



ETON COLLEGE

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2019

Registered Charity No. 1139086

Eton College

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For the year ended 31 August 2019

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Eton College

Trustees, Officers and Advisors

For the year ended 31 August 2019

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

| The Rt Hon Lord Waldegrave of North Hill PC MA – Provost | Committees (see below) | | | | | | |
|--|------------------------|---|---|---|---|---|---|
| | SC | | I | H | N | | |
| Dr Andrew Gailey CVO MA PhD – Vice-Provost | SC | | | H | N | | R |
| Professor Michael Proctor MA MMath SCD FRS FRAS FIMA | | | | | | | |
| The Duchess of Wellington OBE BA | | | | H | N | | |
| Professor Kim Nasmyth BA PhD FRS | | | | | N | | |
| Dr Caroline Moore MA PhD | | | | H | | | R |
| Mr Hamish Forsyth MA | | | I | | N | S | E |
| Mr Thomas Seaman MA MBA | | A | I | | | S | E |
| Sir Mark Lyall Grant MA | | A | | | | S | E |
| Mr Mark Esiri LLB MBA | | | | | | | |
| Sir George Leggatt MA | | | | | | | R |
| Dame Helena Morrissey BA | | | I | | | | |

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

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

Eton College

Trustees, Officers and Advisors

For the year ended 31 August 2019

OFFICERS

(Key Management Personnel currently and throughout the year.)

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

- Simon Henderson MA Head Master
- Janet Walker MA FCA Bursar
- Susan Wijeratna BA Lower Master

BANKERS AND ADVISORS

| | |
|----------------------------|---|
| Bankers | Barclays Bank PLC, 8 High Street, Eton, Windsor, Berkshire SL4 6AU |
| Solicitors | Farrer & Co, 66 Lincoln's Inn Fields, London WC2A 3LH Charles Russell Speechleys, 5 Fleet Place, London EC4A 1RS |
| Auditor | Crowe U.K. LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH |
| Investment Managers | Partners Capital LLP, 5th Floor, 5 Young Street, London W8 5EH Clearbell Capital LLP, 2 Harewood Place, Mayfair, W1S 1BX |

PRINCIPAL ADDRESS

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

Website: www.etoncollege.com

Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

REFERENCE AND ADMINISTRATIVE INFORMATION

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Body

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

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

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

Eton College
Report of the Provost and Fellows
Year ended 31 August 2019

| Date appointed | Name | Appointed/ Nominated by: | Profile |
|-----------------------|-------------------------------------|---|--|
| 2008 | The Duchess of Wellington | P&F | Until 2007 a trustee and then Chairman of the Guinness Partnership, a national charitable Housing Association. The Duchess is Chairman of the Royal Ballet School and the Patron of the Loddon School (a special needs school in Hampshire). Governor of the Royal Academy of Music. Former parent. |
| 2009 | Professor Kim Nasmyth (OE, 1970) | Royal Society (Statute VII(4)) | A Fellow of Trinity College, Oxford. Professor Nasmyth is Whitley Professor of Biochemistry at the University of Oxford. His earlier scientific career includes positions at the Universities of Cambridge, Washington and Vienna. |
| 2010 | Dr Caroline Moore | P&F from Cambridge University (Statute VII (3)) | A past Fellow and Director of Studies in English at Peterhouse College, Cambridge University. Dr Moore is a journalist, book reviewer and educational author. Former parent. |
| 2011 | Hamish Forsyth | Masters | Responsible for the European and Asia business of the Capital Group Companies, a large and long-established investment management firm based in Los Angeles. He is Chairman of Glyndebourne Productions and a Trustee of the Royal Opera House Endowment Fund and the Britten Sinfonia. |
| 2016 | Mark Esiri (OE, 1983) | P&F | Co-Founder and Chairman of venture capital firm Venrex Investment Management, in which capacity he holds board positions in several companies. |
| 2016 | Sir George Leggatt (OE, KS,1975) | The Lord Chief Justice (Statute VII(5)) | A judge in the Court of Appeal since 2018. Will become a Justice of the Supreme Court during 2020. Former parent. |
| 2016 | Thomas Seaman | P&F from Oxford University (Statute VII(2)) | The Estates Bursar and Fellow of All Souls College, Oxford University. He is a Trustee (Hon Treasurer) and member of the Council of the International Institute for Strategic Studies. Graduate of Yale (BA) and University of Chicago (MBA). Former parent. |
| 2017 | Sir Mark Lyall Grant (OE, 1974) | P&F | Sir Mark has had a distinguished career in HM Diplomatic Service. He is a former High Commissioner to Pakistan and Ambassador to the UN (until 2015). Most recently, he was the Prime Minister's National Security Advisor. He is a Visiting Professor at King's College London and holds a number of advisory positions. Former parent. |
| 2018 | Dame Helena Morrissey | P&F | Dame Helena founded the 30% Club in 2010. She chairs the Diversity Project and was appointed a Dame in the Queen's 2018 Birthday Honours List for services to diversity in financial services. Director of St James' Place. Current parent. |

Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

Recruitment and Training of the Provost and Fellows

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

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

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

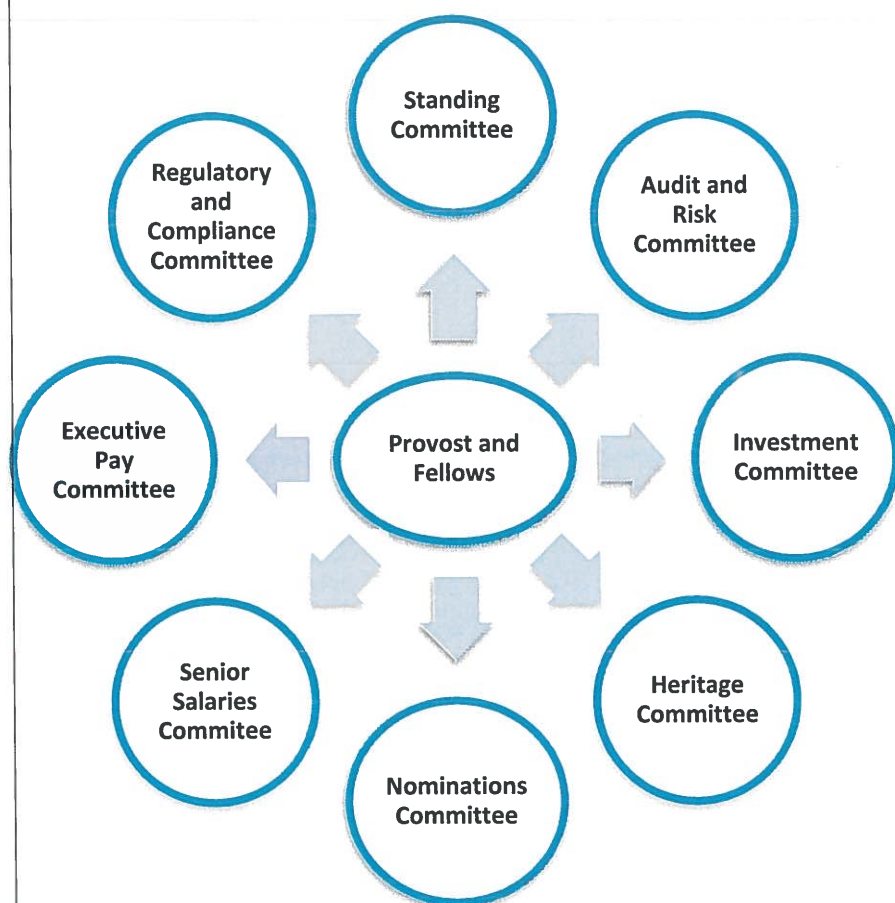
A rolling programme of familiarisation with the work of the College and its staff is arranged. Training opportunities provided by external organisations are taken up and in-house training is undertaken in respect of key areas (e.g. safeguarding, safer recruitment, and duties of charity trustees).

Organisational management

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

The work of implementing their policies is carried out by eight committees.

Eton College
Report of the Provost and Fellows
Year ended 31 August 2019



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

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

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

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

The Nominations Committee, chaired by the Provost, manages the processes for appointment of those Fellows who are elected by the Provost and Fellows and members of the Foundation.

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

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

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

Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

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

Group structure and relationships

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

- **Eton College Services Limited** undertakes hospitality related trading activities and donates its annual profits to Eton College under the Gift Aid Scheme.
- **Rowns moss Limited** undertakes property development, and manages a portfolio of investment properties.
- **Eton Online Ventures Limited** provides services to EtonX Limited.
- **EtonX Limited** is an early stage business, set up to provide soft skills via online education to high school students mainly outside the UK.

The results of the subsidiaries and joint venture are shown on pages 30 to 31. The dormant subsidiaries are listed on page 29.

Employment Policy

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

OBJECTS, AIMS, OBJECTIVES AND ACTIVITIES

Charitable Objects

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

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

- The advancement of education by the provision, support and conduct of a school known as Eton College and by ancillary or incidental educational activities (including the conduct of services in its chapel or chapels) for the benefit of students (being persons enrolled on a course of study provided by Eton College) and/ or the wider community.
- For the benefit of the public, the preservation, maintenance, improvement and repair of:
 - the buildings and fabric of Eton College (including the chapels of the College) which are of architectural or historical importance; and
 - the furniture, pictures and chattels of any description having historic or artistic interest connected with the College.

Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

Primary Objectives

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

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

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

Medium to long term aims include:

- Offering an academic programme that allows a flexible approach to meeting the individual needs of boys both for their careers and personal development as adults, encompassing greater development of 21st century skills
- Continuing to deliver an outstanding and comprehensive range of co-curricular activities
- Offering greater access to the education provided by the College by increasing over time the percentage of boys receiving financial help with fees and ensuring that the number of boys paying no fees at all remains at least 90
- Building on the successes of the College's current relationships with maintained schools (Holyport College, the London Academy of Excellence and the Independent State School Partnership) with a view to increasing the range and depth of its partnerships

PUBLIC BENEFIT

Making Eton accessible through 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 continue to widen access to the education that Eton provides.

Scholarships are fee reductions awarded through competition on academic or musical merit; bursaries are fee reductions awarded according to need. Assessments of financial need are made through detailed means testing, with awards being decided by the College's Bursary Committee. King's Scholarships were awarded on academic promise and Music Scholarships on musical promise; both provide an automatic 10% reduction against the school fee and are supplemented by bursaries up to full fees if this is necessary to enable a boy to take his place in the school. Sixth Form Scholars and New Foundation Scholars, all of whom are boys previously educated in state-funded schools, pay only what can be afforded.

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. In 2019 we have launched the Orwell Award, a new bursary programme for pupils aged 16, who have had limited educational opportunities to date, and for whom a

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Report of the Provost and Fellows

Year ended 31 August 2019

fully-funded place at Eton will make a transformative difference to their lives. The first 12 Orwell Award holders will enter the school in September 2020.

