

Company Registration Number 02653428

Charity Number 1006009



THE HANDEL HOUSE TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 OCTOBER 2018

THE HANDEL HOUSE TRUST LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2018

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THE HANDEL HOUSE TRUST LIMITED

REFERENCE AND ADMINISTRATIVE INFORMATION

Registered charity name	The Handel House Trust Limited		
Charity number	1006009		
Company registration number	02653428		
Principal and registered office	25 Brook Street London W1K 4HB		
President	Christopher Purvis CBE		
Trustees			
	The Earl of Balfour	2	
	Harry Bicket		
	Victoria Broackes	1, 3	
	Robin Broadhurst	1, 3	
	William Conner		
	Robert Dickins CBE	1	
	Lucy Le Fanu (appointed 14 January 2019)		
	Jane Ridley		
	Michael Ridley	2, 3	
	Simon Weil (Chairman)	1, 2, 3	
	1 = member of the Nominations Committee		
	2 = member of the Finance Committee		
	3 = member of the Building Committee		
Auditor	BDO LLP Chartered Accountants & Statutory Auditor 150 Aldersgate Street London EC1A 4AB		
Investment advisers	Ruffer 80 Victoria Street London SW1E 5JL Lombard Odier Queensbury House 3 Old Burlington Street London W1S 3AB		
Bankers	Lloyds TSB plc 185 Baker Street London NW1 6XB		

THE HANDEL HOUSE TRUST LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2018

The highlight of the year of 2017-18 was the official launch of the Trust's Hallelujah Project – a plan to re-possess the ground floor and basement of 25 Brook Street and re-create the whole of Handel's house as it would have been in his day.

The project was launched on 23 February 2018 (Handel's birthday) with an all-day party at the house, enlivened by music recitals every hour performed by the Amade Players. The Trust is honoured that HRH The Prince of Wales has agreed to be the Royal Patron of the campaign, and generous donors in the UK and the USA have been signing up throughout the year to the Handel Hundred – a new group set up to support the project.

Meanwhile life at the house has continued in a positive vein. A new project, 'Music in the Making' (generously supported by Sir Siegmund Warburg's Voluntary Settlement) has ensured that visitors have a greater opportunity to hear live baroque music when they come to the house on Wednesdays and Saturdays. New guided tours (both Handel and Hendrix) have been instituted as a regular fixture on Friday afternoons, included in the normal admission price, and have been very well received.

A programme of guitar lessons held on Saturdays has also proved very popular and the regular Tuesday evening Baroque concerts in Handel's Music Room have continued to sell out every week.

The 3-year Baroque Central schools workshop programme came to an official end with a glorious finale in summer 2018, but work with the schools who took part in it has continued. This is in addition to the other work the Trust does with school groups, as well as the established project with the RNIB for visually impaired musicians. The New Artists Programme (including the Composer in Residence and Handel House Talent scheme) has gone from strength to strength.

All these innovative programmes not only fulfil the Trust's mission to bring the music of the two geniuses represented at 23 and 25 Brook Street to the widest possible audience, but also serve to enrich the life of the house by building strong and lasting relationships with many talented young musicians.

As ever, the Trust's team of exceptional volunteers kindly continued to give their time and expertise every week to enhance the interpretation of both the Handel and Hendrix rooms for visitors. Their exceptional quality is reflected in the Visitors Book where glowing comments about the friendly and knowledgeable volunteers abound.

During the year a staff re-structure was carried out, and the board was refreshed with four new recruits. Both the staff team and the board end the year in stronger shape, and looking forward to taking the charity forward through some exciting years ahead.



Signed by SIMON WEIL (CHAIRMAN)

Date: 26.06.2019

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT (INCORPORATING A DIRECTORS' REPORT) FOR THE YEAR ENDED 31 OCTOBER 2018

The Trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements for the year ended 31 October 2018.

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details are shown on page 1 of the financial statements.

The Trustees

The Trustees who served during the year were as follows:

The Earl of Balfour (appointed 25 June 2018)

Harry Bicket (appointed 14 May 2018)

Victoria Broackes

Robin Broadhurst

William Conner

Robert Dickins CBE

Adrian Frost (resigned 2 July 2018)

Jane Ridley (appointed 14 May 2018)

Michael Ridley (Deputy Chairman)

Simon Weil (Chairman)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal Status

The Handel House Trust Limited, also known as the Handel House Museum or Handel House ("the Trust" "the House") and as Handel & Hendrix in London is a company limited by guarantee and as such is governed by its Articles of Association as updated on 17 February 2014. It was incorporated on 11 October 1991. It is also a registered charity.

Organisational structure

The work of the Trust is overseen by a board of trustees who meet at regular intervals to provide strategic direction and monitor and review the work of the Trust. During the year the board met six times. Board meetings include members of staff as appropriate. The day-to-day running of the Trust was carried out by the permanent staff of the Trust under the leadership of the Director, Elizabeth Nicholson, who reported to the chairman and the board. The Trust is also grateful for the support of volunteers who give considerable time and assistance in running the museum.

Trustees

Trustees are elected by the Members at meetings during the year and casual vacancies may be filled by the existing trustees.

There is a Nominations Committee that reviews the tenure of board members, the skills that are required on the board and the succession policy. It makes recommendations to the board on possible future appointments. An information pack is sent to new trustees, which includes an outline of their duties and the organisation's expectations of its board members.

The Finance Committee meets periodically to review the investment strategy and performance. It also oversees the audit and reviews risk in advance of each board meeting.

