

THE HARLEY FOUNDATION

England & Wales · Charity number 276611

Details

Status Registered

Legal form Trust

Registered 1978-10-06

Register [View on the Charity Commission register](#)

Contact

Address Harley Gallery
Welbeck
Worksop
S80 3LW

Phone 01909501700

Email info@harleygallery.co.uk

Website www.harleygallery.co.uk

Activities

Objects: (A) THE ADVANCEMENT OF PUBLIC EDUCATION PARTICULARLY IN THE ARTS AND CRAFTS. (B) THE PROMOTION AND ASSISTANCE IN THE PROMOTION OF TRAINING, APPRENTICESHIP, INSTRUCTION AND EDUCATION OF PERSONS IN THE UNITED KINGDOM IN THE PRACTICE AND PERFORMANCE OF ARTS AND CRAFTS. (C) OTHER CHARITABLE PURPOSES FOR THE ADVANCEMENT OF EDUCATION.

Activities: The running of an art gallery and associated activities.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Buildings/facilities/open Space
- **What:** Education/training, Arts/culture/heritage/science
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** UNITED KINGDOM
- Nottinghamshire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£517,913	£1,108,694	£25,128,977	21
2024-03-31	£1,128,031	£1,313,182	£25,825,436	24
2023-03-31	£559,025	£1,211,925	£24,405,329	19
2022-03-31	£532,869	£1,023,799	£25,029,803	17
2021-03-31	£413,684	£865,628	-	-

Trustees

Name	Role	Appointed
WILLIAM HENRY MARCELLO PARENTE	Chair	
DAISY PARENTE		
Diana Marion Roberts		2024-04-05
ROBIN JAMES BROWN		
ZITA GIBSON		2015-11-02

THE HARLEY FOUNDATION

England & Wales - Charity number 276611

Accounts

THE
HARLEY
FOUNDATION

ANNUAL REPORT & FINANCIAL STATEMENTS

Year Ended 31st March 2025

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LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:	The Harley Foundation
Charity Registration number:	276611
Registered Office and operational address:	Portland Estate Office Worksop Nottinghamshire S80 3LT
Trustees:	Mr W H M Parente Ms D M A Parente Mr R J Brown Mrs Z Gibson Mrs D M Roberts (appointed on 5 April 2024)
Senior Management:	Ms Bryony Bond (Director)
Curatorial Advisory Group:	Mr M Hall Mrs K Hearn (Chair) Ms H Obee Mr H Wyndham
Auditors:	Dixon Wilson Audit Services LLP 22 Chancery Lane, London WC2A 1LS
Bankers:	NatWest Bank Plc 69 Bridge Street Worksop, S80 1DJ
Solicitors:	Wiggin Osborne Fullerlove 52 Jermyn Street London, SW1Y 6LX

WHO WE ARE AND WHAT WE DO

The Harley Foundation was set up in 1978 by the late Duchess of Portland to encourage creativity and to help maintain traditional craft skills. Today we aim to help more people access and enjoy the visual arts and to help artists and makers to continue to create.

- Vision** To encourage people to enjoy the visual arts and crafts.
- Mission** To create spaces where the imagination can flourish, and be enjoyed.
- Activities** To spark creativity by bringing the old and the new face to face through public exhibitions in the Harley Gallery and the Portland Collection Museum.
- To celebrate the handmade through exhibitions, events, and studio spaces.
- To offer artists and makers spaces to create and sell their work.

Admission to the Harley Gallery and Portland Collection Museum is free.

At the Harley Studios we provide subsidised workspaces and special schemes of support for individual artists and makers.

The Harley Gallery has three exhibition spaces. The exhibition spaces show the work of contemporary artists and makers through a varied programme which changes four times annually. The Gallery has an annual programme of events for adult visitors, families, schools, and children. The Gallery Shop sells work from around 250 makers and craftspeople from across the UK.

The Portland Collection Museum shows fine and decorative arts from the Portland Collection.

The Harley Foundation receives an annual income from the investment of the gifts made by the late Duchess of Portland in 1978 and from the late Lady Anne Bentinck in 2010. In addition, the Foundation raises income from studio licence fees, grant funding for particular projects and via its trading subsidiary from the Harley Gallery shop, events and cafe.

ACTIVITIES REPORT

Activities

Our mission to create spaces where creativity can flourish remained in place, as did our commitment to engaging with as broad a range of visitors as possible. Both of our gallery spaces remain free admission and we welcomed over 103,000 visitors in the year.

Portland Collection Museum

The Portland Collection Museum has three different visitor trails that have been developed by independent curators Karen Hearn and Hannah Obee.

Harley Gallery

April – July	Effie Burns: Earthly Treasures, cast glass Mark Frith: Ancient Oaks, pencil drawings Paul Hart: Truncated, photography Anthony Whishaw: Treescapes, painting Four artists exploring trees and woodland in different media.
July – October	The Harley Open 2024 185 works chosen from over 1,200 submissions.
October – January	Ian Kirkpatrick: ICONOCLASH Symbols from cartoons, cave art and contemporary life remixed in sculptures, quilted wall pieces and embroidery. Supported by Arts Council England.
January – March	People's Art Five contemporary artists – Ingrid Murphy, Zac Weinberg, Liaqat Rasul, Julia Griffiths Jones, and Francisca Onumah made new work in response to historic pieces of folk art made by unnamed artists.

Sales in the gallery and museum shops totalled over £255k.

Grants

We received the following grants during the year:

- £12,750 from the John Hemingway Trust to develop a community education programme (recognised up front in the financial statements of a previous year).
- £17,460 from Inspire, N.C.C. to subsidise a programme of adult and family learning in the Harley Pottery Studio and Education Studio (recognised as service income in these financial statements).

Public benefit

Both the Harley Gallery and the Portland Collection Museum are open 7 days a week and are free admission.

The Harley Pottery Studio ran classes for students of all ages and abilities. We have continued to work in partnership with Nottinghamshire MIND to offer short courses to their service users.

Artist Studios

The Harley Foundation offers 22 artist studios at subsidised costs to practicing artists. The studios were full throughout the year.

Occupants:

Restoration

The Glass Repository
Goetze Gwynn – Organ Restoration
Ross Alcock – Clock Restorer
Freeman & Young Conservation – Painting Conservation
Fiona Hutchinson – Ceramic Restoration
Geoff Tinniswood – Keyboard Restoration
Claire Ridley – Picture Frame Conservator

Visual Arts

Michelle Reader – Sculptor
Phil Neal – Sculptor
Steve Handley – Sculptor
Rebecca Smith – Digital artist
Georgina Rixon – Dancer and owner of Detail Dance Studio

Craft and Design

Laura Baxter – Jeweller
Hope and Elvis – Textile workshop studio
Janie Withers – Textile Design
Ruth Waller and Lee Hewitt – Textile Designers
Richard Hartley – Guitar maker
Rachel Wood – Potter
Kyra Cane – Potter
Simon Mount – Furniture Maker
Daniel Jackson – Scientific Glass Instrument Maker
Thomas Veryard – Furniture Maker

Education

Studio Discovery Days run with tours, talks and demonstrations featuring the Harley Studio Artists.

A programme of school workshops was offered throughout the year.

A range of free family activities provided in the gallery for each exhibition.

A programme of creative family and children's workshops delivered throughout the year.

TRUSTEES' REPORT

The Trustees present their report and audited financial statements for the year ended 31 March 2025. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Trust Deed, the Charities Act 2011 and the Charities SORP (FRS 102).

Structure, Governance and Management

The full name of the unincorporated charity is 'The Harley Foundation' ("Foundation"). The Foundation is governed by a Trust Deed dated 11 September 1978 and various supplemental deeds. The Foundation's registered office address and current Trustees are listed on page 3.

The Foundation has a wholly-owned subsidiary, Harley Gallery Trading Limited, a private company limited by share capital, company number 08083700. The subsidiary carries on trading activities under the direction of the Trustees and senior management.

Recruitment and Appointment of Trustees

Trustees are appointed by unanimous formal resolution of the Board of Trustees. The Trustees have the power to add, amend, replace or revoke all or any of the powers conferred on them by the Trust Deeds provided that no exercise of that power shall affect the objects of the Foundation.

Trustee Induction and Training

Potential Trustees meet with the Director and Chair of Trustees for a discussion about the work of the Harley Foundation and the interaction between staff and Trustees. They are invited to join us for a full Trustee Meeting and to meet with other Trustees. Once Trustees have joined, they are given a full information pack with information about current work projects, the mission statement and future plans. They then spend time with gallery staff, key stakeholders and partners. All new Trustees are given appropriate Charity Commission documents relating to good practice for Charity Trustees.

Risk Management

The Trustees have examined the major risks to which the Foundation is exposed. Financial sustainability is the major financial risk for both the Foundation and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due. In particular, the Foundation's investments are monitored to ensure sufficient funds are generated to provide working capital for the Foundation and its subsidiary company. There are also non-financial risks arising from health and safety of staff, clients and visitors to the gallery. Procedures are in place to manage these risks, and these procedures are periodically reviewed to ensure that they continue to meet the requirements of the Foundation.

Curatorial Advisory Group

The Curatorial Advisory Group considers the display of works from the Portland Collection in the Portland Collection Museum. The terms of reference of the group are to offer advice and oversight of proposed exhibitions of the Portland Collection, to propose likely academic links and partnerships and to advise on best practice with regard to interpretation and display matters. Members to the Group are appointed for a 3-year term which may be extended. The Curatorial Advisory Group is made up of leading art historians and curators and the members of the group are listed on page 3.

Objectives and Activities

The Foundation's objects as set out in the Trust Deeds are:

- The advancement of public education particularly in the arts and crafts;
- The promotion and assistance in the promotion of training, apprenticeship, instruction and education of persons in the United Kingdom in the practice and performance of arts and crafts;
- Other charitable purposes for the advancement of education.

The Foundation's principal activities in pursuance of its objectives are:

- The maintenance of the Harley Gallery as a premier location in Nottinghamshire for the promotion of exhibitions of art and craft, and as a venue for the holding of courses for school children and adult learners;
- The maintenance of the Portland Collection Museum for the display of historic fine and decorative arts from the Portland Collection. The displays are semi-permanent and change every 36 months;
- The provision of subsidised workshops for craftspeople to encourage training and preservation of art and craft skills. The Foundation gives encouragement to artists to display and sell their work at the Gallery and elsewhere, and;
- The Foundation aims to attract at least 90,000 visitors per annum to the Harley Gallery and maximise the occupancy of its craft workshop, as well as maximising the opportunities it can offer to support and promote arts and crafts.

Information on the Foundation's activities during the year is given on pages 5 to 6.

Public Benefit Statement

The Trustees, having regard to the Public Benefit guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

Reserves Policy

The Trustees, having reviewed the future commitments of the Foundation, are of the opinion that the funds and investments held at the year end are necessary to produce income and gains to supplement that generated from its charitable activities in order to maintain the normal operations of the Foundation, to cover ongoing costs of maintaining and operating the gallery and workshops, and to continue the educational activities of the Foundation.

The Trustees are confident that the Foundation has the financial resources to continue to further its charitable objectives outlined above.

Financial Review

A summary of the Foundation's results for the year are as set out in the Statement of Financial Activities on page 14. 100% (2024: 100%) of the Foundation's expenditure related to its key charitable objectives.

The Foundation's total outgoing resources this year were £1,108,694 (2024: £1,032,578) which has been

funded through income generated from the Foundation's charitable activities of £113,833 (2024: £117,174), investment income of £317,205 (2024: £451,612) and donations from Harley Gallery Trading Limited and third parties of £86,875 (2024: £261,891) leaving a deficit for the year of £590,781 (2024: £201,901 deficit). There were also net losses arising on the Foundation's fixed and current asset investments in the year amounting to £65,015 (2024: net gains £1,581,345), resulting in total unrestricted funds carried forward of £25,128,977 (2024: £25,784,773).

Principal Funding Sources

The principal sources of funding for the Foundation are income and gains generated by its investments, supplemented by income generated by Harley Gallery Trading Limited, grants from third parties and license fees paid by the occupants of the craft workshops.

Investment Policy

The Trustees have adopted a balanced investment approach with the view of achieving a long term total return through a mixture of property and equity investments. Details of the Foundation's current investments in agricultural land and equities are set out in note 7 of the financial statements.

The Foundation has holdings in two investment funds: the Royal London Short-Term Money Market Fund, managed by Royal London Unit Trust Managers Limited, and The Ord Fund ICVC, managed by Thesis Asset Management Limited. The former's objective is to preserve capital and provide an income over rolling 12-month periods by predominantly investing in cash and cash equivalents. The latter's objective is to maximise its total return from a diversified portfolio, mainly of equities, spread across global markets principally through securities and shares in collective schemes but also through money market instruments, deposits and cash or near cash investments. No emphasis is placed on any particular economic, industrial or geographical sector. The fund has a focus on total return rather than high yield and the Trustees plan to sell units to provide funds to subsidise the Foundation's charitable activities.

The Foundation's tradeable investments showed a revaluation gain of £15,964 (2024: gain of £1,457,941).

The value of the Foundation's agricultural land decreased in the year by £80,000 (2024: £120,000 increase). Overall, the value of the Foundation's investments decreased by 2% (2024: 7% increase).

Senior management

Matters of strategy are agreed by the Trustees whilst day to day management including decisions involving the execution of strategy are delegated to the senior management. The pay of key management personnel is reviewed annually. The review considers pay in the sector, the general economic environment and personal performance.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Report of the Management Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 the Charities SORP;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Trustees on *7 November 2025* and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'W H M Parente', written over a dotted horizontal line.

W H M Parente

Trustee

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Harley Foundation (the 'charity') for the year ended 31 March 2025 which comprise the statement of financial activities, balance sheet, 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 charity's affairs as at 31 March 2025 and of its incoming resources and application of resources, for the year the ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, the trustees 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity by considering, among other things, the sector in which it operates and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk, but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to UK Charity Law. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and reviewing correspondence with the Charity Commission.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Dixon Wilson Audit Services LLP

Dixon Wilson Audit Services LLP, Statutory Auditor

22 Chancery Lane

London

WC2A 1LS

Date: *17 December 2025*

Dixon Wilson Audit Services LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.


STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted funds		Unrestricted funds	
		2025		2024	
		£	£	£	£
Income					
Donations and legacies	2	86,875		261,891	
Investment income	2	317,205		451,612	
Charitable activities					
- Galleries	3	54,546		55,873	
- Craft workshops	3	59,287		61,301	
		<u>113,833</u>		<u>117,174</u>	
Total income			517,913		830,677
Expenditure					
Charitable activities					
- Galleries	3	1,049,459		972,397	
- Craft workshops	3	59,235		60,181	
Total expenditure		<u></u>	(1,108,694)	<u></u>	(1,032,578)
Net (losses)/gains on investments			<u>(65,015)</u>		<u>1,581,345</u>
Net income and net movement in funds			<u>(655,796)</u>		<u>1,379,444</u>
Reconciliation of funds					
Total funds brought forward			<u>25,784,773</u>		<u>24,405,329</u>
Total funds carried forward			<u>25,128,977</u>		<u>25,784,773</u>

BALANCE SHEET

	Notes	2025		2024	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	6	5,745,778		5,934,376	
Investments	7	17,278,540		19,142,576	
		<u> </u>		<u> </u>	
Total fixed assets			23,024,318		25,076,952
Current assets					
Debtors	8	383,633		451,550	
Current asset investments	9	1,750,648		70,650	
Cash at bank and in hand		16,435		313,511	
		<u> </u>		<u> </u>	
Total current assets		2,150,716		835,711	
Creditors: Amounts falling due within one year					
	10	<u>(46,057)</u>		<u>(127,890)</u>	
Net current assets			<u>2,104,659</u>		<u>707,821</u>
Total assets less current liabilities			<u>25,128,977</u>		<u>25,784,773</u>
Funds of the charity					
Unrestricted funds			<u>25,128,977</u>		<u>25,784,773</u>

Approved by the Board of Trustees on 7 November 2025 and signed on its behalf by:


W H M Parente
Trustee

The notes on pages 17 to 25 form part of these financial statements.

CASH FLOW STATEMENT

	Notes	2025		2024	
		£	£	£	£
Cash flows from operations					
Net movement in funds		(655,796)		1,379,445	
Less: Investment income	2	(317,205)		(451,612)	
Net losses/(gains) on investments		64,443		(1,588,158)	
Decrease/(increase) in debtors	8	21,347		(199,668)	
Decrease in creditors	10	(81,833)		(23,819)	
Depreciation	3	208,560		214,578	
Net cash used in operations			<u>(760,484)</u>		<u>(669,234)</u>
Cash flows from investment					
Investment income		363,775		436,537	
Proceeds from sale of investments	7	10,509,734		306,813	
Purchase of investments	7	(8,709,734)		-	
Purchase of fixed assets	6	(20,379)		-	
Proceeds from sale of fixed assets	6	10		-	
Net cash generated from investment			<u>2,143,406</u>		<u>743,350</u>
Net movement in cash and cash equivalents			1,382,922		74,116
Cash and cash equivalents at the beginning of the year			<u>313,511</u>		<u>239,395</u>
Cash and cash equivalents at the end of the year			<u>1,696,433</u>		<u>313,511</u>
Reconciliation to cash at bank and in hand:					
Cash at bank and in hand at end of year			16,435		313,511
Cash equivalents	9		1,679,998		-
Cash and cash equivalents at the end of the year			<u>1,696,433</u>		<u>313,511</u>

A net debt reconciliation has not been included in the financial statements because there are no loans, overdrafts or finance leases.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and 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 (Charities SORP (FRS 102)) (effective 1 January 2019). The financial statements have been rounded to the nearest £.

The Foundation is not required to produce consolidated accounts because it is within the relevant threshold.

1.2 Fund structure

The Foundation was created by the Most Noble Ivy Duchess of Portland by Trust Deed dated 26 January 1978 as a single charitable fund with the Trustees having the power to hold the capital and income of the trust fund in trust to apply the same as they shall at their absolute discretion think fit.

By Deeds of Variation of the Will of Lady Anne Bentinck dated 27 November 2010 and 26 December 2010, various paintings and works of art were bequeathed to the Foundation to hold as part of the single charitable fund on the terms set out above.

1.3 Incoming resources/resources expended

Income and expenditure is recognised on an accruals basis. The following specific policies are applied to particular categories of:

Income

- Dividend income is recognised when the security is quoted ex-dividend.
- Incoming resources from charitable trading activities are accounted for when earned, rental income is accounted for in the period to which it relates .
- Grants and donations are recognised once the charity is entitled to receive them, as evidenced by a formal offer of funding communicated in writing, and there is sufficient evidence that any attached conditions will be met.

Expenditure

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

1.4 Tangible fixed assets

Equipment purchased for use in the craft workshops and gallery office equipment is capitalised and depreciated by equal instalments over a five year term.

