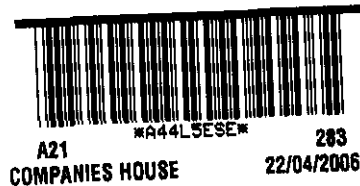


Company Number: 818389

Charity Number: 312010

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2005



YEHUDI MENUHIN SCHOOL LIMITED
FOR THE YEAR ENDED 31 AUGUST 2005

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YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2005

GOVERNORS AND DIRECTORS

The Directors of the Company who are also the charity Trustees and the Governors of the School and who served during the year are:

- * Sir Alan Traill GBE (Chairman)
Sir John Burgh, KCMG, CB (Vice Chairman)
Mr John Chadwick (resigned 25 February 2005)
Mr Noël Annesley
- * Mr Gavin Barrett (appointed 25 November 2004)
Sir Peter Beale, KBE
The Hon. Mrs Zamira Menuhin Benthall
Mr Daniel Hodson (resigned 25 November 2004)
Mr Richard Morris (appointed 25 November 2004)
- * Mrs Susan Mitchell (appointed 25 November 2004)
The Lord Moser KCB, CBE, FBA
- * Dr Andreas Prindl (appointed 25 November 2004)
- * Mr Adam Ridley
Mr Mark Sheldon CBE
Mrs Anne Simor
Mr Graham Smallbone
- * Mr Peter Willan (appointed 25 November 2004)

- * Members of the Executive and Finance Committee.

The Governors are elected at the Annual General Meeting. One third of the Governors retire at each Annual General Meeting and may be re-elected.

REGISTERED OFFICE	Millfield Stoke D'Abernon Cobham Surrey KT11 3QQ
COMPANY NUMBER	818389
CHARITY NUMBER	312010
PRESIDENT	Mstislav Rostropovitch Hon KBE
VICE PRESIDENTS	Elizabeth, Duchess of Hamilton & Brandon OBE, DL Mr A N Hollis OBE, DFC Mrs B R D Fisher OBE

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS, OFFICERS AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

HEADMASTER	Nicolas Chisholm MA (CANTAB)	
DIRECTOR OF MUSIC	Malcolm Singer MA (CANTAB)	
BURSAR	Mrs Elaine R Balmer	
AUDITORS	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	
BANKERS	Barclays Bank plc Walton and Staines Business Centre PO Box No.193 8/12 Church Street Walton on Thames Surrey KT12 2YW	
INSURANCE BROKERS	Holmwoods Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU	
INVESTMENT MANAGERS	Carr Sheppards Crosthwaite 2 Gresham Street London EC2V 7QN	
SOLICITORS	Triggs Wilkinson Mann Sweech House Gravel Hill Leatherhead Surrey KT22 7HG Veale Wasborough Orchard Court Orchard Lane Bristol BF1 5DS	Linklaters One Silk Street London EC2Y 8HQ

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2005

The Directors of the Company who are also the Governors of the School and charity Trustees have pleasure in presenting their report and financial statements for the year ended 31 August 2005.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2000).

LEGAL STATUS

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

OBJECT OF THE CHARITY

To provide a School in the United Kingdom where children from any part of the world with talents for music may obtain a musical and general education of the highest order.

GOVERNANCE

Responsibility for the overall management and organisation of the School rests with the Governors, who meet on a termly basis. They are supported in carrying out their responsibilities by the Executive and Finance Committee, which meets a few weeks before each of the termly meetings of the Governors.

The task of running the School on a day to day basis is delegated to the Headmaster and his Senior Management Team.

