

THE GERALD COKE HANDEL  
FOUNDATION

Financial Statements  
31 March 2003

3201907



# THE GERALD COKE HANDEL FOUNDATION

## Financial statements for the year ended 31 March 2003

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# THE GERALD COKE HANDEL FOUNDATION

## Council of Management, officers and advisers

### Council of Management

Hugh Cobbe (Chairman)  
David Coke  
Elizabeth Einberg  
John Orr (Secretary)  
Stanley Sadie (*The Handel Institute*)  
James Sassoon (Treasurer)  
Colin Timms (*The Handel Institute*)  
Patrick Walker (*The Foundling Museum*)

### Registered office

40 Brunswick Square,  
London  
WC1N 1AZ

### Company number

3201907

### Charity number

1058589

### Auditors

Chantrey Vellacott DFK  
Chartered Accountants  
Russell Square House  
10-12 Russell Square  
London  
WC1B 5LF

### Solicitors

Field Fisher Waterhouse  
35 Vine Street  
London  
EC3N 2AA

### Bankers

National Westminster Bank plc  
2 Hatton Garden  
London  
EC1N 8AB

### Investment Managers

Merrill Lynch Investment Managers Limited  
33 King William Street  
London EC4R 9AS

# THE GERALD COKE HANDEL FOUNDATION

## Report of the Council of Management (incorporating a directors' report) for the year ended 31 March 2003

The Council of Management submit their report and the financial statements for the year ended 31 March 2003. The Foundation was incorporated on 21 May 1996 and registered with the Charity Commission on 14 October 1996.

### Results

Net outgoing resources for the year after realised and unrealised losses on investments amounted to £522,177; (2002: net incoming resources £30,085).

### Principal activity and business review

The objects of the Foundation are to advance public education by providing research facilities for academics, musicologists, musicians, students, writers, researchers and all other interested persons concerning and in relation to the life and work of George Frideric Handel, and his associates and contemporaries; also in relation to the musical environment of his time, and to the printing and publishing of music in London and elsewhere in the Eighteenth Century; and all other related subjects of study.

The Foundation was formed by The Handel Institute and the Thomas Coram Foundation for Children (now known as Coram Family), to give effect to the Will of Mrs Patricia Coke who died in August 1995. The Will directed that the Gerald Coke Handel Collection should be offered to the Board of Inland Revenue in lieu of payment of Inheritance Tax, and expressed the wish that if the offer was accepted the Collection should be offered to a joint body to be constituted by The Handel Institute and the Thomas Coram Foundation. In August 1996 that body, the Gerald Coke Handel Foundation (GCHF), received a gift of £1.6m from the Executors of Mrs Coke's Will, by a Deed of Appointment which provided for it to be used for the general purposes of the Foundation as set out in its Memorandum of Association.

In August 1998 the Thomas Coram Foundation formed The Foundling Museum (the Museum) as a separate charitable company, with the intention that it should become responsible for Coram's art collection and the premises at 40 Brunswick Square where this is normally housed. It is also intended that in due course the Gerald Coke Handel Collection should be housed and displayed at the same premises. The Collection was accepted by the Department for Culture, Media and Sport in November 1998 and was allocated temporarily in part to the Hampshire Record Office and in part to the Victoria and Albert Museum. This interim measure was intended to allow time for the necessary funding for the Museum to be put in place. With the support and cooperation of GCHF, the Museum submitted a formal application to Resource (formerly the Museums and Galleries Commission) in 2001 for allocation of the Collection; this was put before its Acceptance in Lieu (AIL) Panel which agreed to recommend allocation.

The Museum announced in March 2002 that funding for the refurbishment of the premises was largely secured, and the work of its project planning team has developed steadily. GCHF has been closely involved in advising on the design of the Handel Study Centre and exhibition area, where the Gerald Coke Handel Collection will be displayed; this will occupy the second floor of the building. The Coram art collection was put into store and the building vacated at the end of 2002. The building work is planned to be completed by the end of 2003, in order that the Coram art collection and the Gerald Coke Handel collection can be installed during the early months of 2004 in preparation for the reopening of the Museum during Spring 2004.