A Buildings Committee meets approximately quarterly and oversees plans for the Hallelujah Project, to complete Handel's house at 25 Brook Street. This committee includes members who are not on the main board, including representatives of the Georgian Group.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 (continued)

The Board reviews its own performance on an annual basis. The Board and the Director assess how the Board functions as a whole and, where appropriate, makes changes. The Chairman also reviews with each of the trustees their performance and contribution and the possible further development of their skills. The Chairman's performance is similarly reviewed by a colleague on the board.

Risk management

The Finance Committee is responsible for analysing the type and level of risk at Handel House. Every board meeting agenda includes a review of the major risks to which the Trust is exposed. The Board are satisfied that all major risks have been identified, that awareness of these risks is the most effective way of addressing them and that systems are in place to manage the Trust's exposure.

Mission

The mission of the Trust is to promote knowledge, awareness and enjoyment of Handel and his music to as wide a public audience as possible. The Trust strives to inspire, educate and inform through the interpretation of the Georgian house in Brook Street, where Handel lived and composed for 36 years, through live music performances, educational and outreach activities and collecting exhibiting and interpreting objects related to Handel's life and works. In addition, the Trust has a mission to promote the musical and cultural heritage of 23 Brook Street through its association with Jimi Hendrix who lived there in the late 20th century.

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE

The launch of the Hallelujah Project, to fulfil the Trust's mission and complete Handel's house (by opening up the ground floor and basement of 25 Brook Street and re-instating the façade) was on 23 February 2018 – Handel's birthday.

A key factor in the financial planning for this project was to increase the Trust's Endowment Fund, to help compensate for the future loss of income once the ground floor and basement are no longer available to be sub-let to a commercial tenant.

In this respect, the project had a splendid boost in the form of an Endowment Grant of £250,000 from the Heritage Lottery Fund, which was used as match-funding for a legacy of the same amount from Alexander Mackenzie of Ord (half the proceeds of the sale of his flat in Bristol). Thus the Trust's existing Endowment funds were increased by £500,000, creating a strong base for launching the fundraising campaign to cover the capital costs of converting the house.

A comprehensive Feasibility Study for the project was carried out on the Trust's behalf by Peregrine Bryant architects. This plan was costed at £3.3m and a bid was put in to the Heritage Lottery Fund in 2018 for a grant of just under £1m towards it, with a view to raising the rest from a combination of the Trust's own resources and a 4-year fundraising campaign. Unfortunately it proved to be an exceptionally competitive round for HLF grants and the bid was unsuccessful.

However, what had originally appeared as a setback led the Trust to reconsider the original building proposal and come up with an alternative plan, that avoided the need to re-locate the existing lift shaft. The board was delighted that not only did this plan offer savings of more than £1m when compared with the original scheme, but it also had many other advantages in terms of how the finished building could be laid out for visitors. Necessity proved the mother of a new, improved invention – and the Hallelujah Project ended the year firmly back on track.

There is a robust fundraising campaign in place to ensure that the project can be completed by 2023, the 300th anniversary of when 25 Brook Street was built, and when Handel moved in as its first occupant. The focus for the next few years will be on following through with this campaign and raising the funds to allow the Trust to carry out the grand plan without risk to its long-term financial sustainability.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 (continued)

Part of this fundraising campaign has been the creation of the 'Handel Hundred' – a group of individual supporters who each donate a minimum of £5000 specifically to the Hallelujah Project. This has got off to an excellent start, with over £200,000 in pledges already secured.

In addition plans have been put in place to develop and extend the Handel House Friends of America, with new US donors already signing up, and a programme of events planned for HHFA supporters.

A new 'Hundred Room' was created during the year in one of the original Georgian Rooms in 23 Brook Street, adjoining the historic Handel rooms. This distinctively furnished room has come into its own for a variety of purposes, partly as a private members room for Handel Hundred donors, partly as a 'green room' for musicians who come to perform concerts at the house, and occasionally as extra meeting room space when needed.

New standing exhibitions, one on Handel's music and one on Handel's London, were also inaugurated to enhance the visitor experience. And four new paintings, all by artists included in the list of works known to have been owned by Handel, were borrowed from the V&A to enrich the presentation of the historic rooms.

A number of successful existing projects have been continued, including the Young Artists Programme (which includes both Handel House Talent and the Composer-in-Residence project). This exceptional group of young professional baroque musicians work with us over the course of a year, culminating in a magnificent 'Christmas Showcase' at St George's, Hanover Square. This year a haunting new work, written by Composer in Residence Alex Groves, inspired by the carol 'In the Bleak Midwinter' and performed by three of the Handel House Talent musicians, was a particular highlight of the event, holding the audience spell-bound.

Our long-standing programme with the RNIB for visually impaired musicians continued, as did Music in the Making – an 'open rehearsal' programme taking place during opening hours, and supported by Sir Siegmund Warburg's Voluntary Settlement.

The grand finale of our 3-year Baroque Central project for London state primary schools, supported by John Lyon's Charity, took place in summer 2018. This saw over 300 children gathered in St George's church, Hanover Square, gloriously joining together to sing 'Zadok the Priest' and an aria from 'Acis and Galatea' – a moving experience that will doubtless live on in their memories for many years to come. Although this great project has now been completed, we will continue to work with the schools involved on future programmes.

We have instituted new weekly guided tours of both the Handel and Hendrix rooms, given by our very knowledgeable volunteers and included in the ticket price for general admission. These have proved very popular with visitors timing their visits to enable them to take advantage of this enhanced experience of the house.

We have strengthened our ties with the London Handel Festival over the year, collaborating on events during the festival. And we have continued our regular connection with the British Harpsichord Society, as part of our regular Tuesday evening baroque concert programme.