REVIEW OF ACTIVITIES, ACHIEVEMENTS AND DEVELOPMENTS

The Governors are pleased to report that the School was able to start a programme of tuition in *Classical Guitar* due to the generous donation of a substantial sum for Guitar bursaries by the Rolling Stones. This enabled pupil numbers to increase to 65 for the year to 31st August 2005, with three guitar pupils entering the School whose fees are supported by the Rolling Stones Bursary Fund. 48 pupils including three 3rd year Sixth Form pupils with U.K. resident status were supported through the Music & Dance Scheme by the Department for Education & Skills. Pupils not eligible for the Scheme and whose parents cannot find a source for the fees have been supported through the School's bursary scheme, so that the School is accessible to talented children who wish to benefit from the specialised education whatever their family circumstances. The School's bursary funds produce investment income of approximately £38,500 and this, together with income from legacies and generous gifts from individuals, charitable trusts and fundraising events, enables the School to offer places to a number of young people each year.

The GCSE and A Level examination results were excellent with similar levels of achievement to previous years. At GCSE the numbers of A* to B grades achieved were 86% and 89% of the grades at A Level were A to C. Similar successes were made at Key Stage 3 including level 8 by two pupils in Mathematics. Seven pupils graduated from the School at the end of the Summer Term, all gaining scholarships to study with their chosen teacher at their first choice of conservatoire. Pupils performed in many concerts during the year, including events in England, Wales, Scotland, Switzerland, Thailand, Ukraine, Georgia, Holland and Estonia. Valeriy Sokolov gained 1st prize in the Enesco Competition in Romania. Two pupils joined other music students to play in the combined specialist schools' concert at Buckingham Palace.

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

REVIEW OF ACTIVITIES (CONTINUED)

The School's President, Mstislav Rostropovitch, conducted the School's orchestra in the School's 40th Birthday Gala Concert at the Royal Albert Hall in the presence of Queen Anne-Marie and Princess Irene of Greece. The concert, in collaboration with Great Ormond Street Hospital for Children, included performances from Evgeny Kissin, Tasmin Little, Simon Callow and the Belcea Quartet. Other visiting teachers this year have included Lewis Kaplan, Zvi Zeitlin, Dora Schwarzberg, Francois Rabbath, Tasmin Little, Victor Rosenbaum, Melissa Phelps, Simone Fontanelli, Ronan O'Hora, Geoffrey Madge, Menachem Weisenberg, Paul Ellison and Leland Chen. Nicola Gaines, the baroque dance expert, visited the school to instruct the pupils and take part in a Baroque Extravaganza.

The construction of The Menuhin Hall continued throughout the year and the building was handed over to the School on 5th August 2005. Work will continue throughout the Autumn Term 2005 to complete the fit out of the Hall and the construction of the car park. The School expects to be able to start to use The Menuhin Hall in the second half of the Autumn Term and to hold a Gala Concert for the formal opening of the Hall on 7th January 2006, with performances by Jeremy Menuhin and the School Orchestra conducted by Rostropovitch in the presence of HRH The Duke of Gloucester. The addition of this 315 seat Hall to the School's facilities will give the pupils of the school the opportunity to continue their professional training to the highest level. The Governors of the School are most grateful to the Department for Education and Skills and the many private individuals and charitable organisations who have supported the building of The Menuhin Hall with their generous donations.

COMMUNITY ACTIVITY

The School's Outreach Programme continues to develop with the financial support of the Department for Education and Skills. Pupils from the School visited local primary schools on several occasions, both to perform and to participate in workshops with the children. For the second year, local students took part in a composition project which involved the School in performing compositions written by these students for their GCSE or A level portfolios. A day of coaching and performing local children in chamber music was held, as well as a seminar day for piano teachers. The Chance to Play project continued in local primary schools with young violinists, and a highly successful ISM Performance Platform was held which gave local children an opportunity to perform in front of an audience. Pupils at the School took part in workshops at a comprehensive school in Leatherhead as part of their Duke of Edinburgh Bronze Award programme and pupils also performed in homes for the elderly and blind, and gave a concert at Dorking Halls for children from primary schools in the local area. MusicWorks chamber music courses have taken place in the School in the holidays.

