



DRAGON SCHOOL TRUST LIMITED
DRAFT GROUP ACCOUNTS FOR THE YEAR ENDED
31 AUGUST 2021

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Company number: 524331

Registered charity number: 30967

DRAGON SCHOOL TRUST LIMITED
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SUMMARY REVIEW BY THE CHAIR OF GOVERNORS AND HEAD

The protocols developed during 2019/20 for dealing with the pandemic continued to evolve and enabled the Dragon to remain resilient to the impact of COVID-19. While the School again took the decision to apply fee concessions during periods of physical closure, the depth of the online curriculum available when required was exceptional. This was evidenced by the continued strength of the community spirit and parental goodwill that we had experienced throughout this extraordinary period.

But there is far more to the Dragon's success during this period than our response to the pandemic. Our academic results for 2021 were simply exceptional. Our Year 8 leavers gained an incredibly impressive 55 scholarships and awards to their senior schools with 77% of our CE pupils gaining A*/A/B.

This year also saw the full roll out of DragonQUEST across the Prep School. It is testament to the success of this innovative initiative that over 85% of our pupils elect to come to School on a Saturday to take part in one of the enrichment activities available. On any Saturday, there could be over 50 activities available for our pupils. A sample of our activities includes: bicycle maintenance; archaeology; equestrian; triathlon; calligraphy; leadership; and Dungeons and Dragons.

This provision also enabled us to be even more flexible with our boarding offering. There is now a boarding option to meet all family requirements, ranging from flexible day boarding to weekly boarding to full boarding. A weekly coach is available from London to further support this flexible provision.

Against this backdrop and despite the uncertainty of the pandemic, our admissions numbers have continued to show resilience and strength. Indeed our day numbers have never been stronger, and the numbers of pupils engaged in some form of boarding continues to grow.

And, of course, a discussion of this period can't be complete without mention of the appointment of our new Head, Emma Goldsmith. The Dragon's 12th Head, Emma commenced her leadership of the Dragon on 1 August 2021 and this marks the beginning of an exciting new chapter in the history of the Dragon.

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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 Dragon School are trustees of the charity, and directors and members of the company. Those serving during the year are as follows:

C Alexander	G	(appointed 14 January 2021)
M Breen	A R	
G P Candy	G P °	
A C Cowley	G*	(retired 6 Jun 2020)
J C Edmondson	G* P	
N L Helliwell	A	
C I M Jones	B G P R + °	
S J Kerr-Dineen	A °	
E G King	R + °	(passed away 24 December 2020)
Dr M Letts OBE		(appointed 16 November 2020)
Prof Dame A R McLean	A B IT	
N Millard	Sa	
N D Portwood	°	
C J Underwood OBE	S	
W A Webb	B G T I T P R °	
G H Wilson	G P R T °	(retired 28 November 2020)

Subsequent to the year end, Dr H R Gurprashad was appointed on 1 September 2021.

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 considers all applications for means tested awards and grants.

The General Purposes Committee (GPC) has particular responsibility for the School's finances and financial strategy, but also considers risk, health & safety and compliance matters.

The Nominations and Remuneration Committee is tasked with reviewing the membership of the Governing Body, recommending new Governors for GB approval, and for reviewing the performance and remuneration of Head and Chief Operating Officer, 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 oversees the development and implementation of the School's charitable, social, economic and environmental policies. The activities of this Committee are currently paused while its remit is reviewed.

Other steering groups are appointed and meet as necessary, 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:	Succession Wealth	Aylesbury, Buckinghamshire
Solicitors:	Freeths	Oxford
	Blake Morgan	Oxford
	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
e-mail contact: Bursar@dragonschool.org

The Head is E Goldsmith.

The Company Secretary and Chief Operating Officer 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 2021 in compliance with current statutory requirements for companies and charities and the company's Memorandum and Articles of Association. This report, together with the preceding pages, incorporates the information required for the directors' report and strategic report under the Companies Act. Comparative figures in the accounts are for the year ended 31 August 2020.

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

Overall responsibility for Dragon School rests with the Governors, who are listed on page i together with information regarding 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. Recommendations are made following an interview process with members of the NRC and on the basis of the requirements of the Board in terms of skills and expertise.

New Governors receive an introduction and induction led by the Chief Operating Officer on behalf of the Chair of Governors. This covers a range of information including general governance matters, together with more detailed discussions of strategic priorities and finances. Further opportunities to attend appropriate seminars and training events are offered when they occur.

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 Head and Chief Operating Officer, supported by the Senior Leadership Team and staff. Generally the Head and Chief Operating Officer

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attend all Governors' and Committee meetings, except those of the Nominations and Remuneration Committee and when restricted business is discussed.

Key Management

Key Management Personnel are defined as the Head, Chief Operating Officer, Head of Pre-Prep and the Deputy Heads.

Remuneration

Remuneration is set by the Governing Body with the overall objective of ensuring appropriate recognition and incentive to encourage exceptional performance. Remuneration must be fair and responsible, and the appropriateness of the School's remuneration is reviewed periodically; this includes benchmarking with other schools in both independent and maintained sectors. We aim to recruit, subject to experience, at the lower to medium point within a band, providing scope to develop and grow.

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, 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.

