

**DRAGON SCHOOL TRUST LIMITED**  
**GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

**CONTENTS**

Page	1.	Governors and constitution
	2.	Professional advisors and contacts
	3-4	Report of the governors
	5.	Statement of governors' responsibilities
	6.	Auditors' report
	7.	Group income and expenditure account
	8.	Group balance sheet
	9.	Parent company balance sheet
	10.	Group statement of financial activities
	11.	Group cash flow statement
	12-20	Notes to the group accounts
	21.	Analysis of group assets by fund

Company number: 524331

Registered charity number: 309676



## DRAGON SCHOOL TRUST LIMITED

### GOVERNORS AND CONSTITUTION

Dragon School Trust Limited is a company registered under the Companies Act 1985 and a registered charity. It is a company limited by guarantee. Dragon School Trading Limited, also a registered company, is a wholly owned trading subsidiary of the Trust.

The governors of the Dragon School Trust Limited are also trustees of the charity, directors and members of the company. During the year those serving were:

	M J Beloff	
	J D Bolsover	
	Dr C L Bradley	(appointed 6 November 1998)
	Mrs M Eastwood	
	A Hall	(appointed 6 November 1998)
	Canon A E Harvey	
*	N J A Kane	(chairman)
*	D T R Lewis	
	G Marsh	(appointed 6 November 1998)
	S Parker Bowles	
*	Mrs J Robinson	(resigned 6 June 1998)
*	P G Saugman	
*	R J C Shuttleworth	
	M P Stanfield	(resigned 7 November 1997)
	T D Wheare	
*	Mrs G H Wilson	
*	G Windsor-Lewis	
	Dr D J Womersely	(appointed 6 November 1998)
	H E P Woodcock	
*	members of the General Purposes Committee	

The General Purposes Committee (GPC) is a sub-committee with particular responsibility for finance reporting to the full board. Both the GPC and full board meet three times a year as a matter of routine. There is also a Development Committee, reporting to the full board, made up of governors and others closely connected with the school.

New governors are appointed by the members of the company (who are congruent with the board of governors). Governors hold office for six years, whereupon they may be reappointed. Governors retire at the age of 70 unless a Special Resolution is passed to allow continuation in office. There may be no more than 20 and no fewer than seven governors. The liability of the members is limited to £1 each.

Company secretary and bursar: C.N.C. Williams

Headmaster: R.S. Trafford

Registered office and address  
for correspondence: Bardwell Road  
Oxford OX2 6SS

**DRAGON SCHOOL TRUST LIMITED****PROFESSIONAL ADVISORS AND CONTACTS**

Architects:	MEB Partnership Watermill House Chevening Road Chipstead Sevenoaks Kent TN13 2RY
Auditors:	Critchleys Boswell House 1-5 Broad Street Oxford OX1 3AW
Bankers:	Barclays Bank plc PO Box 333 Oxford OX1 3HS
Insurance brokers:	Mathews Comfort & Co Limited St Aldates Oxford OX1 1DL
Solicitors:	Morgan Cole Buxton Court 3 West Way Oxford OX2 0SZ
Surveyors:	James Styles and Whitlock, 16 King Edward Street Oxford OX1 4JB

The Trust appoints other professional advisors to deal with specialist matters from time to time. All contracts are subject to review as circumstances merit. During the year the Trust put its audit out to tender and were pleased to reappoint Critchleys.

## **DRAGON SCHOOL TRUST LIMITED**

### **REPORT OF THE GOVERNORS**

The governors present their annual report and the accounts for the year ended 31st August 1998 in compliance with current statutory requirements and the company's Memorandum and Articles of Association.

#### **OBJECTS**

Dragon School Trust's primary object is to run the Dragon School, Oxford, though the company's objects allow it to run any other school. In accordance with these objects, the 'Dragon School' is a preparatory school for boys and girls from 8 to 13 years old; it also runs a prepreparatory school 'Lynams', which is based at a separate site a short distance from the main school. 'Lynams' takes children from the age of 3. As well as providing education to a high academic standard the school excels at sporting activities.

#### **ORGANISATION**

The governors determine the general policy of the Trust. Sub-committees of the governors are formed to deal with specialist matters as necessary. The day-to-day management of the school is delegated to the Headmaster and the Bursar.

#### **REVIEW**

1997/98 proved to be an excellent year for the Dragon. Pupils from all age-groups have been involved in major dramatic productions and musical performances; over half of them have represented the school in various sports (the senior teams being largely victorious); and their academic work was crowned by no fewer than thirty-four awards to secondary schools. The school's extra-curricular activities include, at last count, 107 optional activities made available by the enthusiastic staff, several international trips, exchanges and visits, involving France, Morocco, Brunei, South Africa and Japan, as well as talks and lectures from people who have travelled and worked all over the world. This immense breadth of experience enables the pupils to see themselves in the widest possible context.

