

**Company Number: 00818389**

**Charity Number: 312010**

**YEHUDI MENUHIN SCHOOL LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**GOVERNORS' REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**YEHUDI MENUHIN SCHOOL LIMITED**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**YEHUDI MENUHIN SCHOOL LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**GOVERNORS, OFFICERS AND ADVISERS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**GOVERNORS AND DIRECTORS**

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

- \* Mr Richard Morris (Chairman)
- \* Mr Noël Annesley
- \* Mr John Everett
- Prof Sebastian Forbes
- \* Mr Andrew Hunter Johnston (from 27 June 2013)
- \* Mr Oscar Max Lewisohn
- The Hon Mrs Zamira Menuhin Benthall
- \* Mr John Pagella
- Mr Stuart Mitchell (from 27 June 2013)
- Mrs Alice Phillips
- \* Mr Geoffrey Richards
- Mrs Vanessa Richards
- Dr John Scadding
- Ms Veronica Wadley
- \* Mr Peter Willan (Vice Chairman)

\* members of the Finance and General Purposes Committee

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

Mr Richard Nunneley (to 7 March 2013)

Governors are elected at the Annual General Meeting, serve for a term of four years and may be re-elected for a further two terms

It was with great sadness that the trustees learned of the deaths of Sir John Burgh and Mr Arthur Hollis who had served the School as trustees in the past and were Vice Presidents of the School, and Mr Mark Sheldon who was a valued trustee for many years

<b>REGISTERED OFFICE</b>	Millfield Stoke D'Abernon Cobham Surrey KT11 3QQ
<b>COMPANY NUMBER</b>	00818389
<b>CHARITY NUMBER</b>	312010
<b>PRESIDENT</b>	Mr Daniel Barenboim KBE
<b>VICE PRESIDENTS</b>	Mrs Barbara R D Fisher OBE Sir Alan Traill GBE QSO Sir John Burgh KCMG CBE (until 12 April 2013) Mr Arthur Hollis OBE DFC (until 20 April 2013)
<b>GOVERNORS EMERITUS</b>	Mr Daniel Hodson Mrs Anne Simor
<b>PRESIDENT OF ANNIVERSARY APPEAL</b>	Ms Tasmin Little OBE

**YEHUDI MENUHIN SCHOOL LIMITED**  
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**GOVERNORS, OFFICERS AND ADVISERS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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<b>MUSICAL PATRONS</b>	Mr Steven Isserlis CBE Ms Tasmin Little OBE Mr András Schiff Mr Heinrich Schiff
<b>HEADMASTER</b>	Dr Richard Hillier PhD MA (CANTAB)
<b>DIRECTOR OF MUSIC</b>	Mr Malcolm Singer MA (CANTAB)
<b>DIRECTOR OF STUDIES</b>	Mr Richard Tanner MA (OXON)
<b>BURSAR</b>	Dr Angela M Isaac PhD MBA
<b>AUDITORS</b>	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M7AD
<b>BANKERS</b>	HSBC Weybridge Commercial Centre The Old Warehouse 37a Church Street Weybridge KT13 8DG
<b>INSURANCE BROKERS</b>	Marsh Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU  Gallagher Heath 133 Houndsditch London EC3A 7AH
<b>INVESTMENT MANAGERS</b>	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
<b>LEGAL ADVISERS</b>	Rubinstein Phillips Lewis LLP 19 Buckingham Street London WC2N 6EF  Barlow Robbins LLP The Oriel Sydenham Road Guildford Surrey GU1 3SR

**YEHUDI MENUHIN SCHOOL LIMITED**  
**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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The Governors of the School who are also Trustees of the Charity and Directors of the Company have pleasure in presenting their report and financial statements for the year ended 31 August 2013. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice on Accounting and Reporting by Charities (SORP 2005).

**OBJECTS OF THE CHARITY**

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

**PUBLIC BENEFIT**

The Governors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the general and sub-sector guidance issued by the Charity Commission on public benefit. The charitable purpose of the School within the meaning of the Act is enshrined within its Objects, as stated above.

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

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

**THE MUSIC AND DANCE SCHEME**

The Department for Education, through the Music and Dance Scheme, helped support 59 of the 70 pupils (84%), including two pupils in the 3<sup>rd</sup> year of the Sixth Form, in the amount of £1,934,705 (2012 £1,985,511). Pupils who have the appropriate residence qualification in the UK are eligible for a funded place through this Scheme, with parents making a means-tested contribution. The Governors are very grateful to the UK Government's Department for Education for their financial support, without which the School could not continue to operate as it does.

**BURSARIES AND GRANTS AWARDED**

For those who are unable to pay the full fees or are ineligible to receive sufficient support from the Department for Education, the Governors seek to ensure that attendance at the School is possible with the help of bursaries. The School provided bursaries of £236,944 in the year to 17 pupils (equivalent to 8.4% of the School fee income) (2012 £228,053, 16 pupils, 7.5%). The value of scholarships, grants, prizes and other awards made to the School's pupils in the year was £21,324 (2012 £23,073).

**DONATIONS AND LEGACIES**

Funds for bursaries and other charitable purposes come from generous gifts from individuals, charitable trusts and fundraising events. Where a Bursary is made from restricted funds, it is subject to the particular conditions imposed by the original donor. The total of donations and legacies received in the year was £392,410 (2012 £111,807). This sum included £65,518 gift aid from YMS Enterprises and £36,829 Gift Aid claimed on donations.

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**YEHUDI MENUHIN SCHOOL LIMITED  
GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**DONATIONS AND LEGACIES (continued)**

The total of bursary income received was £48,850 (2012 £40,772) and comprised donations from individuals and organisations. This year the School benefited from legacies from the estates of Miss June Addison Smith and Mr Gregory Frank Whitely.

Many supporters assist the school by donating their time and expertise. This year the Governors particularly wish to record their thanks to Mr John Rubinstein of Rubinstein Phillips Lewis LLP for *pro bono* legal advice, Mr Richard Lewisohn for photography, Ms Rosemary Brook for *pro bono* PR advice and Mr Colin Watts for his expertise as an independent member of an appeal panel.

**THE ANNIVERSARY APPEAL**

The Anniversary Appeal achieved income of £550,440 (2012 £56,470) and the School is indebted to all donor organisations and individuals for their continuing support.

