

YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

TUESDAY



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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:

- * Richard Morris (Chairman)
- * Noël Annesley
- * Lord Blackwell (Appointed 26 July 2016)
- * John Everett
- Prof Sebastian Forbes
- * Andrew Hunter Johnston
- * Oscar Max Lewisohn
- The Hon. Mrs Zamira Menuhin Benthall
- * John Pagella
- Stuart Mitchell
- Alice Phillips
- * Geoffrey Richards
- Vanessa Richards
- Dr John Scadding OBE
- Veronica Wadley
- * Peter Willan (Vice Chairman)

* members of the Finance and General Purposes Committee

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

REGISTERED OFFICE

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COMPANY NUMBER

00818389

CHARITY NUMBER

312010

PRESIDENT

VICE PRESIDENTS

Daniel Barenboim KBE
Barbara R D Fisher OBE
Sir Alan Traill GBE QSO

GOVERNORS EMERITUS

Daniel Hodson
Anne Simor

PRESIDENT OF THE ANNIVERSARY APPEAL

Tasmin Little OBE

MUSICAL PATRONS	Steven Isserlis CBE Tasmin Little OBE Sir András Schiff Heinrich Schiff
HEADMASTER	Dr Richard Hillier PhD MA (CANTAB)
DIRECTOR OF MUSIC	Malcolm Singer MA (CANTAB)
DIRECTOR OF STUDIES	Richard Tanner MA (OXON)
DIRECTOR OF DEVELOPMENT	Dr Anthony Medhurst BA (Hons) MPhil PhD(CANTAB)
DIRECTOR OF FINANCE	Melanie Smith FCA (Appointed 1 August 2016) Simon Browning FCMA (Retired 26 August 2016)
AUDITORS	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
BANKERS	Lloyds Bank plc 39 Threadneedle Street London EC2R 8AU
INSURANCE BROKERS	Marsh Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU Gallagher Heath 133 Houndsditch London EC3A 7AH
INVESTMENT MANAGERS	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU

GOVERNORS' REPORT (INCORPORATING A STRATEGIC REPORT)

The Governors present their annual report and financial statements for the year ended 31 August 2016.

The Governors of the School who are also Trustees of the Charity and Directors of the Company have pleasure in presenting their strategic report and financial statements for the year ended 31 August 2016. 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).

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 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.

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 many of those who are sufficiently talented and would benefit from the activities of the School, irrespective of financial circumstances. In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commission's guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

Public benefit is not just provided to the pupils at the School. The section in this Report headed 'Community Activity and Outreach' 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.

GOVERNORS' REPORT CONTINUED

OBJECTIVES, ACHIEVEMENTS AND DEVELOPMENTS

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.

OBJECTIVES

The School's objectives 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 Limited.
- 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.

ACHIEVEMENTS

A first-class education

An environment where each pupil can fulfil his or her potential

The Governors are pleased to report that, under the leadership of the Headmaster Dr Richard Hillier, the School continued to perform at the highest level in every area during the last year. The School continued to attract exceptionally talented pupils and at the start of the year the School had its highest ever number of pupils: 80 (2015: 79) in total, of whom 9 (2015: 9) were day pupils.

On the academic front, students performed exceptionally well, especially considering the heavy burden of musical commitments undertaken in connection with the School's commemoration of Lord Menuhin's centenary throughout the spring and summer terms. In June 2016 86% (2015: 100%) of the grades achieved at A level, and 94% (2015: 98%) of those at GCSE were A*-B. Worthy of mention amongst those taking GCSE examinations was Katie Morgan, who achieved A* grades in every subject. Excellent results were also achieved at Key Stage 2 (the exams taken by pupils in Year 6), with the average mark (out of 120) for Reading being 117, for English 117, and for Maths 113. In the UK Senior Maths Challenge, Kevin Loh (17) won a Gold certificate, with three other students winning silver. YMS students also came second in the Senior Team Challenge held at Epsom College.

A wide range of educational trips was provided outside of the classroom: the junior class (Y3-6) visited the Big Bang Science Fair, as well as a performance of the play *Gangsta Granny* at G-Live in Guildford, and made a trip to see the Roman artefacts in the British Museum. The C1 (Y7) pupils visited Bodiam Castle in Kent, whilst the C3 (Y9) pupils travelled up to London for the exhibition on Cosmonauts at the Science Museum. The School was also fortunate to have received visits from the businessman Stuart

GOVERNORS' REPORT CONTINUED

Lawson who gave an informative and entertaining lecture entitled 'Successful Failure', and writer and broadcaster Humphrey Burton, who gave an illustrated talk called 'Yehudi Menuhin: Man and Music'. The School also held a pre-referendum debate on the merits of Brexit, voting 47-7 to remain in the EU.

The School continues to provide as wide a range of physical activities as it can, with students taking part in tennis, running, dance, badminton (at Leatherhead Leisure Centre) and football, coached by professionals from Chelsea FC, whose training ground is in Stoke d'Abernon. The boys' team played two fixtures during the course of the year, losing to the Purcell School but beating an alumni team (known as the X-Men). Six students collected their Bronze Duke of Edinburgh's Award Scheme certificates at the start of the year. A further eleven pupils completed their Silver Award in July 2016, whilst eight more began their campaign to achieve the Bronze Award in 2016-17.

In February, seven senior students (accompanied by four staff) crossed the Channel to take donated food and other supplies to the 'Jungle' camp in Calais and to perform to the refugees compelled to call it their home. The supplies had been purchased using funds generously donated by patrons after our sell-out Christmas Concerts (£2,140 split equally between this cause and the local foodbank run by the Trussel Trust). The musicians helped the volunteers at the Jungle prepare the daily food distributed to the camp's inhabitants and performed both at the volunteers' warehouse and to refugees at the 'Good Chance' dome in the camp itself. The trip was a hugely educative one and undertaken in the spirit of Yehudi Menuhin himself, who had performed at the liberated concentration camp of Bergen-Belsen in April 1945.