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

The School continues to promote the use of its facilities at a discounted rate or, where appropriate, gratis. This includes the use of playing fields, astro-pitches, Lynam Hall and music facilities by local schools and other community groups and charities, and in particular those involved in educational or child-related activities.

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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.

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 guidance from the Charities Commission. The pursuit of wider access to the School is held to be of benefit to all Dragon pupils. To support with these goals, the School manages a number of restricted funds to be used in connection with the development of the School's facilities, and the provision of Bursaries, prizes and other educational purposes.

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. Specific coaching was provided to leavers tailored to the schools of their choice, and the pupils' abilities, to ensure their applications were successful.

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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.

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 such an education. 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. Where significant financial help may be required, the Bursaries Committee considers all circumstances involved in a grant application. This might include, where appropriate, means testing, 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 ensuring the management of the risks faced by the Dragon. This is delegated to the General Purposes Committee, who 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.

Risk mitigating controls

The highest priority is placed on appropriate controls and processes to mitigate risks. Strict adherence to safer recruiting protocols, staff training, and a climate of open communication are fundamental to mitigating safeguarding risks in our School. Operational finance risks are mitigated through in-house oversight and checking. More broadly, 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. Internal monitoring of the School's compliance is led by the Compliance Officer on behalf of the Chief Operating Officer and Head.

Reserves

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

- a) The Endowment fund represents 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 £445k 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 £76k 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 £1,300k 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 £212k at the end of the year. No aim for holding the fund is required as it is used when appropriate opportunities arise.
- f) The 'Capital fund' 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 £2,151k 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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- g) The Prepaid Fees fund represents income and expenditure with respect to amounts paid in advance for fees. Investments 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. Comparative financial information for the funds can be found in notes 25 & 26.

At the year end the School had unrestricted reserves in the General Fund of £29,521k, 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. The School invested more of its bursary funds during the year. As these assets are intended to perform over a relatively long term period, targets will be set based on performance of the funds against comparators over a rolling three year period, with comparisons made against alternative investment vehicles each full year. As the investments were made during the year, no comparisons are required for the period.

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. Dragon School seeks to engage with the widest possible range of knowledge, skill and experience in all its activities. The School's policies, therefore, 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.

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 Head and Chief Operating Officer report

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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, Head, Chief Operating Officer and Governors as appropriate. This can then influence school policy in a number of areas.

Relationship with parents and pupils

Dragon School considers its relationship with its parents and pupils to be of the utmost importance. The School prides itself on its open and transparent communication with its parents and pupils and never has this been more important than during the pandemic.

Dragon School issues regular bulletins on a weekly and termly basis and utilises social media to communicate with agility. Parents are encouraged to approach the School as required to ensure effective two communication.

Fundraising

In 2021, the charity undertook fundraising activity with 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 2021.

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 2021.

Dealing with suppliers

Dragon School prides itself on working collaboratively with its suppliers, both large and small.

With the effects of the pandemic still being felt, this was particularly apparent as contracts have been varied to suit the change in demand and we have dealt proactively with suppliers to ensure

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the changes and issues caused by the pandemic are minimised. The School has introduced a system to monitor supplier payment terms.

Carbon Reporting

As part of our new reporting requirements, the School has reviewed its greenhouse gas emissions and energy use data to compile a report to meet the SECR reporting requirements. The overall consumption of fossil fuels, direct and indirect, can be summarised as equivalent to production of an amount of carbon dioxide ('CO₂e'), measured in tonnes. To do so we have used HM Government's environmental reporting guidelines, the GHG Reporting Protocol and HM Government's 2021 conversion factors for company reporting, and then expressed the tCO₂e per pupil.

The table below summarises the energy use relating to electricity, gas combustion and transport.

Electricity use	1,067,838 (2020: 1,002,597) kWh
Gas Combustion	3,733,993 (2020: 3,229,433) kWh
Transport	44,465 (2020: 39,658) kWh
Total	4,846,297 (2020: 4,271,688) kWh

The greenhouse gas emissions associated with the energy use identified in the table above are as follows:

Electricity use	226.7 (2020: 233.8) tCO ₂ e
Gas Combustion	683.9 (2020: 593.8) tCO ₂ e
Transport	10.5 (2020: 9.5) tCO ₂ e
Total	921.1 (2020: 837.1) tCO ₂ e

The School consumed an average of 1.15 (2020: 1.04) tCO₂e/pupil based on 800 (2020: 804) pupils.

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STRATEGIC REPORT

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) 804 pupils in total between the Prep school and Dragon Pre-Prep. Of the total pupils, 480 were boys and 324 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 2020, the School was subject to 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-YEAR ACHIEVEMENTS

Dealing with the Covid-19 pandemic

Academic Year 2020/21 has continued to be characterised by the impact of the COVID-19 global pandemic, and the School is rightly proud of its ongoing response. Faced with the challenge of a second lockdown and further enforced closures of schools, the Dragon's agility in transitioning to a remote learning provision again proved crucial.

The earlier investment in IT, including the addition of cameras in all classrooms also meant that a hybrid model of learning could be offered to those pupils who were unable to attend School for COVID-19 related absences. As has been the case throughout the pandemic, we remain immensely proud of the exceptional commitment and professionalism of all our staff. We also remain so grateful for the support we have received from the whole Dragon community in enabling the School to continue to thrive during this time.

The School is delighted to welcome Mrs Emma Goldsmith as its new Head as at 1 September 2021.

