

**Eton College**

**Report and financial statements  
for the year ended 31 August 2015**

**Registered charity 1139086**

# Eton College

## Report and financial statements for the year ended 31 August 2015

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# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015

### 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 amended in 2008.

The College was formerly an exempt charity as defined by Schedule 2(b) of the Charities Act 1993. Exempt status was removed in 2010 under a provision of the Charities Act 2006. The College registered as a charity in November 2010 under Charity Commission registration number 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".

### Principal Address

Eton College, Eton, Windsor, Berkshire SL4 6DW. Website: [www.etoncollege.com](http://www.etoncollege.com).

### Advisers

Bankers	Barclays Bank plc, 8 High Street, Eton, Windsor, Berks SL4 6AU
Principal Solicitors	Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH Charles Russell Speechleys, 5 Fleet Place, London EC4A 1RS
Auditor	Deloitte LLP, 2 New Street Square, London EC4M 7RD
Investment managers	Partners Capital LLP, 5th Floor, 5 Young Street, London W8 5EH

### GOVERNORS AND CHARITY TRUSTEES

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

The governing body of Eton College, known as the Provost and Fellows, are the trustees. The Provost and Fellows who served throughout the year and up to the date of signing were:

The Lord Waldegrave of North Hill PC MA – Provost  
Dr Andrew Gailey CVO MA PhD – Vice Provost  
Professor Michael Proctor MA MMath SCD FRS FRAS FIMA  
Professor Christopher Dobson MA DPhil ScD FRS FMedSci  
Sir Michael Burton QC MA  
The Duchess of Wellington OBE BA  
Mr David Reid Scott MA  
Professor Kim Nasmyth BA PhD FRS  
Dr Caroline Moore MA PhD  
Mr Hamish Forsyth MA  
Mr John Varley MA  
Mr Brent Hoberman CBE MA (to 2 May 2015)

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

### OFFICERS

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

Simon Henderson MA	Head Master
Janet S Walker MA FCA	Bursar
Robert M Stephenson BSc PhD	Lower Master

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The College Statutes provide: "The Foundation of the College shall consist of a Provost, eleven Fellows, one of whom shall be Vice-Provost, a Bursar, a Head Master, a Lower Master; not less than seventy Scholars, and one or more Chaplains or Conducts. The Governing Body of the College shall consist of the Provost and the said eleven 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 school, and for support of the Head Master.

			Date appointed
<b>Provost</b>	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 and of a number of companies. He is a member and Chairman of Holyport College and a member of Slough and East Berkshire C of E Multi Academy Trust. Former parent.	2009
<b>Vice-Provost</b>	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, he is a governor of two other schools, Aysgarth and St Mary's Ascot and a director of Slough and East Berkshire C of E Multi Academy Trust.	2006
<b>Senior Fellow</b>	Professor Michael Proctor	The Provost of King's College, Cambridge (also founded by King 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 Shrewsbury and Kings School Ely.	2013
<b>Appointed by:</b>			
<b>Cambridge University</b>	Dr Caroline Moore	A past Fellow and Director of Studies in English at Peterhouse. Dr Moore is a journalist, book reviewer and educational author. She is a governor of two other schools. Former parent.	2010
<b>Oxford University</b>	Professor Kim Nasmyth (OE, 1970)	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.	2009
<b>Lord Chief Justice</b>	Sir Michael Burton (OE, 1964)	A judge in the Queen's Bench Division of the High Court, President of the Investigatory Powers Tribunal and former President of the Employment Appeal Tribunal.	2004

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

### Appointed by:

Royal Society	Professor Christopher Dobson	John Humphrey Plummer Professor of Chemical and Structural Biology at the University of Cambridge since 2001 and Master of St John's College, Cambridge since 2007. He is an Honorary Fellow of four Oxford colleges and of Darwin College, Cambridge and Trinity College Dublin. He is a governor of Shrewsbury School. Former parent.	2001
P&F	The Duchess of Wellington	Until 2007 a trustee and then Chairman of the Guinness Partnership, a national charitable Housing Association. She is Chairman of the Royal Ballet School and the Patron of the Loddon School (a special needs school in Hampshire). Former parent.	2008
P&F	David Reid Scott (OE, 1965)	Chairman of Kazimir Group and Castlecap, Senior Advisor to CDIL (Mozambique) and member of Lloyds of London. He has pursued a financial career that has included senior positions in the Saudi Arabian Monetary Agency, Merrill Lynch, Phoenix Securities, Donaldson, Lufkin & Jenrette, Credit Suisse First Boston and Hawkpoint. He is a member of the Rector's Council, Lincoln College, Oxford and Chairman of the Jack & Jill Foundation, Ireland	2009
P&F	John Varley	He joined the governing body in March 2012, having been the Chief Executive of Barclays Bank. He is the Chairman of Marie Curie Cancer Care, a trustee of HRH The Prince of Wales' Charitable Foundation and is on the boards of BlackRock and Rio Tinto Plc. Former parent.	2012
Masters	Hamish Forsyth	He is responsible for the European business of the Capital Group Companies, a large and long-established investment management firm based in Los Angeles.	2011

### Term of office

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.

### Induction and training

Upon their appointment, Fellows are provided with the Statutes and an induction pack that brings them up to date with current business and with issues of major importance; there is also an induction day. A rolling programme of familiarisation with the work of the school and its staff is arranged. Some training opportunities provided by external organisations are taken up and in-house training is undertaken around key areas (eg safeguarding).

### Organisational structure and decision-making

Strategic decision-making lies with the governing body, the Provost and Fellows, who normally meet twice each term at Eton. They usually devote the previous evening to activity that deepens their knowledge of the school 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 a school event (e.g. school play) or presentation on outward facing initiatives (Holyport College, Online Education).

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

The Head Master is responsible to the Provost and Fellows for the management of the school. The Bursar is responsible for the financial, property and non-educational administration of the College (this being a term used to embrace the affairs of the College as a whole, including its endowments, investments and trading activities as well as the school within it). The Bursar is responsible to the Head Master in respect of school activities and to the Provost and Fellows in respect of investment and trading activities. The Head Master and Bursar attend the Provost and Fellows' meetings and provide written reports for their attention. The Clerk & Legal Advisor to the Provost and Fellows also attends their meetings.

Seven committees involving Fellows consider certain areas of business in detail.

- The Standing Committee, chaired by the Provost, oversees the administration of the College within the strategic and policy framework established by the Provost and Fellows and plans and reviews the agenda for the Provost and Fellows' meetings. The Standing Committee comprises the Provost and Vice Provost, and any Fellow who wishes to attend, with the Head Master, Bursar, Lower Master and Clerk & Legal Advisor in attendance.
- Professor Christopher Dobson chairs the Audit and Risk Committee. Mr John Griffith-Jones and Mr John Varley are members.
- The Investment Committee, chaired by Mr David Reid Scott, provides endowment 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 Duchess of Wellington, Dr Caroline Moore and the Vice Provost are members.
- The Nominations Committee, chaired by the Provost, manages the processes for appointment of those Fellows who are elected by the Provost and Fellows, the Head Master, and senior administrative staff. The Vice-Provost, the Duchess of Wellington, Professor Kim Nasmyth and Mr Hamish Forsyth sit on the Nominations Committee.
- Mr Hamish Forsyth chairs the Senior Salaries Committee. The Provost and Mr David Reid Scott are also members.
- The Staff Remuneration Group comprises the Head Master as chairman with Mr Hamish Forsyth, the Vice Provost, and the Bursar with the HR Director in attendance. The Group reviews the salaries of teaching staff in consultation with an elected group of masters.

The Bursar and her senior team work closely and constantly with the Head Master and his senior team and provide day to day operational management. The members of the combined senior team are:

Head Master	Simon Henderson	Bursar	Janet S Walker
Lower Master	Dr Robert M Stephenson	Clerk & Legal Advisor	Serena M A Hedley-Dent
Director of Curriculum	Gerard J D Evans	Buildings & Facilities Director	Ian C Mellor
Director of School	Dr Percy R Harrison	HR Director	Kate F L Bradley
Administration and IT		Finance Director	Catherine J Taylor
Senior Tutor	Ian Harris		

### Related parties

Eton College has three consolidated subsidiaries in support of Eton's objects: Rownsmoss Limited, which undertakes property development; Eton College Services Limited, which undertakes trading activities; and Dorney Lake Trust Company, which runs charitable activities at Dorney Lake. A fourth subsidiary, Eton Online Ventures Ltd, which holds the College's investment in the joint venture EtonX Ltd which runs blended learning courses in China, is not consolidated as it started trading after the year end. The results of the subsidiaries can be seen on pages 19 and 20.

