

Company Number: 818389

Charity Number 312010

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007



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YEHUDI MENUHIN SCHOOL LIMITED
FOR THE YEAR ENDED 31 AUGUST 2007

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**YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2007**

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, QSO (Chairman)
- * Sir John Burgh, KCMG, CB (Vice Chairman)
- * Mr Noel Annesley
- * Mr Gavin Barrett
- Sir Peter Beale, KBE
- * Mr Oscar Max Lewisohn, FCIB
- The Hon Mrs Zamira Menuhin Benthall
- Mr Richard Morris
- * Mrs Susan Mitchell
- The Lord Moser KCB, CBE, FBA
- Mrs Alice Phillips MA (appointed 28 June 2007)
- * Dr Andreas Prindl
- * Mr Adam Ridley
- Mr Mark Sheldon CBE
- Mr Graham Smallbone
- * Mr Peter Willan FCMA

- * 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 (deceased) Daniel Barenboim (from September 2007)
VICE PRESIDENTS	Elizabeth, Duchess of Hamilton & Brandon OBE, DL Mr A N Hollis OBE, DFC Mrs B R D Fisher OBE
GOVERNORS EMERITUS	Mr Daniel Hodgson Mrs Anne Simor

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS, OFFICERS AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007**

HEADMASTER	Nicolas Chisholm MA (CANTAB)
DIRECTOR OF MUSIC	Malcolm Singer MA (CANTAB)
BURSAR	Mrs Elaine R Balmer (retired 31 st August 2007) Dr Angela M Isaac PhD MBA (appointed 1 st September 2007)
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	Rensburg Sheppards 2 Gresham Street London EC2V 7QN
SOLICITORS	Veale Wasborough Orchard Court Orchard Lane Bristol BF1 5DS

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2007

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 2007

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)

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.

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 and the Hall Management Committee which, by means of regular meetings, oversees the operation and all matters financial of The Menuhin Hall.

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 Director of Music, the Director of Studies and the Bursar.

RECRUITMENT AND TRAINING OF GOVERNORS

The Charity's elected 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 encouraged to attend relevant training courses offered by various professional bodies (ISBA, AGBIS etc.)

OBJECTS, AIMS, OBJECTIVES AND ACHIEVEMENTS

Object of the Charity

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 day and boarding School in the United Kingdom where children from any part of the world with talents for music and the performing arts may be educated and generally to foster music and the arts and general education of children by the provision of courses at the School throughout the year.

Aims and Intended Impact

Within these objects, The Yehudi Menuhin School's aim is to provide a first class education through both strong musical and general education and through developing wider artistic and social skills in all its pupils. This is intended to provide an environment where each pupil can develop and fulfil his or her potential, building self-confidence and performance skills and fostering a desire to contribute to the wider community.

Objectives for the year

This year, the focus has been on increased development of performance skills which has been made possible by the opening of The Menuhin Hall, as well as the continued achievement of academic performance and the entry to the conservatoire of choice by pupils leaving the School. The Menuhin Hall hosts concerts which give performance opportunities to outside organisations and to young musicians from other schools in the area. The School continued to host holiday courses providing education & training for young musicians.

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007**

OBJECTS, AIMS, OBJECTIVES AND ACHIEVEMENTS (continued)

Principal activity

The Yehudi Menuhin School provides a specialist education to young people aged 8-18 with a specific talent for music and facility on a stringed instrument or piano. Pupils who have the appropriate residence qualification in the UK are eligible for a funded place through the Music & Dance Scheme, with parents making a means-tested contribution. There may, in addition, be bursaries available for young people who do not qualify for the Music & Dance Scheme. Selection for a place at the School is based on potential during the School's audition process.

This year there were 66 (2006: 66) pupils of whom 11 (2006: 8) were day pupils. The School continues to receive a large number of applications each year from gifted young people from all parts of the world, and the governors recognise the importance of continuing to attract pupils of sufficient talent to warrant a place funded through the Music & Dance Scheme or the School's own bursary scheme.