We have held a series of 'whole house' events over the year (some in collaboration with Museums at Night). These have featured not just music and dance – with performers in costume – but also a wide variety of entertainments in different rooms in the house for visitors to enjoy. They are advertised exclusively via social media, and have gained such a popular reputation that they sell out very rapidly.

We are also embarking on a project to expand and enhance the venue hire options we are able to offer.

We are continuing to develop new ideas to enhance our digital marketing, and to forge marketing partnerships with organisations running heritage rock tours and other related activities to increase our visitor numbers. Admissions over the year have settled into a more regular pattern, with Saturdays generally the busiest day, and March to October the busiest months. We continue to diversify the range of merchandise on sale in the shop, which continues to attract an average per capita spend of around £3.00.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 (continued)

During the year we carried out a minor staff re-structure, to create a leaner overall team, with stronger support for the Front of House functions. We also recruited a number of new board members to prepare for the capital campaign ahead.

PUBLIC BENEFIT

The Trustees have considered the Charity Commission's guidance on public benefit. They believe that the Handel House Trust is achieving and continually improving its public benefit remit through its presentation of the house to visitors, its education programmes, public concerts and other public events.

PLANS FOR THE COMING YEAR

The main focus of 2018-19 will be on fundraising for the Hallelujah Project, based on the revised plan and costings. Additional major individual donors will be sought in both the UK and the USA, and applications made to charitable trusts and foundations, with a target of raising approximately £2m in donations between now and 2023.

The fundraising plan will include a number of special events associated with the Hallelujah Project. In September the Trust will host a symposium, bringing together experts on various aspects of 18th-century domestic life (furniture, paintings, lighting, rugs and floor coverings, kitchens etc) to inform the accurate and authentic presentation of the house that will be a key part of the Hallelujah Project.

In 2020 we are planning a 'Handeliade' – a long weekend in a private house in the Cotswolds featuring music performances, talks and a costume ball celebrating all things Handel.

In addition, a programme of imaginative, exclusive events will be arranged for the Handel Hundred throughout the coming years.

Meanwhile we will continue to monitor and improve the activities and events that bring the house to life for our visitors. Our long-standing relationships with the RNIB and London Handel Festival will be nurtured and developed.

Our aim will be to maintain the high level of visitor satisfaction we have enjoyed over the past year, as reflected in the feedback we have received on on-line platforms and in our visitor book. One of our favourite recent comments in this book was 'So much genius in such a small place'. That neatly sums up the magical sense of connection to our two musicians that we hope to convey to all our visitors over the year ahead.

FINANCIAL REVIEW

The Trust remains extremely grateful for and appreciative of the trusts, foundations and individuals that support Handel House. In 2017-18 the Trust raised £333,559 (2017: £984,542) of voluntary income and has a net deficit of £471,906 (2017: surplus £769,709). The Investment Property has been revalued at 31 October 2017 to £8.6m to bring it in line with its Fair Value and revalued again at 31 October 2018 to £8.2m. The valuation was undertaken professionally by Hanover Green Retail.

Contributions included a grant from the American Friends of Handel House, as well as donations from our Friends scheme, our Circle members and the new Handel Hundred group for supporters of the Hallelujah Project.

Trusts that have generously supported us this year include the Kathleen Hannay Memorial Charity, the Cecil Pilkington Charitable Trust, the Ampelos Trust (in memory of Ruth Rendell), the Bircham Dyson Bell Charitable Trust, the Ronus Foundation (in the USA) and the Loveday Charitable Trust. We also received the final tranche of the Heritage Lottery Endowment match-funding grant awarded to us in the previous year.

Gifts from individuals included major donations from Richard and Rosamund Bernays, James and Laura Duncan and Simon Weil.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 (continued)

Kind legacies were received from Celia Jackson (the balance of a legacy received last year) and Andrew Wall.

RESERVES AND INVESTMENT POLICY

The Trust has a designated fund of £13,663,298 representing the museum's fixed assets, a substantial part of which represents the value of a 999-year lease on the building.

The board's policy is to maintain a minimum of eight months' operating expenditure in free reserves. The Trust's free reserves currently exceed this level, in prudent anticipation of the forthcoming financial demands of the Hallelujah Project.

In 2017-18 the board accepted the recommendation from the Finance Committee, under its Chairman, Adrian Frost, to transfer its investment funds from Heartwood Wealth and divide them between two alternative investment managers, Lombard Odier and Ruffer.

The Board agrees that no material uncertainties that cast significant doubt about the ability of the museum to continue as a going concern have been identified. It has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

CONNECTED CHARITIES

The Trust was advised that the Handel House Collections Trust, which was originally set up to safeguard the Trust's collection, no longer served that purpose and, since it had been dormant for several years, should be wound up, with its assets being transferred to the Handel House Trust. This was approved by the Charity Commission in February 2019 and has now been implemented.

The Trust continues to work closely with its other connected charity, the Handel House Foundation of America, USA. The Foundation provides fundraising and other support for Handel House Trust Limited. Handel House Foundation of America currently has Simon Weil as a common trustee with the Handel House Trust Ltd.

Further details of transactions and balances with these connected entities are given in the notes to the financial statements.

RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of The Handel House Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating a directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 (continued)

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITOR

On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Trustees have appointed BDO LLP as auditor in their place.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the specific provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the trustees on 26 JUNE 2019



SIMON WEIL (CHAIRMAN)

THE HANDEL HOUSE TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HANDEL HOUSE TRUST LIMITED

We have audited the financial statements of The Handel House Trust Limited (the 'charitable company') for the year ended which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes 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 FRS 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 charitable company's affairs as at Year End and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

THE HANDEL HOUSE TRUST LIMITED

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit [or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities Statement set out on pages 3 to 12, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

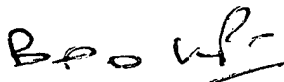
THE HANDEL HOUSE TRUST LIMITED

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Nicholas Simkins FCA
Senior Statutory Auditor

for and on behalf of

BDO LLP

150 Aldersgate Street
London
EC1A 4AB

Date:

27/6/2019

THE HANDEL HOUSE TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	Total Funds 2017 (restated) £
INCOME FROM							
Donations and legacies	2	207,025	-	126,534	-	333,559	984,542
Income from Charitable activities	3	221,513	-	-	-	221,513	232,794
Other Trading Activities	4	265,360	-	-	-	265,360	208,952
Income from Investments	5	424	-	-	-	424	521
TOTAL INCOME AND ENDOWMENTS		694,322	-	126,534	-	820,856	1,426,809
EXPENDITURE ON							
Expenditure on Raising Funds	6	56,182	-	-	-	56,182	60,793
Expenditure on Charitable activities	7	737,132	-	-	-	737,132	743,964
TOTAL EXPENDITURE		793,314	-	-	-	7,93,314	804,757
Net gains/(losses) on investments	13,14	(34,566)	(410,000)	-	(54,882)	(499,448)	147,657
NET INCOME/ (EXPENDITURE)	9	(133,558)	(410,000)	126,534	(54,882)	(471,906)	769,709
Transfers between funds	10	(43,550)	43,550	-	-	-	-
NET MOVEMENT IN FUNDS		(177,108)	(366,450)	126,534	(54,882)	(471,906)	769,709
Total funds brought forward		1,159,951	14,029,748	40,869	2,410,443	17,641,011	16,871,302
TOTAL FUNDS CARRIED FORWARD		982,843	13,663,298	167,403	2,355,561	17,169,105	17,231,011

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared. All of the above amounts relate to continuing activities.

The notes on pages 15 to 30 form part of these financial statements.

THE HANDEL HOUSE TRUST LIMITED

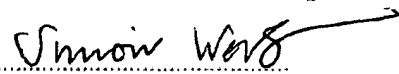
BALANCE SHEET

AS AT 31 OCTOBER 2018

	Note	2018 £	2017 (restated) £
FIXED ASSETS			
Tangible assets	12	5,463,298	5,419,748
Investment property	13	8,200,000	8,610,000
Investments	14	2,897,835	2,092,246
		<u>16,561,133</u>	<u>16,121,994</u>
CURRENT ASSETS			
Stocks		29,696	25,243
Debtors	15	43,178	81,928
Cash at bank and in hand	16	662,517	1,480,884
		<u>735,391</u>	<u>1,588,055</u>
CREDITORS: Amounts falling due within one year	17	(127,419)	(69,038)
NET CURRENT ASSETS		<u>607,972</u>	<u>1,519,017</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,169,105</u>	<u>17,641,011</u>
NET ASSETS		<u>17,169,105</u>	<u>17,641,011</u>
FUNDS			
Endowment funds	18	2,355,561	2,410,443
Restricted income funds	19	167,403	40,869
Designated funds	20	13,663,298	14,029,748
Unrestricted income funds	20	982,843	1,159,951
TOTAL FUNDS		<u>17,169,105</u>	<u>17,641,011</u>

These financial statements have been prepared in accordance with specific provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the trustees and authorised for issue on 26.10.18 and signed on their behalf by:


SIMON WEIL (CHAIRMAN)

Company Registration Number 02653428

The notes on pages 15 to 30 form part of these financial statements.

THE HANDEL HOUSE TRUST LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2018

	2018	2017 (restated)
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities	<u>208,278</u>	<u>587,257</u>
Cash flows from investing activities:		
Investments, dividends and interest income	424	521
Purchase of fixed assets	(132,032)	(56,376)
Purchase of investments	(3,082,837)	-
Proceeds from the sale of investments	<u>2,197,751</u>	<u>-</u>
Net cash provided by investing activities	<u>(1,016,694)</u>	<u>(55,855)</u>
Change in cash and cash equivalents in the reporting period	<u>(808,416)</u>	<u>531,402</u>
Cash and cash equivalents at the beginning of the reporting period	<u>1,480,884</u>	<u>949,482</u>
Cash and cash equivalents at the end of the reporting period	<u>672,468</u>	<u>1,480,884</u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018	2017 (restated)
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financing activities)	(471,906)	769,709
Adjustments for:		
Depreciation and impairment	88,482	74,659
(Gains)/Losses on investments	89,448	(147,657)
Loss on revaluation of investment property	410,000	-
Investments, dividends and interest income	(424)	(521)
Decrease/ (Increase) in debtors	38,750	10,839
Increase/ (Decrease) in creditors	58,381	(125,640)
Decrease/ (Increase) in stock	(4,452)	5,868
Net cash provided by/(used in) operating activities	<u>208,278</u>	<u>587,257</u>

Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	662,517	439,475
Cash deposits held within investments	9,951	1,041,409
Total cash and cash equivalents	<u>672,468</u>	<u>1,480,884</u>

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at fair value. They are in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity constitutes a public benefit entity as defined by FRS 102.

Incoming resources

Voluntary income including grants, donations, shop income, and investment income are accounted for when receivable. Admission fees are accounted for on receipt. Legacies are accounted for when the charity has entitlement, receipt is probable and the amount is measurable. Income is deferred only when conditions for its receipt have not been met.

The museum shop fulfils a dual role in meeting the objectives of perpetuating the memory of George Frideric Handel and in raising funds to support the museum. The trustees do not believe that separating the income and expenditure of the two functions is an appropriate use of resources and accordingly all income and expenditure relating to the shop is disclosed within incoming resources from charitable activities - the primary source of the income.

