

YEHUDI MENUHIN SCHOOL LIMITED
(A COMPANY LIMITED BY GUARANTEE)
GOVERNORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



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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)
- * Geoffrey Richards (Vice Chairman)
Dominic Benthall
- * Lord Blackwell
- * Jonathan Deakin (appointed 31 October 2017)
- * John Everett
- * Andrew Hunter Johnston
- * Oscar Lewisohn
Anna Joseph (Appointed 29 November 2017)
Stuart Mitchell
- * John Pagella
Alice Phillips
Vanessa Richards
Dr John Scadding OBE
Veronica Wadley
Peter Willan (resigned 20 March 2018)
Jonathan Willcocks

* 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 Andrés Schiff
HEAD	Dr Richard Hillier PhD MA (CANTAB) (Resigned 31 st December 2017) Kate Clanchy MA (Cantab) MBA (INSEAD) MA (London) Appointed January 2018
DIRECTOR OF MUSIC	Oscar Colomina I Bosch PhD MMus BMus (Appointed September 2017)
DIRECTOR OF STUDIES	Richard Tanner MA (OXON)
DEVELOPMENT DIRECTOR	Edward Romain BA (Hons) GDL (Resigned 15 June 2018)
FINANCE DIRECTOR	Melanie Smith FCA (Resigned 9 April 2018) Simon Browning BA (Hons) FCMA (From 9 April 2018)
AUDITORS	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
BANKERS	Lloyds Bank plc 39 Threadneedle Street London EC2R 8AU
INSURANCE BROKERS	Marsh Capital House 1-5 Perrymount Road Haywards Heath West Sussex RH16 3SY Arthur J. Gallagher The Walbrook Building 25 Walbrook London EC4N 8AW
INVESTMENT MANAGERS	Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU

GOVERNORS' REPORT (INCORPORATING A STRATEGIC REPORT)

The Governors present their annual report and financial statements for the year ended 31 August 2018.

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 2018. 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 (principal study: violin, viola, cello, double bass, guitar) 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 on musical potential and fit with the School's ethos and educational model, as assessed during the School's rigorous audition process. 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 high teacher:pupil ratio, with many lessons being one to one or even with two 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 to the School.

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.

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 exceptional musical talent 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.

GOVERNORS' REPORT CONTINUED

OBJECTIVES

The School's objectives are:

- To provide world class music education by internationally recognised outstanding specialist music teachers
- To provide a solid all-around academic, physical and moral education by highly experienced academic teachers
- To provide an environment where each pupil can develop musically, academically and socially, so that they are confident and able to follow their chosen path when they leave school
- To encourage pupils to contribute to school life and to the wider community, through volunteering and outreach
- To provide first-class staff
- To provide excellent facilities for music and general education and for pupils' pastoral care and welfare
- To secure maximum possible funding of pupils' fees from the Department for Education's Music and Dance Scheme
- To raise funds from donations, legacies, sponsorship, trusts and foundations, and from activities undertaken by the school's trading subsidiary, YMS Enterprises Limited
- To provide bursaries and student aid to support those unable to pay the full fees or ineligible for MDS funding
- To invest in the long-term future of the school.

ACHIEVEMENTS

A first-class all-round education, with music at its heart

The Governors are delighted to report that the School continued to perform at the highest level in every area over the last year.

Music

The School organised a full programme of concerts: in the Menuhin Hall, the local community and beyond. The regular Showcase Concert series, featuring solo and chamber group performances, culminated in the six Summer Festival concerts in which every pupil in the school took part. A special concert was organised at the end of the autumn term to pay tribute to retiring Headmaster Richard Hillier. Orchestral highlights included the two Christmas concerts, featuring Vaughan Williams Fantasia on a Theme by Thomas Tallis, which soon registered over 1,000 hits on the School's YouTube channel, and the ever popular Orchestral Picnic Concert in the summer at which leavers were presented with scores of their choice.

Chamber ensembles performed at numerous venues, including local churches, Painshill Park, the Marryat Festival, the Leatherhead Drama Festival, St James Piccadilly, the Swiss Ambassador's Residence, the School of Young Talent in The Hague, and the Amsterdam Conservatoire. In March, soloists and chamber groups performed to an invited audience at the Foundling Museum. In late spring, seven pupils toured the north of England and Scotland, giving 6 performances in 7 days, starting in Berwick and ending in Blair Atholl.