GRANT MAKING POLICY

This year, the value of scholarships, grants, prizes and other awards made to the School's pupils was £19,824 (2006: £19,981). Awards totalling £210,806 (2006: £246,517) in bursaries were made to 15 (2006: 14) pupils.

The Governors' policy is to make these awards on the basis of the individual's financial need and the benefit which will be derived from an education at the School. Where the award is out of restricted funds, this is subject to the particular conditions imposed by the original donor.

REVIEW OF ACTIVITIES AND PERFORMANCE FOR THE YEAR

The Governors are pleased to report that the School has been able to maintain pupil numbers, including an additional Classical Guitar pupil funded through the Rolling Stones Bursary. Forty-eight pupils, including two EU Sixth Formers and three 3rd year Sixth, were funded through the Music & Dance Scheme by the Department for Education & Skills (now Department for Children, Schools and Families). A number of young people not eligible for the Scheme were supported by the School's bursary funds and generous gifts from individuals, charitable trusts and fundraising events.

GCSE and A Level results continued at their previous high level. One pupil achieved one of the top 10 marks in the country in Music A-level, and one pupil achieved one of the top 10 marks in the country in GCSE Science. In all, thirteen pupils graduated from the School at the end of the Summer Term for various destinations, including the Royal College of Music and the Guildhall School of Music and Dance, London.

As part of their education pupils took part in many prestigious musical competitions. Pupils reached the finals or semi-finals of the BBC Young Musician of Wales Texaco Competition and the Wieniawski Violin. One of our pupils won the 2006 Suggia Award (for cello) and another won a prize at the International Piano Competition held in Holland and a Jellinek Award. The Director of Music, Malcolm Singer, and his team of dedicated teachers are to be congratulated for their hard work and inspiration in leading and developing the musical life of the school.

The Menuhin Hall continues as an outstanding performance venue for the school and for concerts, recordings and lectures. In October 2006 the hall won the British Construction Industry small buildings award in recognition of the design and construction. Concerts and recitals in the Hall included John Williams, who gave a wide-ranging guitar recital and later an inspiring master class to the School's guitar pupils. Sir Cliff Richard performed with pupils in a fund-raising concert for The Princess Alice Hospice, and Sir James Galway played with pupils and the London Mozart Players in a Gala Concert.

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

REVIEW OF ACTIVITIES AND PERFORMANCE FOR THE YEAR (continued)

Visiting teachers this year have included Bernard Greenhouse, Jacqueline Ross, Jan Alm and Paul Ellison

The School is indebted to The Friends of the Yehudi Menuhin School for their support of the school. As well as supporting the funding of bursaries and student awards, this year the Friends provided the school with a new minibus.

Sadly, the School's President, Mstislav Rostropovitch, passed away on 27th April 2007. Not just the greatest cellist of his generation and a superlative musician, he was a wonderful friend and supporter of the school. The pupils gained enormously from his visits to the school and the concerts he gave, most notably the concert which opened The Menuhin Hall in January 2006 and he will be sorely missed by the whole school community. The school is honoured that a distinguished conductor and pianist, Daniel Barenboim has agreed to become the third president.

COMMUNITY ACTIVITY

Supported by a grant from the Department for Children Families & Schools, the Partnership & Projects Manager, Kerth Willis, has continued to improve the links between the school and the community.

The school has continued to develop a partnership with the London Mozart Players building on successful projects in 2005-2006. A bid to Arts Council England for 'The Right to Music' scheme attracted a grant of £25,000. Further funding has come from Elmbridge and Mole Valley councils and the RC Sherriff Trust. As part of the project, 6 public concerts with LMP players and the school's pupils playing side by side, have taken place. Composing and performance workshops and the concerts in the community have so far reached 2279 people aged 5-93. These have taken place in a variety of settings in the Mole Valley, Cobham and Elmbridge areas and at the school. The final phase of this stage of the project will take place in November 2007.

Other collaborative projects with the London Mozart Players funded by the Department for Children Families & Schools include the concert with Sir James Galway in May 2007 and the composing showcase with students from local secondary schools and London Mozart Players brass quintet in January 2007.