During the year, 255 boys (19%) received fee reductions; 90 of these boys paid no fees at all; 74 received a 10% scholarship related fee reduction only. The equivalent figures for the previous year were 254, 82 and 75. The amount spent on fee remission increased to £6.9m, with the average award remaining 67% of the full fee. The average award increases to 90% (2018: 89%) of full fee if boys who receive only 10% fee remission for academic or musical merit are excluded from the calculation.

Cross-sector links to benefit all children

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

The College's wider educational contribution is recorded on the Schools Together website, established in 2018. Particular highlights from the 2018/19 academic year were:

- Eton is the sole educational sponsor of **Holyport College**, the first boarding school established under the Government's free schools scheme. Holyport College opened in September 2014. The school's third set of GCSE results were strong, with over 73% of pupils gaining five good GCSEs including English and Maths. Eton has supported the sixth form at Holyport, which opened in September 2018, through the provision of extension activities (via the societies programme), through professional support and mentoring and through advice as the first Holyport students apply for university. We were delighted that over 42% of Holyport students in this first cohort achieved places at Russell Group universities or equivalent. Eton and Holyport work together very closely within a framework that encourages innovation and partnership. During the year, both schools have been developing a partnership plan that seeks to set into place a process for continuous evaluation and improvement of the partnership, especially its reciprocal elements. This has replaced the Heads of Terms agreements that existed in previous years. Initiatives undertaken, in addition to secondment of staff and sharing facilities, include collaboration over the Great Teachers Programme at Holyport College, the development of a joint Investment society for pupils, mentoring by Eton boys of Holyport pupils and the establishment of a joint Combined Cadet Force. Facilities, especially Dorney Lake and the playing fields, are shared between both schools. Donations made to Holyport during the year totalled £20k, mostly to support partnership activities, with further in kind donations through non-financial support of £13k. Both partners aspire to make this partnership the Gold Standard in cross-sector partnership working nationally, and to be proactive in sharing lessons learned with the rest of the sector. The College does not consolidate Holyport into its results as it does not have control for the benefit of the College.
- Eton continued its partnership with **London Academy of Excellence ('LAE')**, a selective free school for sixth formers in Stratford, East London, which opened in September 2012. Eton sponsors its English Department by providing one master on part time secondment and plays a significant role in its governance, providing a governor, two committee members and a part time resource to assist with fundraising. The academic results were strong again with 26 students getting into Oxbridge. 65% of A-Level grades were A/A*. 93% of A-Level grades were A*/B. LAE was the highest performing mainstream state sixth form for the fifth year running. Eton provides £50k annually to the LAE to support its work.
- Eton's engagement with the **Slough and East Berkshire Church of England Multi Academy Trust** has been established to form a group of schools which can support each other to ensure the best possible outcomes for young people in Slough and nearby areas. Slough and Eton Business and Enterprise College, Colnbrook Primary and Eton Porny School were the first three schools under the trust, joined in 2018-19 by Lynch Hill Primary School and Lynch Hill Enterprise Academy. The Vice-Provost serves as a Member of the Trust and the Deputy Head (Partnerships) as a Director. In addition, one housemaster is a Director in his role as Chair of Governors

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Report of the Provost and Fellows

Year ended 31 August 2019

of the Slough and Eton CE Business and Enterprise College. A further teacher is a Governor of Eton Porny School, and a housemaster is Governor of Lynch Hill Enterprise Academy. In total, fourteen Eton staff serve the local community by being governors of maintained schools, at primary, middle and secondary levels.

In addition to these headlines, the College continues to run its successful annual **Universities Summer Schools** and its **Rowing Courses** and hosts choral courses organised for the purposes of spreading the values of England's choral tradition run by Rodolfus Foundation. Eton continues actively to participate in the **Eton, Slough, Windsor and Hounslow Independent State School Partnership**, which will be relaunched in 2019/20 in an even more collaborative form as the **Thames Valley Learning Partnership**. Eton also offers a wide range of outreach activities at Dorney Lake, which sees over 200 young people using the lake for rowing every week. We offer use of the Eton Willowbrook AstroTurf pitches to Slough and Eton CE School and to charities nominated by Slough Borough Council without charge, with 21 hours a week available for free use by educational charities and schools. In addition, the recruitment of an Education Officer into the Eton College Collections last year has further amplified the College's ability to offer free educational activities to local primary schools, with over 3,000 pupils taking advantage of this offer during 2018/19. Further details of the College's public benefit activity in 2018/19 and beyond can be found on the College's website www.etoncollege.com and Schools Together www.schoolstogether.org.

Engagement and research

The Tony Little Research Centre (CIRL) regularly makes its facilities available to staff and students from other schools. In March 2019, the Centre hosted its third Physics conference for external teachers from junior schools. 80 delegates attended from over 60 schools, mostly from the state sector. The Centre's Researcher-in-Residence has been working with Holyport teachers on creating action research projects. These activities are part of Eton's aim to develop strong, meaningful collaborations with the state sector and to share best education practices both within the UK and internationally.

The Tony Little Centre has continued to conduct and publish research that is of interest to the wider education world. Following the research completed by the Centre on Growth Mindset and Wellbeing and shared freely online, it is now further pursuing a research project on 'Character Education'. This research project has been conducted in collaboration with researchers from Research Schools International from Harvard and a summary report was published in September 2019 and published freely. The Tony Little Centre collaborated with the Jubilee Centre for Character and Virtues at Birmingham University, the leading academic research centre for character in the UK, looking in particular at the character strengths that are learned through social action programs, with a report published in September 2019. We also pursued a collaboration in 2018/19 with the Oxford Character Project to explore how character virtues could be developed through activities across two schools, Eton and the London Academy of Excellence. We will be building on the results of this project with further leadership activity across the two schools in 2019/20.

In June 2019, the Centre published the second *Eton Journal for Innovation and Research in Learning*. This publication focuses on creativity, well-being, pupil voice, and aspects of research and evidence in schools, and will be of interest to schools across the country. It includes pieces by established academics and thought-leaders, and presents some of the work done this year by masters and by boys. The third edition will be produced in November 2019, to be launched at the time of CIRL's inaugural conference on character education. It can be viewed freely online here: <https://www.etoncollege.com/CIRL.aspx>.

CIRL shares its research expertise and findings through giving presentations at conferences for no charge.

Reaching out to the College's local community

The Chapel, School Hall, the Farrer Theatre and other facilities are made available to local schools, clubs and societies. Community service is provided by boys providing literacy support in many local primary schools, taking food and clothing to homeless people in Slough and by playing the organ in four local churches. We organised a sleep out in aid of Slough homeless charities which raised over £5,000 in November 2018.

The College's thriving Eton College Community Engagement (ECCE) programme saw over 200 boys giving up their time voluntarily each week to work in the local community. Many boys worked as mentors in local primary schools or in

Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

supporting disability charities such as the Friendly Club and Riding for the Disabled. A large number of boys took responsibility for mentoring local pupils in Maths A level and GCSE studies. Others worked in local charity shops, for environmental organisations and in visiting elderly people.

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

Boys are actively encouraged to raise money for good causes. This is done through Eton Action (Charity No. 258247) which holds an annual community fair and other fund-raising events. The money raised is distributed to charities chosen by the Eton boys.

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

The College Collections

The College Collections are of national importance. In 2018/19 Eton has continued the outreach and engagement programme undertaken in respect of these Collections. The dedicated Exhibitions & Outreach Co-ordinator ensures that access is granted to a broad range of the general public.

In 2018/19 Collections hosted approximately 18,000 visitors to its museums, exhibition galleries, reading rooms and historic spaces. In addition to services for researchers, access is provided via educational programmes for schoolchildren from local schools and further afield, family learning events in collaboration with local schools, events open to the local community and visits for specialist and academic groups. The Natural History Museum, Museum of Eton Life and the Eton Museum of Antiquities are all open to the public all year round on Sunday afternoons, as are the Verey, Millington-Drake and Austen-Leigh Galleries. Additionally, the exhibitions held regularly throughout the year may be viewed by appointment. Two public tours of the College were delivered weekly from May to early September.

As part of the College's Community Engagement programme, a group of Eton boys created and delivered 37 workshops for primary schoolchildren drawing on the Collections exhibition programme and museum displays. In parallel with this programme, a further 28 teaching sessions drawing on the museums and other collections were delivered by the dedicated Education Officer and other Collections staff. In total, 1,652 external primary and secondary school pupils benefited from these sessions. The Collections also offered more than 30 public engagement events for various audiences, including open days, talks, special views of exhibitions, family learning events, professional development opportunities for schoolteachers, and a study day for academics, curators and conservator.

Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

ACHIEVEMENTS AND PERFORMANCE

Academic performance

Eton has continued to deliver a very high standard of education. Eton was inspected by the Independent Schools Inspectorate (ISI) during 2018/19, and was awarded the highest grade available in every area of focus.

The consistently excellent performance in public examinations was maintained again during the 2018/19 academic year:

| GCSE results | | A Level results | | Pre-U results | |
|--------------|-------|-----------------|-------|---------------|-------|
| 9-7 | 92.9% | A*-A | 75.8% | D1 (above A*) | 20.9% |
| 9-5 | 99.3% | A*-B | 93.6% | D2 (A*) | 49.6% |
| 9-4 | 99.8% | A - C | 98.7% | D3 (A) | 82.3% |

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

Fund-raising performance

The College has an in-house fundraising team to run a fund-raising programme with a view to providing bursaries, developing the school's facilities and maintaining the College's heritage properties and collections. Income generated from donations was £3.6m (2018: £8.5m).

The College does not use any external agents for fundraising activities. All fundraising activities are managed by the Fundraising Department overseen by the Provost and Fellows. The College is registered with the Fundraising Regulator and has signed up to the Fundraising Code, paid the fundraising levy and trained staff to comply with the code. No complaints have been raised in the year. The College is mindful of privacy issues and has implemented a Customer Relationship Management System in order to manage better the areas of charitable activity about which our contacts wish to be informed.

Investment policy and performance

The Eton College Common Investment Fund was established in July 2006 and is the pooling scheme through which the College's various funds (the endowed funds, designated funds, restricted funds, and some pension funds) are invested.

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

The return, in terms of both income receivable and capital appreciation and depreciation, whether realised or unrealised, is credited or charged to the funds.

The endowment has been built up over many years through the significant generosity of many Old Etonians and their families. Increasingly the parents of boys currently and recently at the school who themselves had no previous connection with Eton have made major contributions. The Endowment is fundamental to the long-term future of the school, providing funds for Eton's substantial and growing bursary programme and increased capital expenditure on both existing and new buildings infrastructure.