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

### Risk Management

The Audit and Risk Committee of the Provost and Fellows considers annually approximately 50 risks under the headings of finances, operations 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 major risks to which Eton College is exposed, as identified by the Provost and Fellows, have been reviewed and systems have been established to mitigate these risks to an acceptable level.

The key controls used by the College include:

- formal agenda and minutes for all Governing Body and Committee activity;
- formal written policies for operational activities;
- strategic planning, budgeting and management accounting;
- established lines of reporting;
- regular review of regulatory requirements for independent schools;
- safer recruitment checks as required by law; and
- the employment of two qualified Health & Safety Officers.

### OBJECTIVES

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 21st century, our charitable purpose is “the advancement of education by the provision, support and conduct of a College in Eton and the maintenance and preservation of an associated Chapel and Buildings”.

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

- Promoting the best habits of independent thought and learning in the pursuit of excellence;
- Providing a broadly-based 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 school and community;
- Supporting pastoral care that nurtures physical health, emotional maturity and spiritual richness; and
- Fostering self-confidence, enthusiasm, perseverance, tolerance and integrity.

The school’s medium to long term aims and short term targets are reviewed annually by the Provost & Fellows.

Medium to long term aims include:

- To widen further access to the education provided by the College by increasing over time the percentage of boys receiving financial help with fees to 25% and ensure the number of boys paying no fees at all is at least 70;
- To keep the College on a sound financial footing and to attract sufficient donations to realise the fee remission target set out above;
- To build on the successes of our current relationships with maintained schools (Holypport College, the London Academy of Excellence and the Independent State School Partnership) with a view to increasing the range and depth of our partnerships;
- To enable the newly established Tony Little Centre for Innovation and Research in Learning to become a recognised leader in pedagogical research for the benefit of the College and the wider educational community;
- To establish an ongoing exhibition programme and an online catalogue for the College’s Collections.

The Provost and Fellows confirm that they have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the College’s objectives and aims and in planning future activities.

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

### ACHIEVEMENTS AND PERFORMANCE

#### Academic performance

Eton has continued to deliver a very high standard of education.

- 94% of all A-level grades were awarded grades A\*/A/B, with 79% at A\*/A, and 35% at A\*.
- Eton pursues the Pre-U qualification in a number of subjects as an alternative to A level. 74% of all Pre-U entries were graded Distinction 3 or above (equivalent to an A grade at A-level). 40% of entries were at Distinction 2 or higher (equivalent to an A\* at A-level). 21 boys (12%) achieved the heights of a Distinction 1 (above an A\* at A-level).
- At AS-level 93% achieved grades A/B, with 74% at A grade.
- At GCSE 79% of the 2,228 entries were awarded the A\* grade. This was the school's strongest performance to date at this level.

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

A well-resourced fund-raising programme has been under way with a view to providing fee reductions through scholarships and bursaries, developing Eton's facilities and maintaining the College's heritage properties. In 2006 a full-time Development Director was appointed and the New Foundation Trust fundraising campaign initiated. Donations since raised to date total £60 million including donations of £5.8 million in 2014/15. The New Foundation Trust endowment now stands at just under £30 million.

#### Investment performance

The College's investment portfolio is managed by Partners Capital on a discretionary basis, with oversight and advice provided by an investment committee of alumni who have significant experience in investment management. The core tenets of Eton's investment strategy remain: to manage the portfolio to deliver long-term absolute returns without specific regard to income generation; to diversify the portfolio across multiple asset classes; and to identify and select the most skilled asset managers within each asset class. As of August 2015, the £298 million (2014: £227 million) investment portfolio (excluding direct property) was invested across 37 fund manager positions. A significant part of this increase is an additional investment of £45 million in the portfolio in August 2015. In the twelve months to the 31<sup>st</sup> August 2015 the portfolio increased by 11.8% (excluding the impact of cash inflows and outflows), which compares to a 1.5% gain for the Eton Composite Benchmark, which is a benchmark that reflects the portfolio's long-term strategic asset allocation. In the preceding year the portfolio increased by 13.2% compared with a 11.3% gain for the Eton Composite Benchmark, while over the last three years the portfolio has returned +11.7% p.a. compared with +7.8% p.a. for the Eton Composite Benchmark.

Eton's direct property portfolio was valued by an external valuer at £80 million at the end of August 2015, an increase during the year of £10 million or 14%. There was one purchase in the year of a car dealership in Shrewsbury for £5.2million. There were six sales of residential property totalling £1.4 million. Additionally there were net transfers of two properties owned by the school into the property portfolio at a value of £0.9 million, and one transfer out of the property portfolio to the school totalling £0.3 million. The remaining increase is the result of the annual revaluation. The portfolio is comprised of the following: residential property 47%; agricultural land 25%; commercial investments 8%; property in Eton 14%; other 6%.

### ACCESS, ENGAGEMENT AND OUTREACH

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



# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

### 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. Over time, the Provost and Fellows want to ensure 70 boys receive full fee remission and 25% of boys in the school are financially assisted.

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

During the year 277 boys (21%) received fee reductions; 70 of these boys paid no fees at all. The equivalent figures for the previous year were 277 and 64. The amount spent on fee remission increased from £5,773k to £6,084k, with the average award remaining 64% of the full fee.

Scholarships were awarded to 145 of these boys (2014: 144). 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 let a boy take up his place. Junior Scholars, 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 132 (2014: 133). 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.

### PROVIDING EDUCATIONAL BENEFITS TO CHILDREN AND YOUNG PEOPLE WHO ARE NOT PUPILS

Beyond the considerable public benefit of providing a high-quality education to our pupils, equipping them with good academic qualifications and a sense of responsibility and service to others, the College also provides educational benefit to children and young people who are not pupils. The College's wider educational contribution is recorded on the Schools Together website, established in 2016. Particular highlights from the 2014/15 academic year were:

- Eton's continued involvement with **London Academy of Excellence**, a selective free school for sixth formers in Stratford, East London, which opened in September 2012. Eton sponsors its English Department by providing two masters on part time secondment and plays a significant role in its governance, providing a governor and two committee members.
- Eton is sole educational sponsor of **Holyport College**, the first boarding school established under the Government's free schools scheme. Holyport was opened officially by HM The Queen on 28 November 2014, and has had a very successful first year, being rated Good by OFSTED at its boarding inspection in Summer 2015. The partnership with Holyport is designed to be mutually beneficial and initiatives undertaken in 2014/15, in addition to secondment of staff and sharing facilities, include joint INSET for teaching staff, the establishment of a joint Investment society for pupils and mentoring by boys of Holyport pupils. Donations to date total £256k, with further in kind donations through non-financial support of £15k.
- Eton's engagement with the **Slough and East Berkshire Church of England Multi Academy Trust** which 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 and Colnbrook Primary are the first two schools under the trust. Eton hopes to be able to help improve education in our local area by being involved.

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

In addition to these headlines, we continue to run our successful annual **Universities and Brent- Eton Summer Schools**, the **Choral and Rowing Courses** and continue actively to participate in the **Eton, Slough, Windsor and Hounslow Independent State School Partnership**. Full details of the College's public benefit activity in 2014/15 can be found on the College's website [www.etoncollege.com](http://www.etoncollege.com) and Schools Together [www.schoolstogether.com](http://www.schoolstogether.com)

### REACHING OUT TO OUR LOCAL COMMUNITY

The Chapel, School Hall, the Farrer Theatre and other facilities are made available to local schools, clubs and societies. A number of staff and pupils engage with the wider community in a number of different ways but particularly as mentors (boys) or acting as school governors (staff) of local maintained schools and academies. Community service is provided by boys taking food and clothing to homeless people in Slough, by visiting the elderly and by playing the organ in four local churches.

