

Company Number: 818389

Charity Number: 312010

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2003



Horwath Clark Whitehill

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YEHUDI MENUHIN SCHOOL LIMITED
FOR THE YEAR ENDED 31 AUGUST 2003

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**YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS, OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2003**

GOVERNORS AND DIRECTORS

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

- * Mr John Chadwick (Chairman)
- * Sir John Burgh, KCMG, CB (Vice Chairman)
Mr Noël Annesley
Sir Peter Beale, KBE
- * The Hon. Mrs Zamira Menuhin Benthall
- * Mr Daniel Hodson
The Lord Moser KCB, CBE, FBA
- * Mr Adam Ridley
Mr Mark Sheldon CBE
Mrs Anne Simor
Mr Graham Smallbone
Mr Ronald A Smith (resigned 31 August 2003)
Sir Alan Traill GBE

* Members of the Executive and Finance Committee.

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

REGISTERED OFFICE	Millfield Stoke D'Abernon Cobham Surrey KT11 3QQ
COMPANY NUMBER	818389
CHARITY NUMBER	312010
PRESIDENT	Mstislav Rostropovitch Hon KBE
VICE PRESIDENTS	Elizabeth, Duchess of Hamilton & Brandon OBE, DL The Lord Rayne (Deceased 10 October 2003) Sir Ian Hunter MBE (Deceased 5 September 2003) Mr A N Hollis OBE, DFC Mrs B R D Fisher OBE (Appointed 28 November 2002)

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS, OFFICERS AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003

HEADMASTER	Nicolas Chisholm MA (CANTAB)	
DIRECTOR OF MUSIC	Malcolm Singer MA (CANTAB)	
BURSAR	Mrs Elaine R Balmer	
AUDITORS	Horwath Clark Whitehill 25 New Street Square London EC4A 3LN	
BANKERS	Barclays Bank plc Walton and Staines Business Centre PO Box No.193 8/12 Church Street Walton on Thames Surrey KT12 2YW	
INSURANCE BROKERS	Holmwoods Rockwood House 9-17 Perrymount Road Haywards Heath West Sussex RH16 3DU	
INVESTMENT MANAGERS	Carr Sheppards Crosthwaite 2 Gresham Street London EC2V 7QN	
SOLICITORS	Triggs Wilkinson Mann Sweech House Gravel Hill Leatherhead Surrey KT22 7HG	Linklaters One Silk Street London EC2Y 8HQ
	Veale Wasborough Orchard Court Orchard Lane Bristol BF1 5DS	

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2003

The Directors of the Company who are also the Governors of the School and charity Trustees have pleasure in presenting their report and financial statements for the year ended 31 August 2003.

LEGAL STATUS

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

REGISTERED CHARITY

The School is registered as a charity under registration number 312010, and as a company limited by guarantee, registration number 818389.

OBJECT OF THE CHARITY

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

GOVERNANCE

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

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

REVIEW OF ACTIVITIES, ACHIEVEMENTS AND DEVELOPMENTS

The governors are pleased to report that pupil numbers averaged 58 during the year to 31 August 2003. 48 pupils including four 3rd year Sixth Form pupils with U.K. resident status were supported through the Music & Ballet Scheme by the Department for Education & Skills.

Pupils not eligible for the Scheme and whose parents cannot find a source for the fees have been supported through the school's bursary scheme, so that the school is accessible to talented children who wish to benefit from the specialised education whatever their family circumstances. The school's bursary funds produce investment income of approximately £25,000 and this, together with income from legacies and generous gifts from individuals, charitable trusts and fundraising events, enables the school to offer places to a number of young people each year.

Once again, the school has been near the top of the small schools achievement league table for both GCSE and A level examinations, a fine result for a school with an international intake of pupils who are not chosen for their academic ability. Seven pupils graduated from the school at the end of the Summer Term, all gaining a place to study with their chosen teacher at their first choice of conservatoire. Pupils performed in many concerts during the year, including events in England, Wales, Eire, Spain, Holland, Canada, New Zealand and Thailand and the Menuhin Festival in Gstaad, Switzerland. A gala concert was held at Merchant Taylor's Hall where the pupils performed with Sarah Chang. Major prizes and awards were won in competitions in England and Canada, including the 2002 Suggia Award.

