

The Old Etonian Trust

(Limited by guarantee)

Council's Report and Financial Statements

For the year ended 31 December 2021

Registered Company Number 359518

Registered Charity Number 1151597

The Old Etonian Trust

(Limited by guarantee)

Council's report

Constitution

The Old Etonian Trust is a charitable company limited by guarantee which was incorporated on 24 February 1940, its company registration number being 359518. It is governed by memorandum and articles of association, which were updated during 2018 to reflect an update the objects. The principal objects are the advancement of education and the furtherance of charitable objects connected with Eton College. It acts as custodian of certain charitable trusts connected with Eton, of which the most important are the Hornby Steer Fund and the War Memorial Bursary Fund.

During 2018, the assets and liabilities of The Henry VI Charity, which totalled £6.2 million, were transferred to The Old Etonian Trust. A separate unrestricted fund, the Henry VI fund, has been created and is used for the provision of bursaries to support education outside the maintained sector. This also resulted in the Hornby Steer Fund being classified as restricted. These trusts are reported on below.

The Members of the Council confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objects and in planning future activities and setting policy for the year.

The day to day management of the charity is largely carried out by the Secretary, who is responsible for managing the accounts and bursary awards. The Council makes the key decisions on investment policy and the funding available for bursaries. The Charity does not carry out any significant fundraising activities and does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of any fundraising activities.

Fund accounting

Unrestricted funds are general funds that are available for use at the discretion of the Council in furtherance of the objectives of the charity. Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Reserves policy

The Council has reviewed the Charity's need for reserves in line with the guidance issued by the Charity Commission. The intention is to distribute income fully each year together with an element of capital growth, with the balance of capital growth retained in the fund to accommodate future increases in school fees. However, this is without prejudice to the Council's discretion either to accumulate income when demand for bursaries is low or to distribute accumulated funds when demand is high. Total funds were £17.6 million at 31 December 2021 of which £8.0 million was unrestricted. The Council consider this level to be reasonable given investment performance and the current demand for bursaries. The Council aims to maintain cash balances to cover at least one year of forward bursary commitments.

Investment policy

The Investment Committee meets three times during each year to provide advice and guidance to the Council on investment policy. Investment decisions are based on the performance of those funds, which is monitored on a regular basis with at least quarterly valuations.

The Council's policy is to maximise the return on investments for an acceptable level of risk that is commensurate with achieving a specified level of income. The investment objective is to achieve a balance between capital growth and a steady, growing level of income from a multi asset portfolio, predominantly investing in equities and bonds.

The Old Etonian Trust

(Limited by guarantee)

Trustees (“members of the Council”)

AGR Windham CVO (Chairman)

Lord Bridges KCVO

Dr ALH Gailey CVO (resigned 7 July 2020)

PAD Inkin

RB Landman

RDO Macleay

PJ McKee (appointed 7 July 2020)

CJ Robarts (Secretary)

Lord Suffield

Lord Waldegrave of North Hill

Principal address

The Old Vicarage

Great Hormead

Buntingford

Hertfordshire

SG9 0NT

List of advisers

Bankers

Coutts & Co

440 Strand

London

WC2R 0QS

Solicitors

Farrer & Co LLP

66 Lincoln's Inn Fields

London

WC2A 3LH

Statutory auditors

Price Bailey LLP

Causeway House

1 Dane Street

Bishop's Stortford

Hertfordshire

CM23 3BT

The Old Etonian Trust

(Limited by guarantee)

Council's report

Constitution

The Old Etonian Trust is a charitable company limited by guarantee which was incorporated on 24 February 1940, its company registration number being 359518. It is governed by memorandum and articles of association, which were updated during 2018 to reflect an update the objects. The principal objects are the advancement of education and the furtherance of charitable objects connected with Eton College. It acts as custodian of certain charitable trusts connected with Eton, of which the most important are the Hornby Steer Fund and the War Memorial Bursary Fund.