The School publically launched the Anniversary Appeal by holding a musical event at the Mansion House, London. The event was well supported and total income from sponsorship and ticket sales amounted to £75,400 in the 12/13 academic year.

**AIMS**

Within the Objects, the School's aims are

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

**PRINCIPAL ACTIVITY**

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

It is inevitable that the provision of world-class education and training in music is costly given the very low number of pupils who can be taught at some lessons by each teacher, with many lessons being one to one or even with two or three teachers working with one pupil. The Governors recognise the

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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great efforts made by many parents in meeting these costs and the vital importance of funding by the UK Government's Music and Dance Scheme and donors

**OBJECTIVES FOR THE YEAR ENDING 31 AUGUST 2013**

- To maintain pupil numbers and ensure that funded places, supported by the Department for Education or from the School's own Bursary funds, are offered to as many suitable applicants as possible

**OBJECTIVES FOR THE YEAR ENDING 31 AUGUST 2013 (continued)**

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

**REVIEW OF ACTIVITIES AND PERFORMANCE FOR THE YEAR**

The Governors are pleased to report that under the leadership of the Headmaster, Dr Richard Hillier, the School performed well in the year. The School continued to attract exceptionally talented pupils and at the end of the year there were 70 (2012/13) pupils in total of whom 9 (2012/13) were day pupils.

The last inspection of the boarding provision was in 2010 when Ofsted judged the provision to be "outstanding". The school works to maintain this outstanding level of care for boarders and for all pupils to ensure they remain healthy, that they achieve well, enjoy what they do and that they are protected from harm and neglect.

We maintained our 100% pass rate at A level with 84% of A level grades being B, A or A\*. At GCSE 81% gained an A or A\* grade. At Key Stage 2 students achieved level 4, 5, or 6. In all, twelve senior students graduated from the School at the end of the Summer Term, many of whom went on to further studies in London – four at the Royal College of Music, one at the Guildhall School of Music and Drama, and one at the Royal Academy of Music. Of the remaining students, one went to study with Boris Kuschnir in Vienna, one to the Hochschule für Musik und Theater in Hanover, one student chose to read English at Worcester College, Oxford, one is taking a gap year before applying to university, and one is auditioning at the Latvian Academy of Music in Riga.

Students continue to be offered a varied range of activities outside the classroom. On the Duke of Edinburgh Award scheme, four pupils completed their Gold expedition in the Lake District and are on their way to finishing the award in January 2014. Seven are engaged on the Bronze award and will have completed their Bronze by January 2014 and one is enrolled on the Silver award. All pupils participated in a varied programme of swimming, tennis, dance, badminton and football.

As part of their education pupils took part in many prestigious musical competitions, as well as giving a number of concerts outside the confines of the School.

Prize winners included Thea Butterworth, who won the Gordon Turner Memorial Harp Competition at the Royal College of Music, Elvina Auh (violin), who won her category in the Andrea Postacchini Violin Competition, Katie Morgan, who won 2nd Prize in her category in the Young Pianist of the North Piano Competition. Cansin Kara (cellist) was selected to perform as soloist with the Istanbul University Symphony Orchestra. Past pupil Ben Baker won 1st prize at the Windsor International String

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**YEHUDI MENUHIN SCHOOL LIMITED  
GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**REVIEW OF ACTIVITIES AND PERFORMANCE FOR THE YEAR (continued)**

Competition Bart LaFollette – past pupil and now teacher at the School – was awarded the inaugural Classical Music Award by The Arts Club

In January, Kevin Loh gave the world premiere of Bernard Tan's Guitar Concerto at Singapore's Esplanade Hall conducted by Lan Sui. A reception was held in honour of the School at Eden Hall, the official residence of the British High Commissioner in Singapore.

The Headmaster and Director of Music took the Senior School Orchestra to Gstaad to perform in the Menuhin Festival, giving a concert in the Saanen Church with former pupil Alina Ibragimova as soloist as well as an outdoor concert at the Berghaus Wispile.

The Director of Music also took a group of pupils to Scotland to perform in Music at Blair Atholl. Pupils Samuel and Louisa Staples performed as soloists with the Brighton Philharmonic at the Brighton Dome, whilst Juliette Roos performed with the Southampton Symphony Orchestra in Romsey Abbey and with the Canterbury Choral Society in Canterbury Cathedral. William Dutton performed Tartini's 'Devil's Trill' Sonata with a string orchestra in Leeds at an ESTA (European String Teachers Association) event.

The Menuhin Hall, which hosts concerts giving performance opportunities to the School's pupils, to outside organisations and to young musicians from other Schools in the area, continued as an outstanding performance venue for the School's pupils and for concerts, recordings and lectures. A large number of concerts by pupils were given in The Menuhin Hall and at other venues including the Wigmore Hall, Findon Place, Champs Hill and in the Wimbledon, Harwich and Leamington Hastings Festivals.

The gift from the Friends of the School of a chamber organ, specially built by Vincent Woodstock, was celebrated in an inaugural concert in which the soloist was James O'Donnell, Organist and Master of the choristers at Westminster Abbey.

Visiting teachers included Zakhar Bron, Andrew Ball, Paul Roberts, Ronan O'Hora, Paul Ellison and Jonathan Leathwood.

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

The facilities at the School continued to be developed and improved – projects in the year included continued refurbishment of the boarding areas and the creation of an outside classroom space. In October 2012 planning permission was granted for new Music Studios to be built at the School and, providing fund-raising is successful, the school hopes to begin work on this project in late 2014.

YMS Enterprises offered facilities for concerts, lectures and residential courses, hosting several holiday courses providing education and training for musicians, both young and old, resulting in £65,518 Gift Aid (2012 £57,854) to support the School.