TRUSTEES

This year saw the retirement of several Governors of the School and the sad death of the former Chairman of Governors, John Chadwick, who is greatly missed. The School has undertaken a skills audit and recruited five new Governors with expertise in the areas of finance, education and music, who have brought new strength and energy to the Council.

The Governors recognise the importance of their position in setting the policy for the School and keep under review the skills needed on the Governing Council when appointing new trustees.

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

FUTURE DEVELOPMENTS

The Governors look forward to continuing the work of the School, enabling young people from all walks of life to benefit from the specialist education in music which it provides. An additional first study guitar pupil joins the School in September 2005, bringing the pupil numbers to 66. The Menuhin Hall will bring increased opportunities for performance platforms for the pupils, and will enable the School to present celebrity recitals and to increase its outreach work with pupils from local schools, music teachers and the wider local community. The Governors and staff are committed to realising Lord Menuhin's aim that pupils will leave the school not only as dedicated and excellent musicians who will use their music to inspire and enrich the lives of others, but also as friendly, thinking individuals well equipped to contribute fully to the international community.

FINANCIAL RESULTS

The School's results indicate a satisfactory position for the year.

Total balance sheet reserves of £8,416,366 are in part represented by restricted and endowed funds totalling £1,043,282, which are held for specific purposes as detailed in notes 11a and 11b to the financial statements. The remaining funds carried forward are unrestricted funds of which £297,617 has been designated for specific purposes by the Governors and £7,075,467 represents tangible fixed assets as detailed in note 11c.

RESERVES POLICY

As set out in notes 11 and 12 to the financial statements, the reserves are split between those available for the day to day requirements of the School, which are described by the Charity Commission as the free reserves and those restricted or designated for specific purposes or used in providing the school buildings and other tangible fixed assets. Most of the Endowment Funds are represented by specific investments and the remainder is in bank balances. Designated Funds, to the extent that they are not represented by expenditure on new School buildings, are detailed in note 11c.

All free reserves are fully utilised in financing the property owned by the School. After the year end the DfES has committed to provide a grant of £750,000 towards the completion of the Memorial Hall which will be paid in two instalments over the next two years.

The Governors are of the opinion that the School's assets are sufficient to meet its current obligations.

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 Carr Sheppards Crosthwaite who oversee the everyday interests in the investments and report to the school on a quarterly basis.

The general objective is to maintain capital growth while producing an income of 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.

The return on the portfolio for the year, including income and unrealised gains was 16.9%.

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

GRANT MAKING POLICY

This year, the value of scholarships, grants, prizes and other awards made to the School's pupils was £19,981 (2004: £21,355). Awards totalling £235,808 (2004: £148,328) in bursaries were made to 12 (2004 – 7) pupils.

The Governors' policy is to make these awards on the basis of the individual's financial need and educational ability, subject to the particular conditions imposed by the original donor where the award is out of restricted funds.

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 have formed a Risk Assessment Committee which has 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 mitigate those risks.

A review of risks is now a regular item on the agenda of Board meetings in order to ensure that the process is constantly reviewed and updated.

STATEMENT OF GOVERNORS' RESPONSIBILITIES

Company Law requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the School and of the surplus or deficit of the School for that period. In preparing those 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 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.

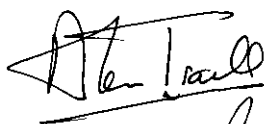
The Governors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the School and to enable them to ensure that the financial statements comply with Company Law. They are also responsible for safeguarding the assets of the School and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

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

24 November 2005



**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 2005 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 11 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 11, 12 and 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters, which 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 company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the directors and auditors

The responsibilities of the directors, who are also the charity trustees for the purposes of charity law, for preparing the Governors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Governors' Responsibilities on page 6.

