



ETON
COLLEGE

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2017

ETON COLLEGE
TRUSTEES, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2017

The Visitor of Eton College is the Lord Bishop of Lincoln. The current Lord Bishop, the Right Reverend Christopher Lowson, was enthroned in November 2011.

The Governing Body of Eton College, known as the Provost and Fellows, are the charity trustees. The Provost and Fellows who served during the year and subsequently up to the date of signing are listed below:

		Committees (see below)						
		SC		I	H	N	S	
The Rt Hon Lord Waldegrave of North Hill PC MA – Provost		SC						
Dr Andrew Gailey CVO MA PhD – Vice Provost		SC			H	N		R
Professor Michael Proctor MA MMath SCD FRS FRAS FIMA								
Sir Michael Burton	Retired 12 Nov 2016							R
The Duchess of Wellington OBE BA					H	N		
Mr David Reid Scott MA	Retired 24 June 2017			I			S	
Professor Kim Nasmyth BA PhD FRS						N		
Dr Caroline Moore MA PhD					H			R
Mr Hamish Forsyth MA				I		N	S	
Mr John Varley MA	Resigned 20 June 2017		A					
Mr Mark Esiri	From 3 Feb 2016		A					
Sir George Leggatt	From 9 Dec 2016							R
Mr Thomas Seaman	From 9 Dec 2016		A	I				
Sir Mark Lyall Grant	From 14 October 2017							

During the year, the activities of the Governing Body were carried out through seven committees as listed below. The membership of these committees is shown in the table above for each Fellow.

- Standing Committee (which any Fellow is entitled to attend) (SC)
- Audit and Risk Committee (A)
- Investment Committee (I)
- Heritage Committee (H)
- Nominations Committee (N)
- Senior Salaries Committee (S)
- Regulatory and Compliance Committee (R)

**ETON COLLEGE
TRUSTEES, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2017**

OFFICERS (Key Management Personnel currently and throughout the year)

The day-to-day management of the College is delegated by the Provost and Fellows to:

Simon Henderson MA	Head Master
Janet Walker MA FCA	Bursar
Susan Wijeratna BA from 1 Sept 2017 Robert Stephenson BSc PhD to 31 August 2017	Lower Master

BANKERS AND ADVISORS

Bankers	Barclays Bank PLC, 8 High Street, Eton, Windsor, Berkshire SL4 6AU
Solicitors	Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH Charles Russell Speechleys, 5 Fleet Place, London EC4A 1RS
Auditor	Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH
Investment Managers	Partners Capital LLP, 5th Floor, 5 Young Street, London W8 5EH

PRINCIPAL ADDRESS

Eton College, Eton, Windsor, Berkshire SL4 6DW.

Website: www.etoncollege.com

REFERENCE AND ADMINISTRATIVE INFORMATION

Eton College was founded as a corporation in 1440 by Royal Charter of King Henry VI, confirmed by later Acts of Parliament and by the Statutes approved by HM The Queen in Council, most recently in October 2016. The College is a charity and its Charity Commission registration number is 1139086. The statutory title of the charity is “The Kynge’s College of our Ladye of Eton besyde Windesore”. The short title is “Eton College”.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Body

The College Statutes provide: “The Foundation of the College shall consist of the Provost and Fellows (one of whom shall be the Vice-Provost), the Head Master, the Lower Master, the Bursar, the Master in College, the Conduct, the Precentor and the King’s Scholars. The Governing Body of the College shall comprise of the Provost and Fellows”.

The Provost is a Crown appointment for life. The Vice-Provost is elected by the Provost and Fellows (usually referred to as the P&F) and is normally a master or former master. The Provost attends to the good governance of the College and exercises a general superintendence over the property and affairs of the College. The Vice-Provost has the same duties under the Provost, taking care that all persons concerned in the administration or service of the College conform to the Charter and Statutes. They are both resident at the College. This unusual feature of governance at Eton provides for close awareness at governor level of issues affecting the College, and for support of the Head Master. Details of the Provost and Fellows are set out in the table below.

Date Appointed	Title and Name	Profile
2009	Provost Lord Waldegrave of North Hill (OE, 1965)	Distinguished Fellow of All Souls College, Oxford and a Government Minister from 1981, serving in the cabinet between 1990 and 1997. He is Chairman of Coutts & Co, Chancellor of Reading University and a member of the House of Lords. The Provost is a member and Chairman of Holyport College. Former parent.
2006	Vice-Provost Dr Andrew Gailey	Master in the history department at Eton from 1981 and a house master from 1993 to 2006. A graduate of both St Andrews and Cambridge, the Vice-Provost is a member of Slough and East Berkshire C of E Multi Academy Trust.
2013	Senior Fellow Professor Michael Proctor	The Provost of King’s College, Cambridge (also founded by Henry VI) is the Senior Fellow ex officio. Professor Proctor holds the Chair of Astro-Physical Fluid Dynamics at Cambridge University. He is a Governor of King’s Ely.

Date appointed	Name	Appointed/ Nominated by:	Profile
2010	Dr Caroline Moore	P&F from Cambridge University (Statute VII (3))	A past Fellow and Director of Studies in English at Peterhouse College, Cambridge University. Dr Moore is a journalist, book reviewer and educational author. Former parent.
2008	The Duchess of Wellington	P&F	Until 2007 a trustee and then Chairman of the Guinness Partnership, a national charitable Housing Association. The Duchess is Chairman of the Royal Ballet School and the Patron of the Loddon School (a special needs school in Hampshire). Former parent.
2009	Professor Kim Nasmyth (OE, 1970)	Royal Society (Statute VII(4))	A Fellow of Trinity College, Oxford. Professor Nasmyth is Whitley Professor of Biochemistry at the University of Oxford. His earlier scientific career includes positions at the Universities of Cambridge, Washington and Vienna.
2011	Hamish Forsyth	Masters	He is responsible for the European business of the Capital Group Companies, a large and long-established investment management firm based in Los Angeles.
2016	Mark Esiri (OE, 1983)	P&F	Co-Founder and Chairman of venture capital firm Venrex Investment Management where he holds board positions in several companies.
2016 (From 9 December 2016)	Sir George Leggatt (OE, KS,1975)	The Lord Chief Justice (Statute VII(5))	A judge in the Queen's Bench Division of the High Court of Justice since 2012. Former parent.
2016 (From 9 December 2016)	Thomas Seaman	P&F from Oxford University (Statute VII(2))	The Estates Bursar, a Fellow and Sub-Warden of All Souls College, Oxford University. He is a member of the University's Investment Committee and chairs the Property Advisory Group. Also a Trustee (Hon Treasurer) and member of the Council of the International Institute for Strategic Studies. Graduate of Yale. Former parent.
2017 (From 14 October 2017)	Sir Mark Lyall Grant (OE, 1974)	P&F	Sir Mark has had a distinguished career in HM Diplomatic Service. He is a former High Commissioner to Pakistan and Ambassador to the UN (until 2015). Most recently, he was the Prime Minister's National Security Advisor. Former parent.

Recruitment and Training of the Provost and Fellows

The Fellows, with the exception of the Provost, Senior Fellow and Masters' Representative, retire after no more than 15 years or at age 70 if earlier. The Masters' Representative serves for a five-year term and may be elected for further five-year terms.

The Nominations Committee identifies suitable nominees to become Fellows in accordance with the nomination requirements set out in the College Statutes and the particular skills and experience identified by the Nominations Committee as required on the Governing Body. Nominees are interviewed by the Nominations Committee.

Upon their appointment, Fellows are provided with an induction pack that brings them up to date with current business and with issues of major importance. There is also an induction day during which the incoming Fellow spends time with each of the Provost, Vice Provost, Head Master and Bursar and their senior teams.

A rolling programme of familiarisation with the work of the College and its staff is arranged. Training opportunities provided by external organisations are taken up and in-house training is undertaken in respect of key areas (e.g. safeguarding, safer recruitment, and duties of charity trustees).

Organisational management

Strategic direction and decision-making lies with the Governing Body, the Provost and Fellows, who normally meet twice each term at Eton. They usually devote the previous evening to activity that deepens their knowledge of the College and of issues of current importance, for example by means of a departmental presentation, themed discussion with a particular group of masters or boys, attendance at an event (e.g. school play) or presentation on outward facing initiatives (e.g. Holyport College, Online Education).

The work of implementing their policies is carried out by seven committees:



The Standing Committee, chaired by the Provost, oversees the administration of the College within the strategic and policy framework, and plans and reviews the agenda and papers for the Provost and Fellows' meetings.

The Audit and Risk Committee, chaired by Mr Thomas Seaman, monitors all strategic risks facing the College, and reviews and scrutinises the Annual Report and Financial Statements prior to approval by the Provost and Fellows.

The Investment Committee, chaired by Mr Thomas Seaman, provides endowed investment advice from a group of expert Old Etonians and reviews the mandate given to Investment Managers, Partners Capital. It has a sub-committee, the Investment Property Committee, which oversees the College's investment property holdings.

The Heritage Committee, chaired by the Provost, oversees the management of Eton's historic buildings, environment, and collections.

The Nominations Committee, chaired by the Provost, manages the processes for appointment of those Fellows who are elected by the Provost and Fellows, the Head Master, and senior administrative staff.

The Senior Salaries Committee, chaired by Mr Hamish Forsyth, is responsible for remuneration decisions in respect of senior management.

The Regulatory and Compliance Committee, chaired by the Vice Provost, monitors and reviews non-financial regulatory compliance by the College, particularly compliance with the Independent Schools Standards Regulations and National Minimum Standards for Boarding Schools.

The day-to-day running of the College is delegated to the Head Master, Bursar and Lower Master, as key management personnel, supported by other members of the senior management team. The Head Master and Bursar attend the Provost and Fellows' meetings and provide written reports for their attention. The remuneration of the key management personnel is set by the Provost and Fellows. Decisions are based on information for similar job roles in the independent school sector and any performance information that is relevant. The Provost and Fellows, as a whole, agree and set the annual 'cost of living' pay increases.

Group structure and relationships

Eton College has nine wholly owned subsidiaries, five of which, listed below, are consolidated into the Financial Statements. The remaining four subsidiaries are not consolidated on the grounds of immateriality.

- **Eton College Services Limited** undertakes hospitality related trading activities and donates its annual profits to Eton College under the Gift Aid Scheme.
- **Rownsmoss Limited** undertakes property development, and manages a portfolio of investment properties.
- **Eton Online Ventures Limited** provides educational services to EtonX Limited and now owns 100% of the share capital of EtonX Limited, having purchased the remaining 50% on 1 September 2016.
- **EtonX Limited** is an early stage business, set up to provide soft skills via online education to high school students. It initially provided online education in China. However, due to the complexities of transacting business within the Chinese market, a strategic decision was taken during the year to cease operations in China. All costs of closure have been expensed in the year. Eton X Limited is now in a development phase whilst it explores the creation of a more scalable, global online product. EtonX Limited has a wholly owned subsidiary EtonX Information Technology (Shanghai) Co. Ltd, registered in China.
- **Dorney Lake Trust Company** is a grant giving charitable company and ran the junior rowing initiative at Dorney Lake, which encouraged pupils of local schools to take up rowing. At a meeting of the trustees held on the 27 July 2017, it was decided that the best use of the trust's assets would be to make a grant of its remaining funds to Eton College for the purposes of promoting rowing outreach activities, and that the trust be subsequently closed. The trust is now dormant.

The results of the subsidiaries and joint venture are shown on pages 31 to 32. The dormant subsidiaries are listed on page 30.

Employment Policy

The College is an equal opportunities employer. Communication with employees is through a variety of channels, in a variety of forms. For example: daily announcements by Head Master and Lower Master to all masters and senior support staff, e-mail briefings to all staff about the matters discussed in the meetings of the Provost and Fellows, and informal briefings by managers to members of their teams.

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

The College was founded by Henry VI for the worship of God and the education of young men to the service of the church and state.

In the preamble to the amended statutes of October 2016, the charitable objects are stated as:

- The advancement of education by the provision, support and conduct of a school known as Eton College and by ancillary or incidental educational activities (including the conduct of services in its chapel or chapels) for the benefit of students (being persons enrolled on a course of study provided by Eton College) and/ or the wider community.

- For the benefit of the public, the preservation, maintenance, improvement and repair of:
 - the buildings and fabric of Eton College (including the chapels of the College) which are of architectural or historical importance;
 - the furniture, pictures and chattels of any description having historic or artistic interest connected with the College.

Primary Objectives

Eton is a full boarding school educating over 1,300 boys aged 13-18.

The College is committed to:	
Promoting the best habits of independent thought and learning in the pursuit of excellence;	
Providing a broadly based, high quality, education designed to enable all boys to discover their strengths and to make the most of their talents within Eton and beyond;	
Engendering respect for individuality, difference, the importance of teamwork and the contribution that each boy makes to the life of the College and community;	
Supporting pastoral care that nurtures physical health, emotional maturity and spiritual richness; and	
Fostering self-confidence, enthusiasm, perseverance, tolerance, loyalty and integrity.	