Our President, Mstislav Rostropovitch, has again given his support to the pupils and visited the school to give masterclasses. Other visiting teachers have included Zachar Bron, Dora Schwarzberg, Marcel Baudet, Simone Fontanelli, Deborah Strauss, Robert Max, Paul Ellison, Jeremy Menuhin and Christopher Warren-Green.

YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003

REVIEW OF ACTIVITIES (CONTINUED)

The 2003/04 academic year will see the celebration of the 40th anniversary of the founding of the School by Lord Menuhin. Events are planned including the launch of the year at Christie's on 12th November 2003, a concert at the Mansion House with Jeremy Menuhin and Julian Lloyd-Webber in May 2004, a concert at the Sheldonian, Oxford on 8 July 2004 and a gala concert at the Royal Albert Hall on 3 November 2004 with famous soloists including Mstislav Rostropovitch, Evgeny Kissin and Tasmin Little.

The dream of building of a concert hall to seat an audience of 300 is soon to become a reality. The exciting design by Mark Foley of Burrell Foley Fischer has received planning permission. It is hoped to start the work on site early in 2004. The school is now working to raise the final sum needed to complete the project. The grand opening of the Menuhin Hall is planned for 22nd April 2005.

This year 22nd April, Lord Menuhin's birthday, fell outside termtime, so Founder's Day was celebrated on Sunday 27th April. Bruno Monsaingeon showed his film of some of the twentieth century's greatest violinists, "The Art of the Violin", in which Yehudi Menuhin is featured, followed by a masterclass from Zacher Bron.

The governors and staff are committed to realising Lord Menuhin's aim that pupils will leave the school not only as dedicated and excellent musicians who will use their music to inspire and enrich the lives of others, but also as friendly, thinking individuals well equipped to contribute fully to the international community.

Outreach

Outreach continues to be a major focus of the school's year. The Jack-in-the-Music-Box classes which introduce young children to music has increased the number of classes held. The Young Strings scheme which provides after school violin tuition for local children continues. The Menuhin's Children scheme, which provides free violin lessons for under-privileged children in Guildford, has expanded with a school in New Malden joining the programme which has been retitled "A Chance to Play". Children from the Guildford school in the programme joined with pupils from this School and the London Chamber Orchestra for a concert in St John's Smith Square to showcase the venture. The annual concert in the series held at the Dorking Halls for children from all over Surrey attracted an enthusiastic audience of 747 and it is hoped that children will be encouraged to take up instruments as a result. The School again worked with the Surrey Youth Music and Performing Arts team who organise music workshops given by younger pupils of the School in local Primary Schools. Holiday courses continue to be held at the school in the Easter and Summer holidays by *MusicHouse* and the Bass Club.

FINANCIAL RESULTS

The School's results indicate a satisfactory position for the year. The free reserves of the School, calculated as unrestricted funds less designated funds and tangible fixed assets, amount to £514,607.

Total balance sheet reserves of £6,962,596 are in part represented by restricted and endowed funds totalling £1,958,721 which are held for specific purposes as detailed in notes 10a and 10b to the financial statements. The remaining funds carried forward are unrestricted funds of which £1,050,164 have been designated for specific purposes by the Governors and £3,439,104 represent tangible fixed assets as detailed in note 10c.

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003**

RESERVES POLICY

As set out in notes 10 and 11 to the financial statements, the reserves are split between those available for the day to day requirements of the School, which are described by the Charity Commission as the free reserves and those restricted or designated for specific purposes or used in providing the school buildings and other tangible fixed assets. Most of the Endowment Funds are represented by specific investments and the remainder is in bank balances. Designated Funds, to the extent that they are not represented by expenditure on new School buildings, are detailed in note 10c.

The Governors regularly review the level and nature of the reserve funds of the School. The current free reserves are £514,607 which represents 17 weeks expenditure. They recognise the need to hold free reserves amounting to one term's fees. However, they acknowledge in a period of development these levels may fluctuate.

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

INVESTMENT POWERS, POLICY AND PERFORMANCE

These are governed by the Memorandum and Articles which permit the funds to be invested in any security, other investment or property situated anywhere in the world.

