



**DRAGON SCHOOL TRUST LIMITED**  
**GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31 AUGUST 2019**

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Company number: 524331

Registered charity number: 309676



**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GOVERNORS, ORGANISATIONAL STRUCTURE, OFFICERS AND ADVISERS**

Dragon School Trust Limited ("Dragon School" or "Trust") is a company registered under the Companies Act 2006 and a registered charity. It is a company limited by guarantee; the liability of members of the company is limited to £1 each. The Governors of the Dragon School are trustees of the charity, and directors and members of the company. During the year and since those serving were:

Prof R W Ainsworth	A B R G P S °	Chairman (deceased 23 February 2019)
M Breen	A	
G P Candy	G P °	
S Chambers	S	(resigned 30 November 2019)
A C Cowley	G*	
J C Edmondson	G*	
N L Helliwell	A	
L J Holmes	R G °	(resigned 29 July 2019)
C I M Jones	B G P R + °	(acting chairman from 5 February)
S J Kerr-Dineen	A °	
E G King	R + °	
Prof Dame A R McLean	A B IT	
N Millard	Sa	
N D Portwood	°	
Lady Stringer	G P °	
Sir W G Touche Bt.	G P + °	(resigned 30 November 2019)
C J Underwood OBE	S	
W A Webb	G T IT °	Chairman (appointed 30 November 2019)
G H Wilson	G P R T °	

Prof R W Ainsworth passed away on 23 February 2019. C I M Jones agreed to act as Chairman from 5 February 2019. W A Webb was formally appointed as Chairman on 30 November 2019

Committee memberships and other groups (as at the end of year):

A	Academic Committee		
B	Bursaries Committee	Sa	Safeguarding Children
G	General Purposes Committee	IT	IT Steering Group
P	Property Working Group	T	Dragon School Trading Ltd
R	Nominations and Remuneration Committee	+	Old Dragon
		*	Current parent
S	Social Responsibility Committee	°	Former parent

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**Board and committees**

The Board of Governors is a self-appointing body. Governors hold office for six years, whereupon they may be reappointed. Governors normally retire at the age of 70. There may be no more than 20 and no fewer than seven Governors. All committees and groups report to the main Board. The Board and other committees and groups routinely meet three times a year and at other times as necessary.

The Academic Committee is the forum for academic discussion in which Governors and staff participate equally.

The Bursaries Committee proposes policy to the Governing Body and deals with grant applications, means testing and interviews.

The General Purposes Committee (GPC) has particular responsibility for finance, risk, health & safety and compliance matters.

The Nominations and Remuneration Committee is tasked with reviewing the membership of the Governing Body and the performance and remuneration of Headmaster and Bursar, reporting via the Chairman to the Board of Governors.

The Safeguarding Children Committee ensures Board-level review and responsibility for safeguarding children; other members are senior pastoral staff.

The Social Responsibility Committee considered the development and implementation of the School's charitable, social, economic and environmental policies.

Other steering groups are also appointed as necessary, currently including the Property Working Group & the IT Steering Group.

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**Advisors**

The Trust appoints professional advisors to deal with specialist matters from time to time. All contracts are subject to periodic review as circumstances merit.

Architects:	Berman Guedes Stretton	Oxford
	MEB Design	Oxford
Auditors:	Haysmacintyre LLP	London
Bankers:	Barclays Bank	Oxford
	Coutts & Co	London
Insurance brokers:	Marsh Brokers	Haywards Heath, West Sussex
Pension advisors:	Mathews Comfort & Co	Oxford
	Succession Wealth	Aylesbury, Buckinghamshire
Solicitors:	Freeths	Oxford
	Blake Morgan	Oxford
	Browne Jacobson	London
	VealeWasboroughVizards	London
Surveyors:	Sidleys	Oxford
	McBains Cooper	Oxford

Registered office and address for correspondence:

Dragon School  
Bardwell Road  
Oxford  
OX2 6SS

Web-site: [www.dragonschool.org](http://www.dragonschool.org)  
e-mail contact: [bursar@dragonschool.org](mailto:bursar@dragonschool.org)

The Headmaster is Dr C Hyde-Dunn.

The Company Secretary and Bursar is M R Johnson.

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**GOVERNORS' REPORT**

The Governors present their annual report and audited accounts for the year ended 31 August 2019 in compliance with current statutory requirements for companies and charities and the company's Memorandum and Articles of Association. This report, together with the three preceding pages, incorporates the information required for the directors' report under the Companies Act. Comparative figures in the accounts are for the year ended 31 August 2018.

**REFERENCE AND ADMINISTRATIVE INFORMATION**

Dragon School was founded in 1877. It was incorporated in 1953 as a company limited by guarantee and registered at Companies House, number 524331. It is registered with the Charity Commission under charity number 309676. The Governors, principal executive officers and advisers, together with contact details for the School, are given on pages i to iii.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing Document**

Dragon School is governed by its Memorandum and Articles of Association dating from 1953 and last amended in November 2008.

**Governing Body**

Dragon School is run by the Governors, who are listed on page i together with information on page ii about their tenure and committee membership.

**Recruitment and training of Governors**

New Governors are appointed at a meeting of the Board on the basis of recommendations made by the Nomination and Remuneration Committee. That Committee receives suggestions from Governors, school officers, advisers, and unsolicited requests. After an initial consideration of suitability on the basis of the existing Board's known skills and needs, and confirmation of interest and eligibility, a detailed review of suitability is carried out together with an interview before a recommendation is made to the Board.

New Governors receive a detailed induction led by the Bursar and Chair of Governors, which is accompanied by extensive documentation. Further information is provided as requested or on an ad-hoc basis, and general information about schools and charity administration provided through relevant publications. Further opportunities to attend appropriate seminars and training events are offered when they occur.

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**GOVERNORS' REPORT (continued)**

**Organisation and management**

The Governors, as the trustees of the Charity, are legally responsible for the overall management and control of the School. The Board of Governors meets at least once a term, receiving reports from committees which meet with similar frequency.

The day to day running of the School is delegated to the Headmaster and Bursar, supported by the Senior Leadership Team and staff. Generally the Headmaster and Bursar attend all Governors' and committee meetings except those of the Nominations and Remuneration Committee and when restricted business is discussed.

**Key Management**

The Head, the Bursar and the Senior Leadership Team, along with the Governors, are the key management personnel.

**Remuneration**

Remuneration is set by the Governing Body with the policy objective of ensuring appropriate incentives to encourage enhanced performance and in a fair and responsible manner, rewarding for individual contributions to the Company's success. The appropriateness and relevance of the School's remuneration is reviewed periodically, including reference to comparisons with other independent schools to ensure that the School remains sensitive to the broader issues of pay and employment conditions elsewhere. We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope to be rewarded for excellence. Delivery of the Company's charitable vision and purpose is primarily dependent on our key management personnel, and staff costs are the largest single element of our charitable expenditure.

**Group structure and relationships**

Dragon School has a wholly owned trading company, Dragon School Trading Limited (company number 1379919), which is used to generate income for the School through the hire of facilities, the sale of Dragon-related souvenirs and second hand clothing. All residual profits are paid to the Trust under gift aid.

Dragon School has a relationship with two other charities, 'The Lynam Educational Fund' (274993), whose objects include assistance with school fees in cases of need but which in addition has general charitable objects, and 'The Dragon Christmas Charity Sale' (1106073), which raises money for charities helping children and families. The School provides support in the form of staff time to these charities, but as the School does not control these charities, their activities and financial results are not included within these reports and accounts, except to the extent that they have donated to the School.

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During the financial year, the School continued to support the Blackbird Academy Trust ('the Academy'), which encompasses the Orchard Meadow, Pegasus and Windale Primary Schools in Oxford. This Academy is related to the School to the extent that Dragon Academy Holdings Ltd is a company limited by guarantee with members and directors CIM Jones, IM Caws and Mrs GH Wilson, two of whom are School Governors. The Blackbird Academy Trust has been in a period of transition since United Learning Trust assumed responsibility for the three Schools in September 2018. This does not mark an end to the Dragon's engagement with the Academy Schools, but does mark an end to its role in the formal governance structure. The Dragon remains engaged through outreach, shared events, teacher support to governing bodies, and parent volunteers.