Outreach work has included 12 recitals by younger pupils given in primary schools and homes /centres for adults. These recitals have taken place in Godstone, Horsley, Hindhead, Molesey, Oxshott, Fetcham, Dorking and Leatherhead. Thirty young Surrey string players from Surrey County Arts and another 30 from Harringey, North London were involved in a premiere of 'From The Shtetl' commissioned from Malcolm Singer by The National Association of Youth Orchestras.

Pupils from the school have worked with the local community as part of their Duke of Edinburgh Bronze and Silver award programmes. MusicWorks chamber music courses have taken place in the school holidays and The Music Box mornings give children 2-4 years the opportunity to participate in musical activities.

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007**

FUTURE DEVELOPMENTS

The Governors and Leadership Team of the Yehudi Menuhin School continue to consider the development of the facilities of the School. A site development master plan has been prepared to ensure that the School's facilities continue to improve.

Fundraising to provide bursaries for those pupils who are not eligible for the Music & Dance scheme and whose parents do not have access to funds for the fees remains a high priority.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The School's results indicate a satisfactory position for the year. During the year the School received £250,000 towards the completion of The Menuhin Hall from the Department for Children, Schools and Families (DfCSF). The Governors are extremely appreciative of the support that they have received from the DfCSF throughout the project.

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.

The Governors are of the opinion that the School's assets are sufficient to meet its current obligations. Total balance sheet reserves of £10,637,678 are in part represented by restricted and endowed funds totalling £1,192,643, which are held for specific purposes as detailed in notes 10a and 10b to the financial statements. The unrestricted funds carried forward amount to £9,445,035 of which £1,596,876 has been designated for specific purposes by the Governors, £7,738,919 represents tangible fixed assets as detailed in note 10c and the remaining £109,240 are free reserves available to provide adequate working capital for the School.

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 Rensburg Sheppards 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 11.2%.

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 manage those risks.

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

The Board considers that the main risk to the School is the withdrawal of funding from the Music and Dance Scheme.

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007**

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

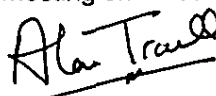
The Governors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the School and to enable them to ensure that the financial statements comply with Company Law. They are also responsible for safeguarding the assets of the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

So far as the Governors are aware, there is no relevant audit information of which the charity's auditors are unaware. The Governors have taken all the steps that they ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

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 29th November 2007
and signed on its behalf by



Sir Alan Traill
Chairman of the Council 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 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes set out on pages 12 to 22. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 12, 13 and 14.

This report is made solely to the charitable 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 charitable company's members those matters, we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the 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 (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Governors' Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 and whether the Governors' Annual Report is consistent with the financial statements. We also report to you if, in our opinion, 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 beyond that referred to in this paragraph.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company as at 31 August 2007 and of incoming resources and application of resources, including income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Governors' Report is consistent with the financial statements.

Horwath Clark Whitehill

Horwath Clark Whitehill LLP
Chartered Accountants and
Registered Auditors

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

29 November 2007

YEHUDI MENUHIN SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2007

	Notes	Unrestricted Funds School's Operation £	Other Activities £	Endowment Funds £	Restricted Funds £	2007 £	2006 £
INCOMING RESOURCES							
Charitable activities							
Fees receivable		2,209,199	-	-	-	2,209,199	2,059,525
Bursaries income		-	107,511	-	53,232	160,743	175,156
Grants Received		-	250,000	-	67,079	317,079	545,700
Other activities to generate funds							
Menuhin Hall income		-	141,262	-	-	141,262	54,158
Concert receipts, festivals & events		-	14,218	-	-	14,218	11,190
Other income	3a	33,759	-	-	-	33,759	23,484
Investment income	3b	29,382	-	-	42,934	72,316	57,776
Donations and legacies	3c	61,352	868,023	50,000	25,123	1,004,498	253,861
Total Incoming Resources		2,333,692	1,381,014	50,000	188,368	3,953,074	3,180,850
RESOURCES EXPENDED							
Cost of generating Funds							
Fundraising and publicity		16,382	-	-	-	16,382	19,489
Finance and other costs		29	-	-	-	29	11,000
Investment management fees		4,422	-	-	839	5,261	3,288
Menuhin Hall expenses		-	240,707	-	-	240,707	188,054
Other expenses		230	-	-	-	230	7,058
Charitable expenditure							
School operating costs and grant making		2,069,793	124,562	-	179,077	2,373,432	2,179,327
Governance costs		11,700	-	-	-	11,700	11,163
Total Resources Expended	5	2,102,556	365,269	-	179,916	2,647,741	2,419,379
Net incoming resources for the year		231,136	1,015,745	50,000	8,452	1,305,333	761,471