Until now the management of the investments had been the direct responsibility of the Governors. During the year amendments have been made to the Memorandum and Articles of Association in order to allow delegation of the management of the investments to the investment brokers.

During the year, the School changed investment managers from Gerrards to Carr Sheppards Crosthwaite. The delegation of the management of the investments to the investment brokers continues to apply.

GRANT MAKING POLICY

This year, the value of scholarships, grants, prizes and other awards made to the School's pupils was £16,288 (2002: £15,968). Awards totalling £134,100 (2002: £137,989) in bursaries were made to 8 (2002 – 9) pupils.

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

RISK MANAGEMENT

The Governors continue to keep the School's activities under review and monitor performance, with particular regard to any major risks which may arise. The Governors have formed a Risk Assessment Committee which has assessed and categorised the risks which the School is, or may become, exposed to in order to ensure that there are satisfactory systems established to mitigate those risks.

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

**YEHUDI MENUHIN SCHOOL LIMITED
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003**

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

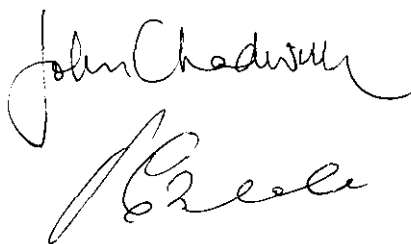
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare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

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

AUDITORS

A resolution to reappointed Horwath Clark Whitehill as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Council of Governors at its meeting on 27/4/03
and signed on its behalf by:



**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 2003 which comprise the Statement of Financial Activities, the Charity Balance Sheet and the related notes set out on pages 11 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 11, 12 and 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters, which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the directors and auditors

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

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

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

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

Basis of opinion

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

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

Unqualified opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 August 2003 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horacio Clark Whitehouse

Chartered Accountants and
Registered Auditors
Date 15 February 2004

25 New Street Square
London
EC4A 3LN

YEHUDI MENUHIN SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2003

	Notes	Unrestricted Funds School's Operation £	Other Activities £	Endowment Funds £	Restricted Funds £	2003 £	2002 £
Incoming Resources							
Charitable activities							
Fees receivable		1,497,090	-	-	-	1,497,090	1,421,437
Bursaries income		-	68,750	-	17,840	86,590	119,813
Other activities to generate funds							
Concert receipts, festivals & events		-	17,478	-	-	17,478	15,198
Childrens music income		9,376	-	-	-	9,376	9,921
Holiday Course income		22,892	-	-	-	22,892	15,676
Investment income							
Investment income	2	1,670	-	-	35,801	37,471	43,204
Bank interest		18,507	-	-	33,736	52,243	42,055
Donations and legacies							
Donations		8,200	259,544	-	250,000	517,744	153,156
Legacies		5,500	359,638	-	-	365,138	196,582
Other incoming resources	2	<u>20,226</u>	<u>-</u>	<u>-</u>	<u>14,250</u>	<u>34,476</u>	<u>5,405</u>
Total Incoming Resources		<u>1,583,461</u>	<u>705,410</u>	<u>-</u>	<u>351,627</u>	<u>2,640,498</u>	<u>2,022,447</u>
Resources Expended							
Cost of generating funds							
Fund-raising & publicity		19,516	-	-	19,165	38,681	29,509
Finance costs		8	-	-	-	8	75
Holiday Course expenses		18,941	-	-	-	18,941	12,570
CD costs		6,090	-	-	-	6,090	-
Charitable expenditure							
Teaching		786,111	-	-	7,817	793,928	746,439
Welfare and catering		216,018	-	-	-	216,018	208,592
Premises		265,873	-	-	-	265,873	271,238
School support costs		183,843	-	-	-	183,843	187,487
Grants awards & prizes		-	15,068	-	1,220	16,288	15,968
Bursaries		-	68,750	-	65,350	134,100	137,989
Management and administration of the charity		12,563	-	-	-	12,563	8,855
Total Resources Expended	5	<u>1,508,963</u>	<u>83,818</u>	<u>-</u>	<u>93,552</u>	<u>1,686,333</u>	<u>1,618,722</u>
Net incoming resources for the year		74,498	621,592	-	258,075	954,165	403,725

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

YEHUDI MENUHIN SCHOOL LIMITED
STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
(Incorporating an income and expenditure account)
FOR THE YEAR ENDED 31 AUGUST 2003