The College's medium to long-term aims and short-term targets are reviewed annually by the Provost and Fellows.

Medium to long term aims include:	
Maintaining and enhancing the College's established reputation for excellence in pastoral care through outstanding policy, practice and culture.	
Offering an academic programme that allows a more flexible approach to meeting the individual needs of boys both for their careers and personal development as adults, encompassing greater development of 21st century skills.	
Continuing to deliver an outstanding and comprehensive range of co-curricular activities.	
Widening further access to the education provided by the College by increasing over time the percentage of boys receiving financial help with fees to at least 25% and ensuring the number of boys paying no fees at all remains at least 70.	
Building on the successes of the College's current relationships with maintained schools (Holyport College, the London Academy of Excellence and the Independent State School Partnership) with a view to increasing the range and depth of its partnerships.	
Keeping the College on a sound financial footing and attracting sufficient donations, and generating enough financial contribution from commercial activities to realise the fee remission target set out above.	

Strategies to achieve the primary objectives

Public Benefit

Access, engagement and outreach

The Provost and Fellows actively seek to extend the College's educational reach as far as possible by awarding scholarships and bursaries to those who could not otherwise afford to come to Eton and by making the College's expertise and facilities available to students who are not its pupils. The opening of the Tony Little Centre (TLC) for Innovation and Research in Learning at the College in May 2015, and its continuing engagement with the wider educational commonwealth, is an example of this aim. The College also attaches great importance to good relations with the people and organisations in the local area.

The Tony Little Centre regularly makes its facilities available to staff and students from other schools. In March, the Centre hosted a Physics conference for external teachers from junior schools. 76 delegates attended from over 60 schools, around 55% from the independent sector and 45% from the state sector. In April, the Centre provided the venue for the launch of Holyport College's Teaching and Learning Development Plan. Professor Bill Lucas, the Chair of the TLC steering committee, led a session on action research, and the Centre's Researcher-in-Residence subsequently worked with Holyport teachers on creating action research projects. These activities are part of Eton's aim to develop strong, meaningful collaborations with the state sector and to share the best education practices both within the UK and internationally. As an initial stage of Eton's plans to make its partnership activities with the state sector more strategic and research-informed, in early 2017 the Centre commissioned an independent research paper *ISSPs: An Initial Review of Evidence and Current Practices* (University of Winchester / Institute of Education), led by Professors Bill Lucas, Louise Stoll and Toby Greany, which was published to coincide with the Schools Together conference in June 2017. During 2017-18 the Centre will host a series of seminars, which will bring together progressive thinkers in partnership activity nationwide. It will also host seminars of teachers and academics to discuss the Science of Learning with the aim of producing a synthesis of high-quality research for use by teachers internationally. Following on from a symposium on 'The role of research in schools' that the Centre held in July 2016 for 60 delegates (50% each from the state and independent sectors), a network of networks has developed to take forward the sharing of best practice in schools that are research engaged. Three more meetings took place during the 2016-17 school year at City Hall, UCL Institute of Education and Cambridge Faculty of Education, with Eton remaining a central contributor and influencer.

Making Eton accessible - scholarships and bursaries

Eton's central purpose is the provision of education. The Provost and Fellows are committed to the provision of scholarships and bursaries designed to widen access to the education that Eton provides. The Provost and Fellows want to ensure at least 70 boys receive full fee remission and at least 25% of boys in the school are financially assisted.

Scholarships are fee reductions awarded through competition on academic or musical merit; bursaries are fee reductions awarded according to need. Assessments of financial need are made through detailed means tests.

During the year, 261 boys (20%) received fee reductions; 82 of these boys paid no fees at all. The equivalent figures for the previous year were 282 and 74. The amount spent on fee remission increased from £6,406k to £6,460k, with the average award remaining 65% of the full fee.

Scholarships were awarded to 132 of these boys (2016: 148). King's Scholarships are awarded on academic promise and Music Scholarships on musical promise; both provide a 10% reduction in the school fee and are supplemented by bursaries according to need up to full fees if this is necessary to enable a boy to take up his place. Sixth Form Scholars and New Foundation Scholars, all of whom are boys from state schools, pay only what can be afforded.

As well as those that may be added to scholarships, bursaries are available to boys who would not otherwise be able to afford to come to Eton or (if circumstances change) stay at the school. The number of boys with bursaries (excluding those bursaries associated with scholarships) was 129 (2016: 134). The College liaises effectively with the state sector (particularly state secondary schools without sixth forms) to identify potential candidates for the New Foundation and Sixth Form Scholarships.

Other Public Benefit

Beyond the considerable public benefit of providing a high-quality education to its pupils, equipping them with good academic qualifications and a sense of responsibility and service to others, the College recognises its charitable duty to provide educational benefit to children and young people who are not pupils of the College.

The College's wider educational contribution is recorded on the Schools Together website, established in 2016. Particular highlights from the 2016-17 academic year were:

- Eton is the sole educational sponsor of **Holyport College**, the first boarding school established under the Government's free schools scheme. Holyport College opened in September 2014 and has been very successful in its first three years of operation. The school enjoyed its first general inspection by Ofsted in May 2017, and was judged to be 'outstanding' on all counts. In addition, the school's first GCSE results were very impressive, with over 82% of pupils gaining five good GCSEs including English and Maths. Eton has been instrumental in supporting Holyport in preparing for the opening of a sixth form in September 2017. Eton and Holyport work together very closely within a framework that encourages innovation and partnership. During the year, both schools worked very hard to develop an innovative partnership plan that seeks to set into place a process for continuous evaluation and improvement of the partnership, especially its reciprocal elements. This will replace the Heads of Terms agreements that existed in previous years. Initiatives undertaken, in addition to secondment of staff and sharing facilities include joint INSET for teaching staff, especially collaboration over the establishment of the Great Teachers Programme at Holyport College, the development of a joint Investment society for pupils and mentoring by Eton boys of Holyport pupils. One Eton teacher spent a fortnight teaching at Holyport College. Eton and Holyport jointly hosted a conference for 150 partnership co-ordinators to share best practice in cross-sector collaboration. Facilities, especially at Dorney Lake and the playing fields, are shared between both schools. Donations made to Holyport during the year total £176k, with the bulk of this being spent to provide suitable on-site accommodation for the Head Master and Deputy Head Master, with further in kind donations through non-financial support of £35k. Both partners aspire to make this partnership the Gold Standard in cross-sector partnership working nationally, and to be proactive in sharing lessons learned with the rest of the sector. The College does not consolidate Holyport into its results as it does not have control for the benefit of the College.
- Eton's continued its involvement with **London Academy of Excellence ('LAE')**, a selective free school for sixth formers in Stratford, East London, which opened in September 2012. Eton sponsors its English Department by providing two masters on part time secondment and plays a significant role in its governance, providing a governor and one committee member. In 2016-17, Eton took a strategic role in supporting LAE in raising its proportion of pupils gaining places at Oxford and Cambridge by devising and hosting a confidence-building session for LAE pupils in the week before interviews. This helped LAE in achieving 21 Oxbridge offers in 2016, almost double the previous school tally. In addition, one Eton teacher ran a flash theatre session for LAE pupils. Eton hosted a dinner in March 2017 to thank LAE staff for their hard work, and to support them with staff retention. In addition, both schools started to experiment with online student contact through video-conferencing technology, which will be a fruitful way of maximising the benefits of pupil interaction in future.
- Eton's engagement with the **Slough and East Berkshire Church of England Multi Academy Trust** has been established to form a group of schools which can support each other to ensure the best possible outcomes for young people in Slough and nearby areas. Slough and Eton Business and Enterprise College, Colnbrook Primary and Eton Porny School are the first three schools under the trust, for which the Provost served as a Member and the Vice-Provost as a Director. Eton hopes to be able to help improve education in its local area by being involved.
- In total, twelve Eton staff serve the local community by being governors of maintained schools, at primary, middle and secondary levels.

In addition to these headlines, the College continues to run its successful annual **Universities Summer Schools**, the **Choral** and **Rowing Courses** and continues actively to participate in the **Eton, Slough, Windsor and Hounslow**

Independent State School Partnership. Further details of the College's public benefit activity in 2016-17 and beyond can be found on the College's website www.etoncollege.com and Schools Together www.schoolstogether.org

The Provost and Fellows confirm that they have complied with the duty in the Charities Act 2011 in respect of having due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the College.

Reaching out to the College's local community

The Chapel, School Hall, the Farrer Theatre and other facilities are made available to local schools, clubs and societies. Community service is provided by boys taking food and clothing to homeless people in Slough and by playing the organ in four local churches.

The College's thriving Eton College Community Engagement (ECCE) programme saw 190 boys giving up their time voluntarily each week to work in the local community. Many boys worked as mentors in local primary schools or in supporting disability charities such as the Friendly Club and Riding for the Disabled. A large number of boys took responsibility for mentoring local pupils in Maths A level and GCSE studies. Others worked in local charity shops, for environmental organisations and in visiting elderly people.

The College provides in-kind support to the Poor's Estate in the Ancient Parish of Eton (Charity No. 200640). The Poor's Estate is established for the relief of persons in the Parish who are in need, hardship or distress by reason of age, infirmity or poverty and its principal activity is the provision of a day centre for the elderly. The College provides payroll, income and expenditure processing, management and statutory reporting services in kind.

Boys are actively encouraged to raise money for good causes. This is done through Eton Action (a separately registered charity, number 258247) which holds an annual community fair and other fund-raising events. The money raised is distributed to charities chosen by the Eton boys.

Reaching out to society

In 2016/17 Eton has further expanded the outreach and engagement programme undertaken in respect of its Collections. The dedicated Exhibitions & Outreach Co-ordinator ensures many young people are coming to experience Eton.

Particular highlights for Collections engagement over the last year include:

	27 teachers from a number of primary schools attended an inaugural Continuing Professional Development day focussed on teaching Shakespeare and showcased the materials and activities created as part of the Challenge Day programmes	
	Working with a local primary and a local secondary school, the College has delivered three challenge days for 160 Gifted and Talented children drawn from schools across the region	
	As part of the Community Engagement programme, we are mentoring a group of boys who will create and deliver workshops for primary school children drawing on the exhibition programme and permanent displays	
	Three special exhibitions were held in the Verey Gallery and two in the Tower Gallery. These were included in the engagement programme and open to the public by appointment. The College also held an Open House afternoon focused on two exhibitions	
	Learning events organised around the exhibitions programme have continued to draw audiences from primary and secondary schools and colleges in the area, including those in the ISSP, the London Academy of Excellence, Holyport College, CoLA Hackney and Windsor Girls' School; and have included lectures, film screenings and masterclasses	
	We continue to develop our relationship with Windsor Girls' School, supporting their Aspiring High programme nurturing Russell Group university applicants	
	We organised a week of viewings and engine start-ups with the only original WW1 SE5a aeroplane still flying, with an associated exhibition; students from four local schools, including Langley Academy,	

	attended, as well as adults and families from the community, bringing the audience for the week to over 500	
	General and special interest adult groups have also been welcomed by the Collections for talks and tours exploring a variety of themes	
	The second year of collaboration with the Windsor Festival and Windsor Fringe Festival, with lecture evenings in College Chapel and College Library, and a free art trail which drew over 200 visitors	
	A pilot summer season of tours for the general public was offered on Friday afternoons, and consistently ran to capacity, welcoming over 800 visitors	
	The Eton Museum of Antiquities, Natural History Museum, and the Museum of Eton Life are open free to the general public every Sunday afternoon, along with an Eton Walkway trail	
	Hosting approximately 170 visiting researchers and answering some 450 further research enquiries by post, telephone and email	

ACHIEVEMENTS AND PERFORMANCE

Academic performance

Eton has continued to deliver a very high standard of education. Eton was inspected by the Independent Schools Inspectorate (ISI) during in 2015-16, and was awarded the highest grade available in every area of focus.

The consistently excellent performance in public examinations was maintained again during the 2016-17 academic year:

	98% (2016: 96%) of all A-level grades were awarded grades A*/A/B, with 80% (2016: 80%) at A*/A, and 42% (2016: 43%) at A*.	
	Eton pursues the Pre-U qualification in a number of subjects as an alternative to A level. 82% (2016: 80%) of all Pre-U entries were graded Distinction 3 or above (equivalent to an A grade at A-level). 52% (2016: 47%) of entries were at Distinction 2 or higher (equivalent to an A* at A-level). 71 (2016: 43) boys (20% (2016: 21%)) achieved the heights of a Distinction 1 (above an A* at A-level).	
	At GCSE 80% (2016: 78%) of the 2,201 entries were awarded the A* grade. This is the College's strongest performance to date.	

Eton's view of education encompasses much more than just intellectual achievement, important though this is. A strong, broad and extensive curriculum, including a vast range of co-curricular activities, enables the boys to discover and develop their strengths wherever they lie, whether in academic, aesthetic, technical or sporting pursuits.