This range of educational activity is able to flourish in the Trust's secure financial position. Continued care with budgetting means that expenditure can be focused on areas which benefit the school most, both in daily details to do with the provision of educational materials for the children's use, and more visibly in the creation of the new Science Block at the end of the year. This latter building is in accordance with the school's development plan, which is expected to be furthered by covering the swimming pool next year, and building new teaching areas above it, thereby in turn freeing up some space for additional pastoral provision.

The Governors are grateful for parental support for the school, both generally in sending their children but in many cases for additional donations. It is the commitment of parents, the effort put into caring for the pupils by the staff, and the energy of those pupils, which make the school what it is and enable it to face the future with confidence.

#### **PUPIL NUMBERS**

Demand for school places continues to exceed capacity. Boarding numbers in particular are constrained by the facilities available. During the year the school had 812 pupils made up of 259 boarders, 355 day children at the main school and a further 198 pupils at Lynams. Although a few places open up due to unexpected changes, waiting lists are lengthy.

Of the 812 pupils, 54 have at least some financial assistance with their fees through discounts or grants from the Trust's funds.

**DRAGON SCHOOL TRUST LIMITED****REPORT OF THE GOVERNORS - CONTINUED****FINANCIAL RESULTS**

The Trust's accounts reflect its general success as a school and the increased surplus of £841,634 (1997: £398,011) enables it to plan major capital projects needed to keep the school in the forefront of preparatory education. Notwithstanding this increased surplus - which is analysed between funds on page 10 - desired capital expenditure continues to exceed available resources, even after the generosity of donors, and in setting the fees the governors have to balance fairness to current parents with the requirements of an increasingly capital-intensive business.

**FIXED ASSETS**

In the opinion of the governors the market value of the Trust's freehold and long leasehold properties is considerably in excess of book value based on the current use of the properties. No independent professional valuation has been carried out. The school has a continuing programme of upgrade and improvement to facilities; during the year it spent £442,905 on property improvements (with a further £249,000 contractually committed at the year end) and £193,146 on other assets.

**INVESTMENT POWERS**

The Trust's investment powers are governed by the Memorandum of Association of the company. These permit funds to be invested in or upon such investments, securities or property as may be thought fit.

**TRADING COMPANY**

The Trust's wholly owned trading company, Dragon School Trading Limited, is used to generate income for the School through the hire of facilities and marketing of educational products and 'Dragonalia'. Profits are covenanted to the Trust.


**RESERVES**

The governors review the restricted and designated reserves regularly. The named restricted funds have specific trustees appointed; these trustees are drawn from the governors, staff and other associates of the school. The specific objects of restricted funds are explained on page 21. None of the restricted funds are limited by their objects as to the expenditure of capital. Most of the general reserve is represented by fixed assets, especially the school buildings, as shown on page 21. It is thus not excessive. Sufficient assets are held to meet the liabilities of other funds.

**ASSOCIATED CHARITY**

The Trust has an associated charity, 'The Lynam Educational Fund', whose objects include assistance with school fees in cases of need but which has general charitable objects in addition. The fund is nevertheless closely associated with the school. Further information may be obtained from the bursar.

ON BEHALF OF THE GOVERNORS,

  
N.J.A. Kane  
Chairman

27 February 1999

## **DRAGON SCHOOL TRUST LIMITED**

### **STATEMENT OF GOVERNORS' RESPONSIBILITIES**

Company law requires the governors to ensure that accounts are prepared for each accounting year which give a true and fair view of the state of affairs of the Trust and of the results for that year.

In the preparation of those accounts, the governors are required to ensure that appropriate accounting policies are selected and then applied consistently; making judgements and estimates that are reasonable and prudent; and ensuring that the accounts are prepared on a going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The governors are responsible for ensuring that the Trust keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with the Companies Act 1985. They also have general responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors, having ensured that accounts have been prepared, have requested the Auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit report.

**AUDITORS' REPORT****TO THE MEMBERS OF DRAGON SCHOOL TRUST LIMITED**

We have audited the accounts on pages 7 to 21.