The students' performance education was enhanced by a world-class series of Celebrity Concerts, held as part of our Menuhin 100 Festival celebrations, performed by Angela Hewitt (piano), the Emerson Quartet (featuring alumnus Paul Watkins (1988)), former staff member Nikolai Demidenko (piano), Jeremy and Mookie Menuhin (piano) and Sasha Rozhdestvensky (violin), Stephen Hough (piano) and Steven Isserlis (cello), the Chiaroscuro Quartet (including alumna Alina Ibragimova (2003)), and John Williams (guitar) and Richard Harvey (multi-instrumentalist). Students have also enjoyed masterclasses and expert coaching from visiting artists Shmuel Ashkenasi, Andras Keller, Lewis Kaplan (violin), Jerome Rose (piano), John Williams and Tilman Hopstock (guitar), the Emerson Quartet, and John Kenny (trombone/composer).

Pupils also had the chance to perform alongside violinist and conductor Joji Hattori in a concert given by the School as part of the Yehudi Menuhin International Violin Competition (in which they also formed the orchestra which took part in the finals of the junior section of the competition), and with violinist Nicola Benedetti (alumna 2002), in front of HRH Princess Alexandra, and award-winning actor Samuel West and trumpeter Simon Desbruslais, in the opening and closing concerts, respectively, of our hugely successful Menuhin 100 Festival. Violinist Louisa Staples (16) also performed with James O'Donnell, Organist and Master of the Choristers at Westminster Abbey, in a packed organ recital at St Mary's Church, Stoke d'Abernon.

The Menuhin Hall was also the venue for the School's regular Showcase Concerts (one per month), which provide regular performance opportunities for the pupils, culminating in the six Summer Festival concerts (in which every single pupil gave a solo performance). This year's concerts also included a special concert to celebrate the 175th anniversary of the birth of Tchaikovsky, with a programme of the composer's works performed in front of a specially invited Russian audience, preceded (it being 5 November) by a magnificent firework display. Senior students also gave their annual concert at the Wigmore Hall in London in May, as well as playing at the A&D Gallery in Marylebone, where prints, drawings and paintings of the students by artist Geraldine van Heemstra were exhibited before being displayed in The Menuhin Hall.

Students also enjoyed success in a number of international competitions. Daniel Penney (16) was one of the winners of the 2015 BBC Proms Inspire Young Composers' Competition and had two of his compositions performed and broadcast on BBC Radio 3. SongHa Choi (16) won second prize and the audience prize in the Yehudi Menuhin International Violin Competition 2016, with two other current students, Louisa Staples and Coco Tomita (14), as well as alumna Juliette Roos (2013), also reaching

GOVERNORS' REPORT CONTINUED

the final stages of the competition, held in London at the Royal Academy of Music and the Royal Festival Hall. Louisa Staples and Joseph Pritchard (16) also reached the String Category Final in the BBC Young Musician Competition 2016. Elvina Auh (16) came fourth in her age-group at the 1st Zhuhai International Mozart Competition for Young Musicians in China, whilst Tianyou Ma (15) came second in his age-group at the Competition Andrea Postacchini in Fermo, Italy, where Kingsley Lin (14) was also a finalist. Sao Soulez Larivière came second in the North London Festival of Music and Drama and Bennet Ortmann and Ursula Perks (both 19) were awarded a first prize in the last round of the Jugend Musiziert Competition 2016 in Germany.

Kevin Loh won the Andrés Segovia International Competition for Young Guitarists in Monheim am Rhein and the Guitar Foundation of America International Classical Guitar Competition (senior division of the youth competition), subsequently being selected as a Young Artist 2016 by the International Guitar Foundation UK. In addition Kevin has been chosen as one of Singapore's Gifted Young Musicians and also performed as the youngest ever featured artist at the Calcutta and New Delhi International Classical Guitar Competition and Festival, as well as giving masterclasses to younger students there. The School's double-bass players also enjoyed success at the Royal College of Music Junior Department: Will Duerden was runner-up in the inaugural Junior Concerto Competition, whilst Marcus Gaved won the Angela Bull Memorial Competition.

The School took part in several concerts in Europe as part of the ongoing Menuhin Centenary Celebrations. Chief amongst these was a five-day trip to Berlin, where musicians from the School gave two chamber and one orchestral concert in the Konzerthaus as part of the city's ten-day *Hommage an Yehudi Menuhin* – the most significant celebration of our founder's centenary to be staged anywhere in the world. For the orchestral concert the orchestra was joined, as soloists, by alumni Valeriy Sokolov (2005), Alexander Sitkovetsky (1999) and Jagdish Mistry (1982). Whilst in Berlin the School also took the opportunity to see the important cultural and historical sites, including the Memorial to the Murdered Jews of Europe, the Brandenburg Gate, the Reichstag, the Pergamon Museum, and the concentration camp at Sachsenhausen.

Students also made three trips to Warsaw to perform in concerts celebrating Lord Menuhin's links with the Sinfonia Varsovia. In the first, pupil Darwin Chang (12) was soloist in the Bach Double Violin Concerto with alumnus Leland Chen (1982). David Horvat (18) and Damir Durmanovic (16) also performed in a centenary concert at the Reina Sofia School in Madrid, in the presence of former Queen Sofia of Spain.

Earlier in the year, Nicole Petrus-Barracks (17), Frankie Carr (17), and Damir Durmanovic (16) gave a lunchtime chamber concert during the Young Pianists Foundation Competition in Amsterdam and in February another group of pupils travelled north for the annual concerts in New Lanark, Edinburgh and Blair Atholl, which this year were preceded by sell-out concerts in Berwick-upon-Tweed and Eyemouth in the Scottish Borders.

The following graduating students left to continue their studies at their chosen institution: four to the Guildhall School of Music and Drama, London, four to the Royal College of Music, London (one of whom, violinist David Horvat, was awarded the prestigious scholarship awarded by the Associated Board of the Royal Schools of Music), and one each to the Mozarteum (Salzburg), Lübeck Musikhochschule, New England Conservatory (Boston, USA), and Gonville & Caius College, Cambridge. One graduating student chose to study privately and to prepare for conservatoire auditions in the following year.