The School actively supports the independent schools sector and in particular the furtherance of educational standards and the quality of pastoral care, through participation in and subscription to umbrella organisations such as IAPS, BSA and RNCF and through exam setting and curriculum review processes. The School also supports and maintains links with other local state schools and has developed links with a number of schools and charities overseas both through regular contacts and as opportunity and need arise.

The School, as it has done for a number of years, also continues to promote the use of its facilities (eg playing fields, astros, Lynam Hall, music school and IT) by schools and other charities and groups in the community particularly those involved in educational or child-related activities, letting others use its facilities at a discounted rate or, where appropriate for other charities, gratis.

## **CHARITABLE OBJECTS, AIMS AND OBJECTIVES**

### **Charitable objects**

Dragon School's charitable objects are set out in the Memorandum and Articles of Association. The primary object is to advance the education of the public by acquiring and carrying on any school or schools for the education of children and young adults and by ancillary or incidental educational activities and other associated activities for the benefit of the community. In pursuit of these objects the School operates the Dragon Prep School at Bardwell Road for boys and girls from 8 to 13 years old and the School's Pre-Prep, Dragon Pre-Prep, on a separate site. Dragon Pre-Prep takes boys and girls from the age of 4. Additionally the School manages a number of restricted funds in connection with the development of the School's facilities, and the provision of bursaries, prizes and other educational purposes.

In setting the School's objectives and planning its activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit as updated in September 2013.

The School's commitment to providing financial support to pupils whose parents could not otherwise afford to consider a Dragon education predates the 2006 Charities Act and subsequent

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guidance from the Charities Commission. The pursuit of wider access to the School is held to be of benefit to all Dragon pupils.

### **Aims**

The Dragon intends to provide a wide-ranging educational experience for all children, stretching all to the best of their respective abilities in academic, artistic, sporting, cultural and social activities. Although excellence is achieved by pupils in many fields, particularly academic, the School is most proud of its liberal ethos, the inclusivity of its educational provision and its pastoral care for all. In addition, the School aims to play a full and effective part in its local community.

### **Objectives for the year**

The Dragon's primary objective this year was to continue to provide the best possible education and care for each and every pupil, ensuring that those leaving for other schools achieve the places desired. In addition, the School has sought to widen access and increase its social impact.

### **Strategies used to achieve the year's objectives**

The School continues formal self-reviews of all areas of operation so as to improve methods and procedures, particularly of teaching and pastoral care, but additionally in the process of monitoring and assessing its own procedures. Specialist external reviews are also sought when deemed valuable. Special teaching was provided to leavers tailored to the schools of their choice and the pupils' abilities to ensure their applications were successful.

The school monitors several key performance indicators throughout the year to assess performance against objectives, including, but not limited to, monitoring success in reaching first choice school, average set size, number of extra-curricular music and drama lessons taken, academic and other awards achieved and results achieved at CE, including number of high performing results.

## **IN-YEAR ACHIEVEMENTS**

### **DragonQuest**

The School announced a most significant shift for the School and signposted a new vision for the Dragon in March 2019. DragonQuest (DQ) is a Saturday curriculum enrichment programme, to be launched in a carefully phased way in 2020 and 2021. As well as providing an innovative and expansive curriculum enrichment programme (optional for day pupils and obligatory for full boarders) which will be distinctive to the Dragon, the introduction of DQ widens boarding options to include flexible and weekly boarding in addition to full boarding.



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### **Catering**

The School outsourced its catering provision in January 2019, and is now supported by Holroyd Howe. This has resulted in a fresh, vibrant new approach to the School's catering and has enabled the catering provision at the Pre-Prep to be transformed.

### **POLICIES**

#### **Grant making**

The School is particularly sensitive about the costs associated with delivering first class education, and seeks to extend its facilities as far as possible to those who might not otherwise be able to afford them. In particular it continues to carry out specific fund-raising to enable means-tested bursaries to be awarded, in appropriate circumstances, which cover all or nearly all of the fees. Currently the School provides up to 25 bursary places at up to 100% grant under its '125th anniversary' scheme. Other awards are made with respect to short-term hardship arising from significant life-changes.

In general, grants are made from the bursaries, general and other specific funds to provide financial help with the fees or in the past have been made in recognition of academic potential and ability. Where significant financial help may be required, the Bursaries Committee considers all circumstances involved in a grant application, including where appropriate means testing and interviews and home visits, with a view to making grants as fairly and as effectively as possible. All grants are made subject to annual review.

#### **Risk management and key risks**

The Governors are responsible for the management of the risks faced by the Dragon. They review regularly a summary of the primary risks thought most likely to materialise or have the greatest effect, together with the action taken to mitigate those risks. They also undertake annually a formal review of the detailed table of identified risks from which the primary risks are extracted. The detailed table, which in turn represents the summary of a pyramidal structure of risk assessment and reporting carried out throughout the School and its operations, is scrutinised in greater detail by the General Purposes Committee and approved by the Board.

#### **Key risk and mitigating controls**

Mitigating against the risk of reduction in revenue, through maintaining strong pupil numbers across the Pre-Prep, and Prep boarding and day cohorts, is key to the long-term viability of the School. The School therefore places strong emphasis on academic excellence, supporting affordability, and preserving its reputation at the forefront of prep school education. The highest priority is placed on controls to mitigate risks associated with safeguarding and security; adhering to safe recruiting protocols and maintaining a rigorous programme of staff training is reinforced through strict policies and a climate of open communication. Fundraising is a key component of the School's development plan; coherent strategies for appeals and campaigns underpin the School's

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ability to invest in capital projects and the provision of bursaries. The fundraising priorities for the coming year are to support bursaries and the funding of the new music and performing arts school, which received planning permission in January 2018. Risks associated with The Dragon's borrowings of greater than 1-year are mitigated through appropriate hedging financial instruments. Considered financial planning, together with comprehensive management accounting, reporting and budgetary control, ensures the School maintains adequate reserves. Robust governance, strong policies, and effective communication (both internal and external) underpin the School's overall risk mitigation strategy.

### **Reserves**

The Governors review the restricted and designated reserves regularly. The specific objects of restricted funds are as follows:

- a) The Endowment fund represent amounts given with a restriction on the disbursement of the capital amount. The income is used for general purposes. The Trust's endowment fund derives from a small group of gifts in about 1997. The reserve stood at £3k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.
- b) The Endowed Bursaries fund provides fee support from income arising from donations whose capital expenditure has been restricted by the donors. Otherwise funds are administered as for other bursaries. The reserve stood at £394k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.
- c) The Knatchbull Memorial fund provides funding for travel and exploration activities of former pupils ('Old Dragons'). It has specific trustees who review the application of resources. The reserve stood at £66k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.
- d) The Bursaries funds are for the provision of fee support for pupils. The funds include donations for named bursaries; the costs of bursary support are deducted from these sums as appropriate. The funds are administered by the Bursaries Committee who review the application of resources. Additional fee concessions and support are provided from the general fund. The reserve stood at £979k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.
- e) The Development fund includes sums raised for specific purposes through the 'annual giving programme', other campaigns and unsolicited gifts. Some of these donations are restricted to specific projects, though most are not. In some cases general donations are received without even apparent restrictions with respect to the School's development programme, but the Trust infers a restriction in these cases on the principle that such donations probably originated from literature soliciting funds for such purpose. The balance carried forward on the fund represents unspent donations for specific purposes. The reserve stood at £263k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.

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- f) The 'Capital fund' was previously included within the generality of the 'Development fund' but, as it has grown significantly is now shown separately. This represents unspent donations raised for building projects – primarily the Music School. Amounts spent on the specific buildings are transferred from the Capital fund to the general fund in the year the expenditure is incurred. The reserve stood at £2,430k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.
- g) The Prepaid Fees fund represents income and expenditure with respect to amounts paid in advance for fees. Investments in government stocks and cash deposits are held against the future liabilities. The reserve stood at zero at the end of the year as the aim is for the assets to match the liabilities.

None of the restricted funds are limited by their objects as to the expenditure of capital except the Endowed Bursaries and Endowment funds. All surpluses together with borrowings, eg bank loans, are reinvested to improve the School's resources.

At the year end the School had unrestricted reserves in the General Fund of £26,759k, mainly represented by land and buildings, which have been financed by the School's accumulated surpluses and supplemented by bank borrowings. In the absence of free reserves, working capital and cash flow are monitored closely. The Governors' policy is to continue building up reserves out of operating surpluses, subject to the requirements for further capital expenditure. The School's working capital is considered to be sufficient to meet its liabilities as they fall due.