The Portland Collection building is depreciated by equal instalments over a 50 year period, while the fixtures and fittings are depreciated in equal instalments over a 20 year period. The Harley Gallery and the craft workshops have been fully depreciated.

Capital expenditure incurred on improving leasehold property is capitalised and included as fixed assets. It is then depreciated by equal instalments over the length of the lease.

Exhibits purchased for the Harley Gallery are charged in the year they are purchased as a direct cost in accordance with the accounting practice adopted by Museums.

1.5 Fixed assets investment and investment income

The Foundation's freehold interests in farm land and buildings are included as investment properties. These properties are revalued annually and are included in the Balance Sheet at their open market value (fair value) in accordance with FRS 102.

Investments listed on a recognised Stock Exchange and other ready realisable investments are valued at their mid-market price prevailing at the Balance Sheet date. Profits or losses on sales of investments and net gains on revaluation of investments are credited to the Statement of Financial Activities.

Investments in subsidiaries are included at cost less provision for impairment.

1.6 Current asset investments

Works of art are held at the Trustees' best estimate of market value.

Cash equivalents are money market funds held at the quoted share price.

Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1.7 Taxation

As a charity, The Harley Foundation is exempt from tax on income and gains falling within part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

1.8 Key sources of estimation uncertainty

The valuation of investment property is a source of estimation uncertainty, as it is subjective and liable to change due to demand and market conditions. The carrying amount is detailed in note 7.

2 Income analysis

		2025		2024
	£	£	£	£
Donations and legacies				
Grant from The John Hemingway Charitable Trust	-		191,250	
Donation from Harley Gallery Trading Limited	86,875		70,641	
	<u>86,875</u>	86,875	<u>70,641</u>	261,891
Investment income				
Income from tradeable investments	191,100		356,098	
Rent receivable	95,535		95,514	
Interest receivable	30,570		-	
	<u>317,205</u>	317,205	<u>451,612</u>	451,612
		<u>404,080</u>	<u>713,503</u>	

3 Analysis of Charitable income and expenditure

	Galleries £	Craft workshops £	Grants £	Total £
Year ended 31 March 2025				
Income				
Sales and charges	41,918	59,287	-	101,205
Grants and donations	12,628	-	-	12,628
	<u>54,546</u>	<u>59,287</u>		<u>113,833</u>
Expenditure				
Direct costs	(33,271)	-	-	(33,271)
Staff costs	(308,849)	(51,005)	-	(359,854)
Premises costs	(353,334)	(8,230)	-	(361,564)
Depreciation	(208,560)	-	-	(208,560)
Other costs	(145,445)	-	-	(145,445)
	<u>(1,049,459)</u>	<u>(59,235)</u>		<u>(1,108,694)</u>
Net (deficit)/surplus for the year	<u>(994,913)</u>	<u>52</u>		<u>(994,861)</u>
Year ended 31 March 2024				
Income				
Sales and charges	42,816	61,301	-	104,117
Grants and donations	13,057	-	-	13,057
	<u>55,873</u>	<u>61,301</u>		<u>117,174</u>
Expenditure				
Direct costs	(52,228)	-	-	(52,228)
Staff costs	(312,929)	(51,500)	-	(364,429)
Premises costs	(263,333)	(8,231)	-	(271,564)
Depreciation	(214,578)	-	-	(214,578)
Other costs	(129,329)	(450)	-	(129,779)
	<u>(972,397)</u>	<u>(60,181)</u>		<u>(1,032,578)</u>
Net (deficit)/surplus for the year	<u>(916,524)</u>	<u>1,120</u>		<u>(915,404)</u>

4 Support and governance costs

	2025 £	2024 £
Auditor's remuneration		
Fee payable to the auditor for the audit of the financial statements	7,200	8,000
Fees payable to the auditor for other services	<u>8,330</u>	<u>10,644</u>

The above costs are the only support and governance costs incurred during the year. The costs have been allocated to the Galleries' activity as the amount allocated to any other activities would be immaterial.

5 Staff costs

	2025 Number	2024 Number
Full time	3	2
Part time	18	18
	<u>21</u>	<u>20</u>
	2025	2024
Staff costs (for the above persons):	£	£
Wages and salaries	316,310	321,601
Social security costs	22,368	26,447
Pension costs	14,892	9,380
Staff allowances	6,283	7,001
	<u>359,853</u>	<u>364,429</u>

During the year, one employee (2024: one) received emoluments of between £70,000 and £80,000 and the Foundation made pension contributions of £8,099 (2024: £8,619) in respect of this employee.

The Foundation paid management fees to The Welbeck Estates Company Limited as detailed in note 11.

Key management personnel includes the director. The total emoluments of key management personnel of the Foundation was £83,169 (2024: £84,039).

6 Tangible fixed assets

	Leasehold Property £	Workshops & galleries £	Equipment £	Plant and machinery £	Total £
Cost					
At 1 April 2024	68,601	10,603,199	171,497	75,756	10,919,053
Additions	-	-	20,379	-	20,379
Disposals	-	-	(807)	-	(807)
At 31 March 2025	68,601	10,603,199	191,069	75,756	10,938,625
Depreciation					
At 1 April 2024	10,553	4,747,020	162,292	64,812	4,984,677
Charge for the year	1,055	190,509	7,317	9,679	208,560
Disposals	-	-	(390)	-	(390)
At 31 March 2025	11,608	4,937,529	169,219	74,491	5,192,847
Net book value					
At 31 March 2025	56,993	5,665,670	21,850	1,265	5,745,778
At 31 March 2024	58,048	5,856,179	9,205	10,944	5,934,376

7 Fixed asset investments

	2025 £	2024 £
Freehold investment properties	4,815,000	4,895,000
Tradeable investments	12,263,440	14,047,476
Investment in subsidiary	200,100	200,100
	<u>17,278,540</u>	<u>19,142,576</u>

Freehold investment properties

Market value at 1 April 2024 and 1 April 2023	4,895,000	4,775,000
Revaluation (loss)/gain in the year	(80,000)	120,000
	<u>4,815,000</u>	<u>4,895,000</u>
Market value at 31 March 2025 and 31 March 2024	4,815,000	4,895,000
	<u>784,131</u>	<u>784,131</u>
Historical cost at 31 March 2025 and 31 March 2024	784,131	784,131

The investment properties were valued by the trustees in consultation with an external real estate services provider.

	2025 £	2024 £
Tradeable investments		
Market value at 1 April 2024 and 1 April 2023	14,047,476	12,886,130
Additions	8,709,734	10,218
Disposals	(10,509,734)	(306,813)
Revaluation gain in the year	15,964	1,457,941
	<u>12,263,440</u>	<u>14,047,476</u>
Market value at 31 March 2025 and 31 March 2024	12,263,440	14,047,476
	<u>11,661,069</u>	<u>12,433,389</u>
Historical cost at 31 March 2025 and 31 March 2024	11,661,069	12,433,389

The Foundation's tradeable investments comprises a holding of nil (2024: 511,471) units in COIF Charities Investment Fund Income Units and 2,767,021 (2024: 830,286) shares in The Ord Fund ICVC.

	2025 £	2024 £
Investment in subsidiary		
Carrying value at 1 April 2024	<u>200,100</u>	<u>200,100</u>
Carrying value at 31 March 2025	<u>200,100</u>	<u>200,100</u>

The investment in subsidiary represents a 100% holding in Harley Gallery Trading Limited, a company which carries out trading activities previously carried out by the Foundation (see also note 11).

8 Debtors

	2025 £	2024 £
Trade debtors	1,334	9,845
Other debtors	70,106	33,788
Prepayments and accrued income	<u>312,193</u>	<u>407,917</u>
	<u>383,633</u>	<u>451,550</u>

9 Current asset investments

	2025 £	2024 £
Works of art	70,650	70,650
Cash equivalents	<u>1,679,998</u>	<u>-</u>
	<u>1,750,648</u>	<u>70,650</u>

	2025 £	2024 £
Works of art		
Market value at 1 April 2024	70,650	70,650
Market value at 31 March 2025	<u>70,650</u>	<u>70,650</u>

	2025 £	2024 £
Cash equivalents		
Market value at 1 April 2024	-	-
Additions	1,680,570	-
Revaluation loss in the year	<u>(572)</u>	<u>-</u>
Market value at 31 March 2025	<u>1,679,998</u>	<u>-</u>

The Foundation's cash equivalents comprises a holding of 1,454,327 (2024: - nil) units in the Royal London Short-Term Money Market Fund.

10 Creditors

	2025 £	2024 £
Trade creditors	10,764	15,081
Other creditors	27,338	45,987
The Welbeck Estates Company Limited	7,955	66,822
	<u>46,057</u>	<u>127,890</u>

11 Trustee remuneration and related party transactions

No Trustee received any remuneration or reimbursement for expenses in the period (2024: £nil).

Two of the Trustees are directors of The Welbeck Estates Company Limited ("the company"). During the period, the Foundation was charged £19,804 (2024: £19,808) in rent and £61,955 (2024: £55,502) in management charges and insurance costs. These transactions were carried out on an arms-length basis. The company also paid expenditure on behalf of the Foundation. The balance outstanding at the period end is shown in note 10.

The Harley Foundation owns 100% of the share capital of Harley Gallery Trading Limited ("the company"). During the period, the company paid rent of £18,167 (2024: £18,058) to the Foundation. The Foundation advanced loans to and paid expenses on behalf of the company of £215,050 (2024: £222,055). The Foundation received funds on behalf of and repayments from the company of £178,731 (2024: £257,099). The company also made a donation to the Foundation of £86,875 (2024: 70,641). At the balance sheet date the amount due from the company was £70,106 (2024: £33,787).

12 Financial instruments

	2025 £	2024 £
Financial assets that are tradeable investments and cash equivalents measured at fair value through profit or loss	13,943,438	14,047,476
Financial assets that are debt instruments at amortised cost	87,875	357,144
Financial assets that are equity instruments measured at cost less impairment	200,100	200,100
Financial liabilities that are debt instruments measured at amortised cost	(38,860)	(117,276)
	<u>14,192,553</u>	<u>14,487,444</u>

13 Fund movements

	Brought Forward £	Income £	Expenditure £	Gains and losses £	Carried forward £
Fund					
Unrestricted funds	25,784,773	517,913	(1,108,694)	(65,015)	25,128,977
Total funds	<u>25,784,773</u>	<u>517,913</u>	<u>(1,108,694)</u>	<u>(65,015)</u>	<u>25,128,977</u>

THE HARLEY FOUNDATION

England & Wales - Charity number 276611

Accounts

THE
HARLEY
FOUNDATION

ANNUAL REPORT & CONSOLIDATED
FINANCIAL STATEMENTS

Year Ended 31st March 2024

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LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:	The Harley Foundation
Charity Registration number:	276611
Registered Office and operational address:	Portland Estate Office Worksop Nottinghamshire S80 3LT
Trustees:	Mr W H M Parente Ms D M A Parente Mr R J Brown Mrs Z Caldecott Ms D M Roberts (appointed on 5 April 2024)
Senior Management:	Ms Lisa Gee (Director)
Curatorial Advisory Group:	Mr M Hall Mrs K Hearn (Chair) Ms H Obee Mr H Wyndham
Auditors:	Dixon Wilson Audit Services LLP 22 Chancery Lane, London WC2A 1LS
Bankers:	NatWest Bank Plc 69 Bridge Street Worksop, S80 1DJ
Solicitors:	Wiggin Osborne Fullerlove 52 Jermyn Street London, SW1Y 6LX
Investment Managers:	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London, EC4V 4ET Thesis Asset Management Limited Exchange Building, St John's Street Chichester, PO19 1UP

WHO WE ARE AND WHAT WE DO

The Harley Foundation was set up in 1978 by the late Duchess of Portland to encourage creativity and to help maintain traditional craft skills. Today we aim to help more people access and enjoy the visual arts and to help artists and makers to continue to create.

- Vision** To encourage people to enjoy the visual arts and crafts.
- Mission** To create spaces where the imagination can flourish, and be enjoyed.
- Activities**
 - To spark creativity by bringing the old and the new face to face through public exhibitions in the Harley Gallery and the Portland Collection gallery.
 - To celebrate the handmade through exhibitions, events, and studio spaces.
 - To offer artists and makers spaces to create and sell their work.

Admission to both galleries is free.

At the Harley Studios we provide subsidised workspaces and special schemes of support for individual artists and makers.

The Harley Gallery has three exhibition spaces. The exhibition spaces show the work of contemporary artists and makers through a varied programme which changes five times annually. The Gallery has an annual programme of events for adult visitors, families, schools and children. The Gallery Shop sells work from around 250 makers and craftspeople from across the UK.

The Portland Collection Gallery shows fine and decorative arts from the Portland Collection.

The Harley Foundation receives an annual income from the investment of the gifts made by the late Duchess of Portland in 1978 and from the late Lady Anne Bentinck in 2010. In addition the Foundation raises income from studio licence fees, grant funding for particular projects and via it's trading subsidiary from the Harley Gallery shop, events and café.

ACTIVITIES REPORT

Activities

Our mission to create spaces where creativity can flourish remained in place, as did our commitment to engaging with as broad a range of visitors as possible. Both of our gallery spaces remain free admission and we welcomed 86,000 visitors in the year.

Portland Collection

The new display in the Portland Collection Museum opened on 25 March 2023. It received 40,000 visitors during the year. Three different visitor trails have been developed by independent curators Karen Hearn and Hannah Obee. Monthly museum talks were fully sold out throughout the year.

Harley Gallery

March — June	Harvest Fruit: Neil Wilkin and Rachel Woodman, handblown glass Interrupted Views: Jennie Moncur, woven tapestry. The displays coincided with the launch of 'Unseen Treasures' and generated over £35k sales for the three exhibiting artists.
July — September	Sculpture by Nicole Farhi Ceramics by Lucille Lewin Farhi and Lewin were highly successful fashion designers who went on to develop new careers working with clay.
October — January	John Burningham Childrens Book Illustration The exhibition was curated in-house and looked at Burningham's work from the 1960s to the time of his recent death.
January — March	Work Life: Life's Work. Artists in the Harley Studios

Sales in the gallery and museum shops totalled £268k.

Grants

We received the following grants during the year:

- £10,000 from the Skylarks Endowment Fund to use in schools and community groups that support those with disabilities.
- £12,750 per annum over 15 years from the John Hemingway Trust to develop a community education programme.
- £21,000 from Inspire, N.C.C. to subsidise a programme of adult and family learning in the Harley Pottery Studio and Education Studio.

Public Benefit

Both the Harley Gallery and the Portland Collection museum are open 6 days a week and are free admission.

The Harley Pottery Studio ran classes for students of all ages and abilities. We have continued to work in partnership with Nottinghamshire MIND to offer short courses to their service users.

Artist Studios

The Harley Foundation offers 22 artist studios at subsidised costs to practicing artists. The studios were full throughout the year.

Occupants:

Restoration

The Glass Repository

Goetze Gwynn – Organ Restoration Ross Alcock – Clock Restorer

Freeman & Young Conservation – Painting Conservation Fiona Hutchinson – Ceramic Restoration

Geoff Tinniswood – Keyboard Restoration

Claire Ridley – Picture Frame Conservator

Visual Arts

Michelle Reader – Sculptor Phil Neal – Sculptor

Steve Handley – Sculptor

Louise Presley – Textile Artist

Rebecca Smith – Digital artist

Emma Thorpe - Photographer

Georgina Rixon – Dancer and owner of Detail Dance Studio

Craft and Design

Laura Baxter – Jeweller

Hope and Elvis – Textile workshop studio

Janie Withers – Textile Design

Ruth Waller and Lee Hewitt – Textile Designers Richard Hartley – Guitar maker

Rachel Wood – Potter Kyra Cane – Potter

Simon Mount – Furniture Maker

Education

A full programme of school workshops was offered throughout the year.

The grant from N.C.C. helped fund the Harley Pottery Studio which ran courses for a range of users of different abilities.

The Portland Collection commissioned three different gallery trails which are offered to visitors free of charge.

Monthly gallery talks were programmed and were sold out.

Lift Off! Is a framework for teaching art to children and is offered as a free download from our website.

TRUSTEES' REPORT

The Trustees present their report and audited consolidated financial statements for the year ended 31 March 2024. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Trust Deed, the Charities Act 2011 and the Charities SORP (FRS 102).

Structure, Governance and Management

The full name of the unincorporated charity is 'The Harley Foundation' ("Foundation"). The Foundation is governed by a Trust Deed dated 11 September 1978 and various supplemental deeds. The Foundation's registered office address and current Trustees are listed on page 3.

The Foundation has a wholly-owned subsidiary, Harley Gallery Trading Limited, a private company limited by share capital, company number 08083700. The subsidiary carries on trading activities under the direction of the Trustees and senior management. The Foundation and its subsidiary together are referred to as "the Group".

Recruitment and Appointment of Trustees

Trustees are appointed by unanimous formal resolution of the Board of Trustees. The Trustees have the power to add, amend, replace or revoke all or any of the powers conferred on them by the Trust Deeds provided that no exercise of that power shall affect the objects of the Foundation.

Trustee Induction and Training

Potential Trustees meet with the Director and Chair of Trustees for a discussion about the work of the Harley Foundation and the interaction between staff and Trustees. They are invited to join us for a full Trustee Meeting and to meet with other Trustees. Once Trustees have joined, they are given a full information pack with information about current work projects, the mission statement and future plans. They then spend time with gallery staff, key stakeholders and partners. All new Trustees are given appropriate Charity Commission documents relating to good practice for Charity Trustees.

Risk Management

The Trustees have examined the major risks to which the Foundation is exposed. Financial sustainability is the major financial risk for both the Foundation and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due. In particular, the Foundation's investments are monitored to ensure sufficient funds are generated to provide working capital for the Foundation and its subsidiary company. There are also non-financial risks arising from health and safety of staff, clients and visitors to the gallery. Procedures are in place to manage these risks, and these procedures are periodically reviewed to ensure that they continue to meet the requirements of the Foundation.

Curatorial Advisory Group

The Curatorial Advisory Group considers the display of works from the Portland Collection in the Foundation's galleries. The terms of reference of the group are to offer advice and oversight of proposed exhibitions of the Portland Collection, to propose likely academic links and partnerships and to advise on best practice with regard to interpretation and display matters. Members to the Group are appointed for a 3-year term which may be extended. The Curatorial Advisory Group is made up of leading art historians and curators and the members of the group are listed on page 3.

Objectives and Activities

The Foundation's objects as set out in the Trust Deeds are:

- The advancement of public education particularly in arts and crafts and the improvement of public taste therein;
- The promotion and assistance in the promotion of training, apprenticeship, instruction and education of persons in the United Kingdom in the practice and performance of arts and crafts;
- Such other charitable objects for the advancement of education as the Trustees not being less than three in number shall from time to time by deeds or deeds executed with their unanimous consent declare.