Amongst the many YMS alumni achieving distinction over the past year were: Cheryl Frances-Hoad (1998) who was commissioned to write a new Christmas carol for the BBC Music Magazine (which was performed by the YMS choir at our Christmas Concerts in December 2015), Wu Qian (2002) and Alexander Sitkovetsky (1999) who won Lincoln Centre Emerging Artists Awards 2016, Prach Boondiskulchok (2004) and Vladimir Waltham (2007) who, as two-thirds of the Linos Piano Trio, won their section of the 2015 Melbourne International Chamber Music Competition, Michael Petrov (2009) whose Trio Ismiz won the Trondheim International Chamber Music Competition 2015, Irene Enzlin (2011) who won the Prix Charles Hennen at the Orlando Competition with her Delta Piano Trio, Yume

GOVERNORS' REPORT CONTINUED

Fujise (2013) who won the RCM Violin Competition 2015 and Cosima Soulez Larivière (2015) who won the 22nd International Johannes Brahms Competition 2015. Cosima has also been awarded an ESU Music Scholarship, gained a place on the Tanglewood Music Center Fellowship Program and, with Rosalind Phang (2013), won a Yehudi Menuhin Live Music Now scholarship. Rosalind also won first prize in the 23rd Jeunesses International Music Competition Dinu Lipatti.

Community activity and outreach

- As a governing member of the Surrey Music Hub (SMH), the School has continued to contribute to SMH's musical activities throughout the county. Supported by a small grant from SMH:
- it ran its annual composition workshop for GCSE and A-level students from seven Surrey maintained sector schools: students attended an initial introductory workshop in the autumn, followed by tutorials on the work in progress at a clinic in the spring; the completed pieces were then recorded and 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.
- its junior pupils gave concerts in eight primary and special schools in the Autumn and Spring terms, and the School hosted instrumental teachers from across the county for a CPD training day in The Menuhin Hall.
- In addition to its SMH activities the School:
- continued its Chance to Play programme, with an assistant violin teacher from the School, aided by two A3 (third-year sixth) pupils, teaching 30-minute violin lessons to small groups of Year 1, 2 and 3 pupils at Cobham Free School (CFS) who had had little or no previous opportunity to benefit from instrumental lessons; the (CFS) children took part in a successful workshop in The Menuhin Hall during the summer term and also had a chance to perform to pupils from seven primary schools at two concerts in the Menuhin Hall in July.
- gave concerts at five care homes in Surrey and SW London.
- hosted and performed at the launch of the Mole Valley Arts Alive Festival.
- performed at the Duke of Edinburgh's Award Scheme Ceremony at Ashcombe School Dorking.
- performed at a Gala evening for the Leatherhead Drama Festival at Leatherhead Theatre.
- performed at fundraising concerts given by Weybridge Make Voice Choir and The Grange care home.
- continued to offer (through YMS Enterprises Limited) facilities for concerts, lectures and residential courses, hosting several holiday courses providing education and training for musicians, both young and old.

First-class teaching and other staff

The School appointed to its music staff for the current year two outstanding pianists, both of them former students, Alexis White (1997) as supporting studies piano teacher, and Miho Kawashima (2006) as assistant piano teacher, as well as Anna Ziman, currently studying at the Royal College of Music, as an assistant violin teacher. YMS General Music teacher Dr Oscar Colomina i Bosch was commissioned to write a piece for the Yehudi Menuhin International Violin Competition. *Shpigl*, his piece for unaccompanied violin, was performed by all the finalists in the junior section of the competition. YMS cello teacher Thomas Carroll was also involved in the competition, conducting his Orpheus Sinfonia, with

GOVERNORS' REPORT CONTINUED

the winner of the junior competition, in a Family Concert at the Royal Festival Hall. The School celebrated the 60th birthday of David Dolan, Professor of Classical Improvisation at the Guildhall School of Music and Drama and also teacher of improvisation at the School, with a special concert in which he performed with pupils and the acclaimed soprano Claron McFadden. On another front, Music House gained a highly capable and well qualified Housemistress in Ann Sweeney, who is also Senior School Nurse and Designated Safeguarding Lead, whilst the School's pastoral provision was enhanced significantly with the appointment of the highly experienced Gillian Watts as our first ever School Counsellor.

The Governors would like to put on record their thanks to every member of the School's staff who worked so hard to make this special centenary year such a success. The extraordinary efforts of them all – music, academic, pastoral and support staff alike – are very much appreciated.

First-class facilities

In the course of 2015-16 the extension to Harris House (Boys' Boarding) and the new Music Studio building were both completed.

The Harris House extension provides seven new single en-suite study-bedrooms for the most senior pupils and continues the programme of improvement to our boarding provision which began with the extension to Music House (Girls' Boarding) in 2014-5. This additional provision means that the majority of boarding rooms in the School are now for just one or two pupils, with only two or three rooms still housing three boarders.

The impressive new Music Studios provide eleven acoustically engineered and sound-proofed teaching and practice rooms, as well as a large seminar room. All are equipped with new Kawai pianos, including two Kawai Shigeru grands, as well as three Fazioli grand pianos for the main teaching rooms. These are the first purpose-built music facilities at the School since the opening of The Menuhin Hall in 2006 and the first rooms designed specifically for music teaching and practice since the first extension to the School was built in the 1970s.

The rooms formerly used for the teaching of music have now been converted into two modern classrooms for the teaching of mathematics (one with smartboard, one a smaller seminar room), a dedicated room for the teaching of Alexander Technique, a German classroom, and much-needed facilities for the day pupils (a common room and a work room).

Securing funding of pupil fees from the Department for Education

From September 2015 the Department for Education changed the way in which Music and Dance Scheme bursaries for A3 students (third-year-sixth) were allocated. Instead of allocating the precise number needed each year (in addition to the School's basic allocation of 52 places), the Department has increased the basic allocation, which the School will in future have to share out amongst eligible students.

The Headmaster succeeded in securing a new overall allocation of 61 bursaries per annum for 2015-16 and subsequent years, resulting in a total of £2,082,274 (2014-15 £1,980,604) paid directly to the School in 2015-16, in respect of 61 pupils (out of a total of 80). The School was also visited by Schools Minister Nick Gibb MP who, after a meeting with the Leadership Team and Chairman of Governors to discuss the future of the Music and Dance Scheme, enjoyed a concert and praised the world-class work of the School.