Eton College

Report of the Provost and Fellows

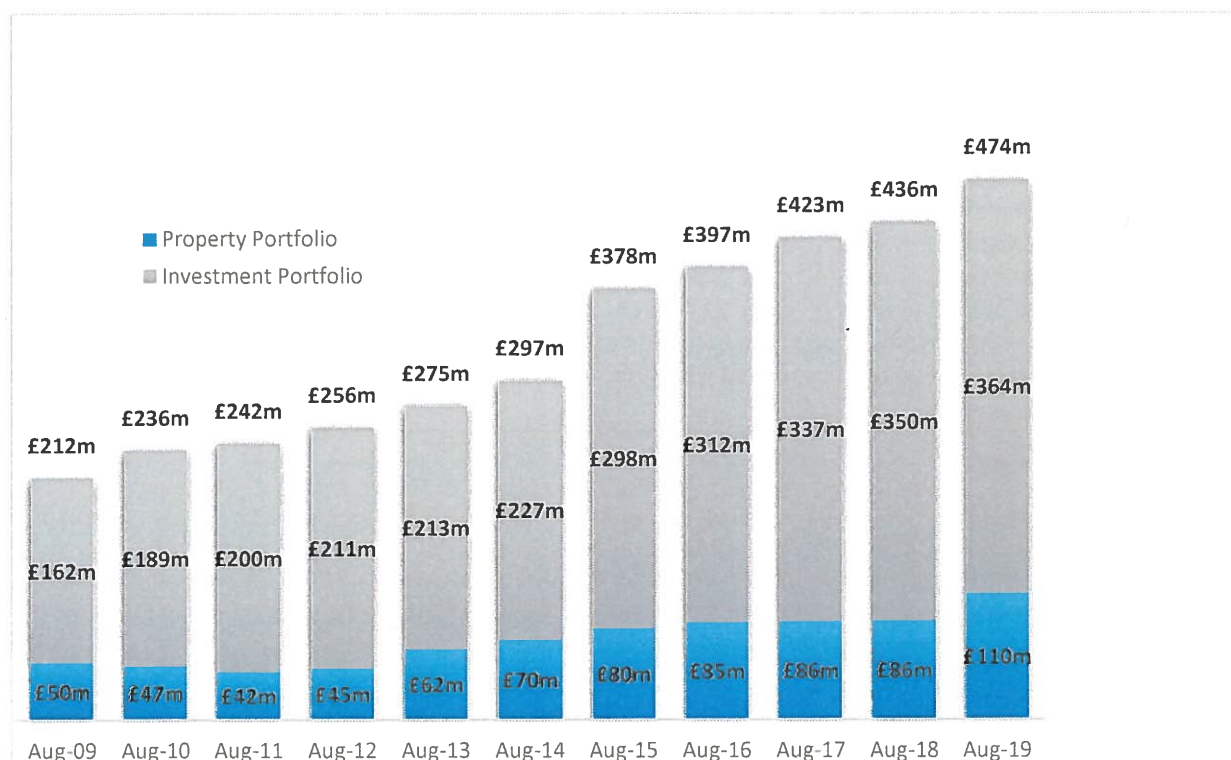
Year ended 31 August 2019

The Investment Committee is mandated by the Provost and Fellows to over see the management of the Endowment in line with strategic and tactical guidelines which are reviewed regularly by the Investment Committee and its advisers, Partners Capital. The Investment Property Committee is an offshoot of the Investment Committee and oversees the College's investments in property only. It is advised by Clearbell Capital.

The securities portfolio is diversified across a range of different asset classes and geographies and managed within the guidelines referred to above. The property portfolio is UK based and structured with an emphasis on diversity across property type.

The value of the investment portfolio was £474m at 31 August 2019. This comprised of £364m in financial assets and £110m in directly held property. This is an increase of £262m over the past decade, of which £192m was attributable not only to underlying performance, but to very generous donations from Old Etonians and parents. The remaining £70m came from two private placements – one for £45m for 45 years issued in 2015 and a further £25m for 45 years issued in 2018. The Investment Committee, supported by the Provost and Fellows, believes that the additional funds will earn returns in excess of the cost of borrowing, enhancing Eton's capacity to provide bursaries and support the capital expenditure programme.

Investment Portfolio Historical Year End Values:



Eton College

Report of the Provost and Fellows

Year ended 31 August 2019

Financial Assets

| Financial Assets Portfolio | |
|----------------------------|------|
| Asset Allocation | |
| 31-Aug-19 | |
| Cash | 1% |
| Credit | 3% |
| Absolute Return | 15% |
| Global Equities | 47% |
| Gold | 1% |
| Liquid Investments | 67% |
| Private Debt | 11% |
| Private Equity | 20% |
| Private Equity Real Estate | 2% |
| Illiquid Investments | 33% |
| Total Portfolio | 100% |

The Financial Assets Portfolio has performed well, providing a total annualised return of 10.6% over the last five years and 10.0% over the last ten years, which exceeds the Investment Committee's target return of CPI + 4.5% and the UK peer group index of geographically diversified multi asset class charity portfolios.

Property Portfolio

The Property Portfolio has historically been managed in-house with the manager reporting to the Bursar and an Investment Property Committee providing oversight. In recent years it was agreed to outsource the management of the portfolio and Clearbell Capital LLP were appointed in March 2018 to take on this responsibility. The strategy since the time of Clearbell's appointment is to dispose of a number of non-strategic smaller properties (principally residential), to consolidate the portfolio around a series of larger commercial assets generating attractive yields with capital growth potential, and to improve the diversification of the portfolio both geographically and by type of property. The portfolio was valued at £110m at the end of August compared with £86m in 2018. Most of this increase in value was attributable to new acquisitions.

FINANCIAL REVIEW

Results for the year

- The College's consolidated net expenditure for the year ended 31 August 2019 was £3.5m (2018: £4.9m).
- School fee income increased by 4.9% from £50.9m to £53.3m. The funding of scholarships and bursaries (fee remission) increased by 6.2% from £6.5m to £6.9m.
- Donations to the College were £3.6m compared to £8.5m in the previous year. The College is very grateful for the continued generosity of its donors.
- Investment income was £16.9m compared to £12.3m in the previous year. The College operates its investment portfolio on a total return basis, so investment income can vary greatly year on year and is difficult to predict. It has no bearing on the operational cashflow of the College. This income is re-invested in the endowment and is not readily available to the College. The cash available to the College for spending from the endowment is calculated in accordance with the College's self-imposed internal spending rules. The cash amount available to draw down for expenditure in any one year is calculated as 3.5% of the average of the last five years' year-end valuations of investments minus the long term private placements taken out for leveraging the investment portfolio of £70m.

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- Total charitable expenditure rose by 0.3% from £69.5m to £69.7m. The bulk of this comprises the costs of running the College; 49.5% of these costs are employment costs. The College completed its modernisation of the College Boarding House and commenced the next boarding house refurbishment in August 2019.
- The College will always have to spend significant amounts of money on maintaining its buildings including its many listed buildings some of which are of national importance from the 15th Century. In doing this the College receives no financial support from local or central Government.
- Trading income is mostly made up of the aggregation of the turnover of the College's subsidiaries. Total consolidated trading income was £2.3m (2018: £1.3m), which included a one-off profit in Rownsmoss Limited of £890k. Refer to note 4 for more detail relating to the trading subsidiaries of the College.
- During the year the College concluded two private placements: One of £25m, at an interest rate of 2.61%, repayable over five years from 2059. This private placement has been used to leverage the commercial property portfolio.

The second of £40m at an interest rate of 2.64%. £20m received in May 2019 and a further £20m will be received in November 2019 and is repayable over 10 years from 2049 to 2058. The private placement will be used to part fund the new sports facilities for which the College now has planning permission. Both the £25m and the £40m are unsecured.

Reserves Policy

The College needs to have sufficient unrestricted reserves to enable it to meet its charitable objectives in the event of an unexpected revenue shortfall. The College is very fortunate to have significant endowed funds and has regard to the need to build up unrestricted reserves out of any annual operating surpluses, investment returns and fund-raising to a level which is considered adequate to meet the future needs of the College and allow further capital expenditure and major refurbishment to equip the College with the facilities needed to maintain the high standard of education currently provided. The charitable funds of the College and its subsidiaries are accounted for as restricted or unrestricted funds.

At 31 August 2019, the College's Consolidated Reserves were £444.2m (2018: £437.2m). This comprised £316.0m (2018: £301.2m) restricted funds and £128.2m (2018: £136.0m) unrestricted funds.

Restricted funds are made up of Endowed Funds of £308.2m (2018: £292.1m) and Income funds of £7.7m (2018: £9.1m).

Endowed funds are capital funds with a restricted purpose and are sub-divided into permanent and expendable endowed funds depending upon the terms of the relevant fund's governing document. Permanent Endowed Funds are capital funds where the original capital value is to be preserved permanently for the College's financial benefit. The College has a Total Return Order (dated 27 July 2008) which stipulates that any investment returns will accrue as a capital supplement (the Unapplied Total Return) to the permanently endowed capital. Any part of the Unapplied Total Return can be converted into income for spending at the discretion of the Provost and Fellows and will be transferred to the appropriate Restricted Income Fund. Expendable Endowed Funds are accounted for similarly, except that all capital can be converted into income for spending either in accordance with any restrictions imposed by the fund's governing document or, where there are no such restrictions, at the College's own discretion.

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

Unrestricted Funds comprise £128.2m (2018: £136.0m) Designated Funds and £3k (2018: £2k) General Fund. These funds are available for use at the discretion of the College in furtherance of its objects.

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Report of the Provost and Fellows

Year ended 31 August 2019

Designated Funds are funds which have been set aside by the College for specific purposes.

The General Fund is unrestricted and represents the accumulated net income from the College's activities and other sources for the general purpose of the College. Further details relating to the funds can be found in note 13.

Pension Liabilities

The College has recognised on its balance sheet a pension liability of £35.9m in respect of the 1972 Defined Benefit Scheme (2018: £23.3m). The pension liability is calculated at a point in time even though it will not crystallise for many years. Details of the pension scheme can be found in note 16 to the financial statements. The latest tri-annual actuarial pension valuation was completed as at August 2016. The results showed a deficit of £3.4m, corresponding to a funding level of 92%. The College has made additional contributions to the scheme of £450k pa since September 2014, and will continue to do so until September 2021. A one off contribution of £1.35m was paid to the scheme in the 2016/17.

Charity Code of Conduct

The Provost and Fellows have undertaken a self-assessment of their governance in 2019 by specific reference to the principles of the Charity Governance Code. The Regulatory and Compliance Committee and the Audit and Risk Committees have reviewed Eton's analysis of its compliance with the Charity Governance Code. The following areas were highlighted as areas for further development: succession planning, review of educational "value added" to pupils by attending the College and improved communication between the Provost and Fellows and staff. During the year Fellows attended more events at the College including a presentation by the boys and the Provost addressed both Masters and support staff at meetings at the start of the 2019/20 academic year.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The key risks the College faces are:

- Failure to safeguard the wellbeing of its boys
- Failure to comply with Charity Commission or Independent School requirements
- Changes in legislation affecting independent school status
- Risk of cyber-attack on IT systems and data
- Occurrence of a major incident such as flood, fire or irreparable damage to one of the historic buildings
- Damage to reputation

These risks have been reviewed by the Provost and Fellows and systems have been established to mitigate them to an acceptable level.

