

Company Registration Number 02653428

Charity Number 1006009

THE HANDEL HOUSE TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 OCTOBER 2020

THE HANDEL HOUSE TRUST LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2020

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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 (resigned 23/03/20)	1, 3
William Conner	
Robert Dickins CBE	1
Lucy Le Fanu (appointed 14/01/2019)	
Elizabeth Nicholson (appointed 12/11/19)	
Jane Ridley	
Michael Ridley	2, 3
Simon Weil (Chairman)	1, 2, 3
Peter Kerber (appointed 07/05/20)	2
Elizabeth Nicholson (appointed 12/11/19)	

1 = member of the Nominations Committee
2 = member of the Finance Committee
3 = member of the Building Committee

Auditor Price Bailey LLP
Chartered Accountants & Statutory Auditor
3rd Floor,
24 Old Bond St,
Mayfair,
London
W1S 4AP

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 2020

The year 2019-20 was extraordinary, in that it was interrupted by the Covid 19 Pandemic, resulting in the mandatory closure of all museums and non-essential retail businesses. This not only prevented the Trust from carrying out all its usual operations but also lost us the income we had expected to receive from sub-letting the ground floor and basement of our premises to a retail tenant.

All of this was of course a major blow. But we were very fortunate to be in a better position than most to cope with such an unexpected turn of events. Despite the huge disappointment of having to cancel or postpone many lovely events, particularly our Handeliade Festival, and being unable to carry on welcoming visitors to the house (except for a brief respite in the late summer of 2020), we were sufficiently well-cushioned, financially, to be able to keep all of our small staff team on, and to concentrate everyone's attention on pursuing the preparations for our Hallelujah Project. The news that we could shortly expect a substantial legacy in 2021 provided us with further grounds for confidence and optimism in a very difficult year.

Our wonderful team of volunteers have remained loyal and kept in touch throughout. And the Director and staff have risen magnificently to the challenge of adjusting to working from home and carrying out the mission of the charity through virtual means. The trustees are proud of and grateful to the whole team for how they have weathered such a difficult year.

We all look forward to a much more positive and exciting year ahead when the builders move on site and the Hallelujah Project will start to become a reality.

Simon Weil

Simon Weil (May 11, 2021, 5:39pm)

.....

Signed by SIMON WEIL (CHAIRMAN)

Date: 11 May 2021

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT (INCORPORATING A DIRECTORS' REPORT) FOR THE YEAR ENDED 31 OCTOBER 2020

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 2020.

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
Harry Bicket
Victoria Broackes
Robin Broadhurst (term completed 13 July 2020)
William Conner
Robert Dickins CBE
Peter Kerber (appointed 7 May 2020)
Lucy Le Fanu
Elizabeth Nicholson (appointed 12 November 2019)
Jane Ridley
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 seven 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. Salaries of key managers on the staff are agreed by the Finance Committee with reference to comparable salaries paid in the sector. 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. All newly appointed trustees are sent an induction pack that includes information about the charity and their role.

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 2020 (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, summarised in an Over-arching Risk Register. The key risks identified by the Register include:

- Damage to property or Property Management (unexpected structural repair costs etc)
- Disruption or interruption of essential services
- Interruption to rental stream if tenant does not pay or through loss of tenant
- Inadequate fire and security alarms/pest control
- Injury to staff, visitors, volunteers
- Employee stress
- Theft
- Unforeseen economic situation
- Loss of key staff
- Third party claims
- Failure to achieve visitor targets
- Failure to achieve targets for planned income/funding from all sources
- Prosecution by Westminster Council

Note: The board viewed the threats from measures to combat the Covid-19 virus that started to become apparent in March 2020 as covered by the existing Risk Register, but with an increased level of financial risk from the possible interruption to the rental stream from the tenant, as well as the likely failure to achieve visitor targets and planned levels of income from some other sources as a result of enforced closure of the house and lockdown of shops in the local area. The Trust was fortunate, however, to be able to anticipate weathering these potential financial setbacks, at least for the time being, thanks to the level of reserves held.

The Board meet regularly to discuss and monitor the risks above. Risk mitigation strategies are implemented as and when necessary including regular updates from management and changes to planned activities if deemed appropriate.

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

During 2020 the Trust, like everyone else, was dramatically affected by the outbreak of the Covid-19 pandemic, and the stringent national restrictions introduced to combat it from March 2020 onwards.

The first part of the financial year, from 1 November 2019 until the outbreak of the pandemic, had been proceeding steadily and positively for the Trust, with income and expenditure on budget, concerts, events and activities going well, and plans for the Hallelujah Project (to complete Handel's home at 25 Brook Street by 2023) continuing on track.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

How suddenly and unexpectedly that was all to change! In March we had to respond rapidly to the requirement to close the house to the public and enable all staff to work from home. All our planned events had to be cancelled, and anyone who had pre-booked tickets was refunded. Our learning projects had to be suspended, and were replaced by the provision of on-line materials for use by teachers and parents home-schooling their children.

The staff responded brilliantly to these new challenges, adapting quickly to making our musical and educational content available “virtually” instead of on-site, and redoubling our on-line marketing and social media presence to compensate for the enforced closure of our premises.

