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**DRAGON SCHOOL TRUST LIMITED**  
**GROUP ACCOUNTS FOR THE YEAR ENDED**  
**31<sup>ST</sup> AUGUST 2000**

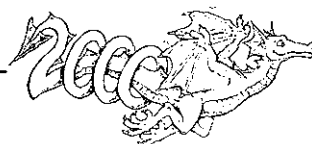
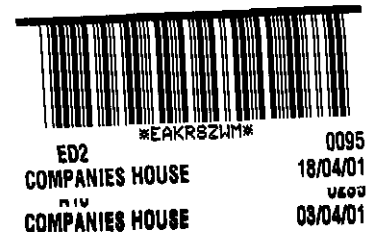
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Company number: 524331

Registered charity number: 309676



# DRAGON SCHOOL TRUST LIMITED

## GOVERNORS AND CONSTITUTION

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

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

	M J Beloff	
	J D Bolsover	
P	Dr C L Bradley	
†	Mrs M Eastwood	
P	A Hall	
*	N J A Kane	(chairman)
*	D T R Lewis	
	G Marsh	
†	S Parker Bowles	
*	R J C Shuttleworth	
	T D Wheare	
*	Mrs G H Wilson	
* †	G Windsor-Lewis	
* P	Dr D J Womersley	
*	members of the General Purposes Committee	
†	members of the Development Committee	
P	current parent	

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

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

The Headmaster is R.S. Trafford; the company secretary and bursar is C N C Williams. They both attend Governors' meetings.



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

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

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

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Registered office and address for correspondence:

The Dragon School, Bardwell Road, Oxford OX2 6SS

Web-site: [www.dragonschool.org](http://www.dragonschool.org)

e-mail contact: [bursar@dragonschool.org](mailto:bursar@dragonschool.org)



## DRAGON SCHOOL TRUST LIMITED

### REPORT OF THE GOVERNORS

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The governors present their annual report and the accounts for the year ended 31<sup>st</sup> August 2000 in compliance with current statutory requirements and the company's Memorandum and Articles of Association. This report, together with the two preceding pages, incorporates the information required for the directors' report under the Companies Act.

#### OBJECTS

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

#### ORGANISATION

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

#### REVIEW

1999/2000 was an excellent year for the Dragon. The inspection by the Independent Schools Council during the Easter term summarised its main findings thus: 'the Dragon is an impressive school. It is well led and its pupils attain high standards. The staff is very competent and committed and the substantial majority of pupils are proud to attend. The school has very many strengths.' The pupils, despite all this, continued their own hard work and leavers were rewarded with 30 scholarships and other awards. The games fields were full of activity and over half the pupils represented the school in a variety of games, more often than not victoriously. The newly enclosed swimming pool was fully employed in the summer term. It has been long-awaited and we especially look forward to swimming throughout the year.

At least two plays were produced each term, one being the five-yearly Staff Pantomime, aptly titled 'Dome Trek'. Elsewhere music was of a much higher standard, thankfully!

The annual Art exhibition, the last in the old Art block, demonstrated the flourishing abilities of pupils of all ages; next year's exhibition will be held in the new studios over the swimming pool.

Lynams remained as full as ever and Mrs Iona Smith's first year as Headmistress was happy and successful.

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

#### PUPIL NUMBERS

Demand for school places continues to exceed capacity. Boarding numbers in particular are constrained by the facilities available and plans to increase provision are being made. During the year the school had



# DRAGON SCHOOL TRUST LIMITED

## REPORT OF THE GOVERNORS - CONTINUED

(on average) 811 pupils made up of 255 boarders, 358 day children at the main school and a further 198 pupils at Lynam. Although a few places open up due to unexpected changes, waiting lists are lengthy.

Of the 811 pupils, 48 have at least some financial assistance with their fees through discounts or grants from the Trust's funds.

### FINANCIAL RESULTS

The Trust's accounts reflect its general success as a school and the surplus of £1,086k (1999: £1,367k) enables it to plan major capital projects needed to keep the school in the forefront of preparatory education. Notwithstanding this surplus - which is analysed between funds on page 9 - desired capital expenditure continues to exceed available resources, even after the generosity of donors, and in setting the fees the governors have to balance fairness to current parents with the requirements of an increasingly capital-intensive business.

### FIXED ASSETS

In the opinion of the governors the market value of the Trust's freehold and long leasehold properties is considerably in excess of book value based on the current use of the properties. No independent professional valuation has been carried out. The school has a continuing programme of upgrade and improvement to facilities; during the year it spent £2,120k on property (with a further £374k contractually committed at the year end) and £217k on other assets. A major element of the expenditure during the year was the near-completion of the Pool/ADT centre contract.