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 and also leases Charteris House to the charity at a concessionary rent for use as the day centre.

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

### REACHING OUT TO SOCIETY

In 2014/15 Eton has further expanded the outreach and engagement programme undertaken in respect of its Collections. During the year, up to 1,000 children and young people engaged with the Collections on and off-site, and over 3,000 visitors came to the Natural History Museum. The dedicated Exhibitions & Outreach Co-ordinator ensures many more young people are coming to experience Eton. Particular highlights for Collections engagement over the last year include:

- the development of the after school extra-curricular programme for primary age children, with weekly sessions delivered by the Collections team and Eton boys from across the school;
- an object learning challenge day for Gifted and Talented children drawn from nine schools across the region;
- family learning events exploring seals and the Great War;
- three exhibitions were held in the Verey Gallery. These were included in the engagement programme and open to the public by appointment;
- the learning events organised around the exhibitions programme have continued to draw audiences from secondary schools and colleges in the area, including those in the ISSP, the London Academy of Excellence and East Berkshire College;
- general and special interest adult groups have also been welcomed by the Collections, for talks and tours exploring a variety of themes, from the wall paintings to the Battle of Waterloo.

In addition, the rare book and manuscript library held two further exhibitions, one supported by a scholarly lecture drawing an academic audience. The Collections also hosted more than 150 visiting researchers and answered hundreds of further research enquiries by post, telephone and email.

The Eton Museum of Antiquities, Jafar Gallery, opened this year and will shortly be open to the public every Sunday afternoon, along with the Natural History Museum.

### FINANCIAL REVIEW

#### Summary of results

The financial result for the year ended 31 August 2015 shows net incoming resources of £6,663k compared to £3,226k for the previous year.

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

School fee income increased by 3.4% from £43,621k to £45,106k. Our funding of scholarships and bursaries (fee remission) went up from £5,773k to £6,084k, equivalent to 13% of our fee income and an increase of 5% over the year ended 31 August 2014.

Our total charitable expenditure rose from £52,813k to £53,716k. The bulk of this comprises the costs of running the School. Premises costs decreased from £15,570k to £14,476k because last year there was a particularly significant spend on renovation of listed buildings. 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 draw-down from endowment funds.

Grants and donations to the College were £5,766k compared to £4,009k in the previous year. We are very grateful for the continued generosity of our donors. Investment income was £14,558k compared to £10,929k. The strategy for our investment portfolio, comprising securities and properties, is primarily to achieve long term capital growth rather than to generate income, so this level of income may not be sustained in future years.

Trading income is made up of the consolidated income from Rownsmoss Limited, the College's property development subsidiary, Dorney Lake Trust Company, a charity which runs charitable activities at Dorney Lake, and Eton College Services Limited, the College's trading subsidiary which runs Dorney Lake. Income decreased from £3,251k to £1,348k, as last year Rownsmoss Ltd benefitted from an additional £1,400k from sale of property and additional rental income.

Within other recognised gains and losses, the net gain on investments was £21,859k, a decrease of £9,063k from the £30,922k in the previous year. Last year's figure included a net gain of £7,415k from the transfer of freehold buildings due to a re-organisation of the freehold property holdings compared to £916k this year. Taking into account the pension scheme actuarial movements on the defined benefit scheme, the overall movement on funds was a net gain of £25,861k compared to a net gain of £30,033k in the previous year.

### Reserves Policy

Eton College, in common with almost all organisations, believes that it is prudent to have reserves to provide resources to ensure that the College is able to continue with its obligations in the event of a shortfall in income or unexpected upturn in expenditure. The College is fortunate to have endowment funds and seeks to build up reserves out of annual operating surpluses, investment returns and fund raising to a level which is considered adequate to meet the future needs of the school and allow further capital expenditure, repairs and refurbishment to equip the school with the facilities needed to maintain the standard of education currently provided.

The College has a number of funds and reserves. The endowment funds and the designated improvement fund are generally regarded as being for the long-term, fundamentally underpinning and sustaining the operation of Eton College at its desired level of activity.

#### Endowment funds

These are restricted funds that include expendable endowments where both the capital and income of the fund may be used and permanent endowments where only the income may be used, in both cases for the specific purpose or activity laid down by the donor or relevant trust instrument. The Improvement Fund and the Farrer Maintenance Fund are expendable, their main purpose being the improvement and maintenance of the buildings of the College. The New Foundation Trust and the Head Master's Fund are used to fund scholarships, bursaries, prizes, travel grants and other special purposes. The New Foundation Trust is expendable; the Head Master's fund is permanent. Within the Trusts included in Endowment funds, some are expendable and some are permanent.

#### Designated improvement fund

This is an unrestricted fund, designated by the College to be for the general improvement of the College.

The above two funds are invested with the objective of maximising long-term total return, subject to not exceeding a reasonable level of risk. The return, in terms of both income receivable and capital appreciation or depreciation, whether realised or unrealised, is credited or charged to the funds. The amount available for the College to draw down

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

in cash in any one year is determined by an internally self-imposed rule which, subject to a floor and ceiling, currently permits the draw-down of up to 3.5% of the average of the last five years' year-end valuations of the funds.

### Designated loan repayment fund

This is an unrestricted fund, designated by the College for the repayment of the £45 million loan in 2060. An annual transfer of £1 million will be made to this fund for the next 45 years.

Two further funds, regarded as being for the short-term, are:

### Restricted income funds

These are restricted funds, to be used in accordance with their charitable objects or the wishes of the donor. Until funds are needed they are held in an interest-bearing deposit account.

### General reserves

The general reserves are unrestricted funds, comprising the general fund providing working capital and resources for the general administration of the College, and the revaluation of freehold buildings fund which reflects the capitalised value of freehold land and buildings being depreciated over 50 years.

## **FUTURE PLANS**

Key elements of our future plans are:

- Over time, to increase the percentage of boys receiving help with fees to 25% and ensure the number of boys paying no fees at all remains at least 70;
- To build on the successes of our current relationships with state schools with a view to increasing the range and depth of our partnerships and to continue to develop opportunities for boys to work with students from different backgrounds.

## **PROVOST AND FELLOWS' RESPONSIBILITIES STATEMENT**

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

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

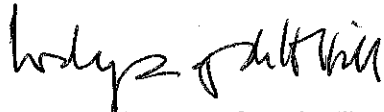
The Provost and Fellows are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 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.

# Eton College

## Report of the Provost and Fellows for the year ended 31 August 2015 (continued)

### Statement as to disclosure of information to the auditor

The Provost and Fellows who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Provost and Fellows has confirmed that he or she has taken all the steps that he or she ought to have taken as Governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.



The Lord Waldegrave of North Hill  
Provost  
6 February 2016

## **INDEPENDENT AUDITOR'S REPORT TO THE PROVOST AND FELLOWS OF ETON COLLEGE**

We have audited the financial statements of Eton College for the year ended 31 August 2015 which comprise the Consolidated statement of financial activities, the Consolidated and College Balance Sheets, the Consolidated cash flow statement and the related notes numbered 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Provost and Fellows, as a body, in accordance with section 144 of the Charities Act 2011, regulations made under section 154 of that Act and the Statutes of Eton College (the "Statutes"). Our audit work has been undertaken so that we might state to the charity's Provost and Fellows 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 Provost and Fellows as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Provost and Fellows and auditor**

As explained more fully in the Provost and Fellows' Responsibilities Statement, the Provost and Fellows are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Provost and Fellows; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

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 2015 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 and the Statutes.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Provost and Fellows' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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.



**Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
10 February 2016

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

# Eton College

## Consolidated statement of financial activities for the year ended 31 August 2015

	Notes	Unrestricted funds		Restricted funds		Total	Total
		General reserves	Designated funds	Restricted income funds	Endowment funds	2015	2014
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Incoming resources</b>							
<b>Charitable activities</b>							
School fees		45,106	-	-	-	45,106	43,621
Scholarships and bursaries		(2,548)	-	(1,591)	(1,945)	(6,084)	(5,773)
Discount on pre-paid fees	8	(189)	-	-	-	(189)	(218)
Net school fees		42,369	-	(1,591)	(1,945)	38,833	37,630
Other incoming resources		6,646	-	-	-	6,646	6,108
<b>Income from generated funds</b>							
Grants and donations		368	-	3,945	1,453	5,766	4,009
Investment income	2	943	2,883	-	10,732	14,558	10,929
Trading income	3	1,348	-	-	-	1,348	3,251
<b>Total incoming resources</b>		<b>51,674</b>	<b>2,883</b>	<b>2,354</b>	<b>10,240</b>	<b>67,151</b>	<b>61,927</b>
<b>Resources expended</b>							
<b>Costs of generating funds</b>		<b>1,734</b>	<b>665</b>	<b>-</b>	<b>4,296</b>	<b>6,695</b>	<b>5,807</b>
<b>Charitable expenditure</b>		<b>50,906</b>	<b>-</b>	<b>1,579</b>	<b>1,231</b>	<b>53,716</b>	<b>52,813</b>
<b>Governance costs</b>		<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77</b>	<b>81</b>
<b>Total resources expended</b>	4	<b>52,717</b>	<b>665</b>	<b>1,579</b>	<b>5,527</b>	<b>60,488</b>	<b>58,701</b>
<b>Net (outgoing) / incoming resources before transfers</b>		<b>(1,043)</b>	<b>2,218</b>	<b>775</b>	<b>4,713</b>	<b>6,663</b>	<b>3,226</b>
Transfers between funds	12	7,740	(743)	(4,026)	(2,971)	-	-
<b>Net incoming/(outgoing) resources before net gain on investments</b>		<b>6,697</b>	<b>1,475</b>	<b>(3,251)</b>	<b>1,742</b>	<b>6,663</b>	<b>3,226</b>
<b>Other recognised gains/(losses)</b>							
Net gain on investments		908	3,709	-	17,242	21,859	30,922
Pension scheme actuarial loss on defined benefit scheme	16	(2,661)	-	-	-	(2,661)	(4,115)
<b>Net movement in funds</b>		<b>4,944</b>	<b>5,184</b>	<b>(3,251)</b>	<b>18,984</b>	<b>25,861</b>	<b>30,033</b>
Fund balances brought forward at 1 September 2014		63,594	56,434	6,181	218,247	344,456	314,423
Fund balances carried forward at 31 August 2015	12	68,538	61,618	2,930	237,231	370,317	344,456

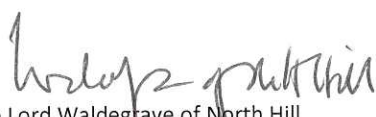
All results derive from continuing activities.

# Eton College

## Consolidated and Eton College balance sheets as at 31 August 2015

		Consolidated		Eton College	
	Notes	2015	2014	2015	2014
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6	54,644	46,497	54,481	46,301
Investments – properties	7	80,149	69,751	78,999	68,601
- portfolio	7	298,453	227,392	298,453	227,392
- pre-paid fees scheme (gilts)	8	5,443	8,018	5,443	8,018
		438,689	351,658	437,376	350,312
Current assets					
Stocks		448	447	189	181
Debtors	9	14,178	13,646	15,936	14,503
Cash balances		18,305	32,909	15,581	30,957
		32,931	47,002	31,706	45,641
Creditors – amounts falling due within one year	10	(26,667)	(24,744)	(25,522)	(23,395)
Net current assets		6,264	22,258	6,184	22,246
Total assets less current liabilities		444,953	373,916	443,560	372,558
Creditors – amounts falling due after more than one year	11	(53,879)	(10,456)	(53,879)	(10,456)
Net assets before pension liabilities		391,074	363,460	389,681	362,102
Defined benefit pension liabilities	16	(15,395)	(13,159)	(15,395)	(13,159)
Other retirement provisions	17	(5,362)	(5,845)	(5,362)	(5,845)
Net assets after pension liabilities		370,317	344,456	368,924	343,098
Represented by:					
Funds	12				
Endowment funds		237,231	218,247	236,081	217,097
Restricted income funds		2,930	6,181	2,930	6,181
Unrestricted funds					
Designated funds		61,618	56,434	61,618	56,434
General reserves		68,538	63,594	68,295	63,386
Total funds		370,317	344,456	368,924	343,908

The financial statements set out on pages 13 to 37 were approved by the Provost and Fellows on 6 February 2016 and signed on their behalf by:

  
The Lord Waldegrave of North Hill  
Provost

  
Janet Walker  
Bursar



# Eton College

## Consolidated cash flow statement for the year ended 31 August 2015

		Year ended 2015		Year ended 2014	
	Notes	£'000	£'000	£'000	£'000
<b>Net cash outflow from operating activities</b>	14		(4,183)		(12,311)
<b>Returns on investments</b>					
Dividends		12,192		8,908	
Interest		245		142	
<b>Net cash inflow from returns on investments</b>			12,437		9,050
<b>Capital expenditure</b>					
Sales of tangible fixed assets		745		1,731	
Purchase of fixed assets in construction and freehold land and buildings		(10,061)		(10,055)	
Purchases of equipment		(698)		(1,376)	
<b>Net cash outflow from capital expenditure</b>			(10,014)		(9,700)
<b>Financial investment</b>					
Sales of investment assets		42,033		88,476	
Purchase of investment assets		(101,645)		(79,329)	
<b>Net cash (outflow) / inflow from financial investment</b>			(59,612)		9,147
<b>Cash outflow before financing</b>			(61,372)		(3,814)
<b>Financing</b>					
Pre-paid fees scheme					
New contracts cash received		3,480		3,649	
Proceeds on maturity of investments		2,702		4,087	
Amounts used		(4,414)		(4,664)	
Loan note		45,000		-	
<b>Cash inflow from financing</b>			46,768		3,072
<b>Movement in cash</b>	15		(14,604)		(742)

## Notes to the financial statements for the year ended 31 August 2015

### 1 Principal accounting policies

The provisions of the Charities Act 2011 and the Statement of Recommended Practice, *Accounting and reporting by charities*, ("SORP") issued in March 2005 have been adopted.

The consolidated financial statements comprise the financial statements of Eton College ("the College") and trading subsidiary companies.

#### Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments to market value, and in accordance with applicable United Kingdom accounting standards.

#### Basis of consolidation

The consolidated financial statements consolidate the accounts of the Group entities made up to 31 August 2015. 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. One dormant company wholly-owned by the College has not been consolidated on grounds of immateriality.

#### Incoming resources

- i) 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 are deducted in the school term to which they relate.
- ii) 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.
- iii) Grants and donations are recognised as income on receipt of funds or when entitlement of receipt by the College is certain. 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 funds, or to Endowed funds where the capital is permanent.
- iv) Legacies are recognised as income on receipt of funds or when entitlement of receipt by the College is certain. 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.
- v) Investment income is accounted for in the period in which it is receivable.
- vi) Trading income and other income is recognised in the period to which it relates.
- vii) 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.

#### Endowment return

Endowment funds are managed on a total return basis, so that the return in terms of both income receivable from endowment asset investment and capital appreciation or depreciation, whether realised or unrealised, is treated as being credited or charged to endowment funds.

The investment return from endowment funds available for expenditure is determined by an internal spending rule which, subject to a floor and ceiling, currently permits 3.5 per cent of the average of the latest five years' year-end market valuations of the endowment funds to be expendable.

## Notes to the financial statements for the year ended 31 August 2015 (continued)

Income from endowment funds for the period on the total return basis is arrived at by means of the "total return transfer between funds", which enables any difference between: (i) investment income receivable and net gains or losses on investments, and (ii) the amount available in accordance with the internal spending rule, to be reflected within the Consolidated statement of financial activities (SOFA).

### Resources expended

All expenditure is accounted for on an accruals basis in the period to which the cost relates and has been 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 associated with governance arrangements relating to the general running of the College, including audit and meetings of Provost and Fellows.

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

### Pensions costs

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

Contributions to the Teachers' Pension Scheme are made at rates set by the scheme 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 contributions scheme.