### **Investment**

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

Prepaid fees funds are invested at the School's discretion in cash deposits or Government stocks so as to match individual schemes' requirements.

Miscellaneous investments represent gifts received of sundry investments. These are held with a view to realising maximum capital value within the short-term foreseeable future and then sold.

### **Disabled applicants and staff**

The School makes inclusion a thread which runs through all its activities. In order to promote a working environment within which the School can call upon the widest possible range of knowledge, skill and experience, the School's policies facilitate the employment of disabled people and the provision where appropriate of training and career development. Were an employee to become disabled whilst in service, every effort would be made to retain them.

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### **Communication with staff**

Governors place considerable importance on informing all staff of financial and other matters that affect them, consulting with them where appropriate. The Headmaster and Bursar report the outcome of Governors' meetings to staff through the School's formal management structure. All other such matters are briefed to staff as they arise through regular staff meetings.

Staff are encouraged to discuss matters of concern within the staff meetings and any feedback is discussed with the Deputy Heads, Headmaster, Bursar and Governors as appropriate. This can then influence school policy in a number of areas.

## **STRATEGIC REPORT**

### **Operational performance – Academic and Pastoral**

The School provided education to its pupils in accordance with its stated aims and motto *arduus ad solem*. Demand for places continues to be high, in large part due to the recognised high standards achieved by the School. During the year the School had (on average) 816 pupils in total between the Prep school and Dragon Pre-Prep. Of the total pupils, 486 were boys and 330 were girls.

The School was inspected by the Independent Schools Inspectorate (ISI) in November 2014 and was graded Exceptional for the quality of the pupils' achievements and learning, and Excellent in each of the other eight aspects of the School's work (all judgements being the highest possible descriptors). The four aspects of the quality of the boarding education inspected were also all judged to be Excellent. More recently in April 2018, the School a Regulatory Compliance inspection by the ISI and was assessed as compliant in every respect. The full text of both inspection reports can be found here:

<https://www.isi.net/reports/?name=Dragon%20School>

In other respects, too, this has been another very successful Dragon year. There have been around 750 music lessons taking place each week which shows a cross-section across all the orchestral instruments due to dynamic and engaging teaching of new instrumental staff.

316 children were entered for exams across 4 different examining boards with 48 taking Grade 5 or above. Musical outreach initiatives with a number of local primary schools and other local schools have included Dragon Phil Percussion Day (in association with Oxford Philharmonic) and a Y3 Singing Day hosted by the Dragon, promoting a shared experience of music making for all. The Dragon's music outreach has included taking a Gamelan Orchestra into local schools to enable Dragon pupils and other primary pupils to participate together. Dragon ensembles and choirs

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performed locally and on tour to great acclaim, most recently in venues such as Disneyland Paris, Christchurch Cathedral and St John's Art Centre.

Similarly, major school drama productions and a wide range of informal performances were again supported by almost 153 pupils having weekly LAMDA lessons. Over 94% of pupils taking formal exams achieved Distinction or Merit, five pupils achieved Drama Scholarships to their Senior Schools.

In Games, too, the School's vision of making sport accessible to everyone was embraced enthusiastically by Dragons themselves with every child having the chance to represent the School in each major termly sport. There are a variety of other sports available for the children to participate in all year round with a breadth of activities on offer through our clubs programme in addition to the curriculum sport.

On any one match day there can be over 30 different teams representing the School, with our more senior sides playing competitive matches on arguably the most competitive Prep-School circuit around. Furthermore, a number of Dragons earn representative honours at district, county and regional level in an increasing number of sports, realising the School's twin aims of promoting both participation and excellence.

Our A Block pupils achieved 71% A&B Grades at Common Entrance - an improvement on last year; additionally, D&E Grades fell to below 4% for the first time. Our leavers gained 46 awards to their senior schools, including 16 academic Scholarships or Exhibitions. We have introduced Dragon 'Learning Habits' of Diligence, Resilience, Ambition, Collaboration and Organisation - spelling out the word 'draco', the Latin word for 'dragon'! We have a new, more consistent, marking scheme, as well as improved tracking of pupil work completion and learning. Finally, we have introduced standardised testing for pupil spelling and reading each term, as well as targeted spelling and reading interventions for our children who need literacy support.

The School's Social and Environmental Impact programme, is guided, under instructive facilitation, by the pupils themselves. Each pupil can cast a vote for the charitable sectors the School will support. Both veins of thinking are increasingly blended into normal curriculum subjects, as well as functioning as specific projects in the Activities and Clubs programmes. Each year group organises one major charity event, or challenge, each year with all pupils in the year group engaged. These included A Block pupils (12-13 year olds) being invited to lead their own specific fundraising challenge and B block pupils (11-12 year olds) being given £5 to turn into fundraising projects. Pupils are invited to participate in fundraising for, and the distribution of funds raised by, the Dragon Sale, which is the largest annual Dragon Community fundraising event.

Following the purchase of the Bardwell Road freehold, the School continues to take important steps to improve its infrastructure. Its main capital expenditure during the year was on updating the catering facilities at the Pre-Prep and on IT development.

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**Operational performance – Fundraising**

In 2019, the charity undertook fundraising activity to its supporters via direct mail, fundraising events and email in line with the Fundraising Code of Practice set by Fundraising Regulator.

When you support you can be sure of the following:

- We will never sell your contact details to anyone;
- We will only contact you if you have expressed an interest in our work;
- If we phone you, we will always check you are happy to take the call;
- If you ask us to change how we communicate with you, or stop, we will respect that;
- We do not engage in cold-calling, door to door or street fundraising;
- We try hard to ensure no one ever feels pressurised to support our work;
- We are registered with the Fundraising Regulator and adhere to the Fundraising Code of Practice;
- All our activities are open, fair, honest and legal.

The charity did not work with any fundraising partners in the academic year 2019.

The charity is registered with the Fundraising Regulator and adheres to the standards of the Fundraising Code of Practice. We did not receive any complaints about fundraising in 2018.

**Operational performance – Key Performance Indicators**

- 99% of leaving children passed to their school of choice.
- 71% of Common Entrance papers were graded A or B.
- 46 academic, music, art, sporting and all round awards were made to Dragon pupils by their secondary schools.
- Fee income was £18,419k
- Donations and legacies were £588k
- Staff costs were £10,349k

**Operational performance – Widening Access and Social Impact**

a) Bursaries and other grants:

Bursaries are at the heart of the Dragon's public benefit provision. Following wide advertisement, the initial target of 25 bursary awards across the School set nine years ago was reached at the start of the 2008/9 academic year and up to a maximum of five new grants per year have been awarded since. Bursary awards (day and boarding) were on average just under 90% of the fees at a cost to the School this year of £372k; a range of other grants including staff, hardship and scholarship totalling a further £583k were awarded between 59 other pupils.

b) Social Impact:

The School believes that as an institution it should give strong support to the wider community. Of equal importance is the conviction that gaining a proper understanding of their social and

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environmental responsibilities must be a cornerstone of the education of each of its pupils. The School is committed to involving all pupils in such projects.

c) **Educational:**

The on-going collaboration with the Blackbird Academy Trust provided fruitful interaction in both directions. The Latin in the Community initiative, whereby Dragon teachers and pupils assist teachers and children from other non-fee-paying schools without this expertise, continues to flourish; surplus equipment is donated to other schools or charities; some members of Dragon staff act as governors on local and IEB boards; other links and ideas are built into the curriculum through visits, demonstrations, lectures and debates.

d) **Music, Sport and Arts:**

Dragon musicians have played and sung in public at a variety of charities. International visitors have provided sporting as well as musical interaction. In addition, a range of local schools, charities and local groups and clubs continue to use the School's facilities when available. The provision of facilities for these purposes is valued at an approximate £22k (at the normal discounted rates for charitable use).

e) **Community:**

During the year the staff and its pupils raised just under £25k for other charities through entrepreneurial activity, cake sales, Red Nose Day, play collections, and similar events, most pupil led. In addition the Dragon Christmas Charity Sale distributed a further £95k for various charities from proceeds of the sale held at the end of the Christmas term on the School's premises, run by the parents with the assistance of pupils and staff.

**Operational performance – Fundraising**

The School raised £588k to further its activities this year. The broad fundraising strategy remains to reach out to the whole Dragon community including Old Dragons, current and past parents focusing on meeting two core needs: the maintenance of bursary funds and supporting the School's capital plans. Successful events were held which promoted the Dragon's vision and needs to all these groups.