Raising funds for School buildings

The primary focus of the School's fundraising activity in 2015-16 was to raise £3.5m for Music Studios. This was undertaken by the School's Development Office as well as its Development Board chaired by Mr Stuart Mitchell. The School was very successful in engaging a number of individuals and Trusts. These include significant gifts from Michael and Hilary Cowan, Stuart Mitchell and Geraldine van Heemstra, the Wolfson Foundation, the Peter Harrison Foundation and the Audrey Wilson Charitable

GOVERNORS' REPORT CONTINUED

Trust. Even though a large number of fundraising activities took place throughout the year, the focal point of the Centenary celebrations was the Fundraising Concert and Dinner on 1 July 2016 which featured our pupils and Nicola Benedetti. Not only did this event provide some particularly memorable highlights both for long-term supporters of the School and those experiencing the School for the first time, but the net profit achieved from this event produced an impressive £80,500 towards the Appeal.

The School was also very grateful for a number of unrestricted gifts in wills received from a number of valued Friends. We are very grateful to them and their families for supporting our pupils in this way.

Providing bursaries

In addition to the Music Studios, the other focus of the Anniversary Appeal was generating support for Endowment and in-year Bursaries. This, too, generated significant levels of support in this period. The School was very grateful to Charitable Trusts and Foundations such as the Leverhulme Trust, the Humphrey Richardson Taylor Trust and Mr Ronald and the Hon Rita McAulay for in year bursaries for home and overseas students. This was in addition to on-going gifts received this year from longer term supporters such as the Oak Foundation and Sackler Trust.

Our individual donor-funded students continue to thrive in the School environment. One student (14) has been described by the Director of Music as 'soulful and brilliantly talented'. He continues to bring colour to the School with performances which illustrate the multi-faceted nature of his character – highly charismatic, a dreamer, occasionally with a quirky and unconventional approach, but who, at his best, is a phenomenal talent. Like many of our students, he has benefited from the School's intention to identify and develop each pupil's own unique style and talent.

Another pupil receiving a donor funded bursary has also had an impressive year. Aged just 16, he has recently won Second Prize at the Beethoven Junior Intercollegiate Competition for his performances on the piano. This competition places pupils against similarly gifted students from other music schools. In order to achieve such standards, he continues to work with characteristic enthusiasm and passion and is intent on fulfilling his ambition to be a concert pianist.

Although there are countless other examples of pupils fulfilling their potential, without the generosity of donors, pupils like them could potentially be unable to develop their musical talent and thus share it with others.

Sustaining School activities and investing in the future

The Futures Fund, an unrestricted endowment fund, will be set up to provide bursaries and support to areas of strategic priority identified by the Governors and Leadership Team.

The Fund will be achieved primarily through a pro-active legacy campaign led by the Development Board. The School's long term strategy will be supported in the medium term with a plan to raise in excess of £1million per annum through major individual donors and Charitable Trusts.

GOVERNORS' REPORT CONTINUED

The School will focus in 2016 and beyond on six wide-ranging fundraising priorities:

1. the Futures Fund (the unrestricted endowment to support areas of strategic priority)
2. 'In Year' Bursaries and International Bursary Fund (to attract and retain the best pupils through bursaries)
3. Visiting Artists programme (to enhance the existing educational opportunities)
4. Outreach (to further enhance the School's impact in the community)
5. Buildings Fund (to provide first class facilities for pupils)
6. Music resources (to provide specific musical items such as instruments and equipment)

DEVELOPMENTS

The Governors and Leadership Team consider the development of the School as a crucial 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 pupils to attend the School.

In order to achieve these objectives particularly after the successful completion of the Anniversary Appeal for the Music Studios, the School will aim to further increase the current levels of suitable invested funds into an unrestricted endowment called the 'Futures Fund'. This Fund will be used mainly to provide bursaries but will also be available to support any area of strategic priority identified by the Governors and Leadership Team.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

INCOME AND EXPENDITURE

The School's results reflect a successful year with a surplus of £1,839,154 (2015: £1,227,305). The surplus was higher than last year due to donations and legacies received in year for the Anniversary Appeal, details below.

The total income increased by 20.6% to £5,890,335 (2015: £4,885,049). Donations and Legacies received in the year were £1,790,336 (70.7% increase on last year) due to donations received for the Anniversary Appeal that included Music Studios and Harris House extension building projects and Bursary funding. The Governors are grateful for Gift Aid of £53,522 from trading activities in YMS Enterprises Limited (2015: £76,589). Total expenditure increased by 10.7% to £4,051,181 (2015: £3,657,744).

Total balance sheet funds of £22,307,574 are described in detail in note 15 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 £6,320,300 are capital in nature and the income from them is used to fund some of the bursaries. A further £854,623 is restricted funds which can only be used for the specific purposes determined by the donors. Of this amount, the Governors have maintained a bursary fund of £710,334 for the purposes of providing bursaries to support pupils who would otherwise be unable to attend the School.

GOVERNORS' REPORT CONTINUED

FIXED ASSETS

Fixed asset additions of £3,973,236 comprised Harris House extension and Music Studios completed in August 2016.

INVESTMENTS

The investments 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 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.

The Endowment Fund comprised 7,096,906 Alpha CIF units with a market value of £6,842,837 at 31 August 2016 and estimated yield of 3.1%.

At year end the School held investments valued at £7,339,993 (2015 £7,730,375). To enable the completion of the Music Studios building project by the start of the academic year 16/17, £1,000,000 was withdrawn from investments. Compensating for the draw down, the fund valuation included a significant unrealised gain in the year of £493,087 (2015 unrealised loss £81,080).

FRS 102 requires investment properties to be valued annually. The investment property held by the school was valued at 31 August 2016 at £350,000, giving rise to an unrealised gain of £39,208.

RESERVES POLICY

In line with Charity Commission guidance that a Charity should maintain adequate reserves to ensure its ability to deliver its charitable objectives, the School holds unrestricted reserves for a number of purposes which are set out in Note 15c to 15e to the financial statements. Unrestricted 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 an estimate of £1,350,000 as free reserves in a cash or liquid form. The General Reserves fluctuate during the School year and are at their lowest at the school year end, 31 August. At 31 August 2016 the general reserve was £932,005 (2015: £605,298). The General Reserve has been depleted due to the extensive building program. Now that the building works are complete, the Governors aim to replenish the General Reserve from normal operational income.

PENSIONS

The School employees are members of one of three pension schemes: The Teachers' Pension Scheme, The Pensions Trust or The People's Pension.