The Foundation's principal activities in pursuance of its objectives are:

- The maintenance of the Harley Gallery as a premier location in Nottinghamshire for the promotion of exhibitions of art and craft, and as a venue for the holding of courses for school children and adult learners;
- The maintenance of the Portland Collection gallery for the display of historic fine and decorative arts from the Portland Collection. The displays are semi-permanent and change every 33 months;
- The provision of subsidised workshops for craftspeople to encourage training and preservation of art and craft skills. The Foundation gives encouragement to artists to display and sell their work at the Gallery and elsewhere;
- The grant of sponsorship and bursaries in support of the educational role of the Foundation, and;
- The Foundation aims to attract at least 90,000 visitors per annum to the Harley Gallery and maximise the occupancy of its craft workshop, as well as maximising the opportunities it can offer to support and promote arts and crafts.

Information on the Foundation's activities during the year is given on pages 5 to 6.

Public Benefit Statement

The Trustees, having regard to the Public Benefit guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

Reserves Policy

The Trustees, having reviewed the future commitments of the Foundation, are of the opinion that the funds and investments held at the year end are necessary to produce income and gains to supplement that generated from its charitable activities in order to maintain the normal operations of the Foundation, to cover ongoing costs of maintaining and operating the gallery and workshops, and to continue the educational activities of the Foundation.

The Trustees are confident that the Foundation has the financial resources to continue to further its charitable objectives outlined above.

Financial Review

A summary of the Group's results for the year are as set out in the Statement of Financial Activities on page 14. 100% (2023: 100%) of the Group's expenditure related to its key charitable objectives.

The Group's total outgoing resources this year were £1,313,182 (2023: £1,487,367) which has been funded through income generated from the Group's charitable activities of £390,538 (2023: £372,745), investment income of £451,612 (2023: £394,779), donations of £191,250 (2023: £nil) and income from other trading activities of £94,631 (2023: £93,187) leaving a deficit for the year of £185,151 (2023: £626,656 deficit). There were also net gains arising on the Foundation's fixed and current asset investments in the year amounting to £1,581,345 (2023: net loss of £41,674), resulting in total unrestricted funds carried forward of £25,825,436 (2023: £24,429,242).

Principal Funding Sources

The principal sources of funding for the Foundation are income and gains generated by its investments, supplemented by income generated by Harley Gallery Trading Limited, grants from third parties and license fees paid by the occupants of the craft workshops.

Investment Policy

The Trustees have adopted a balanced investment approach with the view of achieving a long term total return through a mixture of property and equity investments. Details of the Foundation's investments in agricultural land and equities held at 31 March 2024 are set out in note 7 of the financial statements.

The investment objective is to maximise its total return from a diversified portfolio, mainly of equities, spread across global markets principally through securities and shares in collective schemes but also through money market instruments, deposits and cash or near cash investments. No emphasis is placed on any particular economic, industrial or geographical sector. The funds have a focus on total return rather than high yield and the Trustees plan to sell units to provide funds to subsidise the Foundation's charitable activities.

The Foundation's tradeable investments showed a revaluation gain of £1,457,941 (2023: loss of £471,016).

The value of the Foundation's agricultural land increased in the year by £120,000 (2023: £420,000 increase). Overall, the value of the Group's investments increased by 8% (2023: 7% increase).

Senior management

Matters of strategy are agreed by the Trustees whilst day to day management including decisions involving the execution of strategy are delegated to the senior management. The pay of key management personnel is reviewed annually. The review considers pay in the sector, the general economic environment and personal performance.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Report of the Management Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each Trustee is aware, there is no relevant information that has not been disclosed to the Foundation's auditors and each Trustee believes that all steps necessary have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Foundation's auditors have been made aware of that information.

This report has been prepared in accordance with the Charities SORP (FRS 102).

Approved by the Board of Trustees on 29 January 2025 and signed on its behalf by:

D M A Parente
Trustee

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Harley Foundation (the 'charity') and its subsidiary (together referred to as the 'group') for the year ended 31 March 2024, which comprise the consolidated statement of financial activities, statement of financial activities, consolidated balance sheet, balance sheet, 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 group's and the charity's affairs as at 31 March 2024 and of the group's incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other matter—consolidated comparative figures

The consolidated comparative figures, that is for the year to and as at 31 March 2023, are unaudited. This is because the charity was not required to prepare consolidated accounts for that period.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity by considering, among other things, the sector in which it operates and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk, but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to UK Charity Law, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and reviewing correspondence with the Charity Commission.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Dixon Wilson Audit Services LLP, Statutory Auditor

22 Chancery Lane

London

WC2A 1LS

Date: 30 January 2025

Dixon Wilson Audit Services LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Notes	£	Funds 2024 £	£	Funds 2023 £
Income					
Donations and legacies	2	191,250		-	
Investment income	2	451,612		394,779	
Charitable activities income					
- Galleries	3	329,237		311,341	
- Craft workshops	3	61,301		61,404	
Other trading activities	2	94,631		93,187	
			1,128,031		860,711
Expenditure					
Raising funds					
- Investment management fees		-		2,449	
Charitable activities					
- Galleries	3	1,253,001		1,427,238	
- Craft workshops	3	60,181		57,680	
Total expenditure			(1,313,182)		(1,487,367)
Net gains/(losses) on investments			1,581,345		(41,674)
Net income and net movement in funds			1,396,194		(668,330)
Reconciliation of funds					
Total funds brought forward	13		24,429,242		25,097,572
Total funds carried forward	13		25,825,436		24,429,242

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	£	Funds 2024 £	£	Funds 2023 £
Income					
Donations and legacies	2	261,891		42,349	
Investment income	2	451,612		394,779	
Charitable activities					
- Galleries	3	55,873		60,494	
- Craft workshops	3	61,301		61,403	
Total income			830,677		559,025
Expenditure					
Raising funds					
- Investment management fees		-		2,449	
Charitable activities					
- Galleries	3	972,397		1,151,796	
- Craft workshops	3	60,181		57,680	
Total expenditure			(1,032,578)		(1,211,925)
Net gains on investments			1,581,345		28,426
Net income and net movement in funds			1,379,444		(624,474)
Reconciliation of funds					
Total funds brought forward	13		24,405,329		25,029,803
Total funds carried forward	13		25,784,773		24,405,329

CONSOLIDATED BALANCE SHEET

	Notes	2024	2023
		£	£
Fixed Assets			
Tangible fixed assets	6	6,053,649	6,279,070
Investments	7	18,942,476	17,661,130
		<hr/>	<hr/>
Total fixed assets		24,996,125	23,940,200
Current assets			
Debtors	8	458,462	207,164
Current asset investments	9	70,650	70,650
Stock		142,435	129,646
Cash at bank and in hand		325,407	258,649
		<hr/>	<hr/>
Total current assets		996,954	666,109
Creditors: Amounts falling due within one year	10	<hr/> (167,643) <hr/>	<hr/> (177,067) <hr/>
Net current assets		<hr/> 829,311 <hr/>	<hr/> 489,042 <hr/>
Total assets less current liabilities and net assets		<hr/> 25,825,436 <hr/>	<hr/> 24,429,242 <hr/>
Funds of the charity			
Total funds	13	<hr/> 25,825,436 <hr/>	<hr/> 24,429,242 <hr/>

Approved by the Board of Trustees on 29 January 2025 and signed on its behalf by:

D M A Parente
Trustee

The notes on pages 18 to 32 form part of these financial statements.

BALANCE SHEET

	Notes	2024	2023
		£	£
Fixed Assets			
Tangible fixed assets	6	5,934,376	6,148,953
Investments	7	19,142,576	17,861,230
		<hr/>	<hr/>
Total fixed assets		25,076,952	24,010,183
Current assets			
Debtors	8	451,550	236,810
Current asset investments	9	70,650	70,650
Cash at bank and in hand		313,511	239,395
		<hr/>	<hr/>
Total current assets		835,711	546,855
Creditors: Amounts falling due within one year	10	<hr/> (127,890) <hr/>	<hr/> (151,709) <hr/>
Net current assets		<hr/> 707,821 <hr/>	<hr/> 395,146 <hr/>
Total assets less current liabilities and net assets		<hr/> 25,784,773 <hr/>	<hr/> 24,405,329 <hr/>
Funds of the charity			
Total funds	13	<hr/> 25,784,773 <hr/>	<hr/> 24,405,329 <hr/>

Approved by the Board of Trustees on 29 January 2025 and signed on its behalf by:

D M A Parente
Trustee

The notes on pages 18 to 32 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	£	2024 £	£	2023 £
Cash flows from operations					
Net movement in funds	13	1,396,194		(668,330)	
Less: Investment income	2	(451,612)		(394,779)	
Less: Net (gains)/losses on investments		(1,581,345)		41,674	
(Increase)/decrease in debtors	8	(236,228)		27,321	
Decrease in creditors	10	(9,424)		(116,425)	
(Increase)/decrease in stock		(12,789)		(14,716)	
Depreciation	3	225,421		228,416	
Net cash used in operations			<u>(669,783)</u>		<u>(896,839)</u>
Cash flows from investing activities					
Investment income		436,541		378,654	
Proceeds from sale of investments		300,000		-	
Purchase of investments	7	-		(1,275,000)	
Purchase of fixed assets	6	-		(807)	
Net cash generated from investing activities			<u>736,541</u>		<u>(897,153)</u>
Net movement in cash			66,758		(1,793,992)
Cash at the beginning of the year			<u>258,649</u>		<u>2,052,641</u>
Cash at the end of the year			<u>325,407</u>		<u>258,649</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and 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 (Charities SORP (FRS 102)) (effective 1 January 2019). The financial statements have been rounded to the nearest £.

1.2 Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertaking drawn up to 31 March 2024. No Cash Flow Statement is presented for the Charity, and Key Management Personnel compensation is only disclosed once, as permitted by FRS 102.

A subsidiary is an entity controlled by the charity. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-entity transactions, balances and unrealised gains on transactions between the charity and its subsidiary, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

1.3 Fund structure

The Foundation was created by the Most Noble Ivy Duchess of Portland by Trust Deed dated 26 January 1978 as a single charitable fund with the Trustees having the power to hold the capital and income of the trust fund in trust to apply the same as they shall at their absolute discretion think fit.

By Deeds of Variation of the Will of Lady Anne Bentinck dated 27 November 2010 and 26 December 2010, various paintings and works of art were bequeathed to the Foundation to hold as part of the single charitable fund on the terms set out above.

Restricted funds are created by grants which must be used for specific purposes, and the expenditure towards those purposes is allocated to the relevant restricted fund.

1.4 Incoming resources/resources expended

Income and expenditure is recognised on an accruals basis. The following specific policies are applied to particular categories of:

Income

- Dividend income is recognised when the security is quoted ex-dividend.
- Incoming resources from charitable trading activities are accounted for when earned, rental income is accounted for in the period to which it relates .
- Grants and donations are recognised once the charity is entitled to receive them, as evidenced by a formal offer of funding communicated in writing, and there is sufficient evidence that any attached conditions will be met.

Expenditure

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

1.5 Tangible fixed assets

Equipment purchased for use in the craft workshops and gallery office equipment is capitalised and depreciated by equal instalments over a five year term. Solar panels held by the subsidiary company are being depreciated by equal instalments over a 20 year term.

The Portland Collection building is depreciated by equal instalments over a 50 year period, while the fixtures and fittings are depreciated in equal instalments over a 20 year period. The Harley Gallery and the craft workshops have been fully depreciated.

Capital expenditure incurred on improving leasehold property is capitalised and included as fixed assets. It is then depreciated by equal instalments over the length of the lease.

Exhibits purchased for the Harley Gallery are charged in the year they are purchased as a direct cost in accordance with the accounting practice adopted by Museums.

1.6 Fixed assets investment and investment income

The Foundation's freehold interests in farm land and buildings are included as investment properties. These properties are revalued annually and are included in the Balance Sheet at their open market value (fair value) in accordance with FRS 102.

Investments listed on a recognised Stock Exchange and other ready realisable investments are valued at their mid-market price prevailing at the Balance Sheet date. Profits or losses on sales of investments and net gains on revaluation of investments are credited to the Statement of Financial Activities.

Investments in subsidiaries are included at cost less provision for impairment.

1.7 Current asset investments

Current asset investments are held at the Trustees' best estimate of market value. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1.7 Taxation

As a charity, The Harley Foundation is exempt from tax on income and gains falling within part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

The subsidiary, Harley Gallery Trading Limited, makes donations of its profits to the Foundation and those donations extinguish the subsidiary's liability to corporation tax.

1.8 Key sources of estimation uncertainty

The valuation of investment property is a source of estimation uncertainty, as it is subjective and liable to change due to demand and market conditions. The carrying amount is detailed in note 7.

2 Income analysis

Group	2024		2023	
	£	£	£	£
Donations and legacies				
Grant from The John Hemingway Charitable Trust	191,250		-	
	<u>191,250</u>	191,250	<u>-</u>	-
Investment income				
Income from tradeable investments	356,098		303,698	
Rent receivable	95,514		91,081	
	<u>451,612</u>	451,612	<u>394,779</u>	394,779
Other trading activities				
Licence fee from café	53,615		45,072	
Sales of electricity	41,016		48,115	
	<u>94,631</u>	94,631	<u>93,187</u>	93,187
		<u>737,493</u>		<u>487,966</u>

Charity	2024		2023	
	£	£	£	£
Donations and legacies				
Grant from The John Hemingway Charitable Trust	191,250		-	
Donation from Harley Gallery Trading Limited	70,641		42,349	
	<u>261,891</u>	261,891	<u>42,349</u>	42,349
Investment income				
Income from tradeable investments	356,098		303,698	
Rent receivable	95,514		91,081	
	<u>451,612</u>	451,612	<u>394,779</u>	394,779
		<u>713,503</u>		<u>437,128</u>

3 Analysis of Charitable income and expenditure

Group	Galleries £	Craft workshops £	Total £
Year ended 31 March 2024			
Income			
Sales and charges	295,470	61,301	356,771
Grants and donations	33,767	-	33,767
	<hr/>	<hr/>	<hr/>
	329,237	61,301	390,538
Expenditure			
Direct costs	(187,864)	-	(187,864)
Staff costs	(360,389)	(51,500)	(411,889)
Premises costs	(305,303)	(8,231)	(313,534)
Depreciation	(225,421)	-	(225,421)
Other costs	(174,024)	(450)	(174,474)
	<hr/>	<hr/>	<hr/>
	(1,253,001)	(60,181)	(1,313,182)
Net (deficit)/surplus for the year			
	<hr/>	<hr/>	<hr/>
	(923,764)	1,120	(922,644)
Year ended 31 March 2023			
Income			
Sales and charges	280,555	61,404	341,959
Grants and donations	30,786	-	30,786
	<hr/>	<hr/>	<hr/>
	311,341	61,404	372,745
Expenditure			
Direct costs	(266,732)	-	(266,732)
Staff costs	(331,441)	(49,449)	(380,890)
Premises costs	(372,589)	(8,231)	(380,820)
Depreciation	(228,416)	-	(228,416)
Other costs	(228,060)	-	(228,060)
	<hr/>	<hr/>	<hr/>
	(1,427,238)	(57,680)	(1,484,918)
Net (deficit)/surplus for the year			
	<hr/>	<hr/>	<hr/>
	(1,115,897)	3,724	(1,112,173)

3 Analysis of Charitable income and expenditure (continued)

Charity	Galleries £	Craft workshops £	Total £
Year ended 31 March 2024			
Income			
Sales and charges	22,106	61,301	83,407
Grants and donations	33,767	-	33,767
	<hr/>	<hr/>	<hr/>
	55,873	61,301	117,174
Expenditure			
Direct costs	(52,228)	-	(52,228)
Staff costs	(312,929)	(51,500)	(364,429)
Premises costs	(263,333)	(8,231)	(271,564)
Depreciation	(214,578)	-	(214,578)
Other costs	(129,329)	(450)	(129,779)
	<hr/>	<hr/>	<hr/>
	(972,397)	(60,181)	(1,032,578)
Net (deficit)/surplus for the year			
	<hr/>	<hr/>	<hr/>
	(916,524)	1,120	(915,404)
Year ended 31 March 2023			
Income			
Sales and charges	29,708	61,403	91,111
Grants and donations	30,786	-	30,786
	<hr/>	<hr/>	<hr/>
	60,494	61,403	121,897
Expenditure			
Direct costs	(146,563)	-	(146,563)
Staff costs	(294,207)	(49,449)	(343,656)
Premises costs	(323,375)	(8,231)	(331,606)
Depreciation	(214,874)	-	(214,874)
Other costs	(172,777)	-	(172,777)
	<hr/>	<hr/>	<hr/>
	(1,151,796)	(57,680)	(1,209,476)
Net (deficit)/surplus for the year			
	<hr/>	<hr/>	<hr/>
	(1,091,302)	3,723	(1,087,579)

4 Support and governance costs

	2024 £	2023 £
Fees payable for the audit of the charity's financial statements	8,000	6,750
Fees payable to the auditor for other services (group)	13,194	10,124
Fees payable to the auditor for other services (charity only)	10,644	6,054

The above costs are the only support and governance costs incurred during the year. The costs have been allocated to the galleries' activity as the amount allocated to any other activities would be immaterial.

5 Staff costs

	2024 Number	Group 2023 Number	2024 Number	Charity 2023 Number
Full time	3	4	2	3
Part time	21	19	18	16
	<hr/>	<hr/>	<hr/>	<hr/>
	24	23	20	19
	<hr/>	<hr/>	<hr/>	<hr/>
	2024	2023	2024	2023
Staff costs (for the above persons):	£	£	£	£
Wages and salaries	353,429	327,619	313,094	297,878
Social security costs	28,301	28,273	26,125	25,690
Pension costs	10,102	14,571	9,135	13,921
Staff allowances	10,982	10,427	7,001	6,167
	<hr/>	<hr/>	<hr/>	<hr/>
	402,814	380,890	355,355	343,656
	<hr/>	<hr/>	<hr/>	<hr/>

During the year, one employee (2023: one) received emoluments of between £80,000 and £90,000 and the Foundation made pension contributions of £8,619 (2023: £8,020) in respect of this employee.

The Foundation paid management fees to The Welbeck Estates Company Limited as detailed in note 11.

Key management personnel includes the director of the Foundation. The total emoluments of key management personnel was £84,039 (2023: £80,180).