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

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

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

Basis of opinion

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

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

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 August 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants and
Registered Auditors

St Bride's House
10 Salisbury Square
London EC4Y 8EH

24 November 2005

YEHUDI MENUHIN SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2005

	Notes	Unrestricted Funds School's Operation £	Other Activities £	Endowment Funds £	Restricted Funds £	2005 £	2004 £
INCOMING RESOURCES							
Charitable activities							
Fees receivable		1,922,780	-	-	-	1,922,780	1,701,001
Bursaries income		-	77,917	-	20,753	98,670	119,518
Other activities to generate funds							
Concert receipts, festivals & events		-	15,478	-	-	15,478	12,843
Childrens Music income		4,651	-	-	-	4,651	5,245
Holiday Course income		6,249	-	-	-	6,249	17,550
Investment income							
Investment income	2	10,514	-	-	36,361	46,875	42,063
Bank interest		22,986	-	-	9,358	32,344	75,462
Donations and legacies							
Donations		-	283,424	-	114	283,538	789,259
Legacies		1,404	-	-	35,274	36,678	31,300
Other incoming resources	2	1,606	-	-	19,643	21,249	34,741
Total Incoming Resources		<u>1,970,190</u>	<u>376,819</u>	<u>-</u>	<u>121,503</u>	<u>2,468,512</u>	<u>2,828,982</u>
RESOURCES EXPENDED							
Cost of generating Funds							
Fundraising and publicity		16,515	-	-	38,846	55,361	75,329
Finance and other costs		1,157	-	-	-	1,157	3,774
Holiday course expenses		13,102	-	-	-	13,102	10,235
Charitable expenditure							
Teaching		960,059	-	-	29,915	989,974	910,291
Welfare and catering		239,005	-	-	-	239,005	230,539
Premises		299,022	-	-	-	299,022	263,842
School support costs		221,850	-	-	-	221,850	207,189
Grants awards & prizes		-	18,330	-	1,651	19,981	21,355
Bursaries		6,656	98,663	-	130,489	235,808	148,328
Management and administration of the charity		10,000	-	-	-	10,000	11,727
Total Resources Expended	5	<u>1,767,366</u>	<u>116,993</u>	<u>-</u>	<u>200,901</u>	<u>2,085,260</u>	<u>1,882,609</u>
Net incoming/(outgoing) resources for the year before transfers							
		202,824	259,826	-	(79,398)	383,252	946,373

The notes on pages 11 to 21 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 2005

	Unrestricted Funds School's Operatio n £	Other Activities £	Endowment Funds £	Restricted Funds £	2005 £	2004 £
Net incoming/(outgoing) resources for the year before transfers	462,650	-	(79,398)	383,252	946,373	
Transfers (note 6)	1,254,857	-	(1,254,857)	-	-	
Net incoming/(outgoing) resources	1,717,507	-	(1,334,255)	383,252	946,373	
Other recognised gains and losses						
Gains on investments						
Realised	10,329	25,916	11,967	48,212	(310)	
Net income/(expenditure) for the year	1,727,836	25,916	(1,322,288)	431,464	946,063	
Unrealised investment gains	14,919	37,430	21,697	74,046	2,197	
Net Movement in Funds	1,742,755	63,346	(1,300,591)	505,510	948,260	
Fund balances at 1 September 2004	5,630,329	552,285	1,728,242	7,910,856	6,962,596	
Fund Balances at 31 August 2005	7,373,084	615,631	427,651	8,416,366	7,910,856	

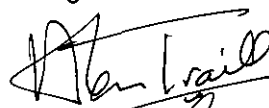

The notes on pages 11 to 21 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
BALANCE SHEET
AS AT 31 AUGUST 2005