The School is also the grateful recipient of grants from the Lynam Educational Fund with which it can provide help with fees to parents whose circumstances unexpectedly change, providing continuity of environment and education for children in a period when their home lives may be radically upset and also towards the School's bursaries.

**Operational performance – Financial**

The Trust's accounts reflect its general success as a school; this underpins the School's ability to service the bank loan which financed the purchase of the freehold.

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Any operating surplus generated by the School is invested in the major capital projects needed to keep the School at the forefront of preparatory education, and in the provision of subsidised education for children otherwise unable to attend such a school. Inevitably, the demand for capital investment continues to exceed available resources and in setting the fees the Governors have to balance accessibility and fairness to current parents with the investment requirements of a leading school. The School is increasingly reliant on fund raising for capital projects.

As pupil numbers are relatively static, fee income is similarly consistent. During the year £18,419k was generated from fees, 95% of its total income of £19,319k.

Other significant elements of income are donations and legacies of £588k and 'Trading income' of £201k.

The greatest part of the Trust's expenditure is on staff costs which at £10,349k represent 61% of expenditure; and of these staff costs, most (£7,720k – 75%) are spent on teaching, with an additional £1,357k (13%) on welfare and pastoral functions.

Finance costs are significant at £684k (4% of total expenditure) payable, mostly as interest on the School's bank loan. Other non-staff costs include direct expenditure on teaching (£1,213k, 7% of total expenditure), premises (£1,183k, 7%) and welfare (£1,833k, 11%). Virtually all these costs, staff, finance and other, which are necessary for the charity to meet its objects, represent semi-fixed overheads.

The School spent £102k on fixed assets. The latter are mainly represented by improvements to the catering facilities at the Pre-Prep site and a range of ICT upgrades. Numerous smaller equipment purchases, some funded by donation, have been made throughout the teaching and boarding areas.

The Trust's balance sheet is dominated by the net book value of its freeholds £41,519k, including, in particular, the main site purchased in January 2007 for £29,733k. In order to finance this purchase, a loan was obtained and this forms the largest part of the liabilities, with the outstanding creditor standing at £12,345k. The Trust holds an interest rate swap derivative to hedge against this long term loan and the fair value of this swap was a liability of £2,217k at the end of the year. The current assets are comprised primarily of cash at £7,509k which offset the creditors due within one year of £4,763k which are chiefly comprised of deposits, amounts owed on the property loan and fees received in advance relating to pupils.

### **Future plans**

The School reviews its strategic framework regularly, and a major review and overhaul is underway. The current framework consists of two key documents: guiding principles and the strategy setting out the major strands of development out to 2020. The key objectives representing the main pillars of School development that were set out in the strategy, as updated for recent developments, are:



**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GOVERNORS' REPORT (continued)**

**Academic Development:**

- Maintain a leading position and reputation for innovative and exciting teaching and learning.
- Maximise all children's learning potential by improving thinking skills and proving "value-added".
- Embrace new technologies for children's immediate and future educational benefit.
- Achieve more efficient use of teachers' time and resources.
- Assist the Blackbird Academy to raise aspirations of children in its schools.
- Contribute to the Academy's Improvement Plan.
- Contribute academic and pedagogic resources to the wider community.

**Pastoral Development:**

- Create structures within the School that assist children, staff and parents to develop clear identities.
- Maximise all opportunities in the School to help provide children with the social skills to develop positive relationships with others.
- Ensure that parents are fully involved in the School's pastoral and welfare initiatives.
- Develop training at all levels to help children, staff and parents develop strategies for understanding and promoting good pastoral care.

**ICT Development:**

- Provide staff with a more effective and efficient teaching platform at School and at home.
- Enable the School to better deploy and utilise staff effort.
- Allow all members of the School to benefit from ICT resources.
- Create a climate of curiosity and creativity.
- Facilitate academic and non-academic administrative efficiency.

**Social Impact and Public Benefit:**

- Widen access further by increasing the existing bursary scheme.
- Establish the School as a recognised leader for pupil-led social benefit initiatives.
- Develop the existing initiatives with local schools.
- Reflect sustainable development through policy and practice at all levels.

**Facilities Development:**

- Build a new Music School to service the growing musical needs and aspirations of the Dragon community.
- Provide accommodation to allow the School to recruit and retain the best possible staff.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GOVERNORS' REPORT (continued)**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES**

The Governors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Governors 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 Governors 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 Trust and its subsidiary ('the group'), and of the result of the group for that year.

In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust and subsidiary's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and subsidiary 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Governors is aware at the time the report is approved:

- there is no relevant audit information of which the group's auditors are unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Governors are grateful for the tremendous parental support for the School in achieving all that it does. It is the commitment of parents, the leadership of the Headmaster, the effort put into caring for the pupils by the staff, and the energy of those pupils, and the dedicated work of the support staff in all their fields of expertise, which make the School what it is today and enables it to face the future with confidence.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GOVERNORS' REPORT (continued)**

This Governors' Report, which incorporates the Strategic Report, was approved by the Governors and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Andrew Webb', with a long horizontal flourish extending to the right.

Andrew Webb, Chairman

7 MARCH 2020

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**DRAGON SCHOOL TRUST LIMITED**

## **Opinion**

We have audited the financial statements of Dragon School Trust Limited for the year ended 31 August 2019 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 August 2019 and of its movement in funds 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 the financial statements section of our report. We are independent of the group and 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.

## **Respective responsibilities of governors for the financial statements**

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the group's and 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 governors either intend to liquidate the Group or the Charitable Company or to cease operations, or have no realistic alternative but to do so.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**  
**DRAGON SCHOOL TRUST LIMITED**

**(continued)**

**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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Other information**

The governors are responsible for the other information. The other information comprises the information included in the Governors' Annual Report. 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 Governors' Annual report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Annual Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

**DRAGON SCHOOL TRUST LIMITED  
ANNUAL REPORT AND ACCOUNTS 2019:  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
DRAGON SCHOOL TRUST LIMITED**

(continued)

**Matters on which we are required to report by exception**

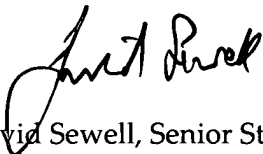
In the light of the knowledge and understanding of the group and charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Annual Report (which incorporates the strategic report and the directors' report).

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 Governors' remuneration specified by law are not made; or  
we have not received all the information and explanations we require for our audit

**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 charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.



David Sewell, Senior Statutory Auditor,  
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London EC4R 1AG

  
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**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GROUP STATEMENT OF FINANCIAL ACTIVITIES**

	Note	Unrestricted funds	Restricted funds	Endowed funds	Total funds 2019	Total funds 2018
		£'000	£'000	£'000	£'000	£'000
INCOME FROM:						
Charitable activities						
School fees	2.	18,419	-	-	18,419	17,623
Other educational	3.	34	-	-	34	92
Other ancillary trading	4.	18	-	-	18	177
Other trading activities						
Non-ancillary trading		201	-	-	201	121
Investments						
Investment income	5.	8	6	-	14	16
Bank and other interest	6.	45	-	-	45	24
Voluntary sources						
Donations and legacies	7.	-	588	-	588	1,007
Total income		18,725	594	-	19,319	19,060
EXPENDITURE ON:						
Raising funds						
Fundraising for voluntary resources		169	-	-	169	135
Trading		118	-	-	118	101
Other		54	-	-	54	6
Total costs of raising funds		341	-	-	341	242
Charitable activities						
Schools and grantmaking		15,593	278	-	15,871	15,848
Schools - financing costs	9.	684	-	-	684	750
Total costs of charitable activities		16,277	278	-	16,555	16,598
Total expenditure	8.	16,618	278	-	16,896	16,840
NET INCOME BEFORE INVESTMENT AND FAIR VALUE GAINS AND TRANSFERS						
Investment gains (losses)		2,107	316	-	2,423	2,220
Fair Value gains (losses)	18c.	(3)	(9)	-	(12)	32
Transfers between funds	26.	96	-	-	96	862
		-	-	-	-	-
NET INCOME/MOVEMENT IN FUNDS		2,200	307	-	2,507	3,114
Fund balances at 1 September 2018		24,580	3,431	397	28,408	25,294
FUND BALANCES AT 31 AUGUST 2019		26,780	3,738	397	30,915	28,408

All activities are continuing.