**Alumni**

The alumni of the school continue to enjoy considerable success in the wider musical community, both nationally and internationally. Tasmin Little, President of the School's 50th Anniversary Appeal, was awarded an OBE in the Queen's Birthday Honours List in 2012. Nicola Benedetti was awarded an MBE for Services to Music and Charity in the New Year's Honours List in 2013 and the 2012 Classic Brit Award for Female Artist of the Year. Ben Baker won 1st prize at the Windsor International String Competition. Bart LaFollette – now a teacher at the School – was awarded the inaugural Classical Music Award by The Arts Club. Laura Snowdon was awarded the first ever scholarship from the Julian Bream Trust enabling her to fund her postgraduate guitar studies at the Royal College of Music. Rosemary Furniss received an award for outstanding achievement from the city of Charlotte, N Carolina, USA for



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GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**Alumni (continued)**

her work as Artist in Residence and Jacob Shaw won the prestigious Harby Foundation Prize and Danish String Competition in 2012

**COMMUNITY ACTIVITIES AND OUTREACH**

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

**Chance to Play**

YMS violin teacher Oscar Perks, accompanied by two A3 pupils, visited Cobham Free School to give violin classes on a weekly basis. The Cobham free School pupils, from Years 1 and 2, have had little or no opportunity to benefit from instrumental lessons previously. The children took part in a successful workshop in the Menuhin Hall during the spring term and also had a chance to perform to other primary schools at two concerts in the Menuhin Hall in July.

**Composition Workshop for Surrey Secondary Schools**

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

**Primary School Concerts – Autumn and Spring Term**

Outreach has continued to develop links with local state primary schools, taking the younger YMS pupils out to give concerts to children of a similar age group. In December 2012, concerts were given at Spelthorne School in Ashford, Holy Family School, Addlestone, St Andrews in Cobham and Oakfield in Fetcham. Spring concerts were arranged at two special needs schools, Pond Meadow in Guildford and Linden Bridge in Worcester Park, and at Epsom Primary, and Leatherhead Trinity School.

**Care Homes Concerts**

The younger pupils gave concerts at local care and nursing homes in June. These included Sunrise Banstead, Cedar Court in Cranleigh, and SeeAbility group for the disabled in Leatherhead. They also gave a concert at Nightingale House, Clapham in December. Pupils also visited the Princess Alice Hospice in Esher in the spring and summer terms to play to residents and day hospice patients.

**Schools Concert at the Menuhin Hall in July**

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

**Come and Play / Chamber Music Day**

For the first time the school hosted a 'Come and Play' Day, opening its doors to 80 young musicians of all abilities. Each had a lesson with a YMS teacher, enjoyed a group music class and learned about life at the school through guided tours from current pupils and question-and-answer sessions with the Headmaster and Director of Music. The Chamber Music Day, supported by a generous grant from the Albert and Eugenie Frost Music Trust, was equally successful, attracting existing ensembles and individual musicians alike. Amateur musicians aged from 5 1/2 to 85, from near beginner to post-diploma, took part in rehearsals and workshops with YMS students and staff. Both events culminated in a Showcase Concert given by YMS pupils.

**FUTURE DEVELOPMENTS**

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

**YEHUDI MENUHIN SCHOOL LIMITED**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**FUTURE DEVELOPMENTS (continued)**

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

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

**50<sup>th</sup> Anniversary Appeal:** The Governors have launched a major fundraising campaign for the 2013/14 academic year to coincide with the 50<sup>th</sup> Anniversary of the founding of the School. The Governors have set an ambitious target of raising some £6.5 million for building new Music Studios, improving the boarding provision, developing Outreach work and building the endowment to provide bursaries. Work on the campaign has already begun and at 31 August 2013 the total funds raised were £932,210, comprising the £56,469 raised in 11/12, £550,440 in 12/13, legacies of £246,615 and Gift Aid of £78,686. A public launch for the 50<sup>th</sup> Anniversary Appeal took place at Mansion House in London on 22 October 2013.

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

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

Plans for new Music Studios were developed during 2011 and submitted to Mole Valley Council for planning permission, which was granted in September 2012.

**Boarding Facilities:** The construction of new Music Studios will release areas to provide additional boarding facilities such as common room, kitchen and laundry facilities for the girl boarders in the adjacent boarding areas. Refurbishment will be undertaken as space and funding becomes available. However, this will not alleviate the cramped boarding in Harris House and Music House. The Trustees have approved the submission of a planning application for a small extension to Harris House, and also plan to take advantage of the major roofing work required in Music House to create additional space for boarding.

**Outreach:** In the past the School has been generously supported by funding from the Music and Dance Scheme to develop Outreach work but this funding ceased at the end of the 11/12 academic year. Outreach is rightly recognized as important to the future development of the School and the School successfully secured a small grant from The Surrey Music Hub to continue some of this work.

**YEHUDI MENUHIN SCHOOL LIMITED**  
**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**FINANCIAL REVIEW AND RESULTS FOR THE YEAR**

The School's results indicate a satisfactory financial performance for the year with a surplus of £866,919 (2012 £639,264). This surplus includes funds raised by the launch of the 50<sup>th</sup> Anniversary Appeal and a significant legacy. The total incoming resources increased by £214,151 to £4,208,279 (2012 £3,994,128). Fee income decreased by £224,350 to £2,811,706 as there were fewer students in the school than in 2011/2012. The Governors are grateful for Gift Aid of £65,518 from trading activities in YMS Enterprises (2012 £57,854). Total resources expended decreased by approximately £13,504 to £3,341,360 (2012 £3,354,864).

Total balance sheet funds of £17,631,443 are described in detail in note 10 to the accounts – the majority of these funds are for the buildings of the School itself, the instruments that are required for teaching and learning and the bursary funds to support pupils to attend the School. Endowment funds amounting to £5,293,768 are capital in nature and the income from them is used to fund some of the bursaries. A further £618,519 are restricted funds which can only be used for the specific purposes determined by the donors, and £2,750,201 has been designated for specific purposes by the Governors – to provide bursary support for pupils who would otherwise be unable to attend the School, to purchase instruments as required, to improve the fabric of the school's buildings and to undertake preliminary work on the new Music Studios. A further £8,067,536 has been designated as the Fixed Asset Fund, as it represents the School's funds tied up in tangible fixed assets, namely the School's buildings and musical instruments, and so cannot be released without undermining the School's work. This leaves £901,419 as the School's free reserves and the Governors are of the opinion that these are sufficient to meet the School's obligations and commitments and to finance its current activities.

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

**RESERVES POLICY**

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

**INVESTMENT POWERS, POLICY AND PERFORMANCE**

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

In the twelve month period to 31 August 2013 the Alpha Fund, in which the five different School portfolios are invested, rose in value by 16.4%, principally due to strong equity performance. The Fund held approximately 73% of its assets in equities at the end of the period, 11% in property and alternative investments, with 11% held in fixed interest securities. Income of 3.4% was achieved in 12/13.