	Notes	£	2005 £	2004 £
FIXED ASSETS				
Tangible assets	7		7,546,402	4,553,674
Investments	8		<u>1,376,944</u>	<u>1,315,045</u>
			8,923,346	5,868,719
CURRENT ASSETS				
Stocks		9,019		5,976
Debtors	9	78,482		144,459
Cash at bank and in hand		<u>141,287</u>		<u>1,950,629</u>
		228,788		2,101,064
CREDITORS: amounts falling due within one year	10	<u>735,768</u>		<u>54,677</u>
NET CURRENT (LIABILITIES)/ASSETS			<u>(506,980)</u>	<u>2,046,387</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,416,366	7,915,106
CREDITORS: amounts falling due after more than one year	10		<u>-</u>	<u>4,250</u>
NET ASSETS			<u>8,416,366</u>	<u>7,910,856</u>
RESERVES				
Endowment Funds	11a		615,631	552,285
Restricted Funds	11b		<u>427,651</u>	<u>1,728,242</u>
			1,043,282	2,280,527
UNRESTRICTED FUNDS				
Designated Funds	11c	297,617		1,428,139
General Reserve	11c	-		922,637
Fixed Asset Reserve	11c	<u>7,075,467</u>		<u>3,279,553</u>
			<u>7,373,084</u>	<u>5,630,329</u>
TOTAL FUNDS	12		<u>8,416,366</u>	<u>7,910,856</u>

Approved by the governors on
and signed on their behalf by:

24 November 2005

 } Governors


The notes on pages 11 to 21 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2005

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 Accounting and Reporting by Charities (the Charities SORP 2000) and the Companies Act 1985.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies. The company also claims exemption from the requirement to file an individual statement of Profit and Loss under section 230 of the Companies Act 1989.

b) Fees receivable and similar income

Fees receivable comprises tuition fees charged to pupils and net scholarships and bursaries funded, from restricted and external 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. Management and administration costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

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.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

1. ACCOUNTING POLICIES (CONTINUED)

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
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 the exception of a property at Tunbridge Wells, with any surplus or deficit on revaluation being shown as unrealised gains or losses on the face of the Statement of Financial Activities.

The School's 8/32nds share of an investment property at Tunbridge Wells has been included at probate value in the accounts. The School was given the share in Rusthall Manor estate, Tunbridge Wells under the will of Mrs Griselda Kentner who died on 10 March 1995. The School is entitled to a 25% share of both the capital and income of the estate.

There are no restrictions in the will which prevent the School from realising its share of the estate. However, the Governors do not think it is either appropriate or practical to sell their share of the property as the remainder of the property is held by certain members of Lord Menuhin's family. The Governors have stated that it is their present intention to retain ownership of their share of the property.

In the opinion of the Governors it is not possible to arrive at a market value for the School's share of the property given that it represents a minority share in a larger property which is not itself available to be sold. Accordingly, the School's share of the estate has been included in these accounts at £250,000, at 8/32nds of its original probate value.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

1. ACCOUNTING POLICIES (CONTINUED)

m) Governments Grants Receivable

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

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.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

2. INCOME	2005	2004
	£	£
a) Other Income		
Audition fees	1,256	869
Outreach project	19,643	29,860
CD sales	230	1,223
Sundry income	120	2,789
	<u>21,249</u>	<u>34,741</u>
b) Investment Income		
Rent receivable	1,315	2,742
Listed investments - UK	42,492	32,056
- Foreign	3,068	7,265
	<u>46,875</u>	<u>42,063</u>
 3. NET INCOMING RESOURCES		
Net incoming resources of £383,252 are stated after charging:		
Auditors' remuneration:		
For audit	10,000	9,695
Other services	8,253	7,052
Under provision of other services	3,304	-
Depreciation - owned assets	60,038	76,425
- assets held under finance leases	4,250	4,250
 4. STAFF COSTS		
Wages and salaries	1,047,461	938,631
Social security costs	79,383	74,987
Pension costs	73,820	61,485
	<u>1,200,664</u>	<u>1,075,103</u>

The number of employees (including full time equivalent numbers for part time employees) in the year was 37 (2004 - 39) of which 25 (2004 - 24) were teaching staff.

Neither the Governors nor persons connected with them received any remuneration or reimbursement of expenses from the School. £151 (2004: £151) was paid for Trustee indemnity insurance during the year.