The Music Department are extremely pleased to being almost back to normal function after a long two years of disruption.

Our teaching numbers can boast over 750 music lessons a week across wide-reaching disciplines. These cover the full complement of western classical instruments. We have even introduced Music Tech more recently which will certainly be a growing area in the school due to an increased exposure in our Dragon Quest provision (Dragons Rock and Dragon Hits).

Our ensembles have started to spring back to life too with the removal of bubbles. Our choirs are also are once again filling the school with song. We were able to run a live Piano Festival this year

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which incorporated the organ for the first time and numerous recorded concert performances from our choirs, strings, guitars and wind groups. We are looking forward to our first live concerts for nearly two years.

Despite the complications caused by Covid, 232 children were still able to take their ABRSM exams with 51 taking Grade 5 or above on 25 different instruments.

Musical outreach events have been understandably curtailed this year but still very much a priority for us. We were able to organise a virtual Dragon Phil Strings Day (in association with Oxford Philharmonic) with a number of local primary schools where staff went into the schools and taught children music with a colourful circus theme. These performances were recorded and combined together to create one performance which was streamed to all the participating schools. We are very much looking forward to our Gamelan Orchestra arriving and already have our first date with a local school in the calendar.

In Games, too, the School's vision of making sport accessible to everyone was embraced enthusiastically by Dragons themselves with our aim being that every child has 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.

We provide extensive opportunities for the pupils to represent the school at all levels regularly have over 30 different teams playing on a match day, with our more senior sides playing fixtures 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.

After four terms of more or less disrupted learning, our leaving pupils sat Common Entrance at school again, achieving 77% A&B Grades – a very good comparison to previous years. Our leavers gained 51 awards to their senior schools, including 25 academic Scholarships or Exhibitions, which is a record in recent times. We are very proud of our remote learning provision, via Zoom and Firefly, which we refined in the Easter Term 2021, taking on key learnings & improvements from the previous summer. These online facilities enabled up to 50 of our overseas pupils to continue their Dragon education throughout the summer term, and for some to conduct their end-of-year exams remotely. We have further rewritten our English curriculum to focus on technical English from Y4-Y7, and have invested in web-based platforms for the core subjects of English and Maths. We are looking forward to a more 'normal' 2021-22!

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 usually organises one major charity event, or challenge, each year with all pupils in the year group

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engaged. In a normal year, these would include A Block pupils (Year 8) being invited to lead their own specific fundraising challenge and B block pupils (Year 7) 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.

The School continues to take important steps to improve its infrastructure. Its main capital expenditure during the year was on developing the IT infrastructure, particularly relating to the virtual education delivery and continuing progress with designing the Music School project.

Operational performance – Key Performance Indicators

- 100% of leaving children passed to their school of choice.
- 77% of Common Entrance papers were graded A or B
- 51 academic, music, art, sporting and all-round awards were made to Dragon pupils by their secondary schools.
- Fee income was £17,105k (Although note that this was artificially depressed by the pandemic-based fee reductions applied for the Easter term)
- Donations and legacies were £635k
- Staff costs were £10,761k

Operational performance – Widening Access and Social Impact

a) Bursaries and other grants:

Bursaries are at the heart of the Dragon's public benefit provision. The Dragon has a target of 25 Bursary awards across the School in the academic year and new grants per year have been awarded each year to try to meet this target. Bursary awards (day and boarding) were on average just under 75% of the fees at a cost to the School this year of £347k (2020: 277k); a range of other grants including staff, hardship and scholarship totalling a further £664k (2020: £665k) were awarded between 67 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 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 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

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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 funds for other charities through wide-ranging entrepreneurial activity, most of which is pupil led. In addition, the Dragon Christmas Charity Sale distributed funds 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 £635k (2020: £469k) 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, in particular the Music and Performing Arts Centre. 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.

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 fundraising for capital projects.

Fee income fell during the year due to the reduced fees set for the Summer Term in response to the impact of the pandemic. During the year £17,105k (2020: £16,901) was generated from fees, 96% of its total income of £17,888k (2020: £17,209k).

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
GOVERNORS' REPORT (continued)

The other significant element of income is donations and legacies of £635k (2020: £469k).

The greatest part of the Trust's expenditure is on staff costs which at £10,761k (2020: £10,490k) represent 61% (2020: 63%) of expenditure; and of these staff costs, £8,053k (2020: £7,868k) are spent on teaching, with an additional £1,220k (2020: £1,077k) on welfare and pastoral functions.

Finance costs are significant at £535k payable (2020: £614k), mostly as interest on the School's bank loan. Other non-staff costs include direct expenditure on teaching of £1,062k (2020: £1,105k), premises of £1,732k (2020: £1,277k) and welfare of £1,700k (2020: £1,454k). 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 £700k (2020: £1,063k) on fixed assets. This is mainly represented by a range of ICT upgrades, not least to continue the success of the School's VHC. 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 £41,264k (2020: £41,526k), 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 £10,645k (2020: £11,352k). 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 £1,126k (2020: £1,690k) at the end of the year. In addition, the School took a £3,000k Coronavirus Business Interruption Loan towards the end of the previous year to ensure financial stability during the period of uncertainty caused by the Global Covid-19 pandemic. Repayments on this loan begin in September 2021. The other fixed assets are long term investments valued at £1,613k (2020: £nil as investments were held as current assets). The current assets are comprised primarily of cash at £9,521k (2020: £10,516k) which offset the creditors due within one year of £5,591k (2020: £3,422k) which are chiefly comprised of pupil deposits, amounts owed on the loans and fees received in advance relating to pupils.