GCHF has conditionally agreed to make a grant of £250,000 towards the cost of the works on the second floor, which are intended to fulfill the wishes of Gerald and Patricia Coke in providing a permanent home for the Gerald Coke Handel Collection. This grant is required to pay for work which has to be completed before the Collection can be formally allocated to the Museum. The Council therefore consulted both Resource and the Charity Commission. The Commission expressed concern lest, after the money had been spent, the Collection should not in the end be so allocated. However it acknowledged that the decision was one for the Trustees to take. Resource confirmed that "it has always been the view of the AIL Panel that the only appropriate home for the Coke Collection is the Foundling Museum and having officially advised you of this view, the Panel will not change the recommendation".

## THE GERALD COKE HANDEL FOUNDATION

### Report of the Council of Management (incorporating a directors' report) for the year ended 31 March 2003

#### Principal activity and business review (cont'd)

In order to mitigate any residual risk in the circumstances envisaged by the Commission, GCHF made it a condition of the grant, *inter alia*, that if the Museum failed to provide a permanent home for the Gerald Coke Handel Collection for at least three years from its date of opening, all the movables paid for out of the grant would be sold to the Foundation for a nominal sum. This condition having been accepted by the Museum, and after considering the comments received from the Charity Commission and Resource, the Trustees agreed that the Museum should be able to draw down the grant as the work progressed. By a separate agreement, GCHF will also be undertaking to provide grants to support the Museum's operation of the Handel Study Centre.

In view of the conditional nature of the grant of £250,000 (payments will be due only upon receipt of appropriately certified contractors' invoices), the Trustees feel that it does not constitute a binding commitment as at 31 March 2003 (see Note 4 to the accounts).

The Council has continued to make suitable purchases as the opportunity offered, and has made a further and final grant towards the research studentship at the Open University. Remaining expenditure has been limited to office expenses, professional fees and other expert advice, with the balance held in reserve.

#### Risk

The Council has considered the areas of risk in the work of the Foundation, and in particular the funding of the works at Brunswick Square described above, and has taken what it believes to be reasonable steps in present circumstances to mitigate these risks.

#### Investment policy

The Council's aim is to maximise the long-term total return on the investment portfolio. While the performance of the portfolio during the year has been disappointing, in common with that of investments generally, it has been better than the benchmark agreed with the investment managers.

#### Grant-making policy

The primary aim of the Council is to ensure the maintenance and conservation of the Gerald Coke Library and Collection, and this is reflected in the grant made this year to the Museum towards the cost of providing a permanent home for them.

Details of grants made during the year are shown in Note 4.

# THE GERALD COKE HANDEL FOUNDATION

## Report of the Council of Management (incorporating a directors' report) for the year ended 31 March 2003

### Reserves policy

The Council considers that the further costs of helping the Museum to set up the Exhibition and Handel Study Centre are likely to exhaust the remaining reserves. The primary aim of the Foundation is to secure a permanent home for the Gerald Coke Handel Collection and to provide for its management and maintenance. The Council is satisfied that the use of some of the Expendable Endowment for this purpose will be justified. Nevertheless, it will seek to preserve as much as possible of the Endowment so as to ensure the long-term security of the Collection.

### Fixed assets

Details of tangible fixed assets are shown in note 7 to the financial statements.

### Trustees

The trustees of the charity during the year are shown on page 1:

None of the members of the Council of Management had an interest in The Gerald Coke Handel Foundation which is a company limited by guarantee and not having a capital divided into shares.

As mentioned in Note 10 to the accounts, two members of the Council of Management are also trustees of The Foundling Museum.

