

Registered Charity No. 1139086



ETON
COLLEGE

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

ETON COLLEGE
TRUSTEES, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2018

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			
The Rt Hon Lord Waldegrave of North Hill PC MA – Provost								
Dr Andrew Gailey CVO MA PhD – Vice-Provost		SC		H	N			R
Professor Michael Proctor MA MMath SCD FRS FRAS FIMA								
The Duchess of Wellington OBE BA				H	N			
Professor Kim Nasmyth BA PhD FRS					N			
Dr Caroline Moore MA PhD				H				R
Mr Hamish Forsyth MA			I		N	S	E	
Mr Mark Esiri								
Sir George Leggatt								R
Mr Thomas Seaman			A	I		S	E	
Sir Mark Lyall Grant	From 14 October 2017		A			S	E	
Dame Helena Morrissey	From 3 February 2018							

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)
- Executive Pay Committee (E)
- Regulatory and Compliance Committee (R)

**ETON COLLEGE
TRUSTEES, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 31 AUGUST 2018**

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	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 U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH
Investment Managers	Partners Capital LLP, 5th Floor, 5 Young Street, London W8 5EH Clearbell Capital LLP, 2 Harewood Place, Mayfair, W1S 1BX

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, Chairman of GW Phama, Chairman of the Royal Mint Advisory Committee, 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
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.
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.
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. He is a Trustee of the Royal Opera House, Glyndebourne Productions and the Britten Sinfonia
2017	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.
2017	Sir George Leggatt (OE, KS,1975)	The Lord Chief Justice (Statute VII(5))	A judge in the Court of Appeal since 2018. Former parent.
2017	Thomas Seaman	P&F from Oxford University (Statute VII(2))	The Estates Bursar and Fellow of All Souls College, Oxford University. He is a Trustee (Hon Treasurer) and member of the Council of the International Institute for Strategic Studies. Graduate of Yale (BA) and University of Chicago (MBA). Former parent.
2018 (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. He is a Visiting Professor at King's College London and holds a number of advisory positions. Former parent.
2018 (From 3 February 2018)	Dame Helena Morrissey	P&F	Dame Helena is Head of Personal Investing at Legal and General Investment Management. She founded the 30% Club in 2010. She chairs the Diversity Project and was appointed a Dame in the Queen's 2017 Birthday Honours List for services to diversity in financial services. Current 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.

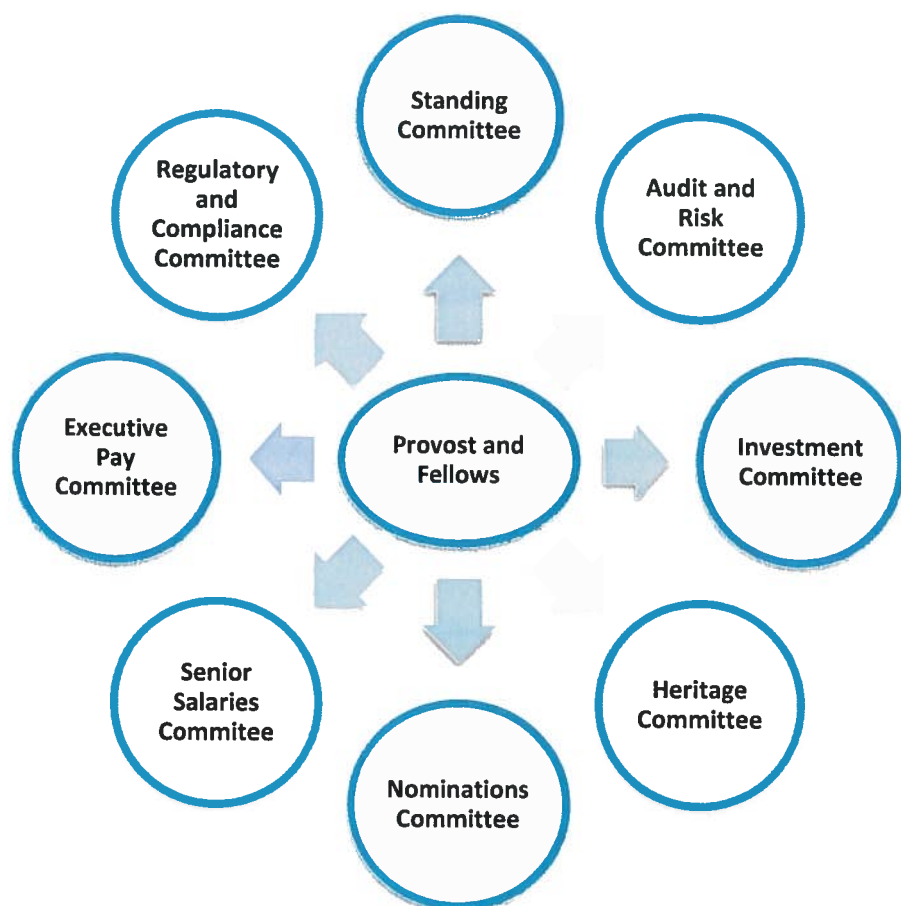
Upon their appointment, Fellows are provided with an induction pack that brings them up to date with current business and with issues of major importance. There is also an induction day during which the incoming Fellow spends time with each of the Provost, Vice Provost, Head Master and Bursar and their 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 lie with the Governing Body, the Provost and Fellows, who normally meet twice each term at Eton. They usually devote the previous evening to an 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 eight 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. Any Fellow may attend.

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 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 and members of the Foundation.

The Senior Salaries Committee, chaired by Sir Mark Lyall Grant, is responsible for remuneration decisions in respect of the Provost, Vice-Provost, Head Master, Lower Master and Bursar.

The Executive Pay Committee, also chaired by Sir Mark Lyall Grant is responsible for senior management remuneration decisions.

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, Lower 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 pay increases.

Group structure and relationships

Eton College has eight wholly owned subsidiaries, four 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 services to EtonX Limited.
- **EtonX Limited** is an early stage business, set up to provide soft skills via online education to high school students outside of the UK.

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 the 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 2017, 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; and
 - 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.	
	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 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

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, 254 boys (20%) received fee reductions; 82 of these boys paid no fees at all. The equivalent figures for the previous year were 261 and 82. The amount spent on fee remission remained at £6.5m, with the average award remaining 65% of the full fee.

Scholarships were awarded to 132 of these boys (2017: 132). 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 122 (2017: 129). 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.