The notes on pages 12 to 22 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 2007

	Unrestricted Funds School's Operation £	Other Activities £	Endowment Funds £	Restricted Funds £	2007 £	2006 £
Net incoming resources	1,246,881		50,000	8,452	1,305,333	761,471
Other recognised gains and losses						
Gains on investments						
Realised	2,345		6,329	3,264	11,938	19,435
Net income for the year	1,249,226		56,329	11,716	1,317,271	780,906
Unrealised investment gains	13,798		37,245	3,784	54,827	68,308
Net Movement in Funds	1,263,024		93,574	15,500	1,372,098	849,214
Fund balances at 1 September 2006	8,182,011		730,893	352,676	9,265,580	8,416,366
Fund Balances at 31 August 2007	9,445,035		824,467	368,176	10,637,678	9,265,580

The notes on pages 12 to 22 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
BALANCE SHEET
AS AT 31 AUGUST 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	7,738,919	7,845,650
Investments	7	<u>2,466,813</u>	<u>1,397,397</u>
		10,205,732	9,243,047
CURRENT ASSETS			
Stocks		12,193	8,603
Debtors	8	114,169	106,610
Cash at bank and in hand		<u>491,437</u>	<u>105,479</u>
		617,799	220,692
CREDITORS amounts falling due within one year	9	<u>185,853</u>	<u>198,159</u>
NET CURRENT ASSETS		<u>431,946</u>	<u>22,533</u>
NET ASSETS		<u>10,637,678</u>	<u>9,265,580</u>
RESERVES			
Endowment Funds	10a	711,421	671,724
Expendable Endowment	10a	113,046	59,169
Restricted Funds	10b	<u>368,176</u>	<u>352,676</u>
		1,192,643	1,083,569
UNRESTRICTED FUNDS			
Designated Funds	10c	1,596,876	276,566
General Reserve	10c	109,240	59,795
Fixed Asset Reserve	10c	<u>7,738,919</u>	<u>7,845,650</u>
		9,445,035	8,182,011
TOTAL FUNDS	11	<u>10,637,678</u>	<u>9,265,580</u>

Approved by the governors on 29th November 2007
and signed on their behalf by

Ala Trill
John Bury Governors

The notes on pages 12 to 22 form part of these financial statements

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2007

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 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 comprise tuition fees including means tested contributions to fees paid by parents, grants towards fees from the DfCSF through the Music and Dance Scheme, 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. Governance 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 2007

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
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 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, to prevent the School from realising its share of the estate. However, the Governors have not thought it 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. This position is reviewed from time to time.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

1. ACCOUNTING POLICIES (CONTINUED)

l) Investments (continued)

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.

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.