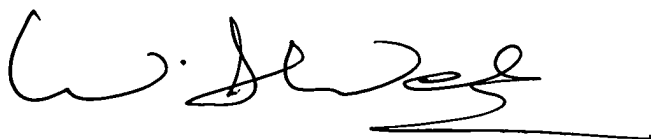
The notes on pages 7 to 24 form part of these accounts. In particular, notes 26 to 28 provide additional detail about specific funds.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GOVERNORS' REPORT**

	Note	Group		Charity	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12.	42,129	42,648	42,129	42,648
Investments	29.	-	-	-	-
		<u>42,129</u>	<u>42,648</u>	<u>42,129</u>	<u>42,648</u>
Current assets					
Stock	13.	9	22	6	19
Debtors	14.	1,156	1,265	1,070	1,206
Investments	15.	296	309	296	309
Cash at bank and in hand	16.	7,509	5,775	7,509	5,775
		<u>8,970</u>	<u>7,371</u>	<u>8,881</u>	<u>7,309</u>
Creditors: due within one year	17.	<u>(4,764)</u>	<u>(4,520)</u>	<u>(4,696)</u>	<u>(4,470)</u>
Net current assets		<u>4,206</u>	<u>2,851</u>	<u>4,185</u>	<u>2,839</u>
Total assets less current liabilities		46,335	45,499	46,314	45,487
Creditors: due in more than one year	18.	<u>(15,420)</u>	<u>(17,091)</u>	<u>(15,420)</u>	<u>(17,091)</u>
Total net assets	27.	<u>30,915</u>	<u>28,408</u>	<u>30,894</u>	<u>28,396</u>
Endowment funds		397	397	397	397
Restricted funds		3,738	3,431	3,738	3,431
Unrestricted funds		26,780	24,580	26,759	24,568
Fund balances	26.	<u>30,915</u>	<u>28,408</u>	<u>30,894</u>	<u>28,396</u>

The notes on pages 7 to 24 form part of these accounts.

The financial statements were approved and authorised for issue by the Board of Governors on **7 MARCH** 2020 and were signed below on its behalf by



Andrew Webb, Chairman

**7 MARCH** 2020



**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**GROUP STATEMENT OF CASH FLOWS**

	Note	2019		2018	
		£'000	£'000	£'000	£'000
Net cash inflow from operations	(a).		3,832		2,971
Cash flows from investing activities					
Acquisition of investments		-		(38)	
Proceeds from sale of investments		-		114	
Interest paid		(684)		(750)	
Interest received		45		24	
Investment income receipts		14		16	
Payments for tangible fixed assets		(102)		(289)	
Net cash used in investing activities			(727)		(923)
Cash flows from financing activities					
Receipts from prepaid fees scheme		495		262	
Payments from prepaid fees scheme		(445)		(439)	
Loan repayments		(1,421)		(1,364)	
Net cash used in financing activities			(1,371)		(1,541)
Change in cash and cash equivalents in the reporting period			1,734		507
Cash and cash equivalents at the beginning of the reporting period			5,775		5,268
Cash and cash equivalents at the end of the reporting period			7,509		5,775

Charity law requires separate administration of the cashflows of endowed and other restricted funds of the Trust. This constraint has not adversely affected group cashflows as stated above.

a) Reconciliation of net income to cash	2019	2018
flow from operating activities	£'000	£'000
Net income	2,507	3,114
Investment losses/(gains)	12	(32)
Fair value (gains)	(97)	(862)
Interest payable	684	750
Interest receivable	(45)	(24)
Investment income	(14)	(16)
Depreciation charges	621	657
Decrease/(Increase) in stocks	13	5
Decrease/(Increase) in debtors	109	(543)
Increase/(Decrease) in creditors	42	(78)
Net cash inflow from operating activities	3,832	2,971

The notes on pages 7 to 24 form part of these accounts.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**NOTES**

**1. ACCOUNTING POLICIES**

**a) General information**

The School is a Public Benefit Entity, registered as a charity (charity number: 309676) and company limited by guarantee (company number: 524331). The School's registered office address is: Dragon School, Bardwell Road, Oxford, OX2 6SS.

**b) Basis of accounting**

The accounts are prepared under the historical cost convention as modified by the revaluation of listed investments, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 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 (FRS 102) - effective 1 January 2015.

Having reviewed the funding facilities available to the School together with the expected ongoing demand for places and the School's future projected cash flows, the Governors have a reasonable expectation that the School has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The functional currency of the School is considered to be GBP because that is the currency of the primary economic environment in which the School operates.

**c) 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, which are summarised in note 29. As the subsidiary pays 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 the ultimate controllers of the group.

**d) Critical accounting judgements and estimates and key sources of estimation uncertainty**

In the application of these accounting policies, the Governors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects current and future periods. The Governors consider the following item to be an area subject to estimation and judgement:

**Depreciation:**

The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. Although tangible fixed assets are significant, variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically, no changes have been required.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**NOTES**

**1. ACCOUNTING POLICIES (continued)**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Group's accounts.

**e) Income – fees and similar income**

Income is recognised, in general, only with respect to the period of account and are stated after deducting bursaries, scholarships and other remissions allowed by the School. Fees paid with respect to future terms are carried forward as liabilities; and donations of any sort are included only when resources are irrevocably transferred. School fees include extras. Other Educational Income primarily consists of registration fees and income from the hiring out of some of the school's facilities at certain times during the year. Income from such sources is recognised over the period in which the relevant service is delivered.

**f) Income – donations**

Donations are accounted for as and when entitlement arises, the amount can be reliably quantified and the economic benefit to the School is considered probable. Donations received for the general purposes of the School are credited to Unrestricted Funds. Donations subject to specific wishes of the donors are credited to the relevant Restricted Funds or Endowment Funds.

**g) Income – investments**

Interest is included on an accruals basis. Dividends from investment funds are included as receivable on the due dates.

**h) Expenditure**

With respect to resources expended running the school, 'property' includes costs of maintaining the buildings used for educational purposes, while 'welfare' include boarding and catering costs; 'support' represents other costs of servicing the direct teaching function, including governance costs. Irrecoverable VAT is included with the item of expense to which it relates in all cases. Overheads and other costs not directly attributable to a functional activity are apportioned on the basis of management estimates consistently applied.

**i) Fund accounting**

The School has three types of funds

- Restricted - where the purpose for which the funds may be used has been restricted by donors;
- Endowment - where the capital is held in perpetuity to generate distributable income; and
- Unrestricted - where the fund is not restricted as to use other than in furthering the objects of the School. These include Designated Funds, where the funds are unrestricted but the Governors have designated them for a specific purpose.

**j) Tangible fixed assets**

Land and buildings are shown at original cost. 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. Equipment costing over £1k is capitalised.

Depreciation is provided on all assets other than freehold land. Freehold buildings are amortised on a straight line basis, taking into account their estimated residual value, which in the case of education-specific buildings is considered negligible but in the case of residential property is expected to approximate their original costs. Leasehold land and buildings are amortised over the period of the lease. With respect to other assets depreciation is provided at straight line on cost.

The estimated lifetimes of various types of assets in use are:

Freehold buildings	50 years
Other	3-10 years

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**NOTES**

**1. ACCOUNTING POLICIES (continued)**

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

**k) Operating lease rentals**

Rentals paid under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

**l) Investments**

Investments are a form of basic financial instrument and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the Statement of Financial Activities.

Gains and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Realised gains and losses are calculated as the difference between sale proceeds and opening carrying value or the purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value of investments at the year-end and their carrying value. Realised and unrealised investment gains and losses are allocated to the appropriate Fund according to the "ownership" of the underlying assets. Investment subsidiaries are valued at cost less provision for impairment.

**m) Stock**

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

**n) Debtors**

Trade and other debtors are recognised at the settlement amount due for the provision of services delivered. Prepayments are recognised at the amount prepaid or the amount paid in advance.

**o) Cash at bank and in hand**

Cash at bank and in hand includes cash and deposits with a short term maturity of six months or less from the date of opening the deposit account.

**p) Creditors**

Creditors are recognised where the School has a present obligation arising from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably. Amounts are recognised at their settlement amount.

**q) Property creditor**

The long-term property creditor has been discounted to net present value using the Trust's fixed bank borrowing rate. Interest is charged to income and expenditure account at this rate and added to the outstanding credit balance until the date of repayment.