The pupils' musical education was enriched by a series of world-class Celebrity Concerts and masterclasses, which included visits from YMS alumni who have made their names as soloists or chamber musicians. Performers included Imogen Cooper, ZRI, Bart Lafollette and Caroline Palmer, Paul Roberts, and the Linos Trio. Masterclasses were given by Rodney Friend and Roman Simovic (violin), Paul Roberts and Edith Fischer (piano), Tilman Hoppstock (guitar) and the Castalian String Quartet. Founder's Day on 22 April was marked by a concert with Jeremy and Mookie Menuhin, and a whole-school event featuring performances by YMS alumni and current Principal study teachers Boris Kucharsky and Thomas Carroll.

GOVERNORS' REPORT CONTINUED

The year was one of outstanding competition success. Max Calver won the Strings Final of the BBC Young Musician of the Year, and Will Duerden won the Walter Todd award. Tianyou Ma came fourth in the International Menuhin Competition in Geneva and won the Bach Prize; Kyota Kakiuchi reached the Junior Final. At 16, Coco Tomita was the youngest competitor to be selected for the Paganini Competition in Genoa, and SongHa Choi reached the semi-final. Trio Pantoum won 1st Prize in the National Piano Trio Society Competition in Birmingham. Darwin Chang was a finalist at the Postacchini Competition. Seoyul Kim won 1st prize at the Rubinstein Competition in Germany and Yume Tomita won 3rd prize at the Grumiaux Competition in Belgium. SongHa Choi was awarded 1st prize in the Berlin International Music Competition, Selina Staeheli 2nd prize in the Swiss Young Musician Competition, and Elfida Turan 3rd prize in the 2nd Ilona Feher Competition.

As always, individual pupils were engaged for performances around the UK and beyond. Will Duerdon gave a double bass recital at Breinton, Joe Pritchard performed the Haydn Cello Concerto with Dorking Chamber Orchestra, and Natasha Petrovic performed *The Lark Ascending* with the British Sinfonietta.

Academic

On the academic front, pupils continued to perform exceptionally well. In June 2018, pupils achieved a record 33% A* grades at A level (2017 29%), with 62% A*-A, 90% A*-B and 100% A*-C. At GCSE, pupils achieved 36% A* (2017 33%), 69% A*-A (2017 60%) and 99% A*-C. In Key Stage 2 SATS, the average scores out of 120 were 108 for Reading, 118 for English and 111 for Maths. These were outstanding results for a cohort which included a pupil who had come to YMS in September with no English.

Extra-curricular

In the UK Maths Challenge, pupils were awarded Gold, Silver and Bronze certificates. The Duke of Edinburgh Award Scheme continued to be popular, with pupils signed up in Gold, Silver and Bronze categories. The Brackenbury Art Show was presented in the Kentner Room and attracted a large audience during the Summer Festival. It was judged by Martin Brackenbury, son of the first Headmaster of the School, and 24 awards were made. A highlight of the spring term was a production of *The Two of Us*, a play with musical interludes written by Alan Humm and Kendra Shute. A number of trips were organised to enrich the history, english, science and maths curriculums, and the year ended with an 'activities day' which took pupils as far afield as Portsmouth and Lille.

Leavers' destinations

Graduating pupils left to continue their studies at the conservatoires and universities of their choice: The Royal College of Music (3), The Royal Academy of Music, The Juilliard School, New York, Conservatorium van Amsterdam and St John's College, Cambridge.

Community activity and outreach

Outreach is central to our ethos, and has been taken to new levels with the appointment in September of a dedicated Outreach Officer. We hosted several concerts at YMS for primary schools and our younger pupils played to about 700 primary school children in their own school halls. Our annual 'Come and Play' programme culminated in two concerts in the Menuhin Hall where primary school children taught by our senior students demonstrated their newly-acquired skills on the violin. Meanwhile our composition workshops for GCSE pupils benefited older children from 7 local schools.

Individual pupils and chamber groups performed in the Princess Alice Hospice in Esher, Cedar Court Care Home in Cranleigh and the Orchard Dementia Centre in Chertsey, bringing live classical music to people who would not otherwise be able to attend concerts.

GOVERNORS' REPORT CONTINUED

First-class staff

The year was one of significant change for the Leadership Team. Malcolm Singer retired in August 2017 after 19 years of distinguished service as Director of Music. He was replaced by composer and conductor Dr Oscar Colomina i Bosch. Oscar studied at the Guildhall School of Music and Drama and then at the Royal Academy of Music, where he is an Associate and Professor of Orchestration. He had taught General Musicianship at YMS before taking up the post of Director of Music.

In December 2017, Dr Richard Hillier retired after over 7 years as Headmaster, and was replaced as Head in January 2018 by Kate Clanchy. Kate has an MA in Modern Languages from Cambridge, an MBA from INSEAD and an MA in Education from London. She worked in international business before a career in education, and was latterly Deputy Head of St Paul's Girls' School and then Senior Master of Westminster School.