During 2018, the assets and liabilities of The Henry VI Charity, which totalled £6.2 million, were transferred to The Old Etonian Trust. A separate unrestricted fund, the Henry VI fund, has been created and is used for the provision of bursaries to support education outside the maintained sector. This also resulted in the Hornby Steer Fund being classified as restricted. These trusts are reported on below.

The Members of the Council confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objects and in planning future activities and setting policy for the year.

The day to day management of the charity is largely carried out by the Secretary, who is responsible for managing the accounts and bursary awards. The Council makes the key decisions on investment policy and the funding available for bursaries. The Charity does not carry out any significant fundraising activities and does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year, no complaints or issues have arisen as a result of any fundraising activities.

Fund accounting

Unrestricted funds are general funds that are available for use at the discretion of the Council in furtherance of the objectives of the charity. Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Reserves policy

The Council has reviewed the Charity's need for reserves in line with the guidance issued by the Charity Commission. The intention is to distribute income fully each year together with an element of capital growth, with the balance of capital growth retained in the fund to accommodate future increases in school fees. However, this is without prejudice to the Council's discretion either to accumulate income when demand for bursaries is low or to distribute accumulated funds when demand is high. Total funds were £17.6 million at 31 December 2021 of which £8.0 million was unrestricted. The Council consider this level to be reasonable given investment performance and the current demand for bursaries. The Council aims to maintain cash balances to cover at least one year of forward bursary commitments.

Investment policy

The Investment Committee meets three times during each year to provide advice and guidance to the Council on investment policy. Investment decisions are based on the performance of those funds, which is monitored on a regular basis with at least quarterly valuations.

The Council's policy is to maximise the return on investments for an acceptable level of risk that is commensurate with achieving a specified level of income. The investment objective is to achieve a balance between capital growth and a steady, growing level of income from a multi asset portfolio, predominantly investing in equities and bonds.

The Old Etonian Trust

(Limited by guarantee)

The aim of the portfolio is to generate sustainable income, growing at least in line with school fees inflation, as far as possible. The Council aims for annual expenditure that is based on investment income consistent with the MSCI World index together with an allowance for capital growth. Investments are in authorised funds giving a wide spread of securities managed by highly reputable financial institutions.

The Charity continues to hold £0.8 million in cash, which is expected to enable it to maintain the current level of bursaries over the next few years.

During 2021, there have been net gains on investments of £2.8 million (2020: *net loss* £28,455), which is an increase of 18% reflecting an increase in stock market values during 2021. The total return on the investment portfolio was 20% (2020: *net gain* 1.8%). The Investment Committee monitors performance of the portfolio compared to benchmark indices. The MSCI World Index (gross return) increased by 23%, while the FTSE 100 Total Return Index increased by 18% during 2021.

Grant making

The Council agrees the maximum amount of funds available for bursary awards each year. Applications for bursaries are considered by the Bursary Committee at Eton. Awards are assessed on grounds of financial need and the perceived quality of the applicant and are reviewed regularly, being liable to withdrawal should circumstances change. Awards are approved by the Chairman and the Secretary. Awards are paid directly to the school. Travel bursaries are considered by a separate committee at Eton and are subsequently approved by the Chairman and the Secretary while other specific grants are decided by the Council.

Risk assessment

The Council has reviewed the major risks associated with the Charity and is satisfied that systems are in place to mitigate those risks. It has identified the following key risks:

- Misuse of the trust funds by recipients. The Council seeks to limit exposure through funding policies, the Charity does not provide funding to educational institutes based outside the UK and does not make payments direct to an individual;
- A decline in investment performance resulting in income being insufficient to meet demand for bursaries or to meet existing commitments. The Council seeks to mitigate this by investing in a spread of authorised funds giving a spread of securities, with performance being monitored on a regular basis;
- Significant school fee inflation could limit the Charity's ability to meet demand. The Charity could use capital to meet higher demand but this will impact the level of funding that can be provided in the long term. The level of bursary commitments is based on forecasts of future income and is monitored closely;
- Fraud, principally the misappropriation of cash or investments. Two signatures are required on all cash transactions over £500, schedules of commitments are cross-checked with Eton, and investment changes also require two signatures;
- Political action against private education. If this were sufficiently significant, Council would need to review uses for its funds consistent with the terms of the Trust Deed.

