

YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

THURSDAY



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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 (Retired 31 December 2016)
- * Dominic Benthall (Appointed 27 March 2017)
- * Lord Blackwell
- * Jonathan Deakin (Appointed 31 October 2017)
- * John Everett
- * Prof Sebastian Forbes (Retired 21 March 2017)
- * Andrew Hunter Johnston
- * Oscar Lewisohn
- * The Hon. Mrs Zamira Menuhin Benthall (Retired 31 December 2016)
- * John Pagella
- * Stuart Mitchell
- * Alice Phillips
- * Geoffrey Richards (Appointed as Vice Chairman 21 March 2017)
- * Vanessa Richards
- * Dr John Scadding OBE
- * Veronica Wadley
- * Peter Willan (Retired as Vice Chairman 21 March 2017)
- * Jonathan Willcocks (Appointed 21 March 2017)

* 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
The Hon. Mrs Zamira Menuhin Benthall
(Appointed 21 March 2017)

GOVERNORS EMERITUS

Daniel Hodson
Anne Simor

MUSICAL PATRONS

Steven Isserlis CBE
Tasmin Little OBE
Sir András Schiff

HEADMASTER

Dr Richard Hillier PhD MA (CANTAB)

DIRECTOR OF MUSIC

Malcolm Singer MA (CANTAB)

DIRECTOR OF STUDIES

Richard Tanner MA (OXON)

DEVELOPMENT DIRECTOR

Edward Romain BA (Dunelm) GDL

FINANCE DIRECTOR

Melanie Smith FCA

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INVESTMENT MANAGERS

Sarasin & Partners LLP
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GOVERNORS' REPORT (INCORPORATING A STRATEGIC REPORT)

The Governors present their annual report and financial statements for the year ended 31 August 2017.

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 2017. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and 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).

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 below.

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 delighted to report that, under the leadership of the Headmaster Dr Richard Hillier, the School continued to perform at the highest level in every area over the last year. The School continued to attract exceptionally talented pupils and at the start of the year the School had a total of 79 pupils on its roll (2015/16: 80), of whom 11 (2015/16: 9) were day pupils.

On the academic front, students continued to perform exceptionally well. In June 2017, students achieved a record high of 29% A* grades at A level, with 81% (2016: 86%) of the grades achieved at A level and 80% (2015: 94%) of those at GCSE being A*-B. Particular mention should be made of a senior guitarist, who ended his school career with four A levels (A*, A*, A, B), and a senior pianist who achieved three A levels, all at A*. 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 111, for English 115, and for Maths 112. In the UK Maths Challenge, Gold certificates were won in the junior category, in the intermediate and senior sections.

A range of educational trips was provided outside of the classroom: the junior pupils enjoyed historical visits to Hampton Court and the Mary Rose, as well as practical biology on a Pond Dipping trip; senior pupils took part in the UK Maths Team Challenge, whilst the entire School was involved in the New Year Quiz evening; opportunities for dramatic self-expression were provided by a hilarious production of *The Seussification of Romeo and Juliet* and, for the youngest pupils, adaptations of *The Three Little Pigs* and *Bambi*.

GOVERNORS' REPORT CONTINUED

With the appointment of a Head of Physical Education, PE/Fitness now features on the timetable of every pupil in the School. We continue to provide as wide a range of physical activities as possible, with students taking part in tennis, running, dance, badminton (at Leatherhead Leisure Centre) and football. The boys' team played their traditional fixtures against The Purcell School and the former pupils, whilst a mixed team trounced Purcell at badminton.

Eight students completed their Bronze Duke of Edinburgh's Award Scheme expedition in the South Downs at the start of the year. A further four students began their Bronze Award activities during the course of the year, with an expedition in the North Downs, whilst three senior students (together with one recent alumna) completed their Gold Award expedition in the Lake District at the beginning of the summer holiday.

The students' performance education was enhanced by a world-class series of Celebrity Concerts in The Menuhin Hall, including the piano duo of alumnus Charles Owen (1989) and Katya Apekisheva, pianist Edith Fischer, the alumni trio of Melvyn Tan (1974), Lis Perry (1972) and Niall Brown (1979), cellist and alumnus Colin Carr (1974) and Thomas Sauer, the hilariously talented alumni Aleksey Igudesman (1989) and Hyung-ki Joo (1990) in *And Now Mozart!*, pianist Barry Douglas, violinist and alumna Tasmin Little (1983) with Piers Lane, and baritone Richard Suart with Bryan Evans in *A Matter of Patter*. Students have also enjoyed masterclasses and expert coaching from visiting artists Edith Fischer, Louise Lansdown, Andras Keller, Jonathan Leathwood, Simone Fontanelli, Etienne Rolin, Jennifer Elowitch, Yvonne Frye, Simon Desbrulais and Paolo Pegoraro.