**r) Financial instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

**DRAGON SCHOOL TRUST LIMITED**  
**ANNUAL REPORT AND ACCOUNTS 2019:**  
**NOTES**

**1. ACCOUNTING POLICIES (continued)**

Financial assets / liabilities held at fair value through the profit or loss comprise derivatives. Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the SoFA as a fair value movement. The School does not currently apply hedge accounting for interest rate swap derivatives.

**s) 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.

<b>2. CHARITABLE ACTIVITIES - SCHOOL FEES</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
School fees and extras	19,202	18,450
<i>less</i> scholarships, bursaries and grants	(965)	(983)
	<u>18,237</u>	<u>17,467</u>
Bursaries paid from restricted funds	182	156
	<u>18,419</u>	<u>17,623</u>
<b>3. CHARITABLE ACTIVITIES – OTHER EDUCATIONAL</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Courses, conference, lectures	-	49
Registration fees	34	43
	<u>34</u>	<u>92</u>
<b>4. CHARITABLE ACTIVITIES – ANCILLARY TRADING</b>	<b>2019</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Commission and similar income	18	3
Other	-	174
	<u>18</u>	<u>177</u>
<b>5. INVESTMENT INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Listed and other investments	14	16
	<u>14</u>	<u>16</u>
<b>6. BANK AND OTHER INTEREST</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	38	24
Other	7	-
	<u>45</u>	<u>24</u>

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7. DONATIONS AND LEGACIES	2019 £'000	2018 £'000
Legacies	-	250
Donations for:		
Bursaries	262	223
Other	326	534
	<u>588</u>	<u>1,007</u>

**8a. ANALYSIS OF TOTAL EXPENDITURE**

	Staff costs £'000	Depr'n £'000	Other £'000	2019 Total £'000
Cost of raising funds				
Fundraising for voluntary resources	107	-	62	169
Trading costs	-	-	118	118
Other costs	-	-	54	54
Total cost of raising funds	<u>107</u>	<u>-</u>	<u>234</u>	<u>341</u>
Charitable activities				
Schools and grantmaking				
Teaching	7,720	41	1,213	8,974
Welfare	1,357	72	1,833	3,262
Premises	281	377	1,183	1,841
Support costs of schooling (including governance – note 8c)	884	132	404	1,420
Grants, awards and prizes (note 8b)	-	-	374	374
	<u>10,242</u>	<u>622</u>	<u>5,007</u>	<u>15,871</u>
Schools - financing costs (note 9)	-	-	684	684
Total costs of charitable activities	<u>10,242</u>	<u>622</u>	<u>5,691</u>	<u>16,555</u>
Total expenditure	<u>10,349</u>	<u>622</u>	<u>5,925</u>	<u>16,896</u>

No allocation has been made of senior management time spent on governance matters as such time is additional to full time roles providing support to the School's teaching. Staff costs are further detailed in note 10.

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**8a. ANALYSIS OF TOTAL EXPENDITURE (cont'd)**

Prior year comparative information

	Staff costs £'000	Depr'n £'000	Other £'000	2018 Total £'000
Cost of raising funds				
Fundraising for voluntary resources	95	-	40	135
Trading costs	69	-	32	101
Other costs	-	-	6	6
Total cost of raising funds	164	-	78	242
Charitable activities				
Schools and grantmaking				
Teaching	7,853	68	1,279	9,200
Welfare	1,735	74	1,077	2,886
Premises	267	382	1,355	2,004
Support costs of schooling (including governance – note 8c)	943	133	526	1,602
Grants, awards and prizes (note 8b)	-	-	156	156
	10,798	657	4,393	15,848
Schools - financing costs (note 9)	-	-	750	750
Total costs of charitable activities	10,798	657	5,143	16,598
Total expenditure	10,962	657	5,221	16,840

**8b. GRANTS, AWARDS AND PRIZES**

	2019 £'000	2018 £'000
From Restricted Funds:		
Bursaries and other grants and awards	181	156
	181	156

**8c. GOVERNANCE COSTS**

	2019 £'000	2018 £'000
Auditors' remuneration – audit	23	17
Auditors' remuneration – non-audit	7	6
Reimbursement of expenses to Governors	2	3
Other governance costs	35	21
	67	47

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9. FINANCING COSTS	2019 £'000	2018 £'000
Interest payable is due on:		
Bank loans and overdrafts	675	739
Discounts allowed on prepaid fees	9	11
	<u>684</u>	<u>750</u>

Financing costs are included in costs of charitable activities as part of the operation of the School.

10. EMPLOYEES	2019 £'000	2018 £'000
Staff costs:		
Wages and salaries	8,510	9,011
National Insurance	805	855
Pension costs	1,015	1,082
Severance pay	19	14
	<u>10,349</u>	<u>10,962</u>
Severance pay consisted of negotiated exit payments		
The numbers of employees whose remuneration was over £60k fell into the following bands:	No.	No.
£60 - £70k	7	4
£70 - £80k	5	5
£80 - £90k	1	-
£100-£110k	2	2
£110-£120k	1	-
These higher paid staff had a mix of defined contribution and defined benefit pension schemes, total cost:	£'000 <u>152</u>	£'000 <u>121</u>
Total pension costs were made up of:	£'000	£'000
TPA pension contributions	837	869
Defined contribution schemes	<u>176</u>	<u>213</u>
	1,013	1,082

The total employment costs of key management personnel, who are considered to consist of the Head, the Bursar, the Governors and the Senior Leadership Team during the year was £844k (2018: £702k).

The Governors did not receive any remuneration. The accounts do not estimate the value of their time and expertise in governance and support roles, though this is considerable. Five Governors received travel expenses totalling £1,698 (2018: five for travel totalling £2,427).



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**10. EMPLOYEES (continued)**

The average number of employees, based on head count, excluding Governors, was:	2019 No.	2018 No.
Teaching	197	218
Pensioners	7	7
Support staff	119	129
Development	3	5
	<u>326</u>	<u>359</u>

**11. 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 for the payment of profits to the parent company as a charge. The Trust suffers irrecoverable VAT on all purchases other than those made by its subsidiary trading company. Irrecoverable VAT paid to Customs and Excise totalled approximately £577k (2018: £539k) during the year.

**12. TANGIBLE FIXED ASSETS (group and parent company) for own use:**

	Freehold property £'000	Motor vehicles £'000	Other £'000	TOTAL £'000
<b>Cost</b>				
at 1 September 2018	48,068	197	5,261	53,526
additions	-	-	102	102
disposals	-	-	-	-
at 31 August 2019	<u>48,068</u>	<u>197</u>	<u>5,363</u>	<u>53,628</u>
<b>Depreciation</b>				
at 1 September 2018	6,225	151	4,502	10,878
charge	324	14	283	621
released	-	-	-	-
at 31 August 2019	<u>6,549</u>	<u>165</u>	<u>4,785</u>	<u>11,499</u>
<b>Net book value</b>				
at 1 September 2018	<u>41,843</u>	<u>46</u>	<u>759</u>	<u>42,648</u>
at 31 August 2019	<u>41,519</u>	<u>32</u>	<u>578</u>	<u>42,129</u>

The rebuild cost of properties included in freehold was approximately £55,380k at the most recent insurance review (September 2019), though this does not include the value of the land itself. Governors are of the opinion that the current market value of freeholds is considerable in excess of the historical cost shown. With respect to other assets (fixtures, fittings and equipment), these are insured for £6,404k. These values are cited merely for comparison with the historical cost figures shown above. The School does not own any heritage assets.

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.

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**13. STOCKS**

	Group		Parent company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Goods for resale	3	3	-	-
Consumables	6	19	6	19
	<u>9</u>	<u>22</u>	<u>6</u>	<u>19</u>

**14. DEBTORS**

	Group		Parent company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	599	593	509	474
Amount owed by subsidiary	-	-	4	62
Loans	2	2	2	2
Prepayments	255	201	255	201
Accrued income	300	469	300	467
	<u>1,156</u>	<u>1,265</u>	<u>1,070</u>	<u>1,206</u>

**15. INVESTMENTS HELD AS CURRENT ASSETS**

	Group and parent company	
	2019	2018
	£'000	£'000
Investments are shown at market value:		
Other U.K. listed investments	296	309
	<u>296</u>	<u>309</u>
Historical cost:	173	173
Value of investments:		
brought forward	309	353
disposals at value brought forward	-	(96)
acquired	-	38
change in unrealised values	(13)	14
carried forward	<u>296</u>	<u>309</u>

Included in the above are M&G Charifund units at £209k, Cazenove Charity Fund £43k and £25k holdings of listed stocks each representing more than 5% of the total investments held.