Cross-sector links to benefit all children

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 2017. Particular highlights from the 2017-18 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. The school's second set of GCSE results were very impressive, with over 78% of pupils gaining five good GCSEs including English and Maths. Eton has supported the sixth form at Holyport, which opened in September 2017, through the provision of extension activities (via the societies programme), through professional support and mentoring and through advice as the first Holyport students apply for university. Eton and Holyport work together very closely within a framework that encourages innovation and partnership. During the year, both schools have been developing a partnership plan that seeks to set into place a process for continuous evaluation and improvement of the partnership, especially its reciprocal elements. This has replaced 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, 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 as well as the establishment of a joint CCF (combined cadet force). Facilities, especially at Dorney Lake and the playing fields, are shared between both schools. Donations made to Holyport during the year total £54k, mostly towards the extension of the science facilities, 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 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 one master on part time secondment and plays a significant role in its governance, providing a governor, two committee members and in 2018-19 will provide a part time resource to assist with fundraising. The academic results were strong again with 138 pupils getting into a Russell Group university and 15 into Oxbridge.
- 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 Vice-Provost serves as a Member and the Director of Outreach and Partnership as a Director. In addition, one housemaster is a Director in his role as Chair of Governors of the Slough and Eton CE Business and Enterprise College. Eton hopes to be able to help improve education in its local area by being involved.
- In total, fourteen 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**. Eton also offers a wide range of outreach activities at Dorney Lake, which sees over 200 young people using the lake for rowing every week. We offer use of the Eton Willowbrook AstroTurf pitches to Slough and Eton CE School and to charities nominated by Slough Borough Council without charge, with 21 hours a week available for free use by educational charities and schools. In addition, the recruitment of an Education Officer into the Eton College Collections this year will further amplify the College's ability to offer free educational activities to local primary schools. Further details of the College's public benefit activity in 2017-18 and beyond can be found on the College's website www.etoncollege.com and Schools Together www.schoolstogether.org

Engagement and research

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 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 its second Physics conference for external teachers from junior schools. 76 delegates attended from over 60 schools, around 75% from the state sector and 25% from the independent sector. The Centre continues to provide the venue to support excellent teaching and learning at Holyport College. The Centre's Researcher-in-Residence has been working 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 best education practices both within the UK and internationally.

The Tony Little Centre continues to conduct and publish research that is of interest to the wider education world. Following the research completed by the Centre on Growth Mindset and Wellbeing and shared freely online, it is now developing a research project on 'Character Education'. This research project will be conducted in collaboration with researchers from Research Schools International from Harvard and a summary report will be finalised by June 2019 and published freely. This year, the Tony Little Centre is collaborating with the Jubilee Centre for Character and Virtues at Birmingham University, the leading academic research centre for character in the UK, looking in particular at the character strengths that are learned through social action programs. Our aim is to co-publish a Social Action Report on this important area which we can share with other schools. A collaboration is also in place with the Oxford Character Project to measure how values-based leadership can be taught, and Eton is funding a group of 15 students from the London Academy of Excellence to complete the course alongside Etonians.

The Centre part-funded a research project at Holyport College this year on the impact of teaching empathy that had promising outcomes. Eton has become central in the continuing dialogue amongst state and private schools which want to engage with each other and in research and has hosted researchers from schools across the country, who came together to discuss evidence as a contributing factor to school development. Their insights have been published in a peer reviewed teacher-focused publication, the Chartered College of Teaching's journal *Impact*, which reaches 6,000 schools around the UK. The Director of the Centre serves as an editorial board member of this journal.

In June 2018 the Centre published an *Eton Journal for Innovation and Research in Learning*. This first issue of a publication that we intend to produce annually focuses on creativity, well-being, pupil voice, and aspects of research and evidence in schools, and will be of interest to schools across the country. It includes pieces by established academics and thought-leaders, and presents some of the work done this year by masters and by boys. It can be viewed freely online here: <https://www.etoncollege.com/CIRL.aspx>.

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 over 200 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.

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 society

In 2017/18 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.

The Collections welcomed more than 5,000 visitors to four special exhibitions, and over 12,000 visitors to the Museum of Antiquities, the Natural History Museum and the Museum of Eton Life, all three of which are open to the public, free of charge, on Sunday afternoons. The Collections participated in the Windsor Festival and Windsor Fringe Festival with three events including a free trail open to the public, contributed to the borough's 'Museums at Night' event, held special museum openings for the borough's Living Advent Calendar and hosted an event for the Eton Community Association. The Collections also hosted approximately 240 visiting researchers and 19 specialist groups, and answered over 500 remote research enquiries.

As part of the College's Community Engagement programme, a group of Eton boys has created and delivered 34 workshops for a total of 1,041 primary schoolchildren drawing on the Collections exhibition programme and museum displays. Working with a local primary school, the College delivered two 'Challenge Days' for 96 Gifted and Talented children drawn from area primary schools. The Collections hosted 27 further teaching sessions for school groups (more than 460 primary and secondary school pupils) and two undergraduate groups, and held a special exhibition and display for the 140 visiting pupils who participated in the College's 'Orwell 101' conference. In addition, the Natural History Museum held two Family Learning Events for local families.

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 2016-17, and was awarded the highest grade available in every area of focus.

The consistently excellent performance in public examinations was maintained again during the 2017-18 academic year:

	94% (2017: 98%) of all A-level grades were awarded grades A*/A/B, with 77% (2017: 80%) at A*/A, and 42% (2017: 42%) at A*.	
	Eton pursues the Pre-U qualification in a number of subjects as an alternative to A level. 76% (2017: 82%) of all Pre-U entries were graded Distinction 3 or above (equivalent to an A grade at A-level). 51% (2017: 52%) of entries were at Distinction 2 or higher (equivalent to an A* at A-level). 43 (2017: 71) boys (18% (2017: 20%)) achieved the heights of a Distinction 1 (above an A* at A-level).	
	At GCSE 79% (2017: 80%) were awarded the A* grade and 71% were awarded grade 9. A total of 2,094 GCSEs were taken.	

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 a fund-raising programme with a view to providing bursaries, developing the school's facilities and maintaining the College's heritage properties and collections. Income generated from donations was £8.5m (2017: £5.1m), including a legacy, from a former Eton master, received partly in the form of two properties, a large donation towards the refurbishment of the science facilities and a significant donation of shares.

The College does not use any external agents for fundraising activities. All fundraising activities are managed by the Fundraising Department overseen by the Provost and Fellows. The College is registered with the Fundraising Regulator and 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 has implemented a new Customer Relationship Management System in order to manage better 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, restricted funds, and some pension funds) are invested.

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. 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 and 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 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 portfolio element of the EC CIF continues to be managed by Partners Capital, within 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: the generation of investment returns without regard to income generation which protect the portfolio's real value after spending; diversification across multiple asset classes; and the identification and use of the most skilled asset managers within each asset class.

As of 31 August 2018 the securities investment portfolio was valued at £350.1m (compared with £336.6m in 2017). It was invested with 37 different active investment managers and remained well diversified across asset classes and investment strategies. There are no formal restrictions in place to preclude investment in specific companies, sectors, or countries. In the 12 months to 31 August 2018, the securities portfolio had a total return of 9.7%, compared to an 8.3% gain for the Eton Composite Benchmark, which represents the securities portfolio's long term strategic asset allocation. Over the last three years, the portfolio under-performed relative to the Benchmark, returning 10.7% vs. 12.5% for the benchmark. However over the last five and ten-year periods, the portfolio out-performed, with returns of 11.5% (five years) and 8.2% (ten years) vs. returns of 10.0% and 7.9%, respectively, for the Benchmark.