### Statement of the Council of Management's Responsibilities

The Council of Management is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Foundation and the incoming resources and application of resources, including the net income or expenditure, for the year. In preparing those financial statements, the Council of Management is required to:

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

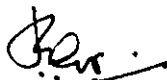
The Council of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and which enable it to ensure that the financial statements comply with the Companies Act 1985. It is also responsible for safeguarding the assets of the Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

Chantrey Vellacott DFK have indicated their willingness to continue in office. A resolution to reappoint them will be presented at the Annual General Meeting

Approved by the Council of Management on 1 July 2003  
and signed on their behalf by:

John Orr



Secretary and Trustee

# THE GERALD COKE HANDEL FOUNDATION

## Independent Auditors' Report to the Members of the Gerald Coke Handel Foundation

We have audited the financial statements of The Gerald Coke Handel Foundation for the year ended 31 March 2003 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, and the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985 and section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of The Council of Management and auditors

As described in the Statement of the Council of Management's Responsibilities the Council of Management is responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you if, in our opinion, the Council of Management's Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Council of Management's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

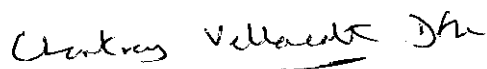
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# THE GERALD COKE HANDEL FOUNDATION

## Independent Auditors' Report to the Members of the Gerald Coke Handel Foundation

### Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



*Chantrey Vellacott DFK*

Chartered Accountants  
Registered Auditors

LONDON

1 July 2003

Chantrey Vellacott DFK



# THE GERALD COKE HANDEL FOUNDATION

## Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2003

	Note	Income Fund	Expendable Endowment	Total £	2002 £
<b>Incoming resources</b>					
Investment income	3	69,604	-	69,604	74,419
Other incoming resources - commission received		338	-	338	303
Total incoming resources		<u>69,942</u>	<u>-</u>	<u>69,942</u>	<u>74,722</u>
<b>Resources expended</b>					
<b>Charitable expenditure</b>					
Activities in furtherance of the charity's objects					
- grants payable	4	12,000	-	12,000	(673)
- maintenance of Collection		299	-	299	1,130
Support costs	4	19,014	-	19,014	1,000
Managing and administering the charity		10,676	-	10,676	6,192
Total resources expended		<u>41,989</u>	<u>-</u>	<u>41,989</u>	<u>7,649</u>
<b>Net incoming (outgoing) resources before revaluation and disposals of investment assets</b>					
	5	27,953	-	27,953	67,073
Realised losses on disposal of investments	8	-	(3,602)	(3,602)	(3,474)
<b>Net income (expenditure) for the year</b>		<u>27,953</u>	<u>(3,602)</u>	<u>24,351</u>	<u>63,599</u>
Unrealised losses on investments	8	-	(546,528)	(546,528)	(33,514)
<b>Net movement in funds</b>		<u>27,953</u>	<u>(550,130)</u>	<u>(522,177)</u>	<u>30,085</u>
Fund balances brought forward		321,777	2,143,392	2,465,169	2,435,084
<b>Fund balances carried forward</b>		<u>349,730</u>	<u>1,593,262</u>	<u>1,942,992</u>	<u>2,465,169</u>

All the above amounts relate to the continuing activities of the Foundation.

There are no other recognised gains or losses.

The notes on pages 9 to 13 form part of these financial statements.

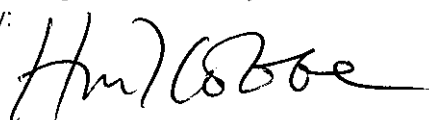
# THE GERALD COKE HANDEL FOUNDATION

## Balance sheet at 31 March 2003

	Note	2003	2002
		£	£
<b>Fixed assets</b>			
Investments	8	1,804,068	2,352,447
Tangible assets	7	13,079	11,586
		<u>1,817,147</u>	<u>2,364,033</u>
<b>Current assets</b>			
Cash at bank and in hand		<u>130,392</u>	<u>113,215</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>4,547</u>	<u>12,079</u>
<b>Net current assets/(liabilities)</b>		<u>125,845</u>	<u>101,136</u>
<b>Total net assets</b>		<u><u>1,942,992</u></u>	<u><u>2,465,169</u></u>
<b>Represented by:</b>			
Income Fund	11	349,730	321,777
Expendable Endowment Fund	11	1,593,262	2,143,392
		<u><u>1,942,992</u></u>	<u><u>2,465,169</u></u>

Approved by the Council of Management on 1 July 2003  
and signed on their behalf by:

Hugh Cobbe



Chairman

The notes on pages 9 to 13 form part of these financial statements.