Three new posts were created during the academic year to strengthen the non-teaching side of the school: Marketing and Communications Manager, Outreach Officer and Compliance Officer. In the Music Department, Matthijs Broersma (YMS alumnus) was appointed Assistant Cello Teacher, and John Turville Jazz Piano Teacher, adding jazz piano to the range of supporting studies on offer at the school.

Excellent facilities

On the estates front, 2017-18 was a year of consolidation and of planning for the future. Major refurbishment works were carried out in the kitchens, science areas, staff flats and boarding houses, and the tennis court was resurfaced. In the original part of Harris House, all bathroom fittings were replaced. The school's IT systems were given a major overhaul, and significant sums invested in new hardware, software and a new network services provider. The school grounds were given a facelift: the new landscaping and planting were appreciated by the many visitors to the school as well as those who live, work and study there.

In January a new Masterplan Committee was formed to look at the priorities for development on the existing site. Architects Walters & Cohen were engaged to draw up plans for a new Academic Block, and work began on Millfield Lodge to convert it into high-quality residential and multi-purpose spaces for the school to use from early in 2019.

Securing funding of pupils' fees from the Department for Education

The school seeks to maximise the available contribution from the Department for Education's Music and Dance Scheme (MDS). In 2017-18, the School secured 61 places (2016-17: 62 places) from MDS, which were utilised to the fullest extent possible during the academic year. The MDS funding resulted in a total of £2,052,792 (2016-17 £2,168,247) paid directly to the School from Government.

Raising funds for bursaries and student aid

In keeping with the School's mission of 'enabling children with potentially outstanding musical talent to attend the School, irrespective of their income, background, creed or country of origin,' the School offers additional places to students who fall outside the residency criteria for MDS. After applying uniform means-testing, the School looks to its vital bursaries and other forms of student aid to make up the shortfall in fees, allowing promising students from all backgrounds to access the School's world-class music and academic education.

The School has a linked charity, The Friends of Yehudi Menuhin School, who undertake their own fundraising activities for the School, and who generously donated £47,852 (2016-17: £40,493) for bursaries in 2017-18.

The School has been fortunate to continue to benefit from regular donations to the Bursary Fund from individual donors, Trusts and Foundations. Important contributions include those from the Oak Foundation (providing 5-year support with a significant annual gift of £100,000 until July 2019); the Leverhulme Trust

GOVERNORS' REPORT CONTINUED

(donating £200,000 over three years until September 2018); our Christmas Match programme (generating £271,000 in 2017-18 through individual giving and matched donations); and the Wilson Bursary (£50,000).

Looking ahead, the School has confidence in its newly appointed Development Team, and the School intends to grow its Bursary Fund over the next three years.

Fundraising

As for many charities, raising voluntary funds from trusts, foundations and individuals is a vital source of income for the School, enabling us to fulfil our charitable objectives as effectively as possible. We are grateful for the support given by all our donors.

The School believes that fundraising should be an open, honest and respectful process. We aim to build and maintain solid partnerships with our supporters and donors, based on mutual understanding and shared values. In developing our approach to fundraising we have taken account of the Code of Fundraising Practice issued by the Fundraising Regulator, and have voluntarily paid the Fundraising Levy.

The School operates with an internal fundraising team and does not outsource its fundraising activities to external parties.

As part of its preparation for the General Data Protection Regulation that came into force in May 2018, the School Ltd has reviewed and updated its Privacy Policy. This policy, published on our website, clearly states what personal data the School will hold in relation to supporters and how this data will be used. It sets out how individuals can raise concerns or complaints. The School has received no complaints about its fundraising activities either during the financial year or subsequently.

Investing in the long-term future of the School

In keeping with its mission, the School is committed to investing in future plans to 'maintain its reputation as a world leader in music education, providing the highest quality of instrumental and keyboard training combined with a first class academic curriculum under one roof.' To that end, the School has identified a need for high-quality, modern facilities for its students, educators and staff; designated funds for instruments; strong international relationships; and a diverse range of income and funding sources.

To bring the full range of the School's facilities in line with the quality of its concert hall, the School has entered the design phase of a new academic block over 3 floors, which will provide a state-of-the-art library, language labs, a science lab, day rooms, and purpose-built classrooms doubling as practice spaces, ensuring that the total number of pupils at the School at any given time can all practise in individual spaces at once. Following the construction of the new block, the historic Music House will be renovated to house all support staff, creating a new administrative hub that fosters collaborative work and innovation. Looking further ahead, the School will explore the upgrade and expansion of its boarding houses, ensuring that pupils are always housed in beautiful and comfortable facilities.

