

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

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THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES
FOR THE YEAR ENDED 30 JUNE 2018

Trustees

Nicola Brooker
Jessica Ecott
Dr Stephen Kane, Chairman
Flavia Richardson
Dr David Wilson
Stuart Woltkamp-Moon

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY AND ADVISERS
FOR THE YEAR ENDED 30 JUNE 2018**

Charity registered number

236060

Principal office

PO Box 528
Fleet
Hampshire
GU51 9HH

Investment advisors

Foster Denovo
8 Eastcheap
London
EC3M 1AE

Independent auditors

Griffin Stone Moscrop & Co
Chartered Accountants
Statutory Auditors
21-27 Lamb's Conduit Street
London
WC1N 3GS

Bankers

Unity Trust Bank plc
9 Brindley Place
Birmingham
B1 2HB

Solicitors

Piper Smith Watton LLP
29 Great Peter Street
London
SW1P 3LW

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Trustees present their annual report together with the audited financial statements of The Eaton Fund For Artists, Nurses And Gentlewomen (the charity) for the year ended 30 June 2018. The Trustees confirm that the Annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Structure, governance and management

The Eaton Fund is a registered charity, number 236060, and it is unincorporated.

It was set up by a Charity Commission Scheme, in 1954, as a result of the Will of Miss Ellen Mary Maria Eaton, in which she bequeathed various properties, for the benefit of artists, nurses and gentlewomen. In 2005, the charity acquired an additional legacy, a property in Maida Vale, through the Will of Miss Faith Sybil Eaton. The Eaton Fund's current grants programme was made possible by the sale of the properties. The proceeds of property sales were invested in a variety of portfolios, see Note 11 for more information.

The assets of the charity are held principally to provide income to distribute in accordance with the charity's objects. The income of the charity is derived from dividends/distributions from listed investments.

Ultimate responsibility lies with the Board of Trustees who meet six times in the year to review the activities and financial position of the charity and to award new grants. All governance decisions and payments are made by the Trustees. The day-to-day work of the charity is undertaken by a Manager who is appointed by the Trustees and works closely with them.

Board of Trustees

The Trustees who served during the year were as follows:

Mrs Nicola Brooker

Ms Jessica Ecott

Dr Stephen Kane, Chairman

Mrs Flavia Richardson

Dr David Wilson

Mr Stuart Woltkamp-Moon

Policies adopted for the induction and training of Trustees

The appointment of Trustees is governed by the Scheme. Currently, the Scheme allows for six Trustees. Each Trustee is appointed for a term of five years after which they are eligible to offer themselves for re-election. The Board of Trustees is authorised to appoint new Trustees to fill vacancies arising through resignation or death of an existing Trustee.

New Trustees are appointed on the basis of the skills and experience that they can bring to the Board. The Board supports new Trustees through an induction process in which new Trustees are made aware of their responsibilities as individual Trustees and their joint responsibilities as members of the Board. The Board follows the Charity Commission's guidance in setting out these responsibilities.

The Trustees are not paid although they claim reasonable expenses. The Manager's fee is set by the Trustees and is bench-marked against similar charities.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2018

The Eaton Fund is an active member of the Association of Charitable Organisations (ACO). ACO provides the Board with advice on a range of issues affecting charities and provides a useful forum where Trustees and Managers exchange knowledge and skills with similar grant-making organisations. Trustees also attend seminars held by Fund Managers for updates on the economy and investments generally and how these developments might interest or affect the voluntary sector.

Objectives and Activities

The Eaton Fund's Scheme (1954) sets the Trustees the objective of supporting artists, nurses and women who are in need of financial assistance. The current Board of Trustees achieve this objective through a grants programme, which distributes the Eaton Fund's investment income.

The Eaton Fund benefits artists and nurses (male or female) and women, resident in the UK, who demonstrate a financial need. The Trustees consider eligible applications asking for a reasonable sum to pay for a specific item to meet an identified need, which is independently verified by a referee. The grants are one-off and should not replace statutory funding. Trustees cannot consider applications for recurring expenses such as rent, mortgage, or fuel bills, education fees or medical expenses. Trustees restrict their category of 'artist' such that it does not include performing artists.