Fund-raising performance

The College has an in house fundraising team and currently has a fund-raising programme with a view to providing bursaries, developing the school's facilities and maintaining the College's heritage properties and collections. A total of 26 fundraising events were held in 2016-17, and the income generated from donations was £5.1m (2016: £5.2m). The College has signed up to the Fundraising Code, paid the fundraising levy and trained staff to comply with the code. No complaints have been raised in the year. The College is mindful of privacy issues and is in the process of implementing a new Customer Relationship Management System in order to better manage the areas of charitable activity about which our contacts wish to be informed.

Investment policy and performance

The Eton College Common Investment Fund (EC CIF) was established in July 2006 and is the pooling scheme through which the College's various funds (the endowed funds, designated funds, some pension funds) are invested with the objective of maximising long-term total return, subject to not exceeding an agreed level of risk.

Pursuant to the total return order dated 27 July 2008, the College has adopted since 1 September 2007 a total return approach for the investment of its permanently endowed funds. Under the total return order, the College can invest those funds without regard to whether the investment return is in the form of capital appreciation or income and with discretion to apply any part of the total investment return as income for spending each year. Until this power is exercised, the investment return forms a component of the endowed fund known as the "unapplied total return". The Provost and Fellows have decided that it is in the best interests of the College to account for all its invested funds (both permanent and expendable endowments) in the same way.

The return, in terms of both income receivable and capital appreciation or depreciation, whether realised or unrealised, is credited or charged to the funds. The amount available for the College to draw down for expenditure in any one year is determined by an internally self-imposed rule which, subject to a floor and ceiling, currently permits the drawdown of up to 3.5% of the average of the last five years' year-end valuations of the EC CIF.

The EC CIF is invested partly in securities and partly in property. The securities investment portfolio element of the Eton College Common Investment Fund continues to be managed by Partners Capital, with agreed risk parameters, on a discretionary basis with oversight provided by an Investment Committee whose members have significant experience of investment management. The core tenets of Eton's investment strategy remain: to manage the portfolio to deliver long-term absolute returns without specific regard to income generation; to diversify the portfolio across multiple asset classes; and to identify and select the most skilled asset managers within each asset class.

As of 31 August 2017 the securities investment portfolio was valued at £337m (compared with £312m in 2016). It was invested with 45 different active investment managers and remained well diversified across asset classes and investment strategies. While ethical, social, and environmental considerations are taken into account when investments are made, there are no formal restrictions in place to preclude investment in specific companies, sectors, or countries.

In the twelve months to 31 August 2017 the securities investment portfolio rose in value by 15.3% calculated as the compounded monthly investment performance, excluding the impact of any additions and withdrawals, which compares to a gain of 12.3% for the Eton Composite Benchmark, which represents the investment portfolio's long-term strategic asset allocation. Over the last three years the investment portfolio has outperformed the Eton Composite Benchmark, returning 11.7% p.a. compared with a 10.1% p.a. gain for the Benchmark. The securities investment portfolio has outperformed the Benchmark over both the short- and long-term time horizons as a result of its active investment managers outperforming their benchmarks, especially those focussed on private equity and private debt.

Eton's direct property portfolio was valued by an external valuer at £86.4m at the end of August 2017, compared to £85.3m at 31 August 2016. During the year the net disposals to the portfolio were £1.4m with an investment gain of £2.5m.

FINANCIAL REVIEW

Results for the year

The College's consolidated net expenditure for the year ended 31 August 2017 was £1.5m, before investment gain of £37.3m (2016: 22.2m), compared to net expenditure of £3.4m for the previous year.

School fee income increased by 3.6% from £47.0m to £48.7m. The funding of scholarships and bursaries (fee remission) went up from £6.4m to £6.5m.

Total charitable expenditure rose by 12.8% from £58.7m to £66.3m. The bulk of this comprises the costs of running the College; 51% of these costs are employment costs. The large increase over the previous year is mainly due to the commencement of a Boarding House re-furbishment programme and the re-paving of school yard, a large proportion of which was funded by a specific fund-raising campaign.

The College will always have to spend significant amounts of money on maintaining its 398 buildings, including the 78 that are listed. These costs are funded not just from school fees but also from donations and drawdown from endowed funds.

Grants and donations to the College were £5.1m compared to £5.2m in the previous year. The College is very grateful for the continued generosity of its donors.

Investment income was £17.7m compared to £8.1m in the previous year. The strategy for the investment portfolio, comprising securities and properties, is primarily to maximise long-term total return, so this level of income is often very different from one year to the next. 2017 was an exceptional year for income because one of the private debt funds in which the College is invested (specifically LL Funds Offshore SPC Ltd.) realised significant gains on successful investments which it returned in the form of distributions, which are classed as income. As the College operates its investment portfolio on a total return basis, the investment income can vary greatly year on year and is difficult to predict. It has no bearing on the operational cashflow of the College. The working cash available to the College from the endowment is calculated in accordance with the College's internal spending rules.

Trading income is mostly made up of the aggregation of the turnover of the College's subsidiaries. Income increased from £1.7m to £2.0m. The increase is as a result of consolidating the income of EtonX Limited, which became a wholly owned subsidiary from the 1 September 2016. Refer to note 4 for more detail relating to the trading subsidiaries of the College.

Reserves Policy

The College believes that it is prudent to have sufficient reserves to continue with its short-term financial obligations in the event of a shortfall in income or unexpected upturn in expenditure. The College is fortunate to have significant endowed funds and has regard to the need to build up unrestricted reserves out of any annual operating surpluses, investment returns and fund-raising to a level which is considered adequate to meet the future needs of the College and allow further capital expenditure and major refurbishment to equip the College with the facilities needed to maintain the high standard of education currently provided.

The charitable funds of the College and its subsidiaries are accounted for as restricted or unrestricted funds.

Restricted funds are to be used in accordance with specific restrictions related to the fund at its inception or in its governing document. The aim and use of each of the restricted funds are set out in the notes to the financial statements. Restricted funds are divided between Endowed Funds and Restricted Income Funds. **Endowed funds** are capital funds with a restricted purpose and are further sub-divided into permanent and expendable endowed funds depending upon the terms of the relevant fund's governing document. **Permanent Endowed Funds** are capital funds where the original capital value is to be retained permanently for use by the College (e.g. freehold land) or for its financial benefit (i.e. by investment). The College has a Total Return Order (dated 27 July 2008) which stipulates that any investment returns will accrue as a capital supplement (the Unapplied Total Return) to the permanently endowed capital. Any part of the Unapplied Total Return converted into income for spending will be transferred to the appropriate Restricted Income Fund. **Expendable Endowed Funds** are accounted for similarly, except that all capital can be converted into income for spending either in accordance with any restrictions imposed by the fund's governing document or, where there are no such restrictions, at the College's own discretion.

Unrestricted Funds are funds that are available for use at the discretion of the College in furtherance of its objects and are divided between Designated and General Funds. **Designated Funds** are unrestricted funds which have been set aside by the College for specific purposes. The aim and the use of each of the Designated Funds are set out in note 14 to the Financial Statements. **General Funds** are funds available for the provision of working capital and reserves for the general administration of the College.

The **Endowed Funds** and the **Designated Funds** are generally regarded as being for the longer term, fundamentally underpinning and sustaining the operation of the College at its desired level of activity.

The **Improvement Fund** is a fund established by a scheme of 1904 for the maintenance and preservation of school properties. The preserved capital of this fund has been disclosed as permanently endowed capital in line with the enactment of the new Statutes.

The **Trusts Fund** consists of some individual grants, legacies and gifts given to the College over the years for specific purposes which are laid down in the individual trust documents.

The **Head Master's Fund** is a special trust (and linked charity) used to fund scholarships, bursaries, prizes, travel grants and other special purposes. During the year two funds totalling £110k (2016:£1,622k) which had previously been accounted for under the Trusts Fund were transferred to the Head Master's Fund.

The **Farrer Maintenance Fund** is a special trust (and linked charity) specifically for the improvement and maintenance of the College's buildings.

The **New Foundation Trust** is a special trust (and linked charity) which can be used for a variety of purposes for the benefit of the College, but in accordance with the wishes of the donor. During the year £318k (2016: £226k) was received in new donations and added to the New Foundation Trust as preserved capital.

All of the **Endowed Funds** are included within the Eton College Common Investment Fund ("EC CIF"), which means that all investment and monies belonging to the Endowed Funds are pooled for investment purposes, along with other designated and pensions funds. Refer to note 9 for a breakdown.

The **Restricted Income Funds** corresponding to each of the Endowed Funds represent the amount of income available for spending on those restricted purposes in accordance with the College's own internal spending rule. The other Restricted Income Funds, which comprise around 100 separate funds, are to be used in accordance with the wishes of the donor or the fund-raising campaign through which the monies were raised. Examples of such purposes are Bursaries, College Collections, Student Enrichment, Teaching and Research. The Restricted Income Funds are fully expendable and wherever possible College expenditure is charged to a restricted fund in precedence to being charged against General Funds.

The **Designated Funds** are unrestricted but designated by the College for specific purposes:

The **Designated Improvement & Maintenance Fund** has been specifically designated for the general improvement of the College.

The **Designated Bursary Fund** represents the funds generated by investing the £45m long-term loan in the EC CIF less interest payable on the loan.

The **Fixed Asset Fund** represents the net book value of the tangible fixed assets on the balance sheet at the year end.

General Funds are unrestricted and represent the accumulated net income from the College's activities and others sources for the general purpose of the College.

A summary of the different funds is set out below:

Fund Type	Fund Name	Value at 31 August 2017 £'000	Net Assets	Purpose
Endowed (Permanent - since new Statutes enacted)	Improvement Fund	165,660	Investments: Properties and Securities	Improvement and maintenance of College Buildings
Endowed (Permanent)	Trusts	10,620	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Endowed (Permanent)	Head Master's Fund	22,913	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Endowed (Expendable)	Farrer	42,642	Investments: Properties and Securities	Improvement and maintenance of College Buildings

ETON COLLEGE
REPORT OF THE PROVOST AND FELLOWS
YEAR ENDED 31 AUGUST 2017

Endowed (Expendable)	New Foundation Trust	33,731	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Restricted Income	Improvement	-	Cash	Improvement and maintenance of College Buildings
Restricted Income	Trusts	530	Investments: Properties and Securities and Cash	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Restricted Income	Head Master's Fund	600	Investments: Properties and Securities and Cash	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Restricted Income	Farrer	-	Cash	Improvement and maintenance of College Buildings
Restricted Income	New Foundation Trust	912	Investments: Properties and Securities and Cash	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Restricted Income	Other	3,702	Cash	Various purposes related to the College depending upon the terms of the gift or the appeal
Designated	Designated Improvement & Maintenance Fund	63,787	Investments: Properties and Securities	General Improvement of the College.
Designated	Bursary Fund	6,061	Investments: Properties and Securities less long-term loan	£45m loan taken out and invested in the securities portfolio to generate funds for bursaries.
Designated	Fixed Asset	63,990	Freehold land and buildings	Resources that have been applied for specific capital purposes
Reserves	General Fund	2		Resources that are applied for general charitable purposes

Pension Liabilities

The College has recognised on its balance sheet a pension liability of £24.5m in respect of the 1972 Defined Benefit Scheme (2016: £30.3m). The pension liability is calculated at a point in time even though it will not crystallise for many years. Details of the pension scheme can be found in the note 18 to the financial statements. The latest tri-annual actuarial pension valuation was completed as at August 2016. The results show a deficit of £3.4m, corresponding to a funding level of 92%. The College has made additional contributions to the scheme of £450k pa since September 2014, and will continue to do so until September 2021. Additionally a one off contribution of £1.35m was paid to the scheme during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Audit and Risk Committee considers annually approximately 60 risks under the headings of finances, operations, regulatory and reputation, ranks them as to likelihood and impact, and reviews the control measures for each of the risks. The resulting risk register is presented to the Provost and Fellows annually.

The key risks the College faces are:

Damage to the College's reputation

Failure to safeguard the well being of boys attending the College

Risk of cyber attack on IT systems and data

Occurrence of a major incident such as flood, fire or irreparable damage to one of the College's historic buildings

Changes in Charity legislation affecting independent school status

Failure to comply with Charity Commission or Independent School requirements

These risks to which Eton College is exposed, as identified by the Provost and Fellows, have been reviewed and systems have been established to mitigate them to an acceptable level.

The key controls used by the College to manage risk include:

Detailed terms of reference and formal agenda for all Governing Body and Committee activity

Formal written policies for operational activities

Comprehensive planning, budgeting and management accounting

Established organisational structure and lines of reporting

Regular review of regulatory requirements for independent schools by the Regulatory and Compliance Committee

Safer recruitment checks as required by law

Implementation of recommendations following a detailed IT review

FUTURE PLANS

Key elements of the College's future plans are:

To continue to provide broad based, high quality education drawing on best practices in teaching and learning

To achieve over time the percentage of boys receiving help with fees at 25% and ensure the number of boys paying no fees at all remains at least 70

To build on the successes of our current relationships with state schools with a view to increasing the range and depth of our partnerships and to continue to develop opportunities for boys to work with students from different backgrounds

To continue the science facilities re-furbishment. The intention is to complete this capital project by Easter 2019

To improve the sports facilities: building 2 new sports halls and a 25m swimming pool. It is hoped that planning permission will be granted by 2019

PROVOST AND FELLOWS' RESPONSIBILITIES STATEMENT

The Provost and Fellows are responsible for preparing the Provost and Fellows' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Provost and Fellows to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and group and of the income and application of resources of the charity for that period. In preparing these financial statements, the Provost and Fellows are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Provost and Fellows are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Statutes. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



The Lord Waldegrave of North Hill
Provost
3 February 2018

ETON COLLEGE

Independent Auditor's Report to the Provost and Fellows of Eton College

Opinion

We have audited the financial statements of Eton College for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Consolidated and College Balance Sheet, the Consolidated Cash Flow 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).