### INVESTMENT POWERS

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

### TRADING COMPANY

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

### RESERVES

The governors review the restricted and designated reserves regularly. The named restricted funds have specific trustees appointed; these trustees are drawn from the governors, staff and other associates of the school. The specific objects of restricted funds are explained on page 13. None of the restricted funds are limited by their objects as to the expenditure of capital. Most of the general reserve is represented by fixed assets, especially the school buildings, as shown on page 13. It is thus not excessive. Sufficient assets are held to meet the liabilities of other funds.

### ASSOCIATED CHARITY

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

ON BEHALF OF THE GOVERNORS,

*N.J.A. Kane*

N.J.A. Kane - Chairman  
10 March 2001



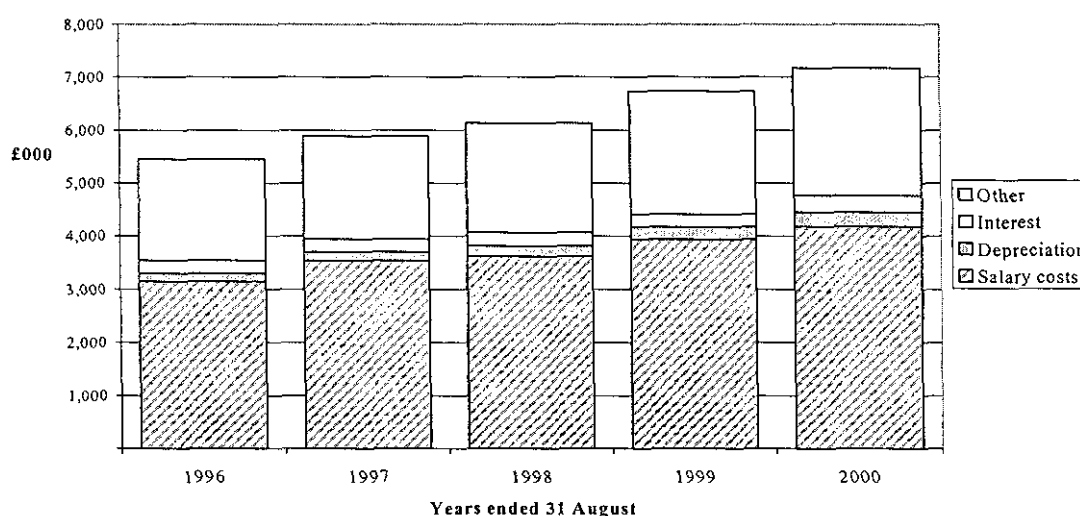
# DRAGON SCHOOL TRUST LIMITED

## BURSAR'S REPORT

This report provides some overall commentary on the most significant figures in the accounts for the year together with some information on trends over the last five years.

Most figures in the accounts are comparable from year to year, allowing for inflationary pressures, and this reflects the stability of the organisation. As usual, the school's largest expenditure is on salary costs, over fifty percent of total costs being thus categorised:

Total costs (by component)

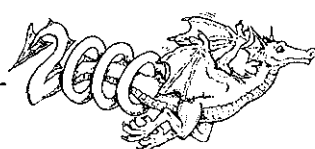


Most of these costs, in their turn, are included in 'teaching costs', as shown in note 6 'analysis of total resources expended'.

The largest unusual figure in the accounts represents the virtual completion of the Pool/ Arts-Design-Technology centre, appearing in note 10 among the additions to Long Leasehold property £2,050k. This has been the most ambitious building project undertaken by the Dragon to date.

Funding this level of investment has used up a considerable element of the school's cash reserves, as may be seen from the decrease in cash held at the year end as shown on the balance sheet from £1,689k to £706k. Indeed, the balance sheet shows net current liabilities of £336k rather than the assets of last year of £1,130k; however, this is not unusual in schools' accounts (or charities') and the position last year was in fact unusual and represented the school's savings towards the swimming pool project. Careful management of its net resources means that the school will be able to meet its liabilities as they fall due, and it has the confidence of its bankers.