Future plans

The Council aims to continue the advancement of education and the furtherance of charitable objects connected with Eton College based on the returns achieved on the Charity's investments.

The Old Etonian Trust

(Limited by guarantee)

Council members and employees

Under the terms of the Trust Deed, the power of appointing new Members of the Council is vested in the existing Members of the Council. There are no employees of the Trust and Members of the Council receive no remuneration for their services.

Andrew Gailey resigned and Peter McKee was appointed as a Member of the Council at the Annual General Meeting on 6th July 2020.

Under the articles of association, the governing body of Eton College, which receives bursaries from The Old Etonian Trust, has the right to nominate two members of the Council. It has nominated Lord Waldegrave and Mr McKee, who are the Provost and Vice Provost of the governing body.

Policies for the induction and training of Council members

The Council members have been in post for a number of years and new Council members are appointed infrequently. When new members are appointed, they are provided with a copy of the Articles of Association and are briefed on the aims and objectives of the trust and directed to the Charity Commission guidance to ensure they understood the roles and responsibilities of a trustee.

War Memorial Bursary Fund

The War Memorial Bursary Fund has awarded bursaries to the sons or grandsons of Old Etonians whose parents would not otherwise be able to afford the Eton fees. During the process for registration as a charity, The Charity Commission required this restriction to be removed as it considered it did not represent a public class. The fund is now used to provide bursaries to boys in general at Eton. Nine bursaries were in operation during the year costing £142,851 (2020: 7 costing £139,782) with a total commitment at the year-end of £724,244 (2020: £668,241). The value of the fund at the year-end was £5.9 million (2020: £4.9 million).

General Fund

The General Fund is solely used to administer the Charity's investments and bank accounts.

CJ Rowlatt Legacy Fund

The CJ Rowlatt Legacy Fund provides for the improvement and upkeep of Luxmoore's Garden and other College gardens. In 2021 an amount of £1,700 was allocated from the fund, which includes a donation of £1,000 from the Swire Charitable Trust, towards the upkeep of Luxmoore's Garden (2020: £1,700). The value of the fund at the year-end was £31k (2020: £26k).

HK Marsden Memorial Fund

This fund has been built up from donations and provides travel grants to boys at Eton. No travel bursaries were awarded, and one previous award was cancelled, resulting in a repayment of £230 during the year (2020: 4 costing £500). The value of the fund at the year-end was £264k (2020: £222).

Hornby Steer Legacy Fund

This fund was created in 1994 with a legacy from William Hornby Steer amounting to £1.6 million. The fund was formed for the advancement of education and the furtherance of charitable objects connected with Eton College. The Council allocated £800,000 of the fund to Eton College to assist with the rebuilding of the Drawing Schools. The remainder of the Fund is currently being used to provide bursaries. Five bursaries were in operation during the year costing £58,724 (2020: 4 costing £59,977) with a total commitment at the year end of

The Old Etonian Trust

(Limited by guarantee)

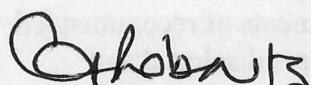
£280,609 (2020: £259,015). The value of the fund at the year-end was £3.4 million (2020: £2.9 million).

Henry VI Fund

This fund was created in 2018 following the transfer from The Henry VI Charity of net assets totalling £6.2 million. The Henry VI Charity was established in 1973 as a general educational charity whose purposes include the provision of bursaries to schools outside the maintained sector. The Henry VI Fund will continue to be used for the same purposes. Nine bursaries were in operation during the year costing £189,831 (2020: 8 costing £183,290) with a total commitment at the year end of £540,160 (2020: £792,068). The value of the fund at the year-end was £8.0 million (2020: £6.6 million).