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2017 and of the group's incoming resources and application of resources, 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 Charities Act 2011.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

ETON COLLEGE

Independent Auditor's Report to the Provost and Fellows of Eton College (continued)

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.

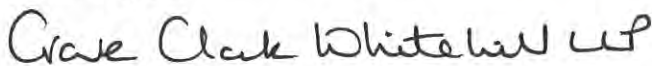
In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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



Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House,

10 Salisbury Square,

London,

EC4Y 8EH

15 February 2018

ETON COLLEGE
STATEMENT OF FINANCIAL ACTIVITIES – CONSOLIDATED
FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted Funds		Restricted Funds			
		General Funds	Designated Funds	Restricted income funds	Endowed funds	Total 2017	Total 2016
	Note	£000	£000	£000	£000	£000	£000
INCOME FROM							
Charitable activities							
School fees		48,681	-	-	-	48,681	47,016
Scholarships and bursaries		(3,532)	(7)	(2,921)	-	(6,460)	(6,406)
Discount on pre-paid fees	10	(143)	-	-	-	(143)	(173)
Net school fees		45,006	(7)	(2,921)	-	42,078	40,437
Other income	2	6,395	-	41	-	6,436	7,447
Grants and donations		244	-	4,766	115	5,125	5,154
Investment income	3	701	5,192	22	11,815	17,730	8,109
Trading income	4	2,009	-	-	-	2,009	1,686
Total income		54,355	5,185	1,908	11,930	73,378	62,833
EXPENDITURE ON							
Charitable activities	6	(54,409)	(5,214)	(6,655)	-	(66,278)	(58,746)
Raising and managing funds	6	(4,242)	(2,474)	-	(1,913)	(8,629)	(6,522)
Share of joint venture losses	5	-	-	-	-	-	(983)
Total expenditure		(58,651)	(7,688)	(6,655)	(1,913)	(74,907)	(66,251)
Net income/ (expenditure) before investment gains and transfers		(4,296)	(2,503)	(4,747)	10,017	(1,529)	(3,418)
Net investment gain		1,312	10,750	-	25,251	37,313	22,207
Transfers between funds	14	(2,878)	4,243	5,299	(6,664)	-	-
NET INCOME/ (EXPENDITURE)		(5,862)	12,490	552	28,604	35,784	18,789
Pension scheme actuarial gain/(loss)	18/19	5,383	-	-	-	5,383	(15,123)
NET MOVEMENT IN FUNDS		(479)	12,490	552	28,604	41,167	3,666
Funds brought forward		481	121,348	5,192	246,962	373,983	370,317
Funds carried forward	14	2	133,838	5,744	275,566	415,150	373,983

The notes on pages 25 to 53 form part of these financial statements.

ETON COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES – ETON COLLEGE FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted Funds		Restricted Funds			
		General Funds	Designated Funds	Restricted income funds	Endowed funds	Total 2017	Total 2016
	Note	£'000	£'000	£'000	£'000	£'000	£'000
INCOME FROM							
Charitable activities							
School fees		48,681	-	-	-	48,681	47,016
Scholarships and bursaries		(3,532)	(7)	(2,921)	-	(6,460)	(6,406)
Discount on pre-paid fees	10	(143)	-	-	-	(143)	(173)
Net school fees		45,006	(7)	(2,921)	-	42,078	40,437
Other income	2	6,395	-	41	-	6,436	7,447
Grants and donations		731	-	4,766	115	5,612	6,154
Investment income	3	701	5,192	22	11,815	17,730	8,103
Trading income	4	124	-	-	-	124	137
Total income		52,957	5,185	1,908	11,930	71,980	62,278
EXPENDITURE ON							
Charitable expenditure		(54,394)	(5,214)	(6,655)	-	(66,263)	(59,237)
Raising and managing funds		(3,108)	(2,474)	-	(1,913)	(7,495)	(4,962)
Total expenditure		(57,502)	(7,688)	(6,655)	(1,913)	(73,758)	(64,199)
Net income/ (expenditure) before investment gain and transfers		(4,545)	(2,503)	(4,747)	10,017	(1,778)	(1,921)
Investment gain		1,312	10,750	-	25,501	37,563	22,457
Transfers between funds	14	(3,528)	4,243	5,299	(6,014)	-	-
NET INCOME/ (EXPENDITURE)		(6,761)	12,490	552	29,504	35,785	20,536
Pension scheme actuarial gain/ (loss)	18	5,383	-	-	-	5,383	(15,123)
NET MOVEMENT IN FUNDS		(1,378)	12,490	552	29,504	41,168	5,413
Funds brought forward		1,735	121,348	5,192	246,062	374,337	368,924
FUNDS CARRIED FORWARD	14	357	133,838	5,744	275,566	415,505	374,337

The notes on pages 25 to 53 form part of these financial statements.

ETON COLLEGE
CONSOLIDATED AND ETON COLLEGE BALANCE SHEETS
AS AT 31 AUGUST 2017

		Consolidated		Eton College	
		2017	2016	2017	2016
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	8	63,991	56,334	63,809	56,176
Investments – properties	9	86,422	85,298	86,422	84,398
- securities	9	336,576	311,546	336,576	311,546
- Pre-Paid Fees Scheme (Gilts)	10	-	3,650	-	3,650
- Subsidiaries	9	-	-	-	1,350
- Joint Venture	5	-	167	-	-
		486,989	456,995	486,807	457,120
CURRENT ASSETS					
Stocks		190	172	173	159
Debtors	11	20,719	15,420	22,318	16,838
Cash and deposits		18,721	17,703	17,197	16,206
		39,630	33,295	39,688	33,203
CURRENT LIABILITIES					
Creditors: due within one year	12	(27,708)	(26,556)	(27,229)	(26,235)
NET CURRENT ASSETS					
		11,922	6,739	12,459	6,968
TOTAL ASSETS LESS CURRENT LIABILITIES					
		498,911	463,734	499,266	464,088
LONG-TERM LIABILITIES					
Creditors: due after more than one year	13	(54,120)	(53,906)	(54,120)	(53,906)
Defined benefit pension liabilities	18	(24,546)	(30,302)	(24,546)	(30,302)
Other retirement provisions	19	(5,095)	(5,543)	(5,095)	(5,543)
NET ASSETS					
		415,150	373,983	415,505	374,337
REPRESENTED BY:					
ENDOWED FUNDS	14	275,566	246,962	275,566	246,062
RESTRICTED INCOME FUNDS	14	5,744	5,192	5,744	5,192
UNRESTRICTED FUNDS					
Designated Funds	14	133,838	121,348	133,838	121,348
General Reserves	14	2	481	357	1,735
TOTAL UNRESTRICTED FUNDS					
		133,840	121,829	134,195	123,083
		415,150	373,983	415,505	374,337

The financial statements set out on pages 21 to 53 were approved and authorised for issue by the Provost and Fellows on 3 February 2018 and signed on their behalf by:



The Lord Waldegrave of North Hill
Provost



Janet Walker
Bursar

The notes on pages 25 to 53 form part of these financial statements.

ETON COLLEGE

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Net cash outflow from operations	17		(19,664)		(5,683)
Cash flows from investing activities					
Payments for tangible fixed assets		(9,595)		(3,413)	
Proceeds on sale of tangible fixed assets		363		49	
Additions to the securities portfolio		-		-	
Withdrawal from the securities portfolio		22,203		8,233	
Acquisitions to the estates properties		(2,322)		(2,075)	
Income from estates properties		2,879		2,482	
Proceeds from sale of estates properties		4,013		440	
Withdrawal from prepaid fees investment (Gilts)		3,639		1,922	
Investment in joint venture		-		(1,150)	
Net cash inflow provided by investing activities			21,180		6,488
Cash flows from financing activities					
New endowment		318		226	
Interest payable on loan note		(816)		(1,633)	
Loan note				-	
Net cash provided by financing activities			(498)		(1,407)
CHANGE IN CASH IN THE YEAR			1,018		(602)
Cash at 31 August 2016			17,703		18,305
CASH AT 31 AUGUST 2017			18,721		17,703

The notes on pages 25 to 53 form part of these financial statements.



Eton College

Notes to the financial statements

For the year ended 31 August 2017

1 ACCOUNTING POLICIES

Charity information

Eton College was founded as a corporation in 1440 by Royal Charter of King Henry VI, confirmed by later Acts of Parliament and by the Statutes approved HM The Queen in Council most recently in 2016. The College is registered as a charity in England and Wales (1139086). The principal address is Eton, Windsor, Berkshire, SL4 6DW.

Basis of Preparation

The financial statements have been prepared in accordance with 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), and the Charities Act 2011. The College meets with FRS102 definition of a Public Benefit Entity.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments to market value.

Having reviewed the funding facilities available to the College together with the expected ongoing demand for places and the College's future projected cash flows, the Provost and Fellows have a reasonable expectation that the College has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the College's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Responsibilities on page 18.

The functional currency of the College is considered to be pounds sterling because that is the currency of the primary economic environment in which the school operates.

Cash Flow

The College has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement, on the basis that it is a qualifying entity and the consolidated cashflow statement included in these financial statements includes the cash flows of the College.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Eton College ("the College") and its wholly owned subsidiary companies. The consolidated financial statements consolidate the accounts of the Group entities made up to 31 August 2017. The turnover and expenditure of trading subsidiaries and of the related charitable undertaking are shown separately within the consolidated statement of financial activities. Their assets and liabilities are consolidated on a line-by-line basis in the consolidated balance sheet.

The College accounted for the joint venture, EtonX Limited on an equity basis in the previous year. The share of the net loss being recorded in the statement of financial activities and the share of net assets being recorded as a separate line on the balance sheet. On 1 September 2016, EtonX Limited became a wholly owned subsidiary, and has been consolidated line by line in the 2016-17 financial statements. Eton X Limited changed its financial year end from the 31 December to 31 August in order to be aligned with the other entities in the group. The consolidated accounts include 12 months of EtonX Limited's results. EtonX Limited has prepared its own financial statements for the 8-month period to 31 August 2017. The College's dormant subsidiaries, listed in note 4, have not been consolidated on the basis of immateriality, including EtonX Shanghai, a subsidiary in China. Intra group sales and charges between the College and its subsidiaries are excluded from consolidated trading income and expenditure.

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

Income

School fees receivable and charges for services and use of premises are accounted for in the period in which the service is provided. Scholarships and bursaries granted by the College in respect of those fees are deducted in the school term to which they relate.

Fees received in advance of education to be provided in future years under a pre-paid fees scheme contract are held as interest-earning liabilities and treated as deferred income until either taken to income in the school term when used or are otherwise refunded.

Grants and donations are recognised as income on receipt of funds or when entitlement of receipt by the College is considered probable. Grants and donations received for the general purposes of the College are credited to Unrestricted Funds. Grants and donations subject to specific wishes of donors or for a particular purpose are credited to Restricted Income Funds, or to Endowed Funds where the capital is permanent. Gifts in kind are valued at estimated open market value as at the date of the gift or at the value to the College.

Legacies are recognised as income on receipt of funds or when entitlement of receipt by the College is considered probable. Entitlement is taken to be the earlier date of the College being notified of an impending distribution following settlement of the estate or the legacy being received.

Investment income from securities and property is accounted for in the period in which it is receivable.

Trading income and other income is recognised in the period to which it relates.

Income received in respect of future accounting periods is carried forward as deferred income within creditors and is taken to income in the school term when used or is otherwise refunded. Where entitlement occurs before income is received, the income is accrued within debtors.

Expenditure

Expenditure is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is classified under headings that aggregate all costs related to the category. Irrecoverable VAT is charged to the appropriate expenditure heading. Governance costs comprise the costs of complying with the constitutional and statutory requirements and are included in support costs as per note 6.

Grants payable are accounted for in the period in which the commitment is made.

Tangible fixed assets

School properties, many of which are historic buildings, acquired after 1 September 1962 have been capitalised and depreciated over an estimated useful life of 50 years. School properties which have been held for 50 years or more have not been capitalised as they are considered to have been fully depreciated.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Only assets costing £10,000 or more, or groups of assets forming part of a larger project costing over £10,000, are capitalised. This level is periodically reviewed by the Provost and Fellows, along with the need for a formal impairment review.

Where properties held for investment purposes are transferred to fixed assets for school use, the cost to the school is recorded as the market value at the time.