The key controls used to manage risk are:

- Comprehensive safe guarding procedures, as required by law, for the protection of children
- Detailed terms of reference and formal agenda for all Governing Body and Committee activity
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting

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Year ended 31 August 2019

- Clear authorisation and approval levels
- Regular review of regulatory requirements for independent schools

FUTURE PLANS

Key elements of the College's future plans are:

- Increased focus and expenditure in financial aid
- Building on the success of the new Orwell Award programme
- Continued rollout of the digital strategy including issuing iPads to all teaching staff and boys
- Commence the building of two new sports halls and a 25m swimming pool

PROVOST AND FELLOWS' RESPONSIBILITIES STATEMENT

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

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

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

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



The Lord Waldegrave of North Hill
Provost
8 February 2020

Eton College

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

Opinion

We have audited the financial statements of Eton College for the year ended 31 August 2019 which comprise Consolidated and College Statement of Financial Activities, the Consolidated and College Balance Sheet, the Consolidated Cash Flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 August 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Eton College

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP

Statutory Auditor

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

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

26 February 2020

Eton College
Statement of Financial Activities – Consolidated
For the year ended 31 August 2019

| | | Unrestricted Funds | | Restricted Funds | | | |
|---|------|--------------------|------------------|-------------------------|----------------|-----------------|------------|
| | | General Funds | Designated Funds | Restricted income funds | Endowed funds | Total 2019 | Total 2018 |
| | Note | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| INCOME FROM | | | | | | | |
| Charitable activities | | | | | | | |
| School fees | | 53,341 | - | - | - | 53,341 | 50,874 |
| Scholarships and bursaries | | - | (4,074) | (2,861) | - | (6,935) | (6,488) |
| Discount on pre-paid fees | 9 | (167) | - | - | - | (167) | (152) |
| Net school fees | | 53,174 | (4,074) | (2,861) | - | 46,239 | 44,234 |
| Other income | 2 | 7,142 | - | 52 | - | 7,194 | 6,808 |
| Donations | | 241 | - | 2,656 | 734 | 3,631 | 8,482 |
| Investment income | 3 | 762 | 5,003 | 8 | 11,107 | 16,880 | 12,281 |
| Trading income | 4 | 2,308 | - | - | - | 2,308 | 1,345 |
| Total income | | 63,627 | 929 | (145) | 11,841 | 76,252 | 73,150 |
| EXPENDITURE ON | | | | | | | |
| Charitable activities | 5 | (58,995) | (3,258) | (7,477) | - | (69,730) | (69,460) |
| Raising and managing funds | 5 | (3,674) | (3,407) | - | (2,972) | (10,053) | (8,595) |
| Total expenditure | | (62,669) | (6,665) | (7,477) | (2,972) | (79,783) | (78,055) |
| Net income /(expenditure) before investment gains and transfers | | 958 | (5,736) | (7,622) | 8,869 | (3,531) | (4,905) |
| Net investment gain | | 867 | 6,333 | (9) | 15,513 | 22,704 | 24,675 |
| Transfers between funds | 13a | 10,347 | (8,347) | 6,259 | (8,259) | - | - |
| NET INCOME/ (EXPENDITURE) | | 12,172 | (7,750) | (1,372) | 16,123 | 19,173 | 19,770 |
| Pension scheme actuarial (loss)/gain | | (12,171) | - | - | - | (12,171) | 2,251 |
| NET MOVEMENT IN FUNDS | | 1 | (7,750) | (1,372) | 16,123 | 7,002 | 22,021 |
| Funds brought forward | | 2 | 135,965 | 9,121 | 292,083 | 437,171 | 415,150 |
| FUNDS CARRIED FORWARD | 13a | 3 | 128,215 | 7,749 | 308,206 | 444,173 | 437,171 |

The notes on pages 24 to 51 form part of these financial statements.

Eton College
Statement of Financial Activities – Eton College
For the year ended 31 August 2019


| | Note | Unrestricted Funds | | Restricted Funds | | Total | Total |
|--|------|--------------------|------------------|-------------------------|----------------|-----------------|----------|
| | | General Funds | Designated Funds | Restricted income funds | Endowed funds | 2019 | 2018 |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| INCOME FROM | | | | | | | |
| Charitable activities | | | | | | | |
| School fees | | 53,341 | - | - | - | 53,341 | 50,874 |
| Scholarships and bursaries | | - | (4,074) | (2,861) | - | (6,935) | (6,488) |
| Discount on pre-paid fees | 9 | (167) | - | - | - | (167) | (152) |
| Net school fees | | 53,174 | (4,074) | (2,861) | - | 46,239 | 44,234 |
| Other income | 2 | 7,142 | - | 52 | - | 7,194 | 6,808 |
| Donations | | 241 | - | 2,656 | 734 | 3,631 | 8,482 |
| Investment income | 3 | 753 | 5,003 | 8 | 11,107 | 16,871 | 12,287 |
| Trading income | 4 | 108 | - | - | - | 108 | 117 |
| Total income | | 61,418 | 929 | (145) | 11,841 | 74,043 | 71,928 |
| EXPENDITURE ON | | | | | | | |
| Charitable expenditure | | (58,979) | (3,258) | (7,477) | - | (69,714) | (69,446) |
| Raising and managing funds | | (2,412) | (3,407) | - | (2,972) | (8,791) | (6,977) |
| Total expenditure | | (61,391) | (6,665) | (7,477) | (2,972) | (78,505) | (76,423) |
| Net income/ (expenditure) before investment gain and transfers | | 27 | (5,736) | (7,622) | 8,869 | (4,462) | (4,495) |
| Investment gain | | 867 | 6,333 | (9) | 15,513 | 22,704 | 24,675 |
| Transfers between funds | 13a | 10,347 | (8,347) | 6,259 | (8,259) | - | - |
| NET INCOME/ (EXPENDITURE) | | 11,241 | (7,750) | (1,372) | 16,123 | 18,242 | 20,180 |
| Pension scheme actuarial (loss)/ gain | | (12,171) | - | - | - | (12,171) | 2,251 |
| NET MOVEMENT IN FUNDS | | (930) | (7,750) | (1,372) | 16,123 | 6,071 | 22,431 |
| Funds brought forward | | 767 | 135,965 | 9,121 | 292,083 | 437,936 | 415,505 |
| FUNDS CARRIED FORWARD | 13a | (163) | 128,215 | 7,749 | 308,206 | 444,007 | 437,936 |


The notes on pages 24 to 51 form part of these financial statements.

Eton College
Consolidated and Eton College Balance Sheets
As at 31 August 2019

| | Note | Consolidated | | Eton College | |
|--|------|----------------|----------|----------------|----------|
| | | 2019 | 2018 | 2019 | 2018 |
| | | £'000 | £'000 | £'000 | £'000 |
| FIXED ASSETS | | | | | |
| Tangible fixed assets | 7 | 88,864 | 78,072 | 88,750 | 77,939 |
| Investments – properties | 8 | 110,415 | 86,388 | 110,415 | 86,388 |
| - securities | 8 | 363,408 | 350,111 | 363,408 | 350,111 |
| | | 562,687 | 514,571 | 562,573 | 514,438 |
| CURRENT ASSETS | | | | | |
| Stocks | | 159 | 158 | 135 | 143 |
| Debtors | 10 | 17,608 | 25,581 | 18,389 | 26,589 |
| Cash and deposits | | 31,910 | 8,416 | 30,711 | 7,831 |
| | | 49,677 | 34,155 | 49,235 | 34,563 |
| CURRENT LIABILITIES | | | | | |
| Creditors: due within one year | 11 | (29,187) | (29,826) | (28,797) | (29,336) |
| NET CURRENT ASSETS | | 20,490 | 4,329 | 20,438 | 5,227 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 583,177 | 518,900 | 583,011 | 519,665 |
| LONG-TERM LIABILITIES | | | | | |
| Creditors: due after more than one year | 12 | (99,045) | (54,112) | (99,045) | (54,112) |
| Defined benefit pension liabilities | 16 | (35,929) | (23,339) | (35,929) | (23,339) |
| Other retirement provisions | 17 | (4,030) | (4,278) | (4,030) | (4,278) |
| NET ASSETS | | 444,173 | 437,171 | 444,007 | 437,936 |
| REPRESENTED BY: | | | | | |
| RESTRICTED FUNDS | | | | | |
| Endowed | 13 | 308,206 | 292,083 | 308,206 | 292,083 |
| Income | 13 | 7,749 | 9,121 | 7,749 | 9,121 |
| UNRESTRICTED FUNDS | | | | | |
| Designated | 13 | 128,215 | 135,965 | 128,215 | 135,965 |
| General | 13 | 3 | 2 | (163) | 767 |
| TOTAL UNRESTRICTED FUNDS | | 128,218 | 135,967 | 128,052 | 136,732 |
| TOTAL FUNDS | | 444,173 | 437,171 | 444,007 | 437,936 |

The financial statements set out on pages 20 to 51 were approved and authorised for issue by the Provost and Fellows on 8 February 2020 and signed on their behalf by:


The Lord Waldegrave of North Hill
Provost


Janet Walker
Bursar

The notes on pages 24 to 51 form part of these financial statements.

Eton College
Consolidated Cash Flow Statement
For the year ended 31 August 2019

| | 2019 | | 2018 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Net expenditure before investment gains | | (3,531) | | (4,905) |
| Elimination of non-operating cashflows: | | | | |
| Investment income | (16,880) | | (12,281) | |
| Investment Managers' Fees | 1,551 | | 1,698 | |
| Interest on Private Placements | 2,244 | | 1,633 | |
| Endowment donations | (734) | | (2,728) | |
| Depreciation | 2,878 | | 2,412 | |
| Net gain on disposal of fixed assets | 66 | | 61 | |
| (Increase)/ decrease in stock | (1) | | 32 | |
| (Increase)/decrease in debtors | 7,973 | | (4,500) | |
| Decrease in cash investments | - | | (13) | |
| (Decrease)/increase in creditors | (832) | | 3,162 | |
| Increase/(decrease) in prepaid fees | 126 | | (235) | |
| FRS 102 pension movements | 171 | | 227 | |
| | | (3,438) | | (10,529) |
| Net cash outflow from operations | | (6,969) | | (15,434) |
| Cash flows from investing activities | | | | |
| Payments for tangible fixed assets | (12,511) | | (15,900) | |
| Proceeds on sale of tangible fixed assets | 452 | | 94 | |
| Withdrawal from the securities portfolio | 15,633 | | 16,632 | |
| Reduction in trust fund | (55) | | - | |
| Income from estates properties | 3,808 | | 2,525 | |
| Proceeds from sale of estates properties | 9,231 | | 3,350 | |
| Payments for Investment Properties | (29,585) | | - | |
| Net cash inflow provided by investing activities | | (13,027) | | 6,701 |
| Cash flows from financing activities | | | | |
| New endowment | 734 | | 878 | |
| Interest payable on loan note | (2,244) | | (2,450) | |
| Private Placement Proceeds | 45,000 | | - | |
| Net cash provided by financing activities | | 43,490 | | (1,572) |
| CHANGE IN CASH IN THE YEAR | | 23,494 | | (10,305) |
| CASH AT 31 AUGUST 2018 | | 8,416 | | 18,721 |
| CASH AT 31 AUGUST 2019 | | 31,910 | | 8,416 |

The notes on pages 24 to 51 form part of these financial statements.

