934	(2016- £nil)
Harewood Energy Supply Co Limited	£21,115	(2016- £9,869)
Patricia, The Dowager Countess of Harewood	£nil	(2016- £91)
The Earl and Countess of Harewood	£1,751	(2016- £nil)
Harewood Provisions Company Limited	£2,521	(2016- £nil)