

Company Number: 818389

Charity Number: 312010

YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

WEDNESDAY



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YEHUDI MENUHIN SCHOOL LIMITED
FOR THE YEAR ENDED 31 AUGUST 2011

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YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2011

GOVERNORS AND DIRECTORS

Current Governors of the School who are Trustees of the Charity and Directors of the Company and who served during the year (except as noted) are

* Mr Richard Morris (Chairman from 30 June 2011)	o
* Mr Noel Annesley	o
* Mr John Everett FCMA (from 1 December 2011)	
Prof Sebastian Forbes	o
* Mr Oscar Max Lewisohn, FCIB	#
The Hon Mrs Zamira Menuhin Benthall	
* Mrs Susan Mitchell	#
* Mr John Pagella BSc FRICS (from 30 June 2011)	
Mr Richard Nunneley (from 10 March 2011)	
Mrs Alice Phillips MA	
Dr John Scadding (from 1 December 2011)	
* Mr Peter Willan FCMA (Vice Chairman from 30 June 2011)	#

The Governors of the School who during the year were Trustees of the Charity and Directors of the Company who have since retired or resigned are

Sir Alan Traill GBE, QSO (Chairman) until 30 June 2011	o
Mr Clinton Askew (from 24 June 2010 to 19 September 2011)	
Mr Gavin Barrett (until 30 June 2011)	#
Sir Peter Beale, KBE (until 30 June 2011)	
The Lord Moser KCB, CBE, FBA (until 30 June 2011)	
Dr Andreas Prindl CBE (until 30 June 2011)	#
Mr Adam Ridley (until 30 th June 2011)	o
Mr Mark Sheldon CBE (until 30 June 2011)	#
Mr Graham Smallbone (until 30 June 2011)	o

The Finance and Investment Committee (#) and the Policy and General Purposes Committee (o) merged on 30 June 2011 to form the Finance and General Purposes Committee (*)

The Governors amended the Articles of Association on service and retirement. Governors are elected at the Annual General Meeting, serve for a period of four years and may be re-elected for a further two terms (see Governance, page 10)

REGISTERED OFFICE	Millfield Stoke D'Abernon Cobham Surrey KT11 3QQ
COMPANY NUMBER	818389
CHARITY NUMBER	312010
PRESIDENT	Mr Daniel Barenboim
VICE PRESIDENTS	Sir John Burgh Mr A N Hollis OBE, DFC Mrs B R D Fisher OBE Sir Alan Traill (from 30 June 2011)
GOVERNORS EMERITUS	Mr Daniel Hodson Mrs Anne Simor

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS, OFFICERS AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011**

MUSICAL PATRONS	Mr András Schiff Mr Steven Isserlis Ms Tasmin Little
HEADMASTER	Dr Richard Hillier PhD MA (CANTAB)
DIRECTOR OF MUSIC	Mr Malcolm Singer MA (CANTAB)
DIRECTOR OF STUDIES	Mr Richard Tanner MA (OXON)
BURSAR	Dr Angela M Isaac PhD MBA
AUDITORS	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M7AD
BANKERS	HSBC Weybridge Commercial Centre The Old Warehouse 37a Church Street Weybridge KT13 8DG
INSURANCE BROKERS	Marsh Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU Heath Lambert 133 Houndsditch London EC3A 7AH
INVESTMENT MANAGERS	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
SOLICITORS	TWM Solicitors LLP King's Shade Walk 123 High Street Epsom KT9 8AU Hart Brown LLP Resolution House Riverview Walnut Tree Close Guildford GU1 4UX

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2011

The Governors of the School who are also Trustees of the Charity and Directors of the Company have pleasure in presenting their report and financial statements for the year ended 31 August 2011. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005).

OBJECTS OF THE CHARITY

The Objects of the Charity are to provide and advance a general education and specialised education and training of the highest order in music and the performing arts by means of a boarding and day School in the United Kingdom, where children from any part of the world with talents for music and the performing arts may be educated. The Objects include generally fostering music and the arts and general education of children by the provision of courses at the School throughout the year.

PUBLIC BENEFIT

The Governors confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the general and sub-sector guidance issued by the Charity Commission on public benefit. The charitable purpose of the School within the meaning of the Act is enshrined within its Objects, as stated above.

The Governors ensure that this charitable purpose is carried out for the public benefit by working to make sure wherever possible that such specialist education and training is available to many of those who are sufficiently talented and would benefit from the activities of the School, irrespective of financial circumstances.

Public benefit is not just provided to the pupils at the School. The section in this Report headed 'Community Activity and Outreach' (page 6) summarises many other projects and events carried out within the local community, nationally and internationally, in accordance with the Objects of the School, e.g. opportunities for children to learn and perform music, pupils' concerts at care and nursing homes, assistance to local music teachers and opportunities for amateur musicians of all ages to perform in the School's Menuhin Hall.

THE MUSIC AND DANCE SCHEME

The Department for Education, through the Music and Dance Scheme, helped support 56 of the 73 pupils (77%), including two 3rd year Sixth, in the amount of £1,983,222 (2010 £1,786,601). Pupils who have the appropriate residence qualification in the UK are eligible for a funded place through this Scheme, with parents making a means-tested contribution. The Governors are very grateful to the UK Government's Department for Education for their financial support, without which the School could not continue to operate as it does.

BURSARIES AND GRANTS AWARDED

For those who are unable to pay the full fees or are ineligible to receive sufficient support from the Department for Education, the Governors seek to ensure that attendance at the School is possible with the help of bursaries. The School provided bursaries of £300,385 in the year to 21 pupils (equivalent to 10.2% of the School fee income) (2010 £261,505, 20 pupils, 9.6%). The value of scholarships, grants, prizes and other awards made to the School's pupils in the year was £18,314 (2010 £18,226).

DONATIONS AND LEGACIES

Funds for bursaries and other charitable purposes come from generous gifts from individuals, charitable trusts and fundraising events. Where a Bursary is made from restricted funds, it is subject to the particular conditions imposed by the original donor. The Governors particularly wish to acknowledge the generous legacies received in the year from the estates of Dr Margaret Forbes Jamieson, Miss Audrey Joyce Burford and Dr Elizabeth Laverick.

The School is also indebted to The Friends of the Yehudi Menuhin School for their support of the School. As well as continuing to support the funding of the student bursary fund, this year the Friends provided funding for a new chamber organ. The total of donations and legacies received in the year including Gift Aid was £197,306 (2010 £951,145).