Contributions are made to the Eton College Employees (1972) Pension and Life Assurance Scheme, a defined benefit scheme for non-teaching staff, 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 SOFA 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 amount charged to charitable expenditure for contributions to a defined contribution scheme for non-teaching staff joining after October 2006 is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

### Fixed assets - tangible 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.

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

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

The costs of maintenance are charged in the SOFA in the period in which they are incurred.

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### *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, and the movement in value shown in the consolidated SOFA comprises both realised and unrealised gains and losses.

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 2014 and 31 August 2015 by Kempton Carr Croft.

Surpluses or deficits arising on the revaluation of investments are added to, or subtracted from, the relevant funds.

### *Pre-paid fees scheme*

Amounts received during the period under pre-paid fees scheme contracts were until 2012 regularly invested in securities which at maturity are expected to cover the liability for fees, but are now held in an interest-bearing deposit account. The cost of the fee discount payable under the scheme is charged in each period as a reduction against the gross school fees.

The liability under the scheme is included as deferred income in the balance sheets in an amount equal to the original receipt together with notional interest subsequently accrued. Related investment securities purchased for liability matching purposes are stated at market value, with resulting gains and losses being included in the consolidated SOFA. The unrealised gains and losses are held within the General fund.

At maturity of each contract, payment equal to the value of fees payable under the contract is released from deferred income, with any surplus or deficit arising being included as income within activities for generating funds.

### **Stocks and work-in-progress**

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

### **Recognition of liabilities and constructive liabilities**

Liabilities, including constructive obligations, are recognised at the point at which the College is deemed to have entered into a binding commitment. Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation, and a reliable estimate can be made of the obligation.

### **Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at period-end rates of exchange. The resultant exchange differences are included in the consolidated SOFA for the period.

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### Taxation status

As charities, Eton College and its related charitable undertaking, Dorney Lake Trust Company, benefit from corporation tax exemptions available to charitable bodies. On the basis that their activities fall within their charitable purposes and their funds are applied only for these purposes, no provision is made for corporation tax nor for the other taxes from which the College is exempt is made. No tax charge has arisen in any of the College's non-charitable subsidiaries as these gift all taxable profits to the College each year, subject to the availability of distributable reserves.

### Reporting period

The financial statements cover the year to 31 August 2015.

## 2 Investment income

	2015 £'000	2014 £'000
Property	2,121	1,879
Securities	12,437	9,050
	14,558	10,929

## 3 Summarised information on subsidiaries and related charity

The College has four active wholly owned subsidiaries, all of which are incorporated in England and Wales. Eton College Services Limited provides tourist, catering and hospitality facilities, and operates Dorney Lake. Rownsmoss Limited is a property development, dealing and management company. Eton Online Ventures Ltd holds the College's investment in the joint venture EtonX Ltd, which runs educational courses in China. This company did not start trading until post year end.

Dorney Lake Trust Company is a related charity which runs charitable rowing courses at Dorney Lake. Although Eton College does not own the shares of the company, it is regarded as a subsidiary because of the College's influence over Dorney Lake Trust Company.

# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### 3 Summarised information on subsidiaries and related charity (continued)

Profit and loss account	Eton College Services Limited £'000	Rowns moss Limited £'000	Dorney Lake Trust Company £'000	Total 2015 £'000	Total 2014 £'000
Turnover	1,145	46	29	1,220	3,142
Cost of sales	(1,008)	(18)	(8)	(1,034)	(2,537)
Gross profit	137	28	21	186	605
Expenses	(8)	(9)	(2)	(19)	(19)
Net profit before charges to/(from) the College	129	19	19	167	586
<b>Charges to / (from) the College</b>					
Activities charged	-	-	-	-	40
Amount gift aided	(129)	(19)	-	(148)	(990)
Retained in subsidiary company/ related charity	-	-	19	19	(364)
Profit and loss account brought forward	33	56	1,269	1,358	1,722
<b>Retained profit at 31 August</b>	<b>33</b>	<b>56</b>	<b>1,288</b>	<b>1,377</b>	<b>1,358</b>

<b>Balance sheet</b>					
Tangible fixed assets	163	-	-	163	196
Investments – property	-	-	-	-	-
	163	-	-	163	196
<b>Current assets</b>					
Stocks	15	1,394	-	1,409	1,416
Debtors	142	9	4	155	257
Cash at bank	363	1,072	1,289	2,724	1,952
	520	2,475	1,293	4,288	3,625
<b>Creditors – amounts falling due within one year</b>	<b>(650)</b>	<b>(2,419)</b>	<b>(5)</b>	<b>(3,074)</b>	<b>(2,463)</b>
<b>Net current (liabilities)/assets</b>	<b>(130)</b>	<b>56</b>	<b>1,288</b>	<b>1,214</b>	<b>1,162</b>
Total assets less current liabilities	33	56	1,288	1,377	1,557
<b>Net assets</b>	<b>33</b>	<b>56</b>	<b>1,288</b>	<b>1,377</b>	<b>1,358</b>

Eton Online Ventures Ltd did not start trading until September 2015.

# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### Eton College only

Incoming resources of Eton College were **£66,035k** (2014: £59,775k), resources expended of **£59,383k** (2014: £56,185k), giving net incoming resources of **£6,652k** (2014: net incoming resources of £3,590k). Investment gains were **£21,859k** (2014: £32,002k) and actuarial losses were **£2,661k** (2014: £4,115k).

### Reconciliation to Statement of Financial Activities

	Year ended 2015 £'000	Year ended 2014 £'000
<b>Trading income</b>		
Turnover and other income (per subsidiary statutory accounts)	1,326	3,182
Less: Inter-co trading income	(106)	(40)
Turnover (above)	1,220	3,142
Add: Trading income in Eton College	128	109
Trading income per SOFA	1,348	3,251
<b>Trading expenditure</b>		
Cost of sales of subsidiaries (per statutory accounts)	1,159	2,556
Less: Inter-co trading expenditure	(125)	(19)
Cost of sales (above)	1,034	2,537
Trading expenditure in Eton College	17	18
Trading costs (note 4)	1,051	2,555

Notes to the financial statements for the year ended 31 August 2015 (continued)

4 Analysis of resources expended

				Year ended 2015 Total £'000	Year ended 2014 Total £'000
	Staff costs £'000	Other £'000	Depreciation £'000		
<b>Costs of generating funds</b>					
Fund-raising costs	382	142	-	524	403
Investment costs	156	4,964	-	5,120	2,849
Trading costs	664	353	34	1,051	2,555
<b>Total cost of generating funds</b>	<b>1,202</b>	<b>5,459</b>	<b>34</b>	<b>6,695</b>	<b>5,807</b>
<b>Charitable expenditure</b>					
Teaching	16,515	2,324	370	19,209	18,219
Boarding and Welfare	8,042	2,684	58	10,784	10,358
Premises	3,663	10,651	162	14,476	15,570
Support	2,903	1,311	12	4,226	3,952
Depreciation on freehold buildings	-	-	1,228	1,228	916
FRS 17 interest charges	-	233	-	233	382
<u>Other:</u>					
Collections	362	245	-	607	522
Chapels	108	33	-	141	175
Collegiate	366	143	-	509	529
Summer courses	556	799	-	1,355	1,353
Grants	4	336	-	340	216
Online initiatives	-	111	-	111	109
Restricted funds expenditure	50	447	-	497	512
<b>Total other expenditure</b>	<b>1,446</b>	<b>2,114</b>	<b>-</b>	<b>3,560</b>	<b>3,416</b>
<b>Total charitable expenditure</b>	<b>32,569</b>	<b>19,317</b>	<b>1,830</b>	<b>53,716</b>	<b>52,813</b>
Governance costs (including audit fees)	-	77	-	77	81
<b>Total</b>	<b>33,771</b>	<b>24,853</b>	<b>1,864</b>	<b>60,488</b>	<b>58,701</b>

Governance costs for Eton College include remuneration of auditors for audit services of £65k (2014: £64k).



# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### 5 Staff costs

	2015 £'000	2014 £'000
<b>Staff costs</b>		
Wages and salaries	28,321	27,193
Employer's national insurance contributions	2,507	2,367
Pension contributions	2,943	2,974
	<b>33,771</b>	<b>32,534</b>

The wages and salaries figures above include agency staff, medical services and external sports coaches costs totalling £1,016k (2014: £975k). The numbers of these staff are not included in the tables or employee numbers below.