Future plans

The School reviews its strategic framework regularly, and a major review and overhaul of the two existing key documents, comprising of Guiding Principles and Development Strategy, is underway. The key objectives representing the main pillars of School development that were set out in the strategy, as updated for recent developments, are:

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.

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
GOVERNORS' REPORT (continued)

- 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.
- Ensure a safe and secure ICT environment for the Dragon community.
- Develop the School's cyber-security posture and build resilience into the School's ICT infrastructure.
- To further develop the School's goal of becoming a cloud managed environment.

Social Impact and Public Benefit:

- Widen access further by increasing the expanding the 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 and Performing Arts Centre to service the growing musical and performing arts needs and aspirations of the Dragon community.
- Provide residential accommodation to allow the School to recruit and retain the best possible staff.

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
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.

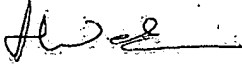
So far as each of the Governors is aware at the time the report is approved:

- 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 Head, 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 2021:
GOVERNORS' REPORT (continued)

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



Andrew Webb, Chairman

5 March 2022

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
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 2021 which comprise Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent charitable company's affairs as at 31 August 2021 and of the group's and parent charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Summary Review by the Chair of Governors and Head and the Governor's 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.

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DRAGON SCHOOL TRUST LIMITED

(continued)

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 Governor's Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governor's Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

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

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DRAGON SCHOOL TRUST LIMITED

(continued)

intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charity Commission, the Independent Schools Inspectorate (ISI) and the statutory safeguarding and child protection guidance issued by the Department for Education (DfE), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Charities SORP (2019), Companies Act 2006 and payroll taxes.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in making accounting estimates and the completeness of fundraising income. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
DRAGON SCHOOL TRUST LIMITED

(continued)

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. This description forms part of our auditor's report.

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 Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Steve Harper

Steven Harper (Senior Statutory Auditor)

For and on behalf of Haysmacintyre LLP, Statutory Auditor

Date: 14 March 2022

10 Queen Street Place

London

EC4R 1AG

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
GROUP STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds	Restricted funds	Endowed funds	Total funds 2021	Total funds 2020
		£'000	£'000	£'000	£'000	£'000
INCOME FROM:						
Charitable activities						
School fees	2.	17,105	-	-	17,105	16,901
Other educational	3.	41	-	-	41	36
Other ancillary trading	4.	5	-	-	5	3
Other trading activities						
Non-ancillary trading		21	-	-	21	13
Investments						
Investment income	5.	1	5	-	6	13
Bank and other interest	6.	6	-	-	6	42
Voluntary sources						
Donations and legacies	7.	31	604	-	635	469
Government grants		69	-	-	69	210
Total income		17,279	609	-	17,888	17,687
EXPENDITURE ON:						
Raising funds						
Fundraising for voluntary resources		241	-	-	241	206
Trading		11	-	-	11	10
Other		53	-	-	53	93
Total costs of raising funds		305	-	-	305	309
Charitable activities						
Schools and grantmaking		16,336	347	-	16,683	15,612
Schools - financing costs	9.	535	-	-	535	614
Total costs of charitable activities		16,871	347	-	17,218	16,226
Total expenditure	8.	17,176	347	-	17,523	16,535
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)						
		103	262	-	365	1,152
Investment gains/(losses)		30	153	51	234	(42)
NET INCOME		133	415	51	599	1,110
Fair Value gains	18c.	565	-	-	565	527
Transfers between funds	26.	207	(207)	-	-	-
NET MOVEMENT IN FUNDS		905	208	51	1,164	1,637
Fund balances at 1 September 2020		28,624	3,531	397	32,552	30,915
FUND BALANCES AT 31 AUGUST 2021		29,529	3,739	448	33,716	32,552

All activities are continuing. No separate income and expenditure account as required under the Companies Act 2006 has been presented, as there are no differences between that and the Statement of Financial Activities presented above. The notes on pages 7 to 25 form part of these accounts.

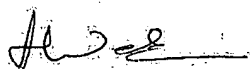
DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
GROUP AND CHARITY BALANCE SHEETS

	Note	Group		Charity	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12.	42,334	42,444	42,334	42,444
Investments	15.	1,613	-	1,613	-
		<u>43,947</u>	<u>42,444</u>	<u>43,947</u>	<u>42,444</u>
Current assets					
Stock	13.	8	6	6	5
Debtors	14.	752	464	738	461
Investments	15.	-	254	-	254
Cash at bank and in hand	16.	9,521	10,516	9,521	10,516
		<u>10,281</u>	<u>11,240</u>	<u>10,265</u>	<u>11,236</u>
Creditors: due within one year	17.	(5,591)	(3,422)	(5,583)	(3,418)
Net current assets		<u>4,690</u>	<u>7,818</u>	<u>4,682</u>	<u>7,818</u>
Total assets less current liabilities		48,637	50,262	48,629	50,262
Creditors: due in more than one year	18.	(14,921)	(17,710)	(14,921)	(17,710)
Total net assets	26.	<u>33,716</u>	<u>32,552</u>	<u>33,708</u>	<u>32,552</u>
Endowment funds		448	397	448	397
Restricted funds		3,739	3,531	3,739	3,531
Unrestricted funds		29,529	28,624	29,521	28,624
Fund balances	27.	<u>33,716</u>	<u>32,552</u>	<u>33,708</u>	<u>32,552</u>

The notes on pages 9 to 26 form part of these accounts.