Inevitably the financial outlook for the Trust was drastically altered by this unforeseen turn of events. Income from admissions, shop sales and tickets suddenly ceased. Of even greater consequence was the drying up of income from our tenants who, in common with other high street retailers, were hit hard by the pandemic and ran into financial difficulties. In October 2020 they filed for a Company Variation Agreement which was approved. This meant that Handel House Trust regained possession of the unit previously rented out to the tenants, but meanwhile we received none of the anticipated rental income from March 2020 onwards.

Set against these negative financial developments we were however extraordinarily fortunate to be named as the sole residuary beneficiary of the estate of Mark Ransom, a great harpsichord expert, who kindly looked after the Trust's keyboard instrument collection for many years. His wonderful act of generosity in making us such a substantial gift could not have been more timely. It provided extra financial security for the Trust in a year of serious hardship and uncertainty for many arts charities.

The money due from this gift will not be received by the Trust until two properties owned by Mark Ransom have been sold, but the knowledge that this kind gift would be forthcoming, together with the substantial reserves already built up in anticipation of the Hallelujah Project, gave the board the confidence not only to proceed with plans for the project to go ahead, but to fast-forward it – particularly in view of the fact that no further income could be anticipated from the rental unit in the meantime, which made it uneconomic to delay any longer than necessary. The trustees agreed to aim to acquire planning permission by early 2021 with a view to the builders starting work in August/September 2021 and the project being completed and re-opened to the public in early March 2023.

Project costs were capped at £2.9m and the Trust was in the enviable position of having already raised enough funds to cover these costs and still anticipate having free reserves and endowments of approx. £2.5m on completion of the works - thus providing the charity with future financial sustainability and security.

A revised business plan anticipated that it would be possible for the Trust to return to covering its operating costs through annual income within two years of re-opening after completing the project. In the meantime it would be comfortably able to subsidise anticipated operating losses whilst Covid-related closures, followed by closure for the building works, continued. However, the trustees agreed to set a fundraising target for the next two years of £2 million to reinforce the charity's financial security for the longer term, and as added protection against a ‘worst case scenario’ of a very slow return to previous visitor levels following the Covid crisis.

Having taken the decision to press ahead with the project at speed, there was much work to be done to prepare an application for planning permission at the earliest opportunity. This application was submitted just before Christmas 2020, and planning consent was granted by Westminster Council in February 2021. The plans include re-instating the original façade of the house, recreating Handel's ground floor parlours, creating new exhibition spaces upstairs and restoring the original 18th-century kitchen in the basement. The basement will also house the cloakrooms, loos and an events kitchen. All visitors will be able to enter through Handel's original front door directly from Brook Street and experience the house as it would have been in his day. The house will also be better equipped to host events and to offer a range of very special venue hire opportunities.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

ACTIVITIES, ACHIEVEMENTS AND PERFORMANCE (continued)

We were able to re-open to a limited extent whilst Covid restrictions were eased in summer 2020. With some adaptations and timed tickets to maintain the required 'social distancing' we opened on Saturdays only for a few weeks and were gratified that the tickets generally sold out and the public were extremely positive about being able to visit. But, alas, this opportunity to re-open was short-lived and by November we were forced to close again.

At this point we put our staff team on Flexible Furlough to keep our operating costs down whilst income from admissions and rentals both went back to zero. This model has been working efficiently and we will maintain it whilst we have to stay closed. However, we are very much hoping to be able to re-open the house for normal visits and even perhaps a few concerts during the summer 2021, if the promised easing of Covid restrictions materialises. It would be wonderful for staff and for our highly valued, loyal volunteers to have at least a few months of going back to the pleasure of presenting our precious house and our activities to the public before we close again for the building works.

We have been extremely grateful over the course of the year for the continuing support of our generous individual donors, both the Handel House Circle and the Handel Hundred, and for donations from donors in the USA through the Handel House Foundation of America. In addition, significant grants were made towards the Hallelujah Project by the American Friends of British Art, the Loveday Charitable Trust and the Murray family. The Maria Bjornson Memorial Fund and Maecenas gave major grants towards a special production of 'The Choice' to be performed by The English Concert, now postponed till after Covid.

During the closure for the construction works to take place we are planning a programme of off-site events and activities to maintain our profile and provide our friends and supporters with some enjoyable musical events. Chief among these will be our 'Handeliade' – a long weekend in an 18th-century house in the Cotswolds with a glittering line-up of Handel experts and performers to celebrate the great man and his music with our guests. It sadly had to be postponed by a year to September 2021 but we are keeping our fingers crossed that this year it will be possible to go ahead with what promises to be a memorable opportunity to return to the glories of live music.

During our closed period we will also be piloting a brand new range of learning and outreach projects designed to celebrate the next stage in the history of the Handel House Trust. These are currently in development and will be rolled out over the next two years. We are proud of what we have achieved in adapting to a digital modus vivendi, including our innovative and imaginative programme of live streaming, on-line events and podcasts, supported by a kind grant from the Art Fund. But after a year of too much Zoom and Teams and being seriously deprived of opportunities to enjoy live music with a proper audience, the appetite to return to 'real life' is now running high.