**LEGAL STATUS**

The Yehudi Menuhin School Limited, a company limited by guarantee (company number 00818389) and a registered charity (charity number 312010), was founded in 1963. The liability of Members in the event of the Company being wound up is limited to a sum not exceeding £1 each.

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**YEHUDI MENUHIN SCHOOL LIMITED  
GOVERNORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2013**

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**LEGAL STATUS (continued)**

A wholly owned non-charitable subsidiary, YMS Enterprises, was established and incorporated on 17 December 2008 as a company limited by guarantee (company number 06775727). The trading performance is not consolidated with the School's financial statements but is shown in note 15 to the financial statements.

**GOVERNANCE**

Responsibility for the overall management and organisation of the School rests with the Governors, who meet at least on a termly basis. They are supported in carrying out their responsibilities by several committees and sub-committees. The Finance and General Purposes Committee meets a few weeks before each of the termly meetings of the Council of Governors. It is supported by sub-committees responsible for the overview of Risk Management, Audit and Remuneration. The Education Committee meets twice yearly, and a Nominations Committee meets to oversee the selection and appointment of new trustees when required. The Board of YMS Enterprises oversees the School's trading activities.

In 2011, a new Appeal Committee was established to oversee a planned fundraising appeal to coincide with the 50<sup>th</sup> Anniversary of the School's founding in the 2013/14 academic year. This Committee meets every two months.

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

**RECRUITMENT AND TRAINING OF GOVERNORS**

The Governors are appointed at the Annual General Meeting of the Council of Governors on the basis of advice from the Nominations Committee. A skills register of all Governors is maintained and regularly reviewed to ensure that the Council has the necessary breadth, scope and expertise to support the School. New Governors are provided with induction material, and all Governors are informed of relevant training courses offered by various professional bodies (ISBA, AGBIS etc.) and encouraged to attend.

**RISK MANAGEMENT**

The Governors continue to keep the School's activities under review and monitor performance, with particular regard to any major risks which may arise. The Governors' Risk Management Sub-Committee assesses and categorises the risks which the School is, or may become, exposed to in order to ensure that there are satisfactory systems established to manage those risks. A review of risks and the risk register is a regular item on the agenda of all Committee and Council meetings in order to ensure that the process is constantly reviewed and updated.

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

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors (who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

**· YEHUDI MENUHIN SCHOOL LIMITED  
GOVERNORS' REPORT (CONTINUED)  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES (continued)**

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

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

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

**AUDITORS**

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

Approved by the Council of Governors at its meeting on 5 December 2013  
and signed on its behalf by



**Mr Richard Morris  
Chairman of Governors**

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

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We have audited the financial statements of The Yehudi Menuhin School Limited for the year ended 31 August 2013 which comprise the Statement of Financial Activities incorporating the Summary Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Governors and Auditors**

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

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

## **Scope of the audit of the financial statements**

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

## **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the Companies Act 2006

## **Opinion on other matters prescribed by the Companies Act**

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

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

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**Matters on which we are required to report by exception**

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of governors' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Neil Finlayson*     *Statutory Auditor*

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

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

6 / 1 / 2014

**YEHUDI MENUHIN SCHOOL LIMITED**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
*(Incorporating an income and expenditure account)*  
**FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	Unrestricted Funds School's Operation £	Other Activities £	Endowment Funds £	Restricted Funds £	2013 £	2012 £
<b>INCOMING RESOURCES</b>							
<b>Charitable activities</b>							
Fees receivable		2,811,706	-	-	-	2,811,706	3,036,056
Bursaries income		-	-	-	48,850	48,850	40,772
Grants received		-	-	-	15,271	15,271	47,950
<b>Other activities to generate funds</b>							
Menuhin Hall income		-	124,543	-	-	124,543	113,833
Concert, festivals & events		-	7,067	-	-	7,067	7,200
Anniversary Appeal	2a	81,480	-	340,061	128,899	550,440	56,469
Other income	2b	37,148	-	-	-	37,148	32,994
Property Sale		-	-	-	-	-	345,767
<b>Investment Income</b>	2c	162,354	18,971	-	39,519	220,844	201,280
<b>Donations and legacies</b>	2d	242,599	-	-	149,811	392,410	111,807
<b>Total Incoming Resources</b>		<u>3,335,287</u>	<u>150,581</u>	<u>340,061</u>	<u>382,350</u>	<u>4,208,279</u>	<u>3,994,128</u>
<b>RESOURCES EXPENDED</b>							
<b>Cost of generating Funds</b>							
Fundraising and publicity		114,165	-	-	-	114,165	86,738
Finance and other costs		947	-	-	-	947	1,236
Investment management fees		(2,828)	-	-	-	(2,828)	(1,509)
Menuhin Hall expenses		-	190,434	-	-	190,434	240,670
Other expenses		-	-	-	-	-	-
<b>Charitable expenditure</b>							
School operating costs and grant making		2,827,736	21,324	4,273	170,533	3,023,866	3,013,065
Governance costs		14,776	-	-	-	14,776	14,664
<b>Total Resources Expended</b>	5	<u>2,954,796</u>	<u>211,758</u>	<u>4,273</u>	<u>170,533</u>	<u>3,341,360</u>	<u>3,354,864</u>
<b>Net incoming/(outgoing) resources for the year</b>	3	380,491	(61,177)	335,788	211,817	866,919	639,264

The notes on pages 17 to 33 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 2013**

	Unrestricted Funds School's Operation & Other Activities £	Endowment Funds £	Restricted Funds £	2013 £	2012 £
<b>Net incoming resources</b>	319,314	335,788	211,817	<b>866,919</b>	<b>639,264</b>
Transfer between funds	-	-	-	-	-
<b>Other recognised gains and losses</b>					
Gains/(Losses) on investments					
Realised (notes 7 and 10)	-	99,525	-	<b>99,525</b>	-
<b>Net income/(expenditure) for the year</b>	319,314	435,313	211,817	<b>966,444</b>	<b>639,264</b>
Unrealised investment gains/(losses) (notes 7 and 10)	130,741	379,606	19,131	<b>529,478</b>	<b>225,061</b>
<b>Net Movement in Funds</b>	450,055	814,919	230,948	<b>1,495,922</b>	<b>864,325</b>
<b>Fund Balances at 1 September 2012</b>	<b>11,269,101</b>	<b>4,478,849</b>	<b>387,571</b>	<b>16,135,521</b>	<b>15,271,196</b>
<b>Fund Balances at 31 August 2013</b>	<b>11,719,156</b>	<b>5,293,768</b>	<b>618,519</b>	<b>17,631,443</b>	<b>16,135,521</b>