In preparing this report, the Council has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the Council



C J Robarts (Secretary)

5th July 2022

The Old Etonian Trust

(Limited by guarantee)

Statement of responsibilities of the Members of the Council

The Members of the Council (who are also directors of The Old Etonian Trust for the purposes of company law) are responsible for preparing the Council's report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Members of the Council to prepare financial statements for each financial year. Under company law, the Members of the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Members of the Council are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards and statements of recommended practice 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 operation.

The Members of the Council are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the Members of the Council are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Members of the Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Old Etonian Trust

(Limited by guarantee)

Independent Auditors' Report to the members of The Old Etonian Trust

Opinion

We have audited the financial statements of The Old Etonian Trust (the 'charitable company') for the year ended 31 December 2021 which comprises the Statement of Financial Activities, the balance sheet, Statement of cash flows 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 charitable company's affairs as at 31 December 2021 and of its 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 Companies Act 2006.

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 charitable company 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

The Old Etonian Trust

(Limited by guarantee)

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management around actual and potential litigation and claims, and any known instances of non-compliance was performed, with no instances found;
- reviewing minutes of meeting of those charged with governance found no instance of irregularities or fraud;
- performing audit work over the risk of management override and controls, such as reviewing journal entries and reviewing investment valuation. This found no indication of irregularities or fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

H. Wilkinson

Helena Wilkinson (Senior Statutory Auditor)
For and on behalf of Price Bailey LLP, Statutory Auditor
Causeway House, 1 Dane Street, Bishop's Stortford, Hertfordshire, CM23 3BT

8 August 2022

The Old Etonian Trust

(Limited by guarantee)

Statement of Financial Activities (including summary income and expenditure account)

for the year ended 31 December 2021

	Note	2021 Restricted £	2021 Unrestricted £	2021 Total £	2020 Total £
Income and endowments from:					
Legacies received		-	-	-	5,000
Donations received		1,013	-	1,013	1,013
Investments:					
Investment income	8	181,833	148,651	330,484	391,045
Interest receivable		13	11	24	417
Total income	5	182,859	148,662	331,521	397,475
Total expenditure:					
Bursaries awarded	10	(147,605)	80,102	(67,503)	(764,783)
Unwinding of bursary discount	10	(19,331)	(15,192)	(34,523)	(24,486)
Grants to Eton		(1,700)	-	(1,700)	(1,700)
Support costs: investment management fees		(12,970)	(10,603)	(23,573)	(45,685)
Support costs: other	4	(3,899)	(3,189)	(7,088)	(6,850)
Total expenditure		(185,505)	51,118	(134,387)	(843,504)
Net (expenditure) / income before gains and losses on investments		(2,646)	199,780	197,134	(446,029)
Net gains / (losses) on investments	5	1,525,439	1,247,079	2,772,518	(28,455)
Net income / (expenditure) for the year being net movement in funds		1,522,793	1,446,859	2,969,652	(474,484)
Total Fund balances brought forward	11	8,025,758	6,575,044	14,600,802	15,075,286
Total Fund balances carried forward		9,548,551	8,021,903	17,570,454	14,600,802

The income and resulting net movement in funds arise from continuing operations.

The charitable company has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 13 to 22 form part of these financial statements.

The Old Etonian Trust

(Limited by guarantee)

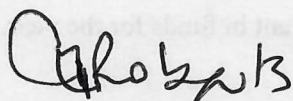
Balance sheet

at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments at market value	7	18,246,975	15,143,659
Current assets			
Cash at bank		817,760	1,238,671
Creditors: amounts falling due within one year	9	<u>(449,925)</u>	<u>(415,837)</u>
Net current assets / liabilities		<u>367,835</u>	<u>822,834</u>
Total assets less current liabilities		18,614,810	15,966,493
Creditors: amounts falling due after more than one year	9	<u>(1,044,356)</u>	<u>(1,365,691)</u>
Net assets		<u>17,570,454</u>	<u>14,600,802</u>
Funds			
Restricted	5	9,548,551	8,025,758
Unrestricted	5	<u>8,021,903</u>	<u>6,575,044</u>
		<u>17,570,454</u>	<u>14,600,802</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Signed on behalf of the Council who approved the accounts on 5th July 2022.