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

	2015	2014
£60,000 - £69,999	41	38
£70,000 - £79,999	31	35
£80,000 - £89,999	17	12
£90,000 - £99,999	13	20
£100,000 - £109,999	16	12
£110,000 - £119,999	8	3
£120,000 - £129,999	1	1
£180,000 - £189,999	-	1
£180,000 - £189,999	1	-
£220,000 - £229,999	-	1
£230,000 - £239,999	1	-

All except four 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 (2014: 3). During the year ended 31 August 2015 employer's pension contributions for these staff amounted to £1,220k (2014: £1,159k).

The average number of employees in the period, including those employed by Eton College Services Ltd, was 921 (2014: 916), of which 184 (2014: 182) were teaching posts, 73 (2014: 73) were part-time Visiting Music Teachers, and 665 (2014: 661) were non-teaching posts.

A significant portion of staff work part-time throughout the year and some staff are employed only at specific times of the year, for example those we employ to run our Summer Schools. This is reflected in the fact that the highest monthly number of staff paid, 1,021, was in August 2015 (August 2014: 1,035). The lowest monthly number of staff paid was 893 in March 2015 (November 2013: 866).

The total remuneration of the Provost was £128,950 (2014: £125,113). The total remuneration of the Vice-Provost amounted to £121,543 (2014: £118,534). No other Fellows received any remuneration or other benefits from Eton College or any connected body. Expenses amounting to £8,148 (2014: £6,096) were reimbursed to 7 (2014: 7) Fellows. All the expenses related to travel.

# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### 6 Tangible fixed assets

#### (i) Consolidated

	Freehold land and buildings	Assets in construction	Plant & Machinery	2015 Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2014	66,600	2,471	8,598	77,669
Additions	1,553	8,508	698	10,759
Disposals	(700)	-	(496)	(1,196)
Transfers	5,493	(5,493)	-	-
<b>At 31 August 2015</b>	<b>72,946</b>	<b>5,486</b>	<b>8,800</b>	<b>87,232</b>
<b>Accumulated depreciation</b>				
At 1 September 2014	25,035	-	6,137	31,172
Disposals	-	-	(450)	(450)
Charge for the year	1,229	-	637	1,866
<b>At 31 August 2015</b>	<b>26,264</b>	<b>-</b>	<b>6,324</b>	<b>32,588</b>
<b>Net book value at 31 August 2015</b>	<b>46,682</b>	<b>5,486</b>	<b>2,476</b>	<b>54,644</b>
Net book value at 31 August 2014	41,565	2,471	2,461	46,497

#### (ii) Eton College

	Freehold land and buildings	Assets in construction	Plant & Machinery	2015 Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2014	66,600	2,471	8,050	77,121
Additions	1,553	8,508	698	10,759
Disposals	(700)	-	(496)	(1,196)
Transfers	5,493	(5,493)	-	-
<b>At 31 August 2015</b>	<b>72,946</b>	<b>5,486</b>	<b>8,252</b>	<b>86,684</b>
<b>Accumulated depreciation</b>				
At 1 September 2014	25,035	-	5,785	30,820
Disposals	-	-	(450)	(450)
Charge for the year	1,229	-	604	1,833
<b>At 31 August 2015</b>	<b>26,264</b>	<b>-</b>	<b>5,939</b>	<b>32,203</b>
<b>Net book value at 31 August 2015</b>	<b>46,682</b>	<b>5,486</b>	<b>2,313</b>	<b>54,481</b>
Net book value at 31 August 2014	41,565	2,471	2,265	46,301

There are no fixed assets held under finance leases.

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### 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 for the enrichment of the education that the College provides. As a result of their age, and in many cases unique nature, reliable historic 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 150,000 items (including 200 medieval manuscripts, 206 incunabula, circa 75,000 autograph letters, circa 2,500 drawings and engravings, circa 200 maps, as well as circa 75,000 further bound volumes); the art collection of about 5,000 watercolours, drawings, prints and oil paintings, and around 70 items of decorative arts; 170 items of silver; 70,000 photographs; 17,000 natural history items; and 3,000 Egyptian artefacts in the Myers Collection.

The historic part of the School was shown to about 5,000 visitors this year (2014: 5,000). The Natural History Museum is open to the public. Opportunities to view College Library and the Prints and Drawings Collection are made available to students and scholars.

The guiding policies on acquisitions and acceptance of gifts are that any additions to the College Collections should build on existing strengths, 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.

Expenditure on additions to the Collections during the last six accounting years was:

Year ended 2015 £'000	Year ended 2014 £'000	Year ended 2013 £'000	Year ended 2012 £'000	Year ended 2011 £'000	Year ended 2010 £'000
25	40	34	21	17	22

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.

Notes to the financial statements for the year ended 31 August 2015 (continued)

7 Investments

(i) Consolidated	Investment properties £'000	Investment portfolio £'000	Consolidated 2015 Total £'000	Investment properties £'000	Investment portfolio £'000	Consolidated 2014 Total £'000
<u>Market value</u>						
Market value at 1 September	69,751	227,392	297,143	62,406	213,070	275,476
Acquisitions at cost	6,116	95,745	101,861	11,465	75,279	86,744
Disposals at carrying value	(1,393)	(40,243)	(41,636)	(8,539)	(80,786)	(89,325)
Net gains at 31 August	5,675	15,559	21,234	4,419	19,829	24,248
Market value at 31 August	80,149	298,453	378,602	69,751	227,392	297,143
Invested in UK	80,149	13,150	93,299	69,751	4,584	74,335
Invested overseas	-	285,303	285,303	-	222,808	222,808
<b>Total investments</b>	<b>80,149</b>	<b>298,453</b>	<b>378,602</b>	<b>69,751</b>	<b>227,392</b>	<b>297,143</b>
<b>Attribution to funds:</b>						
Endowment funds (note 12)			237,381			218,247
Designated improvement fund (note 12)			60,618			56,434
<u>General reserves</u>						
Other retirement provisions (note 17)			11,947			10,514
General fund			68,656			11,948
<b>Total investments</b>			<b>378,602</b>			<b>297,143</b>
	Investment properties £'000	Investment portfolio £'000	Consolidated 2015 Total £'000	Investment properties £'000	Investment portfolio £'000	Consolidated 2014 Total £'000
<u>Cost</u>						
Cost at 1 September	23,196	202,464	225,660	11,878	194,237	206,115
Acquisitions at cost	6,116	95,745	101,861	11,465	75,279	86,744
Disposals at cost	(31)	(30,917)	(30,948)	(147)	(67,052)	(67,199)
Cost at 31 August	29,281	267,292	296,573	23,196	202,464	225,660
Invested in UK	29,281	12,991	42,272	23,196	4,465	27,661
Invested overseas	-	254,301	254,301	-	197,999	197,999
<b>Cost at 31 August</b>	<b>29,281</b>	<b>267,292</b>	<b>296,573</b>	<b>23,196</b>	<b>202,464</b>	<b>225,660</b>

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.

(ii) Eton College

Eton College's figures differ only by £1,150k market value and cost, the difference being one investment property held in Rownsmoss Ltd.

Notes to the financial statements for the year ended 31 August 2015 (continued)

8 Pre-paid fees scheme

Consolidated and Eton College

Investments

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

	2015		2014	
	Book cost £'000	Market value £'000	Book cost £'000	Market value £'000
Investments	3,788	5,443	5,905	8,018
Uninvested cash	6,835	6,835	5,006	5,006
	10,623	12,278	10,911	13,024

Uninvested cash is held within Cash balances on the balance sheet.

