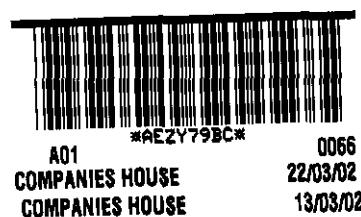

DRAGON SCHOOL TRUST LIMITED
GROUP ACCOUNTS FOR THE YEAR ENDED
31ST AUGUST 2001

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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**

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
Investment advisors:	Brewin Dolphin Securities Limited 98 High Street Lymington Hampshire SO41 9AP
Solicitors:	Morgan Cole Buxton Court 3 West Way Oxford OX2 0SZ
Surveyors:	James Styles and Whitlock, 16 King Edward Street Oxford OX1 4JB

Registered office and address for correspondence:

The Dragon School, Bardwell Road, Oxford OX2 6SS

Web-site: www.dragonschool.org
e-mail contact: bursar@dragonschool.org



DRAGON SCHOOL TRUST LIMITED

REPORT OF THE GOVERNORS

The governors present their annual report and the accounts for the year ended 31st August 2001 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 prepreparatory school 'Lynams', which is based at a separate site a short distance from the main school. 'Lynams' takes children from the age of 4. As well as providing education to a high academic standard the school excels at sporting and other extra-mural 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

2000/2001 was an excellent year for the Dragon, not least academically. Twenty-eight awards were won to other schools, including six to Eton and two to Winchester. First scholarship at Eton and second at Winchester pleased everyone but Common Entrance results were very good too. The pupils generally work hard at all they do.

Games teams were successful without producing spectacular results and the girls teams in particular did well. Music flourishes with two thirds of the school learning an instrument. A new venture is a 'broken voices' choir, to encourage boys to keep singing!

The new indoor swimming pool has been a valuable and well-used addition to facilities while the four art and design/technology studios built above it set a standard for others to follow.

Lynams continues to flourish and parents have been involved in raising funds for a new classroom block, due to be opened in April 2002.

In January 2001 an additional, ninth, boarding house was opened, a rarity in independent schools today.

The Governors are grateful for parental support for the school, in the form of fees and also in many cases for additional donations. It is the commitment of parents, the leadership of the headmaster, the effort put into caring for the pupils by the staff, and the energy of those pupils, 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. During the year the school had (on average) 830 pupils made up of 272 boarders, 355 day children at the main school and a further 203 pupils at Lynams. Although a few places open up due to unexpected changes in parental circumstances, waiting lists are lengthy.

Of the 830 pupils, 51 have had some financial assistance with their fees through discounts or grants from the Trust's funds.



DRAGON SCHOOL TRUST LIMITED

REPORT OF THE GOVERNORS - CONTINUED

FINANCIAL RESULTS

The Trust's accounts reflect its general success as a school and the surplus of £1,492k (2000: £1,086k) 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 £676k on property (with a further £848k contractually committed at the year end) and £243k on other assets. Main elements of these include the creation of a new boarding house from an existing property, and the commencement of the redevelopment of the Lynam's site on which work will continue until Easter 2002.

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. Further information may be obtained from the bursar.

FUNDRAISING FOR CHARITY

During the year the school raised just over £10k for other charities through cake sales, Red Nose Day, play collections and similar events. In addition the Dragon Christmas Sale, run by the parents and held at the end of the Christmas term on the school's premises, raised a further £38k for various charities.

ON BEHALF OF THE GOVERNORS,



N.J.A. Kane

Chairman

9 March 2002



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:

The Trustees regret that Companies House no longer accept for filing accounts including any graphs and so the graph properly appearing in this space on the persuasive recommendation of SORP in the full annual report available on public record at the Charities Commission or on request from the Dragon School is not included here.

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

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, although donations as ever are generous and help the school to accelerate its development.

The Trustees regret that Companies House no longer accept for filing accounts including any graphs and so the graph properly appearing in this space on the persuasive recommendation of SORP in the full annual report available on public record at the Charities Commission or on request from the Dragon School is not included here.