**Respective responsibilities of governors and auditors**

As described on page 5 the Trust's governors are responsible for ensuring the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**


We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the governors in the preparation of the accounts, and whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

**Opinion**

**In our opinion the accounts give a true and fair view of the state of affairs of the charitable company and the group as at 31st August 1998 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.**

Oxford  
27 February 1999



Critchleys  
Chartered Accountants  
Registered Auditors

# **DRAGON SCHOOL TRUST LIMITED**

## **GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1998**

	Note	1998		1997	
		£	£	£	£
<b>Incoming resources</b>					
Amounts receivable for services	2.	6,382,409		5,774,804	
Voluntary income - donations		162,144		134,035	
Other income	3.	76,156		80,873	
Interest receivable	4.	173,331		135,167	
		-----		-----	
<b>Total incoming resources</b>		6,794,040		6,124,879	
		-----		-----	
<b>Resources expended</b>					
Direct charitable expenditure					
Teaching		3,132,295		3,019,527	
Property		780,148		727,857	
Welfare		1,099,931		1,054,819	
Administration		456,096		489,634	
Grants and donations		42,445		38,323	
Interest payable	5.	247,722		238,175	
		-----	5,758,637	-----	5,568,335
Other expenditure					
Cost of sales		58,087		48,225	
Fund raising		122,684		79,567	
Management of the charity		27,437		27,041	
		-----	208,208	-----	154,833
		-----		-----	
<b>Total resources expended</b>	6.	5,966,845		5,723,168	
		-----		-----	
<b>Net incoming resources</b>		827,195		401,711	
		-----		-----	
<b>Gains/(losses) on investments</b>					
Realised		(12,157)		(380)	
Unrealised		26,596		(3,320)	
		-----	14,439	-----	(3,700)
		-----		-----	
		841,634		398,011	
		=====		=====	

An analysis by individual fund appears in the statement of financial activities on page 10.

All activities are continuing. There are no gains or losses other than those recognised through the income and expenditure account. As a company limited by guarantee and charity it is not appropriate to show a reconciliation of 'shareholders funds'.

The notes on pages 12 to 21 form part of these accounts.



# DRAGON SCHOOL TRUST LIMITED

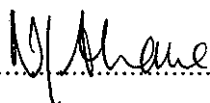
## GROUP BALANCE SHEET AS AT 31ST AUGUST 1998

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	10.	6,983,395	6,540,413
<b>CURRENT ASSETS</b>			
Stocks	12.	17,959	18,522
Debtors	13.	230,847	196,602
Investments	14.	582,435	655,326
Cash at bank and in hand		1,126,590	730,968
		<u>1,957,831</u>	<u>1,601,418</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15.	(1,450,075)	(1,301,176)
<b>NET CURRENT ASSETS</b>		<u>507,756</u>	<u>300,242</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,491,151</u>	<u>6,840,655</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16.	(2,511,805)	(2,706,245)
<b>TOTAL NET ASSETS</b>		<u>4,979,346</u>	<u>(4,134,410)</u>
<b>FUNDS UNDER MANAGEMENT (pages 10, 21)</b>			
General		4,468,187	3,633,925
Designated		214,452	196,199
Restricted		293,405	304,286
Endowment		3,302	-
		<u>4,979,346</u>	<u>4,134,410</u>

The notes on pages 12 to 21 form part of these accounts.

Approved by the governors on 27 February 1999 and signed on their behalf by

N. J. A. Kane .....



Chairman of governors

# DRAGON SCHOOL TRUST LIMITED

## PARENT COMPANY BALANCE SHEET AS AT 31ST AUGUST 1998

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	10.	6,983,395	6,540,413
Investments	9.	100	100
		-----	-----
		6,983,495	6,540,513
<b>CURRENT ASSETS</b>			
Stocks	12.	6,539	6,331
Debtors	13.	220,018	203,737
Investments	14.	582,435	655,326
Cash at bank and in hand		1,122,433	726,372
		-----	-----
		1,931,425	1,591,766
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	15.	(1,423,769)	(1,291,624)
		-----	-----
<b>NET CURRENT ASSETS</b>		507,656	300,142
		-----	-----
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,491,151	6,840,655
		-----	-----
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	16.	(2,511,805)	(2,706,245)
		-----	-----
<b>TOTAL NET ASSETS</b>		4,979,346	4,134,410
		=====	=====
<b>FUNDS UNDER MANAGEMENT (pages 10, 21)</b>			
General		4,468,187	3,633,925
Designated		214,452	196,199
Restricted		293,405	304,286
Endowment		3,302	-
		-----	-----
		4,979,346	4,134,410
		=====	=====

The notes on pages 12 to 21 form part of these accounts.

**DRAGON SCHOOL TRUST LIMITED**  
**ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 1998**  
**GROUP STATEMENT OF FINANCIAL ACTIVITIES (SoFA)**