Eton College

Notes to the financial statements

For the year ended 31 August 2019

1 ACCOUNTING POLICIES

Charity information

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

Basis of Preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), and the Charities Act 2011. The College meets with FRS102 definition of a Public Benefit Entity.

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

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

Having reviewed the funding facilities available to the College together with the expected ongoing demand for places and the College's future projected cash flows, the Provost and Fellows have a reasonable expectation that the College has adequate resources to continue its activities for the foreseeable future and consider that there are no material uncertainties over the College's financial viability. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Responsibilities on page 17.

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

Cash Flow

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Eton College ("the College") and its wholly owned subsidiary companies. The consolidated financial statements consolidate the accounts of the Group entities made up to 31 August 2019. The turnover and expenditure of trading subsidiaries and of the related charitable undertaking are shown separately within the consolidated Statement of Financial Activities. Their assets and liabilities are consolidated on a line-by-line basis in the consolidated Balance Sheet.

The College's dormant subsidiaries, listed in note 4, have not been consolidated on the basis of immateriality, including EtonX Shanghai, a subsidiary in China. Intra group sales and charges between the College and its subsidiaries are excluded from consolidated trading income and expenditure.

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

Income

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

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

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

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

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

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

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

Expenditure

Expenditure in relation to the financial year under review is accrued as soon as a liability is considered probable, discounted to present value for longer term liabilities. Expenditure is classified under headings that aggregate all costs related to the category. Irrecoverable VAT is charged to the appropriate expenditure heading. Governance costs comprise the costs of complying with the constitutional and statutory requirements and are included in support costs in note 5.

Grants payable are accounted for in the period in which the commitment is made. Employee benefits paid on redundancy or termination include accrued amounts where Eton College is demonstrably committed to make these payments but they had not been made at 31 August 2019. All accrued amounts are fully funded and expected to be settled within 12 months of the balance sheet date.

Tangible fixed assets

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

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Only assets costing £10,000 or more, or groups of assets forming part of a larger project costing over £10,000, are capitalised. This level is periodically reviewed by the Provost and Fellows, along with the need for a formal impairment review. Where properties held for investment purposes are transferred to fixed assets for school use, the cost to the school is recorded as the market value at the time. Freehold land is not valued on the balance sheet as the historical cost is immaterial.

Depreciation

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

| | |
|---|----------|
| Freehold buildings | 50 years |
| Plant, kitchen equipment, musical instruments, rowing boats | 10 years |
| IT equipment | 4 years |

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

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

Heritage Assets

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, due to their unique nature, reliable historic cost information is not available and the Provost and Fellows consider that the depreciated historical cost of these assets is now immaterial. Additions to the Collections are not capitalised and the costs of repairs and maintenance are charged as incurred. Any improvements are similarly written off.

Investments

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

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

Property investments are valued using professional advice and on the basis of market value as defined in the RICS Appraisal and Valuation Manual ("The Red Book"). Independent valuations of relevant property investments have been carried out at 31 August 2018 and 31 August 2019.

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

Stock

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

Debtors

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

Cash

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

Creditors

Creditors and provisions are recognised where the College has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Financial liabilities held at amortised cost comprise all creditors except payroll and other taxes and provisions.

Total return investment accounting

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

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

return". The Provost and Fellows have decided that it is in the best interests of the College to account for both the permanent and the expendable endowments invested in the Eton College Common Investment Fund in the same way.

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

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

Fund Accounting

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

Restricted funds are to be used in accordance with specific restrictions related to the fund at its inception or in its governing document. Restricted funds are divided between **Endowed Funds** and **Income Funds**. Endowed funds are capital funds with a restricted purpose and are further sub-divided into permanent and expendable endowed funds.

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

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

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

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

Unrestricted funds are funds that are available for use at the discretion of the College in furtherance of its objects and are divided between Designated and General Funds. **Designated Funds** are unrestricted funds which have been set aside by the College for specific purposes. **General Funds** are funds available for the provision of working capital and reserves for the general administration of the College. Further details relating to the funds can be found in note 13.

Pensions costs

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

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

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

The Eton College Group Personal Pension Plan is a defined contribution scheme for non-teaching staff joining after October 2006. Employer's pension costs are charged in the period in which the salaries to which they relate are payable. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

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

Key judgements and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

As at 31 August 2019, the College had the following uncertain estimates and accounting judgements

- Impairment of financial assets £168k (2018: £165k).
- Depreciation charge during the year of £2,878k (2018: £2,415k).
- Liability in relation to the defined benefit pension scheme. The assumptions used to calculate the liability are set out in note 16.

2 OTHER INCOME

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Charges for extras including school trips | 4,228 | 3,921 |
| Summer Schools income | 1,738 | 1,774 |
| Registration and Acceptance Fees | 698 | 624 |
| Sales and Sundry income | 477 | 539 |
| Profit/ (loss) on sale of fixed assets | 53 | (50) |
| | 7,194 | 6,808 |

3 INVESTMENT INCOME

| | 2019 £'000 | 2018 £'000 |
|------------------------------|---------------|---------------|
| Securities investment income | 13,072 | 9,396 |
| Property investment income | 3,555 | 2,471 |
| Interest | 253 | 414 |
| | 16,880 | 12,281 |

The investment income attributable to the College only totals £16,871k (2018: £12,287k).

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

4 SUBSIDIARIES

The College has four active wholly owned/controlled non-charitable undertakings, all of which are incorporated in England and Wales, all of which are consolidated. These are:

| Company Name | Registration Number | Activity |
|-------------------------------|----------------------------|-----------------------------------|
| Eton College Services Limited | 1213991 | Provision of hospitality services |
| Rownmoss Limited | 1185176 | Property development |
| EtonX Limited | 9624046 | Online soft skills education |
| Eton Online Ventures Limited | 8415323 | Commercial educational services |

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

During the year Eton College Services Limited made supplies to Eton College in respect of provision of functions. The total of these supplies was £148k (2018: £174k). Eton College made supplies to Eton College Services Limited in respect of staff. These supplies do not pass through the Statement of Financial Activities.

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

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

| | 2019 | 2018 |
|---|--------------|--------------|
| Net amount due to Eton College from: | £'000 | £'000 |
| Eton College Services Limited | 572 | 647 |
| Rownmoss Limited | 748 | 7,932 |
| EtonX Limited | - | - |
| Eton Online Ventures Limited | 97 | 52 |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

4 SUBSIDIARIES (continued)

Summary of subsidiaries' statutory accounts:

| Profit and loss account | Eton College Services Limited | Rowns moss Limited | EtonX Limited | Eton Online Ventures | Total 2019 | Total 2018 |
|--|--|-------------------------------|--------------------------|-------------------------------------|-----------------------|-----------------------|
| | £'000 | £'000 | £000 | £'000 | £'000 | £'000 |
| Turnover | 1,347 | 905 | 94 | 57 | 2,403 | 1,506 |
| Cost of sales | (1,346) | (131) | (7) | (1,540) | (3,024) | (2,831) |
| Gross (loss)/ profit | 1 | 774 | 87 | (1,483) | (621) | (1,325) |
| Expenses | (26) | 1 | (1,384) | (4) | (1,413) | (17) |
| Revaluation of stock/investments | - | (159) | - | - | (159) | (816) |
| Net profit/ (loss) before charges to the College | (25) | 616 | (1,297) | (1,487) | (2,193) | (2,158) |
| Retained in subsidiary company | (25) | 616 | (1,297) | (1,487) | (2,193) | (2,158) |
| Profit and loss account b/f | (98) | (186) | (4,181) | (3,400) | (7,865) | (5,707) |
| Retained loss as at 31 August c/f | (123) | 430 | (5,478) | (4,887) | (10,058) | (7,865) |

| Balance Sheet | Eton College Services Limited | Rowns moss Limited | EtonX Limited | Eton Online Ventures | Total 2019 | Total 2018 |
|----------------------------------|--|-------------------------------|--------------------------|-------------------------------------|-----------------------|-----------------------|
| | £'000 | £'000 | £000 | £'000 | £'000 | £'000 |
| Tangible fixed assets | 113 | - | - | - | 113 | 133 |
| Investments | - | 843 | - | - | 843 | 1,002 |
| Current assets | | | | | | |
| Stocks | 24 | - | - | - | 24 | 15 |
| Debtors | 213 | 18 | 75 | 44 | 350 | 7,183 |
| Cash at bank | 337 | 500 | 327 | 33 | 1,197 | 585 |
| Creditors | (810) | (931) | (173) | (103) | (2,017) | (9,185) |
| Net assets/ (liabilities) | (123) | 430 | 229 | (26) | 510 | (267) |
| Less: Share Capital | - | - | (5,707) | (4,861) | (10,568) | (7,598) |
| | (123) | 430 | (5,478) | (4,887) | (10,058) | (7,865) |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

4 SUBSIDIARIES (continued)

Reconciliation to Consolidated Statement of Financial Activities (SOFA)

| | 2019 | 2018 |
|---|----------------|--------------|
| | £'000 | £'000 |
| Trading income | | |
| Turnover and other income (per subsidiary statutory accounts) | 2,403 | 1,506 |
| Less: Inter-co trading income | (203) | (278) |
| Add: Trading income in Eton College | 108 | 117 |
| Trading income per consolidated SOFA | 2,308 | 1,345 |
| Trading expenditure | | |
| Total expenditure (per subsidiary statutory accounts) | 4,596 | 3,665 |
| Less: Reclassification to Investment Gain/ Support Costs | (162) | (17) |
| Less: Inter-co trading expenditure | (1,688) | (1,099) |
| Total expenditure | 2,746 | 2,549 |
| Trading expenditure in Eton College | 23 | 24 |
| Trading Costs (note 5) | 2,769 | 2,573 |

The investments in subsidiaries in Eton College's Balance Sheet relate to the investment made in Eton Online Ventures Limited. The total cost of the investment is £4,861k (2018: £3,372k). A provision of £4,861k (2018: £3,372k) has been made against this investment. The investments in the other subsidiaries do not appear in aggregate as they total only £226 (2018: £226).