The School continues to designate a portion of its funds to instruments, ensuring that its remarkable store of valuable violins, violas, cellos and associated bows are appropriately maintained and cared for, and that the store is updated with additional instruments as need arises. A sum of money is allocated each year specifically for upgrading the School's pianos.

Fundraising is a significant part of the School's strategy to diversify its income streams. The School has invested in a 3-person strong development team that has been given ambitious but achievable targets over the next three years. The fundraising strategy includes purpose-driven campaigns for the new academic block (£5m goal over 3 years); encouraging legacies for bursaries or core funding (recent success includes a £600k legacy secured in 2018); major gifts from individuals; and corporate funding

GOVERNORS' REPORT CONTINUED

where appropriate. The School will continue to nurture existing relationships with Trusts and Funds and individuals, and continue to work closely with the Friends organisation.

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 2018/19 the School's main fundraising priorities will be:

- "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
- Capital projects such a new Academic Block

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 success of a Christmas Match fundraising programme. Donations and legacy income in year was £773,273 compared with £491,778 in 2016-17. The surplus for the year of £9,955 (2016-17: Loss £237,498) includes significant expenditure on facilities maintenance, and the reversal of a provision from 2015-16.

The total income increased by 8.7% to £4,114,932 (2016-17: £3,785,601) as a result of the increase in donations, particularly from the success of the Christmas Match fundraising programme, which generated £271k in non-recurring donations. The Governors are grateful for the Gift Aid distribution of £44,341 from trading activities in YMS Enterprises Limited (2016-17: £55,522). Total expenditure increased by 2.0% to £4,104,977 (2016: £4,023,099).

Total balance sheet funds of £22,650,023 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 £6,972,644 are capital in nature and the income is used to fund bursaries. A further £1,040,308 are restricted funds which can only be used for the specific purposes determined by the donors. Of this amount £911,843 is for the purposes of providing bursaries to support pupils who would otherwise be unable to attend the School.

GOVERNORS' REPORT CONTINUED

FIXED ASSETS - 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 £8,043,990 (2017 £7,884,982). The fund valuation includes an unrealised gain in the year of £144,173 (2017 £481,987).

RESERVES POLICY

The School holds £1,802,780 in Permanent Endowments and £5,169,864 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 included in the General Reserve. Details can be found in Note 14a to the accounts.

The Restricted Fund amounts to £1,040,308 (2016-17: £870,774) and the Governors and Head retain £911,843 for Bursaries and £128,465 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 £1,222,000 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 2018 the general reserve was £360,341 (2016-17: £564,824 restated). The General Reserve has been depleted due to the expenditure on essential facilities maintenance. Now that those 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 two pension schemes: The Teachers' Pension Scheme and The People's Pension.

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.

GOVERNORS' REPORT CONTINUED

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 task of running the School on a day to day basis is the responsibility of the Head and she 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 Head.

RECRUITMENT AND TRAINING OF GOVERNORS

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

AUDITORS

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

GOVERNORS' RESPONSIBILITIES STATEMENT

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

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

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

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

STATEMENT OF DISCLOSURE TO AUDITORS

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

This report was approved by the Council of Governors at its meeting on 27 November 2018 and signed on its behalf by:



Richard Morris
Chairman of Governors

INDEPENDENT AUDITOR'S 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 2018 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 2018 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.

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 AUDITOR'S 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

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 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.

Use of our report

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.

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

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

Date *5/12/2018*

Devonshire House
60 Goswell Road
London
EC1M 7AD

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	School's Operation & other Activities	Endowment Funds	Restricted Funds	2018	2017 Restated
		£	£	£	£	£
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	2	112,754	8,580	651,939	773,273	491,778
Charitable activities	3	2,795,577	-	-	2,795,577	2,813,354
Other trading activities	4	203,576	-	-	203,576	153,254
Investments	5	170,869	-	81,203	252,072	235,197
Other	6	90,434	-	-	90,434	87,018
Total Income		3,373,210	8,580	733,142	4,114,932	3,785,601
EXPENDITURE ON:						
Raising funds	7	298,746	-	-	298,746	322,209
Charitable activities	7	3,725,632	-	24,571	3,750,203	3,645,296
Other expenditure	7	56,028	-	-	56,028	55,594
Total Expenditure	7	4,080,406	-	24,571	4,104,977	4,023,099
NET INCOMING RESOURCES		(707,196)	8,580	708,571	9,955	(237,498)
Net gains/(losses) on investments	10	-	144,173	-	144,173	481,987
Other gains/(losses)	14a	-	-	-	-	(646)
NET INCOME/ (EXPENDITURE)		(707,196)	152,753	708,571	154,128	243,843
Transfers between funds	14b	539,037	-	(539,037)	-	-
NET MOVEMENT IN FUNDS		(168,159)	152,753	169,534	154,128	243,843
Reconciliation of funds:						
Total funds brought forward		14,805,230	6,819,891	870,774	22,495,895	22,252,052
TOTAL FUNDS CARRIED FORWARD	15	14,637,071	6,972,644	1,040,308	22,650,023	22,495,895