Eton's direct property portfolio was valued by an external valuer at £86.4m at the end of August 2018. During the year, the College appointed Clearbell Capital LLP in a strategic investment and advisory role for the commercial property portfolio. A loan of £25m was secured during the year for the purpose of leveraging the property portfolio. The loan is unsecured and will be drawn down in two equal parts in September 2018 and May 2019. The loan has a fixed interest rate of 2.61% p.a. and is repayable in five equal instalments between 2059 and 2063.

FINANCIAL REVIEW

Results for the year

The College's consolidated net expenditure for the year ended 31 August 2018 was £4.9m, before investment gain of £24.7m (2017: 37.3m), compared to net expenditure of £1.5m for the previous year.

School fee income increased by 4.5% from £48.7m to £50.9m. The funding of scholarships and bursaries (fee remission) remained at £6.5m.

Total charitable expenditure rose by 4.8% from £66.3m to £69.5m. The bulk of this comprises the costs of running the College; 51.7% of these costs are employment costs. The College continued its Boarding House refurbishment programme with £5.2m of charitable expenditure relating to this.

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 £8.5m compared to £5.1m in the previous year. This included a legacy of two properties for bursaries, a significant donation toward the re-modelling of the Science Facilities and a large donation towards refurbishment of the Rackets courts. The College is very grateful for the continued generosity of its donors.

Investment income was £12.3m compared to £17.7m in the previous year. The College operates its investment portfolio on a total return basis, so 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 decreased from £2.0m to £1.3m. This was due to EtonX Limited which did not generate any revenue in 2017-18, as it changed its business model and focussed on developing an online platform for delivering a series of soft skills courses aimed at

teenagers overseas. The products were launched at the beginning of the 2018-19 academic year. Refer to note 4 for more detail relating to the trading subsidiaries of the College.

In addition to the loan secured to leverage the property portfolio, the College has secured another £40m unsecured loan at a rate of 2.64% which will be drawn down in two tranches in May 2019 and November 2019 and is repayable over 10 years from 2049 to 2058. The loan will be used to part fund the new sports facilities for which the College now has planning permission.

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 preserved permanently for the College's financial benefit (e.g. Investments). 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 13 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.

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 £2,728k (2017: £318k) 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 8 for a breakdown.

ETON COLLEGE
REPORT OF THE PROVOST AND FELLOWS
YEAR ENDED 31 AUGUST 2018

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 other 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 2018 £'000	Net Assets	Purpose
Endowed (Permanent - since new Statutes enacted)	Improvement Fund	173,869	Investments: Properties and Securities	Improvement and maintenance of College Buildings
Endowed (Permanent)	Trusts	11,065	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Endowed (Permanent)	Head Master's Fund	24,141	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Endowed (Expendable)	Farrer	44,735	Investments: Properties and Securities	Improvement and maintenance of College Buildings
Endowed (Expendable)	New Foundation Trust	38,273	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	565	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Restricted Income	Head Master's Fund	722	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes

ETON COLLEGE
REPORT OF THE PROVOST AND FELLOWS
YEAR ENDED 31 AUGUST 2018

Restricted Income	Farrer	-	Cash	Improvement and maintenance of College Buildings
Restricted Income	New Foundation Trust	991	Investments: Properties and Securities	Scholarships, Bursaries, Prizes, Travel Grants, Other special purposes
Restricted Income	Other	6,843	Cash and Accruals	Various purposes related to the College depending upon the terms of the gift or the appeal
Designated	Designated Improvement & Maintenance Fund	50,864	Investments: Properties and Securities	General Improvement of the College.
Designated	Bursary Fund	7,029	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	78,072	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 £23.3m in respect of the 1972 Defined Benefit Scheme (2017: £24.5m). 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 note 17 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. A one off contribution of £1.35m was paid to the scheme in the previous year.

Charity Code of Conduct

The Provost and Fellows have undertaken a self-assessment of their governance in 2018 by specific reference to the principles of the Charity Governance Code. The Regulatory and Compliance Committee and the Audit and Risk Committees have reviewed Eton's analysis of its compliance with Charity Governance Code. The following areas have been highlighted as areas for further development: succession planning, review of educational "value added" to pupils by attending the College and improved communication between the Provost and Fellows and staff.

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

FUTURE PLANS

Key elements of the College's future plans are:

Revision to the current bursaries programme

The development and implementation of a digital strategy for teaching and learning

Increased focus on fund raising for bursaries and the planned major improvements to sports facilities

To improve the sports facilities: building two new sports halls and a 25m swimming pool.

PROVOST AND FELLOWS' RESPONSIBILITIES STATEMENT

The Provost and Fellows are responsible for preparing the Report of the Provost and Fellows 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
9 February 2019

Opinion

We have audited the financial statements of Eton College for the year ended 31 August 2018 which comprise the Consolidated and College 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).

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 2018 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 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.

ETON COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE PROVOST AND FELLOWS OF ETON COLLEGE (CONTINUED)

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.

Use of this report

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.

Crowe U.K. LLP
Crowe U.K. LLP

Statutory Auditor
St Bride's House,
10 Salisbury Square,
London,
EC4Y 8EH

6 March 2019

ETON COLLEGE

STATEMENT OF FINANCIAL ACTIVITIES – CONSOLIDATED FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds		Restricted Funds			
		General Funds	Designated Funds	Restricted income funds	Endowed funds	Total 2018	Total 2017
	Note	£'000	£'000	£'000	£'000	£'000	£'000
INCOME FROM							
Charitable activities							
School fees		50,874	-	-	-	50,874	48,681
Scholarships and bursaries		(2,443)	(1,301)	(2,744)	-	(6,488)	(6,460)
Discount on pre-paid fees	9	(152)	-	-	-	(152)	(143)
Net school fees		48,279	(1,301)	(2,744)	-	44,234	42,078
Other income	2	6,761	-	47	-	6,808	6,436
Grants and donations		236	-	5,683	2,563	8,482	5,125
Investment income	3	511	3,499	13	8,258	12,281	17,730
Trading income	4	1,345	-	-	-	1,345	2,009
Total income		57,132	2,198	2,999	10,821	73,150	73,378
EXPENDITURE ON							
Charitable activities	5	(55,535)	(7,066)	(6,859)	-	(69,460)	(66,278)
Raising and managing funds	5	(3,086)	(2,787)	-	(2,722)	(8,595)	(8,629)
Total expenditure		(58,621)	(9,853)	(6,859)	(2,722)	(78,055)	(74,907)
Net income /(expenditure) before investment gains and transfers		(1,489)	(7,655)	(3,860)	8,099	(4,905)	(1,529)
Net investment gain		2,154	6,564	-	15,957	24,675	37,313
Transfers between funds	13	(2,916)	3,218	7,237	(7,539)	-	-
NET INCOME/ (EXPENDITURE)		(2,251)	2,127	3,377	16,517	19,770	35,784
Pension scheme actuarial gain	17/18	2,251	-	-	-	2,251	5,383
NET MOVEMENT IN FUNDS		-	2,127	3,377	16,517	22,021	41,167
Funds brought forward	2	133,838	5,744	5,744	275,566	415,150	373,983
FUNDS CARRIED FORWARD	13	2	135,965	9,121	292,083	437,171	415,150