6 Tangible fixed assets

Group	Leasehold Property £	Workshops & galleries £	Equipment £	Plant and machinery £	Total £
Cost					
At 1 April 2023	68,601	10,603,199	222,885	314,300	11,208,985
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2024	68,601	10,603,199	222,885	314,300	11,208,985
Depreciation					
At 1 April 2023	9,498	4,554,264	206,799	159,354	4,929,915
Charge for the year	1,055	192,756	6,880	24,730	225,421
Disposals	-	-	-	-	-
At 31 March 2024	10,553	4,747,020	213,679	184,084	5,155,336
Net book value					
At 31 March 2024	58,048	5,856,179	9,206	130,216	6,053,649
At 31 March 2023	59,103	6,048,935	16,086	154,946	6,279,070

6 Tangible fixed assets (continued)

Charity	Leasehold Property £	Workshops & galleries £	Equipment £	Plant and machinery £	Total £
Cost					
At 1 April 2023	68,601	10,603,199	171,497	75,756	10,919,053
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2024	68,601	10,603,199	171,497	75,756	10,919,053
Depreciation					
At 1 April 2023	9,498	4,554,264	155,412	50,926	4,770,100
Charge for the year	1,055	192,756	6,880	13,886	214,577
Disposals	-	-	-	-	-
At 31 March 2024	10,553	4,747,020	162,292	64,812	4,984,677
Net book value					
At 31 March 2024	58,048	5,856,179	9,205	10,944	5,934,376
At 31 March 2023	59,103	6,048,935	16,085	24,830	6,148,953

7 Fixed asset investments

Group	2024 £	2023 £
Freehold investment properties	4,895,000	4,775,000
Tradeable investments	14,047,476	12,886,130
	<u>18,942,476</u>	<u>17,661,130</u>
Freehold investment properties		
Market value at 1 April 2023	4,775,000	4,355,000
Revaluation gain in the year	120,000	420,000
	<u>4,895,000</u>	<u>4,775,000</u>
Market value at 31 March 2024	<u>4,895,000</u>	<u>4,775,000</u>
Historical cost at 31 March 2024 and 1 April 2023	<u>784,131</u>	<u>784,131</u>

The investment properties were valued by the trustees in consultation with an external real estate services provider.

	2024 £	2023 £
Tradeable investments		
Market value at 1 April 2023	12,886,130	12,072,407
Additions	10,218	1,284,739
Disposals	(306,813)	-
Revaluation gain/(loss) in the year	1,457,941	(471,016)
	<u>14,047,476</u>	<u>12,886,130</u>
Market value at 31 March 2024	<u>14,047,476</u>	<u>12,886,130</u>
Historical cost at 31 March 2024	<u>12,433,389</u>	<u>12,729,984</u>

The Group's tradeable investments comprises a holding of 511,471 (2023: 510,971) units in COIF Charities Investment Fund Income Units and 830,286 (2023: 912,976) shares in The Ord Fund ICVC.

7 Fixed asset investments (continued)

Charity	2024 £	2023 £
Freehold investment properties	4,895,000	4,775,000
Tradeable investments	14,047,476	12,886,130
Investment in subsidiary	200,100	200,100
	<u>19,142,576</u>	<u>17,861,230</u>
Freehold investment properties		
Market value at 1 April 2023	4,775,000	4,355,000
Revaluation gain in the year	<u>120,000</u>	<u>420,000</u>
Market value at 31 March 2024	<u>4,895,000</u>	<u>4,775,000</u>
Historical cost at 31 March 2024 and 1 April 2023	<u>784,131</u>	<u>784,131</u>

The investment properties were valued by the trustees in consultation with an external real estate services provider.

	2024 £	2023 £
Tradeable investments		
Market value at 1 April 2023	12,886,130	12,072,407
Additions	10,218	1,284,739
Disposals	(306,813)	-
Revaluation gain/(loss) in the year	<u>1,457,941</u>	<u>(471,016)</u>
Market value at 31 March 2024	<u>14,047,476</u>	<u>12,886,130</u>
Historical cost at 31 March 2024	<u>12,433,389</u>	<u>12,729,984</u>

The Foundation's tradeable investments comprises a holding of 511,471 (2023: 510,971) units in COIF Charities Investment Fund Income Units and 830,286 (2023: 912,976) shares in The Ord Fund ICVC.

Investment in subsidiary

Carrying value at 1 April 2023	200,100	130,000
Reversal of Impairment	<u>-</u>	<u>70,100</u>
Carrying value at 31 March 2024	<u>200,100</u>	<u>200,100</u>

7 Fixed asset investments (continued)

Charity (continued)

Results of subsidiary undertakings

The Harley Foundation's investment in subsidiary consists of a 100% shareholding in Harley Gallery Trading Limited (Company No. 08083700). The results of Harley Gallery Trading Limited are summarised below:

	2024 £	2023 £
Summary of income and expenditure:		
Income	386,052	359,357
Expenditure	<u>(298,662)</u>	<u>(290,766)</u>
Profit	<u>87,390</u>	<u>68,591</u>
	2024 £	2023 £
Summary of assets and liabilities:		
Assets	314,299	318,199
Liabilities	<u>(73,540)</u>	<u>(94,189)</u>
Capital and reserves	<u>240,759</u>	<u>224,010</u>

The Foundation is also 100% shareholder of Harley Gallery Nominees Limited (Company No. 13172644) a company which has no financial transactions and holds the legal title of property as nominee for the Foundation.

8. Debtors

	2024 £	Group 2023 £	2024 £	Charity 2023 £
Trade debtors	39,416	50,721	9,845	18,593
Other debtors	-	-	33,788	68,830
Prepayments and accrued income	419,046	156,443	407,917	149,387
	<u>458,462</u>	<u>207,164</u>	<u>451,550</u>	<u>236,810</u>

9. Current asset investments

	2024 £	Group 2023 £	2024 £	Charity 2023 £
Works of art				
Market value at 1 April 2023	70,650	70,650	70,650	70,650
Market value at 31 March 2024	<u>70,650</u>	<u>70,650</u>	<u>70,650</u>	<u>70,650</u>

10. Creditors

	2024 £	Group 2023 £	2024 £	Charity 2023 £
Trade creditors	14,307	54,552	15,081	47,578
The Welbeck Estates Company Limited	67,658	29,117	66,822	28,367
Other creditors	85,678	93,398	45,987	75,764
	<u>167,643</u>	<u>177,067</u>	<u>127,890</u>	<u>151,709</u>

11 Trustee remuneration and related party transactions

Group

No Trustee received any remuneration or reimbursement for expenses in the period (2023: £nil).

Two of the Trustees are directors of The Welbeck Estates Company Limited ("the company"). During the period, the group was charged £19,808 (2023: £19,805) in rent and £65,532 (2023: £95,682) in management charges and insurance costs. These transactions were carried out on an arms-length basis. The company also paid expenditure on behalf of the group. The balance outstanding at the period end is shown in note 10.

Charity

No Trustee received any remuneration or reimbursement for expenses in the period (2023: £nil).

Two of the Trustees are directors of The Welbeck Estates Company Limited ("the company"). During the period, the Foundation was charged £19,808 (2023: £19,805) in rent and £55,502 (2023: £85,652) in management charges and insurance costs. These transactions were carried out on an arms-length basis. The company also paid expenditure on behalf of the Foundation. The balance outstanding at the period end is shown in note 10.

The Harley Foundation owns 100% of the share capital of Harley Gallery Trading Limited ("the company"). During the period, the company paid rent of £18,058 (2023: £15,322) to the Foundation. The Foundation advanced loans to and paid expenses on behalf of the company of £222,055 (2023: £226,040). The Foundation received funds on behalf of and repayments from the company of £257,099 (2023: £231,901). The company also made a donation to the Foundation of £70,641 (2023: £42,349). At the balance sheet date the amount due from the company was £33,787 (2023: £68,831).

12 Financial instruments

Group	2024 £	2023 £
Financial assets that are tradeable investments measured at fair value through profit or loss	14,047,476	12,886,130
Financial assets that are debt instruments at amortised cost	364,822	309,370
Financial liabilities that are debt instruments measured at amortised cost	(161,029)	(170,839)
	<u>14,251,269</u>	<u>13,024,661</u>

Charity	2024 £	2023 £
Financial assets that are tradeable investments measured at fair value through profit or loss	14,047,476	12,886,130
Financial assets that are debt instruments at amortised cost	357,144	326,820
Financial assets that are equity instruments measured at cost less impairment	200,100	200,100
Financial liabilities that are debt instruments measured at amortised cost	(117,276)	(145,478)
	<u>14,487,444</u>	<u>13,267,572</u>

13 Fund movements

Group	Brought Forward £	Income £	Expenditure £	Gains and losses £	Carried forward £
Fund					
Restricted funds	-	10,000	(10,000)	-	-
Unrestricted funds	24,429,242	1,118,031	(1,303,182)	1,581,345	25,825,436
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	24,429,242	1,128,031	(1,313,182)	1,581,345	25,825,436
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Charity					
Fund					
Restricted funds	-	10,000	(10,000)	-	-
Unrestricted funds	24,405,329	820,677	(1,022,578)	1,581,345	25,784,773
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	24,405,329	830,677	(1,032,578)	1,581,345	25,784,773
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

THE HARLEY FOUNDATION

England & Wales - Charity number 276611

Accounts

THE
HARLEY
FOUNDATION

ANNUAL REPORT &
FINANCIAL STATEMENTS

Year Ended 31st March 2023

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LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:	The Harley Foundation
Charity Registration number:	276611
Registered Office and operational address:	Portland Estate Office Worksop Nottinghamshire S80 3LT
Trustees:	Mr W H M Parente Ms D M A Parente Mr R J Brown Mrs Z Caldecott Mr M Fullerlove (resigned 23 August 2022) Ms P J Glanville (appointed 23 August 2022)
Senior Management:	Ms Lisa Gee (Director)
Curatorial Advisory Group:	Mr M Hall Mrs K Hearn (Chair) Ms H Obee Mr H Wyndham
Auditors:	Dixon Wilson Audit Services LLP 22 Chancery Lane, London WC2A 1LS
Bankers:	NatWest Bank Plc 69 Bridge Street Worksop, S80 1DJ
Solicitors:	Wiggin Osborne Fullerlove 52 Jermyn Street London, SW1Y 6LX
Investment Managers:	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London, EC4V 4ET Thesis Asset Management Limited Exchange Building, St John's Street Chichester, PO19 1UP

WHO WE ARE AND WHAT WE DO

The Harley Foundation was set up in 1978 by the late Duchess of Portland to encourage creativity and to help maintain traditional craft skills. Today we aim to help more people access and enjoy the visual arts and to help artists and makers to continue to create.

- Vision** To encourage people to enjoy the visual arts and crafts.
- Mission** To create spaces where the imagination can flourish, and be enjoyed.
- Activities**
 - To spark creativity by bringing the old and the new face to face through public exhibitions in the Harley Gallery and the Portland Collection gallery.
 - To celebrate the handmade through exhibitions, events, and studio spaces.
 - To offer artists and makers spaces to create and sell their work.

Admission to both galleries is free.

At the Harley Studios we provide subsidised workspaces and special schemes of support for individual artists and makers.

The Harley Gallery has three exhibition spaces. The exhibition spaces show the work of contemporary artists and makers through a varied programme which changes five times annually. The Gallery has an annual programme of events for adult visitors, families, schools and children. The Gallery Shop sells work from around 250 makers and craftspeople from across the UK.

The Portland Collection Gallery shows fine and decorative arts from the Portland Collection.

The Harley Foundation receives an annual income from the investment of the gifts made by the late Duchess of Portland in 1978 and from the late Lady Anne Bentinck in 2010. In addition the Foundation raises income from studio licence fees, grant funding for particular projects and via it's trading subsidiary from the Harley Gallery shop, events and café.

ACTIVITIES REPORT

Activities

Our mission to create spaces where creativity can flourish remained in place, as did our commitment to engaging with as broad a range of visitors as possible. Both of our gallery spaces remain free admission and we welcomed 83,000 visitors in the year.

The ERDF funded Art Trail, linking us to neighbours Creswell Crags, opened 10 March 2022. 27,000 visitors used the trail over the year. The trail consists of sculptures by Michelle Reader and Martin Smith.

We commissioned a new website for the Harley Foundation which went live on 15th March 2023.

Portland Collection

The Portland Collection gallery closed for a re-hang in January 2023. It re-opened 25th March with the new exhibition 'Unseen Treasures'. 'Unseen Treasures' consists of displays of pre-eminent works of art, dating from 1538 – 1870. Items on display include furniture, oil portraits, miniature paintings, silver plate, Royal jewellery, early Netherlandish paintings.

Works from the Portland Collection are now listed on the website ART UK which attracts 4M visits annually and promotes 3,400 public art collections.

Harley Gallery

March – June	Harvest Fruit: Neil Wilkin and Rachel Woodman, handblown glass Interrupted Views: Jennie Moncur, woven tapestry. The displays coincided with the launch of 'Unseen Treasures' and generated over £35K sales for the three exhibiting artists.
Jan – March	Well-travelled: Anne Kelly, embroidered textiles To complement the exhibition we developed a making studio for visitors. This attracted a committed cohort of visitors, many travelling 60 miles plus to visit.
Oct – Dec	Jason and the Argonauts: Jason Wilsher Mills, digital installation / sculpture
July – September	The Harley Open Exhibition. Over 700 entries from regional artists in a 100m mile radius of the gallery. The Harley Foundation Prize was shared between Mollie Webburn Cowell and Verity Pulman. The Peoples Prize went to 'Queens Jubes', a collage created by children at Child First Nursery and their artist-in-residence. The Welbeck Abbey Brewery prize was won by Jane Hindmarsh for 'Redhill'.
April – June	Kyra Cane X Vila Nova: Ceramics and design Potter Kyra Cane has a studio at the Harley Foundation. This exhibition showcased her collaboration with international interior design company Vila Nova.

During the year the gallery shops generated £214k of sales of one-off pieces by artists and designers.

Grants

We received the following grants during the year:

- £24,573 from Inspire, N.C.C. to subsidise a programme of adult and family learning in the Harley Pottery Studio and Education Studio.
- £11,500 from the John Hemingway Trust to develop a community education programme.

Public Benefit

Both the Harley Gallery and the Portland Collection museum are open 6 days a week and are free admission.

The Harley Pottery Studio ran classes for students of all ages and abilities. We have continued to work in partnership with Nottinghamshire MIND to offer short courses to their service users.

Artist Studios

The Harley Foundation offers 22 artist studios at subsidised costs to practicing artists. The studios were full throughout the year.

Current occupants this year:

Restoration

The Glass Repository
Goetze Gwynn - Organ Restoration
Ross Alcock - Clock Restorer
Mark and Diana Roberts - Painting Conservation
Fiona Hutchinson - Ceramic Restoration
Geoff Tinniswood - Keyboard Restoration

Visual Arts

Michelle Reader - Sculptor
Phil Neal - Sculptor
Steve Handley - Sculptor
Hilary Bower - Textile Artist
Louise Asher - Textile Artist
Louise Presley - Textile Artist
Lauren Geoghegan - Ethical fashion designer

Craft and Design

Laura Baxter - Jeweller
Natalie Harris - Jeweller
Janie Withers - Textile Design
Ruth Waller and Lee Hewitt - Textile Designers
Richard Hartley - Guitar maker
Lynne Stanniland - Potter
Rachel Wood - Potter
Kyra Cane - Potter
Simon Mount - Furniture Maker

Education

A full programme of school workshops was offered throughout the year.

The grant from N.C.C. helped fund the Harley Pottery Studio which ran courses for a range of users of different abilities.

The Portland Collection commissioned three different gallery trails which are offered to visitors free of charge.

Monthly gallery talks were programmed and were fully sold out. These are offered on a 'pay what you can afford' basis.

Lift Off! Is a framework for teaching art to children and is offered as a free download from our website.

TRUSTEES' REPORT

The Trustees present their report and audited financial statements for the year ended 31 March 2023. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Trust Deed, the Charities Act 2011 and the Charities SORP (FRS 102).

Structure, Governance and Management

The full name of the unincorporated charity is 'The Harley Foundation' ("Foundation"). The Foundation is governed by a Trust Deed dated 11 September 1978 and various supplemental deeds. The Foundation's registered office address and current Trustees are listed on page 3.

The Foundation has a wholly-owned subsidiary, Harley Gallery Trading Limited, a private company limited by share capital, company number 08083700. The subsidiary carries on trading activities under the direction of the Trustees and senior management.

Recruitment and Appointment of Trustees

Trustees are appointed by unanimous formal resolution of the Board of Trustees. The Trustees have the power to add, amend, replace or revoke all or any of the powers conferred on them by the Trust Deeds provided that no exercise of that power shall affect the objects of the Foundation.

Trustee Induction and Training

Potential Trustees meet with the Director and Chair of Trustees for a discussion about the work of the Harley Foundation and the interaction between staff and Trustees. They are invited to join us for a full Trustee Meeting and to meet with other Trustees. Once Trustees have joined, they are given a full information pack with information about current work projects, the mission statement and future plans. They then spend time with gallery staff, key stakeholders and partners. All new Trustees are given appropriate Charity Commission documents relating to good practice for Charity Trustees.

Risk Management

The Trustees have examined the major risks to which the Foundation is exposed. Financial sustainability is the major financial risk for both the Foundation and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due. In particular, the Foundation's investments are monitored to ensure sufficient funds are generated to provide working capital for the Foundation and its subsidiary company. There are also non-financial risks arising from health and safety of staff, clients and visitors to the gallery. Procedures are in place to manage these risks, and these procedures are periodically reviewed to ensure that they continue to meet the requirements of the Foundation.

Curatorial Advisory Group

The Curatorial Advisory Group considers the display of works from the Portland Collection in the Foundation's galleries. The terms of reference of the group are to offer advice and oversight of proposed exhibitions of the Portland Collection, to propose likely academic links and partnerships and to advise on best practice with regard to interpretation and display matters. Members to the Group are appointed for a 3-year term which may be extended. The Curatorial Advisory Group is made up of leading art historians and curators and the members of the group are listed on page 3.

Objectives and Activities

The Foundation's objects as set out in the Trust Deeds are:

- The advancement of public education particularly in arts and crafts and the improvement of public taste therein;
- The promotion and assistance in the promotion of training, apprenticeship, instruction and education of persons in the United Kingdom in the practice and performance of arts and crafts;
- Such other charitable objects for the advancement of education as the Trustees not being less than three in number shall from time to time by deed or deeds executed with their unanimous consent declare.

The Foundation's principal activities in pursuance of its objectives are:

- The maintenance of the Harley Gallery as a premier location in Nottinghamshire for the promotion of exhibitions of art and craft, and as a venue for the holding of courses for school children and adult learners;
- The maintenance of the Portland Collection gallery for the display of historic fine and decorative arts from the Portland Collection. The displays are semi-permanent and change every 33 months;
- The provision of subsidised workshops for craftspeople to encourage training and preservation of art and craft skills. The Foundation gives encouragement to artists to display and sell their work at the Gallery and elsewhere;
- The grant of sponsorship and bursaries in support of the educational role of the Foundation, and;
- The Foundation aims to attract at least 90,000 visitors per annum to the Harley Gallery and maximise the occupancy of its craft workshop, as well as maximising the opportunities it can offer to support and promote arts and crafts.

Information on the Foundation's activities during the year is given on pages 5 to 7.