During the year, the Pensions Trust Scheme was re-designated as a defined benefit scheme rather than a defined contribution scheme. The Financial Statements for year ended 31 August 2016 include the pension net liability of £14,040. The School had one employee in the Scheme at 31 August 2016.

CAPITAL EXPENDITURE AND DISPOSALS

Capital expenditure amounted to £3,973,236 in the year to 31 August 2016. The building project for the extension to Harris House boarding accommodation and the new Music Studios was completed. The balance of capital additions represents the acquisition of musical instruments and furniture for the new buildings.

GOVERNORS' REPORT CONTINUED

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.

The accounts include the results of The Friends of The Yehudi Menuhin School (registered charity number 312010-2).

A wholly owned non-charitable subsidiary, YMS Enterprises Limited, 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 as it is immaterial to the group, but is shown in note 24 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 Limited oversees the School's trading activities.

The Appeal Committee was established to oversee the planned fundraising appeal to coincide with the 50th Anniversary of the School's founding. The Appeal will draw to a close at the end of the year, 31 December 2016. During the financial year the Committee met 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.

Remuneration of the Leadership Team is set according to market rates, the level of skills and experience required to deliver the roles, and affordability. The Remuneration Committee annually review the salaries for the Leadership Team and Headmaster.

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.

AUDITORS

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

GOVERNORS' RESPONSIBILITIES STATEMENT

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 directors to prepare financial statements for each financial year. Under that law the Governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the profit or loss of the charitable company for that period. In preparing these financial statements, the directors are required to:

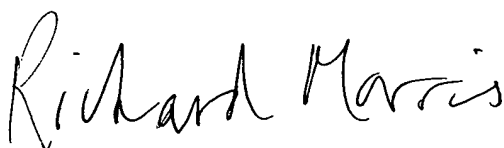
- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT OF DISCLOSURE TO AUDITORS

So far as each person who was a Governor at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Governors individually have taken all the necessary steps that they ought to have taken as Governors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Council of Governors at its meeting on 15 November 2016 and signed on its behalf by:



Mr Richard Morris
Chairman of Governors

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

We have audited the financial statements of The Yehudi Menuhin School Limited for the year ended 31 August 2016 which comprise the Statement of Financial Activities incorporating the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows, 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) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to prepare the financial statements in accordance with the companies' regime and take advantage of the small companies' exemption in preparing the Governors' Annual Report.

Vst Lta LLP

22/12/2016

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

Devonshire House
60 Goswell Road
London
EC1M 7AD

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	School's Operation & other Activities	Endowment Funds	Restricted Funds	2016	2015
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	753,184	31,800	1,005,352	1,790,336	1,055,764
Charitable Activities	3	3,316,631	-	303,865	3,620,496	3,281,399
Other trading activities	4	128,492	-	-	128,492	165,451
Investments	5	187,150	-	49,468	236,618	246,142
Other	6	114,393	-	-	114,393	136,293
Total Income		4,499,850	31,800	1,358,685	5,890,335	4,885,049
EXPENDITURE ON:						
Raising Funds	8	331,475	-	-	331,475	292,915
Charitable Activities	8	3,581,948	-	106,761	3,688,709	3,316,875
Other Expenditure	8	30,997	-	-	30,997	47,954
Total Expenditure	8	3,944,420	-	106,761	4,051,181	3,657,744
NET INCOMING RESOURCES		555,430	31,800	1,251,924	1,839,154	1,227,305
Exceptional Item	7	-	-	-	-	253,475
Donated instruments						
Net gains/(losses) on investments		100,409	391,875	(37)	492,247	(79,784)
Transfers between funds	15b	1,286,086	-	(1,286,086)	-	-
NET INCOME/ (EXPENDITURE)		1,941,925	423,675	(34,199)	2,331,401	1,400,996
Reconciliation of funds:						
Total funds brought forward		13,190,726	5,896,625	888,822	19,976,173	18,575,177
TOTAL FUNDS CARRIED FORWARD	16	15,132,651	6,320,300	854,623	22,307,574	19,976,173

The notes on pages 19 to 35 form part of these financial statements

BALANCE SHEET

AS AT 31 AUGUST 2016

			2016	2015
	Notes	£	£	£
FIXED ASSETS				
Tangible assets	10		14,165,945	10,522,849
Investments	11		7,339,993	7,730,375
			21,505,938	18,253,224
CURRENT ASSETS				
Stocks		2,680		3,081
Debtors	12	1,090,358		496,636
Cash at bank and in hand		1,619,091		1,824,723
		2,712,129		2,324,440
CREDITORS: amounts falling due within one year	13	(1,896,453)		(601,491)
NET CURRENT ASSETS			815,676	1,722,949
NET ASSETS BEFORE PENSION LIABILITY			22,321,614	19,976,173
Defined benefit pension scheme liability	14		(14,040)	-
NET ASSETS			22,307,574	19,976,173
FUNDS				
Permanent Endowment Funds	15a	1,568,733		1,441,157
Expendable Endowment Funds	15a	4,751,567		4,455,468
Total Endowment Funds			6,320,300	5,896,625
Restricted Funds	15b		854,623	888,822
Designated Funds	15c	222,704		2,254,855
Fixed Asset Funds	15d	13,977,942		10,330,573
General Reserve	15e	932,005		605,298
			15,132,651	13,190,726
TOTAL FUNDS	16		22,307,574	19,976,173

Approved and authorised for issue by the governors on 15 November 2016 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

The notes on pages 19 to 35 form part of these financial statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

	2016	2015
	£	£
NET INCOME FOR THE REPORTING PERIOD	2,331,401	1,400,996
Adjustments for:		
Dividends and interest income	(225,503)	(238,600)
Increase in market value of investment property	(39,208)	-
Depreciation and impairment of tangible fixed assets	330,140	260,324
Unrealised (gains)/losses on listed investments	(493,087)	81,080
Movements in working capital:		
Decrease in stocks	401	25
(Increase) in debtors	(593,722)	(199,586)
Increase in creditors	<u>1,309,002</u>	<u>264,981</u>
CASH FLOWS FROM OPERATING ACTIVITIES	2,619,424	1,569,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,973,236)	(2,520,637)
Proceeds from sale of investments	1,280,146	332,761
Purchase of investments	(158,560)	(431,993)
Interest received from investments	<u>11,115</u>	<u>7,542</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,840,535)</u>	<u>(2,612,327)</u>
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD	(221,111)	(1,043,107)
Cash and cash equivalents at the beginning of the period	1,987,358	3,030,465
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>1,766,247</u>	<u>1,987,358</u>

The notes on pages 19 to 35 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The School and its subsidiary are a public benefit group for the purposes of FRS 102 and therefore the School also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

FRS 102 has been adopted for the first time when preparing these financial statements. The transition date to FRS 102 was 1 September 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 August 2015. An explanation of how the transition has affected the reported financial position and financial performance is provided in note 21 to the financial statements.