2. NET INCOMING RESOURCES

	2007 £	2006 £
Net incoming resources are stated after charging		
Auditors' remuneration		
For audit	11,650	11,163
Other services	8,266	4,338
Under provision of other services	6,854	3,566
Depreciation - owned assets	183,257	167,634
- assets held under finance leases	4,250	4,172

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

3. INCOME	2007	2006
	£	£
a) Other Income		
Audition fees	2,725	1,530
Children' Music Income	3,320	3,222
Holiday Course Income	11,617	17,991
CD sales	2,304	741
Sundry income	13,793	-
	<u>33,759</u>	<u>23,484</u>
b) Investment Income		
Rent receivable	943	4,120
Listed investments - UK	52,606	48,969
- Foreign	-	1,718
Bank Interest	18,767	2,969
	<u>72,316</u>	<u>57,776</u>
c) Donations and Legacies		
Professor B Hermelin	750,000	-
John Studzinsky	75,000	-
Alice Pauline Hartley	50,000	-
Marguerite Dorothy Hainsworth	25,000	-
Paula Jenkins	42,802	-
Friends of Yehudi Menuhin School	-	91,410
Dian Woodner	-	11,411
Zamira Menuhin Benthall	-	25,000
Jonathan Benthall	-	25,000
The Dunard Fund	-	20,000
Other donations and legacies	61,696	81,040
	<u>1,004,498</u>	<u>253,861</u>
4. STAFF COSTS		
Wages and salaries	1,212,247	1,105,610
Social security costs	98,421	85,479
Pension costs	105,701	91,798
	<u>1,416,369</u>	<u>1,282,887</u>

The number of employees (including full time equivalent numbers for part time employees) in the year was 39 (2006 - 39) of which 26 (2006 - 26) 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

	2007	2006
	No.	No
£60,001 - £70,000	-	1
£70,001 - £80,000	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 2007

5. ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff Costs £	Other £	Depreciation £	2007 Total £
Cost of Generating Funds				
Fund-raising & publicity	-	16,382	-	16,382
Finance costs	-	29	-	29
Investment managers fees	-	5,261	-	5,261
Menuhin Hall expenses	79,265	106,976	54,466	240,707
Other expenses	-	230	-	230
	<u>79,265</u>	<u>128,878</u>	<u>54,466</u>	<u>262,609</u>
Charitable Expenditure				
Teaching	1,027,081	58,839	24,280	1,110,200
Welfare and catering	88,949	191,199	6,509	286,657
Premises	57,267	310,050	102,252	469,569
School support costs	163,807	103,569	-	267,376
	<u>1,337,104</u>	<u>663,657</u>	<u>133,041</u>	<u>2,133,802</u>
School's operating costs	-	28,824	-	28,824
Grants awards & prizes	-	210,806	-	210,806
	<u>1,337,104</u>	<u>903,287</u>	<u>133,041</u>	<u>2,373,432</u>
School operating costs and grant making				
Governance costs	-	11,700	-	11,700
	<u>1,416,369</u>	<u>1,043,865</u>	<u>187,507</u>	<u>2,647,741</u>
	<i>Staff Costs £</i>	<i>Other £</i>	<i>Depreciation £</i>	<i>2006 Total £</i>
Cost of Generating Funds				
Fund-raising & publicity	-	19,489	-	19,489
Finance costs	-	11,000	-	11,000
Investment managers fees	-	3,288	-	3,288
Menuhin Hall expenses	58,782	78,799	50,473	188,054
Other expenses	-	7,058	-	7,058
	<u>58,782</u>	<u>119,634</u>	<u>50,473</u>	<u>228,889</u>
Charitable Expenditure				
Teaching	950,766	39,988	21,133	1,011,887
Welfare and catering	78,946	184,412	1,405	264,763
Premises	52,156	217,518	98,795	368,469
School support costs	142,237	126,219	-	268,456
	<u>1,224,105</u>	<u>568,137</u>	<u>121,333</u>	<u>1,913,575</u>
School's operating costs	-	19,235	-	19,235
Grants awards & prizes	-	246,517	-	246,517
	<u>1,224,105</u>	<u>833,889</u>	<u>121,333</u>	<u>2,179,327</u>
School operating costs and grant making				
Governance costs	-	11,163	-	11,163
	<u>1,282,887</u>	<u>964,686</u>	<u>171,806</u>	<u>2,419,379</u>

Governance costs include remuneration for audit services of £11,650 (2006 £11,163)