	Restricted funds					Designated funds								
	Endowment fund	Skipper Memorial	Knatchbull Memorial	Prize fund	Development fund	Miscellaneous small gifts	Total restricted funds	Scholarship fund	Prepaid fees	Total designated funds	Trading	General fund	TOTAL FUNDS	TOTAL 1997
<b>Incoming resources</b>														
Amounts due for services	-	-	-	-	-	-	-	-	-	-	115,042	6,267,367	6,382,409	5,774,804
Voluntary income - donations	-	-	-	-	159,064	2,326	161,390	754	-	754	-	-	162,144	134,035
Other income	-	-	-	-	-	-	-	-	-	-	-	76,156	76,156	80,873
Interest receivable	-	629	2,020	637	13,262	-	16,548	13,814	74,314	88,128	-	68,655	173,331	135,167
<b>Total incoming resources</b>	-	629	2,020	637	172,326	2,326	177,938	14,568	74,314	88,882	115,042	6,412,178	6,794,040	6,124,879
<b>Resources expended</b>														
<b>Direct charitable expenditure</b>														
Teaching	-	-	-	-	-	222	222	-	-	-	-	3,132,073	3,132,295	3,019,527
Property	-	-	-	-	-	400	400	-	-	-	-	779,748	780,148	727,857
Welfare	-	-	-	-	-	-	-	-	-	-	-	1,099,931	1,099,931	1,054,819
Administration	-	-	-	-	-	1,704	1,704	-	-	-	-	454,392	456,096	489,634
Grants and donations	-	5,400	2,950	1,354	-	-	9,704	32,741	-	32,741	-	-	42,445	38,323
Interest payable	-	-	-	-	-	-	-	-	44,858	44,858	-	202,864	247,722	238,175
<b>Other expenditure</b>	-	5,400	2,950	1,354	-	2,326	12,030	32,741	44,858	77,599	-	5,669,008	5,758,637	5,568,335
Cost of sales	-	-	-	-	-	-	-	-	-	-	57,352	735	58,087	48,225
Fund raising	-	-	-	-	2,000	-	2,000	-	-	-	-	120,684	122,684	79,567
Management of the charity	-	-	-	-	-	-	-	-	-	-	14,819	12,618	27,437	27,041
<b>Total resources expended</b>	-	5,400	2,950	1,354	2,000	2,326	14,030	32,741	44,858	77,599	72,171	5,803,045	5,966,845	5,723,168
<b>Net incoming resources</b>	-	(4,771)	(930)	(717)	170,326	-	163,908	(18,173)	29,456	11,283	42,871	609,133	827,195	401,711
<b>Gains/(losses) on Investments</b>														
Realised	-	-	-	-	-	-	-	-	(12,157)	(12,157)	-	-	(12,157)	(380)
Unrealised	-	2,043	4,169	888	-	-	7,100	3,098	16,029	19,127	-	369	26,596	(3,320)
<b>Transfers (a)</b>	-	-	-	-	-	-	-	33,328	(33,328)	-	-	-	-	-
<b>Transfers (b)</b>	-	-	-	-	(181,889)	-	(181,889)	-	-	-	-	181,889	-	-
<b>Transfers (c)</b>	-	-	-	-	-	-	-	-	-	-	(42,871)	42,871	-	-
<b>Net movement on funds</b>	-	(2,728)	3,239	171	(11,563)	-	(10,881)	18,253	-	18,253	-	834,262	841,634	398,011
Balances brought forward	-	18,726	41,014	10,608	233,938	-	304,286	196,199	-	196,199	-	3,633,925	4,134,410	3,736,399
Endowment fund receipts	3,302	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances carried forward	3,302	15,998	44,253	10,779	222,375	-	293,405	214,452	-	214,452	-	4,468,187	4,979,346	4,134,410
<b>Transfers (a)</b>														
<b>Transfers (b)</b>														
<b>Transfers (c)</b>														
Surplus on prepaid fees scheme transferred to Scholarship fund.														
Funds for the acquisition of capital assets expended on those assets transferred to general fund.														
Profits from trading activities transferred to general fund.														

Surplus on prepaid fees scheme transferred to Scholarship fund.  
Funds for the acquisition of capital assets expended on those assets transferred to general fund.  
Profits from trading activities transferred to general fund.

The notes on pages 12 to 21 form part of these accounts.

**DRAGON SCHOOL TRUST LIMITED**

**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED**

**31ST AUGUST 1998**

	Note	1998 £	1997 £
Net cash inflow from operations	17a.	1,110,903	787,525
Returns on investments and servicing of finance:			
Interest paid	(202,261)	(184,664)	
Interest received	175,058	131,187	
		-----	-----
		(27,203)	(53,477)
Capital expenditure and financial investment			
Payments for tangible fixed assets	(636,051)	(546,747)	
Proceeds from sale of fixed assets	3,357	-	
		-----	-----
		(632,694)	(546,747)
Management of liquid resources			
Proceeds from redemption of investments	88,070	50,360	
Acquisition of investments	(740)	(2,000)	
		-----	-----
		87,330	48,360
Cash inflow/(outflow) before movements on prepaid fees and financing		538,336	235,661
Prepaid fees scheme:			
Received	82,301	226,959	
Utilised	(127,241)	(232,404)	
		-----	-----
		(44,940)	(5,445)
Endowment funds received		3,302	-
Property loan repayments		(101,076)	(106,002)
Increase/(decrease) in cash	17b.	395,622	124,214
		=====	=====

The notes on pages 12 to 21 form part of these accounts.