In accordance with Section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented for Dragon School Trust Limited. The Trust net income for the year was £1,156k (2020: £1,657k).

The financial statements were approved and authorised for issue by the Board of Governors
On 5 March 2022 and were signed below on its behalf by



Andrew Webb, Chairman

5 March 2022

Company number: 00524331

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
GROUP STATEMENT OF CASH FLOWS

	Note	2021		2020	
		£'000	£'000	£'000	£'000
Net cash inflow from operations	(a).		1,988		3,067
Cash flows from investing activities					
Interest paid		(555)		(654)	
Interest received		6		42	
Receipts from disposals of investments		126		-	
Payments for investments		(1,251)		-	
Investment income receipts		6		13	
Payments for tangible fixed assets		(700)		(1,063)	
Net cash used in investing activities			(2,368)		(1,662)
Cash flows from financing activities					
Receipts from prepaid fees scheme		383		30	
Payments from prepaid fees scheme		(293)		(434)	
Additional borrowing		-		3,000	
Loan repayments		(705)		(994)	
Net cash used in financing activities			(615)		1,602
Change in cash and cash equivalents in the reporting period			(995)		3,007
Cash and cash equivalents at the beginning of the reporting period			10,516		7,509
Cash and cash equivalents at the end of the reporting period			9,521		10,516

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 flow from operating activities	2021	2020
	£'000	£'000
Net income	1,164	1,637
Investment (gains)/losses	(234)	42
Fair value (gains)	(565)	(527)
Interest payable	535	602
Interest receivable	(6)	(42)
Investment income	(6)	(13)
Depreciation charges	810	748
(Increase)/decrease in stocks	(2)	2
(Increase)/decrease in debtors	(288)	692
Increase/(Decrease) in creditors	580	(74)
Net cash inflow from operating activities	1,988	3,067

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
GROUP STATEMENT OF CASH FLOWS

b) Analysis of cash flows and net debt

	1 Sept 2020	Cashflow	Other movements	31 Aug 2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	10,516	(995)	-	9,521
Debt: bank loans	(14,351)	706	-	(13,645)
	<u>(3,835)</u>	<u>(289)</u>	<u>-</u>	<u>(4,124)</u>

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

DRAGON SCHOOL TRUST LIMITED
ANNUAL REPORT AND ACCOUNTS 2021:
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) - Second Edition, Effective 1 January 2019.

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. The balances in the accounts are rounded to the nearest thousand.

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 28. 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 2021:
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 2021:
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.

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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.

2. CHARITABLE ACTIVITIES - SCHOOL FEES

	2021	2020
	£'000	£'000
School fees and extras	17,770	17,523
less scholarships, Bursaries and grants	(1,012)	(943)
	<u>16,758</u>	<u>16,580</u>
Bursaries paid from restricted funds	347	321
	<u>17,105</u>	<u>16,901</u>

3. CHARITABLE ACTIVITIES – OTHER EDUCATIONAL

	2021	2020
	£'000	£'000
Registration fees	41	36
	<u>41</u>	<u>36</u>

4. CHARITABLE ACTIVITIES – ANCILLARY TRADING

	2021	2020
	£'000	£'000
Commission and similar income	5	3
	<u>5</u>	<u>3</u>

5. INVESTMENT INCOME

	2021	2020
	£'000	£'000
Listed and other investments	6	13
	<u>6</u>	<u>13</u>

6. BANK AND OTHER INTEREST

	2021	2020
	£'000	£'000
Bank interest	2	34
Other	4	8
	<u>6</u>	<u>42</u>

DRAGON SCHOOL TRUST LIMITED
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7. DONATIONS AND LEGACIES

	2021 £'000	2020 £'000
Donations for:		
Bursaries	542	331
Other	93	138
	<u>635</u>	<u>469</u>

8a. ANALYSIS OF TOTAL EXPENDITURE

	Staff costs £'000	Depr'n £'000	Other £'000	2021 Total £'000
Cost of raising funds				
Fundraising for voluntary resources	211	-	30	241
Trading costs	-	-	11	11
Other costs	-	-	53	53
Total cost of raising funds	<u>211</u>	<u>-</u>	<u>94</u>	<u>305</u>
Charitable activities				
Schools and grantmaking				
Teaching	8,053	28	1,062	9,143
Welfare	1,220	47	1,700	2,967
Premises	244	412	1,732	2,388
Support costs of schooling (including governance – note 8c)	1,033	323	482	1,838
Grants, awards and prizes (note 8b)	-	-	347	347
	<u>10,550</u>	<u>810</u>	<u>5,323</u>	<u>16,683</u>
Schools - financing costs (note 9)	-	-	535	535
Total costs of charitable activities	<u>10,550</u>	<u>810</u>	<u>5,858</u>	<u>17,218</u>
Total expenditure	<u>10,761</u>	<u>810</u>	<u>5,952</u>	<u>17,523</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	2020 Total £'000
Cost of raising funds				
Fundraising for voluntary resources	147	-	59	206
Trading costs	-	-	10	10
Other costs	-	-	93	93
Total cost of raising funds	147	-	162	309
Charitable activities				
Schools and grantmaking				
Teaching	7,868	38	1,105	9,011
Welfare	1,077	51	1,454	2,582
Premises	285	377	1,277	1,939
Support costs of schooling (including governance – note 8c)	1,113	282	363	1,758
Grants, awards and prizes (note 8b)	-	-	323	323
	10,343	748	4,522	15,613
Schools - financing costs (note 9)	-	-	613	613
Total costs of charitable activities	10,343	748	5,135	16,226
Total expenditure	10,490	748	5,297	16,535