# THE GERALD COKE HANDEL FOUNDATION

## Notes to the financial statements For the year ended 31 March 2003

### 1. Accounting policies

The financial statements have been prepared under the historical cost convention, with the exception that investments are at market value as at the balance sheet date, and are in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting by Charities, issued in October 2000.

#### a) Incoming Resources

Investment and other income is accounted for when receivable. Bank interest is accounted for on an accruals basis.

#### b) Resources Expended

Expenses are accounted for on an accruals basis.

#### c) Grants

Grants are awarded by the Council of Management and recognised when a legal or constructive obligation is created. Details are shown in note 4.

#### d) Tangible assets

No depreciation has been provided on the Foundation's tangible fixed assets which comprise additions to complement the Handel Collection (see note 7).

Small items of office equipment are written off in the year of acquisition.

#### e) Investments

Investments are stated at market value. Net investment gains or losses for the year, both realised and unrealised, are disclosed in the Statement of Financial Activities.

#### f) Taxation

No provision has been made for taxation as the Foundation's charitable status renders it exempt from UK direct taxation.

#### g) Funds

As explained in the Report of the Council of Management on page 2, the Foundation received a gift of £1.6m from the executors of Mrs Patricia Coke in August 1996. A further sum of £62,262 was received subsequently. It is the view of the Council of Management that these gifts constitute an expendable endowment and that they, and any gains or losses arising from the investment of the sums gifted, should be accounted for as a separate fund. As a result, these accounts reflect the existence of separate "Expendable Endowment" and "Income" Funds

### 2. Status

The company is limited by guarantee and has no share capital. The liability of members in the event of a winding up is limited to £1.

# THE GERALD COKE HANDEL FOUNDATION

## Notes to the financial statements For the year ended 31 March 2003

3.	<b>Investment income</b>	<b>2003</b>	<b>2002</b>
		£	£
	Income from listed fixed asset investments	56,663	59,523
	Interest receivable	12,941	14,896
		<u>69,604</u>	<u>74,419</u>

Included in income from fixed asset investments is transitional relief of £921 (2002 : £883)

### 4. Charitable Expenditure

<b>Grants and donations</b>	<b>Unpaid at 1 April 2002 £</b>	<b>Awarded £</b>	<b>Paid in the year £</b>	<b>Unpaid at 31 March 2003 £</b>
Open University Studentship	-	2,000	(2,000)	-
Handel House	1,000	-	(1,000)	-
Victoria and Albert Museum	7,781	-	(7,781)	-
The Foundling Museum	-	10,000	(10,000)	-
	<u>8,781</u>	<u>12,000</u>	<u>(20,781)</u>	<u>-</u>

Grants amounting to £12,000 (2002: £1,900) were awarded during the year. A grant of £10,000 to the Foundling Museum was made subject to certain conditions. These have now been satisfied and the grant is included in the above figure.

#### Commitments

In addition to the amounts noted above, the trustees have authorised a grant to the Foundling Museum which is subject to certain conditions. The total amount authorised but not accrued as expenditure as at 31 March 2003 was £250,000 (2002: nil).

<b>Support costs</b>	<b>2003</b>	<b>2002</b>
	£	£
Legal fees	11,219	-
Music library consultancy	7,795	1,000
	<u>19,014</u>	<u>1,000</u>

<b>Managing and administering the charity</b>	<b>2003</b>	<b>2002</b>
	£	£
Auditors' remuneration (Note 5)	8,660	4,230
Other costs	2,016	1,962
	<u>10,676</u>	<u>6,192</u>

# THE GERALD COKE HANDEL FOUNDATION

## Notes to the financial statements For the year ended 31 March 2003

5.	<b>Net incoming (outgoing) resources for the year</b>	<b>2003</b>	<b>2002</b>
		£	£
	The net incoming resources for the year are stated after charging:		
	Auditors' remuneration		
	- current year	3,290	3,055
	- adjustment re prior year	-	526
	- taxation advice	5,370	649
		<u>8,660</u>	<u>4,230</u>

### 6. Council of Management and other employees

There were no staff costs in the year ended 31 March 2003 (2002 : Nil).