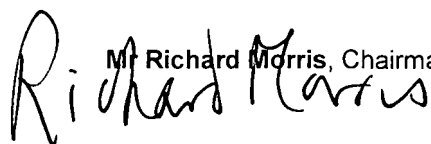
The notes on pages 19 to 35 form part of these financial statements

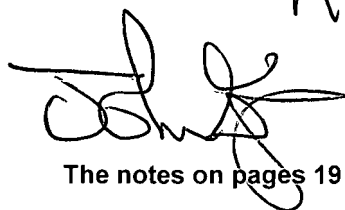
BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	2017 Restated £
FIXED ASSETS			
Tangible assets	9	14,009,283	14,019,630
Investments	10	<u>8,043,990</u>	<u>7,884,982</u>
		22,053,273	21,904,612
CURRENT ASSETS			
Stocks		3,034	2,337
Debtors	11	201,561	982,639
Cash at bank and in hand		<u>877,597</u>	<u>1,211,311</u>
		1,082,192	2,196,287
CREDITORS: amounts falling due within one year	12	<u>(485,442)</u>	<u>(1,509,401)</u>
NET CURRENT ASSETS		<u>596,750</u>	<u>686,886</u>
NET ASSETS BEFORE PENSION LIABILITY		22,650,023	22,591,498
Defined benefit pension scheme liability	13	(-)	(95,603)
NET ASSETS		<u>22,650,023</u>	<u>22,495,895</u>
FUNDS			
Permanent Endowment Funds	14a	1,802,780	1,746,329
Expendable Endowment Funds	14a	<u>5,169,864</u>	<u>5,073,562</u>
Total Endowment Funds		6,972,644	6,819,891
Restricted Funds	14b	1,040,308	870,774
Designated Funds	14c	267,447	220,776
Fixed Asset Funds	14d	14,009,283	14,019,630
General Reserve	14e	<u>360,341</u>	<u>564,824</u>
		14,637,071	14,805,230
TOTAL FUNDS	15	<u>22,650,023</u>	<u>22,495,895</u>

Approved and authorised for issue by the Governors on 27 November 2018 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 19 to 35 form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018**

	2018	2017 <i>Restated</i>
	£	£
NET INCOME FOR THE REPORTING PERIOD	154,128	243,843
Adjustments for:		
Dividends and interest income	(252,072)	(235,197)
Increase in market value of investment property	-	-
Depreciation and impairment of tangible fixed assets	440,183	415,575
Write down of fixed assets	-	61,750
Unrealised (gains) on listed investments	(144,173)	(481,987)
Movements in working capital:		
Increase in stocks	(699)	343
Decrease/(Increase) in debtors	781,078	52,197
(Decrease)/Increase in creditors	(1,119,561)	(305,489)
CASH FLOWS FROM OPERATING ACTIVITIES	(141,116)	(248,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(429,836)	(331,010)
Proceeds from sale of investments	246,910	355,875
Purchase of investments	(127,800)	(207,675)
Interest received from investments	5,162	3,968
NET CASH USED IN INVESTING ACTIVITIES	(305,563)	(178,842)
CHANGE IN CASH AND CASH EQUIVALENTS IN THE PERIOD	(446,679)	(427,807)
Cash and cash equivalents at the beginning of the period	1,338,440	1,766,247
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	891,761	1,338,440
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and on hand ¹	877,597	1,211,311
Investments	14,164	127,129
TOTAL CASH AND CASH EQUIVALENTS	891,761	1,338,440

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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.

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 2018**

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.

All non-teaching staff are entitled to join a group personal pension scheme. The current scheme for the purpose of auto enrolment is The People's Pension a money purchase 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.

l) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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	- 25% on cost
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.

m) 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.

n) Stocks

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

o) 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.

p) Leases

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

q) 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.

r) 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 2018

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.

s) 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	2018	2017
	£	£
Donations and Legacies		
Unrestricted funds	112,754	223,528
Restricted funds	651,939	250,000
Endowed funds	<u>8,580</u>	<u>18,250</u>
Total Donations and Legacies	<u>773,273</u>	<u>491,778</u>

In addition to legacies received in the year, the charity is a residual beneficiary of a legacy. The estimated value to the charity is in the region of £600k. This has not been included in the financial statements as it cannot be measured reliably.