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), the traditional Orchestral 'Picnic' Concert, and a special concert, featuring current and former pupils and staff, to pay tribute to retiring Director of Music Malcolm Singer.

Celebration of Yehudi Menuhin's centenary year continued in Autumn 2016 with a concert for the Jewish Music Institute at King's Place in London, as well as a major concert, *Violins for Peace*, in the BOZAR in Brussels, alongside alumnus Valeriy Sokolov (2005), Kerson Leong, Vadim Repin and Roby Lakatos. The previous evening saw a sell-out concert at the L'Abbaye de Malonne in Namur. Other external concerts included a performance of Vivaldi's *Four Seasons* with staff member and alumna Akiko Ono (1996) in nearby Byfleet, the annual pianists' concert in Longfrey, and appearances at the Banstead, Gower and Thaxted Festivals, as well as Music in the Grotto at Painshill Park and the traditional Leavers' Concert at Wigmore Hall. Following the visit to the School of four pupils from the Royal Conservatoire at The Hague, a string quartet from the School travelled to Holland to take part in a concert and other exchange activities under the banner of the 'Young Talents in Europe' project. A group of seven pupils took part in the annual northern tour to Berwick, Eyemouth, New Lanark, Edinburgh and Blair Atholl, another group travelled down to Dartmouth to perform for a generous donor to the School's appeal fund, and the guitarists performed at St Martha's-on-the-Hill near Guildford. The year ended with the biennial tour to the Menuhin Festival in Gstaad, Switzerland, on this occasion performing with the virtuoso mandolin player Avi Avital.

As always individual pupils continued to be engaged for performances around the UK and beyond. A senior pupil performed Rodrigo's *Concierto de Anranjuez* in Singapore, whilst another performed the Schumann Piano Concerto with the Dorking Chamber Orchestra and a third the Tchaikovsky Violin Concerto with the Eastbourne Symphony Orchestra. The latter also performed unaccompanied Bach at a concert in Haddington (East Lothian) for the Lamp of Lothian Trust. Two pupils gave a number of concerts in the summer term, including in the chapel at Gray's Inn (in the presence of Baroness Hale, Deputy President of the Supreme Court), Tadworth, East Horsley, Leatherhead, Stoke d'Abernon and, in a concert for Save the Children with others in King's Sutton.

Students also enjoyed success in a number of international competitions. A senior pupil won first prize in the open category of the 34th Volos International Guitar Festival and Competition (Greece) and another

GOVERNORS' REPORT CONTINUED

first prize in the 12th Concours International de Piano Son Altesse Royale de la Princesse Lalla Meryem (Morocco), whilst a pupil, the youngest competitor, won the Eastbourne Symphony Orchestra's Competition for Young Soloists. A pupil reached the final of the Peter Morrison Concerto Competition at the Royal College of Music Junior Department before winning the Haslemere and Nine Counties String Competition in which another pupil also came second. One of the pupils was the youngest of three finalists in the first Stockport International Young Musicians Competition, won third prize in the 24th International Johannes Brahms Competition in Pörschach, Austria, and second in the Soloist Award at the Vienna University of Music and Performing Arts International Summer Academy, an event in which the first prize was won by a School pupil. Second place was achieved in the Jugend Musiziert (Germany) by a senior pupil and another reached the finals of the Competition Andrea Postacchini (Italy). A senior girl reached the semifinals of the Città di Cantù Piano and Orchestra Competition (Italy), whilst a senior boy (17) was awarded the prize 'de mejor talento potencial' at the XXII Concurso Internacional de Piano de Ibiza.

Graduating students left to continue their studies at their chosen institution, as follows: eight at the Royal College of Music (London) and three at the Guildhall School of Music and Drama (London), whilst one being awarded the prestigious scholarship bestowed by the Associated Board of the Royal Schools of Music to study the lute and theorbo at the Royal Academy of Music; two students won places at the New England Conservatory (Boston), two at the Hochschule für Musik Hanns Eisler (Berlin), and one at The Juilliard School (New York). In addition, one graduating student composer has signed a contract with Spinnin' Records (one of the world's largest dance-music labels), one has enrolled on an obligatory two-year period of military service, whilst a third has opted for a gap year in China.