	Unrestricted Funds School's Operation £	Funds Other Activities £	Endowment Funds £	Restricted Funds £	2003 £	2002 £
Net Incoming Resources For The Year	696,090		-	258,075	954,165	403,725
Other recognised gain and losses						
Losses on investments						
Realised losses	-	(10,662)		-	(10,662)	-
Net income for the year	696,090	(10,662)		258,075	943,503	403,725
Unrealised Investments gains/(losses)	1,640	482		1,560	3,682	(109,421)
Net Movement in Funds	697,730	(10,180)		259,635	947,185	294,304
Fund balances at 1 September 2002	4,306,145	560,846		1,148,420	6,015,411	5,721,107
Fund Balances at 31 August 2003	<u>5,003,875</u>	<u>550,666</u>		<u>1,408,055</u>	<u>6,962,596</u>	<u>6,015,411</u>

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

YEHUDI MENUHIN SCHOOL LIMITED
BALANCE SHEET
AS AT 31 AUGUST 2003

	Notes	£	2003 £	2002 £
FIXED ASSETS				
Tangible assets	6		3,880,408	3,488,013
Investments	7		<u>1,033,156</u>	<u>1,050,847</u>
			4,913,564	4,538,860
CURRENT ASSETS				
Stocks		4,251		3,369
Debtors	8	147,483		93,329
Cash at bank and in hand		<u>1,987,132</u>		<u>1,461,509</u>
		2,138,866		1,558,207
CREDITORS: amounts falling due within one year	9	<u>(81,334)</u>		<u>(81,656)</u>
NET CURRENT ASSETS			<u>2,057,532</u>	<u>1,476,551</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,971,096	6,015,411
CREDITORS: amounts falling due after more than one year			<u>(8,500)</u>	<u>-</u>
NET ASSETS			<u>6,962,596</u>	<u>6,015,411</u>
FUNDS				
ENDOWMENT FUNDS	10a		550,666	560,846
RESTRICTED FUNDS	10b		<u>1,408,055</u>	<u>1,148,420</u>
			1,958,721	1,709,266
UNRESTRICTED FUNDS				
Designated Reserve	10c	1,050,164		428,572
General Reserve	10c	514,607		389,560
Fixed Asset Reserve	10c	<u>3,439,104</u>		<u>3,488,013</u>
			<u>5,003,875</u>	<u>4,306,145</u>
TOTAL FUNDS	11		<u>6,962,596</u>	<u>6,015,411</u>

Approved by the governors on 27/11/03
and signed on their behalf by:

 Governors

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

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2003

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention, except that investment assets are carried at market value, and in accordance with applicable accounting standards and the Statement of Recommended Practice Accounting and Reporting by Charities (the Charities SORP 2000) and applicable accounting standards.

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

b) Fees receivable and similar income

Fees receivable comprises tuition fees charged to pupils and net scholarships and bursaries funded, from restricted and external funds.

c) Bursary Funds

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

d) Donations and Legacies

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

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

e) Resources expended

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

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

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

f) Value Added Tax

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

g) Taxation

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

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

1. ACCOUNTING POLICIES (CONTINUED)

h) Pension Costs

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

Certain non teaching staff are also members of other defined contribution schemes. All non teaching staff are entitled to join a group personal pension scheme, which complies with the requirements for a Stakeholder Pension Scheme.

i) Stocks

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

j) Tangible fixed assets and depreciation

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

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

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

String instruments are not depreciated as the quality of the instruments held is such that their likely useful life is in excess of 50 years.

Also, land is not depreciated and freehold buildings are only depreciated once brought into use.

k) Translation of Foreign Currencies

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

l) Investments

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

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

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

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

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

1. ACCOUNTING POLICIES (CONTINUED)

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l) Investments

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

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

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

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

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

1. ACCOUNTING POLICIES (CONTINUED)

m) Governments Grants Receivable

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

n) Leased and Hire Purchase Assets

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

Rentals payable under operating leases are charged to the profit and loss account as incurred.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