8b. GRANTS, AWARDS AND PRIZES

	2021 £'000	2020 £'000
From Restricted Funds:		
Bursaries and other grants and awards	347	321
	347	321

8c. GOVERNANCE COSTS

	2021 £'000	2020 £'000
Auditors' remuneration – audit (Group)	14	21
Auditors' remuneration – audit (subsidiary)	2	2
Auditors' remuneration – non-audit	2	2
Reimbursement of expenses to Governors	-	1
Other governance costs	9	8
	27	34

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9. FINANCING COSTS	2021	2020
	£'000	£'000
Interest payable is due on:		
Bank loans and overdrafts	532	603
Discounts allowed on prepaid fees	3	11
	<u>535</u>	<u>614</u>

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

10. EMPLOYEES	2021	2020
	£'000	£'000
Staff costs:		
Wages and salaries	8,460	8,260
National Insurance	831	811
Pension costs	1,470	1,419
Severance pay	-	-
	<u>10,761</u>	<u>10,490</u>
The numbers of employees whose remuneration was over £60k fell into the following bands:	No.	No.
£60 - £70k	3	7
£70 - £80k	4	5
£80 - £90k	4	3
£100-£110k	2	1
£110-£120k	1	1
£120-£130k	-	1
These higher paid staff had a mix of defined contribution and defined benefit pension schemes, total cost:	£'000	£'000
	<u>194</u>	<u>241</u>
Total pension costs were made up of:	£'000	£'000
TPA pension contributions	1,254	1,219
Defined contribution schemes	<u>216</u>	<u>200</u>
	1,470	1,419

The total employment costs of key management personnel, who are considered to consist of the Head, Head of the Pre-prep, the Chief Operating Officer, the Governors and the Deputy Heads during the year was £810k (2020: £790k).

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. No Governors received travel expenses during the year (2020: five for travel totalling £1,505).

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10. EMPLOYEES (continued)

The average number of employees, based on head count, excluding Governors, was:	2021 No.	2020 No.
Teaching	203	213
Pensioners	6	6
Support staff	120	146
Development	3	3
	<u>332</u>	<u>368</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 HMRC totalled approximately £598k (2020: £577k) during the year.

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

	Freehold property £'000	Motor vehicles £'000	Other £'000	TOTAL £'000
Cost				
at 1 September 2020	48,399	210	6,082	54,691
additions	57	-	643	700
disposals	-	-	-	-
at 31 August 2021	<u>48,456</u>	<u>210</u>	<u>6,725</u>	<u>55,391</u>
Depreciation				
at 1 September 2020	6,873	179	5,195	12,247
charge	319	14	477	810
released	-	-	-	-
at 31 August 2021	<u>7,192</u>	<u>193</u>	<u>5,672</u>	<u>13,057</u>
Net book value				
at 1 September 2020	<u>41,526</u>	<u>31</u>	<u>887</u>	<u>42,444</u>
at 31 August 2021	<u>41,264</u>	<u>17</u>	<u>1,053</u>	<u>42,334</u>

The rebuild cost of properties included in freehold was approximately £62,903k at the most recent insurance review (September 2021), though this does not include the value of the land itself. Governors are of the opinion that the current market value of freeholds is considerably in excess of the historical cost shown. With respect to other assets (fixtures, fittings and equipment), these are insured for £3,742k. 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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Goods for resale	2	1	-	-
Consumables	6	5	6	5
	<u>8</u>	<u>6</u>	<u>6</u>	<u>5</u>

14. DEBTORS

	Group		Parent company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	524	284	510	279
Amount owed by subsidiary	-	-	-	2
Loans	1	3	1	3
Prepayments	197	177	197	177
Accrued income	30	-	30	-
	<u>752</u>	<u>464</u>	<u>738</u>	<u>461</u>

15. INVESTMENTS

	Group and parent company	
	2021	2020
	£'000	£'000
Investments are shown at market value:		
Other U.K. listed investments held as current assets	-	254
Other U.K. listed investments held as fixed assets	1,613	-
	<u>1,613</u>	<u>254</u>
Historical cost:	1,323	173
Value of investments:		
brought forward	254	296
disposals at value brought forward	(126)	-
acquired	1,251	-
change in unrealised values	234	(42)
carried forward	<u>1,613</u>	<u>254</u>

16. CASH AT BANK AND IN HAND

	Group		Parent company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash on deposit	9,520	10,512	9,520	10,512
Current bank accounts and petty cash	1	4	1	3
	<u>9,521</u>	<u>10,516</u>	<u>9,521</u>	<u>10,515</u>

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17. CREDITORS: DUE WITHIN ONE YEAR