The financial statements are prepared in sterling, which is the functional currency of the School. Monetary amounts in these financial statements are rounded to the nearest pound.

YMS Enterprises Limited, a company limited by guarantee, was incorporated on 17 December 2008 as a wholly owned subsidiary of the School. The School has not prepared 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 23.

b) Going Concern Basis

The Governors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the School to continue as a going concern. The Governors have made this assessment for a period of at least one year from the date of approval of the financial statements. In particular the Governors have considered the School's forecasts and projections and have taken account of pressures on income. After making enquiries the Governors have concluded that there is a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. The School therefore continues to adopt the going concern basis in preparing its financial statements.

c) 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.

d) Governments Grants Receivable

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

e) 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.

f) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (CONTINUED)

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

g) Resources expended

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

Expenditure on Raising Funds includes the costs incurred in generating voluntary income, for example, donations and legacies. Charitable Activities comprise 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. Governance costs include the costs now being apportioned to charitable activities incurred for compliance with constitutional and statutory requirements.

h) 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.

i) Taxation

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

j) 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 FRS102, 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 4) is not deemed a "qualifying scheme" for the purpose of auto enrolment. For all other non-teaching staff they have been auto enrolled into the People's Pension scheme.

k) 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.

String instruments are recognised in the accounts at either their original cost where this information is known, at an estimated valuation in 2002 where they were donated prior to 2002, or at an estimated valuation at the date of donation if this is after 2002.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (CONTINUED)

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 ten years
IT Software	- over three years
Assets held under finance lease	- over the term of the lease.

Land is not depreciated and freehold buildings are only depreciated once brought into use.

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.

Investment property is included in the financial statements at market value, with any surplus or deficit on revaluation included as an unrealised gain or loss.

m) Stocks

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

n) 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.

o) Leases

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

p) 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 School's activities.

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

q) Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimate are considered by the Governors to have the most significant effect on amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (CONTINUED)

i. Instrument valuation

String instruments are included in the accounts at original cost or an estimated value if donated prior to 2002 or an estimated value at date of donation after 2002. The values are sensitive to the condition of the instrument and external market factors.

ii. Depreciation

The annual depreciation charge for property, plant and equipment is sensitive to change in useful economic life and residual values of assets. These are reassessed annually.

iii. Valuation of investments

The value of investments reflects the movement of the stock and other markets and can therefore decrease as well as increase. The value of the investment property is dependent on factors affecting house prices in the United Kingdom and local market fluctuations.

iv. Pension Provision

The School contributed during the year to a defined benefit scheme. The School is obliged to provide deficit funding and therefore recognised a liability for its obligation. The amount recognised is the net present value of the deficit reduction contribution payable under the agreement that relates to the deficit.

r) Financial instruments

i. Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short term deposits with a maturity date of three months or less.

ii. Basic financial instruments

The charity only holds basic financial instruments as defined by FRS 102. Financial instruments receivable or payable within one year of the reporting date are carried at their at transaction price and subsequently at amortised cost.

2. INCOME FROM DONATIONS AND LEGACIES	2016	2015
	£	£
Donations and Legacies		
Unrestricted funds	753,184	532,524
Restricted funds	1,005,352	172,034
Endowed funds	31,800	351,206
Total Donations and Legacies	1,790,336	1,055,764
3. INCOME FROM CHARITABLE ACTIVITIES	2016	2015
School Fees	£	£
<i>Unrestricted Funds</i>		
Gross fees	3,316,631	3,109,542
<i>Restricted Funds</i>		
Donations and grants received	303,865	171,857
Total Charitable Activities	3,620,496	3,281,399

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

4. INCOME FROM OTHER TRADING ACTIVITIES	2016	2015
Trading Income	£	£
Unrestricted funds	<u>128,492</u>	<u>165,451</u>

5. INCOME FROM INVESTMENTS

	2016	2015
	Total	Total
	£	£
<i>Unrestricted Funds</i>		
Dividends and interest receivable	187,150	202,639
<i>Restricted Funds</i>		
Dividends and interest receivable	49,468	43,503
Total investment income	<u>236,618</u>	<u>246,142</u>

6. OTHER INCOME

	2016	2015
	£	£
<i>Unrestricted Funds</i>		
Friends of the Yehudi Menuhin School	65,050	72,024
Other Income	<u>49,343</u>	<u>64,269</u>
	<u>114,393</u>	<u>136,293</u>

7. EXCEPTIONAL ITEM – DONATED INSTRUMENTS

In the financial year to 31 August 2015 it was identified that the school owned a number of stringed instruments which had not previously been reflected on the Balance Sheet as a valuation at the time of donation had not been undertaken. The School believes that these assets were donated to the school over a number of years and it is the desire of the Governors to reflect these instruments in the financial statements to ensure consistency with the accounting treatment of similar instruments already reflected in the financial statements.