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

**1. ACCOUNTING POLICIES**

**a) Basis of accounting**

The accounts are prepared under the historical cost convention as modified by the revaluation of listed investments and in compliance with all applicable accounting standards. They are drawn up in accordance with the charities SORP. The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's accounts:

**b) Amounts receivable for services**

Amounts receivable for services includes amounts invoiced in respect of fees and extras, net of allowances given, and other income associated with the operation of the school. It also includes sales (net of VAT) generated by the trading subsidiary.

**c) Classification of resources expended**

The classification of resources expended follows the 'guidance on the charities SORP for independent schools' produced by a joint ISBA/IAPS working party. In general, this distinguishes between the costs associated with running the school ('direct charitable expenditure') and running the charity as a whole ('other expenditure'). Included in the latter, 'management' costs are costs of governors' meetings, legal and professional advice with respect to the organisation as a charity, and fundraising costs including costs of maintaining contact with old pupils and staff. With respect to resources expended running the school, 'property' includes costs of maintaining the buildings used for educational purposes, while 'welfare' costs include boarding and catering costs.

**d) Tangible fixed assets**

No depreciation is provided on freehold buildings. Although the Companies Act 1985 requires a charge for depreciation to be made on fixed assets having a finite useful life, the governors consider that the buildings in use by the Trust are an important part of the school's character and consequently ensure that they are fully maintained in order that their useful life may be extended indefinitely. It is therefore considered inappropriate to provide for depreciation. With respect to other assets depreciation is provided at straight line on cost over the expected useful lives of the assets concerned.

The rates of depreciation used are:

Leasehold property	Over period of lease
All-weather pitch	Over 28 years
Fixtures, fittings and equipment	3-15 years
Motor vehicles and grounds machinery	5-15 years

Fixtures and fittings are capitalised when they are included in the provision of additional facilities, such as when a building is extended or converted. Other fixtures and fittings are charged to revenue in the year of purchase.

**e) Investments**

Quoted investments are stated at their market value. Other investments are shown at cost.

**f) Prepaid fees**

Amounts received under the prepaid fees scheme are carried forward as liabilities. Turnover is credited with the equivalent of fees thus paid in the period when they become receivable.

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

1. ACCOUNTING POLICIES (CONTINUED)

g) Pension costs

Pension costs represent contributions under the Teachers' Pensions Agency (TPA) teachers' superannuation scheme, various defined contribution schemes and provision against amounts due with respect to specific obligations recognised by the Trust. Both the TPA and the defined contribution schemes' costs are shown in the accounts as charged, the payments being made to external funds.

h) Stock

Stock of consumables held at the year-end are valued at cost, subject to their usability. Purchases of educational materials for the next academic year are carried forward as prepayments. Stock held for resale is valued at the lower of cost and net realisable value.

i) Consolidation/ group accounts

The Trust has beneficial ownership of 100% of the share capital of Dragon School Trading Limited. The group accounts consolidate the results of this subsidiary. As the subsidiary has covenanted any surpluses to the parent, the surplus dealt with in the parent company's accounts is identical to that shown on the group income and expenditure account. The Trust's governors represent ultimate controllers of the group.

2. AMOUNTS RECEIVABLE FOR SERVICES

	1998	1997
	£	£
School fees and extras	6,448,586	5,871,230
less fees allowances	(181,219)	(174,118)
	-----	-----
	6,267,367	5,697,112
Trading company sales	115,042	77,692
	-----	-----
	<u>6,382,409</u>	<u>5,774,804</u>

3. OTHER INCOME

Fees in lieu of notice and forfeited deposits	13,587	15,138
Registration fees	26,495	28,000
Commission and sundry	36,074	37,735
	-----	-----
	<u>76,156</u>	<u>80,873</u>

4. INTEREST RECEIVABLE

Interest receivable arises from:

Listed investments	58,908	65,581
Bank deposits	100,958	62,156
Other sources	13,465	7,430
	-----	-----
	<u>173,331</u>	<u>135,167</u>

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

5. INTEREST PAYABLE AND SIMILAR CHARGES	1998	1997
	£	£
Interest payable is due to		
Bank	199,869	185,657
Discount allowed on prepaid fees	44,858	50,419
Other	2,995	2,099
	<u>247,722</u>	<u>238,175</u>