**16. CASH AT BANK AND IN HAND**

	Group		Parent company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash on deposit	7,506	5,773	7,506	5,773
Current bank accounts and petty cash	3	2	3	2
	<u>7,509</u>	<u>5,775</u>	<u>7,509</u>	<u>5,775</u>

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**17. CREDITORS: DUE WITHIN ONE YEAR**

	Group		Parent company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loans and overdrafts	1,458	1,369	1,458	1,367
Trade creditors	347	206	319	179
Taxation and social security	372	369	341	353
Amount owed to subsidiary	-	-	-	-
Accruals	374	647	365	642
Deferred income				
- fees received in advance	1,368	1,280	1,368	1,280
- deposits held	452	407	452	407
- prepaid fees scheme	393	242	393	242
Due under finance leases	-	-	-	-
	<b>4,764</b>	<b>4,520</b>	<b>4,696</b>	<b>4,470</b>

**18a. CREDITORS: DUE IN IN MORE THAN ONE YEAR**

	Group and parent company	
	2019 £'000	2018 £'000
Bank loans	10,887	12,399
Deferred income: prepaid fees	399	491
Deposits held	1,917	1,887
Interest rate swap derivative	2,217	2,314
	<b>15,420</b>	<b>17,091</b>

**18b. ANALYSIS OF LONG TERM CREDITORS**

Long term creditors are due in less than five years except as follows:

**Bank loans:**

    due within one year  
    due between two and five years  
    due in more than five years

1,458	1,367
6,670	6,323
4,187	6,076
<b>12,315</b>	<b>13,766</b>

**Deferred income - prepaid fees**

    due within one year  
    due between two and five years

19.

393	242
399	491
<b>792</b>	<b>733</b>

**Deposits held:**

    due within one year  
    due between two and five years  
    due in more than five years

452	407
1,520	1,390
397	497
<b>2,369</b>	<b>2,294</b>

**Interest rate swap derivative**

    due in more than five years

2,217	2,314
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**18c. LONG TERM CREDITORS: EXPLANATORY NOTES**

£21,000k was borrowed from Coutts & Co to fund the first payment for the freehold of the School's site on 31 January 2007, with the option to draw down a further amount by January 2014 so as to pay the deferred balance due for the purchase of the School's freehold, due by the end of that month. This option was exercised during the 2014 year, a further £6,000k being borrowed from the bank.

This loan is repayable by fixed instalments totalling £2,121k per annum (which amount anticipated the additional draw down). A hedging facility was simultaneously arranged so that in effect interest is fixed at 5.615%. The loan is secured by a fixed and floating charge on the whole of the Trust's property, together with additional specific charges over several freehold properties. The loan outstanding at the year-end (£12,345k) represents less than half of the value of properties used for security.

The Interest Rate Swap Derivative is the mark to market valuation adjustment on the fixed rate hedging facility mentioned above.

**19. PREPAID FEES ACCOUNT**

	Group and parent company	
	2019 £'000	2018 £'000
Balance at 01 September 2017	733	899
New contracts	495	262
Amounts accrued to contracts as debt-financing costs	9	11
Amounts used in payment of fees – to the School	(445)	(439)
Balance at 31 August 2018	792	733

**20. FINANCIAL INSTRUMENTS**

	Group		Parent company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial assets measured at amortised cost (a)	1,064	1,064	1,005	1,005
Total financial assets	1,064	1,064	1,005	1,005
Financial liabilities measured at fair value (b)	(2,314)	(2,314)	(2,314)	(2,314)
Financial liabilities measured at amortised cost (c)	(14,621)	(14,621)	(14,587)	(14,587)
Total financial liabilities	(16,935)	(16,935)	(16,901)	(16,901)

(a) Financial assets include trade and fee debtors, staff loans, other debtors, accrued income and amounts due from subsidiaries.

(b) Financial liabilities held at fair value include an interest rate swap in place against the property loan. Details of the swap and the associated borrowing are given in note 18c.

(c) Financial liabilities include bank loans, trade creditors, other creditor, accruals, finance lease creditors and amounts due to subsidiaries.

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**21. PENSIONS**

The majority of the staff participate in one of two pension schemes: the Teachers' Pension Scheme (TPS) run by the Teachers' Pension Agency specifically for teaching staff, and a defined contribution scheme for other staff, formerly with Aviva and from March 2013 with Scottish Widows.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). 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 by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

The school operates a defined contribution scheme with Scottish Widows. The assets of the scheme are held separately from the Trust in an independently administered fund. The employer contributes up to 12% corresponding to employees' chosen contribution rates.

Included within salary costs are payments to certain former staff members or their spouses whose pension provision prior to the School adopting the Teachers' Pension Scheme was inadequate during their

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employment. The total amount paid was £22k (2018: £22k). The Trust is under no legal obligation to continue with these payments and accordingly the accounts do not include any estimate, actuarial or otherwise, of a possible total future commitment.

**22. RELATED PARTIES**

Two of the Governors had children at the School during the year, for which they are charged normal fees and extras as agreed in the standard parent-school contract.

In addition to assisting the school in raising funds, Governors themselves make charitable donations to the school from time to time, but there is no requirement to do so. The total charitable contributions in the year from Governors was £61k (2018: £577k).

**23. CAPITAL COMMITMENTS**

The School had no capital commitments (2018: *none*) with respect to building contracts in progress at the year-end. There were no amounts committed but not yet contracted.

**24. FINANCE LEASE COMMITMENTS**

The School has no future minimum lease commitments under non-cancellable finance leases.

**25. OPERATING LEASE COMMITMENTS**

The School had total future minimum lease commitments under non-cancellable operating leases as follows:

		Group and parent company	
		2019	2018
		£'000	£'000
Land & Buildings			
	Due within 1 year	38	37
	Due 1-5 years	-	38
		<hr/>	
		Group and parent company	
		2019	2018
		£'000	£'000
Other			
	Due within 1 year	3	4
	Due 1-5 years	-	3
		<hr/>	

The total operating lease expense recognised in the SoFA for the year is £41k (2018: £41k).

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**26. FUNDS: DETAILED MOVEMENTS**

	Balance at 1 Sept 2018 £'000	Incoming resources £'000	Outgoing resources £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 Aug 2019 £'000
ENDOWMENT FUND	3	-	-	-	-	3
ENDOWED BURSARIES FUND	394	-	-	-	-	394
	<u>397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397</u>
<b>RESTRICTED FUNDS</b>						
Knatchbull Memorial fund	69	2	(1)	(4)	-	66
Bursaries funds	955	266	(237)	(5)	-	979
Capital fund	2,268	162	-	-	-	2,430
Development fund	139	164	(40)	-	-	263
	<u>3,431</u>	<u>594</u>	<u>(278)</u>	<u>(9)</u>	<u>-</u>	<u>3,738</u>
<b>UNRESTRICTED FUNDS</b>						
Prepaid fees	-	1	(11)	-	10	-
General fund	24,568	18,523	(16,489)	93	64	26,759
	<u>24,568</u>	<u>18,524</u>	<u>(16,500)</u>	<u>93</u>	<u>74</u>	<u>26,759</u>
<b>CHARITY total funds</b>	<u>28,396</u>	<u>19,118</u>	<u>(16,778)</u>	<u>84</u>	<u>74</u>	<u>30,894</u>
Non-charity trading funds	12	201	(118)	-	(74)	21
<b>GROUP</b>	<u>28,408</u>	<u>19,319</u>	<u>(16,896)</u>	<u>84</u>	<u>-</u>	<u>30,915</u>
<b>Prior year comparative information</b>						
	Balance at 1 Sept 2017 £'000	Incoming resources £'000	Outgoing resources £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 Aug 2018 £'000
ENDOWMENT FUND	3	-	-	-	-	3
ENDOWED BURSARIES FUND	394	-	-	-	-	394
	<u>397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397</u>
<b>RESTRICTED FUNDS</b>						
Knatchbull Memorial fund	67	2	(3)	3	-	69
Bursaries funds	843	241	(153)	24	-	955
Capital fund	1,762	506	-	-	-	2,268
Development fund	139	16	(16)	-	-	139
	<u>2,811</u>	<u>765</u>	<u>(172)</u>	<u>27</u>	<u>-</u>	<u>3,431</u>
<b>UNRESTRICTED FUNDS</b>						
Prepaid fees	-	1	(11)	-	10	-
General fund	22,086	18,173	(16,548)	867	(10)	24,568
	<u>22,086</u>	<u>18,174</u>	<u>(16,559)</u>	<u>867</u>	<u>-</u>	<u>24,568</u>
<b>CHARITY total funds</b>	<u>25,294</u>	<u>18,939</u>	<u>(16,731)</u>	<u>894</u>	<u>-</u>	<u>28,396</u>
Non-charity trading funds	-	121	(109)	-	-	12
<b>GROUP</b>	<u>25,294</u>	<u>19,060</u>	<u>(16,840)</u>	<u>894</u>	<u>-</u>	<u>28,408</u>