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2006	7,223,203	1,351,035	242,477	55,873	8,872,588
Additions	41,500	-	17,455	21,821	80,776
31 August 2007	7,264,703	1,351,035	259,932	77,694	8,953,364
DEPRECIATION					
At 1 September 2006	570,555	174,759	229,965	51,659	1,026,938
Charge for the year	141,794	29,136	10,068	6,509	187,507
31 August 2007	712,349	203,895	240,033	58,168	1,214,445
NET BOOK VALUE					
At 31 August 2007	6,552,354	1,147,140	19,899	19,526	7,738,919
At 31 August 2006	6,652,648	1,176,276	12,512	4,214	7,845,650

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 £nil (2006 £4,250) Depreciation of £4,250 has been charged in respect of these assets

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

	2007 £	2006 £
Equity Investments		
Market value at 1 September 2006	1,066,572	1,049,402
Acquisitions at cost	40,275	263,940
Disposals at open market value	(100,777)	(315,078)
Unrealised gains	54,827	68,308
Market value at 31 August 2007	1,060,897	1,066,572
Historic cost at 31 August 2007	858,124	934,370

All investments are held within the UK

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

	Market Value £	Market Value £
Units held		
309,746 Charities Property Fund	454,453	424,127

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

7. INVESTMENTS (CONTINUED)

	2007 £	2006 £
Investment Property		
Valuation at 1 September 2006	250,000	250,000
Additions	<u>1,054,565</u>	<u>-</u>
Valuation at 31 August 2007	<u>1,304,565</u>	<u>250,000</u>

Rusthall Manor

The School was given a share in Rusthall Manor estate, Tunbridge Wells under the will of Mrs Griselda Kentner who died on 10 March 1995 (accounting policy 1i)

Riseholme Bungalow

The school was left Riseholme Bungalow, a freehold property, under the will of Professor B Hermelin who died on 14 January 2007. The property has been included at a value of £750,000 which the Governors believe is a fair estimate of the open market value of the property at the year end

Riverview Gardens

During the year the school has 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

Cash held for re-investment	101,351	80,825
Investment property	1,304,565	250,000
Bursary endowments	<u>1,060,897</u>	<u>1,066,572</u>
	<u>2,466,813</u>	<u>1,379,397</u>

8. DEBTORS: amounts falling due within one year

	2007 £	2006 £
Fees and recharges receivable	67,560	56,967
Prepayments & accrued income	<u>46,609</u>	<u>49,643</u>
	<u>114,169</u>	<u>106,610</u>

9. CREDITORS: amounts falling due within one year

Fees received in advance	9,067	25,302
Fee deposits held	21,737	21,127
Accruals and deferred income	155,049	149,030
Other creditors	<u>-</u>	<u>2,700</u>
	<u>185,853</u>	<u>198,159</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

10a ENDOWMENT FUNDS

	<i>Balances Brought Forward £</i>	<i>Incoming Resources £</i>	<i>Resources Expended £</i>	<i>Investment Gains £</i>	<i>Balances Carried Forward £</i>
Expendable Endowment					
Alice Hartley Award	-	50,000	-	-	50,000
Madame Phyllis Baker Scholarship	59,169	-	-	3,877	63,046
Permanent Endowment					
Bursary Endowments					
Esso/Westminster	25,170	-	-	1,647	26,817
Eta Herbst	330,517	-	-	21,624	352,141
Cholmondeley	159,932	-	-	10,465	170,397
Sherman	15,987	-	-	1,045	17,032
Jeanty Raven	2,702	-	-	178	2,880
JGC Mellars	20,000	-	-	-	20,000
Doris Faulkner Violin Scholarship	67,726	-	-	2,138	69,864
Fermoy Masterclass	26,675	-	-	1,752	28,427
Awards					
Sir Ronald Harris	10,039	-	-	-	10,039
Brackenbury	12,976	-	-	848	13,824
	<u>730,893</u>	<u>50,000</u>	<u>-</u>	<u>43,574</u>	<u>824,467</u>