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

5 ANALYSIS OF EXPENDITURE

| | Staff costs | Other costs | Depreciation | 2019 | 2018 |
|------------------------------------|---------------|---------------|--------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Charitable Activities: | | | | | |
| Teaching | 20,252 | 6,343 | 332 | 26,927 | 24,588 |
| Boarding and Welfare | 8,532 | 4,414 | 71 | 13,017 | 12,348 |
| Premises | 4,029 | 11,778 | 197 | 16,004 | 19,243 |
| Support | 3,270 | 1,919 | - | 5,189 | 5,624 |
| Depreciation on freehold buildings | - | - | 2,131 | 2,131 | 1,743 |
| FRS 102 pension interest charges | - | 1,904 | - | 1,904 | 1,869 |
| Other (see below) | 1,961 | 2,473 | 124 | 4,558 | 4,045 |
| Total | 38,044 | 28,831 | 2,855 | 69,730 | 69,460 |
| Raising and Managing Funds | | | | | |
| Fund-raising | 492 | 68 | - | 560 | 356 |
| Investment Management | 68 | 4,411 | - | 4,479 | 4,032 |
| Interest | - | 2,245 | - | 2,245 | 1,634 |
| Trading costs | 922 | 1,824 | 23 | 2,769 | 2,573 |
| Total | 1,482 | 8,548 | 23 | 10,053 | 8,595 |
| Total expenditure | 39,526 | 37,379 | 2,878 | 79,783 | 78,055 |

Audit fees comprise £35k (net of VAT) (2018: £35k) for the audit of the College and £15k (2018: £14k) for the audit of the subsidiary undertakings. In addition, £17k (2018: £15k) was incurred in respect of non-audit services. All of these costs are included within support costs above.

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

| | Staff costs | Other costs | Depreciation | 2019 | 2018 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Summer Schools | 574 | 781 | - | 1,355 | 1,411 |
| Collections | 562 | 314 | - | 876 | 857 |
| Restricted funds expenditure | 66 | 427 | 122 | 615 | 596 |
| Collegiate | 431 | 167 | 1 | 599 | 603 |
| Donations | - | 33 | - | 33 | 52 |
| Outreach | 182 | 671 | - | 853 | 303 |
| Chapels | 146 | 80 | 1 | 227 | 223 |
| Total other expenditure | 1,961 | 2,473 | 124 | 4,558 | 4,045 |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

6 STAFF COSTS

| | 2019 | 2018 |
|---|--------|--------|
| | £'000 | £'000 |
| Wages and salaries | 32,671 | 30,861 |
| Employer's National Insurance contributions | 3,446 | 3,232 |
| Employer's Pension contributions | 3,409 | 3,081 |
| | 39,526 | 37,174 |
| Aggregate Employee Benefits (including employer's national insurance contributions) of Key Management Personnel | 713 | 694 |

The number of employees whose emoluments for the year exceeded £60,000 are shown in the table below (including taxable benefits in kind but excluding employer's pension costs and employer's national insurance contributions)

| | 2019 | 2018 |
|---------------------|------|------|
| £60,000 - £69,999 | 32 | 37 |
| £70,000 - £79,999 | 41 | 34 |
| £80,000 - £89,999 | 30 | 26 |
| £90,000 - £99,999 | 13 | 14 |
| £100,000 - £109,999 | 16 | 19 |
| £110,000 - £119,999 | 16 | 13 |
| £120,000 - £129,999 | 7 | 7 |
| £130,000 - £139,999 | 5 | 3 |
| £160,000 - £169,999 | 1 | - |
| £180,000 - £189,999 | - | 1 |
| £200,000 - £209,999 | - | 1 |
| £210,000 - £219,999 | 1 | 1 |
| £220,000 - £229,999 | 1 | - |

All except 4 (2018: 4) of the above employees participated in one of the College's pension schemes or the Teachers' Pension Scheme. Employer's pension contributions for these staff amounted to £1,929k (2018: £1,815k).

The average number of employees in the period, including those employed by Eton College Services Limited and EtonX Limited, was 1,005 (2018: 995). A significant proportion of staff work part-time throughout the year and some staff are employed only at specific times of the year, for example those employed to run our Summer Schools. This is reflected in the fact that the highest monthly number of staff paid, 1,095, was in August 2019 (August 2018: 1,089). The lowest monthly number of staff paid was 978 in September 2018 (September 2017: 961).

The Provost and Vice-Provost are remunerated for their work as employees and are not remunerated as trustees. The total remuneration of the Provost was £130,522 (2018: £128,156). The total remuneration of the Vice-Provost amounted to £121,099 (2018: £122,964). No other Fellows received any remuneration or other benefits from Eton College or any connected body. Expenses, relating to travel and accommodation, amounting to £905 (2018: £1,566) were reimbursed to 3 (2018: 6) Fellows. An amount of £324 was owed to the Vice-Provost as at 31 August 2019 (2018: £47).

The total amount relating to redundancy or termination payments during the year was £118,182 (2018: £157,335). None (2018: £4,000) of these payments were outstanding at the year end.

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

7 TANGIBLE FIXED ASSETS

(i) Consolidated

| | Freehold land and buildings £'000 | Assets in construction £'000 | Plant & Machinery £'000 | Total £'000 |
|---|---|------------------------------------|-------------------------------|-----------------|
| Cost | | | | |
| At 1 September 2018 | 95,001 | 11,836 | 8,446 | 115,283 |
| Additions | 1,660 | 11,165 | 1,294 | 14,119 |
| Disposals | (389) | - | (402) | (791) |
| Transfers | 18,069 | (18,069) | - | - |
| At 31 August 2019 | 114,341 | 4,932 | 9,338 | 128,611 |
| Accumulated depreciation | | | | |
| At 1 September 2018 | (30,963) | - | (6,248) | (37,211) |
| Disposals | 23 | - | 319 | 342 |
| Charge for the year | (2,131) | - | (747) | (2,878) |
| Transfers | - | - | - | - |
| At 31 August 2019 | (33,071) | - | (6,676) | (39,747) |
| Net book value at 31 August 2019 | 81,270 | 4,932 | 2,662 | 88,864 |
| Net book value at 31 August 2018 | 64,038 | 11,836 | 2,198 | 78,072 |

(ii) Eton College only

| | Freehold land and buildings £'000 | Assets in constructions £'000 | Plant & machinery £'000 | Total £'000 |
|---|---|-------------------------------------|-------------------------------|-----------------|
| Cost | | | | |
| At 1 September 2018 | 95,001 | 11,836 | 7,860 | 114,697 |
| Additions | 1,660 | 11,165 | 1,294 | 14,119 |
| Disposals | (389) | - | (393) | (782) |
| Transfers | 18,069 | (18,069) | - | - |
| At 31 August 2019 | 114,341 | 4,932 | 8,761 | 128,034 |
| Accumulated depreciation | | | | |
| At 1 September 2018 | (30,963) | - | (5,795) | (36,758) |
| Disposals | 23 | - | 309 | 332 |
| Charge for the year | (2,131) | - | (727) | (2,858) |
| Transfers | - | - | - | - |
| At 31 August 2019 | (33,071) | - | (6,213) | (39,284) |
| Net book value at 31 August 2019 | 81,270 | 4,932 | 2,548 | 88,750 |
| Net book value at 31 August 2018 | 64,038 | 11,836 | 2,065 | 77,939 |

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

Heritage Assets

Over the centuries, the College has acquired a considerable heritage of books and works of art and regards their preservation, conservation and use, together with the historic buildings in which they are housed, as fundamental to the enrichment of the education that the College provides. As a result of their age, and in many cases unique nature, reliable historical cost information is not available for these assets and could not be obtained except at disproportionate expense. However, in the opinion of the Provost and Fellows, the depreciated historical cost of these assets is now immaterial. These historic assets are insured through a fine arts policy.

The heritage assets include paintings, books, manuscripts, photographs autograph letters, drawings and engravings, a collection of silver ware, a collection of natural history items and an antiquities collection. The policy is not to dispose of items from the Collections. Much importance is placed on professional management of the Collections and their conservation.

College expenditure on additions to the Collections is expensed in the Statement of Financial Activities in the year in which it was incurred. No heritage assets have been disposed of in any of the last 5 years.

Expenditure in the last 5 financial years:

| 2015 | 2016 | 2017 | 2018 | 2019 |
|-------|-------|-------|-------|-------|
| £'000 | £'000 | £'000 | £'000 | £'000 |
| 40 | 227 | 86 | 60 | 34 |

Donations to the College on those years have not been valued as they were not received for financial purposes.

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

8 INVESTMENTS

| Consolidated | Investment properties | Investment portfolio | Consolidated 2019 Total | Investment properties | Investment portfolio | Consolidated 2018 Total |
|------------------------------------|-----------------------|----------------------|-------------------------|-----------------------|----------------------|-------------------------|
| <u>Market value</u> | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Market value at 1 September | 86,388 | 350,111 | 436,499 | 86,422 | 336,576 | 422,998 |
| Acquisitions | 29,585 | 191,367 | 220,952 | 1,850 | 209,182 | 211,032 |
| Disposals | (9,343) | (196,989) | (206,332) | (3,635) | (218,571) | (222,206) |
| Net gains at 31 August | 3,785 | 18,919 | 22,704 | 1,751 | 22,924 | 24,675 |
| Market value at 31 August | 110,415 | 363,408 | 473,823 | 86,388 | 350,111 | 436,499 |

Attribution to funds:

| | | | | | | |
|---|----------------|----------------|----------------|---------------|----------------|----------------|
| Restricted Endowed Funds | 83,976 | 207,762 | 291,738 | 86,388 | 195,292 | 281,680 |
| Restricted Income Funds | - | 2,824 | 2,824 | - | 2,278 | 2,278 |
| Designated Improvement & Maintenance Fund | - | 32,505 | 32,505 | - | 50,864 | 50,864 |
| Designated Bursary Fund | - | 50,407 | 50,407 | - | 52,029 | 52,029 |
| Designated P&F Fund | 26,439 | - | 26,439 | - | - | - |
| General Fund | - | 69,910 | 69,910 | - | 49,648 | 49,648 |
| Total investments split by fund | 110,415 | 363,408 | 473,823 | 86,388 | 350,111 | 436,499 |

| | Investment Properties | Investment portfolio | Consolidated 2019 Total | Investment properties | Investment portfolio | Consolidated 2018 Total |
|----------------------------|-----------------------|----------------------|-------------------------|-----------------------|----------------------|-------------------------|
| <u>Historical Cost</u> | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost at 1 September | 32,538 | 298,087 | 330,625 | 30,688 | 285,349 | 316,037 |
| Acquisitions | 29,585 | 191,367 | 220,952 | 1,850 | 209,182 | 211,032 |
| Disposals | - | (196,872) | (196,872) | - | (196,444) | (196,444) |
| Cost at 31 August | 62,123 | 292,582 | 354,705 | 32,538 | 29 8,087 | 330,625 |

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

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

9 PRE-PAID FEES SCHEME

Discounted liability for future fees

| | | 2019 | 2018 |
|----------------------------------|-------------|---------------|--------------|
| | Note | £'000 | £'000 |
| After ten years | | 1,040 | 793 |
| Within five to ten years | | 1,113 | 995 |
| Within one to five years | | 6,892 | 7,324 |
| Total due after one year | 12 | 9,045 | 9,112 |
| Total due within one year | 11 | 4,301 | 4,108 |
| Total liability | | 13,346 | 13,220 |

Summary of movements in liability

| | 2019 | 2019 | 2018 | 2018 |
|--|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 September | | 13,220 | | 13,455 |
| New contracts | | 4,639 | | 4,712 |
| | | 17,859 | | 18,167 |
| Amounts recognised in payment of fees: | | | | |
| To the College | (4,306) | | (4,336) | |
| To other schools | (251) | | (534) | |
| | | (4,557) | | (4,870) |
| Capital and interest repaid | | (123) | | (229) |
| Discount allowed to parents | | 167 | | 152 |
| Balance at 31 August | | 13,346 | | 13,220 |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

10 DEBTORS

| | Consolidated | | Eton College | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Trade debtors | 172 | 303 | 54 | 157 |
| Fees and extras | 14,748 | 14,255 | 14,748 | 14,255 |
| Taxation | 53 | 20 | - | - |
| Other debtors | 411 | 7,258 | 400 | 338 |
| Prepayments and accrued income | 2,081 | 3,601 | 2,043 | 3,560 |
| Amounts due from subsidiary companies | - | - | 1,001 | 8,135 |
| Staff loans | 143 | 144 | 143 | 144 |
| | 17,608 | 25,581 | 18,389 | 26,589 |

The figure for fees includes July 2019 advance invoicing of fees for the 2019/20 Michaelmas term. These fees are not due for payment until September 2019, and therefore the resultant deferred income is shown within the figure for fees received or invoiced in advance within creditors (note 11).