DRAGON SCHOOL TRUST LIMITED**BURSAR'S REPORT (continued)**

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

The Trustees regret that Companies House no longer accept for filing accounts including any graphs and so the graph properly appearing in this space on the persuasive recommendation of SORP in the full annual report available on public record at the Charities Commission or on request from the Dragon School is not included here.

Although investment in 2000/01 in buildings and equipment is considerable at £919k, it will be evident that the level of investment this year is lower than in the previous two years; the on-going rebuild at Lynams is a significant project, which will total over £1M before it is completed by Easter 2002, but most of the associated costs will not appear until next year-end's accounts.

The higher surpluses reflect both the increases in school fees found necessary and continued tight budgetary control resulting in savings in expenditure. These surpluses will of course fund, among other things, the Lynams redevelopment, though last year's position represented a nadir, following the very substantial redevelopment of the swimming pool and ADT building as well as the purchase of freehold property.

Although the school has commenced repayment of all outstanding bank loans during the year, a further loan of £300k has been arranged from the Lynam Education Fund to assist with respect to the Lynams redevelopment.



DRAGON SCHOOL TRUST LIMITED

STATEMENT OF GOVERNORS' RESPONSIBILITIES

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

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

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

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



AUDITORS' REPORT
TO THE MEMBERS OF DRAGON SCHOOL TRUST LIMITED

We have audited the accounts on pages 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 31st August 2001 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
9 March 2002


Critchleys
Chartered Accountants
Registered Auditors



DRAGON SCHOOL TRUST LIMITED

GROUP STATEMENT OF FINANCIAL ACTIVITIES (SoFA) FOR THE YEAR ENDED 31ST AUGUST 2001

	Restricted funds					Designated funds			Unrestricted funds				
	Notes: Endowment £'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	TOTAL 2000 £'000
Incoming resources													
Amounts due for services	-	-	-	-	-	-	-	-	-	59	8,039	8,098	7,421
Voluntary income - donations	-	-	-	-	295	295	1	-	1	-	-	296	316
Other income	-	-	-	-	-	-	-	-	-	-	86	86	72
Interest receivable	-	1	1	1	6	9	15	51	66	-	82	157	165
Total incoming resources	-	1	1	1	301	304	16	51	67	59	8,207	8,637	7,974
Resources expended													
Direct charitable expenditure													
Teaching	-	-	-	-	-	-	-	-	-	-	3,729	3,729	3,693
Property	-	-	-	-	-	-	-	-	-	-	986	986	886
Welfare	-	-	-	-	-	-	-	-	-	-	1,199	1,199	1,139
Administration	-	-	-	-	-	-	-	-	-	-	619	619	583
Grants and donations	-	2	-	-	-	2	41	-	41	-	-	43	54
Interest payable	-	1	-	-	-	1	-	23	23	-	274	298	316
Other expenditure	-	3	-	-	-	3	41	23	64	-	6,807	6,874	6,671
Cost of sales	-	-	-	-	-	-	-	-	-	36	18	54	47
Fund raising	-	-	-	-	-	-	-	-	-	-	155	155	132
Management of the charity	-	-	-	-	-	-	-	-	-	9	12	21	19
Total resources expended	-	3	-	-	-	-	-	-	-	45	185	230	198
Net resources expended	-	3	-	-	-	3	41	23	64	45	6,992	7,104	6,869
Net incoming resources	-	(2)	1	1	301	301	(25)	28	3	14	1,215	1,533	1,105
Gains/(losses) on investments													
Realised	-	-	-	-	-	-	-	1	1	-	-	1	(10)
Unrealised	-	1	(18)	-	-	(17)	-	(12)	(12)	-	(13)	(42)	(9)
Transfer (a)	-	-	-	-	-	-	(167)	-	(167)	-	167	-	-
Transfer (b)	-	-	-	-	-	-	17	(17)	-	-	-	-	-
Transfer (c)	-	-	-	-	(280)	(280)	-	-	-	-	280	-	-
Transfer (d)	-	-	-	-	-	-	-	-	-	(14)	14	-	-
Transfer (e)	-	-	-	-	-	-	76	-	76	-	(76)	-	-
Net movement on funds	-	(1)	(17)	1	21	4	(99)	-	(99)	-	1,587	1,492	1,086
Balances brought forward	3	11	63	11	102	187	297	-	297	-	6,945	7,432	6,346
Endowment fund receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances carried forward	3	10	46	12	123	191	198	-	198	-	8,532	8,924	7,432

Discounts and bursaries paid for by general funds transferred against the Bursaries and Scholarships fund.