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

AIMS

Within the Objects, the School's aims are

- to provide a first-class education both through strong musical and general education and through developing wider artistic and social skills in all its pupils
- to provide an environment where each pupil can develop and fulfil his or her long-term potential, (whether in music as most will choose or otherwise), to build self-confidence and performance skills and to foster a desire to contribute to the wider community
- to support community activity and outreach
- to provide first-class teaching and other staff
- to provide first-class facilities for music and general education and pupils' pastoral care and welfare
- to secure funding of pupil fees where applicable from the Department of Education
- to raise funds from donations, legacies, sponsorship and from activities undertaken by its trading subsidiary, YMS Enterprises
- to provide bursaries to support those unable to pay the full fees or ineligible to receive sufficient support from the Department for Education
- to sustain and invest in the long-term future of the School and its values and ethos as first established by the late Lord Menuhin, the world-renowned musician

PRINCIPAL ACTIVITY

The School provides a specialist education to boys and girls aged 8 to 19 years with a specific and exceptional talent for music and facility on a stringed instrument (violin, viola, cello, double bass, guitar, harp) or piano. The School accepts both boarding and day pupils, although the majority of pupils are boarders. Selection for a place at the School is based solely on musical potential as assessed during the School's careful audition process, and the School aims to offer places regardless of the financial circumstances of the applicant.

It is inevitable that the provision of world-class education and training in music is costly given the very low number of pupils that can be taught at some lessons by each teacher, with many lessons being one to one or even with two or three teachers working with one pupil. The Governors recognise the great efforts made by many parents in meeting these costs and the vital importance of funding by the UK Government's Music and Dance Scheme and donors.

OBJECTIVES FOR THE YEAR ENDING 31 AUGUST 2011

- to maintain pupil numbers and ensure that funded places, supported by the Department for Education or from the School's own Bursary funds, are offered to as many suitable applicants as possible
- to provide a first-class music and academic education, maintaining the high success rates at GCSE and A Level, offering a wide and varied experience of music teaching and music making
- to provide concert opportunities to ensure that pupils develop excellent performance skills
- to develop the pupils further by encouraging participation in non-academic activities such as sport, drama and the Duke of Edinburgh Award scheme
- to continue the Outreach Programme to enable as wide a section of the community as possible to benefit from the work of the School, including through the development and application of digital media
- to maintain and improve the School's facilities, particularly the boarding areas and the School's catering facilities
- to raise funds for the future benefit of the school and pupils through general fundraising and through trading activities of YMS Enterprises (concerts, lectures and residential lettings)

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

REVIEW OF ACTIVITIES AND PERFORMANCE FOR THE YEAR

The Governors are pleased to report that under the leadership of the new headmaster, Dr Richard Hillier, the School performed well in the year. The School continued to attract exceptionally talented pupils and this year there were 73 (2010/70) pupils in total of whom 14 (2010/12) were day pupils.

Following an inspection of the boarding provision in 2010, Ofsted judged the provision to be "outstanding". The Key Stage 2 results were excellent and GCSE and A Level results continued at their previous high level with a 100% pass rate at both A level and GCSE. At A level, 71% of pupils gained an A* or A, at GCSE, 68% gained an A* or A. In all, five pupils graduated from the School at the end of the Summer Term. Four went on to further studies - three at the Guildhall School of Music and Drama, London, and one at the Mozarteum in Salzburg.

Outside the classroom, pupils participated in drama, performing Oscar Wilde's play, "The Importance of being Earnest", eight pupils began their silver Duke of Edinburgh Award and all pupils participated in a varied programme of swimming, tennis, dance, badminton and football. As part of their education pupils took part in many prestigious musical competitions and a successful tour to play in Rheims and at Gstaad. The Director of Music, Malcolm Singer, and his team of dedicated music teachers are to be congratulated for their hard work and inspiration in leading and developing the musical life of the School.

The Menuhin Hall, which hosts concerts giving performance opportunities to the School's pupils, to outside organisations and to young musicians from other Schools in the area, continued as an outstanding performance venue for the School's pupils and for concerts, recordings and lectures. Concerts and recitals in the Hall included Imogen Cooper, Alina Ibragimova, Colin Carr, Heinrich Schiff and Melvyn Tan. Visiting teachers this year have included Victor Rosenbaum (Piano), Heinrich Schiff (Cello), Zvi Zeitlin (Violin), Paul Ellison (Double Bass), Jonathan Leathwood (Guitar), Melinda Maxwell (Oboe), Eric Wen (Musical Analysis), Robert Rodriguez (Composer) and Voces8 (Vocal workshops).

As well as individual pupils performing in many Showcase Concerts in The Menuhin Hall (some twenty concerts in all), the School Orchestra performed on tour in Rheims and Gstaad, as well as giving concerts for the Oxshott and Cobham Music Society, the Banstead Festival and Music at Leamington Hastings. Soloists and chamber groups performed in the Wigmore Hall, and a string quartet performed with the Yorke Dance Project in the Bloomsbury Theatre, London, and in High Wycombe. Three of our younger students performed in the Queen Elizabeth Hall, London as part of the 15th anniversary celebration of Concordia, a musical charity.

Generous support from the Department for Education and the Sir Sigmund Warburg Voluntary Settlement allowed the School to continue a project to establish digital recording and broadcasts of performances and master classes in The Menuhin Hall.

The School hosted several holiday courses providing education and training for musicians, both young and old.

The facilities at the School continued to be developed and improved – projects in the year included the refurbishment of the servery and dining room and improvements to boarding areas.

YMS Enterprises offered facilities for concerts, lectures and residential courses, resulting in £21,201 Gift Aid to support the School.

COMMUNITY ACTIVITY AND OUTREACH

Under the School's charitable objects and supported by a grant from the Department for Education, the Outreach Department has continued to improve the links between the School and the wider community.

Chance to Play

YMS violin teachers Claire Telford and Sara Struntz have been accompanied by the Outreach Officer, Michaela Khatib and four YMS pupils, to give violin and cello classes in three Surrey infant schools on a weekly basis. Abinger and Westcott Schools, which have united to become Surrey Hills School, and

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011**

COMMUNITY ACTIVITY AND OUTREACH (continued)

St Michael's, Mickleham, have taken part in the project for the second year running. The pupils, all from Year 2, have had little or no opportunity to benefit from instrumental lessons previously. The children took part in a successful workshop in The Menuhin Hall on 2 February and also had a chance to perform to other primary schools at a concert in the hall in July.

Composition Workshop for Surrey Secondary Schools

John Cooney has been working with pupils from five Surrey state schools to support their A-level composition work. They attended an initial introductory workshop in November, followed by tutorials on the work in progress at a clinic in January. On their first introductory visit the students were also able to attend a lunchtime Schumann concert in The Menuhin Hall. The completed pieces were recorded in March and then submitted for examination. The School's pupils played an integral part in all the workshops, helping to demonstrate aspects of writing for strings at the introductory session and clinic, and performing the final compositions at the recording session.