All in all, despite the enormous challenges of such a dystopian year, we at the Handel House Trust feel exceptionally lucky to have been in a strong position to weather the worst of it. And we know we are particularly fortunate to have been able to continue to plan ahead with confidence for an exciting new project and the fulfilment of our long-held mission to complete Handel's house for posterity.

PUBLIC BENEFIT

The Trustees have considered the Charity Commission's guidance on public benefit in section 17 of the Charities Act 2011. 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. More details are covered in our achievements and performance above.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

PLANS FOR THE COMING YEAR

We hope to re-open to the public, if unfortunately only briefly, once Covid restrictions are eased during summer 2021. Meanwhile we will start the tendering process for a construction team for the Hallelujah Project with a view to handing over the building for the works to start in October. Our collection will be put into storage, with some items (particularly keyboard instruments) sent out on loan to other organisations.

We will look for premises locally where staff can meet and work together while the building is closed. As well as planning a series of off-site events and initiating some new outreach programmes, there will be plenty of work for staff to continue to do while the house is closed in terms of acquiring items for display in the finished house and planning the details of the re-opening. We will also continue our fundraising efforts to build up the Trust's financial position for the long term.

It will be a different and exciting year ahead preparing for the completion of Handel's home at 25 Brook Street and, with it, the fulfilment of the charity's mission.

FINANCIAL REVIEW

In March 2020 the Trust ceased to receive any further rental income from the commercial tenants who held a lease on the ground floor and basement of 25 Brook Street. In October the tenants vacated and returned possession to the Trust, but with lockdowns imposed there was no realistic prospect of finding an alternative tenant.

This, together with loss of income from admissions, shop sales and event tickets when we had to close for Covid, delivered a major financial blow to the Trust's regular income streams.

However we had already built up significant reserves in anticipation of the Hallelujah Project, and were further fortunate in being named as the sole residual beneficiary of a substantial legacy. This put us in a good position to survive despite the rigours of lockdown and to focus attention on pursuing the preparations for our capital project.

We are very grateful to have received £595,535 of voluntary income (2019: £234,732, excluding a donation of heritage assets from the Handel House Collections Trust). The charity has a net surplus/deficit of £6,785,255 (2019: surplus £1,080,442). However it should be noted that the fair value adjustment to the former investment portion of the property in readiness for its refurbishment and museum use accounts for a significant £7,250,000 loss and the charity has made a surplus on its regular operations through unrestricted funds of £320,138. Contributions included a grant from the American Friends of Handel House as well as donations from our Friends scheme, our Circle members and the Handel Hundred group for supporters of the Hallelujah Project.

From December 2020 we made use of the Government's Flexible Furlough scheme to offset some staff costs whilst the museum was closed. We also received grants from Westminster Council in the form of rate relief for heritage organisations as part of the Covid support packages on offer. And we successfully applied for a grant of £8000 from the Art Fund to help us rethink our project work in response to the Covid restrictions.

Other trusts that have generously supported us this year include the American Friends of British Art, the Arthur Loeb Foundation (via the HHFA), the Kathleen Hannay Memorial Charity, the Loveday Charitable Trust, the Murray family, Nicholas and Judith Goodison's Charitable Trust, the Maria Bjornson Memorial Fund and Maecenas.

Gifts from individuals included a major donation from Michael Barclay and other very generous gifts from James and Laura Duncan and David and Jacqueline Bailey.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

RESERVES AND INVESTMENT POLICY

The Trust has a designated fund of £7,287,597 (2019 £14,531,488) representing the museum's heritage assets and fixed assets. The heritage assets transferred to the Trust in 2019 from the Handel House Collections Trust represent some £956,210 of this. The other substantial part of this represents the value of a 999-year lease on the building and the investment portion of which has been adjusted to fair value as noted above. The board's policy is to maintain a minimum of eight months' operating expenditure in free reserves, which is between £450,000 and £550,000 at current estimates. The Trust considers free reserves to be unrestricted funds not including the designated funds above. These currently total £1,316,618 (2019 £996,480). These funds clearly currently exceed the target level, in prudent anticipation of the forthcoming financial demands of the Hallelujah Project, and potential after-effects of Covid 19 in continuing to suppress visitor income.

The Board reviewed the risks and threats around going concern following the Covid 19 Pandemic as noted in the risk management section above. Having produced detailed forecasts and scenario planning the board considers that the strong reserves position and availability of funds is a sufficient buffer against the impact of the pandemic. With this in mind, the Board agrees that no material uncertainties that cast significant doubt about the ability for 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 Handel House 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 this connected entity are given in the notes to the financial statements.

FUNDRAISING REGULATOR AND COMPLIANCE

All fundraising on behalf of the Trust has been carried out by the staff and trustees personally, without the use of outside fundraisers. The Trust is registered with the Fundraising Regulator and complies with the Code of Fundraising Practice. All fundraising is by personally tailored approaches to known individuals or charitable trusts who have agreed to be contacted. We never engage in telephone marketing or door-to-door or street collections. No fundraising is carried out in a way that could put vulnerable people or the public at any risk.