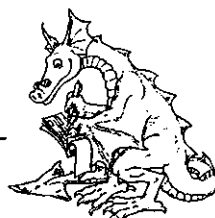
Surplus on prepaid fees scheme transferred to Scholarship fund.

Funds for the acquisition of capital assets expended on those assets transferred to general fund.

Profits from trading activities transferred to general fund.

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 31ST AUGUST 2001

	Note	2001 £'000	2000 £'000
Incoming resources			
Amounts receivable for services	2.	8,098	7,421
Voluntary income - donations		296	316
Other income	3.	86	72
Interest receivable	4.	157	165
Total incoming resources		<u>8,637</u>	<u>7,974</u>
Resources expended			
Direct charitable expenditure			
Teaching		3,729	3,693
Property		986	886
Welfare		1,199	1,139
Administration		619	583
Grants and donations		43	54
Interest payable	5.	298	316
		<u>6,874</u>	<u>6,671</u>
Other expenditure			
Cost of sales		54	47
Fund raising		155	132
Management of the charity		21	19
		<u>230</u>	<u>198</u>
Total resources expended	6.	<u>7,104</u>	<u>6,869</u>
Net incoming resources		1,533	1,105
Losses on investments		1	(10)
		<u>1,534</u>	<u>1,095</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 £42k (2000 £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 31ST AUGUST 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	10.	11,869	11,288
Current assets			
Stocks	12.	26	21
Debtors	13.	137	107
Investments	14.	893	619
Cash at bank and in hand	15.	1,763	706
		<u>2,819</u>	<u>1,453</u>
Creditors: amounts falling due within one year	16.	<u>(2,345)</u>	<u>(1,789)</u>
Net current assets/(liabilities)		474	(336)
Total assets less current liabilities		<u>12,343</u>	<u>10,952</u>
Creditors: amounts falling due in more than one year	17.	<u>(3,419)</u>	<u>(3,520)</u>
Total net assets		<u>8,924</u>	<u>7,432</u>
Funds under management (pages 9, 13)			
General		8,532	6,945
Designated		198	297
Restricted		191	187
Endowment		3	3
		<u>8,924</u>	<u>7,432</u>

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

Approved by the governors on 9 March 2002 and signed on their behalf by

N. J. A. Kane  Chairman of governors



DRAGON SCHOOL TRUST LIMITED

PARENT COMPANY BALANCE SHEET AS AT 31ST AUGUST 2001

	Note	£'000	2001 £'000	£'000	2000 £'000
Fixed assets					
Tangible assets	10.		11,869		11,288
Investments	9.		-		-
			<u>11,869</u>		<u>11,288</u>
Current assets					
Stocks	12.	13		10	
Debtors	13.	145		113	
Investments	14.	893		619	
Cash at bank and in hand	15.	<u>1,761</u>		<u>703</u>	
		2,812		1,445	
Creditors: amounts falling due within one year	16.	<u>(2,338)</u>		<u>(1,781)</u>	
Net current assets/(liabilities)			474		(336)
Total assets less current liabilities			<u>12,343</u>		<u>10,952</u>
Creditors: amounts falling due in more than one year	17.		(3,419)		(3,520)
Total net assets			<u>8,924</u>		<u>7,432</u>
Funds under management (pages 9, 13)					
General			8,532		6,945
Designated			198		297
Restricted			191		187
Endowment			<u>3</u>		<u>3</u>
			<u>8,924</u>		<u>7,432</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 31ST AUGUST 2001