The number of employees whose emoluments exceeded £50,000 were as follows:

	2005	2004
	No.	No.
£50,001 - £60,000	-	1
£60,001 - £70,000	1	-

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 2005

5. ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff Costs £	Other £	Depreciation £	2005 Total £
Cost of Generating Funds				
Fund-raising & publicity	25,981	29,380	-	55,361
Finance costs	-	1,157	-	1,157
Holiday course expenses	-	13,102	-	13,102
Charitable Expenditure				
Teaching	921,547	51,427	17,000	989,974
Welfare and catering	74,102	163,030	1,873	239,005
Premises	49,468	204,139	45,415	299,022
School support costs	129,566	92,284	-	221,850
Grants awards & prizes	-	19,981	-	19,981
Bursaries	-	235,808	-	235,808
Management & administration of the charity	-	10,000	-	10,000
	1,200,664	820,308	64,288	2,085,260

	Staff Costs £	Other £	Depreciation £	2004 Total £
Costs of Generating Funds				
Fund-raising & publicity	20,289	55,040	-	75,329
Finance costs	-	3,774	-	3,774
Holiday course expenses	-	10,235	-	10,235
Charitable Expenditure				
Teaching	825,561	67,918	16,812	910,291
Welfare and catering	72,423	156,785	1,331	230,539
Premises	47,591	157,969	58,282	263,842
School support costs	109,239	97,950	-	207,189
Grants awards & prizes	-	21,355	-	21,355
Bursaries	-	148,328	-	148,328
Management & administration of the charity	-	11,727	-	11,727
	1,075,103	731,081	76,425	1,882,609

Management and administration costs include remuneration for audit services of £10,000 (2004: £9,695). The prior year's costs also include £1,936 for legal fees to update and amend the Memorandum and Articles of Association and Governors meeting expenses of £96. No amounts were incurred during this year.

6. TRANSFER

A transfer of £1,254,857 from restricted funds to unrestricted funds has taken place during the year as the construction of the Memorial Hall has now been completed, which has resulted in the restriction applied to the income received being satisfied.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2004	3,871,098	1,186,830	234,217	52,373	5,344,518
Additions	3,053,215	301	-	3,500	3,057,016
31 August 2005	6,924,313	1,187,131	234,217	55,873	8,401,534
DEPRECIATION					
At 1 September 2004	388,425	132,493	221,545	48,381	790,844
Charge for the year	41,165	17,000	4,250	1,873	64,288
31 August 2005	429,590	149,493	225,795	50,254	855,132
NET BOOK VALUE					
At 31 August 2005	6,494,723	1,037,638	8,422	5,619	7,546,402
<i>At 31 August 2004</i>	<i>3,482,673</i>	<i>1,054,337</i>	<i>12,672</i>	<i>3,992</i>	<i>4,553,674</i>

All fixed assets are held for charitable purposes.

The net book value of tangible fixed assets held under finance leases at the year end was £8,422 (2004: £12,672). Depreciation of £4,250 has been charged in respect of these assets.

Included within musical instruments are string instruments with a value £970,530. These have been included at insurance valuation as the Governors were unable to quantify the cost of these assets.

8. INVESTMENTS

	2005 £	2004 £
Equity Investments		
Market value at 1 September 2004	953,281	732,817
Acquisitions at cost	448,619	550,865
Disposals at open market value	(426,544)	(332,598)
Unrealised gains	74,046	2,197
Market value at 31 August 2005	1,049,402	953,281
Historic cost at 31 August 2005	744,496	641,476
Summary of investments		
Cash held for re-investment	77,542	111,764
Investment property	250,000	250,000
Bursary endowments	1,049,402	953,281
	1,376,944	1,315,045
The geographical split of investments is as follows:		
UK equities	1,049,402	766,073
Overseas equities	-	187,208
	1,049,402	953,281

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

8. INVESTMENTS (CONTINUED)

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

		Market value	
		2005	2004
		£	£
Units held			
100,000	BK NED Gemeenten 6.375%	-	103,569
226,291	Charities, Property Fund	278,066	101,853