Tangible gifts are included in the financial statements, both as income and expenditure, or an addition to fixed assets, at the estimated value of the gift to the charity. The time given by volunteers is not valued in the financial statements.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using their closing quoted market price. Realised and unrealised gains and losses are shown in the statement of financial activities together as net gains on revaluation and disposals of investment assets. Investments held in the cash liquidity funds are classified within current assets.

The Trust does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the Trust is that of volatility in the investment markets due to wider economic condition &, the attitude of investors to investment risk.

Funds

Unrestricted funds are the general funds of the charity, which may be used at the trustees' discretion in accordance with the charitable objects.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

Restricted funds are grants and donations received that can only be used for the particular purpose stipulated by the donor and are separately recognised in the financial statements according to their respective restrictions.

Grants and donations that are intended to form part of the capital funds of the charity are credited to the expendable endowment.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES *(continued)*

Resources expended

All expenditure is recognised on an accruals basis and has been classified under headings that aggregate all costs related to the category. Wherever possible expenditure is directly attributed to areas of activity. Costs unattributable to a specific area of activity are identified as support costs and are allocated to the Statement of Financial Activities on the basis of staff time or usage of the building.

Expenditure on raising funds comprise fundraising and marketing expenditure.

Expenditure on charitable activities includes services supplied identifiable as wholly or mainly in support of the charity's objectives as shown in the notes to the financial statements.

Governance costs, which are included within expenditure on charitable activities, comprise the costs of compliance with constitutional and statutory requirements and include certain staff costs, auditor's remuneration, trustees indemnity insurance and legal and professional fees.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Assets with an initial cost of more than £1,000 are capitalised and included at cost or, if gifted, their value to the charity at the time of the gift.

Musical instruments and antiques are currently included in the accounts at cost. It is the intention of the trustees to ensure that these artefacts are maintained to the highest standard and it is expected that the value of them will increase over time. It is proposed to obtain periodic valuations to confirm the value of these items and they will be subject to annual impairment reviews. Since the residual value is so high, any depreciation charge would be negligible.

Capital expenditure on buildings including exhibitions and education includes the cost of materials and externally contracted services.

Depreciation is charged on a straight line basis to write off the cost of the other assets to their estimated residual value over the expected useful economic lives of the assets. Useful economic lives are not deemed to be longer than the following in each category:

Long Leasehold Property	- over 50 years to an estimated residual value of £4m
Museum fittings	- over 4 to 20 years reducing balance
Computers	- over 3 years reducing balance
Office equipment	- over 4 years reducing balance

Investment properties

Investment property, which is property held to earn rentals, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the SOFA for the period in which they arise.

An external independent valuer, having appropriate recognised professional qualifications and current experience of the location and type of property being valued, values the Charity's investment property. Fair values are based on market values. Market values are the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing.

Valuations reflect the type of occupier and the general perception of their likely creditworthiness, the division of related costs between landlord and tenant, the incidence of rent reviews and anticipated revised rental levels, and the remaining economic life of the property.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES *(continued)*

Prior year adjustment – Note 25

Previously the investment property was not carried at its fair value and as this was not in line with FRS 102, the property was formally valued at 31 December 2018. Accordingly an adjustment is made to the opening reserves at 1 November 2016 to increase the unrestricted funds by £7.66m. The surplus generated in the year ended 31 October 2017 has been adjusted to reverse the previously recognised impairment of £190,000 and the revaluation gain of £340,000.

Stock

Stock is included in the financial statements at the lower of cost and net realisable value and represents the shop stock.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net incoming resources.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Debtors

Debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Creditors

Creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Taxation

The charity is exempt from corporation tax on its income applied for charitable activities.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

1. ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and areas of judgement

When preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

a) Estimate of fair value of investment property

In accordance with FRS 102 section 16 the best evidence of fair value is current prices in an active market for an identical or similar asset. In the absence of such information, the charitable company determines the amount within a range of reasonable fair value estimates. In making its judgment, the charitable company considers information from a variety of sources, including:

- i) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
 - ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
 - iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- iv) analysis of rental yields against those of published figures.

b) Principal assumptions for management's estimation of fair value

The charitable company uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals, void periods; maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the company and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	Total Funds 2017 £
Heritage Lottery Fund Handel House	-	121,340	-	121,340	424,873
Foundation of America	16,740	-	-	16,740	34,900
Donations from individuals	177,737	5,194	-	182,931	193,823
Legacies	12,548	-	-	12,548	330,946
	<u>207,025</u>	<u>126,534</u>	<u>-</u>	<u>333,559</u>	<u>984,542</u>

£210,380 of donations and legacies received in 2017 were in respect of restricted funds.

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Admission fees	124,064	124,064	131,276
Education	10,409	10,409	3,061
Exhibitions and events	38,493	38,493	37,966
Shop income	48,547	48,547	60,491
	<u>221,513</u>	<u>221,513</u>	<u>232,794</u>

All income from charitable activities received in 2017 was in respect of unrestricted funds.

4. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Rental income	265,360	265,360	208,952

All income from other trading activities received in 2017 was in respect of unrestricted funds.

5. INCOME FROM INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Bank interest receivable	424	-	424	521
	<u>424</u>	<u>-</u>	<u>424</u>	<u>521</u>

£1 of income from investment income received in 2017 was in respect of restricted funds.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£
Fundraising and marketing	48,281	-	48,281	49,982
Support costs	7,901	-	7,901	10,811
	<u>56,182</u>	<u>-</u>	<u>56,182</u>	<u>60,793</u>

All expenditure on raising funds spent in 2017 was in respect of unrestricted funds.