Owing to the passage of time since these instruments were donated, it is not possible to prepare a reliable estimate of the valuation of the instruments at the date of donation. However, a reliable valuation was undertaken in 2002 by a specialist violin maker and dealer, and the Governors believe that this provides a reliable approximation of their value and therefore is a reliable basis on which to include these instruments in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

8. ANALYSIS OF EXPENDITURE	2016	2015
	£	£
Expenditure on raising funds		
<i>Unrestricted funds</i>		
Direct staff costs allocated to:		
Fundraising	138,578	111,019
Trading expenditure	69,840	64,633
Other direct costs allocated to:		
Fundraising	14,142	16,054
Trading expenditure	108,915	101,209
Total expenditure on Raising Funds	331,475	292,915
Expenditure on Charitable Activities		
Direct staff costs allocated to:		
Teaching	1,349,518	1,314,672
Welfare	181,095	164,527
Premises	63,029	86,232
School Support	274,100	237,235
Other direct costs allocated to:		
Teaching	484,153	488,439
Welfare	177,599	178,725
Premises	739,743	597,156
School Support	401,866	234,857
Support and governance costs allocated to:		
Teaching	17,606	15,032
Total expenditure on Charitable Activities	3,688,709	3,316,875
Other Expenditure		
School Support	30,997	47,954
Total Expenditure	4,051,181	3,657,744

The School incurred expenditure paid to the Schools auditors of £15,150 (2015: £14,850) for auditor's remuneration, and £5,352 (2015: £6,963) for non-audit services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

9. EMPLOYEES AND TRUSTEES

a) Analysis of total employee costs

	2016	2015
	£	£
Salaries and wages	1,431,950	1,389,944
Social security costs	124,429	116,593
Pension costs:		
Defined benefit schemes	110,884	95,466
Defined contribution schemes	26,089	54,423
Occupational schemes	44,207	-
	<u>1,737,559</u>	<u>1,656,426</u>
Self-employed and agency staff	338,603	321,892
	<u>2,076,162</u>	<u>1,978,318</u>

b) Employee costs

The total number of employees whose remuneration in the year, excluding pension contributions paid directly by the School, exceeded £60,000 were:

	2016	2015
£60,001-£70,000	1	2
£70,001-£80,000	-	1
£80,001-£90,000	1	-
	<u>2</u>	<u>3</u>

The School contributed £23,273 (2015 £19,426) to defined benefit schemes and £nil (2015 £6,520) to defined contribution schemes.

c) Average monthly number of employees (full-time equivalent)

	2016	2015
Teaching staff	19	19
Non-teaching staff	21	21
	<u>40</u>	<u>40</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

9. EMPLOYEES AND TRUSTEES (continued)

- d) 1 Governor (2015: 1 Governor) was reimbursed travel expenses totalling £196 (2015: £247). Trustees' Indemnity insurance cost £133 (2015: £133).

Key management personnel include the Governors and the Leadership Team. The total number of key management personnel receiving pay and benefits is 5 (2015: 5). The total pay and benefits received by key management personnel were £418,835 (2015: £395,940). Pension contributions relating to the key management personnel are £96,408 (2015: £75,041)

10. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2015	11,284,022	1,635,130	628,888	39,850	13,587,890
Additions	3,692,386	202,510	78,340	-	3,973,236
Disposal	-	-	-	-	-
At 31 August 2016	14,976,408	1,837,640	707,228	39,850	17,561,126
DEPRECIATION					
At 1 September 2015	2,008,677	407,875	612,806	35,683	3,065,041
Charge for the year	213,487	29,453	86,158	1,042	330,140
Disposals	-	-	-	-	-
At 31 August 2016	2,222,164	437,328	698,964	36,725	3,395,181
NET BOOK VALUE					
At 31 August 2016	12,754,244	1,400,312	8,264	3,125	14,165,945
<i>At 31 August 2015</i>	<i>9,275,345</i>	<i>1,227,255</i>	<i>16,082</i>	<i>4,167</i>	<i>10,522,849</i>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

11. INVESTMENTS	2016	2015
All investments are held within the UK	£	£
Market value at 1 September 2015	7,256,948	7,007,738
Acquisitions at cost	158,560	431,993
Disposals at open market value	(1,065,758)	(101,703)
Unrealised gains/(losses)	493,087	(81,080)
Market value at 31 August 2016	6,842,837	7,256,948
Historic cost at 31 August 2016	5,247,913	6,093,364

Investment Properties	2016	2015
	£	£
Valuation at 1 September 2015	310,792	310,792
Increase in value	39,208	-
Valuation at 31 August 2016	350,000	310,792

Summary of investments	2016	2015
	£	£
Cash held for re-investment	147,156	162,635
Investments	6,842,837	7,256,948
Investment property	350,000	310,792
	7,339,993	7,730,375

Included in Investments are financial assets carried at fair value of £6,842,837 (2015: £7,256,948).

12. DEBTORS: amounts falling due within one year	2016	2015
	£	£
Fee debtors (net of doubtful debts provision)	875,910	334,095
Amounts owed by subsidiary	108,236	107,017
Prepayments	30,019	43,982
Accrued income	76,193	11,542
	1,090,358	496,636

Included in debtors are financial assets valued at amortised cost of £1,046,298 (2015: £452,654)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

13. CREDITORS: amounts falling due within one year	2016	2015
	£	£
Trade creditors	213,944	99,395
Other creditors	1,216	4,703
Taxation and social security	39,593	32,266
Deferred fee income and deposits	966,676	78,752
Accruals	675,024	386,375
	<u>1,896,453</u>	<u>601,491</u>

Included in creditors are financial liabilities valued at amortised cost of £890,183 (2015: £490,793)

Deferred Fee Income

	2016	2015
	£	£
Deferred fee income at 1 September 2015	78,752	139,417
Fees released to the income statement	(48,343)	(94,456)
Deferred fee income for Autumn Term 2016	936,267	33,791
	<u>966,676</u>	<u>78,752</u>
Deferred fee income at 31 August 2016		

The Autumn term 2016 fee invoices were raised in August 2016 giving rise to the deferred income. This fee income will be released to the income statement in September 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

14. PENSION COMMITMENTS

The Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £110,844 (2015: £95,466) and at the year-end £0 (2015 - £0) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

The Pensions Trust – The Growth Plan 1, 2 & 3

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

14. PENSION COMMITMENTS (CONTINUED)

Deficit contributions for the Scheme

From 1 April 2013 to 31 March 2023: £13.9m per annum (payable monthly and increasing by 3% each on 1st April).