The School's distinguished alumni continue to play a major role on the musical world stage: Carla Maria Rodrigues (1982), currently principal viola at the San Francisco Opera, has been named new Adjunct Professor at UCLA Herb Alpert School of Music; Hannah Roberts (1986) has been appointed as Professor of Cello at the Royal Academy of Music, in addition to being Professor at the Royal Northern College of Music; Rebecca Brown (1994) has been appointed sub-principal viola of the orchestra of the Royal Opera House; Yoojung Kim (1995) is Acting Director of Piano Performance at New York University; Cheryl Frances-Hoad (1998) has been commissioned to write a piece for Stephen Hawking's 75th birthday; Dimitri Murrath (2001) has joined the viola faculty at San Francisco Conservatory of Music; Benjamin Marquise Gilmore (2004) is the new joint leader of the Scottish Chamber Orchestra; Jonathan Bloxham (2007) has had his contract renewed as Assistant Conductor of the City of Birmingham Symphony Orchestra; Benjamin Baker (2009) was a first prize winner at the 2016 Young Concert Artists International Auditions in New York; Michael Petrov (2009) won the Guildhall Wigmore Recital Prize and, with his Trio Isimsiz, won second prize at the Haydnwettbewerb (Vienna); Tanja Roos (2012) was awarded the Manfred Grommek prize at the Kronberg Violin Masterclasses 2017 and the Mozart and Reger prizes in the finals of the Henri Marteau International Violin Competition; Jamal Aliyev (2013) performed at London's Wigmore Hall; Phoebe Goddard (2014), Haim Choi (2014) and Shizuko Tatsuno (2016), as members of the Salome Quartet, won the Royal College of Music String Quartet Competition; and Philip Nelson (2015) was placed third in the 2017 International Society of Bassists Solo Competition in Ithaca (New York).

Community activity and outreach

As a governing member of the Surrey Music Hub, the School has continued to contribute to their musical activities throughout the county:

- it ran its annual composition workshop for GCSE and A-level students from six 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.

GOVERNORS' REPORT CONTINUED

In addition to its Surrey Music Hub 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 six primary schools at two concerts in the Menuhin Hall in July.
- gave concerts at four care homes in Surrey and South West London;
- performed at the Mole Valley Duke of Edinburgh Award evening at The Priory School, Dorking;
- hosted and performed at the launch of the Mole Valley Arts Alive Festival;
- performed at a Gala evening for the Leatherhead Drama Festival at Leatherhead Theatre;
- held a 'Come and Sing' day for 110 local choral singers, with a 'scratch' performance of the Mozart Requiem, featuring the School's orchestra, with wind players from London's Guildhall School of Music and Drama;
- 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 Headmaster was very pleased to have been able to appoint excellent new academic staff to the School, namely Alan Humm (Director of English and Drama), Fraser Dewar (Housemaster of Harris House and Head of PE) and Naomi Roberts (EAL) and to welcome back Sarah Lee (Maths) and Nuria Lopez-Costa (Spanish), both of whom have previously taught at the School. Former pupil Thea Butterworth (2014) returned to teach Harp as a supporting study, whilst Kendra Shute, previously Assistant Housemistress in Music House, has stepped up to become the full-time Housemistress. Edward Romain also joined us as Development Director, having previously been in the development department of the University of Sussex.

At the end of the year Malcolm Singer retired after a connection with the School lasting forty years, initially as a teacher of general musicianship and for the last 19 years as Director of Music. His successor will be Dr Oscar Colomina i Bosch, a highly talented teacher, composer and conductor, already on the staff of the School.

The Governors would like to put on record their thanks both to Malcolm Singer and to every member of the School's staff who worked so hard to make the last year so successful. Their efforts and commitment in all areas of school life are much appreciated.

First-class facilities

The Autumn Term of 2016 saw the opening both of the extension of Harris House (Boys' Boarding) and of the new Music Studio building. The new boarding facilities are the latest stage of our commitment to update and improve our boarding provision and have been much welcomed by students and parents. The new Music Studios mark a step-change in the facilities which we are able to offer for music teaching, practice and rehearsal and, in consequence, also free up other areas around the School for alternative use, both academically and pastorally.

The School continued to plan for the future use of Millfield Lodge, a property adjacent to the School site and part of the original estate. The surrounding area has now been cleared and secured and the School is about to embark on converting the building into office accommodation for the School's administrative team. This, in turn, will enable the existing Bursary block to be converted as part of a longer term plan to provide further academic and extra-curricular facilities.

GOVERNORS' REPORT CONTINUED

Securing funding of pupil fees from the Department for Education

In 2016-17 the Headmaster was able to allocate to eligible pupils 62 (2016: 61) places partially funded by the Department for Education through the Music and Dance Scheme, resulting in a total of £2,168,247 (2015-16 £2,082,274) paid directly to the School from Government.

Raising funds for School buildings

Music Studios and the Harris House extension were opened by alumnae on 10 October 2016, Nicola Benedetti and Alina Ibragimova, and this was followed by a performance of Bach and Sarasate. There was also a reception in November for our many supportive Friends and "Buy a Brick" donors. All those who attended remarked on the impressiveness of the new facilities. The completion of the building work in August 2016 brought to a close the 3 year Fundraising Appeal.

Providing bursaries

The School has a linked charity, The Friends of Yehudi Menuhin School, who generously donated £40,000 in the year towards the build cost of Music Studios and £5,000 for bursaries.