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 2018

	Note	Unrestricted Funds		Restricted Funds		Total	Total
		General Funds	Designated Funds	Restricted income funds	Endowed funds	2018	2017
		£'000	£'000	£'000	£'000	£'000	£'000
INCOME FROM							
Charitable activities							
School fees		50,874	-	-	-	50,874	48,681
Scholarships and bursaries		(2,443)	(1,301)	(2,744)	-	(6,488)	(6,460)
Discount on pre-paid fees	9	(152)	-	-	-	(152)	(143)
Net school fees		48,279	(1,301)	(2,744)	-	44,234	42,078
Other income	2	6,761	-	47	-	6,808	6,436
Grants and donations		236	-	5,683	2,563	8,482	5,612
Investment income	3	517	3,499	13	8,258	12,287	17,730
Trading income	4	117	-	-	-	117	124
Total income		55,910	2,198	2,999	10,821	71,928	71,980
EXPENDITURE ON							
Charitable expenditure		(55,521)	(7,066)	(6,859)	-	(69,446)	(66,263)
Raising and managing funds		(1,468)	(2,787)	-	(2,722)	(6,977)	(7,495)
Total expenditure		(56,989)	(9,853)	(6,859)	(2,722)	(76,423)	(73,758)
Net income/ (expenditure) before investment gain and transfers		(1,079)	(7,655)	(3,860)	8,099	(4,495)	(1,778)
Investment gain		2,154	6,564	-	15,957	24,675	37,563
Transfers between funds	13	(2,916)	3,218	7,237	(7,539)	-	-
NET INCOME/ (EXPENDITURE)		(1,841)	2,127	3,377	16,517	20,180	35,785
Pension scheme actuarial gain	17/18	2,251	-	-	-	2,251	5,383
NET MOVEMENT IN FUNDS		410	2,127	3,377	16,517	22,431	41,168
Funds brought forward		357	133,838	5,744	275,566	415,505	374,337
FUNDS CARRIED FORWARD	13	767	135,965	9,121	292,083	437,936	415,505

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 2018

		Consolidated		Eton College	
		2018	2017	2018	2017
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	7	78,072	63,991	77,939	63,809
Investments – properties	8	86,388	86,422	86,388	86,422
- securities	8	350,111	336,576	350,111	336,576
		514,571	486,989	514,438	486,807
CURRENT ASSETS					
Stocks		158	190	143	173
Debtors	10	25,581	20,719	26,589	22,318
Cash and deposits		8,416	18,721	7,831	17,197
		34,155	39,630	34,563	39,688
CURRENT LIABILITIES					
Creditors: due within one year	11	(29,826)	(27,708)	(29,336)	(27,229)
NET CURRENT ASSETS		4,329	11,922	5,227	12,459
TOTAL ASSETS LESS CURRENT LIABILITIES		518,900	498,911	519,665	499,266
LONG-TERM LIABILITIES					
Creditors: due after more than one year	12	(54,112)	(54,120)	(54,112)	(54,120)
Defined benefit pension liabilities	17	(23,339)	(24,546)	(23,339)	(24,546)
Other retirement provisions	18	(4,278)	(5,095)	(4,278)	(5,095)
NET ASSETS		437,171	415,150	437,936	415,505
REPRESENTED BY:					
ENDOWED FUNDS	13	292,083	275,566	292,083	275,566
RESTRICTED INCOME FUNDS	13	9,121	5,744	9,121	5,744
UNRESTRICTED FUNDS					
Designated Funds	13	135,965	133,838	135,965	133,838
General Reserves	13	2	2	767	357
TOTAL UNRESTRICTED FUNDS		135,967	133,840	136,732	134,195
		437,171	415,150	437,936	415,505

The financial statements set out on pages 21 to 53 were approved and authorised for issue by the Provost and Fellows on 9 February 2019 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 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Net cash outflow from operations	16		(15,434)		(19,664)
Cash flows from investing activities					
Payments for tangible fixed assets		(15,900)		(9,595)	
Proceeds on sale of tangible fixed assets		94		363	
Withdrawal from the securities portfolio		16,632		22,203	
Acquisitions to the estates properties		-		(2,322)	
Income from estates properties		2,525		2,879	
Proceeds from sale of estates properties		3,350		4,013	
Withdrawal from prepaid fees investment (Gilts)		-		3,639	
Net cash inflow provided by investing activities			6,701		21,180
Cash flows from financing activities					
New endowment		878		318	
Interest payable on loan note		(2,450)		(816)	
Net cash provided by financing activities			(1,572)		(498)
CHANGE IN CASH IN THE YEAR			(10,305)		1,018
Cash at 31 August 2017			18,721		17,703
CASH AT 31 AUGUST 2018			8,416		18,721

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 2018

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 by HM The Queen in Council, most recently in 2017. 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) 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 2018. 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'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 2018

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 in relation to the financial year under review 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 5.

Grants payable are accounted for in the period in which the commitment is made. Employee benefits paid on redundancy or termination include accrued amounts where Eton College is demonstrably committed to make these payments but they had not been made at 31 August 2018. All accrued amounts are fully funded and expected to be settled within 12 months of the balance sheet date.

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
IT equipment	4 years
Plant, kitchen equipment, musical instruments, rowing boats	10 years

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2018

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

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 2017 and 31 August 2018 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

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2018

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 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 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 preserved permanently for use by the College 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 13 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.

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2018

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. 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 2018, the College had the following uncertain estimates and accounting judgements

- Impairment of financial assets £165k (2017: £129k).
- Depreciation charge during the year of £2,415k (2017: £2,117k).
- Liability in relation to the defined benefit pension scheme. The assumptions used to calculate the liability are set out in note 17.

2 OTHER INCOME

	2018 £'000	2017 £'000
Boys Charges and School Trips	3,921	3,900
Registration and Acceptance Fees	624	649
Summer Schools income	1,774	1,405
(Loss)/ profit on sale of fixed assets	(50)	91
Sales and Sundry income	539	391
	6,808	6,436

3 INVESTMENT INCOME

	2018 £'000	2017 £'000
Property investment income	2,471	2,728
Security investment income	9,396	14,885
Interest	414	117
	12,281	17,730

The investment income attributable to the College only totals £12,287k (2017: £17,730k).

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

4 SUBSIDIARIES

The College has four active wholly owned/controlled non charitable undertakings, all of which are incorporated 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

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 was £174k (2017: £84k), and Eton College made supplies to Eton College Services Limited in respect of staff. The total of these supplies were £48k (2017: £26k). During the year Dorney Lake Trust Company was dissolved and removed from the Charity Commission register.