Public Benefit Statement

The Trustees, having regard to the Public Benefit guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

Reserves Policy

The Trustees, having reviewed the future commitments of the Foundation, are of the opinion that the funds and investments held at the year end are necessary to produce income and gains to supplement that generated from its charitable activities in order to maintain the normal operations of the Foundation, to cover ongoing costs of maintaining and operating the gallery and workshops, and to continue the educational activities of the Foundation.

The Trustees are confident that the Foundation has the financial resources to continue to further its charitable objectives outlined above.

Financial Review

A summary of the Foundation's results for the year are as set out in the Statement of Financial Activities on page 15. 100% (2022: 100%) of the Foundation's expenditure related to its key charitable objectives.

The Foundation's total outgoing resources this year were £1,211,925 (2022: £1,023,799) which has been funded through income generated from the Foundation's charitable activities of £121,897 (2022: £89,641), investment income of £394,779 (2022: £353,951), donations from Harley Gallery Trading Limited of £42,349 (2022: £nil) and other income of £nil (2022: £89,277) leaving a deficit for the year of £596,048 (2022: £490,930 deficit). There were also net gains arising on the Foundation's fixed and current asset investments in the year amounting to £28,426 (2022: net gains £984,149), resulting in total unrestricted funds carried forward of £24,405,329 (2022: £25,029,803).

Principal Funding Sources

The principal sources of funding for the Foundation are income and gains generated by its investments, supplemented by income generated by Harley Gallery Trading Limited, grants from third parties and license fees paid by the occupants of the craft workshops.

Investment Policy

The Trustees have adopted a balanced investment approach with the view of achieving a long term total return through a mixture of property and equity investments. Details of the Foundation's current investments in agricultural land and equities are set out in note 8 of the financial statements.

The Foundation has holdings in two investment funds: the COIF Charities Investment Fund, managed by CCLA Investment Management Limited, and The Ord Fund ICVC, managed by Thesis Asset Management Limited. Both funds have similar approaches: The investment objective is to maximise its total return from a diversified portfolio, mainly of equities, spread across global markets principally through securities and shares in collective schemes but also through money market instruments, deposits and cash or near cash investments. No emphasis is placed on any particular economic, industrial or geographical sector. The funds have a focus on total return rather than high yield and the Trustees plan to sell units to provide funds to subsidise the Foundation's charitable activities.

The Foundation's tradeable investments showed a revaluation loss of £471,016 (2022: gain of £709,074).

The value of the Foundation's agricultural land increased in the year by £420,000 (2022: £255,000 increase). Overall, the value of the Foundation's investments increased by 7% (2022: 34% increase).

Senior management

Matters of strategy are agreed by the Trustees whilst day to day management including decisions involving the execution of strategy are delegated to the senior management. The pay of key management personnel is reviewed annually. The review considers pay in the sector, the general economic environment and personal performance.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Report of the Management Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

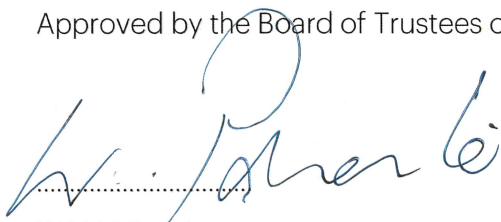
The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each Trustee is aware, there is no relevant information that has not been disclosed to the Foundation's auditors and each Trustee believes that all steps necessary have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Foundation's auditors have been made aware of that information.

This report has been prepared in accordance with the Charities SORP (FRS 102).

Approved by the Board of Trustees on 7 NOVEMBER 2023 and signed on its behalf by:



W H M Parente

Trustee

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Harley Foundation (the 'charity') for the year ended 31 March 2023 which comprise the statement of financial activities, balance sheet, 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 charity's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year the ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity by considering, among other things, the sector in which it operates and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk, but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to UK Charity Law. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and reviewing correspondence with the Charity Commission.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Dixon Wilson Audit Services LLP

Dixon Wilson Audit Services LLP, Statutory Auditor

22 Chancery Lane

London

WC2A 1LS

Date: *9 November 2023*

Dixon Wilson Audit Services LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES


	Notes	Unrestricted funds		Unrestricted funds	
		2023		2022	
		£	£	£	£
Income					
Donations and legacies		42,349		-	
Investment income	2	394,779		353,951	
Charitable activities					
- Galleries	3	60,494		29,266	
- Craft workshops	3	61,403		60,375	
Other income	6	-		89,277	
Total income			559,025		532,869
Expenditure					
Raising funds					
- Investment management fees	2	2,449		2,254	
Charitable activities					
- Galleries	3	1,151,796		1,007,874	
- Craft workshops	3	57,680		13,671	
Total expenditure			(1,211,925)		(1,023,799)
Net (losses)/gains on investments			28,426		984,149
Net income and net movement in funds			(624,474)		493,219
Reconciliation of funds					
Total funds brought forward			25,029,803		24,536,584
Total funds carried forward			24,405,329		25,029,803

BALANCE SHEET

	Notes	2023		2022	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	7	6,148,953		6,363,419	
Investments	8	17,861,230		16,557,407	
		<hr/>		<hr/>	
Total fixed assets			24,010,183		22,920,826
Current assets					
Debtors	9	236,810		231,615	
Current asset investments	10	70,650		70,650	
Cash at bank and in hand		239,395		2,045,256	
		<hr/>		<hr/>	
Total current assets		546,855		2,347,521	
Creditors: Amounts falling due within one year					
	11	(151,709)		(238,544)	
		<hr/>		<hr/>	
Net current assets			395,146		2,108,977
			<hr/>		<hr/>
Total assets less current liabilities			24,405,329		25,029,803
			<hr/>		<hr/>
Funds of the charity					
Unrestricted funds			24,405,329		25,029,803
			<hr/>		<hr/>

7 NOVEMBER 2023

Approved by the Board of Trustees on and signed on its behalf by:



W H M Parente

Trustee

The notes on pages 17 to 26 form part of these financial statements.

CASH FLOW STATEMENT

	Notes	2023		2022	
		£	£	£	£
Cash flows from operations					
Net movement in funds		(624,474)		493,219	
Less: Investment income	2	(394,779)		(353,951)	
Less: Net gains on investments		(28,426)		(963,565)	
(Increase)/decrease in debtors	9	10,932		2,861	
(Decrease)/Increase in creditors	11	(86,835)		137,207	
Depreciation	3	214,874		215,427	
Other		-		(200)	
Net cash used in operations			<u>(908,708)</u>		<u>(469,002)</u>
Cash flows from investment					
Investment income	2	378,654		353,951	
Proceeds from sale of investments		-		4,634,000	
Purchase of investments	8	(1,275,000)		(3,225,000)	
Purchase of fixed assets	7	(807)		(60,050)	
Net cash generated from investment			<u>(897,153)</u>		<u>1,702,901</u>
Net movement in cash			<u>(1,805,861)</u>		<u>1,233,899</u>
Cash at the beginning of the year			<u>2,045,256</u>		<u>811,357</u>
Cash at the end of the year			<u>239,395</u>		<u>2,045,256</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and 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 (Charities SORP (FRS 102)) (effective 1 January 2019). The financial statements have been rounded to the nearest £.

The Foundation is not required to produce consolidated accounts because it is within the relevant threshold.

1.2 Fund structure

The Foundation was created by the Most Noble Ivy Duchess of Portland by Trust Deed dated 26 January 1978 as a single charitable fund with the Trustees having the power to hold the capital and income of the trust fund in trust to apply the same as they shall at their absolute discretion think fit.

By Deeds of Variation of the Will of Lady Anne Bentinck dated 27 November 2010 and 26 December 2010, various paintings and works of art were bequeathed to the Foundation to hold as part of the single charitable fund on the terms set out above.

1.3 Incoming resources/resources expended

Income and expenditure is recognised on an accruals basis. The following specific policies are applied to particular categories of:

Income

- Dividend income is recognised when the security is quoted ex-dividend.
- Incoming resources from charitable trading activities are accounted for when earned, rental income is accounted for in the period to which it relates .
- Grants and donations are recognised once the charity is entitled to receive them and there is sufficient evidence that any attached conditions will be met.

Expenditure

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

1.4 Tangible fixed assets

Equipment purchased for use in the craft workshops and gallery office equipment is capitalised and depreciated by equal instalments over a five year term.

The Portland Collection building is depreciated by equal instalments over a 50 year period, while the fixtures and fittings are depreciated in equal instalments over a 20 year period. The Harley Gallery and the craft workshops have been fully depreciated.

Capital expenditure incurred on improving leasehold property is capitalised and included as fixed assets. It is then depreciated by equal instalments over the length of the lease.

Exhibits purchased for the Harley Gallery are charged in the year they are purchased as a direct cost in accordance with the accounting practice adopted by Museums.

1.5 Fixed assets investment and investment income

The Foundation's freehold interests in farm land and buildings are included as investment properties. These properties are revalued annually and are included in the Balance Sheet at their open market value (fair value) in accordance with FRS 102.

Investments listed on a recognised Stock Exchange and other ready realisable investments are valued at their mid-market price prevailing at the Balance Sheet date. Profits or losses on sales of investments and net gains on revaluation of investments are credited to the Statement of Financial Activities.

Investments in subsidiaries are included at cost less provision for impairment.

1.6 Current asset investments

Current asset investments are held at the Trustees' best estimate of market value. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1.7 Taxation

As a charity, The Harley Foundation is exempt from tax on income and gains falling within part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

1.8 Key sources of estimation uncertainty

The valuation of investment property is a source of estimation uncertainty, as it is subjective and liable to change due to demand and market conditions. The carrying amount is detailed in note 8.

1.9 Government grants

Government grants are recognised in other operating income in the period in which the company is entitled to receive payment.

2 Investment income

	2023 £	2022 £
Income from tradeable investments	303,698	266,829
Rent receivable	91,081	87,122
	<u>394,779</u>	<u>353,951</u>

Investment management fees totalling £2,449 (2022: £2,254) relate to the Foundation's investment property.

3 Analysis of Charitable income and expenditure

	Galleries £	Craft workshops £	Grants £	Total £
Year ended 31 March 2023				
Income				
Sales and charges	29,708	61,403	-	91,111
Grants and donations	30,786	-	-	30,786
	<u>60,494</u>	<u>61,403</u>		<u>121,897</u>
Expenditure				
Direct costs	(146,563)	-		(146,563)
Staff costs	(294,207)	(49,449)		(343,656)
Premises costs	(323,375)	(8,231)		(331,606)
Depreciation	(214,874)	-		(214,874)
Other costs	(172,777)	-		(172,777)
	<u>(1,151,796)</u>	<u>(57,680)</u>		<u>(1,209,476)</u>
Net (deficit)/surplus for the year	<u>(1,091,302)</u>	<u>3,723</u>		<u>(1,087,579)</u>
Year ended 31 March 2022				
Income				
Sales and charges	15,385	60,375	-	75,760
Grants and donations	13,881	-	-	13,881
	<u>29,266</u>	<u>60,375</u>		<u>89,641</u>
Expenditure				
Direct costs	(94,341)	-	-	(94,341)
Staff costs	(292,620)	(4,505)	-	(297,125)
Premises costs	(259,673)	(8,231)	-	(267,904)
Depreciation	(215,427)	-	-	(215,427)
Other costs	(145,813)	(935)	-	(146,748)
	<u>(1,007,874)</u>	<u>(13,671)</u>		<u>(1,021,545)</u>
Net (deficit)/surplus for the year	<u>(978,608)</u>	<u>46,704</u>		<u>(931,904)</u>

4 Support and governance costs

Auditor's remuneration	2023 £	2022 £
Fee payable to the auditor for the audit of the financial statements	6,750	6,300
Fees payable to the auditor for other services	<u>6,054</u>	<u>4,300</u>

The above costs are the only support and governance costs incurred during the year. The costs have been allocated to the Galleries' activity as the amount allocated to any other activities would be immaterial.

5 Staff costs

	2023 Number	2022 Number
Full time	3	2
Part time	16	15
	<u>19</u>	<u>17</u>
	2023	2022
Staff costs (for the above persons):	£	£
Wages and salaries	297,878	259,089
Social security costs	25,690	21,043
Pension costs	13,921	12,520
Staff allowances	6,167	4,473
	<u>343,656</u>	<u>297,125</u>

During the year, one employee (2022: one) received emoluments of between £80,000 and £90,000 and the Foundation made pension contributions of £8,020 (2022: £7,600) in respect of this employee.

The Foundation paid management fees to The Welbeck Estates Company Limited as detailed in note 13.

Key management personnel includes the director. The total emoluments of key management personnel of the Foundation was £80,180 (2022: £76,000).

6 Other income

	2023 £	2022 £
Government grants	-	89,277
	<u>-</u>	<u>89,277</u>

7 Tangible fixed assets

	Leasehold Property £	Workshops & galleries £	Equipment £	Plant and machinery £	Total £
Cost					
At 1 April 2022	68,601	10,603,199	171,575	75,756	10,919,131
Additions	-	-	807	-	807
Disposals	-	-	(885)	-	(885)
At 31 March 2023	68,601	10,603,199	171,497	75,756	10,919,053
Depreciation					
At 1 April 2022	8,443	4,361,509	148,721	37,039	4,555,712
Charge for the year	1,055	192,755	7,177	13,887	214,874
Disposals	-	-	(486)	-	(486)
At 31 March 2023	9,498	4,554,264	155,412	50,926	4,770,100
Net book value					
At 31 March 2023	59,103	6,048,935	16,085	24,830	6,148,953
At 31 March 2022	60,158	6,241,690	22,854	38,717	6,363,419

8 Fixed asset investments

	2023 £	2022 £
Freehold investment properties	4,775,000	4,355,000
Tradeable investments	12,886,130	12,072,407
Investment in subsidiary	200,100	130,000
	<u>17,861,230</u>	<u>16,557,407</u>

Freehold investment properties

Market value at 1 April 2022	4,355,000	4,100,000
Revaluation gain in the year	420,000	255,000
	<u>4,775,000</u>	<u>4,355,000</u>
Market value at 31 March 2023	<u>4,775,000</u>	<u>4,355,000</u>
Historical cost at 31 March 2023 and 1 April 2022	<u>784,131</u>	<u>784,131</u>

The investment properties were valued by the trustees in consultation with an external real estate services provider.

	2023 £	2022 £
Tradeable investments		
Market value at 1 April 2022	12,072,407	8,138,333
Additions	1,284,739	3,225,000
Revaluation (loss)/gain in the year	(471,016)	709,074
	<u>12,886,130</u>	<u>12,072,407</u>
Market value at 31 March 2023	<u>12,886,130</u>	<u>12,072,407</u>
Historical cost at 31 March 2023	<u>12,729,984</u>	<u>11,454,984</u>

The Foundation's tradeable investments comprises a holding of 510,971 (2022: 510,452) units in COIF Charities Investment Fund Income Units and 912,976 (2022: 555,384) shares in The Ord Fund ICVC.

	2023 £	2022 £
Investment in subsidiary		
Carrying value at 1 April 2022	130,000	130,000
Reversal of Impairment	<u>70,100</u>	<u>-</u>
Carrying value at 31 March 2023	<u>200,100</u>	<u>130,000</u>

The investment in subsidiary represents a 100% holding in Harley Gallery Trading Limited, a company which carries out trading activities previously carried out by the Foundation (see also note 12).

9 Debtors

	2023 £	2022 £
Trade debtors	18,593	9,356
Other debtors	68,830	72,869
Prepayments and accrued income	<u>149,387</u>	<u>149,390</u>
	<u>236,810</u>	<u>231,615</u>

10 Current asset investments

	2023	2022
Works of art		
Market value at 1 April 2022	70,650	4,704,650
Disposals - revalued amount	-	(4,634,000)
Market value at 31 March 2023	<u>70,650</u>	<u>70,650</u>
	£	£

11 Creditors

	2023 £	2022 £
Trade creditors	47,578	29,997
Other creditors	75,764	38,083
The Welbeck Estates Company Limited	<u>28,367</u>	<u>170,464</u>
	<u>151,709</u>	<u>238,544</u>

12 Trustee remuneration and related party transactions

No Trustee received any remuneration or reimbursement for expenses in the period (2022: £nil).

Two of the Trustees are directors of The Welbeck Estates Company Limited ("the company"). During the period, the Foundation was charged £19,805 (2022: £19,734) in rent and £85,652 (2022: £72,060) in management charges and insurance costs. These transactions were carried out on an arms-length basis. The company also paid expenditure on behalf of the Foundation. The balance outstanding at the period end is shown in note 11.

The Harley Foundation owns 100% of the share capital of Harley Gallery Trading Limited ("the company"). During the period, the company paid rent of £15,322 (2022: £13,756) to the Foundation. The Foundation advanced loans to and paid expenses on behalf of the company of £226,040 (2022: £135,145). The Foundation received funds on behalf of and repayments from the company of £231,900 (2022: £167,975). The company also made a donation to the Foundation of £42,349 (2022: £nil). At the balance sheet date the amount due from the company was £68,831 (2022: £74,691).

13 Financial instruments

	2023 £	2022 £
Financial assets that are tradeable investments measured at fair value through profit or loss	12,886,130	12,072,407
Financial assets that are debt instruments at amortised cost	326,820	2,127,481
Financial assets that are equity instruments measured at cost less impairment	200,100	130,000
Financial liabilities that are debt instruments measured at amortised cost	(145,478)	(233,156)
	<hr/>	<hr/>
	13,267,572	14,096,732
	<hr/>	<hr/>

THE HARLEY FOUNDATION

England & Wales - Charity number 276611

Accounts

THE
HARLEY
FOUNDATION

ANNUAL REPORT &
FINANCIAL STATEMENTS

Year Ended 31st March 2022

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LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:	The Harley Foundation
Charity Registration number:	276611
Registered Office and operational address:	Portland Estate Office Worksop Nottinghamshire S80 3LT
Trustees:	Mr W H M Parente Ms D M A Parente Mr R J Brown Mrs Z Caldecott Mr M Fullerlove (resigned 23 August 2022) Ms P J Glanville (appointed 23 August 2022)
Senior Management:	Ms Lisa Gee Director
Curatorial Advisory Group:	Mr M Hall Mrs K Hearn (Chair) Ms H Obee Mr H Wyndham
Auditors:	Dixon Wilson Audit Services LLP 22 Chancery Lane, London WC2A 1LS
Bankers:	NatWest Bank Plc 69 Bridge Street Worksop, S80 1DJ
Solicitors:	Latimer Hinks 5-8 Priestgate, Darlington Co. Durham, DL1 1NL
Investment Managers:	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London, EC4V 4ET

WHO WE ARE AND WHAT WE DO

The Harley Foundation was set up in 1978 by the late Duchess of Portland to encourage creativity and to help maintain traditional craft skills. Today we aim to help more people access and enjoy the visual arts and to help artists and makers to continue to create.

- Vision** To encourage people to enjoy the visual arts and crafts.
- Mission** To create spaces where the imagination can flourish, and be enjoyed.
- Activities**
 - To spark creativity by bringing the old and the new face to face through public exhibitions in the Harley Gallery and the Portland Collection gallery.
 - To celebrate the handmade through exhibitions, events, and studio spaces.
 - To offer artists and makers spaces to create and sell their work.