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs	Depreciation	Other	Total
Running the school:				
Teaching	2,639,261	65,399	427,635	3,132,295
Property	146,362	75,467	558,319	780,148
Welfare	497,594	19,035	583,302	1,099,931
Administration	276,711	28,875	150,510	456,096
Grants and donations	-	-	42,445	42,445
Interest payable	-	-	247,722	247,722
	<u>3,559,928</u>	<u>188,776</u>	<u>2,009,933</u>	<u>5,758,637</u>
Running the charity:				
Cost of sales	8,037	-	50,050	58,087
Fund raising	56,947	3,239	62,498	122,684
Management	-	-	27,437	27,437
	<u>64,984</u>	<u>3,239</u>	<u>139,985</u>	<u>208,208</u>
Total	<u>3,624,912</u>	<u>192,015</u>	<u>2,149,918</u>	<u>5,966,845</u>

Specific costs include:	1998	1997
Auditors' remuneration (including VAT where non-recoverable)		
- for audit	6,440	6,440
- for other services	1,849	1,645
Indemnity insurance for governors	54	60
Depreciation and amortisation	<u>192,015</u>	<u>166,165</u>

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

**7. EMPLOYEES**

	1998 £	1997 £
Costs:		
Wages and salaries	3,204,819	3,190,571
National Insurance	240,376	232,582
Pension costs (see following)	179,717	245,233
	<u>3,624,912</u>	<u>3,668,386</u>

The numbers of employees whose remuneration was over £40,000 fell into the following bands:

£40 - £50,000	1	1
£60 - £70,000	-	1
£70 - £80,000	1	-
	<u>1</u>	<u>2</u>

Pension costs were made up of:

TPA pension contributions	128,327	133,080
Defined contribution schemes	51,390	40,784
Payments for additional years to secure early retirement	-	71,369
	<u>179,717</u>	<u>245,233</u>

The majority of the staff participate in one of two pension schemes: the Teachers' Superannuation Scheme run by the Teachers' Pension Agency specifically for teaching staff, and a Norwich Union scheme.

The Teachers' Superannuation Scheme (TSS) is a contributory scheme run by the Teachers' Pension Agency, the benefits of which are governed by the Teachers' Superannuation (Consolidation) Regulations 1988, as amended. The Scheme pays guaranteed benefits protected against inflation and gives an annual pension and tax free lump sum on retirement. The normal retirement age in this scheme is 60 for both sexes and it is a 'final salary' scheme, the benefits being assessed on the individual's salary on retirement and not on the salary on which contributions have been made. The scheme is periodically reviewed by the Government Actuary who determines the appropriate level of contribution. Contributions from employees stand at 6% and from employer 7.2% of salary.

The latest actuarial valuation was for the period to 31 March 1991 (published in 1997). As the TSS scheme is a notional scheme further disclosure of the results of the investigation is not required.

The Norwich Union scheme is a defined contribution scheme. The assets of the scheme are held separately from the Trust in an independently administered fund.



**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

**7. EMPLOYEES (continued)**

Included within salary costs are amounts paid to former employees whose pension provisions were inadequate during their employment. The total amount paid was £107,252 (1997 £101,524). The Trust is committed to continue with these payments. No estimate, actuarial or otherwise, has been made of the total future commitment.

The governors did not receive any remuneration. Expenses (for travel) paid to the governors for the year totalled £78 (1997 £102). Three of the governors have children at the school, for which they are charged fees and extras as agreed in the standard parent-school contract.

	1998	1997
	No.	No.
The average number of persons employed was:		
Teaching	120	114
Pensioners	24	24
Property maintenance	9	9
Domestic	65	61
Administration	14	14
Management (development)	3	2
	-----	-----
	235	224
	=====	=====

**8. TAXATION**

As a registered charity the Trust does not pay corporation tax on surpluses arising from its charitable activities. The Trust's subsidiary, Dragon School Trading Limited, pays corporation tax on profits, but these are nil for tax purposes after allowing the covenant to the parent company as a charge.

**9. INVESTMENTS HELD AS FIXED ASSETS**

	Parent company	
	1998	1997
	£	£
Shares in subsidiary company at cost	100	100
	=====	=====

The Trust holds 100 ordinary shares of £1 each, representing 100% of the issued share capital of Dragon School Trading Limited, a company incorporated in England and Wales. The value of the investment as determined by the equity method is £100.

The Trust advances working capital as necessary to the trading company to finance its operations. Interest is charged on the amount outstanding from time to time at the same rate as charged by the Trust's bankers.