All debtors are due within one year except for some of the staff loans £121k (2018: £114k).

11 CREDITORS: amounts falling due within one year

| Note | Consolidated | | Eton College | |
|---|---------------|---------------|---------------|---------------|
| | 2019 £'000 | 2018 £'000 | 2019 £'000 | 2018 £'000 |
| Trade creditors | 2,790 | 4,880 | 2,659 | 4,792 |
| Amounts due to group undertakings | - | - | 83 | 38 |
| Fees received or invoiced in advance | 18,194 | 17,332 | 18,194 | 17,332 |
| Taxation (VAT, PAYE and National Insurance) | 1,160 | 1,123 | 1,114 | 1,095 |
| Other creditors | 408 | 431 | 375 | 407 |
| Accruals and deferred income | 2,334 | 1,952 | 2,071 | 1,564 |
| Pre-paid fees scheme 9 | 4,301 | 4,108 | 4,301 | 4,108 |
| | 29,187 | 29,826 | 28,797 | 29,336 |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

12 CREDITORS: amounts falling due after more than one year

| | Note | Consolidated | | Eton College | |
|-------------------------------|------|---------------|---------------|---------------|---------------|
| | | 2019 | 2018 | 2019 | 2018 |
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed Term Private Placements | | 90,000 | 45,000 | 90,000 | 45,000 |
| Pre-paid fees scheme | 9 | 9,045 | 9,112 | 9,045 | 9,112 |
| | | 99,045 | 54,112 | 99,045 | 54,112 |

The fixed term Private Placements are all unsecured and incur interest payable every six months. The College has three private placements:

- £45m is repayable in 2060 and has a fixed interest rate of 3.63%. This Private Placement has been used to leverage the securities portfolio.
- £25m is repayable in five equal amounts from 2059 and has a fixed interest rate of 2.61%. This Private Placement has been used to leverage the property portfolio.
- £20m is repayable in ten equal amounts from 2049 and has a fixed interest rate of 2.63%. This Private Placement has been taken out to part fund the new sports facilities. The remaining £20m has been received in November 2019.

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

13 a MOVEMENTS IN FUNDS - Current Year

| | 2018 | Income | Bursaries and discounts | Net Income | Expenditure | Gains/ (Losses) | Total return transfers | Other transfers | 2019 |
|--|----------------|---------------|-------------------------------|----------------|-----------------|--------------------|------------------------------|--------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Restricted Endowed Funds | | | | | | | | | |
| <i>Permanent</i> | | | | | | | | | |
| Improvement Fund | 173,869 | 6,490 | - | 6,490 | (1,736) | 9,712 | (4,950) | - | 183,385 |
| Trusts | 11,065 | 368 | - | 368 | (99) | 422 | (283) | - | 11,473 |
| Head Master's Fund | 24,141 | 1,025 | - | 1,025 | (274) | 1,298 | (789) | - | 25,401 |
| <i>Expendable</i> | | | | | | | | | |
| Farrer | 44,735 | 1,741 | - | 1,741 | (466) | 2,203 | (1,339) | - | 46,874 |
| New Foundation | 38,273 | 2,217 | - | 2,217 | (397) | 1,878 | (1,115) | 217 | 41,073 |
| Total endowed funds | 292,083 | 11,841 | - | 11,841 | (2,972) | 15,513 | (8,476) | 217 | 308,206 |
| Restricted Income Funds | | | | | | | | | |
| Improvement Fund | - | - | - | - | (4,950) | - | 4,950 | - | - |
| Trusts | 565 | - | (44) | (44) | (104) | (9) | 283 | - | 691 |
| Head Master's Fund | 722 | 14 | (405) | (391) | (169) | - | 789 | (6) | 945 |
| Farrer | - | - | - | - | (1,339) | - | 1,339 | - | - |
| New Foundation | 991 | - | (744) | (744) | (174) | - | 1,115 | - | 1,188 |
| <i>From endowed funds</i> | <i>2,278</i> | <i>14</i> | <i>(1,193)</i> | <i>(1,179)</i> | <i>(6,736)</i> | <i>(9)</i> | <i>8,476</i> | <i>(6)</i> | <i>2,824</i> |
| Other Restricted Funds | 6,843 | 2,702 | (1,668) | 1,034 | (741) | - | - | (2,211) | 4,925 |
| Total income funds | 9,121 | 2,716 | (2,861) | (145) | (7,477) | (9) | 8,476 | (2,217) | 7,749 |
| Designated Funds | | | | | | | | | |
| Improvement & Maintenance Fund | 50,864 | 2,021 | - | 2,021 | (3,799) | 2,558 | - | (19,139) | 32,505 |
| Bursary Fund -Bursaries | 7,029 | 2,044 | (4,074) | (2,030) | (546) | 954 | - | - | 5,407 |
| Bursary Fund -Interest | - | - | - | - | (1,634) | 1,634 | - | - | - |
| P&F Designated | - | 938 | - | 938 | (251) | 752 | - | - | 1,439 |
| P&F Designated - Interest | - | - | - | - | (435) | 435 | - | - | - |
| Fixed Asset Reserve | 78,072 | - | - | - | - | - | - | 10,792 | 88,864 |
| Total designated funds | 135,965 | 5,003 | (4,074) | 929 | (6,665) | 6,333 | - | (8,347) | 128,215 |
| General Fund | 2 | 63,794 | (167) | 63,627 | (74,840) | 867 | - | 10,347 | 3 |
| Total Funds - Consolidated SOFA | 437,171 | 83,354 | (7,102) | 76,252 | (91,954) | 22,704 | - | - | 444,173 |
| Less subsidiaries | 2,337 | (2,519) | - | (2,519) | 4,556 | 157 | - | - | 4,531 |
| Add inter – company | (1,572) | 310 | - | 310 | (3,278) | (157) | - | - | (4,697) |
| Total Funds – Eton College only | 437,936 | 81,145 | (7,102) | 74,043 | (90,676) | 22,704 | - | - | 444,007 |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

13 b MOVEMENTS IN FUNDS - Prior Year

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

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

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

The **Improvement Fund** is a fund established by a scheme of 1904 for the maintenance and preservation of school properties, the preserved capital of which since the enactment of the new Statutes in October 2018 is to be a permanently endowed fund.

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

The **Head Master's Fund** is a special trust (and linked charity) used to fund scholarships, bursaries, prizes, travel grants and other special purposes.

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

The **New Foundation Trust** is a special trust (and linked charity) which can be used for a variety of purposes for the benefit of the College, but in accordance with the wishes of the donor. During the year £951k was received in new donations and added to the New Foundation Trust, either directly (£734k) or by transferring accumulated donations from Other Restricted Income Funds (£217k).

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

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

The **Other Restricted Income Funds**, which comprise around 100 separate funds, are to be used in accordance with the wishes of the donor or the fund-raising campaign through which the fund was raised. Examples of such purposes are: Bursaries, College Collections, Student Enrichment, Teaching and Research. The Restricted Income Funds are fully expendable and wherever possible College expenditure is charged to a restricted fund in precedence to being charged against the General Fund. In 2018/19 £2,211k was transferred to offset expenditure in line with donor wishes. Over £2.0m of this relates to buildings and premises.

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

The **Designated Improvement & Maintenance Fund** has been specifically designated for the general improvement of the College's facilities, and for the College's longer term capital projects. During the year £1.7m (2018: £5.2m) was spent on boarding house refurbishment and £10.8m was transferred to the Fixed Asset Reserve to support the large increase in fixed assets.

The **Designated Bursary Fund** represents the funds generated by investing the £45m private placement in the Eton College Common Investment Fund less the associated interest charges on the private placement.

The **Designated P&F Fund** represents the funds generated by investing the £25m private placement in the Eton College Common Investment Fund less the associated interest charges on the private placement.

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

The **General Fund** is unrestricted and represents the accumulated net income from the College's activities and other sources for the general purposes of the College.

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

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

Consolidated fund balances at 31 August 2019 are represented by:

| | Note | Restricted | | Unrestricted | | 2019 Total |
|-------------------------------------|-------|------------------|-----------------|---------------------|-----------------|----------------|
| | | Endowed Funds | Income funds | Designated funds | General Fund | |
| | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Tangible fixed assets | 7 | - | - | 88,864 | - | 88,864 |
| Investments | 8 | 291,738 | 2,824 | 109,351 | 69,910 | 473,823 |
| Current assets, excluding cash | | - | - | - | 17,766 | 17,766 |
| Cash | | 16,468 | 4,925 | - | 10,518 | 31,911 |
| Creditors | 11/12 | - | - | (70,000) | (58,232) | (128,232) |
| Defined benefit pension liabilities | 17 | - | - | - | (35,928) | (35,928) |
| Other retirement provisions | 18 | - | - | - | (4,031) | (4,031) |
| Total Net Assets | | 308,206 | 7,749 | 128,215 | 3 | 444,173 |

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

Consolidated fund balances at 31 August 2018 are represented by:

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

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

15 STATEMENT OF TOTAL RETURNS

The preserved value of the invested endowed capital represents its carrying value on 1 September 2007, when the Total Return Order (dated 27 July 2008) was first applied, together with the gift value of any subsequent endowments and reinvested realised profits from the disposal of investment properties.

| | Preserved Capital 1 Sept 2018 | Movements in Endowment Funds | Transfers | Preserved Capital 31 August 2019 |
|--------------------------------|-------------------------------------|------------------------------------|------------|---|
| | £'000 | £'000 | £'000 | £'000 |
| Permanent Endowment | | | | |
| Improvement Fund | 110,379 | 1,496 | - | 111,875 |
| Trusts | 3,444 | (12) | - | 3,432 |
| Head Master's Fund | 2,816 | - | - | 2,816 |
| Sub total | 116,639 | 1,484 | - | 118,123 |
| Expendable Endowment | | | | |
| Farrer | 22,094 | - | - | 22,094 |
| New Foundation | 24,328 | 734 | 217 | 25,279 |
| Sub total | 46,422 | 734 | 217 | 47,373 |
| Total Preserved Capital | 163,061 | 2,218 | 217 | 165,496 |