The Trustees prioritise their decisions by looking at the applicants' degree of need and the items requested. The majority of grants are made to beneficiaries who depend on state benefits. Many cannot work, or have part-time jobs, owing to caring responsibilities, poor health or family breakdown. A further group of beneficiaries are not in full-time work because they are students. Some are in poverty in their retirement.

The Eaton Fund fulfils charitable purposes in a variety of ways including the following:

The prevention or relief of poverty

The Eaton Fund relieves poverty by helping to provide, for example, clothes, furniture, carpeting or white goods to individuals without disposable income.

The Fund also does what it can to prevent long-term poverty by, for example, paying bankruptcy or debt relief order fees for individuals who are advised on either of these courses of action by suitably qualified advisers.

The advancement of education

Grants are provided for materials such as books or equipment for educational or vocational training.

The advancement of the arts

Artists receive help to develop their work, skills and career by way of grants towards, for example, framing for an exhibition, painting materials or tools.

Relief of those in need by reason of youth, age, ill-health, disability or other disadvantage

Grants for household items can help people who have been rehoused for reasons such as domestic violence, disability and/or homelessness. Contributions to mobility aids, adaptations or house repairs may be made where there are other sources to meet the balance and where there is no overlap with statutory requirements.

Public benefit

In producing their assessment of the benefit to the public provided by the charity, the Trustees confirm that they have complied with the duty set out in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefits, Charities and Public benefit.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2018

Achievements and performance

The most striking feature of the Fund's work in the year ended 30 June 2018 was the marked increase in applications from women in hardship.

The Trustees have tried to respond fairly and effectively to the increase. This was achieved in a number of ways. The Trustees set limits on the amounts they would offer for standard items to ensure that money would be fairly distributed, although the average grant amount would be less generous. They increased the rate of response by introducing an online grant assessment process to supplement the six formal meetings they hold each year. In addition, they released £30,000 from their reserves to free up cashflow.

During the year ended 30 June 2018 the Trustees considered 965 (2017 - 704) grant applications from individuals. 832 (2017 - 622) applications were approved subject to meeting final payment condition. Subsequently, 809 (2017 - 570) individuals met all conditions, representing a 41.9% increase in the number of grants. A few grant offers were withdrawn at the applicant's request if they were no longer needed.

Key financial performance indicators

Financial Performance

Objective: To increase the capital value of the Fund's portfolio at least in line with inflation as measured by RPI, over the long term.

Measure: The absolute value of the investment rose by 2.1% over the year. This falls short of RPI of 3.4% over the same period. However, over three years, the real terms value rose by 12.6% and this is well ahead of RPI of 8.7% over the same period.

Result: Achieved over the longer 3-year period.

Objective: To generate annual income sufficient to meet grant making commitments and support costs (target for grants in 2018: £290,000 being equivalent to 3% of the invested capital at year end 30 June 2017, as set by the Trustees).

Measure: Income generated was £305,146 from investment.

Result: Normally, the annual income is sufficient to meet grant making commitments and support costs. However this year there was a planned overspend because Trustees sought to meet the needs of an increased number of applicants.

Objective: To approve grant expenditure in line with the budgeted amount of between £45,000 and £50,000 per meeting cycle, of which there are six per year.

Measure: The average commitment was £45,775 per meeting (this includes grant commitments of £1,850 as at 30 June 2018).

Result: Achieved.

Objective: To keep support costs (i.e. administration) at no more than 10% of income.

Measure: Support costs were 10% of income.

Result: Achieved.

Performance for Beneficiaries

Objective: To increase funding for beneficiaries as compared with previous year.

Measure: The number of grants to beneficiaries has increased from 570 to 809. This was achieved by reducing the average amount of grant by 1.1% to help more individuals.

Result: Achieved.

Objective: To support 'artists', 'nurses' and 'women', as defined by the Fund's guidelines.

Measure: 10% of grants supported artists, 10% of grants supported nurses, and 80% of grants supported women in need.

Result: Achieved.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2018

Objective: To respond to 95% of applicants within 2 weeks of the relevant deadline date.

Measure: 99% of applicants received a written response within this time.

Result: Achieved.

Governance and Management

Objective: To regularly review the Fund's charitable and financial performance.

Measure: 6 Trustee meetings were held with relevant advisers present.

Result: Achieved.