3. INCOME FROM CHARITABLE ACTIVITIES	2018	2017
	£	£
School Fees		
Unrestricted funds		
Gross fees	3,334,614	3,252,892
Less bursaries	<u>(539,037)</u>	<u>(434,538)</u>
Total Charitable Activities	<u>2,795,577</u>	<u>2,818,354</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

	2018	<i>2017</i> <i>Restated</i>
4. INCOME FROM OTHER TRADING ACTIVITIES		
Trading Income	£	£
Unrestricted funds	<u>203,576</u>	<u>153,254</u>
5. INCOME FROM INVESTMENTS		
	2018	<i>2017</i>
Dividends and interest receivable	£	£
Unrestricted funds	170,869	159,718
Restricted funds	<u>81,203</u>	<u>75,479</u>
Total investment income	<u>252,072</u>	<u><i>235,197</i></u>
6. OTHER INCOME		
	2018	<i>2017</i>
	£	£
Unrestricted funds		
Friends of the Yehudi Menuhin School	47,852	40,493
Other Income	<u>42,582</u>	<u>46,525</u>
	<u>90,434</u>	<u><i>87,018</i></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

7. ANALYSIS OF EXPENDITURE	2018	2017
	£	£
Expenditure on raising funds		
Unrestricted funds		
Direct employee costs allocated to:		
Fundraising	104,579	129,681
Trading expenditure	80,157	78,332
Other direct costs allocated to:		
Fundraising	8,739	6,377
Trading expenditure	105,271	107,819
Total expenditure on Raising Funds	<u>298,746</u>	<u>322,209</u>
Expenditure on Charitable Activities		
Direct employee costs allocated to:		
Teaching	1,566,392	1,445,377
Welfare	192,387	180,055
Premises	63,280	66,950
School Support	257,977	277,169
Other direct costs allocated to:		
Teaching	206,915	197,446
Welfare	184,082	183,667
Premises	968,489	948,227
School Support	290,578	232,696
- Pension Exit Liability	-	95,603
Support and governance costs allocated to:		
Teaching	20,103	18,106
Total expenditure on Charitable Activities	<u>3,750,203</u>	<u>3,645,296</u>
Other Expenditure		
School Support	56,028	55,594
Total Expenditure	<u>4,104,977</u>	<u>4,023,099</u>

The School incurred expenditure paid to the School's auditor of £16,100 (2017: £15,550) for auditor's remuneration, and £nil (2017: £9,060) for non-audit services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

8. EMPLOYEES AND TRUSTEES

a) Analysis of total employees costs

	2018	2017
	£	£
Salaries and wages	1,550,231	1,482,518
Social security costs	143,449	139,633
Pension costs:		
Defined benefit schemes	129,136	124,036
Defined contribution schemes	-	201
Payment to exit pension defined contribution scheme	-	95,603
Occupational schemes	78,699	75,881
	<u>1,901,515</u>	<u>1,917,872</u>
Self-employed and agency staff	363,256	355,296
	<u>2,264,771</u>	<u>2,273,168</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:

	2018	2017
£60,000-£70,000	4	2
£80,001-£90,000	-	1
	<u>4</u>	<u>3</u>

The School contributed £33,398 (2017 £24,393) to defined benefit schemes and £nil (2017 £nil) to defined contribution schemes.

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

	2018	2017
Teaching staff	19	20
Non-teaching staff	20	19
	<u>39</u>	<u>39</u>

- d)** No Governor (2017: 2 governors) was reimbursed travel expenses totalling £nil (2017: £456). Trustees' Indemnity insurance cost £140 (2017: £140). No governors received remuneration in the year (2017: £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 (2017: 5). The total pay and benefits received by key management personnel were £422,742 (2017: £419,230). Pension contributions relating to the key management personnel are £48,442 (2017: £51,816).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

9. TANGIBLE FIXED ASSETS	Freehold land and buildings £	Musical instruments £	Furniture and academic equipment £	Motor vehicles £	Fixtures and Fittings £	Total £
COST OR VALUATION						
At 1 September 2017	15,042,935	1,998,204	749,397	39,850	-	17,830,386
Additions	129,847	5,214	66,213	6,100	222,462	429,836
At 31 August 2018	<u>15,172,782</u>	<u>2,003,418</u>	<u>815,610</u>	<u>45,950</u>	<u>222,462</u>	<u>18,260,222</u>
DEPRECIATION						
At 1 September 2017	2,518,653	505,200	749,397	37,506	-	3,810,756
Charge for the year	297,135	68,374	26,313	3,869	44,492	440,183
At 31 August 2018	<u>2,815,788</u>	<u>573,574</u>	<u>775,710</u>	<u>41,375</u>	<u>44,492</u>	<u>4,250,939</u>
NET BOOK VALUE						
At 31 August 2018	<u>12,356,994</u>	<u>1,429,844</u>	<u>39,900</u>	<u>4,575</u>	<u>177,970</u>	<u>14,009,283</u>
At 31 August 2017	<u>12,524,282</u>	<u>1,493,004</u>	<u>-</u>	<u>2,344</u>	<u>-</u>	<u>14,019,630</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