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

	2018	2017
Net amount due to Eton College from:	£'000	£'000
Eton College Services Limited	647	798
Rownsmoss Limited	7,932	6,298
EtonX Limited	-	-
Eton Online Ventures Limited	52	282

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

4 SUBSIDIARIES (continued)

Summarised information on consolidated subsidiaries:

Profit and loss account	Eton College Services Limited	Rowns moss Limited	EtonX Limited	Eton Online Ventures	Total 2018	Total 2017
	£'000	£'000	£000	£'000	£'000	£'000
Turnover	1,414	36	-	56	1,506	2,116
Cost of sales	(1,406)	(321)	(1,046)	(58)	(2,831)	(4,698)
Gross (loss)/ profit	8	(285)	(1,046)	(2)	(1,325)	(2,582)
Expenses/ other	(4)	(8)	(3)	(2)	(17)	(1,696)
Revaluation of stock/investments	-	116	-	(932)	(816)	(102)
Net profit/ (loss) before charges to the College	4	(177)	(1,049)	(936)	(2,158)	(4,380)
Charges to / (from) the College:						
Amount gift aided/ (granted)	-	-	-	-	-	(4)
Retained in subsidiary company	4	(177)	(1,049)	(936)	(2,158)	(4,384)
Profit and loss account b/f	(102)	(9)	(3,132)	(2,464)	(5,707)	(1,323)
Retained loss as at 31 August c/f	(98)	(186)	(4,181)	(3,400)	(7,865)	(5,707)

Balance Sheet	Eton College Services Limited	Rowns moss Limited	EtonX Limited	Eton Online Ventures	Total 2018	Total 2017
	£'000	£'000	£000	£'000	£'000	£'000
Tangible fixed assets	133	-	-	-	133	182
Investments	-	1,002	-	-	1,002	887
Current assets						
Stocks	15	-	-	-	15	17
Debtors	196	6,912	51	24	7,183	5,200
Cash at bank	325	124	124	12	585	1,524
Creditors	(767)	(8,224)	(134)	(60)	(9,185)	(7,782)
Net assets/ (liabilities)	(98)	(186)	41	(24)	(267)	28
Less: Share Capital	-	-	(4,222)	(3,376)	(7,598)	(5,735)
	(98)	(186)	(4,181)	(3,400)	(7,865)	(5,707)

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

4 SUBSIDIARIES (continued)

Reconciliation to Statement of Financial Activities

	2018	2017
	£'000	£'000
Trading income		
Turnover and other income (per subsidiary statutory accounts)	1,506	2,116
Less: Inter-co trading income	(278)	(231)
Add: Trading income in Eton College	117	124
Trading income per consolidated SOFA	1,345	2,009
Trading expenditure		
Total expenditure (per subsidiary statutory accounts)	3,665	6,496
Less: Reclassification to Investment Gain/ Support Costs	(17)	(264)
Less: Inter-co trading expenditure	(1,099)	(2,787)
Total expenditure	2,549	3,445
Trading expenditure in Eton College	24	22
Trading Costs (note 5)	2,573	3,467

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

5 ANALYSIS OF EXPENDITURE

	Staff costs £'000	Other £'000	Depreciation £'000	2018 £'000	2017 £'000
Charitable Activities:					
Teaching	18,753	5,568	267	24,588	22,751
Boarding and Welfare	8,224	4,047	77	12,348	11,398
Premises	3,802	15,234	207	19,243	19,124
Support	3,221	2,403	-	5,624	5,324
Depreciation on freehold buildings	-	-	1,743	1,743	1,500
FRS 102 pension interest charges	-	1,869	-	1,869	2,084
Other	1,903	2,051	91	4,045	4,097
Total	35,903	31,172	2,385	69,460	66,278
Raising and Managing Funds					
Fund-raising	263	93	-	356	530
Investment	187	3,845	-	4,032	2,865
Interest	-	1,634	-	1,634	1,634
Trading costs	821	1,722	30	2,573	3,467
Write off goodwill	-	-	-	-	133
Total	1,271	7,294	30	8,595	8,629
Total expenditure	37,174	38,466	2,415	78,055	74,907

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

	Staff costs £'000	Other £'000	Depreciation £'000	2018 £'000	2017 £'000
Collections	558	298	1	857	874
Chapels	122	100	1	223	168
Collegiate	457	145	1	603	652
Summer Schools	581	830	-	1,411	1,307
Outreach	143	160	-	303	247
Grants and Donations	-	52	-	52	143
Restricted funds expenditure	42	466	88	596	706
Total other expenditure	1,903	2,051	91	4,045	4,097

Audit fees comprise £35k (net of VAT) (2017: £33k) for the audit of the College and £14k (2017: £16k) for the audit of the subsidiary undertakings. In addition, £15k (2017: £33k) 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 2018

6 STAFF COSTS

	2018	2017
	£'000	£'000
Staff costs		
Wages and salaries	30,861	29,601
Employer's National Insurance Costs	3,232	3,064
Pension costs	3,081	2,857
	37,174	35,522
Aggregate Employee Benefits (including Employer's National Insurance contributions) of Key Management Personnel	694	602

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.

	2018	2017
£60,000 - £69,999	37	38
£70,000 - £79,999	34	43
£80,000 - £89,999	26	16
£90,000 - £99,999	14	13
£100,000 - £109,999	19	17
£110,000 - £119,999	13	10
£120,000 - £129,999	7	3
£130,000 - £139,999	3	4
£140,000 - £149,999	-	2
£180,000 - £189,999	1	-
£190,000 - £199,999	-	1
£200,000 - £209,999	1	1
£210,000 - £219,999	1	-

All except 4 (2017: 5) 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 2018 employer's pension contributions for these staff amounted to £1,815k (2017: £1,622k). The average number of employees in the period, including those employed by Eton College Services Limited and EtonX Limited, was 995 (2017: 983).

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, 1,089, was in August 2018 (August 2017: 1,028). The lowest monthly number of staff paid was 961 in September 2017 (February 2017: 950).

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 £128,156 (2017: £121,555). The total remuneration of the Vice-Provost amounted to £122,964 (2017: £127,094). No other Fellows received any remuneration or other benefits from Eton College or any connected body. Expenses amounting to £1,566 (2017: £13,346) were reimbursed to 6 (2017: 6) Fellows. Expenses related to travel and accommodation. An amount of £47 was owed to the Vice-Provost as at 31 August 2018 (2017: £nil). During the year there were redundancy or termination payments of £172,908 (2017: £372,456). £4,000 (2017: £20,000) of these payments were outstanding at the year end.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

7 TANGIBLE FIXED ASSETS

(i) Consolidated

	Freehold land and buildings £'000	Assets in construction £'000	Plant & Machinery £'000	Total £'000
Cost				
At 1 September 2017	82,803	8,126	8,816	99,745
Additions	2,760	13,148	743	16,651
Disposals	-	-	(1,113)	(1,113)
Transfers	9,438	(9,438)	-	-
At 31 August 2018	95,001	11,836	8,446	115,283
Accumulated depreciation				
At 1 September 2017	(29,220)	-	(6,534)	(35,754)
Disposals	-	-	958	958
Charge for the year	(1,743)	-	(672)	(2,415)
Transfers	-	-	-	-
At 31 August 2018	(30,963)	-	(6,248)	(37,211)
Net book value at 31 August 2018	64,038	11,836	2,198	78,072
Net book value at 31 August 2017	53,583	8,126	2,282	63,991