The Council of Management received no emoluments during the year (2002 : Nil).

During the year 4 (2002 : 3) trustees had expenses amounting to £1,258 (2002 : £818) reimbursed for travel and other items directly associated with the running of the Foundation.

7.	<b>Tangible fixed assets</b>	<b>Handel collection</b>	<b>Total</b>
		£	£
	<b>Cost</b>		
	At 1 April 2002	11,586	11,586
	Additions	1,493	1,493
	31 March 2003	<u>13,079</u>	<u>13,079</u>
	<b>Net book value</b>		
	At 31 March 2003	<u>13,079</u>	<u>13,079</u>
	At 31 March 2002	<u>11,586</u>	<u>11,586</u>

All fixed assets disclosed above represent items purchased to complement the Handel Collection and are used only for charitable purposes.

No depreciation has been provided in respect of these purchases. Having taken appropriate advice regarding the condition and use of the Collection, the Council of Management is of the opinion that there has been no impairment of the value of the Collection which is therefore considered to be not less than the cost.

# THE GERALD COKE HANDEL FOUNDATION

## Notes to the financial statements For the year ended 31 March 2003

8. Investments	2003 £	2002 £
Investments at market value at 31 March 2003	1,541,750	2,091,798
Cash held by investment managers	262,318	260,649
	<u>1,804,068</u>	<u>2,352,447</u>

Movements in investments are as follows:

	2003 £	2002 £
Valuation at 1 April 2002	2,091,798	2,116,811
(Decrease)/increase in market value in the year	(546,528)	(33,514)
Additions in the year	10,771	143,292
Disposals in the year (proceeds £10,689; loss £3,602)	(14,291)	(134,791)
Valuation at 31 March 2003	<u>1,541,750</u>	<u>2,091,798</u>

The valuation at 31 March 2003 comprises investments listed on a recognised stock exchange as follows:

	2003 £	2002 £
UK equities	945,353	1,324,421
UK fixed interest	189,519	179,924
Overseas equities	339,738	522,438
Overseas fixed interest	67,140	65,015
Valuation at 31 March 2003	<u>1,541,750</u>	<u>2,091,798</u>

	£	£
The historical cost of the investments at the year end was:	<u>1,809,090</u>	<u>1,812,324</u>

Included in the total are the following investments the values of which exceed 5% of the overall portfolio valuation. No restrictions apply to the realisation of these holdings.

Holding	Investment	Market Value £
97,414	Charinco Dist Units	189,519
321,044	Charishare Dist Units	847,717
394,677	33 KWS Overseas fund	339,738
94,275	33 KWS Growth & Recovery	97,636

# THE GERALD COKE HANDEL FOUNDATION

## Notes to the financial statements For the year ended 31 March 2003

9.	<b>Creditors:</b> amounts falling due within one year	<b>2003</b> £	<b>2002</b> £
	Grants payable (note 4)	-	8,781
	Accruals	<u>4,547</u>	<u>3,298</u>
		<u>4,547</u>	<u>12,079</u>

### 10. Related Party Transactions

Two members of the Council of Management are also trustees of The Foundling Museum (to which a grant of £10,000 was made during the year and with which the Foundation has a continuing close relationship).

### 11. Analysis of Net Assets between Funds

Fund balances at 31 March 2003 are represented by:

	<b>Income Fund</b> £	<b>Expendable Endowment</b> £	<b>Total</b> £
Fixed assets	223,885	1,593,262	1,817,147
Current assets	130,392	-	130,392
Liabilities	(4,547)	-	(4,547)
Total net assets	<u>349,730</u>	<u>1,593,262</u>	<u>1,942,992</u>