Free/Reduced Ticket Offers to Surrey Schools to Attend YMS Concerts

Outreach has subsidised concert tickets for local schools to encourage them to attend events in The Menuhin Hall. During the year, a number of schools attended the Schumann lunchtime concert and a Showcase Concert with Dimitri Murrath.

The Wihan Quartet and Charles Owen, piano, gave a concert on 3 February, supported by the Cavatina Chamber Music Trust who helped subsidise tickets for young people aged 8 to 25. Nineteen young people from the community took up the offer of free tickets and Outreach made up the remainder of the ticket price.

Wihan Quartet Masterclass

A free masterclass led by The Wihan Quartet on 4 February (also funded by the Cavatina Chamber Music Trust) was well received by all the School's pupils and twenty other visitors, mainly from local state schools.

Primary School Concerts – Autumn and Spring Term

Outreach has continued to develop links with local state primary schools, taking the younger YMS pupils out to give concerts to children of a similar age group. In November 2010, concerts were given at Tillingbourne School in Chilworth, Holy Trinity Church of England School, Guildford and Esher Church of England School. Spring concerts were arranged at the special needs school, Pond Meadows, and at Box Grove School, Guildford, St Paul's Roman Catholic School, Thames Ditton and The Weald, Dorking.

Schools Concert at The Menuhin Hall in July

The Menuhin Hall once again provided the venue for a summer concert for Surrey primary schools in July. A programme of music, selected to reflect the age range of the audience, included a performance by The Chance to Play Schools demonstrating all that the participants have achieved this year.

Care Homes Concerts

The younger pupils gave concerts at local care and nursing homes in June. These included a visit to Orchard House Nursing Home in Sutton and The Royal Marsden Hospital Sutton branch.

Piano Day with Victor Rosenbaum and Ruth Nye

A hugely successful Piano Day took place on 6 March with almost 200 enthusiastic participants attending. The celebrated pianist and teacher, Victor Rosenbaum (Mannes College, New York) gave a masterclass while Ruth Nye and Marcel Baudet, supported by other staff, ran a piano clinic for all ages and abilities. The day was particularly targeted to encourage the 'mature amateur' pianist to participate. Attendees were also given a lunchtime concert by the School's piano students.

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

FUTURE DEVELOPMENTS

The Governors and Leadership Team of the School consider the development of the School as a most important objective. This encompasses continuing to improve the standard of education offered, improvement to the facilities for current and future pupils for teaching, learning and living, and ensuring that financial support is available for gifted and talented pupils to attend the School.

In addition to maintaining the excellence of the School, there are five key priorities for the next four to five years:

- building of new music studios
- continuing improvement of the boarding facilities
- development of the Outreach Programme
- increasing the endowment for bursaries to support those pupils who would otherwise not be able to afford to attend the School
- raising funds for improving the School's facilities

New Music Studios: Teaching and practice studios are a core requirement for the School. Unlike in standard schools, the pupils at Yehudi Menuhin split their time equally between academic studies and musical development. This means the School requires a broader range of specialist music practice and teaching facilities, which do not easily lend themselves to other uses. The School is a UK 'Centre of Excellence' and as such must continue to offer excellent facilities. In an increasingly International market and to maintain the profile of the School and continue to thrive as a business, the School must be able to attract teachers of international calibre and musically gifted students.

The proposed new studios and practice suites need to be specifically designed to provide the high standard of acoustics required by the School. Rooms currently used for teaching and practice were primarily designed for general residential accommodation and lack the demanding technical acoustic standards demanded by outstanding teachers and players, with inadequate sound separation between rooms. To avoid disturbance to the boarding accommodation overhead, use of some of these spaces for music has to be restricted to avoid early mornings, evenings and weekends. As these areas have had to be used for teaching and music practice, the School has lost family accommodation for residential staff. It is intended that the studios be built once funding has been identified.

Boarding Facilities: The construction of new music studios will release areas to provide additional boarding facilities such as common room, kitchen and laundry facilities for the girl boarders in the adjacent boarding areas. Refurbishment will be undertaken as space and funding becomes available.

Outreach: The School has been generously supported by funding from the Music and Dance Scheme to develop Outreach work, but the School must be prepared for uncertainty during this period of change. Outreach is rightly recognized as important to the future development of the School and the School will be seeking to secure additional funds to continue this important work.

50th Anniversary Appeal: The Governors are planning a major fundraising campaign in the 2013/14 academic year to coincide with the 50th Anniversary of the founding of the School. The Governors have set an ambitious target of raising some £6.5 million for building new music studios, improving the boarding provision, developing Outreach work and building the endowment to provide bursaries. The campaign will begin in the current academic year (2011/12).

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The School's results indicate a satisfactory financial performance for the year with a surplus of £136,809 (2010: £1,204,025). The School's fee income increased by £205,350 to £2,941,920 mainly owing to increased pupil numbers. The Governors are grateful for donations and legacies in the year amounting to £176,105, and for Gift Aid of £21,201 from trading activities in YMS Enterprises (total £197,306, 2010: £951,145).

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

FINANCIAL REVIEW AND RESULTS FOR THE YEAR (continued)

The reduction in total incoming resources by £689,726 to £3,644,201 related to a substantial legacy in 2009/10, offset in the year ended 31 August 2011 to some extent by improvement of £127,400 in investment income to a total of £225,698. Total resources expended increased by approximately £377,490 to £3,507,392 owing to substantial increases in the cost of utilities and food, and general inflationary increases on all other costs.

Total balance sheet funds of £15,271,195 are described in detail in note 10 to the accounts – the majority of these funds are for the buildings of the School itself, the instruments that are required for teaching and learning and the bursary funds to support pupils to attend the School. Endowment funds amounting to £4,329,650 are capital in nature and the income from them is used to fund some of the bursaries. A further £338,055 are restricted funds which can only be used for the specific purposes determined by the donors, and £1,696,696 has been designated for specific purposes by the Governors – mostly to provide bursary support for pupils who would otherwise be unable to attend the School. A further £8,247,745 has been designated as the Fixed Asset Fund, as it represents the School's funds tied up in tangible fixed assets, namely the School's buildings and musical instruments, and so cannot be released without undermining the School's work. This leaves £659,050 as the School's free reserves and the Governors are of the opinion that these are sufficient to meet the School's obligations and commitments and to finance its current activities.

While the Governors regard the financial position of the School as being sound, there is a need to raise additional funds to meet the School's ambitions, particularly in the provision of additional bursary support and improved facilities, hence the plans for a 50th Anniversary Appeal.