Admission to both galleries is free.

At the Harley Studios we provide subsidised workspaces and special schemes of support for individual artists and makers.

The Harley Gallery has three exhibition spaces. The exhibition spaces show the work of contemporary artists and makers through a varied programme which changes five times annually. The Gallery has an annual programme of events for adult visitors, families, schools and children. The Gallery Shop sells work from around 250 makers and craftspeople from across the UK.

The Portland Collection Gallery shows fine and decorative arts from the Portland Collection.

The Harley Foundation receives an annual income from the investment of the gifts made by the late Duchess of Portland in 1978 and from the late Lady Anne Bentinck in 2010. In addition the Foundation raises income from studio licence fees, grant funding for particular projects and via it's trading subsidiary from the Harley Gallery shop, events and café.

ACTIVITIES REPORT

Activities

Our mission to create spaces where creativity can flourish remained in place, as did our commitment to engaging with as broad a range of visitors as possible. Following the difficult period of a global pandemic we were able to re-open our gallery spaces to visitors from May 2021. Both of our gallery spaces remain free admission and we welcomed over 70,000 visitors in the year.

Portland Collection

The Portland Collection gallery re-opened in May 2021 and we increased our Summer opening hours to 10 – 5pm daily. Winter opening hours remained 10 – 4pm daily.

Harley Gallery

The Harley Foundation embarked on a ground-breaking partnership with the Jerwood Collection of Modern Art for the full year 2021 – 2022. All 300 pieces from the Jerwood Collection moved to the Harley Foundation and we were able to develop four distinct exhibitions from the Collection in partnership with academics, curators, school pupils and the Outside In organisation.

This was the Jerwood Collection's first ever residency and our exhibitions featured works by renowned 20th-century British artists such as L S Lowry, Sir David Hockney, Yinka Shonibare, Rose Wylie and Maggi Hambling.

The first exhibition, **Introducing the Jerwood Collection: The Curator's Choice** included an installation with original audio recordings from eight of the artists. They could be heard speaking about their personal lives, careers and influences.

The second exhibition, **Coast, Country, City**, was curated by art consultant and advisor James Rawlin who mined his experience of lockdown to look afresh at landscape art: *"These landscape paintings predate the strange year of 2020. I'm interested in whether our experiences of this year changes how we view these landscapes and how they might differ from the artist's original interpretation?"*

The third exhibition, **Kindred Spirits**, was curated in partnership with Outside In, an organisation that provides a platform for artists who face barriers due to health, disability or social circumstance. A group of OI artists worked closely with our gallery team to create an exhibition which paired works from the Jerwood Collection with works from Outside In's own collection.

The final exhibition of the residency was **A Voyage of Discovery: Journeys with Jerwood**. Infant, primary and secondary classes from three local schools worked with independent curator Selina Skipwith to make their own selection from the Jerwood Collection and to write their own exhibition labels.

The residency generated great interest across the region and beyond. The Jerwood's philanthropic aim of collecting privately for public display chimed well with the Harley's mission 'to create spaces where imagination can flourish'.

Grants

We received the following grants during the year:

- £60,000 from the ERDF to develop an Art Trail leading from the Harley Gallery to neighbouring tourist site Creswell Crags. Sculptor Michelle Reader was commissioned to create two life-size horse sculptures and artist Martin Smith was commissioned to create wayfarer signage and five tree sculptures to line the trail.

- £10,000 from the John Hemingway Trust to develop a community education programme.

- £5,000 from regional MIND to offer ceramic workshops to their service users in the Harley Pottery Studio.

Public Benefit

Free online gallery talks continued to be programmed monthly.

Both the Harley Gallery and the Portland Collection museum are open 6 days a week and are free admission.

The Harley Pottery Studio ran classes for students of all ages and abilities. We have continued to work in partnership with Nottinghamshire MIND to offer short courses to their service users.

Artist Studios

The Harley Foundation offers 22 artist studios at subsidised costs to practicing artists. The studios were full throughout the year.

Current occupants this year:

Restoration

The Glass Repository

Goetze Gwynn - Organ Restoration

Ross Alcock - Clock Restorer

Mark and Diana Roberts - Painting Conservation

Fiona Hutchinson - Ceramic Restoration

Geoff Tinniswood - Keyboard Restoration

Visual Arts

Michelle Reader - Sculptor

Phil Neal - Sculptor

Steve Handley - Sculptor

Hilary Bower - Textile Artist

Louise Asher - Textile Artist

Louise Presley - Textile Artist

Lauren Geoghegan - Ethical fashion designer

Craft and Design

Laura Baxter - Jeweller

Natalie Harris - Jeweller

Janie Withers - Textile Design

Ruth Waller and Lee Hewitt - Textile Designers

Richard Hartley - Guitar maker

Lynne Stanniland - Potter

Rachel Wood - Potter

Kyra Cane - Potter

Simon Mount - Furniture Maker

Education

We appointed a new Education and Outreach Manager in October 2021. Fiona Clapperton has developed new schemes of work and developed new working partnerships with FE Colleges, Schools and the Young Archaeologists Society.

The Lift Off Art Framework continues to be offered as a digital download.

TRUSTEES' REPORT

The Trustees present their report and audited financial statements for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Trust Deed, the Charities Act 2011 and the Charities SORP (FRS 102).

Structure, Governance and Management

The full name of the unincorporated charity is 'The Harley Foundation' ("Foundation"). The Foundation is governed by a Trust Deed dated 11 September 1978 and various supplemental deeds. The Foundation's registered office address and current Trustees are listed on page 3.

The Foundation has a wholly-owned subsidiary, Harley Gallery Trading Limited, a private company limited by share capital, company number 08083700. The subsidiary carries on trading activities under the direction of the Trustees and senior management.

Recruitment and Appointment of Trustees

Trustees are appointed by unanimous formal resolution of the Board of Trustees. The Trustees have the power to add, amend, replace or revoke all or any of the powers conferred on them by the Trust Deeds provided that no exercise of that power shall affect the objects of the Foundation.

Trustee Induction and Training

Potential Trustees meet with the Director and Chair of Trustees for a discussion about the work of the Harley Foundation and the interaction between staff and Trustees. They are invited to join us for a full Trustee Meeting and to meet with other Trustees. Once Trustees have joined, they are given a full information pack with information about current work projects, the mission statement and future plans. They then spend time with gallery staff, key stakeholders and partners. All new Trustees are given appropriate Charity Commission documents relating to good practice for Charity Trustees.

Risk Management

The Trustees have examined the major risks to which the Foundation is exposed. Financial sustainability is the major financial risk for both the Foundation and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due. In particular, the Foundation's investments are monitored to ensure sufficient funds are generated to provide working capital for the Foundation and its subsidiary company. There are also non-financial risks arising from health and safety of staff, clients and visitors to the gallery. Procedures are in place to manage these risks, and these procedures are periodically reviewed to ensure that they continue to meet the requirements of the Foundation.

COVID 19

As a charity whose main source of income is from its endowment, the financial impact of closure was relatively limited. Income from the trading subsidiary stopped for a time. The investment portfolio proved resilient.

Curatorial Advisory Group

The Curatorial Advisory Group considers the display of works from the Portland Collection in the Foundation's galleries. The terms of reference of the group are to offer advice and oversight of proposed exhibitions of the Portland Collection, to propose likely academic links and partnerships and to advise on best practice with regard to interpretation and display matters. Members to the Group are appointed for a 3-year term which may be extended. The Curatorial Advisory Group is made up of leading art historians and curators and the members of the group are listed on page 3.

Objectives and Activities

The Foundation's objects as set out in the Trust Deeds are:

- The advancement of public education particularly in arts and crafts and the improvement of public taste therein;
- The promotion and assistance in the promotion of training, apprenticeship, instruction and education of persons in the United Kingdom in the practice and performance of arts and crafts;
- Such other charitable objects for the advancement of education as the Trustees not being less than three in number shall from time to time by deed or deeds executed with their unanimous consent declare.

The Foundation's principal activities in pursuance of its objectives are:

- The maintenance of the Harley Gallery as a premier location in Nottinghamshire for the promotion of exhibitions of art and craft, and as a venue for the holding of courses for school children and adult learners;
- The maintenance of the Portland Collection gallery for the display of historic fine and decorative arts from the Portland Collection. The displays are semi-permanent and change every 33 months;
- The provision of subsidised workshops for craftspeople to encourage training and preservation of art and craft skills. The Foundation gives encouragement to artists to display and sell their work at the Gallery and elsewhere;
- The grant of sponsorship and bursaries in support of the educational role of the Foundation, and;
- The Foundation aims to attract at least 90,000 visitors per annum to the Harley Gallery and maximise the occupancy of its craft workshop, as well as maximising the opportunities it can offer to support and promote arts and crafts.

Information on the Foundation's activities during the year is given on pages 5 to 7.

Public Benefit Statement

The Trustees, having regard to the Public Benefit guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

Reserves Policy

The Trustees, having reviewed the future commitments of the Foundation, are of the opinion that the funds and investments held at the year end are necessary to produce income and gains to supplement that generated from its charitable activities in order to maintain the normal operations of the Foundation, to cover ongoing costs of maintaining and operating the gallery and workshops, and to continue the educational activities of the Foundation.

The Trustees are confident that the Foundation has the financial resources to continue to further its charitable objectives outlined above.

Financial Review

A summary of the Foundation's results for the year are as set out in the Statement of Financial Activities on page 15. 100% (2021: 100%) of the Foundation's expenditure related to its key charitable objectives.

The Foundation's total outgoing resources this year were £1,023,799 (2021: £865,628) which has been funded through income generated from the Foundation's charitable activities of £89,641 (2021: £92,248), investment income of £353,951 (2021: £190,969), donations from Harley Gallery Trading Limited of £nil (2021: £34,961) and other income of £89,277 (2021: £95,506) leaving a deficit for the year of £490,930 (2021: £451,944 deficit). There were also net profits arising on the Foundation's fixed and current asset investments in the year amounting to £984,149 (2021: net gains £3,621,815), resulting in total unrestricted funds carried forward of £25,029,803 (2021: £24,536,584).

Principal Funding Sources

The principal sources of funding for the Foundation are income and gains generated by its investments, supplemented by income generated by Harley Gallery Trading Limited, grants from third parties and license fees paid by the occupants of the craft workshops.

Investment Policy

The Trustees have adopted a balanced investment approach with the view of achieving a long term total return through a mixture of property and equity investments. Details of the Foundation's current investments in agricultural land and equities are set out in note 9 of the financial statements.

The Foundation's equity investments were reallocated last year to COIF Charities Investment Fund Income Units, managed by CCLA Investment Management Limited, an investment company regulated by the Financial Conduct Authority. The Foundation also invested £2.1m in The Ord Fund ICVC during the year. Both funds have similar approaches: The investment objective is to maximise its total return from a diversified portfolio, mainly of equities, spread across global markets principally through securities and shares in collective schemes but also through money market instruments, deposits and cash or near cash investments. No emphasis is placed on any particular economic, industrial or geographical sector. The funds have a focus on total return rather than high yield and the Trustees plan to sell units to provide funds to subsidise the Foundation's charitable activities.

The Foundation's tradeable investments showed a revaluation gain of £709,074 (2021: gain of £1,894,201).

The value of the Foundation's agricultural land increased in the year by £255,000 (2021: no increase). Overall, the value of the Foundation's investments increased by 34% (2021: 12% increase). This was partly due to the new investment in The Ord Fund mentioned above which was funded with cash raised by the sale of a valuable work of art during the year.

Senior management

Matters of strategy are agreed by the Trustees whilst day to day management including decisions involving the execution of strategy are delegated to the senior management. The pay of key management personnel is reviewed annually. The review considers pay in the sector, the general economic environment and personal performance.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Report of the Management Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each Trustee is aware, there is no relevant information that has not been disclosed to the Foundation's auditors and each Trustee believes that all steps necessary have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Foundation's auditors have been made aware of that information.

This report has been prepared in accordance with the Charities SORP (FRS 102).

Approved by the Board of Trustees on *25 January 2023* and signed on its behalf by:



W H M Parente

Trustee

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Harley Foundation (the 'charity') for the year ended 31 March 2022 which comprise the statement of financial activities, balance sheet, 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 charity's affairs as at 31 March 2022 and of its incoming resources and application of resources, for the year the ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 11, the trustees 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity by considering, among other things, the sector in which it operates and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk, but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to UK Charity Law. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and reviewing correspondence with the Charity Commission.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Dixon Wilson Audit Services LLP

Dixon Wilson Audit Services LLP, Statutory Auditor

22 Chancery Lane

London

WC2A 1LS

Date: *27 January 2023*

Dixon Wilson Audit Services LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted funds 2022		Unrestricted funds 2021	
		£	£	£	£
Income					
Donations and legacies		-		34,961	
Investment income	2	353,951		190,969	
Charitable activities					
- Galleries	3	29,266		31,738	
- Craft workshops	3	60,375		60,510	
Other income	6	89,277		95,506	
Total income			532,869		413,684
Expenditure					
Raising funds					
- Investment management fees	2	2,254		2,860	
Charitable activities					
- Galleries	3	1,007,874		850,032	
- Craft workshops	3	13,671		12,736	
Total expenditure			(1,023,799)		(865,628)
Net gains on investments			984,149		3,621,815
Net income and net movement in funds			493,219		3,169,871
Reconciliation of funds					
Total funds brought forward			24,536,584		21,366,713
Total funds carried forward			25,029,803		24,536,584

BALANCE SHEET

	Notes	2022		2021	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	7	6,363,419		6,519,105	
Investments	9	16,557,407		12,368,333	
		<hr/>		<hr/>	
Total fixed assets			22,920,826		18,887,438
Current assets					
Debtors	10	231,615		234,476	
Current asset investments	11	70,650		4,704,650	
Cash at bank and in hand		2,045,256		811,357	
		<hr/>		<hr/>	
Total current assets		2,347,521		5,750,483	
Creditors: Amounts falling due within one year	12	<u>(238,544)</u>		<u>(101,337)</u>	
Net current assets			<u>2,108,977</u>		<u>5,649,146</u>
Total assets less current liabilities and net assets			<u>25,029,803</u>		<u>24,536,584</u>
Funds of the charity					
Unrestricted funds			<u>25,029,803</u>		<u>24,536,584</u>

Approved by the Board of Trustees on and signed on its behalf by:



W H M Parente
Trustee

25 January 2023

The notes on pages 17 to 25 form part of these financial statements.

CASH FLOW STATEMENT

	Notes	2022		2021	
		£	£	£	£
Cash flows from operations					
Net movement in funds		493,219		3,169,871	
Less: Investment income	2	(353,951)		(190,969)	
Less: Net gains on investments		(963,565)		(3,441,101)	
Decrease/(increase) in debtors	10	2,861		(90,397)	
Increase/(decrease) in creditors	12	137,207		(198,045)	
Depreciation	3	215,427		218,359	
Net cash used in operations			<u>(468,802)</u>		<u>(532,282)</u>
Cash flows from investment					
Investment income	2	353,951		190,969	
Proceeds from sale of investments		4,634,000		8,729,984	
Purchase of investments	9	(3,225,000)		(8,229,984)	
Purchase of fixed assets	7	(60,050)		(33,620)	
Net cash generated from investment			<u>1,702,901</u>		<u>657,349</u>
Net increase in cash			1,234,099		125,067
Cash at the beginning of the year			811,357		686,290
Cash at the end of the year			<u>2,045,456</u>		<u>811,357</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and 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 (Charities SORP (FRS 102)) (effective 1 January 2019). The financial statements have been rounded to the nearest £.

The Foundation is not required to produce consolidated accounts because it is within the relevant threshold.

1.2 Fund structure

The Foundation was created by the Most Noble Ivy Duchess of Portland by Trust Deed dated 26 January 1978 as a single charitable fund with the Trustees having the power to hold the capital and income of the trust fund in trust to apply the same as they shall at their absolute discretion think fit.

By Deeds of Variation of the Will of Lady Anne Bentinck dated 27 November 2010 and 26 December 2010, various paintings and works of art were bequeathed to the Foundation to hold as part of the single charitable fund on the terms set out above.

1.3 Incoming resources/resources expended

Income and expenditure is recognised on an accruals basis. The following specific policies are applied to particular categories of:

Income

- Dividend income is recognised when the security is quoted ex-dividend.
- Incoming resources from charitable trading activities are accounted for when earned, rental income is accounted for in the period to which it relates.
- Grants and donations are recognised once the charity is entitled to receive them and there is sufficient evidence that any attached conditions will be met.

Expenditure

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

1.4 Tangible fixed assets

Equipment purchased for use in the craft workshops and gallery office equipment is capitalised and depreciated by equal instalments over a five year term.

The Portland Collection building is depreciated by equal instalments over a 50 year period, while the fixtures and fittings are depreciated in equal instalments over a 20 year period. The Harley Gallery and the craft workshops have been fully depreciated.

Capital expenditure incurred on improving leasehold property is capitalised and included as fixed assets. It is then depreciated by equal instalments over the length of the lease.

Exhibits purchased for the Harley Gallery are charged in the year they are purchased as a direct cost in accordance with the accounting practice adopted by Museums.

Heritage assets comprised a single painting of particular artistic and historic value which was previously held principally for its contribution to knowledge and culture. It was stated at cost, being the market value at the time the painting was gifted to the Trustees. During the year, the Trustees decided to sell the painting and it was transferred to current asset investments (see note 1.6).

1.5 Fixed assets investment and investment income

The Foundation's freehold interests in farm land and buildings are included as investment properties. These properties are revalued annually and are included in the Balance Sheet at their open market value (fair value) in accordance with FRS 102.

Investments listed on a recognised Stock Exchange and other ready realisable investments are valued at their mid-market price prevailing at the Balance Sheet date. Profits or losses on sales of investments and net gains on revaluation of investments are credited to the Statement of Financial Activities.

Investments in subsidiaries are included at cost less provision for impairment.

1.6 Current asset investments

Current asset investments are held at the Trustees' best estimate of market value. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1.7 Taxation

As a charity, The Harley Foundation is exempt from tax on income and gains falling within part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

1.8 Key sources of estimation uncertainty

The valuation of investment property and the works of art held as current asset investments are sources of estimation uncertainty, as these are subjective and liable to change due to demand and market conditions. The carrying amounts are detailed in notes 8 and 10.

1.9 Government grants

Government grants are recognised in other operating income in the period in which the company is entitled to receive payment.

2 Investment income

	2022 £	2021 £
Income from tradeable investment	266,829	103,323
Rent receivable	87,122	87,109
Interest receivable	-	447
Touring exhibition fees	-	90
	<u>353,951</u>	<u>190,969</u>

Investment management fees totalling £2,254 (2021: £2,860) relate to the Foundation's investment property.