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs	Support costs	Total Funds 2018	Total Funds 2017
	£	£	£	£
Museum running expenses	126,471	303,690	430,161	595,764
Education	41,126	58,615	99,741	94,527
Exhibitions and events	33,546	43,543	77,089	72,825
Shop costs	7,341	21,389	28,730	32,018
Capital project costs	-	73,142	73,142	107,739
Governance costs	790	27,479	28,269	31,091
	<u>209,274</u>	<u>527,858</u>	<u>737,132</u>	<u>933,964</u>

£NIL (2017: £208,289) of expenditure on charitable activities was in respect of restricted funds.

8. SUPPORT COSTS

	2018	2017
	£	£
Museum running expenses	303,690	464,991
Education	58,615	57,936
Exhibitions and events	43,543	42,955
Shop costs	21,389	28,397
Capital project costs	73,142	107,739
Ex-gratia payment	-	-
Governance costs:		
Legal and professional fees	3,015	10,259
Audit fees	15,090	15,900
Other costs	9,374	3,874
Trustees' indemnity insurance	-	-
	<u>527,858</u>	<u>732,051</u>

9. NET INCOME

This is stated after charging

	2018	2017 restated
	£	£
Depreciation and impairment	88,482	74,659
Auditor's remuneration (exclusive of VAT):		
- audit of the financial statements	8,450	8,200
- accountancy, payroll and VAT	6,520	4,190
	<u>103,452</u>	<u>87,049</u>

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

10. FUND TRANSFERS

The transfers disclosed on the face of the Statement of Financial Activities, relate to the following:

- 1) £43,550 between unrestricted and designated fund represents the net movement in fixed assets during the year.

11. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	237,277	231,519
Social security costs	18,582	20,751
Other staff costs	6,382	7,270
	<u>262,241</u>	<u>259,540</u>

No employees received emoluments including employers' pensions contributions which amounted over £60,000.

The key management personnel comprise the trustees and the Director. The total benefits received by key management personnel in the year amounted £41,163 (2017: £41,516).

Particulars of employees:

The average number of employees during the year was 10 (2017: 10). The number of employees on the basis of full-time equivalents, was as follows:

	2018	2017
	No	No
Museum running	5	6.3
Education	1	0.7
Fundraising	0.5	0.1
Events	1	0.5
Support	0.5	0.6
	<u>8.0</u>	<u>8.2</u>

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

12. TANGIBLE FIXED ASSETS

	Long leasehold property £	Building improvements, incl exhibitions & education	Museum Fittings £	Musical instruments & antiques £	Computers & office equipment £	Total £
COST						
At 1 November 2017	3,428,173	1,807,291	274,850	205,260	109,348	5,824,922
Additions	-	63,013	69,019	-	-	132,032
Revaluation gain	-	-	-	-	-	-
At 31 October 2018	3,428,173	1,870,304	343,869	205,260	109,348	5,956,954
DEPRECIATION						
At 1 November 2017	62,082	63,253	206,744	-	73,095	405,174
Charge for the year	5,456	37,406	34,281	-	11,339	88,482
Provision for impairment	-	-	-	-	-	-
At 31 October 2018	67,538	100,659	241,025	-	84,434	493,656
NET BOOK VALUE						
At 31 October 2018	3,360,635	1,769,645	102,844	205,260	24,914	5,463,298
At 31 October 2017	3,366,091	1,744,038	68,106	205,260	36,253	5,419,748

Historically, a portion of the long leasehold property has been rented out to a 3rd party. On transition to FRS 102, this has been reclassified as an investment property and is being recognised at the fair value.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

13. INVESTMENT PROPERTY

	2018 £	2017 (restated) £
At the beginning of the year	8,610,000	8,610,000
Additions	-	-
Assets written off	-	-
Revaluations	(410,000)	-
At the end of the year	8,200,000	8,610,000

The fair value of the Charity's investment property was restated at 31 October 2017 per the requirements of FRS102. The valuation has been arrived on the basis of a valuation carried out by M Thomas (MRICS) of Hanover Green Retail LLP, independent valuers not connected to the Charity at 31 December 2018. The valuation has been prepared in accordance with the RICS Valuation – Professional Standards January 2014 published by the Royal Institution of Chartered Surveyors on the basis of Fair Value as defined under by FRS 102 and has been undertaken on a desktop basis. The value has been arrived at by inspecting the premises and carrying out necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and further investment considerations and by reviewing the lease renewal reports and tenancy related information based solely on the accommodation occupied by the tenant. The valuation was arrived at after considering the contracted rent of £275,000 p.a. The tenant has served notice to depart the building in January 2020. It is important to note that this rental was agreed between the Landlord & Tenant when the new terms were agreed to lease the building to the tenants who in turn forfeited their Landlord & Tenant Act rights, estimated rental value of £285,000 p.a. (£650 per sq ft ITZA), initial yield of 3.13%, revisionary yield of 3.25% and capital value per square feet of £5,100 per sq ft which relates purely to the retail. No other significant assumptions were made.

The investment property represents the ground floor and basement retail unit of 25 Brook Street which is rented out to a third party and the value of this investment portion of the property is deemed to be £8,200,000 (2017: £8,610,000). The Charity holds the long leasehold title to 25 Brook Street and uses the rest of the floors for operational purposes and is included in tangible fixed assets.

The historical cost of the entire property at 25 Brook Street is £4,376,122 (2018: £4,376,122) and the cost of the investment portion (31%) was £1,356,598 (2017: £1,356,598).