Following the completion of the Music Studios, the primary focus of the School's fundraising efforts this financial year has been on raising income to support our bursary provision. To ensure the School continues as a Centre of Excellence, attracting the very best talent from around the world, it aims to raise sufficient funds to cover operational costs and provide bursaries to pupils.

The School is fortunate to continue to benefit from regular donations to the Bursary Fund from individual donors, Trusts and Foundations. Important ongoing contributions from The Oak Foundation's providing 5 year support with a significant annual gift of £100,000 until July 2019 and The Leverhulme Trust with 3 years support donating £66,000 each year until September 2018. Other significant donations have included £21,000 from The Charles Holloway Trust, the first tranche (£16,660) donation from the Henri Moerel Foundation who have pledged £50,000 over 3 years and £20,000 from the HR Taylor Trust.

Sustaining School activities and investing in the future

Legacies are an important source of income for the School and are specifically helpful in securing unrestricted funds for both bursaries and endowment purposes. A legacy is the final gift that a committed supporter will make to an organisation, and therefore often the largest. Individuals who have made only modest contributions during their lifetimes can leave substantial sums in their wills.

Through an integrated legacy marketing plan, the School has been encouraging individuals to include the School as a beneficiary when they make or update their wills. Legacy marketing is not a single campaign or promotion.

The legacy message will run through all communications, and newly designed material is now available to send to legacy enquirers. The value of residuary rather than pecuniary gifts is emphasised, and naming opportunities (for bursaries, posts or facilities) is offered for larger legacies.

At the end of June 2017 the "1963 Society" was created as a way of thanking our legacy donors. Supporters are encouraged to let us know that they have pledged a gift to the School and join the Society. A launch tea is being held on Sunday 15 October 2017 and a lunch will be held annually as part of our legator stewardship. Legacy donors will also be kept up to date with school news and activities. Our key legacy constituencies will be Friends, past donors, past staff and Governors.

GOVERNORS' REPORT CONTINUED

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 2017/18 the School's main fundraising priorities are:

- "In Year" Bursaries and International Bursary Fund attracting and retaining the best pupils through bursaries
- The School Fund, an unrestricted fund to support areas of strategic priority
- International Fundraising

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 reduction or withdrawal of the funding for the places supported by the Department for Education. The School keeps the risk under review.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR INCOME AND EXPENDITURE

The School's results reflect the end of a 3 year appeal campaign for major building works and show a lull in the receipt of donations and legacies. Donations and legacy income in year was £491,778 compared with £2,094,201 last year following the completion of the fundraising appeal. The loss for the year of £248,679 (2016: Profit £1,839,154) includes a one-off expense for exiting The Pension Trust of £95,603 and the write off of music instruments £61,750.

The total income fell by 32.2% to £3,774,420 (2016: £5,563,306) as a result of the above. The Governors are grateful for Gift Aid of £44,341 from trading activities in YMS Enterprises Limited (2016: £53,522). Total expenditure increased by 8.0% to £4,023,099 (2016: £3,724,152).

Total balance sheet funds of £22,540,236 are described in detail in note 14 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 £6,819,891 are capital in nature and the income is used to fund bursaries. A further £870,774 are restricted funds which can only be used for the specific purposes determined by the donors. Of this amount £750,738 is for the purposes of providing bursaries to support pupils who would otherwise be unable to attend the School.

GOVERNORS' REPORT CONTINUED

FIXED ASSETS

The final completion costs of Music Studios and Harris House are included in fixed asset additions together with the purchase of pianos and furniture to equip the Studios. Fixed asset additions amounted to £331,010 (2016: £3,973,236).

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.

At year end the School held investments valued at £7,884,982 (2016 £7,339,993). The fund valuation includes a significant unrealised gain in the year of £481,987 (2016 £493,087).

RESERVES POLICY

The School holds £1,746,329 in Permanent Endowments and £5,073,562 in Expendable Endowments. The Governors are required to hold the capital in the permanent endowment and therefore are unable to convert it to income. However, income from the fund is included in Restricted Funds (Note 14b) and used for bursaries. Governors have the authority to convert the expendable endowment into income to support School activities. The income arising from this fund is designated by Governors, as bursary funding and included in the General Reserve. Details can be found in Note 14a to the accounts.

The Restricted Fund amounts to £870,774 (2016: £854,623) and the Governors and Headmaster retain £750,738 for Bursaries and £120,036 for Outreach Projects. Details are in Note 14b to these Accounts.

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 14c to 14e 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 £1,203,000 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 2017 the general reserve was £609,165 (2016: £932,007). 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 and donations.

PENSIONS

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

The School has triggered its exit from The Pension Trust. The pension liability included in these accounts is £95,603.

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 21 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, Investments, 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 Anniversary Appeal to coincide with the 50th Anniversary of the School's founding. Now that is complete, the Committee has been refreshed as the Development Committee to provide ongoing support to the School by way of fund raising and development.