Discounted liability for future fees

		2015 £'000	2014 £'000
	Notes		
After ten years		452	546
Within five to ten years		688	1,004
Within one to five years		7,005	7,625
	11	8,145	9,175
Within one year	10	4,133	3,849
		12,278	13,024

Summary of movements in liability

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Balance at 1 September		13,024		13,821
New contracts		3,479		3,649
		16,503		17,470
Amounts recognised in payment of fees:				
To the School	(3,586)		(3,643)	
To other schools	(828)		(1,021)	
		(4,414)		(4,664)
Capital and interest repaid		-		-
Discount allowed to parents		189		218
Balance at 31 August		12,278		13,024

Notes to the financial statements for the year ended 31 August 2015 (continued)

9 Debtors

	Consolidated		Eton College	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	183	189	86	45
Fees	12,925	11,650	12,925	11,650
Other debtors and prepayments	912	1,629	897	1,597
Amounts due from subsidiaries	-	-	1,870	1,033
Staff loans	158	178	158	178
	14,178	13,646	15,936	14,503

The figure for fees includes July's advance invoicing of fees for the Michaelmas term. These fees are not due for payment until 9 September 2015, and therefore the resultant deferred income is shown within the figure for fees received or invoiced in advance within creditors (note 10 below).

10 Creditors – amounts falling due within one year

	Note	Consolidated		Eton College	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors		2,898	2,354	2,869	2,314
Amounts due to group undertakings		-	-	31	36
Fees received or invoiced in advance		14,721	13,378	14,721	13,378
Rent received or invoiced in advance		23	18	23	18
Taxation		118	818	102	804
Other creditors and accruals		4,774	4,327	3,643	2,996
		22,534	20,895	21,389	19,546
Pre-paid fees due to be recognised within the next year	8	4,133	3,849	4,133	3,849
		26,667	24,744	25,522	23,395

11 Creditors – amounts falling due after more than one year

	Note	Consolidated		Eton College	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fees received in advance		734	1,281	734	1,281
Loan note		45,000	-	45,000	-
Pre-paid fees due to be recognised after one year	8	8,145	9,175	8,145	9,175
		53,879	10,456	53,879	10,456

The loan note of £45 million is repayable in full in 2060. The loan note is unsecured and has interest of 3.68% which is payable six monthly.

Notes to the financial statements for the year ended 31 August 2015 (continued)

12 Movements in funds

	2014 £'000	Income £'000	Expenditure £'000	Investment gains £'000	Actuarial loss £'000	Transfers £'000	2015 £'000
<b>Endowment funds</b>							
Improvement (expendable)	130,006	6,299	(3,273)	11,539	-	(3,058)	<b>141,513</b>
Farrer Maintenance (expendable)	34,108	1,736	(1,451)	2,233	-	-	<b>36,626</b>
Trusts (expendable / permanent)	7,917	470	(151)	613	-	3,169	<b>12,018</b>
New Foundation Trust (expendable)	26,320	1,642	(325)	1,680	-	136	<b>29,453</b>
Head Master's Fund (permanent)	19,896	93	(327)	1,177	-	(3,218)	<b>17,621</b>
<b>Total endowment funds</b>	<b>218,247</b>	<b>10,240</b>	<b>(5,527)</b>	<b>17,242</b>	<b>-</b>	<b>(2,971)</b>	<b>237,231</b>
<b>Restricted income funds</b>							
Other	6,181	2,354	(1,579)	-	-	(4,026)	<b>2,930</b>
<b>Total restricted income funds</b>	<b>6,181</b>	<b>2,354</b>	<b>(1,579)</b>	<b>-</b>	<b>-</b>	<b>(4,026)</b>	<b>2,930</b>
<b>Unrestricted funds</b>							
<b>(1) Designated funds</b>							
Designated improvement fund	56,434	2,883	(665)	3,709	-	(1,743)	<b>60,618</b>
Designated loan repayment fund	-	-	-	-	-	1,000	<b>1,000</b>
<b>Total designated funds</b>	<b>56,434</b>	<b>2,883</b>	<b>(665)</b>	<b>3,709</b>	<b>-</b>	<b>(743)</b>	<b>61,618</b>
<b>(2) General reserves</b>							
General fund	42,381	51,674	(52,717)	908	(2,661)	8,505	<b>48,090</b>
Revaluation of freehold buildings	21,213	-	-	-	-	(765)	<b>20,448</b>
<b>Total general reserves</b>	<b>63,594</b>	<b>51,674</b>	<b>(52,717)</b>	<b>908</b>	<b>(2,661)</b>	<b>7,741</b>	<b>68,538</b>
<b>Total funds</b>	<b>344,456</b>	<b>67,151</b>	<b>(60,488)</b>	<b>21,859</b>	<b>(2,661)</b>	<b>-</b>	<b>370,317</b>

Notes to the financial statements for the year ended 31 August 2015 (continued)

**13 Analysis of consolidated net assets between funds**

Consolidated fund balances at 31 August 2015 are represented by:

	Note	Unrestricted		Restricted		2015	2014
		General fund £'000	Designated funds £'000	Income funds £'000	Endowment funds £'000	Total £'000	Total £'000
Tangible fixed assets	6	54,644	-	-	-	<b>54,644</b>	46,497
Investments - property	7	2,479	10,251	-	67,419	<b>80,149</b>	69,751
- portfolio	7	78,274	50,367	-	169,812	<b>298,453</b>	227,392
- prepaid fees scheme	8	5,443	-	-	-	<b>5,443</b>	8,018
Current assets, excl cash		14,626	-	-	-	<b>14,626</b>	14,093
Cash		14,375	1,000	2,930	-	<b>18,305</b>	32,909
Creditors		(80,546)	-	-	-	<b>(80,546)</b>	(35,200)
Defined benefit pension liabilities		(15,395)	-	-	-	<b>(15,395)</b>	(13,158)
Other retirement provisions		(5,362)	-	-	-	<b>(5,362)</b>	(5,846)
<b>Total net assets</b>		<b>68,538</b>	<b>61,618</b>	<b>2,930</b>	<b>237,231</b>	<b>370,317</b>	<b>344,456</b>



Notes to the financial statements for the year ended 31 August 2015 (continued)

14 Reconciliation of changes in resources to net cash outflow from operating activities

	2015		2014	
	£'000	£'000	£'000	£'000
Net incoming resources before net gains on investments		6,663		3,226
Adjust for:				
Dividends received	(12,192)		(8,908)	
Interest received	(245)		(142)	
		(12,437)		(9,050)
<b>Operating deficit</b>		<b>(5,750)</b>		<b>(5,824)</b>
Depreciation		1,866		1,858
Pre-paid fees – discount allowed to parents		188		218
Net loss/(gain) on disposal of fixed assets		1		(1,389)
Increase in stock		(1)		(253)
Increase in debtors		(532)		(1,419)
Increase in cash investments		(115)		-
Increase in creditors		1,092		677
FRS 17 pension movements		(908)		(6,179)
<b>Net cash outflow from operating activities</b>		<b>(4,183)</b>		<b>(12,311)</b>

15 Analysis of movement in net cash

	Movement		
	2014	in cash	2015
	£'000	£'000	£'000
Cash balances (balance sheet)	32,909	(14,604)	18,305

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### 16 Pension schemes

#### Defined Contribution Schemes

The College operates two defined contribution pension schemes, as described below. The assets of the schemes are held separately from those of the College in funds under the control of the relevant pension trustees.

##### Eton College Group Personal Pension Scheme

Contributions totalling £597k (2014: £457k) 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 2014, and at the same time gave all non-teaching staff the opportunity to join this Scheme with higher employer contributions instead. As a result a large number of staff opted to join the scheme which now provides personal pension plans for 262 non-teaching staff (2014: 231), with a further 114 staff (2014: 106) enrolled in the auto-enrolment scheme. There were no outstanding or prepaid balances relating to the scheme at the end of the year.

#### Multi-Employer Defined Benefit Schemes

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

##### Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £1,578k (2014: £1,529k). At the year-end £241k (2014: £228k) 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 2014. Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary Department. The latest valuation report in respect of the TPS was prepared at 31 March 2012 and was published in June 2014. This report confirmed an increased in the employer contribution rate for the TPS will increase from 14.1% to 16.4% from September 2015. Employers will in addition from 1 September 2015 pay a scheme administration levy of 0.08% of the employers' salary costs which will increase the total employer payment rate from 16.4% to 16.48%.