The notes on pages 17 to 33 form part of these financial statements

**YEHUDI MENUHIN SCHOOL LIMITED**  
**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

		<b>2013</b>		<b>2012</b>
	Notes	£	£	£
<b>FIXED ASSETS</b>				
Tangible assets	6	<b>8,268,358</b>		8,374,806
Investments	7	<b>6,844,018</b>		5,838,367
		<b>15,112,376</b>		14,213,173
<b>CURRENT ASSETS</b>				
Stocks		<b>3,718</b>		2,608
Debtors	8	<b>343,734</b>		342,304
Cash at bank and in hand		<b>2,463,617</b>		1,812,349
		<b>2,811,069</b>		2,157,261
<b>CREDITORS: amounts falling due within one year</b>	9	<b>292,002</b>		234,913
<b>NET CURRENT ASSETS</b>		<b>2,519,067</b>		1,922,348
<b>NET ASSETS</b>		<b>17,631,443</b>		16,135,521
<b>FUNDS</b>				
Permanent Endowment Funds	10a	<b>996,554</b>		599,106
Expendable Endowment Funds	10a	<b>4,297,214</b>		3,879,743
Total Endowment Funds		<b>5,293,768</b>		4,478,849
Restricted Funds	10b	<b>618,519</b>		387,571
Designated Bursary and Other Funds	10c	<b>2,750,201</b>		2,095,076
Fixed Asset Funds	10d	<b>8,067,536</b>		8,169,712
General Reserve	10e	<b>901,419</b>		1,004,313
		<b>11,719,156</b>		11,269,101
<b>TOTAL FUNDS</b>	11	<b>17,631,443</b>		16,135,521

Approved and authorised for issue by the governors on **5 December 2013**  
and signed on their behalf by

*Richard Morris*

**Mr Richard Morris**, Chairman of Governors

*John Everett*

**Mr John Everett**, Chairman of Finance & General Purposes Committee

**Company Number 00818389**

**The notes on pages 17 to 33 form part of these financial statements**

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES**

**a) Basis of accounting**

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

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

YMS Enterprises Limited, a company limited by guarantee, was incorporated on 17 December 2008 as a wholly owned subsidiary of the School. The charitable company is not required to prepare group financial statements as the subsidiary undertaking is considered to be not material to the group; therefore the financial statements present information about the individual charitable company and not of its group. The results of YMS Enterprises Limited and the net assets position at the balance sheet date are set out in note 15.

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

**b) Fees receivable and similar income**

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

**c) Bursary Funds**

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

**d) Donations and Legacies**

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

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

**e) Resources expended**

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

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

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

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES (CONTINUED)**

**f) Value Added Tax**

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

**g) Taxation**

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

**h) Pension Costs**

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

Certain non-teaching staff are also members of other defined contribution schemes. All non-teaching staff are entitled to join a group personal pension scheme. The current scheme (The Pensions Trust Growth Plan Series 3) is not deemed a "qualifying scheme" for the purpose of auto enrolment. Series 3 will close as of 30 September 2013 and from that date all further contributions will be invested in Series 4 which is deemed to be a "qualifying scheme".

**i) Stocks**

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

**j) Tangible fixed assets and depreciation**

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

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

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

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

**k) Translation of Foreign Currencies**

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

**l) Investments**

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

**m) Governments Grants Receivable**

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

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**1. ACCOUNTING POLICIES (CONTINUED)**

**n) Leased and Hire Purchase Assets**

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

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

**o) Funds**

**Permanent Endowment** – 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.

**Expendable Endowment** – These are capital funds where the Governors are entitled to disburse the capital as well as income arising from the invested funds.

**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.

**p) Cash**

The School currently has significant cash holdings as funds are required to hand for building projects which are planned to commence early in 2014.

**2 INCOME**

	2013 £	2012 £
<b>a) Appeal Income</b>		
Donations	475,040	56,469-
Mansion House Event	75,400	-
	<u>550,440</u>	<u>56,469</u>
<b>b) Other Income</b>		
Audition fees	2,644	2,349-
Sundry Income	5,773	2,751
Yehudi Menuhin School Enterprises Facility Fee	28,731	27,894
	<u>37,148</u>	<u>32,994</u>
<b>c) Investment Income</b>		
Listed investments - UK	215,411	198,562
Bank Interest	5,433	2,718
	<u>220,844</u>	<u>201,280</u>

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**d) Donations and Legacies**

The Estate of Ms June Margaret Addison Smith	176,610	-
The Estate of Mr Gregory Frank Whiteley	70,005	-
Friends of Yehudi Menuhin School (Organ Fund)	-	15,000
Gift Aid from subsidiary	65,518	57,854
Gift Aid on prior donations	78,686	36,829
Other donations and legacies	1,591	2,124
	<u>392,410</u>	<u>111,807</u>

**e) Donor Acknowledgements**

In addition to those mentioned in 2 (d), the school received significant donations in year (and continued to benefit from gifts and donations in previous years) from the following individuals and organisations

**Bursary and Awards Support**

Albert Cowie Fund  
The Ann Driver Trust  
Audrey Joyce Burford Fund  
Behrens Foundation  
Elizabeth Laverick Fund  
Elsa & Leonard Cross Charitable Trust  
Friends of The Yehudi Menuhin School  
Kissin Award  
Lady Elizabeth Calthorpe Fund  
Margaret Forbes Jamieson Fund  
Miller Smiths Scholarship  
MPG Charitable Settlement  
Paloma O'Shea Fund  
Phyllis Elena Eager Fund  
Professor Beatrice Hermelin Fund  
S E Franklin Charity Trust No 3  
Skyrme Hart Charitable Trust  
The Wallace Curzon Charitable Trust

**Endowment Funds**

Alice Hartley Award  
Brackenbury Fund  
Cholmondeley Fund  
Department for Education  
Doris Faulkner Violin Scholarship Fund  
Esso/Westminster Fund  
Eta Hebst Fund  
Fermoy Masterclass Award Fund  
Jeanty Raven Fund  
JGC Mellors Fund  
Kentner Fund  
Madame Phyllis Baker Scholarship  
Nicolas Chisholm Bursary Fund  
Sherman Fund  
Sir Ronald Harris Fund