RESERVES POLICY

As defined by the Charity Commission, free reserves are those funds available to provide adequate working capital for the School to ensure it can meet its operational expenditure obligations as they fall due. The School's General Reserve Policy is to aim to hold approximately three to four months' expenditure excluding depreciation, which amounts to £650,000 to £900,000 as free reserves in a cash or liquid form. The reserves fluctuate during the School year and are at their lowest at the School year end (31 August).

INVESTMENT POWERS, POLICY AND PERFORMANCE

These are governed by the Memorandum and Articles which permit the funds to be invested in any security, other investment or property situated anywhere in the world. The Governors have delegated the management of the investments to Sarasin & Partners LLP. The general medium to long-term aim of the Governors is to maintain real capital growth while producing an income of 3.4% *per annum* or more in order to fund bursaries, awards and prizes for students at the School from a portfolio of investments, both equities and fixed interest securities, property fund and cash deposits.

LEGAL STATUS

The Yehudi Menuhin School Limited, a company limited by guarantee (company number 818389) and a registered charity (charity number 312010), was founded in 1963. The liability of Members in the event of the Company being wound up is limited to a sum not exceeding £1 each.

A wholly owned non-charitable subsidiary, YMS Enterprises, was established and incorporated on 17 December 2008 as a company limited by guarantee (company number 6775727). The trading performance is not consolidated with the School's financial statements but is shown in note 15 to the financial statements.

GOVERNANCE

In 2011 the Governors reviewed the Memorandum and Articles of Association and amended the Articles of Association to clarify the process for election and retirement of Governors.

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011**

GOVERNANCE (continued)

Responsibility for the overall management and organisation of the School rests with the Governors, who meet at least on a termly basis. They are supported in carrying out their responsibilities by several committees and sub-committees. Over the past year the Governors have reviewed their committee structure and, from 30 June 2011, established the Finance and General Purposes Committee to replace the Policy and General Purposes Committee and the Finance and Investment Committee. The new committee meets early in the autumn term and then a few weeks before each of the termly meetings of the Council of Governors. The Hall Management Committee met regularly in the year to oversee the operation and all matters financial of The Menuhin Hall. The School's Leadership Team (comprising the Headmaster, Director of Music, Director of Studies and Bursar) now takes full responsibility for management of The Menuhin Hall and the Hall Management Committee has been disbanded. The Board of YMS Enterprises oversees the School's trading activities. The Education Committee meets when required, but at least once a year. The work of the Risk Management Committee has been subsumed within the remit of the Finance and General Purposes Committee.

A new Appeal Committee was established to oversee a planned fundraising appeal to coincide with the 50th Anniversary of the School's founding in the 2013/14 academic year.

The task of running the School on a day to day basis is the responsibility of the Headmaster and he is fully supported by the members of the Leadership Team.

RECRUITMENT AND TRAINING OF GOVERNORS

The Governors are appointed at the Annual General Meeting of the Council of Governors on the basis of nominations received from the existing members to fill specifications concerning personal competence, specialist skills and, if possible, local availability. Governors are informed of relevant training courses offered by various professional bodies (ISBA, AGBIS etc.)

RISK MANAGEMENT

The Governors continue to keep the School's activities under review and monitor performance, with particular regard to any major risks which may arise. The Governors' Risk Management Committee assessed and categorised the risks which the School is, or may become, exposed to in order to ensure that there are satisfactory systems established to manage those risks. A review of risks and the risk register is a regular item on the agenda of Committee and Council meetings in order to ensure that the process is constantly reviewed and updated. From 1 July 2011 the Finance and General Purposes Committee assumed responsibility for detailed risk management review.

The main risk to the future of the School remains the withdrawal or reduction of the funding for the places supported by the Department for Education.

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011**

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company Law requires the Governors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law

Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Governors are required to

- select suitable accounting policies and then apply them consistently,
- 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in business

The Governors are ultimately responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and ensuring their proper application in accordance with company law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

As far as each of the Governors of the company at the date of approval of this report is aware there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each Governor has taken all reasonable steps that he/she should have taken as a Governor in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

Kingston Smith LLP have expressed their willingness to continue as auditors for the next financial year

Approved by the Council of Governors at its meeting on
and signed on its behalf by

7 / 12 / 2011



**Mr Richard Morris
Chairman of Governors**

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
THE YEHUDI MENUHIN SCHOOL LIMITED**

We have audited the financial statements of The Yehudi Menuhin School Limited for the year ended 31 August 2011 which comprise the Statement of Financial Activities incorporating the Summary Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and Auditors

As explained more fully in the Governors' Responsibilities Statement, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the governors, and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 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 properly prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act

In our opinion the information given in the Governors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 governors' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Kingston Smith LLP

Neil Finlayson, Senior Statutory Auditor
For and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

7/2 / 2012

YEHUDI MENUHIN SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2011

	Notes	Unrestricted Funds		Endowment Funds	Restricted Funds	2011	2010
		School's Operation	Other Activities			£	£
		£	£	£	£		
INCOMING RESOURCES							
Charitable activities							
Fees receivable		2,941,920	-	-	-	2,941,920	2,736,570
Bursaries income		-	-	-	32,911	32,911	184,415
Grants received		-	-	-	62,370	62,370	210,645
Other activities to generate funds							
Menuhin Hall income		-	120,002	-	-	120,002	95,829
Concert, festivals & events		-	8,534	-	-	8,534	14,545
Other income	2a	55,460	-	-	-	55,460	42,480
Investment income	2b	188,926	7,663	-	29,109	225,698	98,298
Donations and legacies	2c	165,263	21,201	-	10,842	197,306	951,145
Total Incoming Resources		<u>3,351,569</u>	<u>157,400</u>	<u>-</u>	<u>135,232</u>	<u>3,644,201</u>	<u>4,333,927</u>
RESOURCES EXPENDED							
Cost of generating Funds							
Fundraising and publicity		39,533	-	-	-	39,533	26,101
Finance and other costs		1,662	-	-	-	1,662	2,439
Investment management fees		1,171	-	-	-	1,171	4,778
Menuhin Hall expenses	5	-	266,685	-	-	266,685	233,260
Other expenses		13,483	-	-	-	13,483	25,927
Charitable expenditure							
School operating costs and grant making		2,998,673	18,314	8,923	145,450	3,171,360	2,822,919
Governance costs		13,497	-	-	-	13,497	14,478
Total Resources Expended	5	<u>3,068,019</u>	<u>284,999</u>	<u>8,923</u>	<u>145,450</u>	<u>3,507,391</u>	<u>3,129,902</u>
Net incoming/(outgoing) resources for the year	3	283,550	(127,599)	(8,923)	(10,218)	136,810	1,204,025

The notes on pages 16 to 27 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2011