No complaints were received by the charity or a person acting on its behalf about fundraising activities carried out by the charity (2019- none).

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 directors to prepare financial statements for each financial year. Under that law the directors 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 directors 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.

THE HANDEL HOUSE TRUST LIMITED

TRUSTEES' ANNUAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2020 (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS102 (2019);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

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

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.

AUDITOR

Price Bailey have expressed their willingness to continue as auditors in the next financial period.

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.

11 May 2021

Signed on behalf of the trustees on.....

Simon Weil

.....
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 31 October 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related 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 31 October 2020 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 8, 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 ISA's (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.



Helena Wilkinson FCA
Senior Statutory Auditor

Price Bailey LLP
Chartered Accountants
Statutory Auditors
3rd Floor,
24 Old Bond St,
Mayfair,
London
W1S 4AP

Dated: 13 May 2021

THE HANDEL HOUSE TRUST LIMITED

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 OCTOBER 2020

	Note	Unrestricted Funds £	Designated Funds	Restricted Funds £	Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
INCOME							
Donations and Legacies	2	479,454	-	116,081	-	595,535	1,190,942
Charitable Activities	5	71,377	-	-	-	71,377	171,592
Other trading activities	3	119,178	-	-	-	119,178	334,718
Investments	4	2,712	-	-	-	2,712	5,106
TOTAL INCOME		672,721	-	116,081	-	788,802	1,702,358
EXPENDITURE							
Raising funds	6	45,382	-	-	-	45,382	47,876
Charitable activities	7	378,723	-	128,279	-	507,002	726,772
TOTAL EXPENDITURE		424,105	-	128,279	-	552,384	774,648
Net gains/ (losses) on investments	13	77,631	(7,250,000)	-	150,696	(7,021,673)	152,732
transfers	21	(6,109)	6,109	-	-	-	-
NET INCOME/ (EXPENDITURE)	9	320,138	(7,243,891)	(12,198)	150,696	(6,785,255)	1,080,442
Total funds brought forward		996,480	14,531,488	265,216	2,456,364	18,249,548	17,169,106
TOTAL FUNDS CARRIED FORWARD		1,316,618	7,287,597	253,018	2,607,060	11,464,293	18,249,548

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

Company Registration Number 02653428

BALANCE SHEET AS AT 31 OCTOBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	13	6,331,387	5,375,278
Heritage assets	14	956,210	956,210
Investment property	15	-	8,200,000
Investments	16	3,740,334	3,543,276
		<u>11,027,931</u>	<u>18,074,764</u>
CURRENT ASSETS			
Stocks		13,955	13,318
Debtors	17	297,078	32,272
Cash at bank and in hand		<u>175,768</u>	<u>297,883</u>
		486,801	343,473
CREDITORS: Amounts falling due within one year	18	<u>(50,439)</u>	<u>(168,689)</u>
NET CURRENT ASSETS		<u>436,362</u>	<u>174,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,464,293	18,249,548
NET ASSETS		<u>11,464,293</u>	<u>18,249,548</u>
FUNDS			
Endowment funds	19	2,607,060	2,456,364
Restricted income funds	20	253,018	265,216
Designated funds	21	7,287,597	14,531,488
Unrestricted income funds	21	1,316,618	996,480
TOTAL FUNDS		<u>11,464,293</u>	<u>18,249,548</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 11 May 2021

and signed on their behalf by:

Simon Weil

Simon Weil (May 11, 2021, 5:39pm)
SIMON WEIL (CHAIRMAN)

THE HANDEL HOUSE TRUST LIMITED

STATEMENT OF CASH FLOWS YEAR TO 31 OCTOBER 2020

Note	2020 £	2019 £
Cash flows from operating activities:		
Net cash provided by operating activities	<u>(65,268)</u>	<u>122,970</u>
Cash flows from investing activities:		
Investments, dividends and interest income	2,712	5,106
Purchase of fixed assets	-	-
Purchase of investments	(1,081,134)	(699,357)
Proceeds from the sale of investments	<u>1,089,071</u>	<u>234,821</u>
Net cash provided by investing activities	<u>10,649</u>	<u>(459,430)</u>
Change in cash and cash equivalents in the reporting period	<u>(54,619)</u>	<u>(336,460)</u>
Cash and cash equivalents at the beginning of the reporting period	<u>336,008</u>	<u>672,468</u>
Cash and cash equivalents at the end of the reporting period	<u>281,390</u>	<u>336,008</u>

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

	Current Year £	Prior Year £
Net income/(expenditure) for the reporting period (as per the statement of financing activities)	(6,785,255)	1,080,443
Adjustments for:		
Depreciation	84,719	88,020
(Gains)/losses on investments	7,021,673	(152,732)
Transfer of heritage assets	-	(956,210)
Investments, dividends and interest income	(2,712)	(5,106)
Decrease/ (Increase) in debtors	(264,806)	10,907
Increase/ (Decrease) in creditors	(118,250)	41,270
Decrease/ (Increase) in stock	<u>(637)</u>	<u>16,378</u>
Net cash provided by/(used in) operating activities	<u>(65,268)</u>	<u>122,970</u>

Analysis of cash and cash equivalents

	Current Year £	Prior Year £
Cash in hand	175,768	297,883
Cash deposits held within investments	<u>16</u>	<u>14,794</u>
Total cash and cash equivalents	<u>190,562</u>	<u>336,008</u>

Analysis of Changes in Net Debt

Cash and cash equivalents	At 1 November 2019 £	Cash Flows £	Other non- cash changes £	At 31 October 2020 £
Cash	336,008	(54,619)	-	281,390

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

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 functional currency is £ sterling. The charities registered office is at 25 Brook Street London W1K 4HB.