(ii) Eton College only

	Freehold land and buildings £'000	Assets in constructions £'000	Plant & machinery £'000	Total £'000
Cost				
At 1 September 2017	82,803	8,126	8,205	99,134
Additions	2,760	13,148	743	16,651
Disposals	-	-	(1,088)	(1,088)
Transfers	9,438	(9,438)	-	-
At 31 August 2018	95,001	11,836	7,860	114,697
Accumulated depreciation				
At 1 September 2017	(29,220)	-	(6,105)	(35,325)
Disposals	-	-	955	955
Charge for the year	(1,743)	-	(645)	(2,388)
Transfers	-	-	-	-
At 31 August 2018	(30,963)	-	(5,795)	(36,758)
Net book value at 31 August 2018	64,038	11,836	2,065	77,939
Net book value at 31 August 2017	53,583	8,126	2,100	63,809

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2018

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 13 staff employed by the College, is 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 fine art collection of about 6,700 watercolours, drawings, prints and oil paintings, and around 3,500 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 2017/18 Collections hosted approximately 18,000 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 all year round on Sunday afternoons. 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:

2018	2017	2016	2015	2014
£'000	£'000	£'000	£'000	£'000
60	86	227	25	40

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 2018

8 INVESTMENTS

Consolidated	Investment properties	Investment portfolio	Consolidated 2018 Total	Investment properties	Investment portfolio	Consolidated 2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Market value</u>						
Market value at 1 September	86,422	336,576	422,998	85,298	311,546	396,844
Acquisitions	1,850	209,182	211,032	2,322	119,263	121,585
Disposals	(3,635)	(218,571)	(222,206)	(3,676)	(129,068)	(132,744)
Net gains at 31 August	1,751	22,924	24,675	2,478	34,835	37,313
Market value at 31 August	86,388	350,111	436,499	86,422	336,576	422,998

Attribution to funds:

Endowed Funds (note 13)	281,680	269,066
Restricted Income Funds	2,278	-
Designated Improvement & Maintenance Fund (note 13)	50,864	63,787
Designated Bursary Fund	52,029	51,061
General reserves (note 14a)	49,648	39,084
Total investments	436,499	422,998

	Investment properties	Investment portfolio	Consolidated 2018 Total	Investment properties	Investment portfolio	Consolidated 2017 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Cost</u>						
Cost at 1 September	30,688	285,349	316,037	30,296	260,037	290,333
Acquisitions	1,850	209,182	211,032	2,322	119,263	121,585
Disposals	-	(196,444)	(196,444)	(1,930)	(93,951)	(95,881)
Cost at 31 August	32,538	298,087	330,625	30,688	285,349	316,037

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 2018, Eton College only figures do not differ from the consolidated results.

The investments in subsidiaries shown in Eton College's Balance Sheet relate to the investment made in Eton Online Ventures Limited. The total cost of the investment is £3,372k (2017: £2,445k). A provision of £3,372k has been made against this investment. The investments in the other subsidiaries do not appear in aggregate as they total only £226 (2017: £226).

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

9 PRE-PAID FEES SCHEME

Discounted liability for future fees

		2018	2017
	Note	£'000	£'000
After ten years		793	741
Within five to ten years		995	973
Within one to five years		7,324	7,406
Total due after one year	12	9,112	9,120
Total due within one year	11	4,108	4,335
Total liability		13,220	13,455

Summary of movements in liability

	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Balance at 1 September		13,455		13,187
New contracts		4,712		5,085
		18,167		18,272
Amounts recognised in payment of fees:				
To the College	(4,336)		(4,267)	
To other schools	(534)		(577)	
To original payers	-		(116)	
		(4,870)		(4,960)
Capital and interest repaid		(229)		-
Discount allowed to parents		152		143
Balance at 31 August		13,220		13,455

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

10 DEBTORS

	Consolidated		Eton College	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	303	290	157	166
Fees and extras	14,255	13,425	14,255	13,425
Taxation	20	64	-	-
Other debtors	7,258	5,124	338	193
Prepayments and accrued income	3,601	1,643	3,560	1,611
Amounts due from subsidiary companies	-	-	8,135	6,750
Staff loans	144	173	144	173
	25,581	20,719	26,589	22,318

The figure for fees includes July 2018 advance invoicing of fees for the 2017/18 Michaelmas term. These fees are not due for payment until September 2018, and therefore the resultant deferred income is shown within the figure for fees received or invoiced in advance within creditors (note 11).

All debtors are due within one year except for staff loans of £114k (2017: £72k), and an amount owing from subsidiary company of £752k in Eton College only.

11 CREDITORS: amounts falling due within one year

Note	Consolidated		Eton College	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	4,880	2,251	4,792	2,196
Amounts due to group undertakings	-	-	38	27
Fees received or invoiced in advance	17,332	16,646	17,332	16,646
Taxation and social security	1,123	1,117	1,095	1,098
Other creditors	431	676	407	639
Accruals and deferred income	1,952	2,683	1,564	2,288
Pre-paid fees scheme	9	4,335	4,108	4,335
	29,826	27,708	29,336	27,229

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

12 CREDITORS: amounts falling due after more than one year

	Note	Consolidated		Eton College	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Loan note		45,000	45,000	45,000	45,000
Pre-paid fees scheme	9	9,112	9,120	9,112	9,120
		54,112	54,120	54,112	54,120

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 2018

13 a MOVEMENTS IN FUNDS - Current Year

	2017	Income	Bursaries and discounts	Net	Expenditure	Gains/ (Losses)	Total return transfers	Other transfers	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Endowed Funds									
<i>Permanent</i>									
Improvement Fund	165,660	4,823	-	4,823	(1,590)	9,512	(4,537)	1	173,869
Trusts	10,620	277	-	277	(91)	520	(262)	1	11,065
Head Master's Fund	22,913	768	-	768	(253)	1,441	(725)	(3)	24,141
<i>Expendable</i>									
Farrer	42,642	1,305	-	1,305	(430)	2,448	(1,231)	1	44,735
New Foundation	33,731	3,648	-	3,648	(358)	2,036	(948)	164	38,273
Total endowed funds	275,566	10,821	-	10,821	(2,722)	15,957	(7,703)	164	292,083
Restricted Income Funds									
Improvement Fund	-	-	-	-	(4,537)	-	4,537	-	-
Trusts	530	1	(31)	(30)	(195)	-	262	(2)	565
Head Master's Fund	600	12	(473)	(461)	(137)	-	725	(5)	722
Farrer	-	-	-	-	(1,231)	-	1,231	-	-
New Foundation	912	-	(742)	(742)	(106)	-	948	(21)	991
<i>Funded by endowed funds</i>	<i>2,042</i>	<i>13</i>	<i>(1,246)</i>	<i>(1,233)</i>	<i>(6,206)</i>	<i>-</i>	<i>7,703</i>	<i>(28)</i>	<i>2,278</i>
Other Restricted Funds	3,702	5,730	(1,498)	4,232	(653)	-	-	(438)	6,843
Total restricted funds	5,744	5,743	(2,744)	2,999	(6,859)	-	7,703	(466)	9,121
Designated Funds									
Improvement & Maintenance Fund	63,787	1,966	-	1,966	(7,714)	3,689	-	(10,864)	50,864
Bursary Fund -Bursaries	6,061	1,533	(1,301)	232	(505)	1,241	-	-	7,029
Bursary Fund -Interest	-	-	-	-	(1,634)	1,634	-	-	-
Fixed Asset Reserve	63,990	-	-	-	-	-	-	14,082	78,072
Total designated funds	133,838	3,499	(1,301)	2,198	(9,853)	6,564	-	3,218	135,965
General Fund	2	59,575	(2,443)	57,132	(58,621)	4,405	-	(2,916)	2
Total Funds - Consolidated SOFA	415,150	79,638	(6,488)	73,150	(78,055)	26,926	-	-	437,171
Less subsidiaries	995	(1,869)	-	(1,869)	3,211	-	-	-	2,337
Add inter – company	(640)	647	-	647	(1,579)	-	-	-	(1,572)
Total Funds – Eton College only	415,505	78,416	(6,488)	71,928	(76,423)	26,926	-	-	437,936