	<-----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 and Bursaries £'000	Prepaid fees £'000	Total designated funds £'000	General fund (incl. Trading) £'000	TOTAL FUNDS £'000
Fixed assets	-	-	-	-	-	-	-	-	11,869	11,869
Tangible assets	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	11,869	11,869
Current assets	-	-	-	-	-	-	-	-	-	-
Stocks	-	-	-	-	-	-	-	-	26	26
Debtors	-	-	-	-	-	-	4	4	133	137
Investments	-	24	43	11	78	55	506	561	254	893
Cash - specific accounts	-	-	-	-	-	-	42	42	1,721	1,763
Cash - analysis of central account	3	(14)	3	1	113	143	(10)	133	(249)	-
	3	10	46	12	191	198	542	740	1,885	2,819
Creditors:	-	-	-	-	-	-	(147)	(147)	(2,198)	(2,345)
falling due within one year	-	-	-	-	-	-	-	-	-	-
Net current assets	3	10	46	12	191	198	395	593	(313)	474
Creditors:	-	-	-	-	-	-	(395)	(395)	(3,024)	(3,419)
falling due in more than one year	-	-	-	-	-	-	-	-	-	-
Total net assets	3	10	46	12	191	198	-	198	8,532	8,924
Total funds per SoFA (page 9):	3	10	46	12	191	198	-	198	8,532	8,924

Explanation of the funds and other notes:

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

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

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

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

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

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

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

Sufficient appropriate resources are held for each fund.

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



DRAGON SCHOOL TRUST LIMITED

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST AUGUST 2001

	Note	2001 £'000	2000 £'000
Net cash inflow from operations	18a.	2,311	1,898
Returns on investments and servicing of finance			
Interest paid	(283)		(280)
Interest received	151		163
		(132)	(117)
Capital expenditure and financial investment			
Payments for tangible fixed assets	(920)		(2,337)
Proceeds from sale of fixed assets	7		2
		(913)	(2,335)
Management of liquid resources			
Proceeds from redemption of investments	17		63
Acquisition of investments	(332)		(18)
		(315)	45
Cash inflow/ (outflow) before movements on prepaid fees and financing		951	(509)
Prepaid fees scheme:			
Received	143		-
Repaid	-		(38)
Utilised	(107)		(269)
		36	(307)
Property loan advances/ (repayments)		70	(167)
Increase/ (decrease) in cash	18b.	1,057	(983)

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 31ST AUGUST 2001

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
FOR THE YEAR ENDED 31ST AUGUST 2001

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

	2001	2000
	£'000	£'000
School fees and extras	8,176	7,541
<i>less</i> fees allowances	<u>(167)</u>	<u>(185)</u>
	8,009	7,356
Trading company sales	59	65
Charges for other educational courses	<u>30</u>	<u>-</u>
	<u>8,098</u>	<u>7,421</u>

All income is generated in the UK.

3. OTHER INCOME

Fees in lieu of notice and forfeited deposits	23	22
Registration fees	33	29
Commission and sundry	<u>30</u>	<u>21</u>
	<u>86</u>	<u>72</u>



DRAGON SCHOOL TRUST LIMITED
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2001

4. INTEREST RECEIVABLE

	2001 £'000	2000 £'000
Interest receivable arises from:		
Listed investments	59	73
Bank deposits	91	85
Other sources	7	7
	<u>157</u>	<u>165</u>

5. INTEREST PAYABLE

Interest payable is due to:		
Bank	261	283
Other loans	12	-
Discount allowed on prepaid fees	23	32
Other	2	1
	<u>298</u>	<u>316</u>

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £'000	Depreciation £'000	Other £'000	Total £'000
Running the school:				
Teaching	3,192	99	438	3,729
Property	170	156	660	986
Welfare	619	38	542	1,199
Administration	399	38	182	619
Grants and donations	-	-	43	43
Interest payable	-	-	298	298
	<u>4,380</u>	<u>331</u>	<u>2,163</u>	<u>6,874</u>
Running the charity:				
Cost of sales	-	-	54	54
Fund raising	66	1	88	155
Management	7	-	14	21
	<u>73</u>	<u>1</u>	<u>156</u>	<u>230</u>
Total	<u>4,453</u>	<u>332</u>	<u>2,319</u>	<u>7,104</u>