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

Income

Voluntary income including grants, donations, shop income, and investment income are accounted for when receivable. Admission fees are accounted for on receipt.

For legacies, entitlement is taken on a case by case basis as the earlier of the date when the charity is aware that probate has been granted, and either: -

- the estate has been finalised and estate accounts have been received by the charity; or
- notification has been made by the executor(s) to the charity that a distribution will be made; or
- when a distribution is received from the estate. Receipt of a legacy is only considered probable when the amount can be measured reliably.

In estimating the value of legacies at the year end, the trustees have exercised their judgement based on the available information and the appropriate application of the Charities SORP.

Income is deferred only when conditions for its receipt have not been met.

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 a fund called an expendable endowment. The donors have indicated that they wish the capital to be retained by the charity and the interest used for its charitable purposes.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. ACCOUNTING POLICIES *(continued)*

Expenditure

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 attributable 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 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

Investments

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.

Quoted investments are held at fair values based on closing market price, with gains and losses included in the SOFA in the period in which they arise. Historic cost is disclosed in the investment note to the accounts.

THE HANDEL HOUSE TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020

1. ACCOUNTING POLICIES *(continued)*

Heritage Assets

The assets consist of a collection of musical instruments, works of art, books, music scores and other documents relating to Handel's life and works. Some items from the collection are on display to the public in the house. Others are in store and available to be viewed on request. The charity manages these assets by way of an internal register and regularly reviews them to ensure they are adequately safeguarded and preserved. Items of particular interest in the collection include:

- Autograph leaf from the conducting score of 'Esther'
- Letter written by Handel to Charles Jennens
- Portrait of Charles Jennens by Thomas Hudson
- Mozart autograph transcription of Handel's 'Fuga Prima'
- Portrait of Faustina Bordoni by Nazari
- Two-manual harpsichord by Jacob Kirckman
- 1754 Mainwaring's 'Life of Handel' with marginalia by Jennens
- Libretto of 'Messiah' with Jennens and Handel signatures
- Portrait of Wilem De Fesch by Andrea Soldi
- Bureau organ by John Snetzler, 1752

These items are held at their insured valuation in the accounts, which is the Trustees best estimate of fair value. The items are managed and inspected regularly by staff. New acquisitions take place only if the Trustees deem the item of significant value to the collection.

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

Handel House Trust only has financial assets and financial liabilities of the kind that qualify as basic financial instruments. Investments measured at their fair value using quoted closing market value as at the balance sheet date; Fixed assets are measured at amortised cost; and all other assets and liabilities are held at cost.

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 2020

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 made by the Trustees in this respect 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.

v) The most recent valuations – which were carried out in October 2017.

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.

c) Estimate of fair values of the heritage assets

As stated in the policies above, the fair values of the Heritage assets are based on the most recent insured valuations, which took place in 2019. The Trustees consider this is the most appropriate method considering that the nature of these assets, and their intrinsic value to the museum

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 OCTOBER 2020

2 DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Endowment funds	Total Funds 2020 £	Total Funds 2019 £
Handel House Foundation of America	44,490	-	-	44,490	17,811
Donations from individuals	117,117	116,081	-	233,198	216,921
Heritage assets donated (Note 14)	-	-	-	-	956,210
Legacies	317,847	-	-	317,847	-
	<u>479,454</u>	<u>116,081</u>	<u>-</u>	<u>595,535</u>	<u>1,190,942</u>

£137,475 of donations and legacies received in 2019 were in respect of restricted funds. All other amounts were unrestricted.

3 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Rental income	100,910	-	100,910	268,015
Shop income	18,268	-	18,268	66,703
	<u>119,178</u>	<u>-</u>	<u>119,178</u>	<u>334,718</u>

All income from other trading activities in 2019 was in respect of unrestricted funds.

4 INCOME FROM INVESTMENTS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Income from listed investments	2,712	-	2,712	5,106
	<u>2,712</u>	<u>-</u>	<u>2,712</u>	<u>5,106</u>

All of income from investment income received in 2019 was in respect of unrestricted funds.

5 INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Admission fees	50,589	-	50,589	125,579
Education	3,790	-	3,790	13,667
Exhibitions and events	16,998	-	16,998	32,346
	<u>71,377</u>	<u>-</u>	<u>71,377</u>	<u>171,592</u>

All income from charitable activities received in 2019 was in respect of unrestricted funds.