Financial review

The Eaton Fund is set up in perpetuity, hence the Trustees' aim is to ensure that the Fund's assets are invested prudently and profitably over the long term to balance the needs of current and future beneficiaries. The Trustees agree that they must therefore balance income and capital returns. They have set out a Statement of Investment Policy to instruct their investment managers. This policy sets the managers two benchmarks:

- (1) an income target equivalent to 3% of the value of investable assets per year, for making grants;
- (2) an increase in the capital investment of inflation (RPI) over the longer term.

The Eaton Fund's investments are with Quilter Cheviot, Sarasin & Partners LLP (Charity Income Funds) and Mayfair Capital (Property Income Trust for Charities). In the year ending 30 June 2018, the fund managers met the Trustees' income target. The charity's total investment income was £305,146 (2017 - £304,453), allowing for total grant expenditure of £272,799 (2017 - £275,788) to 809 (2017 - 570) recipients.

Income from donations was £120 (2017 - the same). Other costs such as investment management fees and support costs were £57,291 and £28,901 respectively (2017 - £55,012 and £25,617 respectively).

The Trustees remain aware that their capital investments in non-UK equities have benefited from the depreciation in sterling. This, and future unpredictable outcomes of Brexit, incline the trustees to review their investments at every meeting to ensure the Eaton Fund's financial stability.

Plans for future periods

The Eaton Fund will continue supporting artists, nurses and women in financial need. The Trustees have seen an increase in the number of eligible applications over the past year. This demonstrates the need for the current grants programme. There are no plans to materially alter the programme, although the Trustees keep the number and type of applications under review. However, the Trustees are aware that their available income is being stretched by the increase in applications. They have therefore decided to undertake an investment review. They will consider if they should use their total return policy to draw down capital to supplement the grants budget.

The Trustees have considered the possible impact of the UK's decision to leave the EU on the Eaton Fund. While the picture remains uncertain, the Board recognises that an adverse effect on the UK economy could lead to an increase in applications, a decrease in the value of its investments or a tightening in its income stream. The Board considers that it has built up sufficient cash and unapplied reserves to cope with these risks in the medium term.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 30 JUNE 2018

Risk management

The Trustees recognise that the main risk to their finances is a downturn in the financial markets. They mitigate this risk by instructing a qualified adviser to oversee their portfolio. The Trustees and their Adviser meet every two months to review the investment portfolio, including an analysis of return, risk, and asset allocation. The Adviser is instructed to maintain a diverse portfolio with a range of suitable asset classes, and to report on a quarterly and annual basis against their benchmarks. The Trustees also take heed of the Adviser's observations and suggestions for managing risks.

The Trustees are aware that investments have social, ethical and environmental dimensions. To take this into account, they prefer to invest in funds that are specifically designed for charities.

Reserves policy

The Trustees have a robust reserves policy, which is reviewed annually. They continue to work towards a rolling liquidity reserve of 12 months' running costs, to include the payment of grant awards, manager's fee, governance and administration expenses.

At year end, cash reserves were £209,499 comprising £116,105 in deposit accounts and £93,394 in a current account. The Eaton Fund also holds £284,404 as unrestricted funds within its investment portfolio. If circumstances demanded, the Trustees could use these funds to cover the shortfall in cash reserves. At present, the Trustees are happy to allow these funds to remain invested, and therefore, appreciating in value.

Total Return Investment policy

The Trustees have adopted a Total Return Investment policy since 2013. The initial value of the trust for investment was established as £7,748,618 as at 30 June 2013. This value was arrived at, with the advice of the Auditors, Griffin Stone Moscrop, following the sale of the Eaton Fund's major asset, the Maida Vale property, and the transfer of funds to the stock market. The Trustees calculate the inflation based value of the original endowment fund, factoring in the movement from June 2013 to June 2018 of £986,808, to be £8,735,426 compared to the reported value of £7,748,618. The Trustees will ensure the most up to date inflation based value is considered when any decision is taken concerning the allocation of the unapplied total return. Since 2013 the Trustees have allowed the unapplied total return to remain intact. Following the intentions set out in their Statement of Investment Policy, they have restricted their spending to the income from the investment portfolios. The Statement of Investment Policy is currently under review, thus this position on Total Return policy may change in future. For more information, see Note 1.4 and 17 within the accounts.