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27. FUNDS: NET ASSETS	Fixed Assets	Investments	Other net current assets	Long term liabilities	Total net Assets at 31 Aug 2019
	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUND	-	-	3	-	3
ENDOWED BURSARIES FUND	-	-	394	-	394
	-	-	397	-	397
<b>RESTRICTED FUNDS</b>					
Knatchbull Memorial fund	-	62	4	-	66
Bursaries funds	-	123	856	-	979
Capital fund	-	-	2,430	-	2,430
Development fund	-	-	263	-	263
	-	185	3,553	-	3,738
<b>UNRESTRICTED FUNDS</b>					
Prepaid fees	-	-	399	(399)	-
General fund	42,219	111	(551)	(15,020)	26,759
	42,219	111	(152)	(15,419)	26,759
<b>CHARITY total funds</b>	42,219	296	3,798	(15,419)	30,894
<b>Non-charity trading funds</b>	-	-	21	-	21
<b>GROUP</b>	42,219	296	3,819	(15,419)	30,915
<b>Prior year comparative information</b>					
	Fixed Assets	Investments	Other net current assets	Long term liabilities	Total net assets at 31 Aug 2018
	£'000	£'000	£'000	£'000	£'000
ENDOWMENT FUND	-	-	3	-	3
ENDOWED BURSARIES FUND	-	-	394	-	394
	-	-	397	-	397
<b>RESTRICTED FUNDS</b>					
Knatchbull Memorial fund	-	67	2	-	69
Bursaries funds	-	127	828	-	955
Capital fund	-	-	2,268	-	2,268
Development fund	-	-	139	-	139
	-	194	3,237	-	3,431
<b>UNRESTRICTED FUNDS</b>					
Prepaid fees	-	-	491	(491)	-
General fund	42,648	115	(1,595)	(16,600)	24,568
	42,648	115	(1,104)	(17,091)	24,568
<b>CHARITY total funds</b>	42,648	309	2,530	(17,091)	28,396
<b>Non-charity trading funds</b>	-	-	12	-	12
<b>GROUP</b>	42,648	309	2,542	(17,091)	28,408



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**28. FUNDS: EXPLANATORY NOTES**

- a) The Endowment fund represent amounts given with a restriction on the disbursement of the capital amount. The income is used for general purposes. The Trust's endowment fund derives from a small group of gifts in about 1997.
- b) The Endowed Bursaries fund provides fee support from income arising from donations whose capital expenditure has been restricted by the donors. Otherwise funds are administered as for other bursaries.
- c) The Knatchbull Memorial fund provides funding for travel and exploration activities of former pupils ('Old Dragons'). It has specific trustees who review the application of resources.
- d) The Bursaries funds are for the provision of fee support for pupils. The funds include donations for named bursaries; the costs of bursary support are deducted from these sums as appropriate. The funds are administered by the Bursaries Committee who review the application of resources. Additional fee concessions and support are provided from the general fund.
- e) The Development fund includes sums raised for specific purposes through the 'annual giving programme', other campaigns and unsolicited gifts. Some of these donations are restricted to specific projects, though most are not. In some cases general donations are received without even apparent restrictions with respect to the school's development programme, but the Trust infers a restriction in these cases on the principle that such donations probably originated from literature soliciting funds for such purpose. The balance carried forward on the fund represents unspent donations for specific purposes.
- f) The 'Capital fund' was previously included within the generality of the 'Development fund' but, as it has grown significantly is now shown separately. This represents unspent donations raised for building projects – currently the Music School. Amounts spent on the specific buildings are transferred from the Capital fund to the general fund in the year the expenditure is incurred.
- g) The Prepaid Fees fund represents income and expenditure with respect to amounts paid in advance for fees. Investments in government stocks and cash deposits are held against the future liabilities.

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**29. TRADING SUBSIDIARY**

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. These shares are included on the parent company balance sheet as investments held as fixed assets:

	2019	2018
	£	£
Shares in subsidiary company at cost	<u>100</u>	<u>100</u>

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.

The Trading company's results for the year, and balance sheet at the year end, from the audited accounts, are summarised below:

	2019	2018
	£'000	£'000
Turnover	204	121
Cost of sales	<u>(175)</u>	<u>(101)</u>
Gross profit	30	20
Administration expenses	<u>(7)</u>	<u>(8)</u>
Profit for the financial year	<u>23</u>	<u>12</u>
To be paid to Dragon School Trust Ltd under gift aid	<u>23</u>	<u>12</u>
Generated for parent company:		
Surplus above	23	12
Management charges from Trust	<u>6</u>	<u>6</u>
	<u>29</u>	<u>18</u>
Current assets	95	125
Intercompany account	(4)	(62)
Current liabilities	<u>(68)</u>	<u>(51)</u>
Net assets	<u>23</u>	<u>12</u>
Called up share capital	-	-
General reserves	<u>23</u>	<u>12</u>
	<u>23</u>	<u>12</u>

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**30. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND-TYPE**

	Note	Unrestricted funds		Restricted funds	Endowed funds	Total funds
		Schools	Trading			2018
		£'000	£'000	£'000	£'000	£'000
<b>INCOME FROM:</b>						
<b>Charitable activities</b>						
School fees	2.	17,623	-	-	-	17,623
Other educational	3.	92	-	-	-	92
Other ancillary trading	4.	177	-	-	-	177
<b>Other trading activities</b>						
Non-ancillary trading		-	121	-	-	121
<b>Investments</b>						
Investment income	5.	8	-	8	-	16
Bank and other interest	6.	24	-	-	-	24
<b>Voluntary sources</b>						
Donations and legacies	7.	250	-	757	-	1,007
<b>Total income</b>		<b>18,174</b>	<b>121</b>	<b>765</b>	<b>-</b>	<b>19,060</b>
<b>EXPENDITURE ON:</b>						
<b>Raising funds</b>						
Fundraising for voluntary resources		135	-	-	-	135
Trading		-	101	-	-	101
Other		6	-	-	-	6
<b>Total costs of raising funds</b>		<b>141</b>	<b>101</b>	<b>-</b>	<b>-</b>	<b>242</b>
<b>Charitable activities</b>						
Schools and grantmaking		15,668	8	172	-	15,848
Schools - financing costs	9.	750	-	-	-	750
<b>Total costs of charitable activities</b>		<b>16,418</b>	<b>8</b>	<b>172</b>	<b>-</b>	<b>16,598</b>
<b>Total expenditure</b>	8.	<b>16,559</b>	<b>109</b>	<b>172</b>	<b>-</b>	<b>16,840</b>
<b>NET INCOME BEFORE INVESTMENT AND FAIR VALUE GAINS AND TRANSFERS</b>						
		1,615	12	593	-	2,220
Investment gains (losses)		5	-	27	-	32
Fair Value gains (losses)	18c.	862	-	-	-	862
Transfers between funds	26.	-	-	-	-	-
<b>NET INCOME/MOVEMENT IN FUNDS</b>		<b>2,482</b>	<b>12</b>	<b>620</b>	<b>-</b>	<b>3,114</b>
<b>Fund balances at 1 September 2017</b>		<b>22,086</b>	<b>-</b>	<b>2,811</b>	<b>397</b>	<b>25,294</b>
<b>FUND BALANCES AT 31 AUGUST 2018</b>		<b>24,568</b>	<b>12</b>	<b>3,431</b>	<b>397</b>	<b>28,408</b>