2. INCOME	2003	2002
	£	£
a) Other Income		
Audition fees	1,324	905
Outreach project	14,250	-
CD sales	2,819	-
Sundry income	16,083	4,500
	<u>34,476</u>	<u>5,405</u>
b) Investment Income		
Rent receivable	1,670	6,241
Listed investments - UK	34,666	36,121
- Foreign	1,135	842
	<u>37,471</u>	<u>43,204</u>
 3. NET INCOMING RESOURCES		
Net incoming resources of £954,165 are stated after charging:		
Auditors' remuneration:		
For audit	8,000	7,725
Depreciation - owned assets	69,665	81,849
- assets held under finance leases	5,080	-
Proceeds on disposal of fixed assets	15,226	4,500
	<u></u>	<u></u>
 4. STAFF COSTS		
Wages and salaries	865,153	830,211
Social security costs	60,542	59,323
Pension costs	53,371	40,456
	<u>979,066</u>	<u>929,990</u>

The number of employees (including full time equivalent numbers for part time employees) in the year was 39 (2002 - 39) of which 24 (2002 - 24) were teaching staff.

Neither the Governors nor persons connected with them received any remuneration or reimbursement of expenses from the School.

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

	2003	2002
£50,001 - £60,000	<u>1</u>	<u>-</u>

This individual is also a member of the Teachers' Pension defined benefit scheme.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

5. ANALYSIS OF TOTAL RESOURCES EXPENDED	Staff Costs £	Other £	Depreciation £	2003 Total £
Cost of Generating Funds				
Fund-raising & publicity	11,966	26,715	-	38,681
Finance costs	-	8	-	8
Holiday course expenses	-	18,941	-	18,941
CD expenses	-	6,090	-	6,090
Charitable Expenditure				
Teaching	740,437	28,424	25,067	793,928
Welfare and catering	68,560	145,684	1,774	216,018
Premises	47,206	170,683	47,984	265,873
School support costs	110,897	72,946	-	183,843
Grants awards & prizes	-	16,288	-	16,288
Bursaries	-	134,100	-	134,100
Management & administration of the charity	-	12,563	-	12,563
	979,066	632,442	74,825	1,686,333
	Staff Costs £	Other £	Depreciation £	2002 Total £
Costs of Generating Funds				
Fund-raising & publicity	-	29,509	-	29,509
Finance costs	-	75	-	75
Holiday course expenses	-	12,570	-	12,570
Charitable Expenditure				
Teaching	711,341	3,055	32,043	746,439
Welfare and catering	66,294	139,932	2,366	208,592
Premises	48,825	174,973	47,440	271,238
School support costs	103,530	83,957	-	187,487
Grants awards & prizes	-	15,968	-	15,968
Bursaries	-	137,989	-	137,989
Management & administration of the charity	-	8,855	-	8,855
	929,990	606,883	81,849	1,618,722

Management and administration costs includes remuneration for audit services of £8,000 (2002: £7,725) and £3,963 legal fees to update and amend the memorandum and articles of association. Also included are Governors meeting expenses of £600 (2002: £1,130).

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

6. TANGIBLE FIXED ASSETS	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2002	2,695,800	1,182,810	196,624	52,373	4,127,607
Additions	441,304	740	25,176	-	467,220
31 August 2003	<u>3,137,104</u> ✓	<u>1,183,550</u> ✓	<u>221,800</u> ✓	<u>52,373</u> ✓	<u>4,594,827</u>
DEPRECIATION					
At 1 September 2002	298,826	98,870	196,622	45,276	639,594
Charge for the year	47,984	16,811	8,256	1,774	74,825
31 August 2003	<u>346,810</u> ✓	<u>115,681</u> ✓	<u>204,878</u> ✓	<u>47,050</u> ✓	<u>714,419</u>
NET BOOK VALUE					
At 31 August 2003	<u>2,790,294</u>	<u>1,067,869</u>	<u>16,922</u>	<u>5,323</u>	<u>3,880,408</u>
At 31 August 2002	<u>2,396,974</u>	<u>1,083,940</u>	<u>2</u>	<u>7,097</u>	<u>3,488,013</u>

All fixed assets are held for charitable purposes.

The net book value of tangible fixed assets held under finance leases at the year end was £16,922 (2002: nil).