9. DEBTORS: amounts falling due within one year

	2005	2004
	£	£
Income Tax recoverable	-	47,060
Fees and recharges receivable	37,265	48,870
Prepayments & accrued income	41,217	48,529
	78,482	144,459

10. CREDITORS: amounts falling due within one year

Bank overdraft	357,952	-
Fees received in advance	13,333	-
Fee deposits held	20,922	21,374
Accruals and deferred income	336,611	26,353
Other creditors	2,700	2,700
Finance lease	4,250	4,250
	735,768	54,677

Amounts falling due after more than one year

Finance lease	-	4,250
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Finance lease agreements are repayable as follows:

Within one year	4,250	4,250
One to two years	-	4,250
	4,250	8,500

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

11a ENDOWMENT FUNDS

	<i>Balances brought forward £</i>	<i>Investment Gains £</i>	<i>Balances carried forward £</i>
Bursary Endowments			
Esso/Westminster	20,705	2,576	23,281
Eta Herbst	271,887	33,821	305,708
Cholmondeley	131,558	16,368	147,926
Sherman	13,155	1,634	14,789
Jeanty Raven	2,219	279	2,498
Madame Phyllis Baker Scholarship	50,118	4,603	54,721
JGC Mellars	20,000	-	20,000
Fermoy Masterclass	21,927	2,739	24,666
Distributable Awards			
Sir Ronald Harris	10,039	-	10,039
Brackenbury	10,677	1,326	12,003
	<u>552,285</u>	<u>63,346</u>	<u>615,631</u>

11b RESTRICTED FUNDS

	<i>Balances Brought Forward £</i>	<i>Incoming Resources £</i>	<i>Resources Expended £</i>	<i>Investment Gains £</i>	<i>Transfer Between Funds £</i>	<i>Balances Carried Forward £</i>
Jeanty Raven	-	216	216	-	-	-
Miller Smiths Scholarship	13,740	543	-	1,490	-	15,773
Fermoy Masterclass	3,568	998	998	-	-	3,568
Sir Ronald Harris	3,973	455	250	1,249	-	5,427
Brackenbury	178	487	665	-	-	-
Albert Cowie	1,165	-	-	-	-	1,165
Piano appeals fund	14,576	-	7,340	-	-	7,236
Esso/Westminster	-	939	939	-	-	-
Eta Herbst	-	12,328	12,328	-	-	-
Cholmondeley	-	5,966	5,966	-	-	-
Sherman	-	596	596	-	-	-
Kissin Award	53,143	1,741	622	4,777	-	59,039
Yehudi Menuhin Memorial Hall	1,285,824	7,879	38,846	-	(1,254,857)	-
Paloma O'Shea	3,002	-	-	-	-	3,002
Bursary Fund	17,473	20,753	38,226	-	-	-
Library Fund	2,000	-	-	-	-	2,000
Outreach project	15,302	19,643	22,575	-	-	12,370
Rolling Stones	284,298	10,448	69,182	26,148	-	251,712
Doris Faulkner Violin Scholarship	30,000	36,359	-	-	-	66,359
Madame Phyllis Baker Scholarship	-	2,152	2,152	-	-	-
	<u>1,728,242</u>	<u>121,503</u>	<u>200,901</u>	<u>33,964</u>	<u>(1,254,857)</u>	<u>427,651</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