Freehold land is not valued on the balance sheet as the historical cost is immaterial.

Depreciation

Depreciation is provided on all tangible fixed assets, other than investment properties, heritage assets and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on current market prices, of each asset on a straight-line basis over its estimated useful life, as follows:

Freehold buildings	50 years
Furniture and equipment	4 to 30 years
Plant and machinery	10 years

The costs of maintenance are charged in the Statement of Financial Activities in the period in which they are incurred.

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

College Collections

The College Collections comprising books and manuscripts, archives, paintings, silver and other objects of artistic or cultural merit, and the historic buildings within which they are housed are considered to be heritage assets. No value is attributed to them in the balance sheet and no depreciation has been charged on the grounds that, for many of the assets, reliable historic cost information is not available and the Provost and Fellows consider that the depreciated historical cost of these assets is now immaterial. Additions to the Collections are not capitalised and the costs of repairs and maintenance are charged as incurred. Any improvements are similarly written off.

Investments

Investments are stated at market value as at the balance sheet date, and any gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities.

The market values of listed securities and pooled fund investments are stated at published prices. Unquoted securities are stated at investment managers' declared net asset values.

Property investments are valued using professional advice and on the basis of market value as defined in the RICS Appraisal and Valuation Manual ("The Red Book"). Independent valuations of relevant property investments have been carried out at 31 August 2016 and 31 August 2017 by Kempton Carr Croft.

Investments in subsidiaries are valued at cost less provision for impairment.

Stock

Stocks are stated at the lower of cost and net realisable value. Where appropriate, provision is made for obsolete, slow-moving and defective stocks.

Debtors

Trade debtors, other debtors, intercompany debtors and accrued income are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash

Cash and cash equivalents comprise cash in hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Creditors

Creditors and provisions are recognised where the College has a present obligation resulting 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 or estimated reliably.

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value 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. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

Total return investment accounting

Pursuant to the Total Return Order dated 27 July 2008, the College has adopted a total return approach for the investment of its permanently endowed funds with effect from 1 September 2007. Under the total return order, the College can invest those funds without regard to whether the investment return is in the form of capital appreciation or income and with discretion to apply any part of the total investment return as income for spending each year. Until this power is exercised, the investment return forms a component of the endowed fund known as the "unapplied total return". The Provost and Fellows have decided that it is in the best interests of the College to account for both the

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

permanent and the expendable endowments invested in the Eton College Common Investment Fund ("EC CIF") in the same way.

The return, in terms of both income receivable and capital appreciation or depreciation, whether realised or unrealised, is credited or charged to the funds. The annual amount available for the College to draw down as expendable in any one year is determined by an internally self-imposed rule which, subject to a floor and ceiling, currently permits the draw-down of 3.5% of the average of the last five years' year-end valuations of the invested funds.

The preserved permanent capital of the endowment funds has been taken as its carrying value as at 1 September 2007 together with the gift value of subsequent endowments.

Fund Accounting

The charitable funds of the College and its subsidiaries are accounted for as restricted or unrestricted funds.

Restricted funds are to be used in accordance with specific restrictions related to the fund at its inception or in its governing document. The aim and use of each of the restricted funds are set out in the notes to the financial statements. Restricted funds are divided between **Endowed Funds** and **Restricted Income Funds**. Endowed funds are capital funds with a restricted purpose and are further sub-divided into permanent and expendable endowed funds.

Permanent endowed funds are capital funds where the original capital value is to be retained permanently for use by the College (e.g. freehold land) or for its financial benefit (i.e. by investment). The Total Return Order stipulates that any investment returns will accrue as a capital supplement (the Unapplied Total Return) to the permanently endowed capital. Any part of the Unapplied Total Return converted into income for spending will be transferred to the appropriate Restricted Income Fund.

Expendable endowed funds are accounted for similarly, except that all capital can be converted into income for spending either in accordance with any restrictions imposed on the original endowment or, where there are no such restrictions, at the College's own discretion.

Restricted income Funds corresponding to each of the Endowed Funds represent the amount of income available for spending in accordance with the College's internal spending rules.

Other Restricted Income Funds are funds held to be used in accordance with the wishes of the donor or for the specific purposes of the fund-raising campaign. These funds are fully expendable and any unused balances are carried forward from one year to the next.

Unrestricted funds are funds that are available for use at the discretion of the College in furtherance of its objects and are divided between Designated and General Funds. **Designated Funds** are unrestricted funds which have been set aside by the College for specific purposes. The aim and the use of the Designated Funds are set out in the note 14 to the financial statements. **General Funds** are funds available for the provision of working capital and reserves for the general administration of the College.

Pensions costs

The College contributes to three pension schemes on behalf of its staff.

The Teachers' Pension Scheme contributions are made at rates set by the Government actuary and as advised by the scheme administrator. The scheme is a multi-employer defined benefit scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the College, and hence contributions are charged in the year they are incurred as if they were to a defined contribution scheme as required by FRS102.

The Eton College Employees (1972) Pension and Life Assurance Scheme is a defined benefit scheme for non-teaching staff. Employer's contributions are at rates set by the scheme actuary and as advised by the scheme administrator. The movement in the scheme's deficit is analysed within the consolidated Statement of Financial Activities to show the current and past service cost as part of charitable expenditure, the interest cost and expected return on assets as part of costs of generating funds, and actuarial gains and losses as part of other recognised gains and losses. The scheme has been closed to new members since 2006.

The Eton College Group Personal Pension Plan is a defined contribution scheme for non-teaching staff joining after October 2006. Employer's pension costs are charged in the period in which the salaries to which they relate are payable.

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

All pension costs are charged against unrestricted funds in both the current and the preceding period.

Key judgements and assumptions

In the application of the accounting policies, the College has to make judgements, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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 affected current and future periods.

As at 31 August 2017, the College had the following uncertain estimates and accounting judgements

- Impairment of financial assets £129k (2016: £649k).
- Depreciation charge during the year of £2,117k (2016: £2,106k).
- Liability in relation to the defined benefit pension scheme. The assumptions used to calculate the liability are set out in note 18.

2 OTHER INCOME

	2017 £'000	2016 £'000
Boys Charges and School Trips	3,900	3,996
Registration and Acceptance Fees	649	512
Summer Schools income	1,405	1,766
Profit on sale and transfer of school buildings	91	701
Sales and Sundry income	391	472
	6,436	7,447

3 INVESTMENT INCOME

	2017 £'000	2016 £'000
Property investment income	2,728	2,482
Security investment income	14,885	5,544
Interest	117	83
	17,730	8,109

The investment income attributable to the College only totals £17,730k (2016: £8,103k).

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

4 SUBSIDIARIES

The College has four active wholly owned/controlled non charitable undertakings, all of which are incorporated in England and Wales, and one wholly owned Charitable Company, also resident in England and Wales *, all of which are consolidated. These are:

Company Name	Registration Number	Activity
Eton College Services Limited	1213991	Provision of hospitality services
Rownmoss Limited	1185176	Property development
EtonX Limited	9624046	Online soft skills education
Eton Online Ventures Limited	8415323	Commercial educational services
Dorney Lake Trust Company *	3273795 (charity no 1060013)	Grant giving charity

All of the above entities have the registered address of Eton, Windsor, SL6 4DB.

During the year Eton College Services Limited made supplies to Eton College in respect of provision of functions. The total of these supplies were £84k (2016: £76k), and Eton College made supplies to Eton College Services Limited in respect of staff. The total of these supplies were £26k (2016: £20k).

Dorney Lake Trust Company is now dormant, for more details see page 7 of the Report of the Provost and Fellows.

The College also has four wholly owned subsidiaries which have not been consolidated into the financial statements on the grounds that they are immaterial to the group. The College's directly owned dormant subsidiaries are registered at Eton, Windsor, SL6 4DB. EtonX Shanghai is registered at Suite 1853, Changle Road, Xuhui District, Shanghai, PRC.

Company Name	Registration Number	Parent
Eton College Trustees Limited	3316718	Eton College
Eton Riverside Management Limited	3900319	Eton College
The Second 58 Eton Avenue Limited	2998787	Eton College
EtonX Information Technology (Shanghai) Limited	91310000MA1FR2427A	EtonX Limited

	2017	2016
Net amount due to Eton College from:	£'000	£'000
Eton College Services Limited	798	742
Rownsmoss Limited	6,298	1,411
EtonX Limited	-	-
Eton Online Ventures Limited	282	174
Dorney Lake Trust Company	-	7

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

4 SUBSIDIARIES (continued)

Summarised information on consolidated subsidiaries:

Profit and loss account	Eton College Services Limited	Rownsmoss Limited	EtonX Limited	Eton Online Ventures	Dorney Lake Trust Company	Total 2017	Total 2016
	£'000	£'000	£000	£'000	£'000	£'000	£'000
Turnover	1,332	36	637	98	13	2,116	1,626
Cost of sales	(1,451)	(229)	(169)	(2,536)	(313)	(4,698)	(1,591)
Gross (loss)/ profit	(119)	(193)	468	(2,438)	(300)	(2,582)	35
Expenses/ other	(32)	(6)	(1,634)	(24)	-	(1,696)	-
Revaluation of stock/investments	-	(102)	-	-	-	(102)	(250)
Net loss before charges to the College	(151)	(301)	(1,166)	(2,462)	(300)	(4,380)	(215)
Charges to / (from) the College:							
Amount gift aided/ granted	-	(4)	-	-	-	(4)	(1,221)
Retained in subsidiary company/ related charity	(151)	(305)	(1,166)	(2,462)	(300)	(4,384)	(1,436)
Profit and loss account b/f	49	296	(1,966)	(2)	300	(1,323)	2,080
Retained (loss)/ profit as at 31 August c/f	(102)	(9)	(3,132)	(2,464)	-	(5,707)	644

Balance Sheet	Eton College Services Limited	Rownsmoss Limited	EtonX Limited	Eton Online Ventures	Dorney Lake Trust Company	Total 2017	Total 2016
	£'000	£'000	£000	£'000	£'000	£'000	£'000
Tangible fixed assets	182	-	-	-	-	182	159
Investments	-	887	-	-	-	887	1,888
Current assets							
Stocks	17	-	-	-	-	17	913
Debtors	168	4,958	51	23	-	5,200	256
Cash at bank	501	549	230	244	-	1,524	1,497
Creditors	(970)	(6,403)	(123)	(286)	-	(7,782)	(2,719)
Net assets/ (liabilities)	(102)	(9)	158	(19)	-	28	1,994
Less: Share Capital	-	-	(3,290)	(2,445)	-	(5,735)	(1,350)
	(102)	(9)	(3,132)	(2,464)	-	(5,707)	644

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

4 SUBSIDIARIES (continued)

Reconciliation to Statement of Financial Activities

	2017	2016
	£'000	£'000
Trading income		
Turnover and other income (per subsidiary statutory accounts)	2,116	1,626
Less: Inter-co trading income	(231)	(77)
Add: Trading income in Eton College	124	137
Trading income per consolidated SOFA	2,009	1,686
Trading expenditure		
Total expenditure (per subsidiary statutory accounts)	6,496	3,062
Less: Reclassification to Investment Gain/ Support Costs	(264)	(260)
Less: Inter-co trading expenditure	(2,787)	(1,242)
Total expenditure	3,445	1,560
Trading expenditure in Eton College	22	22
Trading Costs (note 6)	3,467	1,582

5 JOINT VENTURE

The College's subsidiary Eton Online Ventures Limited held a 50% joint venture in EtonX Limited, a company which provides on-line educational courses in China. EtonX Limited is registered in England and Wales, company number 09624046. On the 1 September 2017, the remaining 50% of the shares were acquired by Eton Online Ventures Limited, and the results of EtonX Limited for the year ending 31 August 2017 have been included in the consolidated results, as a wholly owned subsidiary.