C J Robarts

Secretary

(Company registration number 359518)

The notes on pages 13 to 22 form part of these Financial Statements.

The Old Etonian Trust
(Limited by guarantee)

Statement of cash flows
for the year ended 31 December 2021

	Note	2021	2020 £
Cash flows from operating activities			
Net surplus / (deficit) for the financial period		197,134	(446,029)
Adjustments for:			
Increase / decrease in creditors	9	(287,247)	407,220
Decrease / Increase in debtors		-	500
Net cash (used by) / generated from operating activities		<u>(90,113)</u>	<u>(38,309)</u>
Cash flows from investment activities	7		
Purchase of investments		(2,813,105)	-
Sale of investments		2,482,307	801,188
Net cash from investment activities		<u>(330,798)</u>	<u>801,188</u>
Net increase in cash and cash equivalents		<u>(420,911)</u>	<u>762,879</u>
Cash and cash equivalents at the start of the year		1,238,671	475,792
Cash and cash equivalents at the end of the year		<u>817,760</u>	<u>1,238,671</u>
Cash and cash equivalents at the end of the period comprise:			
Cash at bank		<u>817,760</u>	<u>1,238,671</u>

The notes on pages 13 to 22 form part of these financial statements.

The Old Etonian Trust

(Limited by guarantee)

Notes *(forming part of the financial statements)*

- 1** The Old Etonian Trust is a charitable company limited by guarantee. The individual liability of the company's ten members, comprising all the Council Members, is limited to £1. For Companies Act purposes the Council Members are directors of the company.

2 ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or sub sectors. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with the gains and losses on revaluation of these investments each year.

The Council considers there remains a risk that the value of investments together with investment income will continue to be volatile as a result of the Covid-19 pandemic. While the committed bursaries may not be fully funded by future investment income, the Charity increased its cash holdings in 2020 through the sale of investments to provide immediate liquidity for funding future commitments. In addition, the investment assets are still very substantially larger than those commitments. The Trustees will continue to review the level of future commitments in the light of the ongoing impact on the investment portfolio and the expected income. As a result, the Trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

(b) Income

All income is included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received. For legacies, entitlement is taken on a case by case basis as the earlier of the date on which the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. If the legacy is in the form of an asset other than cash or an asset listed on a recognised stock

The Old Etonian Trust

(Limited by guarantee)

exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset has passed to the charity. Where legacies have been notified or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

(c) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The charity is not registered for VAT and irrecoverable VAT is charged against the expenditure heading for which it was incurred. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the heading of "Total expenditure", which includes grants made, governance costs and an apportionment of support costs.

Grants and bursaries payable to third parties are within the charitable objectives. Bursaries and grants payable are charged to expenditure in the year in which they are awarded and notified to the recipient, on the basis that they constitute a constructive obligation to the Charity. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance, the grant is only accrued when any unfulfilled conditions are outside the control of the charity.

(d) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligator can be measured as estimated reliability. Creditors are recognised at their settlement amount. Long term creditors, being bursaries are discounted using the investment return to the charity as discount factor.

(e) Investment Fixed Assets

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted bid price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The Trust does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. Investment income, gains and losses are allocated to the appropriate fund.

Realised investment gains and losses are calculated as the difference between the market value at the date of sale and the original cost of the investment. Unrealised investment gains and losses are calculated as the

The Old Etonian Trust

(Limited by guarantee)

difference between the market value at 31 December 2021 and the market value at 31 December 2020, or the value on date of purchase if later. Unrealised gains and losses are adjusted for any previously unrealised gains or losses that are realised during the year.

Investments are held in single overall 'unitised' holding within the General Fund, with each fund's holding of the investment portfolio included in its interfund account. The value in each fund is updated annually based on each fund's share of the overall value of investments portfolio.

(f) Funds

Unrestricted funds are funds given for no particular purpose or projects, to be spent as Trustees decide, whereas restricted funds represent funds given for a particular purpose.

All covenanted income and donations are applied to the accumulated fund via the capital account. Bursaries may continue to be paid in the future out of the income from the accumulated fund, without the need for further fund raising. These payments do not prejudice the Trustees' discretion to spend the accumulated fund for the objects of the Charity.