Trustees' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2018**

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

This report was approved by the Trustees, on 11 January 2019 and signed on their behalf by:

.....
Dr Stephen Kane
Chairman

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

Opinion

We have audited the financial statements of The Eaton Fund for Artists, Nurses and Gentlewomen (the 'charity') for the year ended 30 June 2018 set out on pages 12 to 24. The financial reporting framework that has been applied in their preparation is applicable law, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

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 Auditors' 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.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which 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 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.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

Auditors' 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 Auditors' 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 Auditors' 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 Auditors' 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 its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Griffin Stone Moscrop & Co

Chartered Accountants
Statutory Auditors

21-27 Lamb's Conduit Street
London
WC1N 3GS

Date: 16 January 2019

Griffin Stone Moscrop & Co are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income and endowments from:					
Donations and legacies	2	-	120	120	120
Investments	3	-	305,146	305,146	304,453
Total income and endowments		-	305,266	305,266	304,573
Expenditure on:					
Investment management fees	5	57,291	-	57,291	55,012
Charitable activities	6,9	-	307,625	307,625	306,964
Total expenditure	4	57,291	307,625	364,916	361,976
Net (expenditure) before investment gains		(57,291)	(2,359)	(59,650)	(57,403)
Net gains on investments (realised & unrealised)	11	213,077	-	213,077	822,575
Net income / (expenditure) before other recognised gains and losses		155,786	(2,359)	153,427	765,172
Net movement in funds		155,786	(2,359)	153,427	765,172
Reconciliation of funds:					
Total funds brought forward		9,381,987	597,503	9,979,490	9,214,318
Total funds carried forward		9,537,773	595,144	10,132,917	9,979,490

The notes on pages 14 to 24 form part of these financial statements.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

BALANCE SHEET
AS AT 30 JUNE 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Investments	11		9,822,177		9,621,251
Current assets					
Debtors	12	111,579		141,565	
Cash at bank and in hand		209,499		223,836	
		<u>321,078</u>		<u>365,401</u>	
Creditors: amounts falling due within one year	13	(10,338)		(7,162)	
Net current assets			<u>310,740</u>		<u>358,239</u>
Net assets			<u>10,132,917</u>		<u>9,979,490</u>
Charity Funds					
Endowment funds			9,537,773		9,381,987
Unrestricted funds			595,144		597,503
Total funds			<u>10,132,917</u>		<u>9,979,490</u>

The financial statements were approved by the Trustees on 11 January 2019 and signed on their behalf, by:

.....
Dr Stephen Kane
Chairman

The notes on pages 14 to 24 form part of these financial statements.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. Accounting policies

1.1 General information

The charity is constituted under a Charity Commission Scheme dated 31 December 1954 and is a UK registered charity (registration number 236060). Further information of this charity can be found on page 2 and within the Trustees' report.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. 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 UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The Eaton Fund for Artists, Nurses and Gentlewomen constitutes a public benefit entity as defined by FRS 102.

1.3 Statement of cash flows - exemption

Under the amended Charities SORP (FRS102), The Eaton Fund for Artists, Nurses and Gentlewomen (the charity) is defined as a small charity and as a result is exempt from preparing a statement of cash flows.

1.4 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Endowment funds are capital funds, originated from the two properties vested in the charity which now take the form of investments held following the subsequent sale of the properties, that must be retained for the benefit of the charity. It has been agreed that all incoming resources associated with these investments can be utilised for unrestricted purposes. During the year ended 30 June 2014 the Trustees decided to adopt the Total Return Investment policy introduced by the Charity Commission. As a result the Trustees have determined a value, based on historic financial information available to them, for the "original endowment" of £7,748,618 being the Endowment Fund value as at 30.06.13. Thereafter all movements in the Endowment Fund will be accounted for as the "unapplied total return" held within the Endowment Fund. The "unapplied total return" will be held as such until such a time as the Trustees determine that it is satisfactory to release such funds in full or in part to the Unrestricted funds to be used as income in line with the regulations. For more information please refer to Note 17.

Investment income, gains and losses are allocated to the appropriate fund.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. Accounting policies (continued)

1.5 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.7 Listed investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains on investments' in the Statement of financial activities.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. Accounting policies (continued)

1.11 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.12 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.