	2017	2016
	£'000	£'000
Profit and loss account:		
Turnover	-	429
Cost of Sales	-	(134)
Gross Profit	-	295
Expenses	-	(2,260)
Retained loss	-	(1,965)
50% included in the Consolidated Statement of Financial Activities	-	(983)
Balance Sheet:		
Fixed Assets	-	261
Current Assets	-	27
Creditors: amounts due within 1 year	-	(553)
Net Assets	-	(265)
50% included in the Consolidated Balance Sheet	-	(133)
Loan from Eton Online Ventures to EtonX Limited	-	300
Net Assets included in Consolidated Balance Sheet	-	167

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

6 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Other £'000	Depreciation £'000	2017 £'000	2016 £'000
Charitable Activities:					
Teaching	17,288	5,143	320	22,751	21,837
Boarding and Welfare	7,919	3,404	75	11,398	10,870
Premises	3,667	15,269	188	19,124	14,388
Support	3,165	2,158	1	5,324	4,959
Depreciation on freehold buildings	-	-	1,500	1,500	1,456
FRS 102 pension interest charges	-	2,084	-	2,084	1,484
Other	1,782	2,313	2	4,097	3,752
Total	33,821	30,371	2,086	66,278	58,746
Raising and Managing Funds					
Fund-raising	375	155	-	530	531
Investment	165	2,700	-	2,865	2,775
Interest	-	1,634	-	1,634	1,634
Trading costs	1,161	2,275	31	3,467	1,582
Write off goodwill	-	133	-	133	-
Total	1,701	6,897	31	8,629	6,522
Total expenditure	35,522	37,268	2,117	74,907	65,268

Other: The balances under other are made up as follows:

	Staff costs £'000	Other £'000	Depreciation £'000	2017 £'000	2016 £'000
Collections	545	329	-	874	713
Chapels	119	48	1	168	132
Collegiate	488	163	1	652	540
Summer Schools	564	743	-	1,307	1,398
Outreach	9	238	-	247	18
Grants and Donations	2	141	-	143	146
Restricted funds expenditure	55	651	-	706	805
Total other expenditure	1,782	2,313	2	4,097	3,752

Audit fees comprises £33k (net of VAT) (2016: £46k, including £6.6k paid to previous auditors) for the audit of the College and £16k (2016: £11.5k) for the audit of the subsidiary undertakings. In addition, £33k (2016: £28k) was incurred in respect of non-audit services. All of these costs are included within support costs above.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

7 STAFF COSTS

	2017	2016
	£'000	£'000
Staff costs		
Wages and salaries	29,601	28,097
Employer's National Insurance Costs	3,064	2,740
Pension costs	2,857	2,759
	35,522	33,596
Aggregate Employee Benefits (including Employer's National Insurance contributions) of Key Management Personnel	602	604

The table below shows the number of employees whose emoluments for the year (including taxable benefits in kind but not employer's pension costs or employer's national insurance contributions) fell within each band of £10,000 from £60,000 upwards.

	2017	2016
£60,000 - £69,999	38	41
£70,000 - £79,999	43	32
£80,000 - £89,999	16	18
£90,000 - £99,999	13	15
£100,000 - £109,999	17	18
£110,000 - £119,999	10	5
£120,000 - £129,999	3	3
£130,000 - £139,999	4	-
£140,000 - £149,999	2	-
£170,000 - £179,999	-	1
£190,000 - £199,999	1	1
£200,000 - £209,999	1	-

All except 5 (2016: 4) of the above employees earning more than £60,000 per annum participated in one of the College's pension schemes or the Teachers' Pension Scheme. During the year ended 31 August 2017 employer's pension contributions for these staff amounted to £1,622k (2016: £1,521k).

The average number of employees in the period, including those employed by Eton College Services Limited and EtonX Limited, was 983 (2016: 981).

A significant proportion of staff work part-time throughout the year and some staff are employed only at specific times of the year, for example those employed to run our Summer Schools. This is reflected in the fact that the highest monthly number of staff paid, 1028, was in August 2017 (August 2016: 1,068). The lowest monthly number of staff paid was 950 in February (October 2015: 947).

The Provost and Vice Provost are remunerated for their work as employees and are not remunerated as trustees. The total remuneration of the Provost was £121,555 (2016: £117,710). The total remuneration of the Vice-Provost amounted to £127,094 (2016: £115,827). No other Fellows received any remuneration or other benefits from Eton College or any connected body. Expenses amounting to £13,346 (2016: £4,136) were reimbursed to 6 (2016: 6) Fellows. Expenses related to travel and accommodation.

During the year there were redundancy or termination payments of £372,456 (2016: £113,279). £20,000 (2016: £5,000) of these payments were outstanding at the year end.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

8 TANGIBLE FIXED ASSETS

(i) Consolidated

	Freehold land and buildings £'000	Assets in construction £'000	Plant & Machinery £'000	Total £'000
Cost				
At 1 September 2016	80,632	1,019	8,759	90,410
Additions	2,088	7,190	767	10,045
Disposals	-	-	(710)	(710)
Transfers	83	(83)	-	-
At 31 August 2017	82,803	8,126	8,816	99,745
Accumulated depreciation				
At 1 September 2016	(27,720)	-	(6,356)	(34,076)
Disposals	-	-	439	439
Charge for the year	(1,500)	-	(617)	(2,117)
Transfers	-	-	-	-
At 31 August 2017	(29,220)	-	(6,534)	(35,754)
Net book value at 31 August 2017	53,583	8,126	2,282	63,991
Net book value at 31 August 2016	52,912	1,019	2,403	56,334

(ii) Eton College only

	Freehold land and buildings £'000	Assets in constructions £'000	Plant & machinery £'000	Total £'000
Cost				
At 1 September 2016	80,632	1,019	8,203	89,854
Additions	2,088	7,190	712	9,990
Disposals	-	-	(710)	(710)
Transfers	83	(83)	-	-
At 31 August 2017	82,803	8,126	8,205	99,134
Accumulated depreciation				
At 1 September 2016	(27,720)	-	(5,958)	(33,678)
Disposals	-	-	439	439
Charge for the year	(1,500)	-	(586)	(2,086)
Transfers	-	-	-	-
At 31 August 2017	(29,220)	-	(6,105)	(35,325)
Net book value at 31 August 2017	53,583	8,126	2,100	63,809
Net book value at 31 August 2016	52,912	1,019	2,245	56,176

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

College Collections

Over the centuries, the College has acquired a considerable heritage of books and works of art and regards their preservation, conservation and use, together with the historic buildings in which they are housed, as fundamental to the enrichment of the education that the College provides. The Collections team, comprising 12 staff employed by the College, are responsible for the organisation, documentation, storage, conservation and interpretation of the College Collections.

As a result of their age, and in many cases unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Provost and Fellows, the depreciated historical cost of these assets is now immaterial.

The College Collections comprise: the library collection of about 175,000 items (including 200 medieval manuscripts, 206 incunabula, circa 100,000 autograph letters and literary manuscripts, circa 2,500 drawings and engravings, circa 200 maps, as well as circa 75,000 further bound volumes); the art collection of about 5,000 watercolours, drawings, prints and oil paintings, and around 70 items of decorative arts; 170 items of silver; 70,000 photographs; 17,000 natural history items; and 6,000 items in the Antiquities Collection of which 3,000 are Egyptian artefacts in the Myers Collection.

In 2016/17 Collections hosted approximately 5,500 visitors to its museums, exhibition galleries, reading rooms and historic spaces. In addition to services for researchers, access is provided via educational programmes for schoolchildren from local schools and further afield, family learning events in collaboration with local schools, events open to the local community and visits for specialist and academic groups. The Natural History Museum, Museum of Eton Life and the Eton Museum of Antiquities are all open to the public at specific times. Additionally, exhibitions are held regularly throughout the year and may be viewed by appointment.

The guiding policies on acquisitions and acceptance of gifts are that any additions to the College Collections should build on existing strengths, support the curriculum of the College, or should have an Eton dimension, and that the focus should be on a few items of genuine quality. The policy is not generally to dispose of items from the Collections. Much importance is placed on professional management of the Collections and their conservation.

College expenditure on additions to the Collections during the last five financial years was:

2017	2016	2015	2014	2013
£'000	£'000	£'000	£'000	£'000
86	227	25	40	34

Donations to the Collections in those years have not been the subject of valuations, as they were not received for financial purposes. No heritage assets have been disposed of in those years.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

9 INVESTMENTS

Consolidated	Investment properties	Investment portfolio	Consolidated 2017 Total	Investment properties	Investment portfolio	Consolidated 2016 Total
<u>Market value</u>	£'000	£'000	£'000	£'000	£'000	£'000
Market value at 1 September	85,298	311,546	396,844	80,149	298,453	378,602
Acquisitions	2,322	119,263	121,585	2,075	100,150	102,225
Disposals	(3,676)	(129,068)	(132,744)	(848)	(105,342)	(106,190)
Net gains at 31 August	2,478	34,835	37,313	3,922	18,285	22,207
Market value at 31 August	86,422	336,576	422,998	85,298	311,546	396,844

Attribution to funds:

Endowed Funds (note 14)	269,066	246,962
Designated Improvement & Maintenance Fund (note 14)	63,787	63,444
Designated Bursary Fund	51,061	46,568
<u>General reserves</u>		
Other retirement provisions (note 19)	13,276	13,080
General Fund	25,808	26,790
Total investments	422,998	396,844

	Investment properties	Investment portfolio	Consolidated 2017 Total	Investment properties	Investment portfolio	Consolidated 2016 Total
<u>Cost</u>	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 September	30,296	260,037	290,333	29,281	267,292	296,573
Acquisitions	2,322	119,263	121,585	1,375	100,150	101,525
Disposals	(1,930)	(93,951)	(95,881)	(360)	(107,405)	(107,765)
Cost at 31 August	30,688	285,349	316,037	30,296	260,037	290,333

The investment portfolio includes units in collective investment schemes managed or advised by Eton College's investment adviser. Investments held in such investment funds include unquoted investments.

In 2017, Eton College only figures do not differ from the consolidated results. The difference in 2016 was one investment property held in Rownsmoss Limited at a market value of £900k and cost of £1,150k.

The investments in subsidiaries in Eton College balance sheet relates to the investment made in Eton Online Ventures Limited. The total cost of the investment is £2,445k (2016: £1,350k) which has been impaired to £nil in 2017. The investments in the other subsidiaries do not appear in aggregate as they total only £226 (2016: £226).

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

10 PRE-PAID FEES SCHEME

Consolidated and Eton College

Investments

The balance shown under pre-paid fees scheme investments is made up as follows:

	2017		2016	
	Book cost £'000	Market value £'000	Book cost £'000	Market Value £'000
Investments	-	-	2,349	3,650
Cash	13,455	13,455	9,537	9,537
	13,455	13,455	11,886	13,187

Cash is held within cash and deposits on the balance sheet.

Discounted liability for future fees

		2017	2016
	Note	£'000	£'000
After ten years		741	908
Within five to ten years		973	975
Within one to five years		7,406	7,024
Total due after one year	13	9,120	8,907
Total due within one year	12	4,335	4,280
Total liability		13,455	13,187

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

10 PRE-PAID FEES SCHEME (continued)

Summary of movements in liability

	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Balance at 1 September		13,187		12,278
New contracts		5,085		5,459
		18,272		17,737
Amounts recognised in payment of fees:				
To the College	(4,267)		(3,982)	
To other schools	(577)		(741)	
To original payers	(116)		-	
		(4,960)		(4,723)
Capital and interest repaid		-		-
Discount allowed to parents		143		173
Balance at 31 August		13,455		13,187

11 DEBTORS

	Consolidated		Eton College	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	290	464	166	269
Fees and extras	13,425	13,386	13,425	13,386
Taxation	64	-	-	-
Other debtors	5,124	186	193	182
Prepayments and accrued income	1,643	1,115	1,611	1,095
Amounts due from subsidiary companies	-	-	6,750	1,637
Staff loans	173	269	173	269
	20,719	15,420	22,318	16,838

The figure for fees includes July 2017 advance invoicing of fees for the 2017/18 Michaelmas term. These fees are not due for payment until September 2017, and therefore the resultant deferred income is shown within the figure for fees received or invoiced in advance within creditors (note 12).

All debtors are due within one year except for staff loans of £125k (2016: 72k).

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

12 CREDITORS: amounts falling due within one year

	Note	Consolidated		Eton College	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors		2,251	3,148	2,196	3,117
Amounts due to group undertakings		-	-	27	31
Fees received or invoiced in advance		16,646	15,905	16,646	15,905
Taxation and social security		1,117	974	1,098	959
Other creditors		676	704	639	661
Accruals and deferred income		2,683	1,545	2,288	1,281
Pre-paid fees scheme	10	4,335	4,280	4,335	4,281
		27,708	26,556	27,229	26,235

13 CREDITORS: amounts falling due after more than one year

	Note	Consolidated		Eton College	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Loan note		45,000	45,000	45,000	45,000
Pre-paid fees scheme	10	9,120	8,906	9,120	8,906
		54,120	53,906	54,120	53,906

The loan note of £45m is repayable in full in 2060. The loan note is unsecured and incurs interest of 3.63% pa which is payable every six months.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