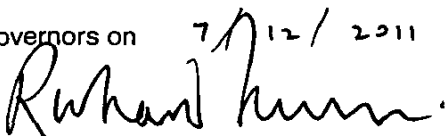
	Unrestricted Funds		Endowment Funds	Restricted Funds	2011	2010
	School's Operation	Other Activities				
	£	£	£	£	£	£
Net incoming resources	155,951		(8,923)	(10,218)	136,810	1,204,025
Transfer between funds	-		-	-	-	-
Other recognised gains and losses						
(Losses)/Gains on investments						
Realised (notes 7 and 10)	67,246		10,462	4,724	82,432	34,276
Net income/(expenditure) for the year	223,197		1,539	(5,494)	219,242	1,238,301
Unrealised investment (gains)/losses (notes 7 and 10)	(73,213)		(27,768)	(5,601)	(106,582)	187,535
Net Movement in Funds	149,984		(26,229)	(11,095)	112,660	1,425,836
Fund balances at 1 September 2010						
(as restated – notes 10 and 11)	10,453,507		4,355,879	349,150	15,158,536	13,732,700
Fund Balances at 31 August 2011	10,603,491		4,329,650	338,055	15,271,196	15,158,536

The notes on pages 16 to 27 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
BALANCE SHEET
AS AT 31 AUGUST 2011

	Notes	2011 £	2010 Restated £
FIXED ASSETS			
Tangible assets	6	8,457,113	8,395,245
Investments	7	5,897,261	6,207,248
		14,354,374	14,602,493
CURRENT ASSETS			
Stocks		23,232	19,404
Debtors	8	143,873	172,025
Cash at bank and in hand		1,100,970	742,152
		1,268,075	933,581
CREDITORS: amounts falling due within one year	9	351,253	377,538
NET CURRENT ASSETS		916,822	556,043
NET ASSETS		15,271,196	15,158,536
FUNDS			
Endowment Funds	10a	575,905	578,518
Expendable Endowment Funds	10a	3,753,745	3,777,361
Total Endowment Funds		4,329,650	4,355,879
Restricted Funds	10b	338,055	349,150
Designated Bursary and Other Funds	10c	1,696,696	1,604,898
Fixed Asset Funds	10d	8,247,745	8,181,605
General Reserve	10e	659,050	667,004
		10,603,491	10,453,507
TOTAL FUNDS	11	15,271,196	15,158,536

Approved and authorised for issue by the governors on 7/12/2011
and signed on their behalf by


Mr Richard Morris, Chairman of Governors


Mr Peter Willan FCMA, Vice Chairman of Governors

The notes on pages 16 to 27 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention, except that investment assets are carried at market value, and in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting and Reporting by Charities (the Charities SORP 2005) and the Companies Act 2006

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to small company exemptions

YMS Enterprises Limited, a company limited by guarantee, was incorporated on 17 December 2008 as a wholly owned subsidiary of the School. The charitable company is not required to prepare group financial statements as the subsidiary undertaking is considered to be not material to the group, therefore the financial statements present information about the individual charitable company and not of its group. The results of YMS Enterprises Limited and the net assets position at the balance sheet date are set out in note 16

After making enquiries, the governors have a reasonable expectation that the school has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Governors Responsibilities on pages 7 and 8

b) Fees receivable and similar income

Fees receivable comprise tuition fees including means tested contributions to fees paid by parents, grants towards fees from the Department for Education through the Music and Dance Scheme, and net scholarships and bursaries funded from restricted and other funds

c) Bursary Funds

The School receives some of its income primarily for the provision of scholarships, bursaries and prizes. These amounts are held within restricted funds

d) Donations and Legacies

Donations receivable for the general purpose of the Charity are credited to 'unrestricted funds'. Donations for purposes restricted by the wishes of the donor are taken to 'restricted funds' where these wishes are legally binding on the Governors. Donations required to be retained as capital in accordance with the donor's wishes are accounted for as 'endowments' – permanent or expendable according to the nature of the restriction

Legacies are recognised when there is adequate certainty and reliability of receipt and their value can be accurately measured

e) Resources expended

Expenditure is classified under the two principal categories of Charitable Expenditure and Costs of Generating Funds rather than the type of expense, in order to provide more useful information to users of the financial statements

Charitable Expenditure comprises direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources

Support costs comprise of staff costs together with related overheads of the charity. Governance costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

1. ACCOUNTING POLICIES (CONTINUED)

f) Value Added Tax

The School is not registered for value added tax. All expenditure is therefore included under the expense headings to which it relates inclusive of any value added tax.

g) Taxation

The School is a registered Charity and is exempt from taxation on income arising from and expended on its charitable activities.

h) Pension Costs

The School contributes to the Teachers' Pension Defined Benefits Scheme at rates set by the Scheme Actuary and advised to the Board by the Scheme Administrator. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the School. In accordance with FRS17 therefore, the scheme is accounted for as a defined contribution scheme.

Certain non-teaching staff are also members of other defined contribution schemes. All non-teaching staff are entitled to join a group personal pension scheme, which complies with the requirements for a Stakeholder Pension Scheme.

i) Stocks

Stocks are valued at the lower of cost and net realisable value at the balance sheet date.

j) Tangible fixed assets and depreciation

Freehold buildings are carried in the balance sheet at their cost less depreciation as the Governors consider it is not appropriate to apply a current value to such property. The cost of new buildings is added to fixed assets as it is incurred. Only purchases of assets over £5,000 are included as fixed assets.

Depreciation is provided on the cost or valuation of assets, over the estimated useful life of the assets. The rates of depreciation are as follows:

Freehold Buildings	- 2% on cost
Furniture and Equipment	- written off in year of acquisition
Motor Vehicles	- 25% reducing balance
Instruments – Pianos and Keyboards	- over 10 years
IT Software	- over three years
Assets held under finance lease	- over the term of the lease

String instruments are not depreciated as the quality of the instruments held is such that their likely useful life is in excess of 50 years. Also, land is not depreciated and freehold buildings are only depreciated once brought into use.

k) Translation of Foreign Currencies

Transactions in foreign currencies are converted into sterling at the rates ruling on the dates of the transactions. Assets and liabilities at the year end which are denominated in foreign currency are translated at the rates ruling at the balance sheet date.

l) Investments

Investments are included in the financial statements at market value, with any surplus or deficit on revaluation being shown as unrealised gains or losses on the face of the Statement of Financial Activities.

m) Governments Grants Receivable

Government grants received in respect of pupils' fees are included within income in the year to which they relate.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

9. ACCOUNTING POLICIES (CONTINUED)

n) Leased and Hire Purchase Assets

Where the charity has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to a legal title.

Rentals payable under operating leases are charged to the Statement of Financial Activities as incurred.

o) Funds

Endowed – These are funds where the Governors are required to hold capital, as represented by the investments, and are not entitled to spend it. Income arising from these funds is included within restricted funds in accordance with the donors' wishes.