3 Analysis of Charitable income and expenditure

	Galleries £	Craft workshops £	Grants £	Total £
Year ended 31 March 2022				
Income				
Sales and charges	15,385	60,375		75,760
Grants and donations	13,881	-		13,881
	<u>29,266</u>	<u>60,375</u>		<u>89,641</u>
Expenditure				
Direct costs	(94,341)	-		(94,341)
Staff costs	(292,620)	(4,505)		(297,125)
Premises costs	(259,673)	(8,231)		(267,904)
Depreciation	(215,427)	-		(215,427)
Other costs	(145,813)	(935)		(146,748)
	<u>(1,007,874)</u>	<u>(13,671)</u>		<u>(1,021,545)</u>
Net (deficit)/surplus for the year	<u>(978,608)</u>	<u>46,704</u>		<u>(931,904)</u>
Year ended 31 March 2021				
Income				
Sales and charges	18,555	60,510	-	79,065
Grants and donations	13,183	-	-	13,183
	<u>31,738</u>	<u>60,510</u>	<u>-</u>	<u>92,248</u>
Expenditure				
Direct costs	(42,019)	-	-	(42,019)
Staff costs	(286,422)	(4,505)	-	(290,927)
Premises costs	(155,844)	(8,231)	-	(164,075)
Depreciation	(218,359)	-	-	(218,359)
Other costs	(147,388)	-	-	(147,388)
	<u>(850,032)</u>	<u>(12,736)</u>	<u>-</u>	<u>(862,768)</u>
Net (deficit)/surplus for the year	<u>(818,294)</u>	<u>47,774</u>	<u>-</u>	<u>(770,520)</u>

4 Support and governance costs

Auditor's remuneration	2022 £	2021 £
Fee payable to the auditor for the audit of the financial statements	6,300	6,000
Fees payable to the auditor for other services	<u>4,300</u>	<u>4,200</u>

The above costs are the only support and governance costs incurred during the year. The costs have been allocated to the Galleries' activity as the amount allocated to any other activities would be immaterial.

5 Staff costs

	2022 Number	2021 Number
Full time	2	2
Part time	15	15
	<u>17</u>	<u>17</u>
	2022	2021
Staff costs (for the above persons):	£	£
Wages and salaries	259,089	264,378
Social security costs	21,043	14,968
Pension costs	12,520	11,581
Staff allowances	4,473	-
	<u>297,125</u>	<u>290,927</u>

During the year one employee (2021: one) received emoluments of between £70,000 and £80,000 and the Foundation made pension contributions of £7,600 (2021: £7,375) in respect of this employee.

The Foundation paid management fees to The Welbeck Estates Company Limited as detailed in note 13.

Key management personnel includes the director. The total emoluments of key management personnel of the Foundation was £76,000 (2021: £75,205).

6 Other income

	2022 £	2021 £
Insurance proceeds	-	5,332
Government grants	89,277	90,174
	<u>89,277</u>	<u>95,506</u>

7 Tangible fixed assets

	Leasehold Property £	Workshops & galleries £	Equipment £	Plant and machinery £	Total £
Cost					
At 1 April 2021	68,601	10,543,149	171,884	75,756	10,859,390
Additions	-	60,050	-	-	60,050
Disposals	-	-	(309)	-	(309)
At 31 March 2022	68,601	10,603,199	171,575	75,756	10,919,131
Depreciation					
At 1 April 2021	7,387	4,168,754	140,991	23,153	4,340,285
Charge for the year	1,056	192,755	7,730	13,886	215,427
At 31 March 2022	8,443	4,361,509	148,721	37,039	4,555,712
Net book value					
At 31 March 2022	60,158	6,241,690	22,854	38,717	6,363,419
At 31 March 2021	61,214	6,374,395	30,893	52,603	6,519,105

8 Heritage assets - works of art

	2022 £	2021 £
Market value		
At 1 April 2021	-	3,000,000
Transferred to current assets (Note 11)	-	(3,000,000)
At 31 March 2022	-	-

A painting classified as a heritage asset was transferred to current asset investments in the prior year because the Trustees decided to sell the asset to enable the Foundation to better pursue its objectives. An unrealised gain of £1.5m is recognised in the prior year on revaluing the painting to the Trustees' best estimate of market value. The painting was subsequently sold during the current year for £4,520,000 (see note 11).

9 Fixed asset investments

	2022 £	2021 £
Freehold investment properties	4,355,000	4,100,000
Tradeable investment	12,072,407	8,138,333
Investment in subsidiary	130,000	130,000
	<u>16,557,407</u>	<u>12,368,333</u>
Freehold investment properties		
Market value at 1 April 2021	4,100,000	4,100,000
Disposals - revalued amount	-	(180,714)
Revaluation gain in the year	255,000	180,714
	<u>4,355,000</u>	<u>4,100,000</u>
Market value at 31 March 2022	<u>4,355,000</u>	<u>4,100,000</u>
Historical cost at 1 April 2021 and 31 March 2022	<u>784,131</u>	<u>784,131</u>

The investment properties were valued by the trustees in consultation with an external real estate services provider.

	2022 £	2021 £
Tradeable investment		
Market value at 1 April 2021	8,138,333	6,744,132
Additions	3,225,000	8,229,984
Disposals—cost	-	(2,881,534)
Disposals—revalued amount	-	(5,848,450)
Revaluation gain in the year	709,074	1,894,201
	<u>12,072,407</u>	<u>8,138,333</u>
Market value at 31 March 2022	<u>12,072,407</u>	<u>8,138,333</u>
Historical cost at 31 March 2022	<u>11,454,984</u>	<u>8,229,984</u>

The Foundation's tradeable investment comprises a holding of 510,452 (2021: 453,986) units in COIF Charities Investment Fund Income Units and 555,384 (2021: nil) shares in The Ord Fund ICVC.

	2022 £	2021 £
Investment in subsidiary		
Carrying value at 1 April 2021	130,000	200,100
Provision for impairment	-	(70,100)
	<hr/>	<hr/>
Carrying value at 31 March 2022	<u>130,000</u>	<u>130,000</u>

The investment in subsidiary represents a 100% holding in Harley Gallery Trading Limited, a company which carries out trading activities previously carried out by the Foundation (see also note 13).

10 Debtors

	2022 £	2021 £
Trade debtors	9,356	11,524
Other debtors	72,869	106,982
Prepayments and accrued income	149,390	115,970
	<hr/>	<hr/>
	<u>231,615</u>	<u>234,476</u>

11 Current asset investments

	2022 £	2021 £
Works of art		
Market value at 1 April 2021	4,704,650	87,650
Transferred from fixed assets (Note 8)	-	3,000,000
Disposals - revalued amount	(4,634,000)	-
Revaluation gain in the year	-	1,617,000
	<hr/>	<hr/>
Market value at 31 March 2022	<u>70,650</u>	<u>4,704,650</u>

12 Creditors

	2022 £	2021 £
Trade creditors	29,997	4,406
Other creditors	38,083	23,157
The Welbeck Estates Company Limited	170,464	73,774
	<hr/>	<hr/>
	<u>238,544</u>	<u>101,337</u>

13 Trustee remuneration and related party transactions

No Trustee received any remuneration or reimbursement for expenses in the period (2021: £nil).

Two of the Trustees are directors of The Welbeck Estates Company Limited ("the company"). During the period, the Foundation was charged £19,734 (2021: £25,634) in rent and £72,060 (2021: £87,775) in management charges and insurance costs. These transactions were carried out on an arms-length basis. The company also paid expenditure on behalf of the Foundation. The balance outstanding at the period end is shown in note 12.

The Harley Foundation owns 100% of the share capital of Harley Gallery Trading Limited ("the company"). During the period, the company paid rent of £13,756 (2021: £9,455) to the Foundation. The Foundation advanced loans to and paid expenses on behalf of the company of £135,145 (2021: £204,528). The Foundation received funds on behalf of and repayments from the company of £167,975 (2021: £149,262). The company also made a donation to the Foundation of £nil (2021: £34,961). At the balance sheet date the amount due from the company was £74,691 (2021: £107,521).

14 Financial instruments

	2022 £	2021 £
Financial assets that are tradeable investments measured at fair value through profit or loss	12,018,701	8,138,333
Financial assets that are debt instruments at amortised cost	2,127,481	929,865
Financial assets that are equity instruments measured at cost less impairment	130,000	130,000
Financial liabilities that are debt instruments measured at amortised cost	(233,156)	(97,022)
	<hr/>	<hr/>
	14,043,026	9,101,176
	<hr/>	<hr/>

Solicitors:

Latimer Hinks,
5-8 Priestgate, Darlington, Co. Durham, DL1 1NL

THE HARLEY FOUNDATION

England & Wales - Charity number 276611

Accounts

THE
HARLEY
FOUNDATION

ANNUAL REPORT &
FINANCIAL STATEMENTS

Year Ended 31st March 2021

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LEGAL AND ADMINISTRATIVE INFORMATION

Charity Name:	The Harley Foundation
Charity Registration number:	276611
Registered Office and operational address:	Portland Estate Office Worksop Nottinghamshire S80 3LT
Trustees:	Mr W H M Parente Ms D M A Parente Mr R J Brown Mrs Z Caldecott Mr M Fullerlove
Senior Management:	Ms Lisa Gee Director
Curatorial Advisory Group:	Mr M Hall Mrs K Hearn (Chair) Ms H Obee Mr H Wyndham
Auditors:	Dixon Wilson Audit Services LLP 22 Chancery Lane, London WC2A 1LS
Bankers:	Svenska Handelsbanken Ab. Cumberland House, Park Row Nottingham, NG1 6EE
Solicitors:	Latimer Hinks 5-8 Priestgate, Darlington Co. Durham, DL1 1NL
Investment Managers:	CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London, EC4V 4ET

WHO WE ARE AND WHAT WE DO

The Harley Foundation was set up in 1978 by the late Duchess of Portland to encourage creativity and to help maintain traditional craft skills. Today we aim to help more people access and enjoy the visual arts and to help artists and makers to continue to create.

- Vision** To encourage people to enjoy the visual arts and crafts.
- Mission** To create spaces where the imagination can flourish, and be enjoyed.
- Activities**
 - To spark creativity by bringing the old and the new face to face through public exhibitions in the Harley Gallery and the Portland Collection gallery.
 - To celebrate the handmade through exhibitions, events, and studio spaces.
 - To offer artists and makers spaces to create and sell their work.

Admission to both galleries is free.

At the Harley Studios we provide subsidised workspaces and special schemes of support for individual artists and makers.

The Harley Gallery has three exhibition spaces. The exhibition spaces show the work of contemporary artists and makers through a varied programme which changes five times annually. The Gallery has an annual programme of events for adult visitors, families, schools and children. The Gallery Shop sells work from around 250 makers and craftspeople from across the UK.

The Portland Collection Gallery shows fine and decorative arts from the Portland Collection.

The Harley Foundation receives an annual income from the investment of the gifts made by the late Duchess of Portland in 1978 and from the late Lady Anne Bentinck in 2010. In addition the Foundation raises income from studio licence fees, grant funding for particular projects and via it's trading subsidiary from the Harley Gallery shop, events and café.

ACTIVITIES REPORT

Activities

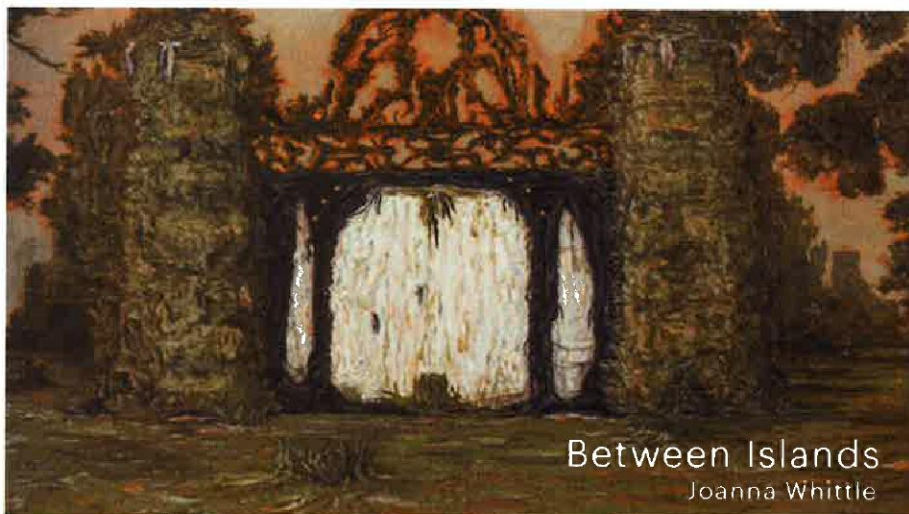
Our mission to create spaces where creativity can flourish remained in place, as did our commitment to engaging with as broad a range of visitors as possible. Despite both our galleries being closed for much of 2020-21, we moved our events programme online and also offered an online shopping facility.

Portland Collection

The Portland Collection gallery was closed for the majority of the year. We made the difficult decision to close on Mondays and shorten daily opening hours to 6 hours daily, 10 – 4pm.

Harley Gallery

The Harley Gallery exhibitions were closed for the majority of the year. We were able to open for our Open Exhibition Summer 2020 and also the exhibition *Between Islands*, a solo exhibition of work by Joanna Whittle, with funding from Arts Council England. Harley Gallery Trading developed an online shop offer during lockdown 3.



Grants

The John Hemingway Trust continued to provide a £10,000 grant for work to develop ways of embedding creativity across the primary school curriculum. This year the grant was spent on disseminating *Lift Off! The Harley Art Framework* which provides developmental guidelines and art lesson ideas across the 3 to 11 age range. This is available through the Harley website and other educational websites.

Public Benefit

Free monthly gallery talks moved online in November and have attracted audiences from across the UK and beyond. These are recorded and available to view through the Harley website.

Artist Studios

Our 22 artist studios remain a full and busy community. The studios range in size and offer space to over 30 artists at greatly subsidised rates. Current occupants this year:

Restoration

The Glass Repository
Goetze Gwynn - Organ Restoration
Ross Alcock - Clock Restorer
Mark and Diana Roberts - Painting Conservation
Fiona Hutchinson - Ceramic Restoration
Geoff Tinniswood - Keyboard Restoration

Visual Arts

Michelle Reader - Sculptor
Phil Neal - Sculptor
Steve Handley - Sculptor
Hilary Bower - Textile Artist
Louise Asher - Textile Artist
Louise Presley - Textile Artist
Julian Bray - Artist
Lauren Geoghegan - Ethical fashion designer

Craft and Design

Laura Baxter - Jeweller
Natalie Harris - Jeweller
Janie Withers - Textile Design
Ruth Waller and Lee Hewitt - Textile Designers
Richard Hartley - Guitar maker
Lynne Stanniland - Potter
Rachel Wood - Potter
Kyra Cane - Potter
Simon Mount - Furniture Maker

Education

Our gallery education programme did not run as a result of the pandemic. Monthly Art Clubs were also closed.

We work in partnership with Bassetlaw and Mansfield MIND and their weekly sessions continued when they were able.

The Lift Off Art Framework was designed to be offered as a digital download and has been available since October 2020. It provides developmental guidelines, ideas and activities across the 3 to 11 age range and aims to promote the sustainability of creative education in primary schools.

The Lift Off Project has been instrumental in helping us improve the skills of our staff in teaching art and it has also meant that children have an excellent art curriculum, that teaches them the skills they need to enjoy creating their own work. Children also have a broader understanding of art and they appreciate the work of their peers and other artists. The benefit of being part of the project will be experienced for many years to come.

George Huthart, Headteacher Norbridge Academy

TRUSTEES' REPORT

The Trustees present their report and audited financial statements for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Trust Deed, the Charities Act 2011 and the Charities SORP (FRS 102).

Structure, Governance and Management

The full name of the unincorporated charity is 'The Harley Foundation' ("Foundation"). The Foundation is governed by a Trust Deed dated 11 September 1978 and various supplemental deeds. The Foundation's registered office address and current Trustees are listed on page 3.

The Foundation has a wholly-owned subsidiary, Harley Gallery Trading Limited, a private company limited by share capital, company number 08083700. The subsidiary carries on trading activities under the direction of the Trustees and senior management.

Recruitment and Appointment of Trustees

Trustees are appointed by unanimous formal resolution of the Board of Trustees. The Trustees have the power to add, amend, replace or revoke all or any of the powers conferred on them by the Trust Deeds provided that no exercise of that power shall affect the objects of the Foundation.

Trustee Induction and Training

Potential Trustees meet with the Director and Chair of Trustees for a discussion about the work of the Harley Foundation and the interaction between staff and Trustees. They are invited to join us for a full Trustee Meeting and to meet with other Trustees. Once Trustees have joined, they are given a full information pack with information about current work projects, the mission statement and future plans. They then spend time with gallery staff, key stakeholders and partners. All new Trustees are given appropriate Charity Commission documents relating to good practice for Charity Trustees.

Risk Management

The Trustees have examined the major risks to which the Foundation is exposed. Financial sustainability is the major financial risk for both the Foundation and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due. In particular, the Foundation's investments are monitored to ensure sufficient funds are generated to provide working capital for the Foundation and its subsidiary company. There are also non-financial risks arising from health and safety of staff, clients and visitors to the gallery. Procedures are in place to manage these risks, and these procedures are periodically reviewed to ensure that they continue to meet the requirements of the Foundation.

COVID 19

As a charity whose main source of income is from its endowment, the financial impact of closure has been relatively limited. Income from the trading subsidiary stopped but has now resumed, and the investment portfolio has proved resilient.

The main impact of the pandemic has been on the ability of the Foundation to deliver its objectives. In particular the Harley Gallery and Portland Collection had to close for 9 months of the year during lockdowns. The lack of trading was mitigated by government grant aid from Local Business Support Grants and small business rate relief. Notwithstanding the closure of the galleries, the artist studios continued to be used and wherever possible we shifted to online activities for education, events and retail.

Curatorial Advisory Group

The Curatorial Advisory Group considers the display of works from the Portland Collection in the Foundation's galleries. The terms of reference of the group are to offer advice and oversight of proposed exhibitions of the Portland Collection, to propose likely academic links and partnerships and to advise on best practice with regard to interpretation and display matters. Members to the Group are appointed for a 3-year term which may be extended. The Curatorial Advisory Group is made up of leading art historians and curators and the members of the group are listed on page 3.

Objectives and Activities

The Foundation's objects as set out in the Trust Deeds are:

- The advancement of public education particularly in arts and crafts and the improvement of public taste therein;
- The promotion and assistance in the promotion of training, apprenticeship, instruction and education of persons in the United Kingdom in the practice and performance of arts and crafts;
- Such other charitable objects for the advancement of education as the Trustees not being less than three in number shall from time to time by deed or deeds executed with their unanimous consent declare.