10b RESTRICTED FUNDS

Jeanty Raven	-	249	249	-	-
Miller Smiths Scholarship	17,493	674	-	952	19,119
Fermoy Masterclass	3,568	1,240	1,240	-	3,568
Sir Ronald Harris	6,619	566	300	799	7,684
Brackenbury	-	600	485	-	115
Albert Cowie	1,165	-	-	-	1,165
Esso/Westminster	-	1,166	1,166	-	-
Eta Herbst	-	15,312	15,312	-	-
Cholmondeley	-	7,410	7,410	-	-
Sherman	-	740	740	-	-
Kissin Award	72,833	2,163	1,988	3,054	76,062
Paloma O'Shea	3,002	-	-	-	3,002
Bursary Fund	49,845	53,232	10,584	-	92,493
Outreach project	23,446	58,080	64,009	-	17,517
Rolling Stones	171,223	7,271	53,327	2,243	127,410
Doris Faulkner Violin Scholarship	3,482	2,919	-	-	6,401
Madame Phyllis Baker Scholarship	-	2,746	2,746	-	-
MDS Celebratory Fund	-	9,000	9,000	-	-
Hainsworth	-	25,000	11,360	-	13,640
	<u>352,676</u>	<u>188,368</u>	<u>179,916</u>	<u>7,048</u>	<u>368,176</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

10c UNRESTRICTED FUNDS

	Balance brought forward £	Incoming resources £	Resources expended £	Investment gains £	Transfers £	Balance carried forward £
Student aid	24,229	14,218	14,381	-	-	24,066
Prize Fund	544	-	170	-	-	374
Wallace Curzon	-	2,500	2,500	-	-	-
White House Art Fund	1,793	-	-	-	-	1,793
The Rusthall Manor Estate	250,000	-	-	-	-	250,000
Riseholme	-	750,000	-	-	-	750,000
Riverview Gardens	-	-	-	-	304,565	304,565
Louis Kentner	-	107,511	107,511	-	-	-
The Menuhin Hall	-	506,785	240,707	-	-	266,078
	<u>276,566</u>	<u>1,381,014</u>	<u>365,269</u>	<u>-</u>	<u>304,565</u>	<u>1,596,876</u>
General Reserve	59,795	2,333,692	2,102,556	16,143	(197,834)	109,240
Fixed Assets	<u>7,845,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,731)</u>	<u>7,738,919</u>
	<u>8,182,011</u>	<u>3,714,706</u>	<u>2,467,825</u>	<u>16,143</u>	<u>-</u>	<u>9,445,035</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.

Awards

These represent donations given to provide awards to students.

UNRESTRICTED FUNDS

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.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

10c UNRESTRICTED FUNDS (CONTINUED)

White House Art Fund

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

Rusthall Manor, Tunbridge Wells

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

Riseholme Bungalow, Cobham

This fund contains the above property left to the school in the will of Professor Hermelin. At the discretion of the governors it is being held in a separate fund

Riverview Gardens, Cobham

During the year the school has purchased 70 Riverview Gardens, 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 Menuhin Hall

The Menuhin Hall Fund represents amounts designated by the Governors towards building The Menuhin Hall

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	-	-	7,738,919	7,738,919
Investments	691,421	63,046	137,200	1,575,146	2,466,813
Net Current Assets	20,000	50,000	230,976	130,970	431,946
Total Net Assets	711,421	113,046	368,176	9,445,035	10,637,678

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2007

12. 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 issued in October 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 has been assessed at 19.75%, with a supplementary contribution of 0.75% to balance the Scheme's assets and liabilities within 15 years as required by the regulations. 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 from the 2008 valuation - a 14% cap on employer contributions payable.

The pension charge for the year includes contributions payable to the scheme of £69,505 (2006: £63,806).

The School also runs a defined contribution scheme for non-teaching staff. The superannuation charge represents the School's contributions to the scheme of £36,196 (2006: £27,992).

13. SHARE CAPITAL

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

The liability of the 16 members is limited to £1.00 each.

14. CAPITAL COMMITMENTS

* No capital expenditure was contracted for as at 31 August 2007 (2006: £nil excluding VAT).