Restricted – these are monies which have legal restrictions on their use where donors have specified the funds can only be spent on certain of the charity's activities.

Unrestricted – General funds are available for use at the discretion of the Governors in furtherance of the charity's general objectives. Designated funds are set aside out of general funds by the Governors, for particular purposes.

2. INCOME	2011	2010
	£	£
a) Other Income		
Audition fees	2,358	2,976
Children' Music Income	-	783
Holiday Course Income	-	10,410
Sundry income	385	-
Yehudi Menuhin School Enterprises Facilities Fee	27,082	28,311
Appeal Office Income	25,000	-
Sir Alan Traill Gift	635	-
	<u>55,460</u>	<u>42,480</u>
b) Investment Income		
Rent receivable	-	-
Listed investments - UK	225,263	97,978
Bank Interest	435	320
	<u>225,698</u>	<u>98,298</u>
c) Donations and Legacies		
Miss Audrey Joyce Burford	43,621	50,000
Mrs Christiana Fafie	-	73,247
Ms Elizabeth Laverick	68,229	-
Lady Elizabeth Calthorpe	74	-
Dr Margaret Forbes Jamieson	42,545	600,457
Ms Phyllis Elena Eagar	6,000	-
Miss Sylvia Cartner	-	25,349
Mrs Meher Rohi Gazder	-	29
Ms Angela Marris	-	44,000
Menuhin Hall Concert Sponsorship	1,000	-
Friends of Yehudi Menuhin School	10,200	14,000
Other donations and legacies (includes Gift Aid from subsidiary)	25,637	144,063
	<u>197,306</u>	<u>951,145</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

3.	NET INCOMING RESOURCES	2011	2010
		£	£
	Net incoming resources are stated after charging		
	Auditors' remuneration		
	For audit	11,020	12,866
	Other services	5,800	6,824
	Depreciation – owned assets	<u>303,966</u>	<u>201,326</u>

4.	STAFF COSTS	2011	2010
		£	£
	Wages and salaries	1,479,946	1,407,869
	Social security costs	122,876	119,248
	Pension costs	<u>138,963</u>	<u>128,892</u>
		<u>1,741,785</u>	<u>1,656,009</u>

The number of employees (including full time equivalent numbers for part time employees) in the year was 43 (2010 – 44) of which 29 (2010 – 28) were teaching staff

Neither the Governors nor persons connected with them received any remuneration or reimbursement of expenses from the School

The number of employees whose emoluments exceeded £60,000 was as follows

	2011	2010
	No.	No
£70,001 – £80,000	<u>1</u>	<u>1</u>

This individual is also a member of the Teachers' Pension defined benefit scheme

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

5. ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff Costs £	Other £	Depreciation £	2011 Total £
Cost of Generating Funds				
Fund-raising & publicity	15,288	24,245	-	39,533
Finance and other costs	-	1,662	-	1,662
Investment management fees	-	1,171	-	1,171
Menuhin Hall expenses	64,251	129,423	73,011	266,685
Other expenses	-	13,483	-	13,483
	<u>79,539</u>	<u>169,984</u>	<u>73,011</u>	<u>322,534</u>
Charitable Expenditure				
Teaching	1,252,921	67,813	18,352	1,339,086
Welfare and catering	95,940	262,540	5,610	364,090
Premises	65,798	468,793	206,993	741,584
School support costs	247,587	160,314	-	407,901
School's operating costs	1,662,246	959,460	230,955	2,852,661
MDS Celebratory Event	-	-	-	-
Grants awards & prizes	-	18,314	-	18,314
Bursaries	-	300,385	-	300,385
School operating costs and grant making	<u>1,662,246</u>	<u>1,278,159</u>	<u>230,955</u>	<u>3,171,360</u>
Governance costs	-	13,497	-	13,497
	<u>1,741,785</u>	<u>1,461,640</u>	<u>303,966</u>	<u>3,507,391</u>
<i>2010</i>				
Cost of Generating Funds				
Fund-raising & publicity	-	26,101	-	26,101
Finance and other costs	-	2,439	-	2,439
Investment management fees	-	4,778	-	4,778
Menuhin Hall expenses	59,341	119,362	54,557	233,260
Other expenses	-	25,927	-	25,927
	<u>59,341</u>	<u>178,607</u>	<u>54,557</u>	<u>292,505</u>
Charitable Expenditure				
Teaching	1,241,358	66,027	14,695	1,322,080
Welfare and catering	87,544	222,707	6,298	316,549
Premises	64,275	305,018	125,776	495,069
School support costs	203,491	117,346	-	320,837
School's operating costs	1,596,668	711,098	146,769	2,454,535
MDS Celebratory Event	-	88,653	-	88,653
Grants awards & prizes	-	18,226	-	18,226
Bursaries	-	261,505	-	261,505
School operating costs and grant making	<u>1,596,668</u>	<u>1,079,482</u>	<u>146,769</u>	<u>2,822,919</u>
Governance costs	-	14,478	-	14,478
	<u>1,656,009</u>	<u>1,272,567</u>	<u>201,326</u>	<u>3,129,902</u>

Governance costs include remuneration for audit services of £11,020 (2010 £12,866)

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2010	8,460,662	1,370,055	284,632	95,723	10,211,072
Additions	208,260	-	157,575	-	365,835
Disposal	-	-	-	-	-
At 31 August 2011	<u>8,668,922</u>	<u>1,370,055</u>	<u>442,207</u>	<u>95,723</u>	<u>10,576,907</u>
DEPRECIATION					
At 1 September 2010	1,165,079	295,687	278,232	76,830	1,815,828
Charge for the year	169,884	18,352	110,120	5,610	303,966
31 August 2011	<u>1,334,963</u>	<u>314,039</u>	<u>388,352</u>	<u>82,440</u>	<u>2,119,794</u>
NET BOOK VALUE					
At 31 August 2011	<u>7,333,959</u>	<u>1,056,016</u>	<u>53,855</u>	<u>13,283</u>	<u>8,457,113</u>
At 31 August 2010	<u>7,295,583</u>	<u>1,074,368</u>	<u>6,400</u>	<u>18,894</u>	<u>8,395,245</u>

All fixed assets are held for charitable purposes. Included within musical instruments are string instruments which were included at an insurance value of £970,530 at 31 August 1999 as the Governors were unable to quantify the cost of these assets.