10. INVESTMENTS	2018	2017
All investments are held within the UK	£	£
Market value at 1 September 2017	7,407,853	6,842,837
Acquisitions at cost	127,800	207,675
Disposals at open market value	(-)	(124,646)
Unrealised gains	<u>144,173</u>	<u>481,987</u>
Market value at 31 August 2018	<u>7,679,826</u>	<u>7,407,853</u>
Historic cost at 31 August 2018	<u>5,490,023</u>	<u>5,362,223</u>

Investment Properties	2018	2017
	£	£
Valuation at 1 September 2017 and 31 August 2018	<u>350,000</u>	<u>350,000</u>

Summary of investments	2018	2017
	£	£
Cash held for re-investment	14,164	127,129
Investments	7,679,826	7,407,853
Investment property	<u>350,000</u>	<u>350,000</u>
	<u>8,043,990</u>	<u>7,884,982</u>

Included in Investments are financial assets carried at fair value of £7,679,826 (2017: £7,407,853). Investment Properties were valued at as at 31 August 2018 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	2018	2017
	£	£
Fee debtors (net of doubtful debts provision)	9,249	901,150
Amounts owed by subsidiary	31,949	34,646
Prepayments	65,217	36,821
Accrued income	<u>95,146</u>	<u>10,022</u>
	<u>201,561</u>	<u>982,639</u>

Included in debtors are financial assets valued at amortised cost of £136,344 (2017 restated: £945,338). This includes fee debtors, amounts owed by subsidiary and accrued income. In 2018, the autumn term invoices were raised after the year end. In previous years, the invoices were raised prior to year end. This has resulted in a decrease in fee debtors and deferred income (see note 12) at the 2018 year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

12. CREDITORS: amounts falling due within one year	2018	2017
	£	£
Trade creditors	90,783	134,253
Other creditors	81,577	118,289
Taxation and social security	38,414	36,972
Deferred fee income	179,044	1,039,843
Accruals	95,624	180,044
	<u>485,442</u>	<u>1,509,401</u>

Included in creditors are financial liabilities valued at amortised cost of £267,984 (2017: £432,586). These include trade creditors, other creditors and accruals.

Deferred Fee Income and Ticket Sales

	2018	2017
	£	£
Deferred fee income at 1 September 2017	1,039,843	966,676
Fees released to the income statement	(1,039,843)	(966,676)
Deferred fee income for Autumn Term 2018	133,983	986,307
Deferred income ticket sales	45,061	53,536
	<u>179,044</u>	<u>1,039,843</u>

The Autumn term 2018 fee invoices were raised in September 2018. In previous years these were raised prior to the year end resulting in a decreased in deferred income at the year end.

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 £129,136 (2017: £124,036) and at the year-end £0 (2017 - £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, 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 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 statement of financial activities in respect of the defined contribution scheme was £78,699 (2017 £75,881).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

14a ENDOWMENT FUNDS

	Balance 01.09.17 £	Income £	Expenditure £	Net Investment Gains £	Transfers £	Balance 31.8.18 £
Permanent Endowments	1,746,329	8,580	-	47,871	-	1,802,780
Expendable Endowments	5,073,562	-	-	96,302	-	5,169,864
	6,819,891	8,580	-	144,173	-	6,972,644

	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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

14b RESTRICTED FUNDS

	Balance 01.09.17	Income	Expenditure	Investment Gains	Transfers	Balance 31.08.18
	£	£	£	£	£	£
Bursary Funds	750,738	700,142	-	-	(539,037)	911,843
Other Restricted Funds	120,036	33,000	(24,571)	-	-	128,465
	<u>870,774</u>	<u>733,142</u>	<u>(24,571)</u>	<u>-</u>	<u>(539,037)</u>	<u>1,040,308</u>
	Balance 01.09.16	Income	Expenditure	Investment Losses	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
	<u>854,623</u>	<u>325,479</u>	<u>(27,437)</u>	<u>-</u>	<u>(281,891)</u>	<u>870,774</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

14c DESIGNATED FUNDS

	Balance 01.09.17 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.18 £
Designated Funds						
Student Aid	-	61,004	(16,833)	-	-	44,171
White House Art Fund	776	-	-	-	-	776
Wallace Curzon	-	2,500	-	-	-	2,500
The Instrument Fund	220,000	-	-	-	-	220,000
	220,776	63,504	(16,833)	-	-	267,447

	Balance 01.09.16 £	Income £	Expenditure £	Investment Losses £	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

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. Funds of £44k were used to send student on a music tour to Spain during the Autumn 2018 half term break.