**Other Support**

Albert and Eugenie Frost Music Trust  
Sir Siegmund Warburg's Voluntary Settlement  
Surrey County Council

**50th Anniversary Appeal**

*Anniversary Benefactors*

Mrs Hilary J Cowan

*Anniversary Donors*

The Hon Mrs Rita McAulay

*Anniversary Contributors*

Mrs Bruna Colombo-Otten  
Dunard Fund  
J Paul Getty Jnr Charitable Trust  
Mrs Latifa Kosta  
Poul & Erna Sehested Hansen Fund  
Soditic Discount and Trade Ltd  
The Sutasoma Trust  
S W Mitchell Capital

*Other Anniversary Appeal Donations*

Angus Allnatt Charitable Foundation  
Bowerman Charitable Trust  
D'Oyly Carte Charitable Trust  
The Lord Faringdon Charitable Trust  
Mr & Mrs Norman Frizzell  
Mr & Mrs Michael Hallett  
Mrs Margaret Norris  
Mr Richard Nunneley

Donations were also received from many other individuals and organisations and The Yehudi Menuhin School is most grateful for this support

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

<b>3 NET INCOMING RESOURCES</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net incoming resources are stated after charging		
Auditors' remuneration		
For audit	12,000	11,800
Other services	15,592	25,470
Depreciation – owned assets	<u>267,132</u>	<u>257,250</u>

**4. STAFF COSTS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,517,403	1,509,958
Social security costs	108,148	119,469
Pension costs	146,448	145,425
	<u>1,771,999</u>	<u>1,774,852</u>

The number of employees (including full time equivalent numbers for part time employees) in the year was 42 (2012 – 44) of which 24 (2012 – 30) were teaching staff

Neither the Governors nor persons connected with them received any remuneration from the School. This year, three Governors (2012 none) claimed reimbursement of expenses from the School for travel to Committee meetings of £335 in total (2012 £0)

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

	<b>2013</b>	<b>2012</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	2	-
£70,001 - £80,000	1	1
	<u>3</u>	<u>1</u>

Two of the above individuals are also members of the Teachers' Pension defined benefit scheme

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

5. ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff Costs £	Other £	Depreciation £	2013 Total £
<b>Cost of Generating Funds</b>				
Fund-raising & publicity	100,161	14,004	-	114,165
Finance and other costs	-	947	-	947
Investment management fees	-	(2,828)	-	(2,828)
Menuhin Hall expenses	61,866	101,641	26,927	190,434
Other expenses	-	-	-	-
	<u>162,027</u>	<u>113,764</u>	<u>26,927</u>	<u>302,718</u>
<b>Charitable Expenditure</b>				
Teaching	1,224,596	53,113	18,754	1,296,463
Welfare and catering	87,229	293,065	2,470	382,764
Premises	65,860	376,305	218,981	661,146
School support costs	232,287	192,938	-	425,225
	<u>1,609,972</u>	<u>915,421</u>	<u>240,205</u>	<u>2,765,598</u>
School's operating costs	1,609,972	915,421	240,205	2,765,598
Grants awards & prizes	-	21,324	-	21,324
Bursaries	-	236,944	-	236,944
	<u>1,609,972</u>	<u>1,173,689</u>	<u>240,205</u>	<u>3,023,866</u>
School operating costs and grant making	1,609,972	1,173,689	240,205	3,023,866
<b>Governance costs</b>	-	14,776	-	14,776
	<u>1,771,999</u>	<u>1,302,229</u>	<u>267,132</u>	<u>3,341,360</u>
<u>2012</u>				
<b>Cost of Generating Funds</b>				
Fund-raising & publicity	63,203	23,535	-	86,738
Finance and other costs	-	1,236	-	1,236
Investment management fees	-	(1,509)	-	(1,509)
Menuhin Hall expenses	61,917	104,800	73,953	240,670
Other expenses	-	-	-	-
	<u>125,120</u>	<u>128,062</u>	<u>73,953</u>	<u>327,135</u>
<b>Charitable Expenditure</b>				
Teaching	1,247,014	86,593	15,972	1,349,579
Welfare and catering	94,922	286,056	3,405	384,383
Premises	65,187	376,736	163,920	605,843
School support costs	242,609	179,525	-	422,134
	<u>1,649,732</u>	<u>928,910</u>	<u>183,297</u>	<u>2,761,939</u>
School's operating costs	1,649,732	928,910	183,297	2,761,939
Grants awards & prizes	-	23,073	-	23,073
Bursaries	-	228,053	-	228,053
	<u>1,649,732</u>	<u>1,180,036</u>	<u>183,297</u>	<u>3,013,065</u>
School operating costs and grant making	1,649,732	1,180,036	183,297	3,013,065
<b>Governance costs</b>	-	14,664	-	14,664
	<u>1,774,852</u>	<u>1,322,762</u>	<u>257,250</u>	<u>3,554,864</u>

Governance costs include remuneration for audit services of £12,000 (2012 £11,800)



**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**6. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 September 2012	8,748,386	1,370,055	523,684	39,850	<b>10,681,975</b>
Additions	85,810	21,600	53,277	-	<b>160,687</b>
Disposal	-	-	-	-	-
<b>At 31 August 2013</b>	<b><u>8,834,196</u></b>	<b><u>1,391,655</u></b>	<b><u>576,961</u></b>	<b><u>39,850</u></b>	<b><u>10,842,662</u></b>
<b>DEPRECIATION</b>					
At 1 September 2012	1,491,448	330,011	455,741	29,972	<b>2,307,172</b>
Charge for the year	171,998	18,754	73,910	2,470	<b>267,132</b>
Disposals	-	-	-	-	-
<b>31 August 2013</b>	<b><u>1,663,446</u></b>	<b><u>348,765</u></b>	<b><u>529,651</u></b>	<b><u>32,442</u></b>	<b><u>2,574,304</u></b>
<b>NET BOOK VALUE</b>					
<b>At 31 August 2013</b>	<b><u>7,170,750</u></b>	<b><u>1,042,890</u></b>	<b><u>47,310</u></b>	<b><u>7,408</u></b>	<b><u>8,268,358</u></b>
<i>At 31 August 2012</i>	<i><u>7,256,938</u></i>	<i><u>1,040,044</u></i>	<i><u>67,943</u></i>	<i><u>9,878</u></i>	<i><u>8,374,803</u></i>