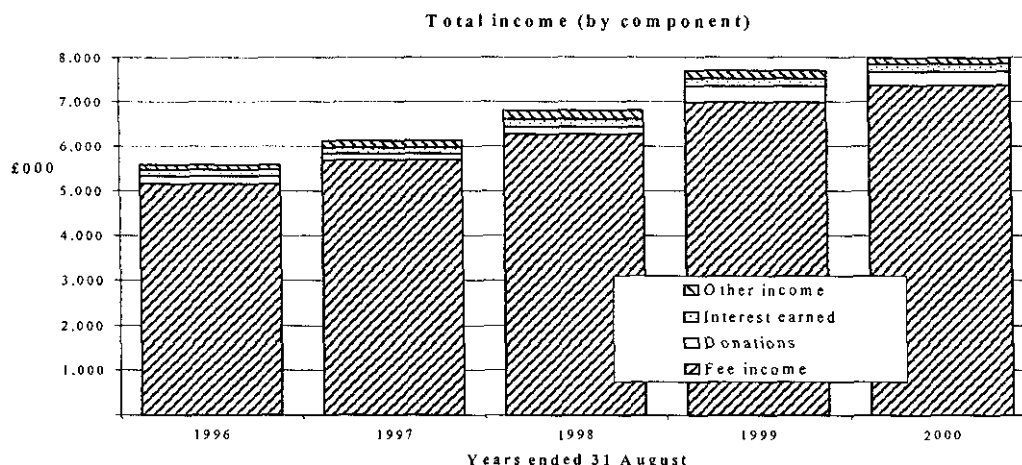
The following table shows the components of income for the same five year period as above. It can be seen from this that fee income dominates and the school's investment in resources is indeed largely funded from surpluses generated from this source.



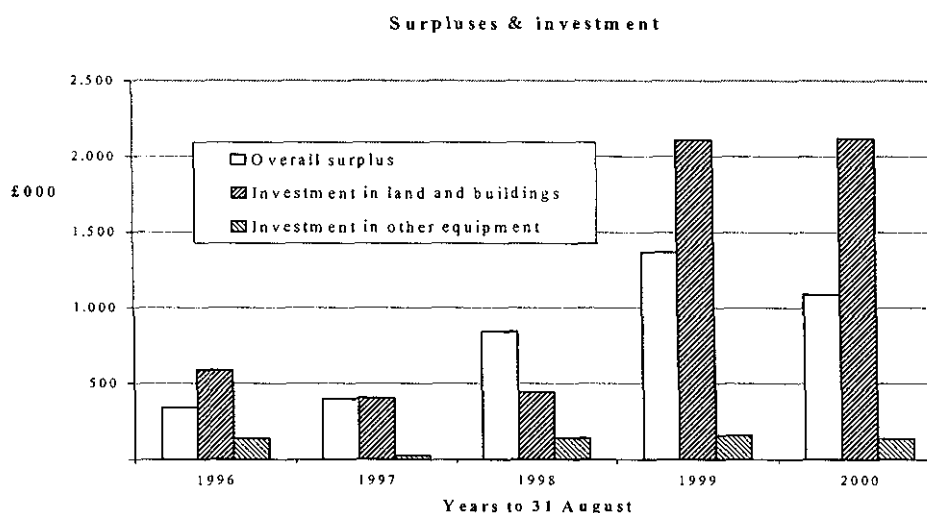
# DRAGON SCHOOL TRUST LIMITED

## BURSAR'S REPORT (continued)

The additional funds received by way of donation are however significant in enabling the school to accelerate its development programme beyond budgetary expectation.

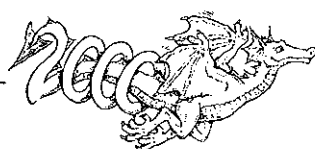


The school's policy is to maintain its position at the forefront of preparatory education through continual investment of all available funds in its facilities. The following table compares surpluses (included donated amounts) with additions to fixed assets.



It will be evident that investment in the last two years has far outstripped surpluses, and the school has had to borrow significantly to fund this; as at the end of last year, it took out a new loan of £1,750k, increasing its total borrowing to 39% of total annual income. This still leaves the school paying £316k interest (note 5) and vulnerable to any increase in bank rates (1% would cost £31k - approximately the cost to employ one qualified teacher). Accordingly the school has agreed to repay the latest loan within a relatively short time-scale (see note 17b).

This repayment schedule, plus the recent investment programme, has reduced available resources and investment in the immediate future will have to be scaled back in comparison - subject, as always, to the unexpected generosity of the school's benefactors.



## DRAGON SCHOOL TRUST LIMITED

### STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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





## AUDITORS' REPORT

### TO THE MEMBERS OF DRAGON SCHOOL TRUST LIMITED

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We have audited the accounts on pages 9 to 23.