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' REPORT CONTINUED

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:

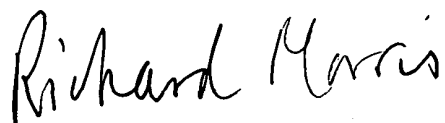
- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 29 November 2017 and signed on its behalf by:



Richard Morris
Chairman of Governors

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

Opinion

We have audited the financial statements of Yehudi Menuhin School ('the company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2017 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 prepared in accordance with the requirements of the Companies Act 2006.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

[Insert where no material misstatements have been identified in the strategic report, if separately prepared, or trustees' annual report] In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in [the strategic report or] the trustees' annual report.

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page [x], the trustees (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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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

- evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Neil Finlayson *for and on behalf of Kingston Smith LLP*

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Date 6/12/2017

Devonshire House
60 Goswell Road
London
EC1M 7AD

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	School's Operation & other Activities	Endowment Funds	Restricted Funds	2017	2016 Restated
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	223,528	18,250	250,000	491,778	2,094,201
Charitable Activities	3	2,818,354	-	-	2,818,354	2,989,602
Other trading activities	4	142,073	-	-	142,073	128,492
Investments	5	159,718	-	75,479	235,197	236,618
Other	6	87,018	-	-	87,018	114,393
Total Income		<u>3,430,691</u>	<u>18,250</u>	<u>325,479</u>	<u>3,774,420</u>	<u>5,563,306</u>
EXPENDITURE ON:						
Raising Funds	7	322,209	-	-	322,209	331,475
Charitable Activities	7	3,617,859	-	27,437	3,645,296	3,361,680
Other Expenditure	7	55,594	-	-	55,594	30,997
Total Expenditure	7	<u>3,995,662</u>	<u>-</u>	<u>27,437</u>	<u>4,023,099</u>	<u>3,724,152</u>
NET INCOMING RESOURCES		(564,971)	18,250	298,042	(248,679)	1,839,154
Net gains/(losses) on investments	14a	-	481,987	-	481,987	493,087
Other gains/(losses)	14a	-	(646)	-	(646)	(840)
NET INCOME/ (EXPENDITURE)		(564,971)	499,591	298,042	232,662	2,331,401
Transfers between funds	14b	281,891	-	(281,891)	-	-
NET MOVEMENT IN FUNDS		(283,080)	499,591	16,151	232,662	2,331,401
Reconciliation of funds:						
Total funds brought forward		<u>15,132,651</u>	<u>6,320,300</u>	<u>854,623</u>	<u>22,307,574</u>	<u>19,976,173</u>
TOTAL FUNDS CARRIED FORWARD	15	<u>14,849,571</u>	<u>6,819,891</u>	<u>870,774</u>	<u>22,540,236</u>	<u>22,307,574</u>

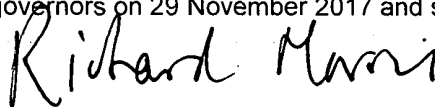
The notes on pages 20 to 36 form part of these financial statements

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017	2016
	Notes	£	£
FIXED ASSETS			
Tangible assets	9	14,019,630	14,165,945
Investments	10	7,884,982	7,339,993
		21,904,612	21,505,938
CURRENT ASSETS			
Stocks		2,337	2,680
Debtors	11	1,026,980	1,090,358
Cash at bank and in hand		1,211,311	1,619,091
		2,240,628	2,712,129
CREDITORS: amounts falling due within one year	12	(1,509,401)	(1,896,453)
NET CURRENT ASSETS		731,227	815,676
NET ASSETS BEFORE PENSION LIABILITY		22,635,839	22,321,614
Defined benefit pension scheme liability	13	(95,603)	(14,040)
NET ASSETS		22,540,236	22,307,574
FUNDS			
Permanent Endowment Funds	14a	1,746,329	1,568,733
Expendable Endowment Funds	14a	5,073,562	4,751,567
Total Endowment Funds		6,819,891	6,320,300
Restricted Funds	14b	870,774	854,623
Designated Funds	14c	220,776	222,702
Fixed Asset Funds	14d	14,019,630	13,977,942
General Reserve	14e	609,165	932,007
		14,849,571	15,132,651
TOTAL FUNDS	15	22,540,236	22,307,574

Approved and authorised for issue by the governors on 29 November 2017 and signed on their behalf by:



Mr Richard Morris, Chairman of Governors



Mr John Everett, Chairman of Finance & General Purposes Committee

The notes on pages 20 to 36 form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