Specific costs include:

	2001 £'000	2000 £'000
Auditors' remuneration (incl. VAT where non-recoverable):		
- for audit	7	5
- for other services	2	1
(Surplus)/ deficit on disposal of fixed assets	<u>(4)</u>	<u>9</u>



DRAGON SCHOOL TRUST LIMITED
NOTES TO THE GROUP ACCOUNTS
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7. EMPLOYEES

	2001	2000
	£'000	£'000
Costs:		
Wages and salaries	3,913	3,672
National Insurance	286	272
Pension costs	254	237
	<u>4,453</u>	<u>4,181</u>
The numbers of employees whose remuneration was over £40k fell into the following bands:	No.	No.
£40 - £50k	1	2
£50 - £60k	1	-
£60 - £70k	-	1
£70 - £80k	1	-
£90 - £100k	-	1
£100-£110k	<u>1</u>	<u>-</u>
	£'000	£'000
Pension costs were made up of:		
TPA pension contributions	166	156
Defined contribution schemes	88	81
	<u>254</u>	<u>237</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. No expenses were paid to the governors (2000 £25; one governor, for travel). The Trust paid indemnity insurance for its officers and employees; the proportional amount relating to governors was £58 (2000: £56).

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



DRAGON SCHOOL TRUST LIMITED
NOTES TO THE GROUP ACCOUNTS
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7. EMPLOYEES (continued)

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 £56k (incl VAT; 2000: £60k).

Included within salary costs are amounts paid to former employees whose pension provisions were inadequate during their employment. The total amount paid was £106k (2000: £123k). 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:

	2001	2000
	No.	No.
Teaching	128	122
Pensioners	22	23
Property maintenance	9	9
Domestic	60	58
Administration	15	15
Management (fundraising)	3	3
	<u>237</u>	<u>230</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 £381k (2000: £561k) during the year.

9. INVESTMENTS HELD AS FIXED ASSETS

	2001	2000
	£	£
(As parent company only)		
Shares in subsidiary company at cost	<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
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10. TANGIBLE FIXED ASSETS (Group and parent company)

	Freehold property £'000	Long leasehold £'000	Short leasehold £'000	Motor Vehicles £'000	Other £'000	TOTAL £'000
Cost						
at 1.9.2000	5,950	5,533	4	72	1,024	12,583
additions	443	233	-	3	240	919
disposals	-	-	-	-	(33)	(33)
at 31.8.2001	6,393	5,766	4	75	1,231	13,469
Depreciation						
at 1.9.2000	27	699	3	50	516	1,295
charge	36	102	1	8	189	336
released	-	-	-	-	(31)	(31)
at 31.8.2001	63	801	4	58	674	1,600
Net book value						
at 1.9.2000	5,923	4,834	1	22	508	11,288
at 31.8.2001	6,330	4,965	-	17	557	11,869

The rebuild cost of properties included in freehold and leasehold was approximately £24,370k at the last insurance review (September 2001). 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 £1,734k (see note 1d). These values are cited merely for comparison with the book values shown above.

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 £848k (2000: £374k) 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	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Goods for resale	13	11	-	-
Consumables	13	10	13	10
	26	21	13	10



DRAGON SCHOOL TRUST LIMITED
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2001

13. DEBTORS

	Group		Parent company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Trade debtors	91	66	83	59
Amount owed by subsidiary	-	-	16	15
Loans	1	-	1	-
Tax repayable	-	2	-	-
Prepayments	29	29	29	29
Accrued income	16	10	16	10
	<u>137</u>	<u>107</u>	<u>145</u>	<u>113</u>

14. INVESTMENTS HELD AS CURRENT ASSETS

	Group and parent company	
	2001	2000
	£'000	£'000
Investments are shown at value:		
U.K. Government stocks	532	487
Other U.K. listed investments	<u>361</u>	<u>132</u>
	<u>893</u>	<u>619</u>
Historical cost:	<u>894</u>	<u>579</u>
Value of investments:		
brought forward	619	683
cost of disposals	(16)	(73)
acquired	332	18
unrealised change in values	<u>(42)</u>	<u>(9)</u>
carried forward	<u>893</u>	<u>619</u>

M&G Charifund units included in the above at £273k represented more than 5% of the total investments held.