#### **Respective responsibilities of governors and auditors**

As described on page 7 the Trust's governors are responsible for ensuring the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

#### **Basis of opinion**


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

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

#### **Opinion**

**In our opinion the accounts give a true and fair view of the state of affairs of the charitable company and the group as at 31<sup>st</sup> August 2000 and of the group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.**

Oxford  
10 March 2000

  
Crichtleys  
Chartered Accountants  
Registered Auditors



# DRAGON SCHOOL TRUST LIMITED

## GROUP STATEMENT OF FINANCIAL ACTIVITIES (SoFA) FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000

	Restricted funds----->				<---Designated funds--->			<---Unrestricted funds--->			TOTAL 1999 £'000
	Skipper Memorial £'000	Knatchbull Memorial £'000	Prize £'000	Development £'000	Total restricted funds £'000	Scholarship and Bursaries £'000	Prepaid fees £'000	Total designated funds £'000	Trading £'000	General £'000	TOTAL FUNDS £'000
<b>Incoming resources</b>											
2. Amounts due for services	-	-	-	-	-	-	-	-	65	7,356	7,421
Voluntary income - donations	-	15	-	293	308	1	-	1	-	7	316
Other income	-	-	-	-	-	-	-	-	-	72	96
Interest receivable	-	2	1	6	9	13	65	78	-	78	165
<b>Total incoming resources</b>	-	17	1	299	317	14	65	79	65	7,513	7,974
<b>Resources expended</b>											
Direct charitable expenditure											
Teaching	-	-	1	-	1	-	-	-	-	3,692	3,693
Property	-	-	-	-	-	-	-	-	-	886	886
Welfare	-	-	-	-	-	-	-	-	-	1,139	1,139
Administration	-	-	-	-	-	-	-	-	-	583	583
Grants and donations	-	4	4	-	8	46	32	46	-	54	54
Interest payable	-	4	1	-	9	46	32	32	-	284	316
<b>Total resources expended</b>	-	4	4	-	9	46	32	78	-	6,584	6,671
Other expenditure											
Cost of sales	-	-	-	-	-	-	-	-	42	5	47
Fund raising	-	4	-	-	4	-	-	-	-	128	132
Management of the charity	-	-	-	-	-	-	-	-	8	11	19
<b>Total resources expended</b>	-	4	-	-	4	46	32	78	50	144	198
<b>Net resources expended</b>	-	4	8	-	13	46	32	78	50	6,728	6,869
<b>Net incoming resources</b>	-	(4)	9	299	304	(32)	33	1	15	785	1,105
<b>Gains/(losses) on investments</b>											
Realised	-	-	-	-	-	-	(10)	(10)	-	-	(5)
Unrealised	-	1	5	-	6	(1)	(14)	(15)	-	-	(9)
Transfer (a)	-	-	-	-	-	9	(9)	-	-	-	-
Transfer (b)	-	-	-	(293)	(293)	-	-	-	-	293	-
Transfer (c)	-	-	-	-	-	-	-	-	(15)	15	-
Transfer (d)	-	-	-	-	-	71	-	71	-	(71)	-
<b>Net movement on funds</b>	-	(3)	14	6	17	47	-	47	-	1,022	1,086
Balances brought forward	3	14	49	96	170	250	-	250	-	5,923	6,346
Endowment fund receipts	-	-	-	-	-	-	-	-	-	-	-
Balances carried forward	-	-	-	-	-	-	-	267	-	6,945	7,432
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	6,346

Surplus on prepaid fees scheme transferred to Scholarship fund.  
Funds for the acquisition of capital assets expended on those assets transferred to general fund.  
Profits from trading activities transferred to general fund.  
1% of budgeted gross fee income transferred from general fund to Scholarship and Bursaries fund.

The notes on pages 15 - 23 form part of these accounts.



# DRAGON SCHOOL TRUST LIMITED

## GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000

	Note	2000 £'000	1999 £'000
Incoming resources			
Amounts receivable for services	2.	7,421	7,062
Voluntary income - donations		316	360
Other income	3.	72	96
Interest receivable	4.	165	173
Total incoming resources		<u>7,974</u>	<u>7,691</u>
Resources expended			
Direct charitable expenditure			
Teaching		3,693	3,499
Property		886	708
Welfare		1,139	1,069
Administration		583	537
Grants and donations		54	48
Interest payable	5.	<u>316</u>	<u>235</u>
		6,671	6,096
Other expenditure			
Cost of sales		47	46
Fund raising		132	146
Management of the charity		<u>19</u>	<u>22</u>
		198	214
Total resources expended	6.	<u>6,869</u>	<u>6,310</u>
Net incoming resources		1,105	1,381
Losses on investments		(10)	(5)
		<u>1,095</u>	<u>1,376</u>

All activities are continuing.

An analysis by individual fund appears in the statement of financial activities (SoFA) on page 9. The above result may be reconciled to the SoFA by deduction of unrealised losses on investments £9k (1999 £9k). There are no other gains or losses not recognised through the income and expenditure account.

As a company limited by guarantee and charity it is not appropriate to show a reconciliation of 'shareholders funds'.

The notes on pages 15 to 23 form part of these accounts.