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 OCTOBER 2020

6 EXPENDITURE ON RAISING FUNDS

	Unrestricted		Total Funds	Total Funds
	Funds	Restricted Funds	2020	2019
	£		£	£
Fundraising	7,252	-	7,252	6,896
Shop costs	12,086	-	12,086	11,494
Investment management fees	13,761	-	13,761	12,238
Other support costs	12,283	-	12,283	17,248
	<u>45,382</u>	<u>-</u>	<u>45,382</u>	<u>47,876</u>

All expenditure on raising funds spent in 2019 was in respect of unrestricted funds.

7 EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs	Support costs	Total 2020
	£	£	£
Museum running expenses	145,032	195,516	340,548
Education	48,344	20,257	68,601
Exhibitions and events	27,044	11,804	38,848
Capital project costs	-	36,244	36,244
Governance costs	2,417	20,344	22,761
	<u>222,837</u>	<u>284,165</u>	<u>507,002</u>

£128,279 (2019: £5,795) of expenditure on charitable activities was in respect of restricted funds.

COMPARATIVE	Direct costs	Support costs	Total 2019
	£	£	£
Museum running expenses	137,924	322,443	460,367
Education	45,975	58,534	104,509
Exhibitions and events	27,197	42,714	69,911
Capital project costs	-	65,091	65,091
Governance costs	2,299	24,595	26,894
	<u>213,395</u>	<u>513,377</u>	<u>726,772</u>

8 Support costs

	2020	2019
	£	£
Staff	7,607	32,311
Premises	120,008	176,130
IT Costs	37,905	52,880
Maintenance	27,130	42,360
Marketing	25,567	52,505
Events and exhibition support	36,750	109,013
Finance	16,114	29,313
Other costs	5,023	11,518
Governance costs:		
Legal and professional fees	1,503	9,283
Audit and accountancy fees	10,150	14,373
Other costs	8,691	939
	<u>296,448</u>	<u>530,625</u>
Allocation:		
Charitable activities	284,165	513,377
Raising funds	12,283	17,248
	<u>296,448</u>	<u>530,625</u>

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 OCTOBER 2020

9 NET INCOME FOR THE YEAR

This is stated after charging:

	2020	2019
	£	£
Depreciation & impairment	84,719	88,020
Auditor's remuneration:		
- audit of the financial statements (exclusive of VAT)	8,400	7,950
- other fees - accountancy and payroll	1,750	1,650
	<u> </u>	<u> </u>

11. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	206,167	199,795
Social security costs	24,294	17,030
Other staff costs	11,714	14,960
	<u> </u>	<u> </u>
	<u>242,175</u>	<u>231,785</u>

There were no (2019 - none) employees whose emoluments amount to 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 £34,603 (2019: £41,163).

12 EMPLOYEE NUMBERS

The average number of employees during the year was 8 (2019: 8). The number of employees on the basis of full-time equivalents, was as follows:

	2020	2019
	No	No
Museum running	3.7	3.7
Education	0.5	0.5
Fundraising	0.2	0.2
Events	0.6	0.6
Support	1.9	1.9
	<u> </u>	<u> </u>
	6.9	6.9

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR YEAR TO 31 OCTOBER 2020

13 TANGIBLE FIXED ASSETS

	Long leasehold property £	Buildings incl. Learning & exhibitions £	Asset under construction £	Museum fittings £	Musical instruments & antiques £	Computers & office equipment £	Total £
At cost 1 November 2019	3,428,173	1,870,304	-	343,869	205,260	109,348	5,956,954
Transfer from investment property	950,000	-	-	-	-	-	950,000
Additions	-	-	90,828	-	-	-	90,828
At 31 October 2020	<u>4,378,173</u>	<u>1,870,304</u>	<u>90,828</u>	<u>343,869</u>	<u>205,260</u>	<u>109,348</u>	<u>6,997,782</u>
At 1 November 2019	75,060	138,065	-	275,412	-	93,139	581,676
Charge for the year	7,523	37,406	-	34,387	-	5,403	84,719
At 31 October 2020	<u>82,583</u>	<u>175,471</u>	<u>-</u>	<u>309,799</u>	<u>-</u>	<u>98,542</u>	<u>666,395</u>
At 31 October 2020	4,295,590	1,694,833	90,828	34,070	205,260	10,806	6,331,387
At 31 October 2019	<u>3,353,113</u>	<u>1,732,239</u>	<u>-</u>	<u>68,457</u>	<u>205,260</u>	<u>16,209</u>	<u>5,375,278</u>

14 HERITAGE ASSETS

	At valuation 2020 £
Balance at 1 November 2019	956,210
Balance at 31 October 2020	<u>956,210</u>

An analysis of the last five years is as follows:

	2020 £	2019 £	2018 £	2017 £	2016 £
Value of acquisitions by donations	-	956,210	-	-	-
Total capitalised	<u>-</u>	<u>956,210</u>	<u>-</u>	<u>-</u>	<u>-</u>

In 2019 the charity was donated a large collection by the Handel House Collection Trust of Handel memorabilia and artifacts, all of which are available for display and preservation at the museum. These items were valued for insurance purposes after donation and held at this valuation as the Trustees best estimate of fair value. More detail on the contents of these assets is in the accounting policies to the accounts.