	2017	2016
	£	£
NET INCOME FOR THE REPORTING PERIOD	232,662	2,331,401
Adjustments for:		
Dividends and interest income	(235,197)	(225,503)
Increase in market value of investment property	-	(39,208)
Depreciation and impairment of tangible fixed assets	415,575	330,140
Write down of fixed assets	61,750	-
Unrealised (gains) on listed investments	(481,987)	(493,087)
Movements in working capital:		
Decrease in stocks	343	401
Decrease/(Increase) in debtors	63,378	(593,722)
(Decrease)/Increase in creditors	(305,489)	1,309,002
CASH FLOWS FROM OPERATING ACTIVITIES	(248,965)	2,619,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(331,010)	(3,973,236)
Proceeds from sale of investments	355,875	1,280,146
Purchase of investments	(207,675)	(158,560)
Interest received from investments	3,968	11,115
NET CASH USED IN INVESTING ACTIVITIES	(178,842)	(2,840,535)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD	(427,807)	(221,111)
Cash and cash equivalents at the beginning of the period	1,766,247	1,987,358
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,338,440	1,766,247
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,211,311	1,619,091
Investments	127,129	147,156
TOTAL CASH AND CASH EQUIVALENTS	1,338,440	1,766,247

The notes on pages 20 to 36 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

Yehudi Menuhin School Limited is a charitable company limited by guarantee and registered in England and Wales. The address of the registered office is Millfield, Cobham Road, Stoke D'Abernon, Surrey, KT11 3QQ.

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.

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 21.

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 fees paid by parents, grants towards fees from the Department for Education through the Music and Dance Scheme and the parental contributions. Prior year figures have been restated to exclude 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 2017

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 2017

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 fair 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 fair 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 2017

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 exit liability from the scheme.

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.

i. 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

	2017	2016
	£	£
Donations and Legacies		
Unrestricted funds	223,528	753,184
Restricted funds	250,000	1,309,217
Endowed funds	18,250	31,800
Total Donations and Legacies	491,778	2,094,201

3. INCOME FROM CHARITABLE ACTIVITIES

	2017	2016
	£	£
School Fees		
Unrestricted funds		
Gross fees	3,252,892	3,316,631
Less bursaries	(434,538)	(327,029)
Total Charitable Activities	2,818,354	2,989,602

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

4. INCOME FROM OTHER TRADING ACTIVITIES	2017	2016
Trading Income	£	£
Unrestricted funds	<u>142,073</u>	<u>128,492</u>
5. INCOME FROM INVESTMENTS	2017	2016
Dividends and interest receivable	£	£
Unrestricted funds	159,718	187,150
Restricted funds	<u>75,479</u>	<u>49,468</u>
Total investment income	<u>235,197</u>	<u>236,618</u>
6. OTHER INCOME	2017	2016
	£	£
Unrestricted funds		
Friends of the Yehudi Menuhin School	40,493	65,050
Other Income	<u>46,525</u>	<u>49,343</u>
	<u>87,018</u>	<u>114,393</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

7. ANALYSIS OF EXPENDITURE	2017	2016
		<i>Restated</i>
	£	£
Expenditure on raising funds		
Unrestricted funds		
Direct employee costs allocated to:		
Fundraising	129,681	138,578
Trading expenditure	78,332	69,840
Other direct costs allocated to:		
Fundraising	6,377	14,142
Trading expenditure	107,819	108,915
Total expenditure on Raising Funds	322,209	331,475
Expenditure on Charitable Activities		
Direct employee costs allocated to:		
Teaching	1,445,377	1,349,518
Welfare	180,055	181,095
Premises	66,950	63,029
School Support	277,169	274,100
Other direct costs allocated to:		
Teaching	197,446	157,124
Welfare	183,667	177,599
Premises	948,227	739,743
School Support	232,696	401,866
- Pension Exit Liability	95,603	-
Support and governance costs allocated to:		
Teaching	18,106	17,606
Total expenditure on Charitable Activities	3,645,296	3,361,680
Other Expenditure		
School Support	55,594	30,997
Total Expenditure	4,023,099	3,724,152

The School incurred expenditure paid to the Schools auditors of £15,550 (2016: £15,150) for auditor's remuneration, and £9,060 (2016: £5,352) for non-audit services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

8. EMPLOYEES AND TRUSTEES

a) Analysis of total employees costs

	2017 £	2016 £
Salaries and wages	1,482,518	1,431,950
Social security costs	139,633	124,429
Pension costs:		
Defined benefit schemes	124,036	110,884
Defined contribution schemes	201	26,089
Exit Pension liability defined contribution scheme	95,603	-
Occupational schemes	75,881	44,207
	<u>1,917,872</u>	<u>1,737,559</u>
Self-employed and agency staff	355,296	338,603
	<u>2,273,168</u>	<u>2,076,162</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:

	2017	2016
£60,000-£70,000	2	1
£80,001-£90,000	1	1
	<u>3</u>	<u>2</u>

The School contributed £24,393 (2016 £23,273) to defined benefit schemes and £nil (2016 £nil) to defined contribution schemes.