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025: £12,945,440 per annum
(payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028: £54,560 per annum
(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION FOR THE SCHOOL

	31 August 2016	31 August 2015
	£	£
Present value of provision for additional deficit funding	14,040	-

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period ending 31 August 2016 £
Provision at start of period	-
Unwinding of the discount factor (interest expense)	203
Deficit contribution paid	(1,318)
Re-measurements - impact of any change in assumptions	723
Expense taken in the financial period relating to prior periods	9,686
Re-measurements - amendments to the contribution schedule	4,746
Provision at end of period	14,040

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

14. PENSION COMMITMENTS (CONTINUED)

ASSUMPTIONS	31 August 2016	31 August 2015
	% per annum	% per annum
Rate of discount	1.08	2.25

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

The Pension Trust – The Growth Plan 4

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the profit and loss in respect of defined contribution schemes was £16,966 (2015: £47,418).

The People's Pension

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to the profit and loss in respect of the defined contribution schemes was £44,206 (2015: £0)

15a ENDOWMENT FUNDS

	Balance	Incoming	Resources	Investment	Balance
	01.09.15	Resources	Expended	Gains	31.08.16
	£	£	£	£	£
Permanent Endowments	1,441,157	31,800	-	95,776	1,568,733
Expendable Endowments	4,455,468	-	-	296,099	4,751,567
	5,896,625	31,800	-	391,875	6,320,300

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, including the Kentner Fund, to support student bursaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

15b RESTRICTED FUNDS

	Balance 01.09.15	Incoming Resources	Resources Expended	Investment (Losses)	Transfers	Balance 31.08.16
	£	£	£	£	£	£
Bursary Funds	667,124	133,629	(90,419)	-	-	710,334
Other Restricted Funds	221,698	1,225,056	(16,342)	(37)	(1,286,086)	144,289
	888,822	1,358,685	(106,761)	(37)	(1,286,086)	854,623

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. Money has been used for the purposes given and the asset has been transferred to the General Fixed Asset Fund of the School.

15c DESIGNATED FUNDS

	Balance 01.09.15	Incoming resources	Resources expended	Investment (Losses)	Transfers	Balance 31.08.16
	£	£	£	£	£	£
Designated Funds						
Student Aid	10,526	176	(8,774)	-	-	1,928
Wallace Curzon	(3,050)	2,500	(4,550)	-	5,100	-
White House Art Fund	776	-	-	-	-	776
The Bursary Fund	1,570,115	129,730	(129,730)	(841)	(1,569,274)	-
The Instrument Fund	220,000	-	-	-	-	220,000
The Music Studio Fund	456,488	753,184	(2,288,613)	-	1,078,941	-
	2,254,855	885,590	(2,431,667)	(841)	(485,233)	222,704

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

15c DESIGNATED FUNDS (CONTINUED)

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

The Bursary Fund: The funds comprise legacies from Miss Audrey Joyce Burford, Ms Phyllis Elena Eagars, Professor Beatrice Hermelin, Dr Margaret Forbes Jamieson, and Mrs Elizabeth Laverick. The income earned on the funds 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 £130,000 each. They established a designated fund towards the replacement of these instruments in 2012.

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

15d FIXED ASSET FUNDS

	Balance 01.09.15	Incoming resources	Resources expended	Investment Gains/(losses)	Transfers	Balance 31.08.16
	£	£	£	£	£	£
Fixed Asset Funds	<u>10,330,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,647,369</u>	<u>13,977,942</u>

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

15e GENERAL RESERVE

	Balance 01.09.15	Incoming resources	Resources expended	Investment Gains/(losses)	Transfers	Balance 31.08.16
	£	£	£	£	£	£
General Reserve	<u>605,298</u>	<u>3,614,260</u>	<u>(1,512,753)</u>	<u>101,250</u>	<u>(1,876,050)</u>	<u>932,005</u>

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 £1,150,000, 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	-	-	14,165,945	14,165,945
Investments	1,568,733	4,751,567	710,334	309,359	7,339,993
Net Current Assets	-	-	144,289	657,347	801,636
Total Net Assets	1,568,733	4,751,567	854,623	15,132,651	22,307,574

17. SHARE CAPITAL

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

The liability of the 15 members is limited to £1.00 each.

18. OPERATING LEASES

As at 31 August 2016 the School's future minimum operating lease payments are as follows:

	31 August 2016 £	<i>31 August 2015 £</i>
Other:		
Not later than one year	31,536	21,860
Later than one year and not later than 5 years	43,838	54,410
	75,374	76,270

19. STATUS

The School is a registered charity and, therefore, is not liable for income tax or corporation tax in income derived from its charitable activities as it falls within the various exemptions available to registered charities.

20. CONTRIBUTION TO ASSETS OF THE SCHOOL

Every Governor undertakes to contribute to the assets of the School, in the event of the same being wound up while a member, or within one year after ceasing to be a member. This is for payment of the debts and liabilities of the School contracted before ceasing to be a member and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required not exceeding one pound sterling per member.

21. TRANSITION TO FRS 102

This is the first year that the Charity has prepared its financial statements under FRS102. In preparing these accounts, the trustees have considered whether any restatement of comparatives was required to comply with FRS102 and the Charities SORP FRS102. No restatements were required although there have been changes in the analysis of governance costs which are now included within expenditure on charitable activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22. CAPITAL COMMITMENTS

Capital expenditure contracted at 31 August 2016 amounted to £286,290 (2015: £3,582,151). Capital expenditure authorised but not contracted amounted to £12,731 (2015: £903,000).

23. SUBSIDIARY UNDERTAKING

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

The financial statements of YMS Enterprises Limited for the year to 31 August 2016 which are not consolidated with the School's financial statements, showed the following position:

BALANCE SHEET

	31 August 2016 £	31 August 2015 £
CURRENT ASSETS		
Cash at bank and in hand	91,292	97,741
Debtors	27,137	33,893
CREDITORS: amounts falling due within one year	<u>(118,429)</u>	<u>(131,634)</u>
TOTAL NET ASSETS	<u>-</u>	<u>-</u>
RESERVES		
Profit and loss account	<u>-</u>	<u>-</u>
PROFIT AND LOSS ACCOUNT		
Turnover	204,989	247,356
Operating costs	<u>(116,683)</u>	<u>(137,362)</u>
GROSS PROFIT	88,306	109,994
Administrative expenses	<u>(34,784)</u>	<u>(33,405)</u>
PROFIT ON ORDINARY ACTIVITIES	53,522	76,589
Payment under gift aid	<u>(53,522)</u>	<u>(76,589)</u>
RETAINED PROFIT	<u>-</u>	<u>-</u>

24. 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.