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR YEAR TO 31 OCTOBER 2020

15 Investment Property

	Investment Property
Value brought forward at 1 November 2019	8,200,000
Fair value movement	(7,250,000)
Transfer to fixed assets	(950,000)
Closing value at 31 October 2020	<u>-</u>

The most recent formal valuation was carried out by M Thomas (MRICS) of the 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 Values as defined under by FRS 102 and was undertaken on a desktop basis.

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 was deemed to be £8,200,000 (2019: £8,200,000). 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 (2019: £4,376,122) and the cost of the investment portion was £950,000 (2019: £950,000).

With the planned refurbishment of the building as part of the hallelujah project, and the tenants having vacated the premises, the investment property was restated at its fair value deemed cost and transferred to fixed assets as a functional asset on 31 October 2020.

16 INVESTMENTS

	2020	2019
	£	£
Movement in market value		
Market value at 1 November 2019	3,543,276	2,897,835
Additions	1,081,134	689,405
Disposals proceeds	(1,089,071)	(234,821)
Net gains/(losses) on revaluations in the year	228,327	152,732
Movement in cash	(23,332)	38,125
Market value at 31 October 2020	<u>3,740,334</u>	<u>3,543,276</u>
Historical cost at 31 October 2020	<u>2,991,899</u>	<u>2,999,836</u>

At 31 October 2020 the analysis of investments is as follows:

	2020	2019
	£	£
Cash	14,794	38,125
UK Equities	766,637	698,309
Overseas Equities	831,737	825,240
Uk Unit Trusts	2,127,166	1,981,602
	<u>3,740,334</u>	<u>3,543,276</u>

17 DEBTORS

	2020	2019
	£	£
Trade debtors	8,688	-
Other debtors	20,543	1,575
Prepayments and accrued income	267,847	30,697
	<u>297,078</u>	<u>32,272</u>

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR YEAR TO 31 OCTOBER 2020

18 CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,253	52,323
Taxation and social security	3,149	7,643
Deferred income	-	5,062
Other creditors	32,547	19,554
Accruals	11,490	52,146
VAT	-	31,961
	<u>50,439</u>	<u>168,689</u>

Deferred income reconciliation

	2020 £	2019 £
Balance brought forward	5,062	42,672
Released in the year	(5,062)	(42,672)
Received in advance	-	5,062
Balance carried forward	<u>-</u>	<u>5,062</u>

19 ENDOWMENT FUNDS

	Balance at 1 Nov 2019 £	Income and transfers £	Unrealised investment gains £	Balance at 31 Oct 20 £
Expendable endowment	2,456,364	-	150,696	2,607,060
	<u>2,456,364</u>	<u>-</u>	<u>150,696</u>	<u>2,607,060</u>

(A) The Expendable Endowment arise from a Trust Deed dated 22 December 2000 upon creation of the company and is a separate unrestricted fund. The purpose of the fund is to provide a base from which income, 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 in 2017 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 floor of 25 Brook Street planned for December 2021, and the resulting loss of rental income. This fund is also a separate unrestricted fund.

COMPARATIVE	Balance at 1 Nov 2018 £	Income and transfers £	Unrealised investment gains £	Balance at 31 Oct 2019 £
Expendable endowment	-	-	100,803	-
	<u>2,355,561</u>	<u>-</u>	<u>100,803</u>	<u>2,456,364</u>

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR YEAR TO 31 OCTOBER 2020

20 RESTRICTED INCOME FUNDS

	Balance at 1 Nov 2019 £	Income £	Expenditure £	Transfers £	Gains/losses £	Balance at 31 Oct 2020 £
Music in making	1,207	-	(1,207)	-	-	-
Capital project development phase	264,009	116,081	(127,072)	-	-	253,018
	<u>265,216</u>	<u>116,081</u>	<u>(128,279)</u>	<u>-</u>	<u>-</u>	<u>253,018</u>

Capital project development phase: This fund was set up to support the development phase of the capital project *Handel & Hendrix in London*.

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.

COMPARATIVE	Balance at 1 Nov 2018 £	Income £	Expenditure £	Transfers £	Gains/losses £	Balance at 31 Oct 2019 £
HH CD production	49	-	-	(49)	-	-
Music in making	13,527	-	(5,795)	(6,525)	-	1,207
Baroque central	27,293	-	-	(27,293)	-	-
Capital project development phase	126,534	137,475	-	-	-	264,009
	<u>167,403</u>	<u>137,475</u>	<u>(5,795)</u>	<u>(33,867)</u>	<u>-</u>	<u>265,216</u>

21 UNRESTRICTED FUNDS

	Balance at 1 Nov 2019 £	Income £	Expenditure £	Transfers £	Gains/losses £	Balance at 31 Oct 2020 £
Designated Fixed Assets Fund	13,575,278	-	-	6,109	(7,250,000)	6,331,387
Heritage Assets Fund	956,210	-	-	-	-	956,210
General Funds	996,480	672,721	(424,105)	(6,109)	77,631	1,316,618
	<u>15,527,968</u>	<u>672,721</u>	<u>(424,105)</u>	<u>-</u>	<u>(7,172,369)</u>	<u>8,604,215</u>

The Designated Fixed Assets Fund represents the net book value of the fixed assets of the charity and the property. The transfer represents the movement in their value.