	Group		Parent company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,152	486	2,152	486
Trade creditors	573	202	565	202
Taxation and social security	405	372	405	372
Accruals	442	327	442	323
Deferred income				
- fees received in advance	1,351	1,365	1,351	1,365
- deposits held	497	481	497	481
- prepaid fees scheme	171	189	171	189
	<u>5,591</u>	<u>3,422</u>	<u>5,583</u>	<u>3,418</u>

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

	Group and parent company	
	2021	2020
	£'000	£'000
Bank loans	11,493	13,865
Deferred income: prepaid fees	320	210
Deposits held	1,982	1,945
Interest rate swap derivative	1,126	1,690
	<u>14,921</u>	<u>17,710</u>

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	2,152	486
due between two and five years	9,546	9,169
due in more than five years	1,947	4,696
	<u>13,645</u>	<u>14,352</u>

Deferred income - prepaid fees

due within one year	171	189
due between two and five years	320	210
	<u>491</u>	<u>399</u>

Deposits held:

due within one year	497	481
due between two and five years	1,558	1,543
due in more than five years	424	402
	<u>2,479</u>	<u>2,426</u>

Interest rate swap derivative

due in more than five years	1,126	1,690
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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 (£10,645k) represents less than half of the value of properties used for security. During the year, the capital element of one repayment (£707k) was deferred. The School agreed with the bank that the capital repayments due in September 2021 and January 2021 would also be deferred. These deferred payments will need to be made by the end of the term of the loan.

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

On 28 August 2020, £3,000k was borrowed from Coutts & Co under the UK Government backed Coronavirus Business Interruption Loan scheme. The loan is repayment by instalments over a five year period starting in August 2021. The loan is secured by a fixed and floating charge over the property also secured under the existing loan from Coutts & Co mentioned above. The interest rate on the loan at the year end was 3.50% over Coutts Base Rate, currently 3.60%.

19. PREPAID FEES ACCOUNT

	Group and parent company	
	2021 £'000	2020 £'000
Balance at the beginning of the year	399	792
New contracts	383	30
Amounts accrued to contracts as debt-financing costs	2	11
Amounts used in payment of fees		
– to the School	(223)	(434)
– to other Schools	(70)	-
Balance at year end	491	399

20. PENSIONS

During the year, the majority of the staff participated 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.

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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 2021, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2021. 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 2021. 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 government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

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 2020 announced that there would be a review of this cost cap mechanism, in January 2021 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. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following a public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

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 the cost cap mechanism revision is completed 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.

Subsequent to the year end, on 1 September 2021, the School left the TPS scheme. The school put in place a defined contribution scheme with Royal London which staff previously in the TPS could join. The assets of the scheme are held separately from the Trust in an independently administered fund. The employer contributes up to 16.48% corresponding to employees' chosen contribution rates.

The school also 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 employment. The total amount paid was £20k (2020: £22k). The Trust is under no legal obligation to

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continue with these payments and accordingly the accounts do not include any estimate, actuarial or otherwise, of a possible total future commitment.

21. RELATED PARTIES

One 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 £2k (2020: £10k).

The School also had transactions with its subsidiary company, Dragon School Trading Limited, which are detailed in note 28.

There were no other related party transactions in the current or previous year.

22. CAPITAL COMMITMENTS

The School had no capital commitments (2020: *none*) with respect to building contracts in progress at the year-end. There were no amounts committed but not yet contracted.

23. FINANCE LEASE COMMITMENTS

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

24. OPERATING LEASE COMMITMENTS

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

		Group and parent company	
		2021	2020
		£'000	£'000
Land & Buildings			
Due within 1 year		-	12
		<hr/>	
		Group and parent company	
		2021	2020
		£'000	£'000
Other			
Due within 1 year		15	3
		9	-
		<hr/>	

The total operating lease expense recognised in the SoFA for the year is £28k (2020: £41k).

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25. FUNDS: DETAILED MOVEMENTS

	Balance at 1 Sept 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 Aug 2021 £'000
ENDOWMENT FUND	3	-	-	-	-	3
ENDOWED BURSARIES FUND	394	-	-	51	-	445
	397	-	-	51	-	448
RESTRICTED FUNDS						
Knatchbull Memorial fund	57	2	-	17	-	76
Bursaries funds	967	544	(347)	136	-	1,300
Capital fund	2,130	21	-	-	-	2,151
Development fund	377	42	-	-	(207)	212
	3,531	609	(347)	153	(207)	3,739
UNRESTRICTED FUNDS						
Prepaid fees	-	-	(2)	-	2	-
General fund	28,621	17,258	(17,161)	595	208	29,521
	28,621	17,258	(17,163)	595	210	29,521
CHARITY total funds	30,549	17,867	(17,510)	799	3	33,708
Non-charity trading funds	3	21	(13)	-	(3)	8
GROUP	32,552	17,888	(17,523)	799	-	33,716
Prior year comparative information						
	Balance at 1 Sept 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Investment gains/ (losses) £'000	Transfers between funds £'000	Balance at 31 Aug 2020 £'000
ENDOWMENT FUND	3	-	-	-	-	3
ENDOWED BURSARIES FUND	394	-	-	-	-	394
	397	-	-	-	-	397
RESTRICTED FUNDS						
Knatchbull Memorial fund	66	2	(1)	(10)	-	57
Bursaries funds	979	331	(321)	(22)	-	967
Capital fund	2,430	31	-	-	(331)	2,130
Development fund	263	114	-	-	-	377
	3,738	478	(322)	(32)	(331)	3,531
UNRESTRICTED FUNDS						
Prepaid fees	-	-	(11)	-	11	-
General fund	26,759	17,196	(16,192)	517	341	28,621
	26,759	17,196	(16,203)	517	352	28,621
CHARITY total funds	30,894	17,674	(16,525)	485	21	32,549
Non-charity trading funds	21	13	(10)	-	(21)	3
GROUP	30,915	17,687	(16,535)	485	-	32,552