14 a MOVEMENTS IN FUNDS - Current Year

	2016	Income	Bursaries and discounts	Net Income	Expenditure	Gains/ (Losses)	Total return transfers	Other transfers	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Endowed Funds									
<i>Permanent</i>									
Improvement Fund	148,461	7,050	-	7,050	(1,142)	15,386	(4,095)	-	165,660
Trusts	10,170	394	-	394	(64)	816	(230)	(466)	10,620
Head Master's Fund	19,905	1,093	-	1,093	(177)	2,264	(638)	466	22,913
<i>Expendable</i>									
Farrer	38,328	1,856	-	1,856	(300)	3,842	(1,084)	-	42,642
New Foundation	30,098	1,537	-	1,537	(230)	2,943	(821)	204	33,731
Total endowed funds	246,962	11,930	-	11,930	(1,913)	25,251	(6,868)	204	275,566
Restricted Income Funds									
Improvement Fund	-	-	-	-	(4,095)	-	4,095	-	-
Trusts	457	-	(35)	(35)	(109)	-	230	(13)	530
Head Master's Fund	350	11	(268)	(257)	(144)	-	638	13	600
Farrer	-	-	-	-	(1,084)	-	1,084	-	-
New Foundation	892	-	(665)	(665)	(136)	-	821	-	912
<i>Funded by endowed funds</i>	<i>1,699</i>	<i>11</i>	<i>(968)</i>	<i>(957)</i>	<i>(5,568)</i>	<i>-</i>	<i>6,868</i>	<i>-</i>	<i>2,042</i>
Other Restricted Funds	3,493	4,818	(1,953)	2,865	(1,087)	-	-	(1,569)	3,702
Total restricted funds	5,192	4,829	(2,921)	1,908	(6,655)	-	6,868	(1,569)	5,744
Designated Funds									
Improvement & Maintenance Fund	63,444	3,084	-	3,084	(5,713)	6,384	-	(3,412)	63,787
Bursary Fund -Bursaries	1,569	2,108	(7)	2,101	(341)	2,732	-	-	6,061
Bursary Fund -Interest	-	-	-	-	(1,634)	1,634	-	-	-
Fixed Asset Reserve	56,335	-	-	-	-	-	-	7,655	63,990
Total designated funds	121,348	5,192	(7)	5,185	(7,688)	10,750	-	4,243	133,838
General Fund	481	58,030	(3,675)	54,355	(58,651)	6,695	-	(2,878)	2
Total Funds - Consolidated SOFA	373,983	79,981	(6,603)	73,378	(74,907)	42,696	-	-	415,150
Less subsidiaries	(1,146)	(2,117)	-	(2,117)	4,008	250	-	-	995
Add inter – company	1,500	719	-	719	(2,859)	-	-	-	(640)
Total Funds – Eton College only	374,337	78,583	(6,603)	71,980	(73,758)	42,946	-	-	415,505

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

14 b MOVEMENTS IN FUNDS - Prior Year

	2015 (restated) £'000	Income £'000	Bursaries and discounts £'000	Net Income £'000	Expenditure £'000	Gains/ (Losses) £'000	Total return transfers £'000	Other transfers £'000	2016 £'000
Endowed Funds									
<i>Permanent</i>									
Improvement Fund	141,513	3,556	-	3,556	(1,271)	8,949	(4,286)	-	148,461
Trusts	11,411	174	-	174	(59)	517	(251)	(1,622)	10,170
Head Master's Fund	17,300	448	-	448	(150)	1,330	(645)	1,622	19,905
<i>Expendable</i>									
Farrer	36,626	776	-	776	(261)	2,304	(1,117)	-	38,328
New Foundation	28,575	631	-	631	(198)	1,747	(841)	184	30,098
Total endowed funds	235,425	5,585	-	5,585	(1,939)	14,847	(7,140)	184	246,962
Restricted Income Funds									
Improvement Fund	-	-	-	-	(4,286)	-	4,286	-	-
Trusts	607	-	(40)	(40)	(296)	-	251	(65)	457
Head Master's Fund	321	-	(552)	(552)	(129)	-	645	65	350
Farrer	-	-	-	-	(1,117)	-	1,117	-	-
New Foundation	878	-	(845)	(845)	(128)	-	841	146	892
<i>Funded by endowed funds</i>	<i>1,806</i>	<i>-</i>	<i>(1,437)</i>	<i>(1,437)</i>	<i>(5,956)</i>	<i>-</i>	<i>7,140</i>	<i>146</i>	<i>1,699</i>
Other Restricted Funds	2,930	4,487	(1,647)	2,840	(2,093)	-	-	(184)	3,493
Total restricted funds	4,736	4,487	(3,084)	1,403	(8,049)	-	7,140	(38)	5,192
Designated Funds									
Improvement & Maintenance Fund	60,618	1,289	-	1,289	(434)	3,827	-	(1,856)	63,444
Loan Repayment Fund	1,000	-	-	-	-	-	-	(1,000)	-
Bursary Fund -Bursaries	-	882	-	882	-	687	-	-	1,569
Bursary Fund -Interest	-	-	-	-	(1,930)	1,930	-	-	-
Fixed Asset Reserve	-	-	-	-	-	-	-	56,335	56,335
Total designated funds	61,618	2,171	-	2,171	(2,364)	6,444	-	53,479	121,348
General Fund	68,538	57,169	(3,495)	53,674	(53,899)	(14,207)	-	(53,625)	481
Total Funds - Consolidated SOFA	370,317	69,412	(6,579)	62,833	(66,251)	7,084	-	-	373,983
Less subsidiaries	(1,393)	(1,555)	-	(1,555)	1,552	250	-	-	(1,146)
Add inter – company	-	1,000	-	1,000	500	-	-	-	1,500
Total Funds – Eton College only	368,924	68,857	(6,579)	62,278	(64,199)	7,334	-	-	374,337

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

The **Endowed Funds** are capital funds with a restricted purpose. They are classified as expendable endowment where both capital and income may be spent and as permanent endowment where only the income may be used, in either case for the specific purpose or activity laid down by the donor or relevant governing document. As the College operates a total return approach to all its invested funds, the accounting treatment is the same for all of the endowed funds.

The **Improvement Fund** is a fund established by a scheme of 1904 for the maintenance and preservation of school properties, the preserved capital of which since the enactment of the new Statutes in October 2016 is to be a permanently endowed fund.

The **Trusts Fund** consists of individual grants, legacies and gifts given to the College over many years for specific purposes which is laid down in the individual trust documents.

The **Head Master's Fund** is a special trust (and linked charity) used to fund scholarships, bursaries, prizes, travel grants and other special purposes. During the year one fund of £466k (including £110k of preserved capital) which had previously been accounted for under the Trusts Fund were transferred to the Head Master's Fund. The related restricted income transfer was £13k.

The **Farrer Maintenance Fund** is a special trust (and linked charity) specifically for the improvement and maintenance of the College's buildings.

The **New Foundation Trust** is a special trust (and linked charity) which can be used for a variety of purposes for the benefit of the College, but in accordance with the wishes of the donor. During the year £318k was received in new donations and added to the New Foundation Trust, either directly (£114k) or by transferring accumulated donations from Other Restricted Income Funds (£204k).

All of the endowed funds are part of the Eton College Common Investment Fund ("EC CIF"), which means that all investment and monies belonging to the endowed funds are pooled for investment purposes.

The **Restricted Income Funds** corresponding to each of the Endowed Funds represent the amount of income available for spending in accordance with the College's own internal spending rule. Each year the Improvement Fund and the Farrer Fund restricted income is expended in full on the College's rolling maintenance programmes.

The **Other Restricted Income Funds**, which comprise around 100 separate funds, are to be used in accordance with the wishes of the donor or the fund-raising campaign through which the fund was raised. Examples of such purposes are: Bursaries, College Collections, Student Enrichment, Teaching and Research. The Restricted Income Funds are fully expendable and wherever possible College expenditure is charged to a restricted fund in precedence to being charged against General Funds.

The **Designated Funds** are unrestricted but designated by the College for specific purposes:

The **Designated Improvement & Maintenance Fund** has been specifically designated for the general improvement of the College's facilities, and for the College's longer term capital projects. During the year £3.4m (2016: £nil) was spent on boarding house refurbishment and £3.4m (2016: £nil) was transferred to general reserves to offset, in part, the premises costs.

The **Bursary Fund** represents the funds generated by investing the £45m long-term loan in the EC CIF less the associated interest charges on the loan.

The **Designated Fixed Asset Reserve** represents the net book value of the tangible fixed assets on the balance sheet.

General Funds are unrestricted and represent the accumulated net income from the College's activities and others sources for the general purposes of the College.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

15 a ANALYSIS OF FUNDS BETWEEN CONSOLIDATED NET ASSETS - Current Year

Consolidated fund balances at 31 August 2017 are represented by:

	Note	Restricted		Unrestricted		2017	2016
		Endowed Funds	Restricted Income funds	Designated funds	General Funds	Total	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	8	-	-	63,991	-	63,991	56,334
Investments – Property & Securities	9	269,066	-	114,847	39,085	422,998	396,844
- Pre-paid fees scheme	10	-	-	-	-	-	3,650
- Joint Venture	5	-	-	-	-	-	167
Current assets, excluding cash		4,840	-	-	16,069	20,909	15,592
Cash	17	1,660	5,744	-	11,317	18,721	17,703
Creditors	12/ 13	-	-	(45,000)	(36,828)	(81,828)	(80,462)
Defined benefit pension liabilities	18	-	-	-	(24,546)	(24,546)	(30,302)
Other retirement provisions	19	-	-	-	(5,095)	(5,095)	(5,543)
Total Net Assets		275,566	5,744	133,838	2	415,150	373,983

15 b ANALYSIS OF FUNDS BETWEEN CONSOLIDATED NET ASSETS - Prior Year

Consolidated fund balances at 31 August 2016 are represented by:

	Note	Restricted		Unrestricted		2016
		Endowed Funds	Restricted Income funds	Designated funds	General Funds	Total
		£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	8	-	-	56,334	-	56,334
Investments – Property & Securities	9	246,962	1,699	110,014	38,169	396,844
- Pre-paid fees scheme	10	-	-	-	3,650	3,650
- Joint Venture	5	-	-	-	167	167
Current assets, excluding cash		-	-	-	15,592	15,592
Cash	17	-	3,493	-	14,210	17,703
Creditors	12/ 13	-	-	(45,000)	(35,462)	(80,462)
Defined benefit pension liabilities	18	-	-	-	(30,302)	(30,302)
Other retirement provisions	19	-	-	-	(5,543)	(5,543)
Total Net Assets		246,962	5,192	121,348	481	373,983

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

16 STATEMENT OF TOTAL RETURNS

The College has adopted a duly authorised total return approach for all of the funds invested in the EC CIF. The return to be applied as income is calculated as 3.5% of the average of the last five years' year-end valuations of the invested funds. The preserved value of the invested endowed capital represents its carrying value on 1 September 2007, when the Total Return Order (dated 27 July 2008) was first applied, together with the gift value of any subsequent endowments and reinvested realised profits from the disposal of investment properties.

	Total Unapplied Return 1 Sept 2016 £'000	Investment Income £'000	Investment Costs £'000	Investment Gains £'000	Transfers £'000	Unapplied total return applied to income £'000	Total Unapplied return 31 August 2017 £'000
Permanent Endowment							
Improvement Fund	39,336	7,050	(1,142)	14,599	-	(4,095)	55,748
Trusts	6,616	394	(64)	816	(356)	(230)	7,176
Head Master's Fund	17,199	1,093	(177)	2,264	356	(638)	20,097
Sub total	63,151	8,537	(1,383)	17,679	-	(4,963)	83,021
Expendable Endowment							
Farrer	16,234	1,856	(300)	3,842	-	(1,084)	20,548
New Foundation	8,816	1,423	(230)	2,943	-	(821)	12,131
Sub total	25,050	3,279	(530)	6,785	-	(1,905)	32,679
Total Unapplied Return	88,201	11,816	(1,913)	24,464	-	(6,868)	115,700
				Preserved Capital 1 Sept 2016 £'000	Additions to Endowment Funds £'000	Transfers £'000	Preserved Capital 31 August 2017 £'000
Permanent Endowment							
Improvement Fund				109,125	787	-	109,912
Trusts				3,554	-	(110)	3,444
Head Master's Fund				2,706	-	110	2,816
Sub total				115,385	787	-	116,172
Expendable Endowment							
Farrer				22,094	-	-	22,094
New Foundation				21,282	318	-	21,600
Sub total				43,376	318	-	43,694
Total Preserved Capital				158,761	1,105	-	159,866
Total unapplied return and preserved capital (note 14)				246,962			275,566

As explained in note 14, the improvement fund has been permanently endowed under the enactment of the new statutes in October 2016.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

17 Reconciliation net income to net cash flow from operating activities

	2017		2016	
	£'000	£'000	£'000	£'000
Net expenditure before investment gains		(1,529)		(3,418)
Elimination of non-operating cashflows				
Investment income	(17,730)		(8,132)	
Investment Manager's Fees	1,809		2,568	
Interest on Long Term loan	1,633		1,633	
Endowment donations	(318)		(226)	
Depreciation	2,117		2,135	
Goodwill written off	133			
Net gain on disposal of fixed assets	(92)		(4)	
Loss on Joint Venture	-		983	
(Increase)/ decrease in stock	(18)		276	
Increase in debtors	(5,299)		(1,082)	
Decrease in cash investments	(98)		(138)	
Increase/(decrease) in creditors	280		(1,152)	
Increase in prepaid fees	269		909	
FRS 102 pension movements	(821)		(35)	
		(18,135)		(2,265)
Net cash outflow from operations		(19,664)		(5,683)

Analysis of cash and cash equivalents

	2017	2016
	£'000	£'000
Cash at bank	18,721	17,703

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

18 PENSION SCHEMES

Defined Contribution Schemes

Eton College Group Personal Pension Scheme

Contributions totalling £783k (2016: £722k) were made to the Eton College Group Personal Pension Scheme which is open to non-teaching staff who began their employment after 2006. Eton College implemented auto-enrolment in January 2016, and at the same time gave all non-teaching staff the opportunity to join this Scheme with higher employer contributions instead. As a result, a large number of staff opted to join the scheme, which now provides personal pension plans for 324 non-teaching staff (2016: 297), with a further 134 staff (2016: 117) enrolled in the auto-enrolment scheme. An amount of £99k was accrued at the year-end (August 2016: £89k).