(g) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value (being their cost) with the exception of investments which are measured at market value. The historical cost of investments and the unrealised gain is disclosed in note 7.

3 EXPENSES

The charity made a contribution to the Secretary, who is a Member of the Council, of £500 (2020: £500) towards expenses incurred, as permitted by the Articles of Association. Members of the Council receive no remuneration for their services and have not been reimbursed for any expenses (2020: £nil).

4 SUPPORT COSTS: OTHER

	2021	2020
	£	£
Audit fees	6,100	5,860
Bank charges	488	490
Contribution to secretary expenses	500	500
	<u>7,088</u>	<u>6,850</u>

The Old Etonian Trust
(Limited by guarantee)

5 STATEMENT OF FUNDS

	Restricted				Unrestricted			
	Rowlatt Fund	War Memorial Bursary Fund	HK Marsden Memorial Fund	Hornby Steer Fund	Total restricted funds	General Fund (Other)	Henry VI Fund	Total unrestricted funds
Net assets at 1 January 2021	£ 26,124	£ 4,887,538	£ 222,314	£ 2,889,782	£ 8,025,758	-	£ 6,575,044	£ 14,600,802
Income	1,562	113,245	4,495	63,557	182,859	-	148,662	331,521
Expenditure	(1,752)	(97,352)	(187)	(86,214)	(185,505)	-	51,118	(134,387)
Investment gains / (losses)	4,713	949,865	37,706	533,155	1,525,439	-	1,247,079	2,772,518
Net assets at 31 December 2021	30,647	5,853,296	264,328	3,400,280	9,548,551	-	8,021,903	17,570,454

The purpose of each fund is described in the Council's report on page 3 to 5.

	Restricted				Unrestricted			
	Rowlatt Fund	War Memorial Bursary Fund	HK Marsden Memorial Fund	Hornby Steer Fund	Total restricted funds	General Fund (Other)	Henry VI Fund	Total unrestricted funds
Net assets at 1 January 2020	£ 26,296	£ 5,144,284	£ 218,684	£ 2,947,155	£ 8,336,419	20,310	£ 6,718,557	£ 15,075,286
Income	1,666	134,402	5,207	74,965	216,240	-	181,235	397,475
Expenditure	(1,790)	(401,689)	(1,199)	(126,889)	(531,567)	-	(311,937)	(843,504)
Transfer between funds	-	20,310	-	-	20,310	(20,310)	-	-
Investment gains / (losses)	(48)	(9,769)	(378)	(5,449)	(15,644)	-	(12,811)	(28,455)
Net assets at 31 December 2020	26,124	4,887,538	222,314	2,889,782	8,025,758	-	6,575,044	14,600,802

The Old Etonian Trust
(Limited by guarantee)

6 ANALYSIS OF NET ASSETS

	Restricted			Unrestricted		
	War Memorial Bursary Fund	HK Marsden Memorial Fund	Hornby Steer Fund	Total restricted funds	General Fund	Henry VI unrestricted funds
Rowlatt Fund	£	£	£	£	£	£
At 31 December 2021						
Investments	-	-	-	-	18,246,975	-
Current assets	-	-	-	-	817,760	-
Current liabilities	-	(164,997)	(270)	(263,807)	(5,001)	(181,117)
Interfund balances	30,647	6,521,537	264,598	10,497,671	(19,059,734)	8,562,063
Long term liabilities	-	(503,244)	-	(685,313)	-	(359,043)
Total net assets	30,647	5,853,296	264,328	9,548,551	-	8,021,903
						17,570,454

	Restricted			Unrestricted		
	War Memorial Bursary Fund	HK Marsden Memorial Fund	Hornby Steer Fund	Total restricted funds	General Fund	Henry VI unrestricted funds
Rowlatt Fund	£	£	£	£	£	£
At 31 December 2020						
Investments	-	-	-	-	15,143,659	-
Current assets	-	-	-	-	1,238,671	-
Current liabilities	(1,700)	(152,985)	(500)	(213,307)	(4,001)	(198,529)
Interfund balances	27,824	5,611,782	222,814	9,011,217	(16,378,329)	7,367,112
Long term liabilities	-	(571,259)	-	(772,152)	-	(593,539)
Total net assets	26,124	4,887,538	222,314	8,025,758	-	6,575,044
						14,600,802