# DRAGON SCHOOL TRUST LIMITED

## GROUP BALANCE SHEET AS AT 31<sup>ST</sup> AUGUST 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
Fixed assets					
Tangible assets	10.		11,288		9,237
Current assets					
Stocks	12.	21		20	
Debtors	13.	107		190	
Investments	14.	619		683	
Cash at bank and in hand	15.	706		1,689	
		<u>1,453</u>		<u>2,582</u>	
Creditors: amounts falling due within one year	16.	<u>(1,789)</u>		<u>(1,452)</u>	
Net current (liabilities)/assets			(336)		1,130
Total assets less current liabilities			<u>10,952</u>		<u>10,367</u>
Creditors: amounts falling due in more than one year	17.		(3,520)		(4,021)
Total net assets			<u>7,432</u>		<u>6,346</u>
Funds under management (pages 9, 13)					
General			6,945		5,923
Designated			297		250
Restricted			187		170
Endowment			3		3
			<u>7,432</u>		<u>6,346</u>

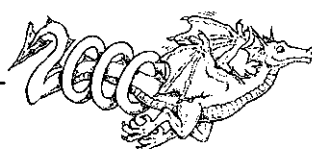
The notes on pages 15 to 23 form part of these accounts.

Approved by the governors on 10 March 2001 and signed on their behalf by

N. J. A. Kane



Chairman of governors



# DRAGON SCHOOL TRUST LIMITED

## PARENT COMPANY BALANCE SHEET AS AT 31<sup>ST</sup> AUGUST 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
Fixed assets					
Tangible assets	10.		11,288		9,237
Investments	9.		-		-
			<u>11,288</u>		<u>9,237</u>
Current assets					
Stocks	12.	10		10	
Debtors	13.	113		185	
Investments	14.	619		683	
Cash at bank and in hand	15.	703		1,687	
		<u>1,445</u>		<u>2,565</u>	
Creditors: amounts falling due within one year	16.	(1,781)		(1,435)	
Net current (liabilities)/assets			(336)		1,130
Total assets less current liabilities			<u>10,952</u>		<u>10,367</u>
Creditors: amounts falling due in more than one year	17.		(3,520)		(4,021)
Total net assets			<u>7,432</u>		<u>6,346</u>
Funds under management (pages 9, 13)					
General			6,945		5,923
Designated			297		250
Restricted			187		170
Endowment			3		3
			<u>7,432</u>		<u>6,346</u>

The notes on pages 15 to 23 form part of these accounts.



# DRAGON SCHOOL TRUST LIMITED

## ANALYSIS OF GROUP ASSETS BY FUND AS AT 31<sup>ST</sup> AUGUST 2000

	<-----Restricted funds----->				<-----Designated funds----->		<-Unrestricted->			
Endowment Fund £'000	Skipper Memorial £'000	Knatchbull Memorial £'000	Prize fund £'000	Development funds £'000	Total restricted funds £'000	Scholarship fund £'000	Prepaid fees £'000	Total designated funds £'000	General fund (incl. Trading) £'000	TOTAL FUNDS £'000
Fixed assets	-	-	-	-	-	-	-	-	11,288	11,288
Tangible assets	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	11,288	11,288
Current assets	-	-	-	-	-	-	-	-	-	-
Stocks	-	-	-	-	-	-	-	-	21	21
Debtors	-	-	-	-	-	-	-	-	107	107
Investments	23	61	10	-	94	56	459	515	10	619
Cash - specific accounts	-	-	-	-	-	-	170	170	536	706
Cash - analysis of central account	3	(12)	2	1	93	241	(146)	95	(191)	-
	3	11	63	102	187	297	483	780	483	1,453
Creditors:	-	-	-	-	-	-	(99)	(99)	(1,690)	(1,789)
falling due within one year	-	-	-	-	-	-	-	-	-	-
Net current assets	3	11	63	102	187	297	384	681	(1,207)	(336)
Creditors:	-	-	-	-	-	-	(384)	(384)	(3,136)	(3,520)
falling due in more than one year	-	-	-	-	-	-	-	-	-	-
Total net assets	3	11	63	102	187	297	-	297	6,945	7,432
Total funds per SoFA (page 9):	3	11	63	102	187	297	-	297	6,945	7,432

### Explanation of the funds and other notes:

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

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

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

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

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

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

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

Sufficient appropriate resources are held for each fund.