2. Income from donations and legacies

	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	120	120	120
Total 2017	-	120	120	

3. Investment income

	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Dividend income	-	212,268	212,268	207,570
Interest receivable	-	92,878	92,878	96,883
	-	305,146	305,146	304,453
Total 2017	-	304,453	304,453	

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

4. Analysis of Expenditure by expenditure type

	Other costs 2018 £	Total 2018 £	Total 2017 £
Investment management fees:			
Investment management costs (Note 5)	57,291	57,291	55,012
Charitable activities:			
Direct costs (grants plus management and administration- Note 6)	301,700	301,700	301,406
Expenditure on governance (Note 9)	5,925	5,925	5,558
	<u>364,916</u>	<u>364,916</u>	<u>361,976</u>
Total 2017	<u>361,976</u>	<u>361,976</u>	

5. Investment management costs

	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment management fees	57,291	-	57,291	55,012
Total 2017	<u>55,012</u>	<u>-</u>	<u>55,012</u>	

6. Analysis of direct costs

	Grants to beneficiaries 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Direct costs	272,799	28,901	301,700	301,406
Total 2017	<u>275,788</u>	<u>25,618</u>	<u>301,406</u>	

In 2018 and 2017, the total direct costs related to unrestricted funds.

Expenditure on charitable activities, as shown on the SOFA, total £307,625 (2017 - £306,964) and is made up of £301,700 (2017 - £301,406) direct costs as above and governance costs £5,925 (2017 - £5,558).

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

7. Grants to beneficiaries

	Number	2018 £	Number	2017 £
Grants to individuals	809	272,799	570	275,788

10% (2017 - 18%) of grants supported artists, 10% (2017 - 18%) of grants supported nurses, and 80% (2017 - 64%) of grants supported women in need.

8. Management and administration

	Support costs 2018 £	Support costs 2017 £
Insurance	406	406
Manager's fee	23,484	21,000
Subscriptions	1,003	963
Bank charges	358	265
Postage and stationery	2,180	2,161
Sundry expenses	-	100
Room hire	1,085	517
Travel	385	205
	28,901	25,617
Total 2017	25,617	

9. Governance costs

	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Auditors' remuneration	-	5,100	5,100	4,974
Accountancy	-	541	541	461
Trustees expenses	-	284	284	123
	-	5,925	5,925	5,558

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

10. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Auditors' remuneration - audit	5,100	4,974

During the year, no Trustees received any remuneration (2017 - the same).

During the year, no Trustees received any benefits in kind (2017 - the same).

During the year, two Trustees received reimbursement of expenses amounting to £174 (2017 - £123).

11. Fixed asset investments

	Listed investments
Market value	
At 1 July 2017	9,621,251
Additions	809,282
Disposals	(768,299)
Unrealised gain on investments	159,943
At 30 June 2018	9,822,177
Historical cost	7,742,156

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

11. Fixed asset investments (continued)

Valuation

Listed investments are included in the Balance sheet at market value.

Material investments

The Trustees consider individual holdings of listed investments with a market value at the Balance sheet date in excess of 5% of the total market value of the listed investments at that date to be material in the context of the investment portfolio. Details of the material investments are as follows:

	30 June 2018 £	30 June 2017 £
Allianz Global Investments UK 260,000 (2017 - the same) shares	486,460	480,298
Sarasin Endowments Fund class A Inc 3,587,139.35 (2017 - Alpha CIF for Endowments 3,140,807.35) income units	3,705,515	3,209,905
Sarasin Income and Reserves fund class A Inc 416,007.74 (2017 - Alpha CIF for Income and Reserves 843,122.32) income units	456,360	949,356
Mayfair Capital Property Income Trust for Charities 1,433,433.64 (2017 - the same) income units	1,283,783	1,216,125
	<u>5,932,118</u>	<u>5,855,684</u>

On 23 February 2018 Alpha CIF for Endowments and Alpha CIF for Income and Reserves merged into Sarasin Endowments Fund Class A Inc and Sarasin Income and Reserves Fund Class A Inc respectively.