The next revision to the employer contribution rate is not expected to take effect until 1 April 2019. This will follow on from the next actuarial valuation which is due at 31 March 2016. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

##### Federated Flexiplan No 1

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

## Notes to the financial statements for the year ended 31 August 2015 (continued)

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

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

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

During the year the College has made no payments (2014: £17k) and at 31 August 2015 has recognised a provision of £19k (2014: £19k) in its financial statements.

### Defined Benefit Scheme

The College operates the following scheme:

#### Eton College (1972) Scheme

The College operates an externally-funded defined benefit scheme – the Eton College Employees (1972) Pension and Life Assurance Scheme, which is based on final salary up to August 2006 and on career average salary from September 2006. This scheme is for non-teaching staff who commenced employment before November 2006. A full actuarial valuation was carried out as at 31 August 2013 by a qualified independent actuary. The valuation was performed on a "market-related" basis.

The employer's contributions, which are at the annual rate of 16.2% (2014: 18.7%), amounted to £600k (2014: £729k). In addition, contributions to repay the deficit of £450k (2014: £3.45m) were made. The number of active members as at 31 August 2013 (the last valuation date) was 167 (2010: 217). The current number of active members is 140. 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 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 FRS 17 were as follows:**

	2015	2014
Rate of increase of pensions in payment (pre 1997 benefit)	2.20%	2.20%
Rate of increase of pensions in payment (post 1997 benefit)	3.30%	3.30%
Rate of increase of pensions in payment (post 2006 benefit)	2.30%	2.30%
Discount rate	3.80%	3.90%
RPI inflation assumption	3.40%	3.40%
CPI inflation assumption	2.60%	2.60%
Revaluation in deferment	2.60%	2.60%
Expected rate of salary increases	3.40%	3.40%
Expected return on assets at beginning of year	6.25%	6.25%

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

# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

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

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

Life expectancy at age 65	2015	2014
Male currently aged 45	90	90
Female currently aged 45	92	92
Male currently aged 65	88	87
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 3.3%
Rate of inflation	Increase by 0.25%	Increase by 3.0%
Discount rate	Increase by 0.25%	Decrease by 4.5%

*Amounts recognised in the statement of financial activities in respect of these defined benefit schemes are as follows:*

Amounts charged to net incoming resources:

	Eton (1972) Scheme 2015 £'000	Eton (1972) Scheme 2014 £'000
Current service cost	926	1,079
Interest cost on scheme liabilities	1,885	2,014
Expected return on scheme assets	(2,186)	(1,982)
<b>Total charged to net incoming resources</b>	<b>625</b>	<b>1,111</b>

Actuarial loss recognised:	Eton (1972) Scheme 2015 £'000	Eton (1972) Scheme 2014 £'000
Actual return less expected return on pension scheme assets	(1,724)	(1,221)
Actuarial loss on liabilities	(937)	(2,894)
<b>Actuarial loss recognised in the statement of financial activities</b>	<b>(2,661)</b>	<b>(4,115)</b>

# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

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

	Eton (1972) Scheme 2015 £'000	Eton (1972) Scheme 2014 £'000
Present value of defined benefit obligations	(51,067)	(48,464)
Fair value of scheme assets	35,672	35,305
Scheme deficit	(15,395)	(13,159)
Related deferred tax liability	-	-
<b>Net liability recognised in the balance sheet</b>	<b>(15,395)</b>	<b>(13,159)</b>

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

	Eton (1972) Scheme 2015 £'000	Eton (1972) Scheme 2014 £'000
<b>Liabilities at 1 September</b>	<b>(48,464)</b>	<b>(43,991)</b>
Current service cost	(926)	(1,079)
Employee contributions	(301)	(311)
Interest costs	(1,885)	(2,014)
Benefits paid	1,446	1,825
Actuarial loss	(937)	(2,894)
<b>Liabilities at 31 August</b>	<b>(51,067)</b>	<b>(48,464)</b>

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

	Eton (1972) Scheme 2015 £'000	Eton (1972) Scheme 2014 £'000
<b>Assets at 1 September</b>	<b>35,305</b>	<b>29,379</b>
Expected return on scheme assets	2,186	1,982
Employer contributions	1,050	6,679
Employee contributions	301	311
Benefits paid	(1,446)	(1,825)
Actuarial loss	(1,724)	(1,221)
<b>Assets at 31 August</b>	<b>35,672</b>	<b>35,305</b>

# Eton College

## Notes to the financial statements for the year ended 31 August 2015 (continued)

### 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 and the expected rate of return at the balance sheet date was as follows:

	Long-term rate of return expected at 2015	Value at 2015 £'000	Long-term rate of return expected at 2014	Value at 2014 £'000
Target Return Fund	Not applicable	34,724	6.25%	34,427
Cash	Not applicable	168	6.25%	28
Insured annuities	Not applicable	780	3.90%	850
Total fair value of assets		35,672		35,305
Present value of Eton (1972) scheme funded obligations		(51,067)		(48,464)
Deficit in the Eton (1972) scheme		(15,395)		(13,159)
Related deferred tax liability		-		-
Net Eton (1972) scheme pension liability		(15,395)		(13,159)

The major categories of assets as a percentage of total assets during the year were Target Return Funds with Newton (49%) and Pyrford (49%) 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 £462k. The expected return on assets is a weighted average of the assumed long-term returns for the various asset classes. The return on the Target Return Funds has been selected by reference to Newton and Pyrford Funds' targets (of 1 month LIBOR +4% pa and RPI +5% pa respectively).

The actuarial value of the scheme's assets as at 31 August 2013 represented 82% of the benefits that had accrued to members, after allowing for future expected increases in earnings, corresponding to a deficit of £6,330k (after allowing for an allowance for the insured pensions valued at £870k). The previous recovery plan of additional contributions of £450k pa continued to apply to 31 August 2014. A further £3m of deficit reducing contributions was paid into the Scheme by the College in April 2014, together with a contribution of £2.5m in respect of the discretionary increases. Additional contributions of £950k pa over 4 years are due from 1 September 2017. Expenses and death-in-service premiums have been met by the College since 31 August 2014.

Up to 31 August 2015, the expected return on assets is calculated as a weighted average of the assumed long-term returns for the various asset classes. In order to meet revised accounting standards, from 31 August 2015 the expected return on assets will be equal to the discount rate used to value the liabilities (i.e. the returns available on high-quality corporate bonds) with no allowance made for any outperformance expected from the Scheme's actual asset holding. Therefore, no long-term rate of return needs to be disclosed in the table above from 2015 onwards.

## Notes to the financial statements for the year ended 31 August 2015 (continued)

*The five-year history of experience gains and losses is as follows:*

	Eton (1972) Scheme 2015 £'000	Eton (1972) Scheme 2014 £'000	Eton (1972) Scheme 2013 £'000	Eton (1972) Scheme 2012 £'000	Eton (1972) Scheme 2011 £'000
Present value of defined benefit obligations	(51,067)	(48,464)	(43,991)	(39,278)	(37,239)
Fair value of scheme assets	35,672	35,305	29,379	27,593	26,557
<b>Deficit in the scheme</b>	<b>(15,395)</b>	<b>(13,159)</b>	<b>(14,612)</b>	<b>(11,685)</b>	<b>(10,682)</b>
Experience adjustments on scheme liabilities	-	528	-	78	211
Experience adjustments on scheme assets	(1,724)	(1,221)	(215)	(704)	(114)

## 17 Other retirement provisions

	<b>Consolidated</b>		<b>Eton College</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Other retirement provisions	<b>5,362</b>	<b>5,845</b>	<b>5,362</b>	<b>5,845</b>

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 £11,947k (2014: £10,514k) in its pooled investment funds to cover these liabilities and to contribute to any shortfall in the 1972 defined benefit scheme.

## 18 Commitments

Costs contracted for but not provided for as at 31 August 2015 in respect of capital improvements and developments amounted to £2,100k (2014: £9,200k).

## 19 Related party transactions

Details of the remuneration of and expenses paid to related parties (ie. the Provost and Fellows) are included in the final paragraph of note 5. There were no other related party transactions in the current or prior year.

The charity has taken advantage of the exemption which is conferred by Financial Reporting Standard 8 'Related Party Transactions' that allows transactions with 100% owned subsidiaries not to be disclosed.