The Old Etonian Trust

(Limited by guarantee)

7 LISTED INVESTMENTS

	2021	2020
	£	£
AVI Global Trust (formerly British Empire Trust)	1,141,510	930,510
Ashoka India Equity Investment Trust	657,025	-
CG Portfolio Fund	1,156,680	833,292
Caledonia Investments	1,041,920	737,280
Diverse Income Trust	554,953	244,406
Edinburgh Investment Trust	1,247,271	1,084,411
Evenlode Global Income F	1,092,362	905,158
Fundsmith LLP Equity T Inc NAV	1,234,750	1,013,283
Herald Investment Trust	-	418,693
Heronbridge	1,911,321	1,533,134
Law Debenture Corp	1,013,931	875,610
Miton Global Opportunities	609,365	251,065
Miton UK Microcap Trust	492,250	-
Personal Assets Trust	1,890,030	1,707,428
Rothschild Investment Trust	2,018,775	1,515,916
Sarasin Endowments	1,127,331	1,771,361
Schroder Asian Total Return	521,180	-
Troy Income & Growth Trust	-	1,322,112
Veritas Finds Asian Sterling D	536,321	-
	18,246,975	15,143,659
Historical cost	12,744,785	12,742,697
Excess of market value over historical cost	5,502,190	2,400,962

The movements in listed investments may be summarised as follows:

	2021	2020
	£	£
Market value at 1 January	15,143,659	15,973,302
Sales during the year	(2,482,307)	(801,188)
Purchases during the year	2,813,105	-
Net gains/(losses) during the year	2,772,518	(28,455)
Market value at 31 December	18,246,975	15,143,659
Cost at 31 December	12,744,785	12,742,697

All investments are carried at their fair value

The Old Etonian Trust
(Limited by guarantee)

8. INVESTMENT INCOME

	2021	2020
	£	£
Dividends - equities	<u>330,484</u>	<u>391,045</u>

9. CREDITORS

	2021	2020
	£	£
Amounts falling due within one year		
Bursaries and grants awarded (note 10)	444,924	410,136
Audit fee	5,000	4,000
Rowlatt income due to Eton	-	1,700
Amount due to The Henry VI Charity	1	1
	<u>449,925</u>	<u>415,837</u>
Amounts falling due after more than one year		
Bursaries and grants awarded (note 10)	<u>1,044,356</u>	<u>1,365,691</u>

The Old Etonian Trust
(Limited by guarantee)

10. BURSARIES AND GRANTS AWARDED – CURRENT YEAR

	War Memorial Bursary Fund £	H K Marsden Fund £	Hornby Steer Fund £	Henry VI Fund £	2021 Total £
Bursaries awarded during the year	71,153	(230)	76,101	17,078	164,102
Bursaries withdrawn during the year	-	-	-	(104,583)	(104,583)
Discount of new bursaries	1,548	-	(967)	7,403	7,984
Net bursaries awarded during the year	72,701	(230)	75,134	(80,102)	67,503
Unwinding of discount	14,147	-	5,184	15,192	34,523
Bursaries paid during the year	(142,851)	-	(58,724)	(186,998)	(388,573)
Net increase / (decrease) during year in bursaries awarded but not paid	(56,003)	(230)	21,594	(251,908)	(286,547)
Bursaries awarded but not paid at 1 January	724,244	500	259,015	792,068	1,775,827
Bursaries awarded but not paid at 31 December	668,241	270	280,609	540,160	1,489,280
Bursaries due within one year	164,997	270	98,540	181,117	444,924
Bursaries due to be paid after more than one year	503,244	-	182,069	359,043	1,044,356
Total bursaries due	668,241	270	280,609	540,160	1,489,280

Bursaries are awarded to individuals to support payment of education fees at schools outside the maintained sector. For the War Memorial Bursary Fund, no new bursaries were awarded (with some changes to existing bursaries) and there are currently six bursaries in operation. For the Hornby Steer Fund, one new bursary was awarded during the year and there are currently five bursaries in operation. For the H K Marsden Fund, no travel grants were awarded during the year. For the Henry VI Fund, no bursaries were awarded (with some changes to existing bursaries), one was withdrawn and there are currently seven bursaries in operation.