The Foundation's principal activities in pursuance of its objectives are:

- The maintenance of the Harley Gallery as a premier location in Nottinghamshire for the promotion of exhibitions of art and craft, and as a venue for the holding of courses for school children and adult learners;
- The maintenance of the Portland Collection gallery for the display of historic fine and decorative arts from the Portland Collection. The displays are semi-permanent and change every 33 months;
- The provision of subsidised workshops for craftspeople to encourage training and preservation of art and craft skills. The Foundation gives encouragement to artists to display and sell their work at the Gallery and elsewhere;
- The grant of sponsorship and bursaries in support of the educational role of the Foundation, and;
- The Foundation aims to attract at least 90,000 visitors per annum to the Harley Gallery and maximise the occupancy of its craft workshop, as well as maximising the opportunities it can offer to support and promote arts and crafts.

Information on the Foundation's activities during the year is given on pages 5 to 6.

Public Benefit Statement

The Trustees, having regard to the Public Benefit guidance published by the Charity Commission in accordance with section 17 of the Charities Act 2011, consider that the purpose and activities of the charity satisfy the requirements of the public benefit test set out in section 4 of the same Act.

Financial Review

A summary of the Foundation's results for the year are as set out in the Statement of Financial Activities on page 15. 100% (2020: 100%) of the Foundation's expenditure related to its key charitable objectives.

The Foundation's total outgoing resources this year were £865,628 (2020: £1,122,703) which has been funded through income generated from the Foundation's charitable activities of £92,248 (2020: £107,265), investment income of £190,969 (2020: £126,665), donations of £34,961 (2020: £36,674) and other income of £95,506 (2020: nil) leaving a deficit for the year of £451,944 (2020: £852,099 deficit). There were also net profits arising on the Foundation's fixed and current asset investments in the year amounting to £3,621,815 (2020: net loss £829,861), resulting in total unrestricted funds carried forward of £24,536,584 (2020: £21,366,713).

Post Balance Sheet Events

After the year end, the Foundation sold a painting for £4,520,000.

Principal Funding Sources

The principal sources of funding for the Foundation are income and gains generated by its investments, supplemented by income generated by Harley Gallery Trading Limited, grants from third parties and license fees paid by the occupants of the craft workshops.

Investment Policy

The Trustees have adopted a balanced investment approach with the view of achieving a long term total return through a mixture of property and equity investments. Details of the Foundation's current investments in agricultural land and equities are set out in note 9 of the financial statements.

The Foundation's equity investments were reallocated during the year to COIF Charities Investment Fund Income Units, managed by CCLA Investment Management Limited, an investment company regulated by the Financial Conduct Authority. The Fund's investment objective is to maximise its total return from a diversified portfolio, mainly of equities, spread across global markets principally through securities and shares in collective schemes but also through money market instruments, deposits and cash or near cash investments. No emphasis is placed on any particular economic, industrial or geographical sector. The fund has a focus on total return rather than high yield and the Trustees plan to sell units to provide funds to subsidise the Foundation's charitable activities.

The Foundation's tradeable investments showed a revaluation gain of £1,894,201 (2020: loss of £338,096) with stock markets around the world rebounding in value after the lows reached in Q1 2020 when the COVID-19 pandemic first hit.

The value of the Foundation's agricultural land was unchanged in the year, following significant market uncertainty in 2020 due to the pandemic, which saw a decrease of £555,000 last year. Overall, the value of the Foundation's investments increased by 12% (2020: 14% decrease).

Reserves Policy

The Trustees, having reviewed the future commitments of the Foundation, are of the opinion that the funds and investments held at the year end are necessary to produce income and gains to supplement that generated from its charitable activities in order to maintain the normal operations of the Foundation, to cover ongoing costs of maintaining and operating the gallery and workshops, and to continue the educational activities of the Foundation.

The Trustees are confident that the Foundation has the financial resources to continue to further its charitable objectives outlined above.

Senior management

Matters of strategy are agreed by the Trustees whilst day to day management including decisions involving the execution of strategy are delegated to the senior management. The pay of key management personnel is reviewed annually. The review considers pay in the sector, the general economic environment and personal performance.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Report of the Management Committee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the Foundation and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deeds. They are also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Foundation and financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each Trustee is aware, there is no relevant information that has not been disclosed to the Foundation's auditors and each Trustee believes that all steps necessary have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Foundation's auditors have been made aware of that information.

This report has been prepared in accordance with the Charities SORP (FRS 102).

Approved by the Board of Trustees on **30/11/2021** and signed on its behalf by:

A handwritten signature in black ink, appearing to read "W. H. M. Parente", written over a dotted horizontal line.

W H M Parente

Trustee

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Harley Foundation (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, 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 charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year the ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity by considering, among other things, the sector in which it operates and considered the risk of acts by the charity that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the assessed level of risk, but recognised that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, intentional misrepresentations, or through collusion.

We focused on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to UK Charity Law. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management and reviewing correspondence with the Charity Commission.

As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud.

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.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Dixon Wilson Audit Services LLP

Dixon Wilson Audit Services LLP, Statutory Auditor

22 Chancery Lane

London

WC2A 1LS

Date: 16/12/2021

Dixon Wilson Audit Services LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted funds		Unrestricted funds	
		2021		2020	
		£	£	£	£
Income					
Donations and legacies		34,961		36,674	
Investment income	2	190,969		126,665	
Charitable activities					
- Galleries	3	31,738		47,424	
- Craft workshops	3	60,510		59,841	
Other income	6	95,506		-	
Total income			413,684		270,604
Expenditure					
Raising funds					
- Investment management fees	2	2,860		2,305	
Charitable activities					
- Galleries	3	850,032		1,096,693	
- Craft workshops	3	12,736		22,811	
- Grants	3	-		894	
Total expenditure			(865,628)		(1,122,703)
Net gains/(losses) on investments			3,621,815		(829,861)
Net income and net movement in funds			3,169,871		(1,681,960)
Reconciliation of funds					
Total funds brought forward			21,366,713		23,048,673
Total funds carried forward			24,536,584		21,366,713

BALANCE SHEET

	Notes	2021		2020	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	7	6,519,105		6,703,844	
Heritage assets	8	-		3,000,000	
Investments	9	12,368,333		11,044,232	
		<u> </u>		<u> </u>	
Total fixed assets			18,887,438		20,748,076
Current assets					
Debtors	10	234,476		144,079	
Current asset investments	11	4,704,650		87,650	
Cash at bank and in hand		811,357		686,290	
		<u> </u>		<u> </u>	
Total current assets		5,750,483		913,019	
Creditors: Amounts falling due within one year	12	<u>(101,337)</u>		<u>(299,382)</u>	
Net current assets			<u>5,649,146</u>		<u>618,637</u>
Total assets less current liabilities and net assets			<u>24,536,584</u>		<u>21,366,713</u>
Funds of the charity					
Unrestricted funds			<u>24,536,584</u>		<u>21,366,713</u>

Approved by the Board of trustees on and signed on its behalf by:



W H M Parente
Trustee

The notes on pages 17 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and 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 (Charities SORP (FRS 102)) (effective 1 January 2019). The financial statements have been rounded to the nearest £.

The Foundation is not required to produce consolidated accounts because it is within the relevant threshold.

1.2 Fund structure

The Foundation was created by the Most Noble Ivy Duchess of Portland by Trust Deed dated 26 January 1978 as a single charitable fund with the Trustees having the power to hold the capital and income of the trust fund in trust to apply the same as they shall at their absolute discretion think fit.

By Deeds of Variation of the Will of Lady Anne Bentinck dated 27 November 2010 and 26 December 2010, various paintings and works of art were bequeathed to the Foundation to hold as part of the single charitable fund on the terms set out above.

1.3 Incoming resources/resources expended

Income and expenditure is recognised on an accruals basis. The following specific policies are applied to particular categories of:

Income

- Dividend income is recognised when the security is quoted ex-dividend.
- Incoming resources from charitable trading activities are accounted for when earned, rental income is accounted for in the period to which it relates .
- Grants and donations are recognised once the charity is entitled to receive them and there is sufficient evidence that any attached conditions will be met.

Expenditure

- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource.

1.4 Tangible fixed assets

Equipment purchased for use in the craft workshops and gallery office equipment is capitalised and depreciated by equal instalments over a five year term.

The Portland Collection building is depreciated by equal instalments over a 50 year period, while the fixtures and fittings are depreciated in equal instalments over a 20 year period. The Harley Gallery and the craft workshops have been fully depreciated.

Capital expenditure incurred on improving leasehold property is capitalised and included as fixed assets. It is then depreciated by equal instalments over the length of the lease.

Exhibits purchased for the Harley Gallery are charged in the year they are purchased as a direct cost in accordance with the accounting practice adopted by Museums.

Heritage assets comprised a single painting of particular artistic and historic value which was previously held principally for its contribution to knowledge and culture. It was stated at cost, being the market value at the time the painting was gifted to the Trustees. During the year, the Trustees decided to sell the painting and it was transferred to current asset investments (see note 1.6).

1.5 Fixed assets investment and investment income

The Foundation's freehold interests in farm land and buildings are included as investment properties. These properties are revalued annually and are included in the Balance Sheet at their open market value (fair value) in accordance with FRS 102.

Investments listed on a recognised Stock Exchange and other ready realisable investments are valued at their mid-market price prevailing at the Balance Sheet date. Profits or losses on sales of investments and net gains on revaluation of investments are credited to the Statement of Financial Activities.

Investments in subsidiaries are included at cost less provision for impairment.

1.6 Current asset investments

Current asset investments are held at the Trustees' best estimate of market value. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

1.7 Cash flow statement

The Trustees have taken advantage of the exemptions for small enterprises under Charities SORP (FRS 102) from preparing a cash flow statement with these financial statements.

1.8 Taxation

As a charity, The Harley Foundation is exempt from tax on income and gains falling within part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No tax charges have arisen in the Foundation.

1.9 Key sources of estimation uncertainty

The valuation of investment property and the works of art held as current asset investments are sources of estimation uncertainty, as these are subjective and liable to change due to demand and market conditions. The carrying amounts are detailed in notes 8 and 10.

1.10 Government grants

Government grants are recognised in other operating income in the period in which the company is entitled to receive payment.

2 Investment income

	2021 £	2020 £
Income from tradeable investment	103,323	38,763
Rent receivable	87,109	87,136
Interest receivable	447	766
Touring exhibition fees	90	-
	<u>190,969</u>	<u>126,665</u>

Investment management fees totalling £2,860 (2020: £2,305) relate to the Foundation's investment property.

3 Analysis of Charitable income and expenditure

	Galleries £	Craft workshops £	Grants £	Total £
Year ended 31 March 2021				
Income				
Sales and charges	18,555	60,510	-	79,065
Grants and donations	13,183	-	-	13,183
	<u>31,738</u>	<u>60,510</u>	<u>-</u>	<u>92,248</u>
Expenditure				
Direct costs	(42,019)	-	-	(42,019)
Staff costs	(286,422)	(4,505)	-	(290,927)
Premises costs	(155,844)	(8,231)	-	(164,075)
Depreciation	(218,359)	-	-	(218,359)
Other costs	(147,388)	-	-	(147,388)
	<u>(850,032)</u>	<u>(12,736)</u>	<u>-</u>	<u>(862,768)</u>
Net (deficit)/surplus for the year	<u>(818,294)</u>	<u>47,774</u>	<u>-</u>	<u>(770,590)</u>
Year ended 31 March 2020				
Income				
Sales and charges	23,443	59,841	-	83,284
Grants and donations	23,981	-	-	23,981
	<u>47,424</u>	<u>59,841</u>	<u>-</u>	<u>107,265</u>
Expenditure				
Direct costs	(136,632)	-	(894)	(137,526)
Staff costs	(324,204)	(7,430)	-	(331,634)
Premises costs	(242,236)	(15,381)	-	(257,617)
Depreciation	(208,256)	-	-	(208,256)
Other costs	(185,365)	-	-	(185,365)
	<u>(1,096,693)</u>	<u>(22,811)</u>	<u>(894)</u>	<u>(1,120,398)</u>
Net (deficit)/surplus for the year	<u>(1,049,269)</u>	<u>37,030</u>	<u>(894)</u>	<u>(1,013,133)</u>

4 Support and governance costs

Auditor's remuneration	2021 £	2020 £
Fee payable to the auditor for the audit of the financial statements	6,000	5,900
Fees payable to the auditor for other services	<u>4,200</u>	<u>4,100</u>

The above costs are the only support and governance costs incurred during the year. The costs have been allocated to the Galleries' activity as the amount allocated to any other activities would be immaterial.

5 Staff costs

	2021 Number	2020 Number
Full time	2	6
Part time	15	13
	<u>17</u>	<u>19</u>
	2021	2020
Staff costs (for the above persons):	£	£
Wages and salaries	264,378	296,138
Social security costs	14,968	23,028
Pension costs	11,581	12,468
	<u>290,927</u>	<u>331,634</u>

During the year one employee (2020: one) received emoluments of between £70,000 and £80,000 and the Foundation made pension contributions of £7,375 (2020: £7,375) in respect of this employee.

The Foundation paid management fees to The Welbeck Estates Company Limited as detailed in note 13.

Key management personnel includes the director. The total emoluments of key management personnel of the Foundation was £75,025 (2020: £75,205).

6 Other income

	2021 £	2020 £
Insurance proceeds	5,332	-
Government grants	90,174	-
	<u>95,506</u>	<u>-</u>

7 Tangible fixed assets

	Leasehold Property £	Workshops & galleries £	Equipment £	Plant and machinery £	Total £
Cost					
At 1 April 2020	68,601	10,525,775	155,638	75,756	10,825,770
Additions	-	17,374	16,246	-	33,620
At 31 March 2021	68,601	10,543,149	171,884	75,756	10,859,390
Depreciation					
At 1 April 2020	6,331	3,976,071	130,257	9,267	4,121,926
Charge for the year	1,056	192,683	10,734	13,886	218,359
At 31 March 2021	7,387	4,168,754	140,991	23,153	4,340,285
Net book value					
At 31 March 2021	61,214	6,374,395	30,893	52,603	6,519,105
At 31 March 2020	62,270	6,549,704	25,381	66,489	6,703,844

8 Heritage assets - works of art

	2021 £	2020 £
Market value		
At 1 April 2020	3,000,000	3,000,000
Transferred to current assets (Note 11)	(3,000,000)	-
At 31 March 2021	-	3,000,000

A painting classified as a heritage asset was transferred to current asset investments during the year because the Trustees decided to sell the asset to enable the Foundation to better pursue its objectives. An unrealised gain of £1.5m is recognised during the year on revaluing the painting to the Trustees' best estimate of market value. The painting was subsequently sold after the year end for £4,520,000 (see note 15).

9 Fixed asset investments

	2021 £	2020 £
Freehold investment properties	4,100,000	4,100,000
Tradeable investment	8,138,333	6,744,132
Investment in subsidiary	130,000	200,100
	<u>12,368,333</u>	<u>11,044,232</u>
Freehold investment properties		
Market value at 1 April 2020	4,100,000	4,655,000
Disposals - revalued amount	(180,714)	-
Revaluation gain/(loss) in the year	180,714	(555,000)
	<u>4,100,000</u>	<u>4,100,000</u>
Market value at 31 March 2021	<u>4,100,000</u>	<u>4,100,000</u>
Historical cost at 1 April 2020 and 31 March 2021	<u>784,131</u>	<u>784,131</u>

The investment properties were valued by the trustees in consultation with an external real estate services provider.

	2021 £	2020 £
Tradeable investment		
Market value at 1 April 2020	6,744,132	8,053,980
Additions	8,229,984	-
Disposals—cost	(2,881,534)	(395,375)
Disposals—revalued amount	(5,848,450)	(576,377)
Revaluation gain/(loss) in the year	1,894,201	(338,096)
	<u>8,138,333</u>	<u>6,744,132</u>
Market value at 31 March 2021	<u>8,138,333</u>	<u>6,744,132</u>
Historical cost at 31 March 2021	<u>8,229,984</u>	<u>2,881,536</u>

The Foundation's tradeable investment comprises a holding of 453,986 (2020 - nil) units in COIF Charities Investment Fund Income Units and nil (2020: 2,542,078) shares in The Ord Fund ICVC.

	2021 £	2020 £
Investment in subsidiary		
Historical cost at 1 April 2020	200,100	200,100
Provision for impairment	(70,100)	-
	<u>130,000</u>	<u>200,100</u>
Carrying value at 31 March 2021	<u>130,000</u>	<u>200,100</u>

The investment in subsidiary represents a 100% holding in Harley Gallery Trading Limited, a company which carries out trading activities previously carried out by the Foundation (see also note 13).

10 Debtors

	2021 £	2020 £
Trade debtors	11,524	6,517
Other debtors	106,982	51,717
Prepayments and accrued income	115,970	85,845
	<u>234,476</u>	<u>144,079</u>

11 Current asset investments

	2021 £	2020 £
Works of art		
Market value at 1 April 2020	87,650	52,663
Transferred from fixed assets (Note 8)	3,000,000	-
Revaluation gain in the year	1,617,000	34,987
	<u>4,704,650</u>	<u>87,650</u>
Market value at 31 March 2021	<u>4,704,650</u>	<u>87,650</u>

12 Creditors

	2021 £	2020 £
Trade creditors	4,406	13,807
Other creditors	23,157	36,549
The Welbeck Estates Company Limited	73,774	249,026
	<u>101,337</u>	<u>299,382</u>

13 Trustee remuneration and related party transactions

No Trustee received any remuneration or reimbursement for expenses in the period (2020: £nil).

Two of the Trustees are directors of The Welbeck Estates Company Limited ("the company"). During the period, the Foundation was charged £25,634 (2020: £27,869) in rent and £87,775 (2020: £104,479) in management charges and insurance costs. These transactions were carried out on an arms-length basis. The company also paid expenditure on behalf of the Foundation. The balance outstanding at the period end is shown in note 12.

The Harley Foundation owns 100% of the share capital of Harley Gallery Trading Limited ("the company"). During the period, the company paid rent of £9,455 (2020: £14,692) to the Foundation. The Foundation advanced loans to and paid expenses on behalf of the company of £204,528 (2020: £367,344). The Foundation received funds on behalf of and repayments from the company of £149,262 (2020: £338,329). The company also made a donation to the Foundation of £34,961 (2020: £36,674). At the balance sheet date the amount due from the company was £107,521 (2020: £53,762).

14 Financial instruments

	2021 £	2020 £
Financial assets that are tradeable investments measured at fair value through profit or loss	8,138,333	6,744,132
Financial assets that are debt instruments at amortised cost	929,865	744,525
Financial assets that are equity instruments measured at cost less impairment	130,000	200,100
Financial liabilities that are debt instruments measured at amortised cost	(97,022)	(293,791)
	<hr/>	<hr/>
	9,101,176	7,394,966
	<hr/>	<hr/>

15 Post balance sheet events

After the year end, the Foundation sold a painting that was held in current asset investments the year end. The sale proceeds received were £4,520,000 generating a gain on disposal of £20,000.