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

	2017	2016
Teaching staff	20	19
Non-teaching staff	19	21
	<u>39</u>	<u>40</u>

- d)** 2 Governors (2016: 1 governor) were reimbursed travel expenses totalling £456 (2016: £106). Trustees' Indemnity insurance cost £140 (2016: £133). No governors received remuneration in the year (2016: £nil).

Key management personnel include the Governors (who are not remunerated) and the Leadership team. The total number of key management personnel receiving pay and benefits is 5 (2016: 5). The total pay and benefits received by key management personnel were £419,230 (2016: £413,598). Pension contributions relating to the key management personnel are £85,752 (2016: £96,408).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2016	14,976,408	1,837,640	707,228	39,850	17,561,126
Additions	66,527	222,314	42,169	-	331,010
Write down on disposal	-	(61,750)	-	-	(61,750)
At 31 August 2017	<u>15,042,935</u>	<u>1,998,204</u>	<u>749,397</u>	<u>39,850</u>	<u>17,830,386</u>
DEPRECIATION					
At 1 September 2016	2,222,164	437,328	698,964	36,725	3,395,181
Charge for the year	296,489	67,872	50,433	781	415,575
At 31 August 2017	<u>2,518,653</u>	<u>505,200</u>	<u>749,397</u>	<u>37,506</u>	<u>3,810,756</u>
NET BOOK VALUE					
At 31 August 2017	<u>12,524,282</u>	<u>1,493,004</u>	<u>-</u>	<u>2,344</u>	<u>14,019,630</u>
<i>At 31 August 2016</i>	<i><u>12,754,244</u></i>	<i><u>1,400,312</u></i>	<i><u>8,264</u></i>	<i><u>3,125</u></i>	<i><u>14,165,945</u></i>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

10. INVESTMENTS	2017	2016
All investments are held within the UK	£	£
Market value at 1 September 2016	6,842,837	7,256,948
Acquisitions at cost	207,675	158,560
Disposals at open market value	(124,646)	(1,065,758)
Unrealised gains	481,987	493,087
Market value at 31 August 2017	7,407,853	6,842,837
Historic cost at 31 August 2017	5,362,223	5,247,913
	2017	2016
Investment Properties	£	£
Valuation at 1 September 2016	350,000	310,792
Increase in value	-	39,208
Valuation at 31 August 2017	350,000	350,000
	2017	2016
Summary of investments	£	£
Cash held for re-investment	127,129	147,156
Investments	7,407,853	6,842,837
Investment property	350,000	350,000
	7,884,982	7,339,993

Included in Investments are financial assets carried at fair value of £7,407,853 (2016: £6,842,837). Investment Properties were valued at as at 31 August 2016 on the basis of market value. The governors do not consider there has been any material change since then.

11. DEBTORS: amounts falling due within one year	2017	2016
	£	£
Fee debtors (net of doubtful debts provision)	901,150	875,910
Amounts owed by subsidiary	78,987	108,236
Prepayments	36,821	30,019
Accrued income	10,022	76,193
	1,026,980	1,090,358

Included in debtors are financial assets valued at amortised cost of £990,159 (2016: £1,046,298)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

12. CREDITORS: amounts falling due within one year	2017	2016
	£	£
Trade creditors	134,253	213,944
Other creditors	71,846	1,216
Taxation and social security	36,972	39,593
Deferred fee income and deposits	1,032,750	966,676
Accruals	233,580	675,024
	1,509,401	1,896,453

Included in creditors are financial liabilities valued at amortised cost of £567,795 (2016: £890,183)

Deferred Fee Income

	2017	2016
	£	£
Deferred fee income at 1 September 2016	966,676	78,752
Fees released to the income statement	(966,676)	(48,343)
Deferred fee income for Autumn Term 2017	1,032,750	936,267
	1,032,750	966,676

The Autumn term 2017 fee invoices were raised in July 2017 giving rise to the deferred income. This fee income will be released to the income statement in September 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

13. 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 £124,036 (2016: £110,844) and at the year-end £0 (2016 - £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

On 30 June 2017, the Pension Trust accepted the notification from the School to withdraw from the Scheme. The Pension Trust has confirmed the withdrawal liability to be £95,603.

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period ending 31 August 2017 £
Provision at start of period	14,040
Unwinding of the discount factor (interest expense)	-
Deficit contribution paid	-
Re-measurements - impact of any change in assumptions	(14,040)
Expense taken in the financial period relating to prior periods	95,603
Re-measurements - amendments to the contribution schedule	-
Provision at end of period	95,603

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

13. PENSION COMMITMENTS (CONTINUED)

The Pension Trust – The Growth Plan 4

The School operated until 30 June 2017 a defined contribution pension scheme for all qualifying employees. The assets of the scheme were 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 £201 (2016 £16,966).

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 scheme was £75,881 (2016: £44,207).