14. INVESTMENTS

Movement in market value

	2018 £	2017 £
<i>Listed investments:</i>		
Market value at 1 November 2017	2,092,246	1,944,589
Additions	3,000,000	-
Disposal proceeds	(2,197,751)	-
Net gains/(losses) in the year	(89,448)	147,657
Cash	9,951	-
Market value of listed investments at 31 October 2018	<u>2,897,835</u>	<u>2,092,246</u>
Historical cost at 31 October 2018	<u>2,999,836</u>	<u>1,572,264</u>

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

At 31 October 2018 the analysis of investments is as follows:

	2018 £	2017 £
Heartwood Balanced Multi Asset Fund C Acc	-	1,504,223
Heartwood Balanced Multi Asset Fund I Acc	-	588,023
Lombard Odier	959,947	-
Ruffer	1,937,888	-
	<u>2,897,835</u>	<u>2,092,246</u>

15. DEBTORS

	2018 £	2017 £
Handel House Collections Trust	1,562	1,884
Other debtors	2,810	7,283
Prepayments and accrued income	38,606	72,761
	<u>43,178</u>	<u>81,928</u>

16. CASH AT BANK AND IN HAND

	2018 £	2017 £
Deposit accounts	-	1,041,409
Current accounts and cash in hand	662,517	439,475
	<u>662,517</u>	<u>1,480,884</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	38,468	16,514
Taxation and social security	5,799	6,265
Deferred income	42,672	23,014
Other creditors	11,579	-
Accruals	11,937	15,843
VAT	16,964	7,402
	<u>127,419</u>	<u>69,038</u>

Deferred income reconciliation:

	2018 £	2017 £
Balance brought forward	23,014	32,465
Released in year	(23,014)	(32,465)
Received in advance	42,672	23,014
Balance carried forward	<u>42,672</u>	<u>23,014</u>

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

18. ENDOWMENT FUNDS – CURRENT YEAR

	Balance at 1 Nov 2017 £	Income and Transfers £	Unrealised investment loss £	Balance at 31 Oct 2018 £
Expendable endowment	<u>2,410,443</u>	<u>-</u>	<u>(54,882)</u>	<u>2,355,561</u>

ENDOWMENT FUNDS – PRIOR YEAR

	Balance at 1 Nov 2016 £	Income and Transfers £	Unrealised investment gain £	Balance at 31 Oct 2017 £
Expendable endowment	<u>1,804,529</u>	<u>500,000</u>	<u>105,914</u>	<u>2,410,443</u>

- (a) The Expendable Endowment was initially created by a Trust Deed dated 22 December 2000. The purpose of the fund is to provide a base from which incoming resources, including capital gains, may be generated to enable the trust to meet the future running costs of the museum. Investment income is allocated to unrestricted funds.
- (b) A new endowment was created from a combination of £250,000 received from the legacy of Alexander Mackenzie of Orde, matched by a grant from the Heritage Lottery Fund. This will be held to sustain the financial security of the Trust after the repossession of the lower floors of 25 Brook Street planned for December 2021, and the resulting loss of rental income.

19. RESTRICTED INCOME FUNDS – CURRENT YEAR

	Balance at 1 Nov 2017 £	Incoming Resources £	Outgoing Resources £	Transfers £	Balance at 31 Oct 2018 £
Stanley Sadie Memorial Lecture	-	-	-	-	-
HH CD Production	49	-	-	-	49
Visually Impaired Persons programme	-	-	-	-	-
Baroque Central	27,293	-	-	-	27,293
Handel House Talent	-	-	-	-	-
Music in making	13,527	-	-	-	13,527
Capital project development phase	-	126,534	-	-	126,534
TOTALS	<u>40,869</u>	<u>126,534</u>	<u>-</u>	<u>-</u>	<u>167,403</u>

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

RESTRICTED INCOME FUNDS – PRIOR YEAR

	Balance at 1 Nov 2017	Incoming Resources	Outgoing Resources	Transfers	Balance at 31 Oct 2018
	£	£	£	£	£
Stanley Sadie Memorial Lecture	149	-	(300)	151	-
HH CD Production	49	-	-	-	49
Visually Impaired Persons programme	911	-	(911)	-	-
Baroque Central	26,461	21,800	(20,968)	-	27,293
Handel House Talent	11,056	-	(11,056)	-	-
Music in making	-	13,707	(180)	-	13,527
Capital project development phase	-	174,873	(208,708)	33,835	-
TOTALS	38,626	210,380	(242,123)	33,986	40,869

The Stanley Sadie Memorial Lecture: This fund was established by individual donations received in memory of Stanley Sadie. The fund is used for an annual memorial lecture.

HHCD production: This fund was established to support the production of the CD of Eight Great Harpsichord Suites recorded by Laurence Cummings in the House.

Visually Impaired Persons programme: This fund was established to support the programme of special events for visually impaired persons.

Baroque Central: This fund was established to support a pilot year for of a new education programme for schools.

Handel House Talent: This fund was established to support a new programme supporting and nurturing young musicians at the start of their professional careers.

Capital project development phase: This fund was set up to support the development phase of the capital project *Handel & Hendrix in London*. The total of outgoing resources in the above note also includes £486,887 of items capitalised as tangible assets in the year.