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

**7. INVESTMENTS**

All investments are held within the UK	2013 £	2012 £
Market value at 1 September 2012	5,162,799	4,937,738
Acquisitions at cost	1,544,375	-
Disposals at open market value	(817,850)	-
Unrealised gains	<u>529,478</u>	<u>225,061</u>
<b>Market value at 31 August 2013</b>	<b><u>6,418,802</u></b>	<b><u>5,162,799</u></b>
<b>Historic cost at 31 August 2013</b>	<b><u>5,509,160</u></b>	<b><u>4,602,572</u></b>
Investments representing 5% or more of the total portfolio are as follows	<b>Market Value £</b>	<b>Market Value £</b>
Alpha CIF For Endowments (Income Units)	6,418,802	5,162,799
<b>Investment Properties</b>	2013 £	2012 £
Valuation at 1 September 2012	<u>310,792</u>	<u>310,792</u>
Valuation at 31 August 2013	<b><u>310,792</u></b>	<b><u>310,792</u></b>

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**7. INVESTMENTS (CONTINUED)**

**Riverview Gardens, Cobham, Surrey**

During the year ended 31 August 2007 the school purchased 70 Riverview Gardens at a market value of £299,950. The property has been included in the accounts at the purchase price plus incidental costs. The Governors believe there is no significant change between the purchase cost and market value at the year end. The property will be re-valued in 2014.

<b>Summary of investments</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Cash held for re-investment	<b>114,424</b>	364,776
Investment property	<b>310,792</b>	310,792
Investments	<b><u>6,418,802</u></b>	<u>5,162,799</u>
	<b><u>6,844,018</u></b>	<u>5,838,367</u>

**8. DEBTORS: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts due from subsidiary undertaking	<b>105,352</b>	120,460
Fees and recharges receivable	<b>102,422</b>	127,936
Prepayments & accrued income	<b><u>135,960</u></b>	<u>93,908</u>
	<b><u>343,734</u></b>	<u>342,304</u>

The amounts due from subsidiary undertaking (YMS Enterprises) includes £15,195 Gift Aid

**9. CREDITORS: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>26,580</b>	11,001
Fees received in advance	<b>105,278</b>	76,905
Fee deposits held	<b>41,350</b>	33,761
Social security and other taxes	<b>31,927</b>	32,094
Accruals and deferred income	<b>82,601</b>	75,212
Other creditors	<b><u>4,266</u></b>	<u>5,940</u>
	<b><u>292,002</u></b>	<u>234,913</u>

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**10a ENDOWMENT FUNDS**

	Balances Brought Forward £	Incoming Resources £	Resources Expended £	Investment (Losses)/ Gains £	Balances Carried Forward £
<b>Permanent Endowments</b>	599,106	340,061	-	57,387	<b>996,554</b>
<b>Expendable Endowments</b>	3,879,743	-	(4,273)	421,744	<b>4,297,214</b>
	<u>4,478,849</u>	<u>340,061</u>	<u>(4,273)</u>	<u>479,131</u>	<u><b>5,293,768</b></u>

*Permanent endowment funds* are those where the Governors are required to hold the capital and are not entitled to convert it to income. Income arising from these funds is included within restricted funds and is spent in line with the wishes of the donor.

*Expendable endowment funds* are those where the Governors have the power to convert the fund or part thereof to income. The Governors have designated the income arising from the investment of the fund to support student bursaries.

**10b RESTRICTED FUNDS**

	Balances Brought Forward £	Incoming Resources £	Resources Expended £	Investment (Losses)/ Gains £	Balances Carried Forward £
<b>Bursary Funds</b>	263,771	335,094	(153,048)	19,131	<b>464,948</b>
<b>Other Restricted Funds</b>	123,800	47,256	(17,485)	-	<b>153,571</b>
	<u>387,571</u>	<u>382,350</u>	<u>(170,533)</u>	<u>19,131</u>	<u><b>618,519</b></u>

*Restricted Bursary Funds* These funds arise from legacies, grants and donations made for the specific purpose of providing bursaries to students, the recipients and amounts of bursaries are determined by the Headmaster and Governors.

*Restricted Other Funds* These funds arise from grants and donations made for specific purposes other than bursaries. These funds comprise the Outreach Project and the Music Studios (restricted) Fund.

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**10c DESIGNATED FUNDS**

	Balance brought forward	Incoming resources	Resources expended	Unrealised Investment Gains/(losses)	Transfers	Balance carried forward
	£	£	£	£	£	£
<b>Designated Funds</b>						
Sir Siegmund Warburg Voluntary Settlement Fund	32,186	-	(32,186)	-	-	-
Student Aid	22,933	450	(11,184)	-	-	<b>12,199</b>
Prize Fund	194	-	-	-	-	<b>194</b>
Wallace Curzon	-	3,850	(3,850)	-	-	-
White House Art Fund	1,793	-	-	-	-	<b>1,793</b>
The Bursary Fund	1,567,204	122,702	(122,702)	-	-	<b>1,567,204</b>
The Building Fabric Fund	350,000	-	-	-	450,000	<b>800,000</b>
The Instrument Fund	120,000	-	-	-	-	<b>120,000</b>
The Music Studio Fund	766	258,090	(10,045)	-	-	<b>248,811</b>
	<b>2,095,076</b>	<b>385,092</b>	<b>(179,967)</b>	<b>-</b>	<b>450,000</b>	<b>2,750,201</b>

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

**Sir Siegmund Warburg Voluntary Settlement Fund** These funds were earmarked by the Governors for the development of the use of digital media in musical education (arising from a generous grant from the trustees of The Sir Siegmund Warburg Voluntary Settlement) These funds have now all been expended

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

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

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

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

**The Bursary Fund:** These funds arose from legacies to the School. The income earned on the funds is, at the discretion of the Governors, being held in a separate fund to be applied for public benefit through means tested bursaries

**The Instrument Fund:** The Governors recognise that the school's pianos have a life of approximately 10 to 12 years and the School must plan to replace the two Menuhin Hall pianos within the next five years at a cost of approximately £120,000. They established a designated fund towards the replacement of these instruments in 2012

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**10c DESIGNATED FUNDS (CONTINUED)**

**Building Fabric Fund:** The fabric of the school buildings has been reviewed and the Governors have recognised that significant works are required, particularly to roofing and the boarding accommodation in the Victorian Music House, and to extend and improve the boarding facilities in Harris House. In 2014 they plan to replace the roof of Music House, remodelling the space to give 7 further boarding rooms at an estimated cost of £900,000. They have therefore increased the designated fund by £450,000.