7. INVESTMENTS

All investments are held within the UK

Market value at 1 September 2010

Acquisitions at cost

Disposals at open market value

Unrealised gains

Market value at 31 August 2011

Historic cost at 31 August 2011

Investments representing 5% or more of the total portfolio are as follows

Alpha CIF For Endowments (Income Units)

Sarasin Equisar IIID CIs 'B' Inc

Investment Properties

Valuation at 1 September 2010

Valuation at 31 August 2011

	2011 £	2010 £
Market value at 1 September 2010	4,469,783	2,900,946
Acquisitions at cost	2,190,632	2,307,146
Disposals at open market value	(1,616,095)	(925,843)
Unrealised gains	<u>(106,582)</u>	<u>187,535</u>
Market value at 31 August 2011	<u>4,937,738</u>	<u>4,469,784</u>
Historic cost at 31 August 2011	<u>4,628,755</u>	<u>4,115,819</u>
	Market Value	Market Value
	£	£
Alpha CIF For Endowments (Income Units)	4,937,738	3,072,079
Sarasin Equisar IIID CIs 'B' Inc	<u>-</u>	<u>1,397,705</u>
	2011	2010
	£	£
Valuation at 1 September 2010	<u>860,792</u>	<u>860,792</u>
Valuation at 31 August 2011	<u>310,792</u>	<u>860,792</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

7. INVESTMENTS (CONTINUED)

Riseholme Bungalow, Cobham, Surrey

The school was left Riseholme Bungalow, a freehold property under the will of Professor B Hermelin who died on 14 January 2007. This was included at a probate value of £750,000. Following a review of the value of Riseholme Bungalow in the prior year the Governors believed that the property had declined in value and the reduction in value was reflected in the financial statements for 2009. A Planning Permission application for development of the site was made in July 2010 and was granted, and the property was subsequently sold.

Riverview Gardens, Cobham, Surrey

During the year ended 31 August 2007 the school purchased 70 Riverview Gardens at a market value of £299,950. The property has been included in the accounts at the purchase price plus incidental costs. The Governors believe there is no significant change between the purchase cost and market value at the year end.

Summary of investments

	2011	2010
	£	£
Cash held for re-investment	648,731	876,672
Investment property	310,792	860,792
Equity investments	<u>4,937,738</u>	<u>4,469,784</u>
	<u>5,897,261</u>	<u>6,207,248</u>

8. DEBTORS: amounts falling due within one year

	2011	2010
	£	£
Amounts due from subsidiary undertaking	64,023	34,573
Fees and recharges receivable	51,658	111,372
Prepayments & accrued income	<u>28,192</u>	<u>26,080</u>
	<u>143,873</u>	<u>172,025</u>

The amounts due from subsidiary undertaking (YMS Enterprises) includes £21,201 Gift Aid.

9. CREDITORS: amounts falling due within one year

	2011	2010
	£	£
Amounts owed to subsidiary undertaking	-	74,826
Trade creditors	59,259	1,712
Fees received in advance	93,953	97,389
Fee deposits held	34,764	31,112
Social security and other taxes	35,384	36,820
Accruals and deferred income	75,434	61,739
Other creditors	<u>52,459</u>	<u>73,940</u>
	<u>351,253</u>	<u>377,538</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

10a ENDOWMENT FUNDS

	Balances Brought Forward (restated note 11)	Incoming Resources	Resources Expended	Transfers/ Investment (Losses)/ Gains	Balances Carried Forward
	£	£	£	£	£
Permanent Endowments	578,518	-	-	(2,613)	575,905
Expendable Endowments	3,777,361	-	(8,923)	(14,693)	3,753,745
	<u>4,355,879</u>		<u>(8,923)</u>	<u>(3,066)</u>	<u>4,329,650</u>

Permanent endowment funds are those where the Governors are required to hold the capital and are not entitled to convert it to income. Income arising from these funds is included within restricted funds and is spent in line with the wishes of the donor. These include the following funds: Esso/Westminster, Eta Herbst, Cholmondeley, Sherman, Jeanty Raven, JGC Mellars, Doris Faulkner Violin Scholarship, Fermoy Masterclass Awards, Sir Ronald Harris and Brakenbury.

Expendable endowment funds are those where the Governors have the power to convert the fund or part thereof to income. This includes a fund from The Department for Education for the construction of the swimming pool, the Alice Hartley Award, the Madame Phyllis Baker Scholarship, the Nicolas Chisholm Fund, the Kentner Fund, Swimming Pool Fund and the Riverview Gardens Property Fund.

10b RESTRICTED FUNDS

	Balances Brought Forward (restated note 11)	Incoming Resources	Resources Expended	Transfers/ Investment (Losses)/ Gains	Balances Carried Forward
	£	£	£	£	£
Bursary Funds	193,969	72,862	(62,020)	(877)	203,934
Other Restricted Funds	155,181	62,370	(83,430)	-	134,121
	<u>349,150</u>	<u>135,232</u>	<u>(145,450)</u>	<u>(877)</u>	<u>338,055</u>

Restricted Bursary Funds These funds arise from legacies, grants and donations made for the specific purpose of providing bursaries to students, the recipients and amounts of bursaries are determined by the Headmaster and Governors. In addition to the incoming resources from the funds named in 10(a), these include the following restricted funds: Miller Smiths Scholarship, Albert Cowie, Paloma O'Shea, Rolling Stones, Friends of the Yehudi Menuhin School, Lady Elizabeth Calthorpe, Kissin Award and the Alice Hartley Fund.

Restricted Other Funds These funds arise from grants and donations made for specific purposes other than bursaries. These funds comprise Digital Music Project, The Music and Dance Scheme Celebratory Fund, Outreach Project, all generously provided by the Department for Education.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

10c DESIGNATED FUNDS

	Balance brought forward (restated note 11)	Incoming resources	Resources expended	Unrealised/Realised Investment Gains/(losses)	Transfers	Balance carried forward
	£	£	£	£	£	£
Designated Funds						
Sir Siegmund Warburg Fund	100,000	4,135	(2,685)	(452)	-	100,998
Student Aid Prize Fund	35,537	8,534	(18,314)	-	-	25,757
Wallace Curzon	194	-	-	-	-	194
White House Art Fund	-	2,500	(1,750)	-	-	750
The Bursary Fund	1,793	-	-	-	-	1,793
	1,467,374	161,162	(57,188)	(4,144)	-	1,567,204
	1,604,898	176,331	(79,937)	(4,596)	-	1,696,696

Designated Funds These funds are unrestricted funds which the governors have ear-marked for a particular project or use without committing the funds legally

Sir Siegmund Warburg Fund: These funds are earmarked by the Governors for the development of the use of digital media in musical education (arising from a generous grant from the trustees of The Sir Siegmund Warburg Voluntary Settlement)

Student Aid: These funds have principally derived from the efforts of students, i.e. concerts and recitals, and are designated to be used for the benefit of students, rather than the School generally

Prize Fund: The prize fund represents money set aside to pay for prizes at the School's discretion