14a ENDOWMENT FUNDS

	Balance 01.09.16 £	Income £	Expenditure £	Net Investment Gains £	Transfers £	Balance 31.8.17 £
Permanent Endowments	1,568,733	18,250	-	159,346	-	1,746,329
Expendable Endowments	4,751,567	-	-	321,995	-	5,073,562
	6,320,300	18,250	-	481,341	-	6,819,891

	Balance 01.09.15 £	Income £	Expenditure £	Net Investment Gains £	Transfers £	Balance 31.8.16 £
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 2017

14b RESTRICTED FUNDS

	Balance 01.09.16	Income	Expenditure	Investment Gains	Transfers	Balance 31.08.17
	£	£	£	£	£	£
Bursary Funds	710,334	322,295	-	-	(281,891)	750,738
Other Restricted Funds	144,289	3,184	(27,437)	-	-	120,036
	854,623	325,479	(27,437)	-	(281,891)	870,774

	Balance 01.09.15	Income	Expenditure	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

Other Restricted Funds: These funds arise from grants and donations made for specific purposes other than bursaries. These funds arise from grants and donations made for the specific purpose of Outreach projects.

Transfer of Funds: The transfer of funds from the restricted Bursary Funds to the unrestricted General Reserve represents the bursaries provided to students in the year. The transfer of funds in 2016 represents the transfer of the music studio (restricted) asset to the general fixed asset fund of the School as the money has been used for the purpose given.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

14c DESIGNATED FUNDS

	Balance 01.09.16 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.17 £
Designated Funds						
Student Aid	1,926	320	(2,246)	-	-	-
White House Art Fund	776	-	-	-	-	776
Wallace Curzon	-	2,500	(2,500)	-	-	-
The Instrument Fund	220,000	-	-	-	-	220,000
	222,702	2,820	(4,746)	-	-	220,776

	Balance 01.09.15 £	Income £	Expenditure £	Investment Losses £	Transfers £	Balance 31.08.16 £
Designated Funds						
Student Aid	10,524	176	(8,774)	-	-	1,926
White House Art Fund	776	-	-	-	-	776
Wallace Curzon	(3,050)	2,500	(4,550)	-	5,100	-
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	-
	2,254,853	885,590	(2,431,667)	(841)	(485,233)	222,702

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.

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

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 two to five years at a cost of approximately £130,000 each. They established a designated fund towards the replacement of these instruments in 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

14d FIXED ASSET FUNDS

	Balance 01.09.16 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.17 £
Fixed Asset Funds	13,977,942	-	-	-	41,688	14,019,630

	Balance 01.09.15 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.16 £
Fixed Asset Funds	10,330,573	-	-	-	3,647,369	13,977,942

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

14e GENERAL RESERVE

	Balance 01.09.16 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.17 £
General Reserve	932,007	3,427,871	(3,990,916)	-	240,203	609,165

	Balance 01.09.15 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.16 £
General Reserve	605,300	3,614,260	(1,512,753)	101,250	(1,876,050)	932,007

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 £1,203,000, 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 2017

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	-	-	14,019,630	14,019,630
Investments	1,746,329	5,073,562	750,738	314,353	7,884,982
Net Current Assets	-	-	120,036	515,588	635,624
Total Net Assets	1,746,329	5,073,562	870,774	14,849,571	22,540,236

16. 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.

17. OPERATING LEASES

As at 31 August 2017 the School's future minimum operating lease payments are as follows:

	31 August 2017 £	31 August 2016 £
Other:		
Not later than one year	29,712	31,536
Later than one year and not later than 5 years	14,126	43,838
	<u>43,838</u>	<u>75,374</u>

18. 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.

19. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

20. CAPITAL COMMITMENTS

Capital expenditure contracted at 31 August 2017 amounted to £nil (2016: £286,290). Capital expenditure authorised but not contracted amounted to £nil (2016: £12,731).

21. 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 2017 which are not consolidated with the School's financial statements, showed the following position:

BALANCE SHEET

	31 August 2017 £	31 August 2016 £
CURRENT ASSETS		
Cash at bank and in hand	60,444	91,292
Debtors	33,699	27,137
CREDITORS: amounts falling due within one year	(94,143)	(118,429)
TOTAL NET ASSETS	-	-
RESERVES		
Profit and loss account	-	-
PROFIT AND LOSS ACCOUNT		
Turnover	206,985	204,989
Operating costs	(128,674)	(116,683)
GROSS PROFIT	78,311	88,306
Administrative expenses	(33,970)	(34,784)
PROFIT ON ORDINARY ACTIVITIES	44,341	53,522
Payment under gift aid	(44,341)	(53,522)
RETAINED PROFIT	-	-

22. RELATED PARTY TRANSACTIONS

During the year, YMS Enterprises Limited had transactions totalling £223,536 (2016 £246,488) with the School. At 31 August 2017, £78,987 (2016 £108,236) was owed by YMS Enterprises Limited.