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

7. INVESTMENTS	2003 £	2002 £
Equity Investments		
Market value at 1 September 2002	592,754	582,326
Acquisition at cost	264,631	119,849
Disposals at open market value	(128,250)	-
Unrealised gains/(losses)	<u>3,682</u>	<u>(109,421)</u>
Market value at 31 August 2003	<u>732,817</u>	<u>592,754</u>
Historic cost at 31 August 2003	<u>576,320</u>	<u>379,315</u>
Summary of investments		
Cash held for re-investment	50,339 ✓	208,093
Investment property	250,000 ✓	250,000
Bursary endowments	<u>732,817</u> ✓	<u>592,754</u>
	<u>1,033,156</u>	<u>1,050,847</u>
 The geographical split of investments is as follows:		
UK equities	552,850	484,556
Overseas equities	<u>179,967</u>	<u>108,198</u>
	<u>732,817</u>	<u>592,754</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 AUGUST 2003

7. INVESTMENTS (CONTINUED)

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

	Market value	
	2003	2002
	£	£
100,000 KFW Intl Finance 5.5%	102,351	-
100,000 BK NED Gemeenten 6.375%	105,864	-
3,800 Lloyds TSB Gilt Trust	44,061	43,282
8,000 Gerrard UK Inv Fds inc & growth	-	40,079
1,000 Royal Dutch Petroleum NLG 1.25	-	36,462
60,000 ICI 10% Bonds 15/4/2003	-	61,626

8. DEBTORS: amounts falling due within one year

Income Tax recoverable	1,957	996
Fees and recharges receivable	92,250	49,983
Prepayments & accrued income	53,276	42,350
	<u>147,483</u>	<u>93,329</u>

9. CREDITORS: amounts falling due within one year

Fees received in advance	4,570	10,014
Fee deposits held	20,164	17,014
Accruals and deferred income	49,560	51,836
Other creditors	2,790	2,792
Finance lease	4,250	-
	<u>81,334</u>	<u>81,656</u>

Amounts falling due after more than one year

Finance lease	<u>8,500</u>	<u>-</u>
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Finance lease agreements are repayable as follows:

Within one year	4,250	-
One to two years	4,250	-
	<u>8,500</u>	<u>-</u>

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003

10a ENDOWMENT FUNDS

	<i>Balances brought forward £</i>	<i>Investment Gains/ (losses) £</i>	<i>Balances carried forward £</i>
Bursary Endowments			
Esso/Westminster	20,330	309	20,639 ✓
Eta Herbst	277,534	(6,511)	271,023 ✓
Cholmondeley	134,290	(3,150)	131,140 ✓
Sherman	13,428	(315)	13,113 ✓
Jeanty Raven	2,240	(28)	2,212 ✓
Madame Phyllis Baker Scholarship	50,000	-	50,000 ✓
JGC Mellars	20,000	-	20,000 ✓
Fermoy Masterclass	22,382	(525)	21,857 ✓
Distributable Awards			
Sir Ronald Harris	10,039	-	10,039 ✓
Brackenbury	10,603	40	10,643 ✓
	<u>560,846</u>	<u>(10,180)</u>	<u>550,666</u>

10b RESTRICTED FUNDS

	<i>Balances brought forward £</i>	<i>Incoming Resources £</i>	<i>Resources Expended £</i>	<i>Investment Gains £</i>	<i>Balances carried forward £</i>
Jeanty Raven	-	252	(252)	-	-
Miller Smiths Scholarship	974	279	-	1,295	2,548 ✓
Fermoy Masterclass	2,034	1,534	-	-	3,568 ✓
Sir Ronald Harris	3,675	385	(578)	265	3,747 ✓
Brackenbury	473	750	(490)	-	733
Albert Cowie	1,165	-	-	-	1,165 ✓
Piano appeals fund	11,583	343	-	-	11,926 ✓
Esso/Westminster	-	807	(807)	-	-
Eta Herbst	-	19,026	(19,026)	-	-
Cholmondeley	-	9,206	(9,206)	-	-
Sherman	-	921	(921)	-	-
Kissin Award	50,203	1,488	(62)	-	51,629 ✓
Yehudi Menuhin Memorial Fund	1,035,156	283,064	(19,165)	-	1,299,055 ✓
Scholarship	-	1,482	(1,482)	-	-
Paloma O'Shea	3,002	-	-	-	3,002 ✓
Bursary Fund	38,155	17,840	(33,746)	-	22,249 ✓
Library Fund	2,000	-	-	-	2,000 ✓
Outreach Project	-	14,250	(7,817)	-	6,433
	<u>1,148,420</u>	<u>351,627</u>	<u>(93,552)</u>	<u>1,560</u>	<u>1,408,055</u>

The balance on the Yehudi Menuhin Memorial Fund at the year end amounted to £1,299,055. However, £441,304 has been spent on professional fees incurred in accordance with building the Memorial hall. Therefore, the unspent balance on this fund is £857,751.