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

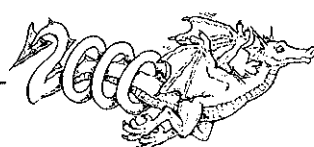


# DRAGON SCHOOL TRUST LIMITED

## GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000

	Note	2000 £'000	1999 £'000
Net cash inflow from operations	18a.	1,898	1,603
Returns on investments and servicing of finance			
Interest paid		(280)	(174)
Interest received		163	174
		(117)	-
Capital expenditure and financial investment			
Payments for tangible fixed assets		(2,337)	(2,557)
Proceeds from sale of fixed assets		2	71
		(2,335)	(2,486)
Management of liquid resources			
Proceeds from redemption of investments		63	79
Acquisition of investments		(18)	(194)
		45	(115)
Cash (outflow) before movements on prepaid fees and financing		(509)	(998)
Prepaid fees scheme:			
Received		-	148
Repaid		(38)	-
Utilised		(269)	(200)
		(307)	(52)
Property loan (repayments)/advances		(167)	1,612
(Decrease)/increase in cash	18b.	(983)	562

The notes on pages 15 to 23 form part of these accounts.



**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000**

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1. ACCOUNTING POLICIES

a) Basis of accounting

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

b) Amounts receivable for services

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

c) Classification of resources expended

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

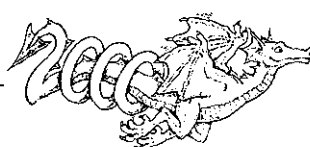
d) Tangible fixed assets

Depreciation is provided on all assets other than freehold land. Freehold buildings are amortised on a straight line basis over their estimated lives and 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. Fifty years from 1 September 1999 is used as the expected lifetime of those buildings then in existence. 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 over the expected useful lives of the assets concerned.

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

Freehold buildings	Over 50 years
Leasehold property	Over period of lease
All-weather pitch	Over 28 years
Fixtures, fittings and equipment	3-15 years
Motor vehicles and grounds machinery	5-15 years

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





**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS**  
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1. ACCOUNTING POLICIES (CONTINUED)

e) Investments

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

f) Prepaid fees

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

g) Pension costs

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

h) Stock

Stock of consumables held at the year-end are valued at cost, subject to their usability. 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.

i) Consolidation/ group accounts

The Trust has beneficial ownership of 100% of the share capital of Dragon School Trading Limited. The group accounts consolidate the results of this subsidiary. As the subsidiary has covenanted any surpluses to the parent, the surplus dealt with in the parent company's accounts is identical to that shown on the group income and expenditure account. As permitted by s230 of the Companies Act 1985 no individual profit and loss account is presented. The Trust's governors represent ultimate controllers of the group.

2. AMOUNTS RECEIVABLE FOR SERVICES

	2000	1999
	£'000	£'000
School fees and extras	7,541	7,159
less fees allowances	(185)	(182)
	<u>7,356</u>	<u>6,977</u>
Trading company sales	65	85
	<u>7,421</u>	<u>7,062</u>

All income is generated in the UK.

3. OTHER INCOME

Fees in lieu of notice and forfeited deposits	22	19
Registration fees	29	31
Commission and sundry	21	46
	<u>72</u>	<u>96</u>



**DRAGON SCHOOL TRUST LIMITED**  
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**4. INTEREST RECEIVABLE**

	2000	1999
	£'000	£'000
Interest receivable arises from:		
Listed investments	73	51
Bank deposits	85	113
Other sources	7	9
	<u>165</u>	<u>173</u>

**5. INTEREST PAYABLE**

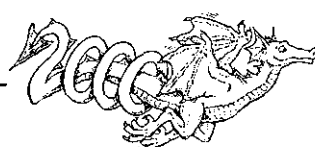
Interest payable is due to:		
Bank	283	193
Discount allowed on prepaid fees	32	41
Other	1	1
	<u>316</u>	<u>235</u>

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs £'000	Depreciation £'000	Other £'000	Total £'000
Running the school:				
Teaching	2,994	122	577	3,693
Property	155	100	631	886
Welfare	566	27	546	1,139
Administration	356	20	207	583
Grants and donations	-	-	54	54
Interest payable	-	-	316	316
	<u>4,071</u>	<u>269</u>	<u>2,331</u>	<u>6,671</u>
Running the charity:				
Cost of sales	-	-	47	47
Fund raising	100	1	31	132
Management	10	-	9	19
	<u>110</u>	<u>1</u>	<u>87</u>	<u>198</u>
Total	<u>4,181</u>	<u>270</u>	<u>2,418</u>	<u>6,869</u>

## Specific costs include:

	2000 £'000	1999 £'000
Auditors' remuneration (incl. VAT where non-recoverable):		
- for audit	5	7
- for other services	<u>1</u>	<u>1</u>



**DRAGON SCHOOL TRUST LIMITED**  
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**FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000**