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Notes to the financial statements (continued)
For the year ended 31 August 2018

13 b MOVEMENTS IN FUNDS - Prior Year

	2016	Income	Bursaries and discounts	Net	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>	1,699	11	(968)	(957)	(5,568)	-	6,868	-	2,042
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 2018

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 2017 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 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.

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 £2,728k was received in new donations and added to the New Foundation Trust, either directly (£2,563k) or by transferring accumulated donations from Other Restricted Income Funds (£165k).

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 £5.2m (2017: £3.4m) was spent on boarding house refurbishment and £10.9m was transferred to the Fixed Asset Reserve to support the large increase in fixed assets.

The **Designated 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 other sources for the general purposes of the College.

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

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

Consolidated fund balances at 31 August 2018 are represented by:

	Note	Restricted		Unrestricted		2018 Total
		Endowed Funds	Restricted Income funds	Designated funds	General Funds	
		£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	7	-	-	78,072	-	78,072
Investments – Property & Securities	8	281,680	2,278	102,893	49,648	436,499
Current assets, excluding cash		6,899	2,000	-	16,840	25,739
Cash	16	3,504	4,843	-	69	8,416
Creditors	11/12	-	-	(45,000)	(38,938)	(83,938)
Defined benefit pension liabilities	17	-	-	-	(23,339)	(23,339)
Other retirement provisions	18	-	-	-	(4,278)	(4,278)
Total Net Assets		292,083	9,121	135,965	2	437,171

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

Consolidated fund balances at 31 August 2017 are represented by:

	Note	Restricted		Unrestricted		2017 Total
		Endowed Funds	Restricted Income funds	Designated funds	General Funds	
		£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	7	-	-	63,991	-	63,991
Investments – Property & Securities	8	269,066	-	114,847	39,085	422,998
Current assets, excluding cash		4,840	-	-	16,069	20,909
Cash		1,660	5,744	-	11,317	18,721
Creditors	11/12	-	-	(45,000)	(36,828)	(81,828)
Defined benefit pension liabilities	17	-	-	-	(24,546)	(24,546)
Other retirement provisions	18	-	-	-	(5,095)	(5,095)
Total Net Assets		275,566	5,744	133,838	2	415,150

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Notes to the financial statements (continued)
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15 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 2017 £'000	Investment Income £'000	Investment Costs £'000	Investment Gains £'000	Transfers £'000	Unapplied total return applied to income £'000	Total Unapplied return 31 August 2018 £'000
Permanent Endowment							
Improvement Fund	55,748	4,823	(1,590)	9,045	1	(4,537)	63,490
Trusts	7,176	277	(91)	520	1	(262)	7,621
Head Master's Fund	20,097	768	(253)	1,441	(3)	(725)	21,325
Sub total	83,021	5,868	(1,934)	11,006	(1)	(5,524)	92,436
Expendable Endowment							
Farrer	20,548	1,305	(430)	2,448	1	(1,231)	22,641
New Foundation	12,131	1,085	(358)	2,036	(1)	(948)	13,945
Sub total	32,679	2,390	(788)	4,484	-	(2,179)	36,586
Total Unapplied Return	115,700	8,258	(2,722)	15,490	(1)	(7,703)	129,022
				Preserved Capital 1 Sept 2017 £'000	Additions to Endowment Funds £'000	Transfers £'000	Preserved Capital 31 August 2018 £'000
Permanent Endowment							
Improvement Fund				109,912	467	-	110,379
Trusts				3,444	-	-	3,444
Head Master's Fund				2,816	-	-	2,816
Sub total				116,172	467	-	116,639
Expendable Endowment							
Farrer				22,094	-	-	22,094
New Foundation				21,600	2,728	-	24,328
Sub total				43,694	2,728	-	46,422
Total Preserved Capital				159,866	3,195	-	163,061
Total unapplied return and preserved capital (note 13)				275,566	-	-	292,083

As explained in note 13, the Improvement Fund has been permanently endowed under the enactment of the new statutes in October 2017.

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Notes to the financial statements (continued)
For the year ended 31 August 2018

16 Reconciliation of net income to net cash flow from operating activities

	2018		2017	
	£'000	£'000	£'000	£'000
Net expenditure before investment gains		(4,905)		(1,529)
Elimination of non-operating cashflows:				
Investment income	(12,281)		(17,730)	
Investment Managers' Fees	1,698		1,809	
Interest on Long Term loan	1,633		1,633	
Endowment donations	(2,728)		(318)	
Depreciation	2,415		2,117	
Goodwill written off	-		133	
Net gain on disposal of fixed assets	61		(92)	
(Increase)/ decrease in stock	32		(18)	
Increase in debtors	(4,500)		(5,299)	
Decrease in cash investments	(13)		(98)	
Increase/(decrease) in creditors	3,162		280	
Increase in prepaid fees	(235)		269	
FRS 102 pension movements	227		(821)	
		(10,529)		(18,135)
Net cash outflow from operations		(15,434)		(19,664)

Analysis of cash and cash equivalents

	2018	2017
	£'000	£'000
Cash at bank	8,416	18,721

Eton College

Notes to the financial statements (continued)

For the year ended 31 August 2018

17 PENSION SCHEMES

Defined Contribution Schemes

Eton College Group Personal Pension Scheme

Contributions totalling £850k (2017: £783k) 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 2017, and at the same time gave all non-teaching staff the opportunity to join the Group Personal Scheme. As a result, a large number of staff opted to join the scheme, which now provides personal pension plans for 353 non-teaching staff (2017: 324), with a further 124 staff (2017: 134) enrolled in the auto-enrolment scheme. An amount of £72k was accrued at the year-end (August 2017: £66k).

EtonX Group Personal Pension Scheme

Contributions totalling £13k (2017: £23k) were made to the EtonX Group Personal Pension Plan. An amount of £2k was accrued at the year-end (2017: £2k).