Music in Making: This fund was set up to support a new project to schedule regular open rehearsals of baroque music in the house during opening hours.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

20. UNRESTRICTED FUNDS – CURRENT YEAR

	Balance at 1 Nov 2017 (restated) £	Incoming resources £	Outgoing resources £	Transfers £	Gains / (losses) £	Balance at 31 Oct 2018 £
Designated Fixed Assets Fund	14,029,748	-	(410,000)	43,550	-	13,663,298
General Funds	1,159,951	694,322	(793,314)	(43,550)	(34,566)	982,843
	<u>15,189,699</u>	<u>694,322</u>	<u>(1,203,314)</u>	<u>-</u>	<u>(34,566)</u>	<u>14,646,141</u>

UNRESTRICTED FUNDS – PRIOR YEAR (restated)

	Balance at 1 Nov 2016 £	Incoming resources £	Outgoing resources £	Transfers £	Gains / (losses) £	Balance at 31 Oct 2017 £
Designated Fixed Assets Fund	13,898,031	-	-	131,717	-	14,029,748
General Funds	1,130,116	716,428	(596,468)	(131,868)	41,743	1,159,951
	<u>14,468,147</u>	<u>716,428</u>	<u>(596,468)</u>	<u>(151)</u>	<u>41,743</u>	<u>15,189,699</u>

The Designated Fixed Assets Fund represents the net book value of the fixed assets of the charity. The transfer represents the net movement in fixed assets during the year.

General Funds are available for use in the furtherance of the objects of the charity in accordance with its reserves policy.

The Halle Fund is a new designated fund, set up by the board using £1m from the charity's free reserves, to support the long-term financial sustainability of the Trust.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS – CURRENT YEAR

	Tangible fixed assets £	Investment property £	Investments £	Net current assets £	Total £
Restricted Income Funds:					
Stanley Sadie Memorial Lecture	-	-	-	-	-
HH CD production	-	-	-	49	49
Musing in making	-	-	-	13,527	13,527
Visually Impaired Persons programme	-	-	-	-	-
Baroque Central	-	-	-	27,293	27,293
Handel House Talent	-	-	-	-	-
Capital Project Development Fund	-	-	-	126,534	126,534
	-	-	-	167,403	167,403
Endowment Funds:					
Expendable endowment	-	-	1,946,000	409,561	2,355,561
Designated Funds:					
Fixed Assets Fund	5,463,298	8,200,000	-	-	13,663,298
Unrestricted Funds:					
General Funds	-	-	951,835	31,007	982,843
Total Funds	5,463,298	8,200,000	2,897,835	607,972	17,169,105

ANALYSIS OF NET ASSETS BETWEEN FUNDS – PRIOR YEAR (restated)

	Tangible fixed assets £		Investments £	Net current assets £	Total £
Restricted Income Funds:					
Stanley Sadie Memorial Lecture	-	-	-	-	-
HH CD production	-	-	-	49	49
Musing in making	-	-	-	13,527	13,527
Visually Impaired Persons programme	-	-	-	-	-
Baroque Central	-	-	-	27,293	27,293
Handel House Talent	-	-	-	-	-
Capital Project Development Fund	-	-	-	-	-
	-	-	-	40,869	40,869
Endowment Funds:					
Expendable endowment	-	-	1,500,756	909,687	2,410,443
Designated Funds:					
Fixed Assets Fund	5,419,748	8,610,000	-	-	14,029,748
Unrestricted Funds:					
General Funds	-	-	591,490	568,461	1,159,951
Total Funds	5,419,748	8,610,000	2,092,246	1,519,017	17,231,011

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

22. CONNECTED CHARITIES

The Trust has the following two connected charities:

Handel House Collections Trust which used to hold collection items relating to Handel, however this charity has been wound up since the year end and all the assets have been transferred to The Handel House Trust Limited. Included within debtors at the year end is a balance due from the Handel House Collections Trust of £1,562 (2017: £1,884).

Handel House Foundation of America which provides fundraising and other support for Handel House Trust Limited. As shown in Note 2, The Handel House Trust Limited received donations of £17,811 (2017: £34,900) from the Foundation.

23. TRANSACTIONS WITH TRUSTEES

Simon Weil is a partner at Bircham Dyson Bell. The arm's length transaction with this organisation was £2,340 (2017: £6,000) paid for legal services to Bircham Dyson Bell. There was no outstanding balance at 31 October 2018.

Simon Weil is a trustee of the following charities that donated to The Handel House Trust Limited during the year. The Bircham Dyson Bell Charitable Trust donated £1,500 (2017: £1,250) and The Kathleen Hannay Memorial Charity donated £12,500 (2017: £12,500).

Further personal donations were made by Trustees as follows:

	2018 £	2017 £
Adrian Frost	-	25,000
Michael Ridley	5,000	5,000
Simon Weil	16,000	8,000
Jane Ridley	3,000	-
Harry Bicket	2,000	-
Victoria Broackes (the Sir Nigel Broackes 1193 Charitable Trust)	1,000	-
William Conner	1,000	-

24. COMPANY LIMITED BY GUARANTEE

The Trust is a company limited by guarantee. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £1 per member of the Trust. The Trust had 7 members at 31 October 2017 (2016: 12 members).

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

25. PRIOR YEAR ADJUSTMENT

	Balance at 31 October 2016 as previously stated £	Amendment to Fixed Assets £	At 31 October 2016 as restated £
Total Funds	9,211,302	7,660,000	16,871,302
	<u>9,211,302</u>	<u>7,660,000</u>	<u>16,871,302</u>

	Balance at 31 October 2017 as previously stated £	Amendment to Fixed Assets £	At 31 October 2017 as restated £
Total Funds	10,131,011	7,510,000	17,641,011
	<u>10,131,311</u>	<u>7,510,000</u>	<u>17,641,011</u>

	2017 surplus for the year as previously stated £	Adjustment to depreciation and gains on revaluation of fixed assets £	2017 surplus for the year as restated £
Income	1,426,809		1,426,809
Expenditure	(994,757)	190,000	(804,757)
Net gains/(losses on investments)	147,657		147,657
Net gains/(losses on revaluation of fixed assets)	340,000	(340,000)	0
	<u>919,709</u>	<u>(150,000)</u>	<u>769,709</u>