Wallace Curzon: The Wallace Curzon fund represents monies set aside for the purposes of making awards to pupils

White House Art Fund: This includes monies earmarked by the Governors for buying works of Art for displaying in the White House

The Bursary Fund: The funds comprise legacies from Miss Audrey Joyce Burford, Ms Phyllis Elena Eagars, Professor Beatrice Hermelin, Dr Margaret Forbes Jamieson, and Mrs Elizabeth Laverick. The income earned on the funds are, at the discretion of the Governors, being held in a separate fund to be applied for public benefit through means tested bursaries

10d FIXED ASSET FUNDS

	Balance brought forward (restated note 11)	Incoming resources	Resources expended	Unrealised/Realised Investment Gains/(losses)	Transfers	Balance carried forward
	£	£	£	£	£	£
Fixed Asset Funds	8,181,605	-	-	-	66,140	8,247,745

Fixed Asset Fund The fixed asset funds represents money held in the tangible fixed assets used by the School

YEHUDI MENUHIN SCHOOL LIMITED
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FOR THE YEAR ENDED 31 AUGUST 2011

10e GENERAL RESERVE

	<i>Balance brought forward (restate note 11)</i>	Incoming resources	Resources expended	Unrealised/ Realised Investment Gains/(losses)	Transfers	Balance carried forward
	£	£	£	£	£	£
General Reserve	667,004	3,332,639	(3,273,082)	(1,371)	(66,140)	659,050

General Reserves These are income funds freely available to spend on the charity's activities. The School's Reserve Policy is to aim to hold approximately three to 4 months expenditure excluding depreciation, which amounts to £650,000 to £900,000 as free reserves in a cash or liquid form. The reserves fluctuate during the school year and are at their lowest at the school year end (31 August).

11. PRIOR YEAR ADJUSTMENT

The trustees have carried out a review of the School's funds and, after consulting their professional advisers and the Charity Commission, have reclassified certain funds between the various fund types. This is to ensure that the funds are correctly classified and properly reflect the intentions of the donors. The opening balances in the reserve notes have been adjusted to show the figures as amended. The changes made were as follows:

	Balance brought forward as previously stated	Adjustment	Balance brought forward as restated
Expendable endowment (Note 10a)			
The Rusthall Manor Estate (Kentner)	-	3,040,403	3,040,403
Riverview Gardens	-	310,792	310,792
Nicolas Chisholm Fund	-	112,438	112,438
Other Funds	313,728	-	313,728
Total Expendable Endowment	313,728	3,463,633	3,777,361
Restricted funds (Note 10b)			
Nicolas Chisholm Fund	112,438	(112,438)	-
Other Funds	349,150	-	349,150
Total Restricted Funds	461,588	(112,438)	349,150
Designated funds, (Note 10c)			
The Bursary Fund (Kentner)	3,957,777	(3,040,403)	917,374
Riverview Gardens	310,792	(310,792)	-
Other Funds	687,524	-	687,524
Total Designated Funds	4,956,093	(3,351,195)	1,604,898

There was no effect on the reported surplus brought forward or on the School's assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2011

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	209,367	-	8,247,746	8,457,113
Investments	575,905	3,530,564	196,728	1,594,064	5,897,261
Net Current Assets	-	13,814	141,327	761,680	916,821
Total Net Assets	575,905	3,753,745	338,055	10,603,490	15,271,195

13. PENSION COMMITMENTS

The School participates in the Teachers Pension Scheme (England and Wales) ("the Scheme"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to identify the assets and liabilities of the Scheme which are attributable to the School.

The latest actuarial valuation of the Scheme by the Government Actuary published in November 2006 relating to the period 1 April 2001 to 31 March 2004 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) exceeded the value of the Scheme's assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) by 2.0%.

From 1 January 2007, and as part of the cost-sharing agreement between employers and teachers' representatives, the standard contribution rate has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance the Scheme's assets and liabilities within 15 years as required by the regulations), a total contribution rate of 20.5%. This translates into an employer contribution rate of 14.1% and an employee contribution rate of 6.4%. The cost-sharing agreement has also introduced - effective for the first time for the 2008 valuation - a 14% cap on employer contributions payable.

Following the publication of the Hutton Report on public sector pensions and the consultation by HM Treasury on the discount rate used to set unfunded public service pension contributions, the next valuation of the Scheme by the Government Actuary due to be prepared as at 31 March 2008 continues to be on hold until the impact of the revised discount rate on the valuation is considered. No decisions have been made yet on any changes to the Teachers' Pensions Scheme but it was expected that the Government will set out their proposals in the autumn of 2011.

The pension charge for the year includes contributions payable to the scheme of £93,835 (2010 £91,236).

The School also runs a defined contribution scheme for non-teaching staff. The superannuation charge represents the School's contributions to the scheme of £45,128 (2010 £37,656).

14. SHARE CAPITAL

The company does not have any share capital and is limited by guarantee.

The liability of the 17 members is limited to £1.00 each.

15. CAPITAL COMMITMENTS

Capital expenditure contracted at 31 August 2011 amounted to £12,840 and related to seven replacement shower units for Harris House (2010 £29,257 Menuhin Hall air conditioning).

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16. SUBSIDIARY UNDERTAKING

YMS Enterprises Limited is a wholly owned subsidiary undertaking registered in England and Wales, which was incorporated as a company limited by guarantee on 17 December 2008. The principal activities of the company are to offer public and private concerts, summer schools and associated services and general merchandising. The total net profit is gifted to the School. A summary of the results of the subsidiary is shown below.

The financial statements of YMS Enterprises Limited for the year to 31 August 2011 which are not consolidated with the School's financial statements, showed the following position:

BALANCE SHEET

	31 August 2011	<i>31 August 2010</i>
	£	£
CURRENT ASSETS		
Cash at bank and in hand	81,600	23,111
Debtors	3,964	79,721
CREDITORS amounts falling due within one year	<u>(85,564)</u>	<u>(102,832)</u>
TOTAL NET ASSETS	<u>-</u>	<u>-</u>
RESERVES		
Profit and loss account	<u>-</u>	<u>-</u>
PROFIT AND LOSS ACCOUNT		
Turnover	140,766	142,737
Operating costs	<u>(88,156)</u>	<u>(80,150)</u>
GROSS PROFIT	52,610	62,587
Administrative expenses	<u>(31,409)</u>	<u>(28,014)</u>
PROFIT ON ORDINARY ACTIVITIES	21,201	34,573
Payment under gift aid	<u>(21,201)</u>	<u>(34,573)</u>
RETAINED PROFIT	<u>-</u>	<u>-</u>

17. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption which is conferred by financial reporting standard no 8, 'related party disclosures' that allows it not to disclose intra group transactions where its subsidiary is wholly owned.