The Old Etonian Trust
(Limited by guarantee)

10. BURSARIES AND GRANTS AWARDED – PRIOR YEAR

	War Memorial Bursary Fund £	H K Marsden Fund £	Hornby Steer Fund £	Henry VI Fund £	2020 Total £
Bursaries awarded during the year	403,803	500	122,358	417,921	944,582
Bursaries withdrawn during the year	-	-	-	(119,706)	(119,706)
Discount of new bursaries	(28,625)	-	(9,009)	(22,459)	(60,093)
Net bursaries awarded during the year	375,178	500	113,349	275,756	764,783
Unwinding of discount	8,475	-	3,479	12,532	24,486
Bursaries paid during the year	(139,782)	-	(59,977)	(183,290)	(383,049)
Net increase / (decrease) during year in bursaries awarded but not paid	243,871	500	56,851	104,998	406,220
Bursaries awarded but not paid at 1 January	480,373	-	202,164	687,070	1,369,607
Bursaries awarded but not paid at 31 December	724,244	500	259,015	792,068	1,775,827
Bursaries due within one year	152,985	500	58,122	198,529	410,136
Bursaries due to be paid after more than one year	571,259	-	200,893	593,539	1,365,691
Total bursaries due	724,244	500	259,015	792,068	1,775,827

The Old Etonian Trust
(Limited by guarantee)

11. STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING SUMMARY INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 Restricted £	2020 Unrestricted £	2020 Total £	2019 Total £
Income and endowments from:					
Legacies received		-	5,000	5,000	-
Donations received		1,013	-	1,013	1,013
Investments:					
Investment income	8	214,997	176,048	391,045	351,573
Interest receivable		230	187	417	1,049
Total income	5	216,240	181,235	397,475	353,635
Total expenditure:					
Bursaries awarded	10	(489,027)	(275,756)	(764,783)	(197,892)
Unwinding of bursary discount	10	(11,954)	(12,532)	(24,486)	(40,351)
Grants to Eton		(1,700)	-	(1,700)	(1,700)
Support costs: investment management fees		(25,119)	(20,566)	(45,685)	(40,921)
Support costs: other	4	(3,767)	(3,083)	(6,850)	(6,296)
Total expenditure		(531,567)	(311,937)	(843,504)	(287,160)
Net (expenditure) / income before gains and losses on investments		(315,327)	(130,702)	(446,029)	66,475
Net gains / (losses) on investments	5	(15,644)	(12,811)	(28,455)	2,167,300
Net (expenditure) / income for the year being net movement in funds		(330,971)	(143,513)	(474,484)	2,233,775
Transfer between funds		20,310	(20,310)	-	-
Total Fund balances brought forward	11	8,336,419	6,738,867	15,075,286	12,841,511
Total Fund balances carried forward		8,025,758	6,575,044	14,600,802	15,075,286

12. RELATED PARTY TRANSACTIONS

The Charity's investments are administered by Smith & Williamson, which charged custody fees of £23,573 (2020: £45,685) that are included in the Statement of Financial Activities. A Trustee, Mr PAD Inkin, is a partner of Smith & Williamson LLP.

In addition, the Charity recognised student bursaries of £103,726 (2020: £790,969) payable to Eton College. The balance payable to Eton College at the year end was £1,489,280 (2020: £1,767,757). The Trustees Lord Waldegrave of North Hill and Mr Peter McKee are Provost and Vice-Provost of Eton College.

Other than those noted above and in note 3, no other related party transactions took place in the year ended 31 December 2021.