**7. EMPLOYEES**

	2000	1999
	£'000	£'000
Costs:		
Wages and salaries	3,672	3,475
National Insurance	272	258
Pension costs	237	210
	<u>4,181</u>	<u>3,943</u>
The numbers of employees whose remuneration was over £40k fell into the following bands:	No.	No.
£40 - £50k	2	-
£60 - £70k	1	1
£90 - £100k	<u>1</u>	<u>1</u>
	£'000	£'000
Pension costs were made up of:		
TPA pension contributions	156	147
Defined contribution schemes	<u>81</u>	<u>63</u>
	<u>237</u>	<u>210</u>

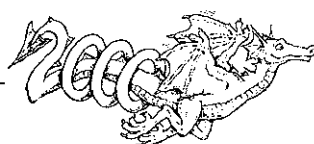
The majority of the staff participate in one of two pension schemes: the Teachers' Superannuation Scheme run by the Teachers' Pension Agency specifically for teaching staff, and a Norwich Union scheme.

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

The latest actuarial valuation was for the period to 31 March 1996 (published in 2000). As the TSS scheme is a notional scheme further disclosure of the results of the investigation is not required.

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

The governors did not receive any remuneration. Expenses (for travel) paid to the governors for the year totalled £25 (paid to one governor) (1999 £177; two governors). The Trust also paid indemnity insurance for its officers and employees; the proportional amount relating to governors was £56 (1999 £56).



**DRAGON SCHOOL TRUST LIMITED**  
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**7. EMPLOYEES (continued)**

Three of the governors have children at the school, for which they are charged normal fees and extras as agreed in the standard parent-school contract. Another governor's brother is a partner in the School's firm of architects, with which the School contracts - independently of the governor - on all building projects. The total paid, under standard RIBA terms and rates, on these contracts during the year under review was £60k.

Included within salary costs are amounts paid to former employees whose pension provisions were inadequate during their employment. The total amount paid was £123k (1999 £107k). The Trust is committed to continue with these payments. No estimate, actuarial or otherwise, has been made of the total future commitment.

The average number of employees was:

	2000	1999
	No.	No.
Teaching	122	116
Pensioners	23	23
Property maintenance	9	8
Domestic	58	58
Administration	15	14
Management (fundraising)	3	3
	<u>230</u>	<u>222</u>

**8. TAXATION**

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

The Trust suffers irrecoverable VAT on all purchases. VAT paid totalled approximately £561k (1999: £337k) during the year.

**9. INVESTMENTS HELD AS FIXED ASSETS**

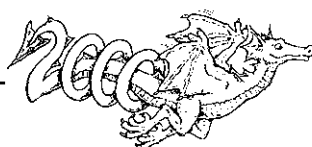
(As parent company only)

Shares in subsidiary company at cost

2000	1999
£	£
<u>100</u>	<u>100</u>

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

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



**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000**

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

	Freehold property £'000	Long leasehold £'000	Short leasehold £'000	Motor Vehicles £'000	Other £'000	TOTAL £'000
<b>Cost</b>						
at 1.9.1999	5,880	3,483	4	72	890	10,329
additions	70	2,050	-	-	217	2,337
disposals	-	-	-	-	(83)	(83)
at 31.8.2000	5,950	5,533	4	72	1,024	12,583
<b>Depreciation</b>						
at 1.9.1999	-	600	3	43	446	1,092
charge	27	99	-	7	143	276
released	-	-	-	-	(73)	(73)
at 31.8.2000	27	699	3	50	516	1,295
<b>Net book value</b>						
at 1.9.1999	5,880	2,883	1	29	444	9,237
at 31.8.2000	5,923	4,834	1	22	508	11,288

The rebuild cost of properties included in freehold and leasehold was approximately £21,729k at the last insurance review (September 2000). This does not include the value of the sites for which no estimate of value has been made. With respect to other assets (fixtures, fittings and equipment), these are insured for £1,424k (see note 1d).

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

**11. CAPITAL COMMITMENTS**

The Trust had capital commitments of £374k (1999: £2,121k) with respect to building contracts in progress at the year-end. There were no amounts committed but not yet contracted.

**12. STOCKS**

	Group		Parent company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Goods for resale	11	10	-	-
Consumables	10	10	10	10
	21	20	10	10



**DRAGON SCHOOL TRUST LIMITED**  
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**FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000**

**13. DEBTORS**

	Group		Parent company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors	66	147	59	110
Amount owed by subsidiary	-	-	15	33
Tax repayable	2	1	-	1
Prepayments	29	35	29	34
Accrued income	10	7	10	7
	<u>107</u>	<u>190</u>	<u>113</u>	<u>185</u>