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 established a designated fund towards the repair and replacement of instruments in 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

14d FIXED ASSET FUNDS

	Balance 01.09.17 £	Income £	Expenditure £	Investment Gains £	Transfers £	Balance 31.08.18 £
Fixed Asset Funds	14,019,630	-	-	-	(10,347)	14,009,283

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

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

14e GENERAL RESERVE

	Balance 01.09.17 £	Income £	Expenditure £	Transfers £	Balance 31.08.18 £
General Reserve	564,824	3,309,706	(4,063,574)	549,385	360,341

	Restated Balance 01.09.16 £	Prior Year Adjustment £	Income £	Expenditure £	Transfers £	Restated Balance 31.08.17 £
General Reserve	932,007	(55,522)	3,439,052	(3,990,916)	240,203	564,824

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 £1,222,000, 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 2018

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

2018	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Total £
Tangible Fixed Assets	-	-	-	14,009,283	14,009,283
Investments	1,802,780	5,169,864	911,843	159,502	8,043,990
Net Current Assets	-	-	128,465	468,286	596,750
Total Net Assets	1,802,780	5,169,864	1,040,308	14,637,071	22,650,023

2017	Permanent Endowment £	Expendable Endowment £	Restricted Funds £	Unrestricted Funds £	Restated Total £
Tangible Fixed Assets	-	-	-	14,019,630	14,019,630
Investments	1,746,239	5,073,562	750,738	314,353	7,884,982
Net Current Assets	-	-	120,036	471,247	591,283
Total Net Assets	1,746,239	5,073,562	870,774	14,805,230	22,495,895

16. SHARE CAPITAL

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

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

17. OPERATING LEASES

As at 31 August 2018 the School's future minimum operating lease payments are as follows:

	31 August 2018 £	31 August 2017 £
Other:		
Not later than one year	11,158	29,712
Later than one year and not later than 5 years	32,609	14,126
	<u>43,768</u>	<u>43,838</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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

20. CAPITAL COMMITMENTS

Capital expenditure contracted at 31 August 2018 amounted to £125,200 (2017: £nil). Capital expenditure authorised but not contracted amounted to £nil (2017: £nil).

21. SUBSIDIARY UNDERTAKING

YMS Enterprises Limited (company registration number 06775727; registered address Yehudi Menuhin School, Millfield, Stoke D'Abernon, Cobham, KT11 3QQ) 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 2018 which are not consolidated with the School's financial statements, showed the following position:

BALANCE SHEET	31 August 2018	<i>Restated 31 August 2017</i>
	£	£
CURRENT ASSETS		
Cash at bank and in hand	66,707	60,244
Debtors	17,235	33,699
CREDITORS: amounts falling due within one year	<u>(49,295)</u>	<u>(49,802)</u>
TOTAL NET ASSETS	<u>34,647</u>	<u>44,341</u>
RESERVES		
Profit and loss account	<u>34,647</u>	<u>44,341</u>
PROFIT AND LOSS ACCOUNT		
Turnover	184,398	206,985
Operating costs	<u>(118,574)</u>	<u>(128,674)</u>
GROSS PROFIT	65,824	78,311
Administrative expenses	<u>(31,177)</u>	<u>(33,970)</u>
PROFIT ON ORDINARY ACTIVITIES	34,647	44,341
Retained profit brought forward	44,341	55,522
Amount distributed to YMS under Gift Aid	<u>(44,341)</u>	<u>(55,522)</u>
RETAINED PROFIT	<u>34,647</u>	<u>44,341</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2018

22. RELATED PARTY TRANSACTIONS

During the year, YMS Enterprises Limited had transactions totalling £204,848 (2017 £223,536) with the School. At 31 August 2018, £31,949 (2017 restated £34,646) was owed by YMS Enterprises Limited.

23. PRIOR YEAR ADJUSTMENT

The financial statements of Yehudi Menuhin School Limited and its subsidiary, Yehudi Menuhin School Enterprises Limited have been restated as a result of the recent interpretation of FRS102 as clarified by the Financial Reporting Council which has resulted in the annual gift aid payment being treated as a distribution from equity.

Accordingly, gift aid payments from Yehudi Menuhin School Enterprises Limited to Yehudi Menuhin School of £44,341 paid in 2018 and £55,522 paid in 2017, have been included in the year paid. The impact of this is that the unrestricted reserve brought forward has decreased by £44,341 and 2017 debtors (amount due to subsidiary) have decreased by £44,341.