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

The Heritage assets fund represents the heritage assets gifted to the Charity from the closure of the Handel House Collections Trust in 2019. The object of this fund is to designate and ring fence the value of these assets within the charity.

COMPARATIVE

	Balance at 1 Nov 2018 £	Income £	Expenditure £	Transfers £	Gains/losses £	Balance at 31 Oct 2019 £
Designated Fixed Assets Fund	13,663,298	-	-	(88,020)	-	13,575,278
Heritage Assets Fund	-	-	-	956,210	-	956,210
General Funds	982,843	1,564,883	(768,853)	(834,323)	51,929	996,480
	<u>14,646,141.00</u>	<u>1,564,883</u>	<u>(768,853)</u>	<u>33,867</u>	<u>51,929</u>	<u>15,527,968</u>

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR YEAR TO 31 OCTOBER 2020

22 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Heritage assets £	Investment property £	Investments £	Net current assets £	Total £
Restricted Income Funds:						
Capital project development phase	-	-	-	-	253,018	253,018
	-	-	-	-	253,018	253,018
Endowment Funds:						
Expendable endowment	-	-	-	2,140,797	466,263	2,607,060
	-	-	-	2,140,797	466,263	2,607,060
Unrestricted Income Funds:						
Designated Fixed Assets Fund	6,331,387	-	-	-	-	6,331,387
Heritage Assets Fund	-	956,210	-	-	-	956,210
General Funds	-	-	-	1,599,537	(282,919)	1,316,618
	6,331,387	956,210	-	1,599,537	(282,919)	8,604,215
Total Funds	6,331,387	956,210	-	3,740,334	436,362	11,464,293

COMPARATIVE	Tangible fixed assets £	Heritage assets £	Investment property £	Investments £	Net current assets £	Total £
Restricted Income Funds:						
Music in Making	-	-	-	-	1,207	1,207
Baroque central	-	-	-	-	-	-
Capital project development phase	-	-	-	-	264,009	264,009
	-	-	-	-	265,216	265,216
Endowment Funds:						
Expendable endowment	-	-	-	1,994,798	461,566	2,456,364
	-	-	-	1,994,798	461,566	2,456,364
Unrestricted Income Funds:						
Designated Fixed Assets Fund	5,375,278	-	8,200,000	-	-	13,575,278
Heritage Assets Fund	-	956,210	-	-	-	956,210
General Funds	-	-	-	1,548,478	(551,998)	996,480
	5,375,278	956,210	8,200,000	1,548,478	(551,998)	15,527,968
Total Funds	5,375,278	956,210	8,200,000	3,543,276	174,784	18,249,548

THE HANDEL HOUSE TRUST

NOTES TO THE ACCOUNTS FOR YEAR TO 31 OCTOBER 2020

23 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 wound up 2019 and all the assets were transferred to The Handel House Trust Limited in the form of heritage assets - they are included in the heritage asset fund.

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 £44,490 (2019: £17,811) from the Foundation.

24 RELATED PARTY TRANSACTIONS

Personal donations were made by Trustees of £4,340 (2019 - £27,840) and Trustees expenses totalled £Nil (2019 - Nil).

Simon Weil is a former partner of Bircham Dyson Bell, who were paid £3,218 for legal services (2019 - £2,340) as an arms length transaction during the year. There were no outstanding balances as at 31 October 2020 (2019 - none)

Elizabeth Nicholson is Director of the charity and also a Trustee as of 12 November 2019. She received total remuneration of £30,000 during the year for her role as Director. The role of both director and trustee is allowed by the charities Memorandum and Articles of Association section 5 as updated in 2007.

There were no other related party transactions or Trustee expenses (2019 - none).

25 OPERATING LEASE COMMITMENTS

As at 31 October 2020 the Trust was committed under non-cancellable operating leases to make the following annual minimum payments (at present value):

	2020 £	2019 £
<i>Printing equipment</i>		
Less than 1 year	4,394	4,394
2 to 5 years	1,098	53,457
Greater than 5 years	-	-

The operating lease is in respect of printing equipment, with total lease payments expensed during the year £4,768 (2019: £5,485)

26 CONTINGENT ASSET

At 31 October 2020 the Charity had been notified of the residual estate of a legacy donor which was valued at £1,472,505 during the granting of probate. The residual estate includes two central London properties which have not been accurately valued nor sold at year end, therefore the eventual funds due to the Charity was not reliably measurable at the year end date. Further to this, the charity has not received any funds or final estate accounts in order to fulfill the income recognition criteria.

27 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 10 members at 31 October 2020 (2019: 10 members).

28 ULTIMATE CONTROLLING PARTY

The charity is under the control of the Trustees (Directors for the purpose of Company Law), with each Trustee holding equal status.