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

10. TANGIBLE FIXED ASSETS (Group *and* parent company)

	Freehold property £	Long leasehold £	Short leasehold £	Fixtures fittings & equipment £	Motor vehicles £	TOTAL £
Cost						
at 1.9.97	4,036,456	2,598,824	180,672	589,309	76,046	7,481,307
additions	33,691	409,214	-	193,146	-	636,051
disposals	-	-	-	(54,490)	(250)	(54,740)
	-----	-----	-----	-----	-----	-----
at 31.8.98	<u>4,070,147</u>	<u>3,008,038</u>	<u>180,672</u>	<u>727,965</u>	<u>75,796</u>	<u>8,062,618</u>
Depreciation						
at 1.9.97	-	481,493	109,718	293,839	55,844	940,894
charge for year	-	55,239	11,884	113,148	11,744	192,015
on disposals	-	-	-	(53,586)	(100)	(53,686)
	-----	-----	-----	-----	-----	-----
at 31.8.98	<u>-</u>	<u>536,732</u>	<u>121,602</u>	<u>353,401</u>	<u>67,488</u>	<u>1,079,223</u>
Net book value						
at 31.8.98	<u>4,070,147</u>	<u>2,471,306</u>	<u>59,070</u>	<u>374,564</u>	<u>8,308</u>	<u>6,983,395</u>
at 1.9.97	<u>4,036,456</u>	<u>2,117,331</u>	<u>70,954</u>	<u>295,470</u>	<u>20,202</u>	<u>6,540,413</u>

The rebuild cost of properties included in freehold and leasehold was approximately £16,153,000 at the last insurance review (September 1998). This does not include the value of the sites for which no estimate of value has been made; see note 1d). With respect to fixtures, fittings and equipment, these are insured for £1,376,000 (also see note 1d)).

Virtually all assets held are used for the purposes of the school's operation; some small proportion is used for management and trading, but identification of the amounts involved is not practicable.

11. CAPITAL COMMITMENTS

The Trust had capital commitments of £249,000 (1997: £12,000) with respect to building contracts in progress at the year-end. There were no amounts committed but not yet contracted.

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

12. STOCKS	Group		Parent company	
	1998	1997	1998	1997
	£	£	£	£
Goods for resale	11,420	12,191	-	-
Consumables	6,539	6,331	6,539	6,331
	<u>17,959</u>	<u>18,522</u>	<u>6,539</u>	<u>6,331</u>

13. DEBTORS	Group		Parent company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	177,459	161,097	107,053	151,166
Amount owed by subsidiary	-	-	59,760	17,231
Loans	795	1,771	795	1,771
Tax repayable	17,426	5,478	17,426	5,478
Prepayments	27,115	15,408	26,932	15,243
Accrued income	8,052	12,848	8,052	12,848
	<u>230,847</u>	<u>196,602</u>	<u>220,018</u>	<u>203,737</u>

14. INVESTMENTS HELD AS CURRENT ASSETS

	Group and parent	
Investments are shown at value:	1998	1997
	£	£
U.K. Government stocks	481,845	565,450
Other U.K. listed investments	100,590	89,876
	<u>582,435</u>	<u>655,326</u>

The cost of listed investments was £523,946 (1997 - £623,433).

Value of investments:		
brought forward	655,326	707,386
cost of disposals	(100,227)	(50,740)
acquired	740	2,000
unrealised change in values	26,596	(3,320)
carried forward	<u>582,435</u>	<u>655,326</u>

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

## 15. CREDITORS:

FALLING DUE WITHIN ONE YEAR	Group		Parent company	
	1998	1997	1998	1997
	£	£	£	£
Bank loans - due within one year (note 16)	122,064	108,464	122,064	108,464
Taxation and social security	106,503	204,733	88,866	199,822
Trade creditors	413,574	223,394	413,323	223,346
Accruals	82,670	98,628	74,252	94,035
Deferred income				
- fees received in advance	525,935	546,310	525,935	546,310
- prepaid fees scheme (note 16)	199,329	119,647	199,329	119,647
	<u>1,450,075</u>	<u>1,301,176</u>	<u>1,423,769</u>	<u>1,291,624</u>

## 16 a) CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and parent	
	1998	1997
	£	£
Bank loans	1,941,390	2,056,066
Deferred income: prepaid fees	570,415	650,179
	<u>2,511,805</u>	<u>2,706,245</u>

## b) ANALYSIS OF LONG TERM CREDITORS

Bank loans:		
due within one year	122,064	108,464
due between two and five years	622,924	566,891
due in more than five years	1,318,466	1,489,175
	<u>2,063,454</u>	<u>2,164,530</u>
Deferred income - prepaid fees:		
due within one year	199,329	119,647
due between two and five years	506,364	573,519
due in more than five years	64,051	76,660
	<u>769,744</u>	<u>769,826</u>

One bank loan, originally for £370,532, is repayable by 31st August 2006 by means of fixed instalments. Interest is charged at 2% above LIBOR and the loan is secured by a first legal charge on part of the Trust's freehold property.

The second bank loan, originally for £1,900,000, is repayable by instalments over fifteen years commencing October 1996. Interest is charged at 1 7/8% over LIBOR and the loan is secured by a first legal charge on part of the Trust's freehold property.