**14. INVESTMENTS HELD AS CURRENT ASSETS**

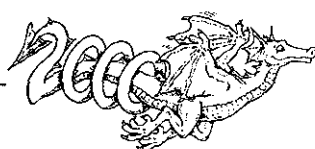
	Group and parent company	
	2000	1999
	£'000	£'000
Investments are shown at value:		
U.K. Government stocks	487	575
Other U.K. listed investments	<u>132</u>	<u>108</u>
	<u>619</u>	<u>683</u>
Historical cost:	<u>579</u>	<u>634</u>
Value of investments:		
brought forward	683	582
cost of disposals	(73)	(84)
acquired	18	194
unrealised change in values	(9)	(9)
carried forward	<u>619</u>	<u>683</u>

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

	Group		Parent company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Cash on deposit	537	1,626	537	1,626
Current bank accounts and petty cash	<u>169</u>	<u>63</u>	<u>166</u>	<u>61</u>
	<u>706</u>	<u>1,689</u>	<u>703</u>	<u>1,687</u>

**16. CREDITORS: FALLING DUE WITHIN ONE YEAR**

	Group		Parent company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans (note 17)	372	151	372	151
Taxation and social security	113	109	112	104
Trade creditors	134	208	133	203
Accruals	123	114	117	107
Deferred income				
- fees received in advance	948	608	948	608
- prepaid fees scheme (note 17)	<u>99</u>	<u>262</u>	<u>99</u>	<u>262</u>
	<u>1,789</u>	<u>1,452</u>	<u>1,781</u>	<u>1,435</u>



**DRAGON SCHOOL TRUST LIMITED**  
**NOTES TO THE GROUP ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2000**

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

Group and parent

	2000 £'000	1999 £'000
Bank loans	3,136	3,524
Deferred income: prepaid fees	384	497
	<u>3,520</u>	<u>4,021</u>

b) ANALYSIS OF LONG TERM CREDITORS

Bank loans:

due within one year	372	151
due between two and five years	2,166	2,042
due in more than five years	970	1,482
	<u>3,508</u>	<u>3,675</u>

Deferred income - prepaid fees:

due within one year	99	262
due between two and five years	320	376
due in more than five years	64	121
	<u>483</u>	<u>759</u>

One bank loan, originally for £371k, is repayable by 31<sup>st</sup> August 2006 by means of fixed instalments. Interest is charged at 2.0625% above LIBOR and the loan is secured by a first legal charge on part of the Trust's freehold property.

The second bank loan, originally for £1,900k, is repayable by instalments over fifteen years commencing October 1996. Interest is charged at 1.9375% over LIBOR and the loan is secured by a first legal charge on part of the Trust's freehold property.

A third loan of £1,750k was arranged in the previous year; it is repayable by instalments over no more than seven years from June 1999. Interest is charged at 1.8125% over LIBOR and the loan is secured by a first legal charge on part of the Trust's freehold property.

The bank loans represent 75% (1999: 78%) of the cost of properties used for security. As noted elsewhere, the present value of the properties involved may not be readily determined.

c) ADDITIONAL LOAN SINCE THE YEAR-END

Since the year-end the Trust has borrowed an additional £300k from its associated charity The Lynam Educational Fund to facilitate its building plans. Interest on the loan is fixed at bank base rate; the loan is repayable within five years, and is secured on a freehold property of the Trust.



**DRAGON SCHOOL TRUST LIMITED**  
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**18. NOTES TO THE CASH FLOW STATEMENT:**

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

	2000 £'000	1999 £'000
Operating surplus	1,105	1,381
Interest payable	316	235
Interest receivable	(165)	(173)
Depreciation charges	276	229
(Increase) in stocks	(1)	(2)
Decrease in debtors	85	40
Increase/(decrease) in creditors	273	(110)
Deficit on sale of fixed assets	9	3
Net cash inflow from operations	<u>1,898</u>	<u>1,603</u>

**b) Analysis of cash flows and net debt**

	1.9.1999 £'000	Cash Flow £'000	other movements £'000	31.8.2000 £'000
Cash at bank and in hand	1,689	(983)		706
Debt: bank loans	(3,675)	167		(3,508)
Current asset investments	683	(45)	(19)	619
Total	<u>(1,303)</u>	<u>(861)</u>	<u>(19)</u>	<u>(2,183)</u>

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

	2000 £'000	1999 £'000
(Decrease)/Increase in cash	(983)	562
Cash flow from change in loans	167	(1,612)
Cash flow from change in liquid resources	(45)	115
Change in net debt arising from cash flows	<u>(861)</u>	<u>(935)</u>
Change in value of current asset investments		
- realised	(10)	(5)
- unrealised	<u>(9)</u>	<u>(9)</u>
	<u>(19)</u>	<u>(14)</u>
Movement in net debt	<u>(880)</u>	<u>(949)</u>
Net debt brought forward	<u>(1,303)</u>	<u>(354)</u>
Net debt carried forward	<u>(2,183)</u>	<u>(1,303)</u>