The Provost and Fellows resolved to transfer its Watermen's Fund to the Royal Benevolent and Educational Fund for Watermen and Lighter men where the funds could be better applied by a charity established for the specific beneficiaries. The College transferred a total of £54k: £12k preserved capital, £33k total unapplied return and £9k restricted income to this charity.

| | Total Unapplied Return 1 Sept 2018 £'000 | Investment Income £'000 | Investment Costs £'000 | Investment Gains £'000 | Transfers £'000 | Unapplied total return applied to income £'000 | Total Unapplied return 31 August 2019 £'000 |
|-------------------------------|---|-------------------------------|------------------------------|------------------------------|--------------------|---|--|
| Permanent Endowment | | | | | | | |
| Improvement Fund | 63,490 | 4,994 | (1,736) | 9,712 | - | (4,950) | 71,510 |
| Trusts | 7,621 | 368 | (99) | 434 | - | (283) | 8,041 |
| Head Master's Fund | 21,325 | 1,025 | (274) | 1,298 | - | (789) | 22,585 |
| Sub total | 92,436 | 6,387 | (2,109) | 11,444 | - | (6,022) | 102,136 |
| Expendable Endowment | | | | | | | |
| Farrer | 22,641 | 1,741 | (466) | 2,203 | - | (1,339) | 24,780 |
| New Foundation | 13,945 | 1,483 | (397) | 1,878 | - | (1,115) | 15,794 |
| Sub total | 36,586 | 3,224 | (863) | 4,081 | - | (2,454) | 40,574 |
| Total Unapplied Return | 129,022 | 9,611 | (2,972) | 15,525 | - | (8,476) | 142,710 |

The College has adopted a duly authorised total return approach for all of the funds invested in the Eton College Common Investment Fund. The amount of return applied as income is calculated as 3.5% of the average of the last five years' year-end valuations of investments less £70m private placement proceeds. The Total unapplied return represents the amount available for spending, at the P&F's discretion, over and above the 3.5% applied income.

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

16 PENSION SCHEMES

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £2,286k (2018: £2,129k) and at the year-end £186k (2018: £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament. The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions. On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Eton (1972) Defined Benefit Scheme

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

The employer's contributions, which were at the annual rate of 18.8% (2018: 18.8%), amounted to £595k (2018: £620k). In addition, contributions to repay the deficit of £450k (2018: £450k) were made. The College also paid contributions

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

amounting to £318k to cover outgoings in the Scheme. The number of active members as at 31 August 2016 was 129 (2013: 167). The employees' contribution rate has been 8.0% since 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 5.0%, and those relating to membership prior to April 1997 must be increased by CPI, subject to a maximum of 3.0%. The increases for benefits derived from membership prior to April 1997 apply to both the GMP (Guaranteed Minimum Pension) and any portion in excess of the GMP.

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

| | 2019 | 2018 |
|---|-------|-------|
| 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 | 1.90% | 2.80% |
| RPI inflation assumption | 3.50% | 3.50% |
| CPI inflation assumption | 2.70% | 2.70% |
| Revaluation in deferment | 2.70% | 2.70% |
| Expected rate of salary increases | 2.50% | 3.50% |
| Expected return on assets at beginning of year* | 2.80% | 2.60% |

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

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

Mortality assumptions have been made on the basis of SAPS ("S2NA") normal year of birth tables with CMI 2016 projections and a long-term rate of improvement of 1.5% pa (2018: SAPS ("S2NA") normal year of birth tables with CMI 2016 projections and a long-term rate of improvement of 1.5% pa).

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

| Life expectancy at age 65 | 31 August 2019 | 31 August 2018 |
|---------------------------|----------------|----------------|
| Male currently aged 45 | 89 | 89 |
| Female currently aged 45 | 91 | 91 |
| Male currently aged 65 | 87 | 87 |
| Female currently aged 65 | 89 | 89 |

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 4.0% |
| Rate of inflation | Increase by 0.25% | Increase by 4.1% |
| Discount rate | Increase by 0.25% | Decrease by 4.7% |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

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

| Amounts charged to net incoming resources: | Eton (1972) Scheme 31 August 2019 £'000 | Eton (1972) Scheme 31 August 2018 £'000 |
|--|---|---|
| Current service cost | 1,116 | 1,247 |
| Interest on liabilities | 1,756 | 1,670 |
| Interest on assets | (1,121) | (1,048) |
| Past service cost | 153 | - |
| Total charged to net incoming resources | 1,904 | 1,869 |
| Remeasurements over the year: | Eton (1972) Scheme 31 August 2019 £'000 | Eton (1972) Scheme 31 August 2018 £'000 |
| Loss (gain) on scheme assets in excess of interest | 455 | 1,240 |
| Losses (gains) from changes to financial assumptions | 11,594 | (3,049) |
| Total remeasurements | 12,049 | (1,809) |

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

| Amounts recognised in the Balance Sheet: | Eton (1972) Scheme 31 August 2019 £'000 | Eton (1972) Scheme 31 August 2018 £'000 |
|--|---|---|
| Present value of funded obligations | (76,605) | (63,411) |
| Fair value of assets | 40,676 | 40,072 |
| Surplus / (deficit) | (35,929) | (23,339) |
| Net defined benefit liability* | (35,929) | (23,339) |

*Net defined benefit liability shown prior to deferred taxation

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

| | Eton (1972) Scheme 31 August 2019 £'000 | Eton (1972) Scheme 31 August 2018 £'000 |
|-----------------------------------|---|---|
| Liabilities at 1 September | (63,411) | (64,888) |
| Current service cost | (1,116) | (1,247) |
| Employee contributions | (254) | (264) |
| Past service costs | (153) | - |
| Interest costs | (1,756) | (1,670) |
| Benefits paid | 1,679 | 1,609 |
| Changes to financial assumptions | (11,594) | 3,049 |
| Liabilities at 31 August | (76,605) | (63,411) |

Eton College

Notes to the Financial Statements (continued)

For the year ended 31 August 2019

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

| | Eton (1972) Scheme 31 August 2019 £'000 | Eton (1972) Scheme 31 August 2018 £'000 |
|-------------------------------------|---|---|
| Assets at 1 September | 40,072 | 40,339 |
| Interest on assets | 1,121 | 1,048 |
| Employer contributions | 1,363 | 1,270 |
| Employee contributions | 254 | 264 |
| Benefits paid | (1,679) | (1,609) |
| Return on plan assets less interest | (455) | (1,240) |
| Assets at 31 August | 40,676 | 40,072 |

Eton (1972) Scheme assets

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

| | Value at 31 August 2019 £'000 | Value at 31 August 2018 £'000 |
|--|-------------------------------------|-------------------------------------|
| Target Return Funds | 39,978 | 39,303 |
| Cash | 208 | 219 |
| Insured annuities | 490 | 550 |
| Total fair value of assets | 40,676 | 40,072 |
| Present value of Eton (1972) Scheme funded obligations | (76,605) | (63,411) |
| Deficit in the Eton (1972) Scheme | (35,929) | (23,339) |
| Related deferred tax liability | - | - |
| Net Eton (1972) Scheme pension liability | (35,929) | (23,339) |

The major categories of assets as a percentage of total assets during the year were Target Return Funds with Threadneedle (47%) and Pyrford (51%) that are invested in a range of asset classes, with the balance (2%) being held in cash and insured annuities. The actual return on the Scheme's assets over the period to the Review Date was a gain of £679k.

The actuarial value of the scheme's assets as at 31 August 2016 represented 92% of the benefits that had accrued to members, after allowing for future expected increases in earnings, corresponding to a deficit of £3,442k (after allowing for the insured pensions valued at £627k). £1.35m of deficit reducing contributions were paid into the Scheme by the College in June 2017. Additional contributions of £450k pa over 4 years and 7 months are due from 1 September 2017. Expenses and death-in-service premiums have been met by the College since 31 August 2014.

Eton College Group Personal Pension Scheme

The College operates a Group Personal Pension Scheme which is open to non-teaching staff who began their employment after 2006. Contributions to this scheme totalled £1,037k (2018: £892k) during the year. An amount of £89k was accrued at the year-end (2018: £78k).

EtonX Group Personal Pension Scheme

Contributions totalling £24k (2018: £13k) were made to the EtonX Group Personal Pension Plan. An amount of £2k was accrued at the year-end (2018: £2k).

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

17 OTHER RETIREMENT PROVISIONS

| | Consolidated and Eton College | |
|-----------------------------|-------------------------------|-------|
| | 2019 | 2018 |
| | £'000 | £'000 |
| Other retirement provisions | 4,030 | 4,278 |

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 intended that any further such pensions will be awarded. Eton College holds £15,001k (2018: £14,104k) in Eton College Common Investment Fund to cover these liabilities and to contribute to any shortfall in the 1972 defined benefit scheme.

18 FINANCIAL INSTRUMENTS

| | Note | Consolidated | | Eton College | |
|--|------|--------------|----------|--------------|----------|
| | | 2019 | 2018 | 2019 | 2018 |
| | | £'000 | £'000 | £'000 | £'000 |
| Financial assets measured at amortised cost | (a) | 47,505 | 30,415 | 47,169 | 30,889 |
| Financial assets measured at fair value | (b) | 363,408 | 350,111 | 363,408 | 350,111 |
| Financial liabilities measured at amortised cost | (c) | (93,690) | (50,311) | (93,609) | (50,161) |
| | | 317,223 | 330,215 | 316,968 | 330,839 |

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

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

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

Impairment losses charged to financial assets in the year amounted to £168k (2018: £165k).

19 COMMITMENTS

Costs contracted for but not provided for as at 31 August 2019 in respect of capital improvements and developments amounted to £5.3m (2018: £7.2m).

20 LEASES

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

| | 2019 | 2018 |
|------------------------------------|--------|--------|
| | £'000 | £'000 |
| Receivable in less than 1 year | 2,687 | 1,904 |
| Receivable between 1 and 5 years | 6,141 | 4,768 |
| Receivable in greater than 5 years | 10,940 | 9,551 |
| | 19,768 | 16,223 |

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

21 RELATED PARTY TRANSACTIONS

Details of the remuneration of and expenses paid to related parties (i.e. the Provost and Fellows and Key Management Personnel) are included in the penultimate paragraph of note 6, and details of subsidiaries are detailed in note 4.

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

22 POST BALANCE SHEET EVENTS

The College received a further £20m Private Placement on 1 November 2019 completing £40m Private Placement taken out to part fund the new sports facilities. The loan is unsecured and repayable in 10 equal amounts from 2049. The interest rate is 2.63% p.a.

Since 31 August 2019, the College has obtained formal planning permission and commenced the build of an indoor swimming pool and sports hall. The College is committed to this build at an expected further cost to completion of £25m.

Eton College
Notes to the Financial Statements (continued)
For the year ended 31 August 2019

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

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