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26. FUNDS: NET ASSETS	Fixed Assets £'000	Invest- ments £'000	Other net current assets £'000	Long term liabilities £'000	Total net Assets at 31 Aug 2021 £'000
ENDOWMENT FUND	-	-	3	-	3
ENDOWED BURSARIES FUND	-	425	20	-	445
	-	425	23	-	448
RESTRICTED FUNDS					
Knatchbull Memorial fund	-	68	8	-	76
Bursaries funds	-	996	304	-	1,300
Capital fund	-	-	2,151	-	2,151
Development fund	-	-	212	-	212
	-	1,064	2,675	-	3,739
UNRESTRICTED FUNDS					
Prepaid fees	-	-	320	(320)	-
General fund	42,334	124	1,664	(14,601)	29,521
	42,334	124	1,984	(14,921)	29,521
CHARITY total funds	42,334	124	4,682	(14,921)	33,708
Non-charity trading funds	-	-	8	-	8
GROUP	42,334	1,613	4,690	(14,921)	33,716
Prior year comparative information					
	Fixed Assets £'000	Invest- ments £'000	Other net current assets £'000	Long term liabilities £'000	Total net assets at 31 Aug 2020 £'000
ENDOWMENT FUND	-	-	3	-	3
ENDOWED BURSARIES FUND	-	-	394	-	394
	-	-	397	-	397
RESTRICTED FUNDS					
Knatchbull Memorial fund	-	51	6	-	57
Bursaries funds	-	101	866	-	967
Capital fund	-	-	2,130	-	2,130
Development fund	-	-	377	-	377
	-	152	3,379	-	3,531
UNRESTRICTED FUNDS					
Prepaid fees	-	-	210	(210)	-
General fund	42,444	102	3,575	(17,500)	28,621
	42,444	102	3,785	(17,710)	28,621
CHARITY total funds	42,444	254	7,561	(17,710)	32,549
Non-charity trading funds	-	-	3	-	3
GROUP	42,444	254	7,564	(17,710)	32,552

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27. 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 as funds are transferred to the General fund when spent.
- 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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28. 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:

	2021	2020
	£	£
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:

	2021	2020
	£'000	£'000
Turnover	21	21
Cost of sales	<u>(6)</u>	<u>(7)</u>
Gross profit	15	5
Administration expenses	<u>(7)</u>	<u>(4)</u>
Profit for the financial year	<u>8</u>	<u>1</u>
To be paid to Dragon School Trust Ltd under gift aid	<u>8</u>	<u>1</u>
Generated for parent company:		
Surplus above	8	1
Management charges from Trust	<u>4</u>	<u>3</u>
	<u>12</u>	<u>4</u>
Current assets	15	12
Intercompany account	1	(4)
Current liabilities	<u>(8)</u>	<u>(7)</u>
Net assets	<u>8</u>	<u>1</u>
Called up share capital	-	-
General reserves	<u>8</u>	<u>1</u>
	<u>8</u>	<u>1</u>

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29. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES – COMPARATIVE FIGURES BY FUND TYPE

	Note	Unrestricted funds	Restricted funds	Endowed funds	Total funds 2020
		£'000	£'000	£'000	£'000
INCOME FROM:					
Charitable activities					
School fees	2.	16,901	-	-	16,901
Other educational	3.	36	-	-	36
Other ancillary trading	4.	3	-	-	3
Other trading activities					
Non-ancillary trading		13	-	-	13
Investments					
Investment income	5.	4	9	-	13
Bank and other interest	6.	42	-	-	42
Voluntary sources					
Donations and legacies	7.	-	469	-	469
Government grants		210	-	-	210
Total income		17,209	478	-	17,687
EXPENDITURE ON:					
Raising funds					
Fundraising for voluntary resources		206	-	-	206
Trading		10	-	-	10
Other		93	-	-	93
Total costs of raising funds		309	-	-	309
Charitable activities					
Schools and grantmaking		15,290	322	-	15,612
Schools - financing costs	9.	614	-	-	614
Total costs of charitable activities		15,904	322	-	16,226
Total expenditure	8.	16,213	322	-	16,535
NET INCOME BEFORE INVESTMENT GAINS/(LOSSES)		996	156	-	1,152
Investment gains/(losses)		(10)	(32)	-	(42)
NET INCOME		986	123	-	1,110
Fair Value gains	18c.	527	-	-	527
Transfers between funds	26.	331	(331)	-	-
NET MOVEMENT IN FUNDS		1,844	(207)	-	1,637
Fund balances at 1 September 2020		26,780	3,738	397	30,915
FUND BALANCES AT 31 AUGUST 2021		28,624	3,531	397	32,552