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003

10c UNRESTRICTED FUNDS

	Balance brought forward £	Incoming resources £	Resources expended £	Investment gains £	Transfers	Balance carried forward £
Income Fund	22,185	-	-	-	-	22,185 ✓
Student aid	17,374	20,478	(12,558)	-	-	25,294 ✓
Prize Fund	1,024	-	-	-	-	1,024 ✓
Wallace Curzon	2,350	2,500	(2,510)	-	-	2,340 ✓
White House Art Fund	1,793	-	-	-	-	1,793 ✓
Yehudi Menuhin Instruments	113,100	-	-	-	-	113,100 ✓
Property, Tunbridge Wells	250,000	-	-	-	-	250,000 ✓
Louis Kentner	-	68,750	(68,750)	-	-	- ✓
Bursaries	20,746	-	-	-	-	20,746 ✓
Yehudi Menuhin Memorial Fund	-	613,682	-	-	-	613,682 ✓
	<u>428,572</u>	<u>705,410</u>	<u>(83,818)</u>	<u>-</u>	<u>-</u>	<u>1,050,164</u>
General Reserve	389,560	1,583,461	(1,508,963)	1,640	48,909	514,607 ✓
Fixed Assets	<u>3,488,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,909)</u>	<u>3,439,104</u> ✓
	<u>4,306,145</u>	<u>2,288,871</u>	<u>(1,592,781)</u>	<u>1,640</u>	<u>-</u>	<u>5,003,875</u>

ENDOWMENT FUNDS

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

Bursary Endowment Funds

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

Fermoy Masterclass

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

Distributable Awards

These represent donations given to provide awards to students.

RESTRICTED FUNDS

Piano Appeals Fund

This represents amounts donated to fund the purchase of pianos and other keyboard instruments. In addition to the musical instruments, the unexpended cash funds of £11,926 were held separately at 31 August 2003.

UNRESTRICTED FUNDS

Income Fund

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

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003

10c UNRESTRICTED FUNDS (CONTINUED)

Student Aid

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

Prize Fund

The prize fund represents money set aside to pay for prizes at the School's discretion.

Wallace Curzon

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

White House Art Fund

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

Yehudi Menuhin Instruments

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

Property, Tunbridge Wells

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

Fixed Asset Fund

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

The Yehudi Menuhin Memorial Hall.

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

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Permanent Endowment	Expendable Endowment	Restricted Funds	Unrestricted Funds	Total
	£	£	£	£	£
Tangible Fixed Assets	-	-	441,304	3,439,104	3,880,408
Investments	480,666	50,000	165,039	337,451	1,033,156
Net current assets	20,000	-	801,712	1,235,820	2,057,532
Creditor over one year	-	-	-	(8,500)	(8,500)
Total Net Assets	500,666	50,000	1,408,055	5,003,875	6,962,596

YEHUDI MENUHIN SCHOOL LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2003

12. PENSION COMMITMENTS

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

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

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

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

Following this report the standard contribution rate has been raised from 14.35% to 19.5% from 1 April 2003. 6% is to be paid by the teachers and the remaining 13.5% borne by the school.

The superannuation charge represents contributions payable to the Scheme for the year ended 31 August 2003 £38,236 (2002:£25,542).

The School also runs a defined contribution scheme for non-teaching staff. The superannuation charge represents the School's contributions to the scheme of £15,135 (2002: £14,914).

13. SHARE CAPITAL

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

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

14. CAPITAL COMMITMENTS

At 31 August 2003, no capital expenditure had been contracted for. On 7 October 2003, the Governors approved the proposal to build a Memorial Concert Hall. The estimated cost is expected to be £4,250,000 and has not been provided for in the accounts.