The bank loans represent 75% of the cost of properties used for security. As noted elsewhere, the present value of the properties involved may not be readily determined.

**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31ST AUGUST 1998**

17. NOTES TO THE CASH FLOW STATEMENT:

a) Reconciliation of net incoming resources to cash inflow from operations:

	1998	1997
	£	£
Operating surplus	827,195	401,711
Interest payable	247,722	238,175
Interest receivable	(173,331)	(135,167)
Depreciation charges	192,015	166,165
Decrease/(increase) in stocks	563	(7,144)
(Increase) in debtors	(35,972)	(7,835)
Increase in creditors	55,014	131,245
(Surplus)/ deficit on sale of fixed assets	(2,303)	375
	-----	-----
Net cash inflow from operations	1,110,903	787,525
	=====	=====

b) Analysis of cash flows and net debt

	At 1.9.97	Cash flow	Other movements	At 31.8.98
Cash at bank and in hand	730,968	395,622	-	1,126,590
Debt: bank loans	(2,164,530)	101,076	-	(2,063,454)
Current asset investments	655,326	(87,330)	14,439	582,435
	-----	-----	-----	-----
Total	(778,236)	409,368	14,439	(354,429)
	-----	-----	-----	-----

c) Reconciliation of net cash flow to movement in net debt

	1998	1997
Increase in cash	395,622	124,214
Cash flow from change in loans	101,076	106,002
Cash flow from change in liquid resources	(87,330)	(48,360)
	-----	-----
Change in net debt arising from cash flows	409,368	181,856
Change in value of current asset investments		
- realised	(12,157)	(380)
- unrealised	26,596	(3,320)
	-----	-----
	14,439	(3,700)
	-----	-----
Movement in net debt	423,807	178,156
Net debt brought forward	(778,236)	(956,392)
	-----	-----
Net debt carried forward	(354,429)	(778,236)
	=====	=====

**DRAGON SCHOOL TRUST LIMITED**  
**ACCOUNTS FOR THE YEAR ENDED 31ST AUGUST 1998**

**ANALYSIS OF GROUP ASSETS BY FUND**

	Restricted funds				Designated funds					
Endowment Fund	Skipper Memorial	Knatchbull Memorial	Prize fund	Development funds	Total restricted funds	Scholarship fund	Prepaid fees	Total designated funds	General fund (incl. Trading)	TOTAL FUNDS
Fixed assets										
Tangible assets	-	-	-	-	-	-	-	-	6,983,395	6,983,395
Investments	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Current assets										
Stocks	-	-	-	-	-	-	-	-	17,959	17,959
Debtors	-	-	-	-	-	-	-	-	230,847	230,847
Investments	-	20,779	9,040	-	73,796	66,047	441,304	507,351	1,288	582,435
Cash - specific accounts	-	-	-	-	-	-	349,399	349,399	777,191	1,126,590
Cash - analysis of central account	3,302	(4,756)	276	1,739	219,634	148,405	(20,959)	127,446	(350,382)	-
	3,302	16,023	44,253	10,779	222,375	293,430	214,452	769,744	984,196	1,957,831
Creditors:										
falling due within one year	-	(25)	-	-	(25)	-	(199,329)	(199,329)	(1,250,721)	(1,450,075)
	3,302	15,998	44,253	10,779	222,375	293,405	570,415	784,867	(573,818)	507,756
Net current assets										
Creditors:										
falling due in more than one year	-	-	-	-	-	-	(570,415)	(570,415)	(1,941,390)	(2,511,805)
	3,302	15,998	44,253	10,779	222,375	293,405	214,452	-	214,452	4,979,346
Total net assets										
	3,302	15,998	44,253	10,779	222,375	293,405	214,452	-	214,452	4,979,346
Total funds per SoFA (page 10):										
	3,302	15,998	44,253	10,779	222,375	293,405	214,452	-	214,452	4,979,346

**Explanation of the funds and other notes:**

The Skipper Memorial fund exists to provide fee support for children and relatives of Old Dragons.

The Knatchbull Memorial fund provides funding for travel and exploration activities.

The Prize fund is an aggregate of relatively small bequests given for the purpose of providing prizes to pupils for particular achievements.

Development funds represents sums raised for the buildings of the school. Some of these are restricted by the donors to specific projects, though most are available for any capital development.

The Scholarship fund represents monies designated to provide fee assistance for pupils. Surpluses from the pre-paid fees fund (which records transactions on the school's prepaid fees scheme) are transferred to the Scholarship fund.

The Skipper and Knatchbull Memorial funds have specific trustees who review the application of resources.

There are no restrictions placed upon the expenditure of capital on any of the funds.

Sufficient appropriate resources are held for each fund.

Interest earned on central deposits is allocated on inter-fund balances in proportion to those balances as held from time to time.