15. CASH AT BANK AND IN HAND

	Group		Parent company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Cash on deposit	1,533	537	1,533	537
Current bank accounts and petty cash	<u>230</u>	<u>169</u>	<u>228</u>	<u>166</u>
	<u>1,763</u>	<u>706</u>	<u>1,761</u>	<u>703</u>

Current bank account balances represent uncleared effects.

16. CREDITORS: FALLING DUE WITHIN ONE YEAR

	£'000	£'000	£'000	£'000
Bank loans (note 17)	555	372	555	372
Taxation and social security	114	113	112	112
Trade creditors	127	134	127	133
Accruals	131	123	126	117
Deferred income				
- fees received in advance	1,271	948	1,271	948
- prepaid fees scheme (note 17)	<u>147</u>	<u>99</u>	<u>147</u>	<u>99</u>
	<u>2,345</u>	<u>1,789</u>	<u>2,338</u>	<u>1,781</u>



DRAGON SCHOOL TRUST LIMITED
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2001

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

	2001	Group and parent	2000
	£'000		£'000
Bank loans	3,025		3,136
Deferred income: prepaid fees	394		384
	<u>3,419</u>		<u>3,520</u>

b) ANALYSIS OF LONG TERM CREDITORS

Bank loans:

due within one year	555	372
due between two and five years	2,485	2,166
due in more than five years	540	970
	<u>3,580</u>	<u>3,508</u>

Deferred income - prepaid fees:

due within one year	147	99
due between two and five years	369	320
due in more than five years	25	64
	<u>541</u>	<u>483</u>

One bank loan, originally for £371k, is repayable by 31st 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% (2000: 78%) of the cost of properties used for security. As noted elsewhere, the present value of the properties involved may not be readily determined.

A fourth loan of £300,000 was arranged with the Lynam Educational Fund, an associated charity, during the year. It is secured on part of the Trust's freehold property, interest is charged at bank base rate and it is repayable not later than 2nd December 2005.



DRAGON SCHOOL TRUST LIMITED
NOTES TO THE GROUP ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 2001

18. NOTES TO THE CASH FLOW STATEMENT:

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

	2001 £'000	2000 £'000
Operating surplus	1,533	1,105
Interest payable	298	316
Interest receivable	(157)	(165)
Depreciation charges	336	276
(Increase) in stocks	(5)	(1)
(Increase)/ decrease in debtors	(25)	85
Increase/ (decrease) in creditors	335	273
(Surplus)/ deficit on disposal of fixed assets	(4)	9
Net cash inflow from operations	<u>2,311</u>	<u>1,898</u>

b) Analysis of cash flows and net debt

	1.9.2000 £'000	Cash Flow £'000	other movements £'000	31.8.2001 £'000
Cash at bank and in hand	706	1,057		1,763
Debt: bank loans	(3,508)	(72)		(3,580)
Current asset investments	619	315	(41)	893
Total	<u>(2,183)</u>	<u>1,300</u>	<u>(41)</u>	<u>(924)</u>

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

	2001 £'000	2000 £'000
Increase/ (decrease) in cash	1,057	(983)
Cash flow from change in loans	(72)	167
Cash flow from change in liquid resources	315	(45)
Change in net debt arising from cash flows	<u>1,300</u>	<u>(861)</u>
Change in value of current asset investments		
- realised	1	(10)
- unrealised	<u>(42)</u>	<u>(9)</u>
	<u>(41)</u>	<u>(19)</u>
Movement in net debt	1,259	(880)
Net debt brought forward	(2,183)	(1,303)
Net debt carried forward	<u>(924)</u>	<u>(2,183)</u>