**The Music Studios Fund:** These funds have been designated by Governors towards the construction of new music studios and practice rooms.

**10d FIXED ASSET FUNDS**

	Balance brought forward	Incoming resources	Resources expended	Unrealised Investment Gains/(losses)	Transfers	Balance carried forward
	£	£	£	£	£	£
Fixed Asset Funds	8,169,712	-	-	-	(102,176)	8,067,536

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

**10e GENERAL RESERVE**

	Balance brought forward	Incoming resources	Resources expended	Investment Gains/(losses)	Transfers	Balance carried forward
	£	£	£	£	£	£
General Reserve	1,004,313	3,100,776	(2,986,587)	130,741	(347,824)	901,419

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

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**11 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	200,820	-	8,067,538	<b>8,268,358</b>
Investments	996,554	4,096,394	218,223	1,532,847	<b>6,844,018</b>
Net Current Assets	-	-	400,296	2,118,771	<b>2,519,067</b>
<b>Total Net Assets</b>	<b>996,554</b>	<b>4,297,214</b>	<b>618,519</b>	<b>11,719,156</b>	<b>17,631,443</b>

**12 PENSION COMMITMENTS**

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate consistently to identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

The pension charge for the year includes contributions payable to the TPS of £91,287 (2012 £95,404).

On 4 July 2012 the Chief Secretary to the Treasury confirmed that the Government would be taking forward legislation based on the reformed scheme design for the Teachers' Pension Scheme to be introduced in 2015 as set out in the Teachers' Pension Scheme - Proposed Final Agreement ("the TPS Agreement"). The TPS Agreement sets out the main parameters for both the provision of future pension benefits and the structuring of the future contributions to the TPS including the basis for increasing average employee contribution rates up to 2015.

On 31 January 2013, the Department for Education published the outcome of the consultation on further contributions increases that will apply to members of the TPS in financial year 2013-14 as well as the removal of provisions governing scheme valuations and cap and share arrangements. A revised eight tier salary and employee contribution rate structure has been introduced from 1 April 2013 with employee rates varying between 6.4% and 11.2%. Employer contributions will continue for this period at the current rate of 14.1%.

On 25 April 2013 the Public Service Pensions Act 2013 was enacted and provides the arrangements for managing the future TPS costs, including a requirement for scheme regulations which must set an employer cost cap which will be required to be in accordance with Treasury directions.

In light of the new arrangements for setting contribution rates the Government has concluded that there is now no need to carry out the currently suspended TPS actuarial review or the cap and share processes.

The School also offers a defined contribution scheme for non-teaching staff through the Growth Plan (the Plan) offered by The Pensions Trust (currently Series 3). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. From 1 October 2013, Growth Plan Series 3 closes to contributions. The School has consulted with those affected and elected to continue the pension scheme for support staff with the Pension Trust Growth Plan Series 4, a defined contribution scheme, from 1 September 2013.

The superannuation charge represents the School's contributions to the scheme of £55,161 (2012 £50,021).

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**12. PENSION COMMITMENTS (CONTINUED)**

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

The Yehudi Menuhin School paid contributions at the rate of 13.5% during the accounting period. Members paid contributions at the rate of 6.0% during the accounting period.

As at the balance sheet date there were 18 active members of the Plan employed by The Yehudi Menuhin School. The Yehudi Menuhin School continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**12. PENSION COMMITMENTS (CONTINUED)**

The financial assumptions underlying the valuation as at 30 September 2011 were as follows

	<b>% p.a.</b>
Rate of return pre retirement	4.9
Rate of return post retirement	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation Retail Prices Index (RPI)	2.9
Inflation Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions, such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%, which represents a decline since 2011.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.



**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

Owing to this situation, we have included 2 figures/calculations, namely

- The cost of withdrawal if we include Series 3 liabilities in the calculation
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.

The Yehudi Menuhin School has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 31 March 2012. As of this date the estimated employer debt for The Yehudi Menuhin School was £110,715.07.

The recovery plan includes the requirement for additional contributions from all employers who have employed members in Series 1 and 2 (i.e. employers that employed active members before 1 October 2001). The additional contributions required from the Yehudi Menuhin School Ltd from 1 April 2013 will be £1,173.24 per annum.

**13. SHARE CAPITAL**

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

The liability of the 14 members is limited to £1.00 each.

**14. CAPITAL COMMITMENTS**

Capital expenditure contracted at 31 August 2013 amounted to £nil (2012: £10,800 and related to a new window in the Bursary and a new Chamber Organ for the Menuhin Hall).

**YEHUDI MENUHIN SCHOOL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**15 SUBSIDIARY UNDERTAKING**

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

The financial statements of YMS Enterprises for the year to 31 August 2013 which are not consolidated with the School's financial statements, showed the following position:

**BALANCE SHEET**

	<b>31 August 2013</b>	<i>31 August 2012</i>
	<b>£</b>	<b>£</b>
<b>CURRENT ASSETS</b>		
Cash at bank and in hand	<b>72,355</b>	<i>100,191</i>
Debtors	<b>45,845</b>	<i>39,328</i>
<b>CREDITORS</b> amounts falling due within one year	<b>(118,200)</b>	<i>(139,519)</i>
<b>TOTAL NET ASSETS</b>	<b>-</b>	<i>-</i>
<b>RESERVES</b>		
Profit and loss account	<b>-</b>	<i>-</i>
<b>PROFIT AND LOSS ACCOUNT</b>		
Turnover	<b>211,565</b>	<i>181,419</i>
Operating costs	<b>(113,516)</b>	<i>(91,107)</i>
<b>GROSS PROFIT</b>	<b>98,049</b>	<i>90,312</i>
Administrative expenses	<b>(32,531)</b>	<i>(32,458)</i>
<b>PROFIT ON ORDINARY ACTIVITIES</b>	<b>65,518</b>	<i>57,854</i>
Payment under gift aid	<b>(65,518)</b>	<i>(57,854)</i>
<b>RETAINED PROFIT</b>	<b>-</b>	<i>-</i>

**16. RELATED PARTY TRANSACTIONS**

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