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 £2,129k (2017: £1,991k) and at the year-end £nil (2017: £272k) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The employer contribution rate for the TPS from 1 September 2015 has been 16.48%. The amount employers will be required to pay towards the scheme will increase to 23.6% from September 2019.

Defined Benefit Scheme and Pension Provisions

The College operates the following scheme and provisions:

Eton (1972) Scheme

A 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 18.8% (2017: 16.2%), amounted to £620K (2017: £554K). In addition, contributions to repay the deficit of £450K (2017: £1,800K) were made. The College also paid contributions amounting to £200K 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% 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

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Notes to the financial statements (continued)

For the year ended 31 August 2018

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:

	2018	2017
Rate of increase of pensions in payment (pre 1997 benefit)	2.20%	2.30%
Rate of increase of pensions in payment (post 1997 benefit)	3.30%	3.40%
Rate of increase of pensions in payment (post 2006 benefit)	2.30%	2.30%
Discount rate	2.80%	2.60%
RPI inflation assumption	3.50%	3.60%
CPI inflation assumption	2.70%	2.80%
Revaluation in deferment	2.70%	2.80%
Expected rate of salary increases	3.50%	3.60%
Expected return on assets at beginning of year*	2.60%	2.20%

* 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 at retirement.

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 (2017: SAPS ("S2NA") normal year of birth tables with CMI 2016 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:

Life expectancy at age 65	31 August 2018	31 August 2017
Male currently aged 45	89	89
Female currently aged 45	91	91
Male currently aged 65	88	88
Female currently aged 65	90	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 3.2%
Rate of inflation	Increase by 0.25%	Increase by 3.3%
Discount rate	Increase by 0.25%	Decrease by 4.9%

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Notes to the financial statements (continued)
For the year ended 31 August 2018

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 2018 £'000	Eton (1972) Scheme 31 August 2017 £'000
Current service cost	1,247	1,444
Interest on liabilities	1,670	1,510
Interest on assets	(1,048)	(870)
Past service cost	0	0
Total charged to net incoming resources	1,869	2,084

Remeasurements over the year:	Eton (1972) Scheme 31 August 2018 £'000	Eton (1972) Scheme 31 August 2017 £'000
Loss /(gain) on scheme assets in excess of interest	1,240	706
Experience losses /(gains) on liabilities	0	(1,875)
Losses /(gains) from changes to demographic assumptions	0	(2,511)
Losses/ (gains) from changes to financial assumptions	(3,049)	(1,703)
Changes in effect of asset ceiling	0	0
Total remeasurements	(1,809)	(5,383)

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 2018 £'000	Eton (1972) Scheme 31 August 2017 £'000
Present value of funded obligations	(63,411)	(64,888)
Fair value of assets	40,072	40,339
Surplus / (deficit)	(23,339)	(24,549)
Impact of asset ceiling	0	0
Net defined benefit liability*	(23,339)	(24,549)

*Net defined benefit liability shown prior to deferred taxation

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

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

	Eton (1972) Scheme 31 August 2018 £'000	Eton (1972) Scheme 31 August 2017 £'000
Liabilities at 1 September	(64,888)	(69,212)
Current service cost	(1,247)	(1,444)
Employee contributions	(264)	(275)
Past service costs	0	0
Interest costs	(1,670)	(1,510)
Benefits paid	1,609	1,464
Experience (gain)/loss on liabilities	0	1,875
Changes to demographic assumptions	0	2,511
Changes to financial assumptions	3,049	1,703
Liabilities at 31 August	(63,411)	(64,888)

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

	Eton (1972) Scheme 31 August 2018 £'000	Eton (1972) Scheme 31 August 2017 £'000
Assets at 1 September	40,339	38,910
Interest on assets	1,048	870
Employer contributions	1,270	2,454
Employee contributions	264	275
Benefits paid	(1,609)	(1,464)
Return on plan assets less interest	(1,240)	(706)
Assets at 31 August	40,072	40,339

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 2018 £'000	Value at 31 August 2017 £'000
Target Return Funds	39,303	39,523
Cash	219	196
Insured annuities	550	620
Total fair value of assets	40,072	40,339
Present value of Eton (1972) Scheme funded obligations	(63,411)	(64,888)
Deficit in the Eton (1972) Scheme	(23,339)	(24,549)
Related deferred tax liability	0	0
Net Eton (1972) Scheme pension liability	(23,339)	(24,549)

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Notes to the financial statements (continued)

For the year ended 31 August 2018

The major categories of assets as a percentage of total assets during the year were Target Return Funds with Threadneedle (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 a loss of £192K.

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 in June 2017. Additional contributions of £450K pa over 4 years and 7 months are due from 1 September 2017. Expenses and death-in-service premiums have been met by the College since 31 August 2014.

18 OTHER RETIREMENT PROVISIONS

	Consolidated and Eton College	
	2018	2017
	£'000	£'000
Other retirement provisions	4,278	5,095

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 £14,104k (2017: £13,276k) in its pooled investment funds to cover these liabilities and to contribute to any shortfall in the 1972 defined benefit scheme.

19 FINANCIAL INSTRUMENTS

	Note	Consolidated		Eton College	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets measured at amortised cost	(a)	30,415	38,106	30,889	38,255
Financial assets measured at fair value	(b)	350,111	336,577	350,111	336,577
Financial liabilities measured at amortised cost	(c)	(50,311)	(47,938)	(50,161)	(47,808)
		330,215	326,745	330,839	327,024

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

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

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

Impairment losses charged to financial assets in the year amounted to £165k (2017: £129k)

20 COMMITMENTS

Costs contracted for but not provided for as at 31 August 2018 in respect of capital improvements and developments amounted to £7.2m (2017: £19.3m).

Eton College
Notes to the financial statements (continued)
For the year ended 31 August 2018

21 LEASES

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

	2018	2017
	£'000	£'000
Receivable in less than 1 year	1,904	1,740
Receivable between 1 and 5 years	4,768	4,673
Receivable in greater than 5 years	9,551	10,602
	16,223	17,015

22 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 6, and details of subsidiaries are detailed in note 4.

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

23 POST BALANCE SHEET EVENTS

During the year the College secured two unsecured loans:

A £40m loan to part fund the new sports facilities for which the College has now obtained planning permission. This loan has a fixed interest rate of 2.64% p.a. and will be received in equal two tranches in May 2019 and November 2019. It is be repayable in ten equal annual amounts from 2049.

A £25m loan to leverage the property portfolio. This loan has a fixed interest rate of 2.61% p.a. and will be received in two equal tranches in September 2018 and May 2019. It will be repaid in five equal amounts annually from 2059.

Eton College
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For the year ended 31 August 2018

24 CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted Funds		Restricted Funds		Total 2018	Total 2017
		General Funds	Designated Funds	Restricted income funds	Endowed funds	£'000	£'000
		£'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	9	(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	5	(54,409)	(5,214)	(6,655)	-	(66,278)	(58,746)
Raising and managing funds	5	(4,242)	(2,474)	-	(1,913)	(8,629)	(6,522)
Share of joint venture losses		-	-	-	-	-	(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	13	(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)	17/18	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	13	2	133,838	5,744	275,566	415,150	373,983