11c UNRESTRICTED FUNDS

	Balance brought forward £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	Balance carried forward £
Income Fund	22,185	-	-	-	-	22,185
Student aid	20,687	15,478	15,830	-	-	20,335
Prize Fund	1,024	-	-	-	-	1,024
Wallace Curzon	2,280	2,500	2,500	-	-	2,280
White House Art Fund	1,793	-	-	-	-	1,793
Property, Tunbridge Wells	250,000	-	-	-	-	250,000
Louis Kentner Bursaries	-	77,917	77,917	-	-	-
Yehudi Menuhin Memorial Fund	20,746	-	20,746	-	-	-
	<u>1,109,424</u>	<u>280,924</u>	<u>-</u>	<u>-</u>	<u>(1,390,348)</u>	<u>-</u>
	1,428,139	376,819	116,993	-	(1,390,348)	297,617
General Reserve	922,637	1,970,190	1,767,366	25,248	(1,150,709)	-
Fixed Assets	<u>3,279,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,795,914</u>	<u>7,075,467</u>
	<u>5,630,329</u>	<u>2,347,009</u>	<u>1,884,359</u>	<u>25,248</u>	<u>1,254,857</u>	<u>7,373,084</u>

ENDOWMENT FUNDS

These are funds 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.

Bursary Endowment 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.

Fermoy Masterclass

This endowment from Lady Fermoy is to fund Masterclasses by visiting teachers for pupils at the School.

Distributable Awards

These represent donations given to provide awards to students.

RESTRICTED FUNDS

Piano Appeals Fund

This represents amounts donated to fund the purchase of pianos and other keyboard instruments. In addition to the musical instruments, the unexpended cash funds of £7,236 were held separately at 31 August 2005.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

11c UNRESTRICTED FUNDS (CONTINUED)

Income Fund

This includes income from quoted investments and investment deposits from which awards and bursaries are granted at the discretion of the Headmaster and Governors.

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.

Yehudi Menuhin Instruments

Contained within this fund are some musical instruments which were gifted by Lord Menuhin to the School for the general use of the pupils.

Property, Tunbridge Wells

This fund contains the above property which, at the discretion of the governors, is being held in a separate fund.

Fixed Asset Fund

The fixed asset fund represents reserves earmarked by the Governors to establish a fund equal to the amount spent on tangible fixed assets by the School.

The Yehudi Menuhin Memorial Hall.

The Yehudi Menuhin Memorial Hall Fund represents amounts designated by the Governors towards building a Memorial Hall.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	-	-	7,546,402	7,546,402
Investments	540,910	54,721	302,923	478,390	1,376,944
Net (Liabilities)/Current Assets	20,000	-	124,728	(651,708)	(506,980)
Total Net Assets	560,910	54,721	427,651	7,373,084	8,416,366

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2005

13. PENSION COMMITMENTS

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

The last Report by the Government Actuary (GA) covered the period 1 April 1996 to 31 March 2001. The valuation statement as at 31 March 2001 made in March 2003 revealed that the total liabilities of the Scheme (the estimated cost of past and future service benefits of existing members) amounted to £142,880 million.

In accordance with the Teachers' Pension (Amendment) Regulations 2002, the actuarial review assumed that the value of the scheme assets equalled the value of the scheme liabilities at 31 March 2001. The scheme assets at 31 March 2001 consisted of future contributions in respect of existing members valued at £40,870 million and a balance of £102,010 million in the Teachers' Pension Account being a notional investment.

The actuarial review assumed that the real rate of return on the notional investment is 3.5% in excess of price increases and 2% in excess of general earnings increases, therefore assuming a rate of real earnings growth of 1.5%. The assumed long-term rate of return is 7%.

Following this report the standard contribution rate has been raised from 14.35% to 19.5% from 1 April 2004. 6% is to be paid by the teachers and the remaining 13.5% borne by the school.

The superannuation charge represents contributions payable to the Scheme for the year ended 31 August 2005 £63,751(2004 £52,903).

The School also runs a defined contribution scheme for non-teaching staff. The superannuation charge represents the School's contributions to the scheme of £10,068 (2004: £8,582).

14. SHARE CAPITAL

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

The liability of the 13 members is limited to £1.00 each.

15. CAPITAL COMMITMENTS

On 8 July 2005 a contract was signed to provide a carpark for the Memorial Concert Hall. The estimated cost is expected to be £136,080 excluding VAT. The work did not commence until September 2005.