EtonX Group Personal Pension Scheme

Contributions totalling £23k (2016: nil as EtonX was not a wholly owned subsidiary until 1 September 2016) were made to the EtonX Group Personal Pension Plan. An amount of £2k was accrued at the year-end (2016: nil).

Multi-Employer Defined Benefit Schemes

The College participates in the following multi-employer defined benefit schemes:

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,991k (2016: £1,925k) and at the year-end £272k (2016: £268k) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016 and completed in 2018, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

Federated Flexiplan No 1

Federated Flexiplan No 1 ("the Plan") is a multi-employer defined benefit pension scheme in which the College previously participated. The College ceased to employ any active members of the Plan on 31 August 2008.

Section 75 of the Pensions Act 1995, the Occupational Pension Schemes (Employer Debt) Regulations 2005 and recent case law confirm that on occurrence of specified events, an Employment Cessation Event ("ECE") occurs in relation to an employer under a pension scheme such as the Plan.

In the College's case, the ECE occurred on the cessation of employment of active Plan members on or after 6 April 2008 whilst other Plan employers continued to employ active members.

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2017

As the Plan was in deficit on 1 May 2009, the College triggered a Section 75 Debt which, broadly, relates to the College's share of the deficit. The pension actuary has calculated the College's estimated Section 75 Debt on the both the "best case" and "worst case" scenarios of £5k and £36k respectively. The actual debt could lie anywhere within this range and could possibly be above or below this range. It is however, unlikely to differ by any significant amount.

During the year the College has made no payments (2016: £17k) and at 31 August 2017 has recognised a provision of £19k (2016: £19k) in its financial statements.

Eton (1972) Scheme

The College operates an externally-funded defined benefit scheme - the Eton College Employees (1972) Pension and Life Assurance Scheme, which is based on final salary up to August 2006 and on career average salary from September 2006. This scheme is for non-teaching staff who commenced employment before November 2006. A full actuarial valuation was carried out as at 31 August 2016 by a qualified independent actuary. The valuation was performed on a "market-related" basis.

The employer's contributions, which were at the annual rate of 16.2% (2016: 16.2%), amounted to £554K (2016: £573K). In addition, contributions to repay the £3,442k deficit totalling £1,800K (2016: £450K) were made. The College also paid contributions amounting to £100K to cover outgoings in the Scheme. The number of active members as at 31 August 2016 was 129 (2013: 167). The employees' contribution rate was 8.0% from 1 September 2012.

Benefits derived from pensionable service since April 2006 must be increased by RPI, subject to a maximum of 2.5%, those relating to membership for the period April 1997 to April 2006 must be increased by RPI, subject to a maximum of 5%, and those relating to membership prior to April 1997 must be increased by CPI, subject to a maximum of 3%. The increases for benefits derived from membership prior to April 1997 apply to both the GMP (Guaranteed Minimum Pension) and any portion in excess of the GMP.

The principal assumptions used to value the Eton College (1972) Pension and Life Assurance Scheme under FRS102 were as follows:

	2017	2016
Rate of increase of pensions in payment (pre 1997 benefit)	2.30%	2.00%
Rate of increase of pensions in payment (post 1997 benefit)	3.40%	3.10%
Rate of increase of pensions in payment (post 2006 benefit)	2.30%	2.20%
Discount rate	2.60%	2.20%
RPI inflation assumption	3.60%	3.20%
CPI inflation assumption	2.80%	2.40%
Revaluation in deferment	2.80%	2.40%
Expected rate of salary increases	3.60%	3.20%
Expected return on assets at beginning of year*	2.20%	3.80%

* Under the FRS102 standard, the expected return on assets is effectively based on the discount rate used to value the liabilities with no allowance made for any outperformance expected from the Scheme's actual asset holding.

No allowance has been made for members to take tax free cash.

Mortality assumptions have been made on the basis of SAPS ("S2NA") normal year of birth tables with CMI 2016 projections and a long-term rate of improvement of 1.5% pa (2016: SAPS ("S1NA") normal year of birth tables with CMI 2013 projections and a long-term rate of improvement of 1.5% pa).

Under the mortality tables adopted, the assumed future life expectancy at age 65 is as follows:

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Notes to the financial statements (continued)
For the year ended 31 August 2017

	31 August 2017	31 August 2016
Life expectancy:		
Male currently aged 45	89	90
Female currently aged 45	91	93
Male currently aged 65	87	88
Female currently aged 65	89	90

The sensitivities regarding the principal assumptions used to measure the total liabilities are set out below:

Assumption	Change in assumption	Impact on total liabilities
Life expectancy	Increase by one year	Increase by 3.5%
Rate of inflation	Increase by 0.25%	Increase by 3.3%
Discount rate	Increase by 0.25%	Decrease by 4.6%

Amounts recognised in the statement of financial activities in respect of the Eton (1972) Scheme are as follows:

Amounts charged to net incoming resources:	Eton (1972) Scheme 31 August 2017 £'000	Eton (1972) Scheme 31 August 2016 £'000
Current service cost	1,444	918
Interest on liabilities	1,510	1,915
Interest on assets	(870)	(1,349)
Past service cost	-	-
Total charged to net incoming resources	2,084	1,484

Remeasurements over the year:	Eton (1972) Scheme 31 August 2017 £'000	Eton (1972) Scheme 31 August 2016 £'000
Loss (gain) on scheme assets in excess of interest	706	(2,209)
Experience losses (gains) on liabilities	(1,875)	-
Losses (gains) from changes to demographic assumptions	(2,511)	-
Losses (gains) from changes to financial assumptions	(1,703)	16,655
Changes in effect of asset ceiling	-	-
Total remeasurements	(5,383)	14,446

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For the year ended 31 August 2017

The amount included in the balance sheet arising from the College's obligations in respect of the Eton (1972) Scheme is as follows:

Amounts recognised in the Balance Sheet:	Eton (1972) Scheme 31 August 2017 £'000	Eton (1972) Scheme 31 August 2016 £'000
Present value of funded obligations	(64,888)	(69,212)
Fair value of assets	40,339	38,910
Deficit	(24,549)	(30,302)
Impact of asset ceiling	-	-
Net defined benefit liability*	(24,549)	(30,302)

*Net defined benefit liability shown prior to deferred taxation.

Movements in the present value of defined benefit obligations were as follows:

	Eton (1972) Scheme 31 August 2017 £'000	Eton (1972) Scheme 31 August 2016 £'000
Liabilities at 1 September	(69,212)	(51,067)
Current service cost	(1,444)	(918)
Employee contributions	(275)	(284)
Past service costs	-	-
Interest costs	(1,510)	(1,915)
Benefits paid	1,464	1,627
Experience loss on liabilities	1,875	-
Changes to demographic assumptions	2,511	-
Changes to financial assumptions	1,703	(16,655)
Liabilities at 31 August	(64,888)	(69,212)

Movements in the fair value of scheme assets were as follows:

	Eton (1972) Scheme 31 August 2017 £'000	Eton (1972) Scheme 31 August 2016 £'000
Assets at 1 September	38,910	35,672
Interest on assets	870	1,349
Employer contributions	2,454	1,023
Employee contributions	275	284
Benefits paid	(1,464)	(1,627)
Return on plan assets less interest	(706)	2,209
Assets at 31 August	40,339	38,910

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Notes to the financial statements (continued)

For the year ended 31 August 2017

Eton (1972) Scheme assets

The assets of the Eton (1972) Scheme are held separately from those of the College, being invested by the scheme trustees with an investment manager. The analysis of the scheme assets at the balance sheet date was as follows:

	Value at 31 August 2017 £'000	Value at 31 August 2016 £'000
Target Return Funds	39,523	38,069
Cash	196	76
Insured annuities	620	765
Total fair value of assets	40,339	38,910
Present value of Eton (1972) Scheme funded obligations	(64,888)	(69,212)
Deficit in the Eton (1972) Scheme	(24,549)	(30,302)
Related deferred tax liability	-	-
Net Eton (1972) Scheme pension liability	(24,549)	(30,302)

The major categories of assets as a percentage of total assets during the year were Target Return Funds with Newton (47%) and Pyrford (51%) that invest in a range of asset classes, and insured annuities (2%). The actual return on the Scheme's assets over the period to the Review Date was £164K.

The actuarial value of the scheme's assets as at 31 August 2016 represented 92% of the benefits that had accrued to members, after allowing for future expected increases in earnings, corresponding to a deficit of £3,442K (after allowing for the insured pensions valued at £627K). The previous recovery plan of additional contributions of £450K pa continued to apply to 31 August 2014. A further £1.35m of deficit reducing contributions was paid into the Scheme by the College.

19 OTHER RETIREMENT PROVISIONS

	Consolidated and Eton College	
	2017	2016
	£'000	£'000
Other retirement provisions	5,095	5,543

The College holds a provision to fund post retirement payments to a number of ex-masters, ex-masters' wives and a small number of former support staff. It is not anticipated that any further such pensions will be awarded. Eton College holds £13,276k (2016: £13,080k) in its pooled investment funds to cover these liabilities and to contribute to any shortfall in the 1972 defined benefit scheme.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

20 FINANCIAL INSTRUMENTS

	Note	Consolidated		Eton College	
		2017 £'000	2016 £'000	2017 £'000	2016 £000
Financial assets measured at amortised cost	(a)	38,269	32,524	38,418	32,452
Financial assets measured at fair value	(b)	422,999	396,844	422,999	395,944
Financial liabilities measured at amortised cost	(c)	(77,579)	(84,697)	(77,449)	(84,654)
		383,689	344,671	383,968	343,742

(a) Financial assets measured at amortised cost includes include cash, trade and fee debtors, staff loans, other debtors & accrued income.

(b) Financial assets measured at fair value consists of investments.

(c) Financial liabilities include trade creditors, acceptance fees, other creditors, bank loans & pension liabilities.

Impairment losses charged to financial assets in the year amounted to £129k (2016: £649k)

21 COMMITMENTS

Costs contracted for but not provided for as at 31 August 2017 in respect of capital improvements and developments amounted to £19.3m (2016: £19.3m). £8.4m of this commitment relates to the re-modelling of the Science Department buildings which is not due to be completed until Easter 2019.

22 LEASES

The total future minimum lease income under non-cancellable operating lease are as follows:

	2017 £'000	2016 £'000
Receivable in less than 1 year	1,740	1,775
Receivable between 1 and 5 years	4,673	4,489
Receivable in greater than 5 years	10,602	11,275
	17,015	17,539

23 RELATED PARTY TRANSACTIONS

Details of the remuneration of and expenses paid to related parties (i.e. the Provost and Fellows) are included in the penultimate paragraph of note 7, and details of subsidiaries are detailed in note 4.

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

24 POST BALANCE SHEET EVENTS

At a meeting of the Provost and Fellows held in December 2017, it was agreed that, following a successful pilot phase, the College would continue to fund the new business model in EtonX Limited until at least April 2019. The College will continue to monitor closely the commercial viability of this business.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2017

25 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds		Restricted Funds		
		General Funds	Designated Funds	Restricted income funds	Endowed funds	Total 2016
	Note	£000	£000	£000	£000	£000
INCOME FROM						
Charitable activities						
School fees		47,016	-	-	-	47,016
Scholarships and bursaries		(3,322)	-	(3,084)	-	(6,406)
Discount on pre-paid fees	10	(173)	-	-	-	(173)
Net school fees		43,521	-	(3,084)	-	40,437
Other income	2	7,396	-	51	-	7,447
Grants and donations		675	-	4,436	43	5,154
Investment income	3	396	2,171	-	5,542	8,109
Trading income	4	1,686	-	-	-	1,686
Total income		53,674	2,171	1,403	5,585	62,833
EXPENDITURE ON						
Charitable activities	6	(50,697)	-	(8,049)	-	(58,746)
Raising and managing funds	6	(2,219)	(2,364)	-	(1,939)	(6,522)
Share of joint venture losses	5	(983)	-	-	-	(983)
Total expenditure		(53,899)	(2,364)	(8,049)	(1,939)	(66,251)
Net (expenditure)/ income before investment gains and transfers		(225)	(193)	(6,646)	3,646	(3,418)
Net investment gain		916	6,444	-	14,847	22,207
Transfers between funds	14	(53,625)	53,479	7,102	(6,956)	-
NET INCOME/ (EXPENDITURE)		(52,934)	59,730	456	11,537	18,789
Pension scheme actuarial loss		(15,123)	-	-	-	(15,123)
NET MOVEMENT IN FUNDS		(68,057)	59,730	456	11,537	3,666
Funds brought forward		68,538	61,618	4,736	235,425	370,317
FUNDS CARRIED FORWARD	14	481	121,348	5,192	246,962	373,983