12. Debtors

	2018 £	2017 £
Due within one year		
Other debtors	98,826	135,069
Prepayments and accrued income	12,753	6,496
	<u>111,579</u>	<u>141,565</u>

13. Creditors: Amounts falling due within one year

	2018 £	2017 £
Accruals	10,338	7,162
	<u>10,338</u>	<u>7,162</u>

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

14. Grant commitments

	Total 2018 £	Total 2017 £
At 30 June 2018 the charity had commitments as follows:		
Commitments in respect of grants offered subject to conditions which have not been met at the year end:		
Within one year	<u>1,850</u>	<u>4,295</u>

15. Summary of funds

Summary of funds - current year

	Balance at 1 July 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 June 2018 £
General funds	597,503	305,266	(307,625)	-	595,144
Endowment funds	9,381,987	-	(57,291)	213,077	9,537,773
	<u>9,979,490</u>	<u>305,266</u>	<u>(364,916)</u>	<u>213,077</u>	<u>10,132,917</u>

Summary of funds - prior year

	Balance at 1 July 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 30 June 2017 £
General funds	599,894	304,573	(306,964)	-	597,503
Endowment funds	8,614,424	-	(55,012)	822,575	9,381,987
	<u>9,214,318</u>	<u>304,573</u>	<u>(361,976)</u>	<u>822,575</u>	<u>9,979,490</u>

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

16. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Endowment funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Fixed asset investments	9,822,177	-	9,822,177
Current net (liabilities)/assets	(284,404)	605,482	321,078
Creditors due within one year	-	(10,338)	(10,338)
	<u>9,537,773</u>	<u>595,144</u>	<u>10,132,917</u>

Analysis of net assets between funds - prior year

	Endowment funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
Fixed asset investments	9,621,251	-	9,621,251
Current net (liabilities)/ assets	(239,264)	604,665	365,401
Creditors due within one year	-	(7,162)	(7,162)
	<u>9,381,987</u>	<u>597,503</u>	<u>9,979,490</u>

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

17. **Endowment fund and Total Return Investment Policy**

Following the introduction of 'Total Return Investment' policy by the Charity Commission the Trustees considered the merits of adopting such a policy and came to the conclusion that the charity should adopt this policy. The main benefits being greater flexibility and access to funds to allow the charity to carry out its objective.

The Trustees considered the financial information of past activities in the Endowment fund and concluded that the original Endowment, as required to be determined by the regulations, should be recognised at the value of the fund as at 30 June 2013, and thereafter all movements should be recognised as 'Unapplied Total Return'.

The detailed movement on the Endowment fund for the year ended 30 June 2018 is as shown below:

	Original Endowment £	Unapplied Total Return £	Total £
Brought forward as at 30 June 2017			
Trust for Investment/original endowment	7,748,618	-	7,748,618
Unapplied Total Return	-	1,633,369	1,633,369
	<u>7,748,618</u>	<u>1,633,369</u>	<u>9,381,987</u>
Movements in the period			
Investment management expenses	-	(57,291)	-
Charitable activities	-	-	-
Investment return			
- Realised gains on disposal of investment assets	-	53,134	-
- Unrealised gains on revaluation of investments	-	159,943	-
	<u>-</u>	<u>155,786</u>	<u>-</u>
Carried forward as at 30 June 2018			
Trust for Investment/original endowment	7,748,618	-	7,748,618
Unapplied Total Return	-	1,789,155	1,789,155
	<u>7,748,618</u>	<u>1,789,155</u>	<u>9,537,773</u>
Total	<u>7,748,618</u>	<u>1,789,155</u>	<u>9,537,773</u>

The Trustees calculate the inflation based value of the original endowment fund, factoring in the movement from June 2013 to June 2018 of £986,808, to be £8,735,426 compared to the reported value of £7,748,618. The Trustees will ensure the most up to date inflation based value is considered when any decision is taken concerning the allocation of the unapplied total return.

THE EATON FUND FOR ARTISTS, NURSES AND GENTLEWOMEN

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

18. Financial instruments

	2018 £	2017 £
Financial assets measured at fair value through income and expenditure	209,499	223,836
Financial assets measured at amortised cost	98,826	135,069
	<u>308,325</u>	<u>358,905</u>
Financial liabilities measured at amortised cost	<u>10,337</u>	<u>7,162</u>

Financial assets measured at fair value through income and expenditure comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of other debtors.

Financial liabilities measured at amortised cost comprise of accruals.