ST JOHN'S COLLEGE
CAMBRIDGE

Annual Report
and
Financial Statements

for the year ended
30 June 2017

Registered Charity number 1137428

Contents

Trustees' Report

REFERENCE AND ADMINISTRATIVE INFORMATION

Status

St John's College, Cambridge was founded in 1511 by Lady Margaret Beaufort, the mother of Henry VII, and is one of the largest of the 31 colleges within the University of Cambridge, each of which is an independent, self-governing, body with its own property and income. Formerly an exempt charity, the College became a registered charity on 1 August 2010 with registration number 1137428 and is subject to regulation by the Charity Commission for England and Wales. The formal title of the College is the 'College of St John the Evangelist in the University of Cambridge'. The short title is 'St John's College, Cambridge'.

Address and website

St John's Street
Cambridge
CB2 1TP

www.joh.cam.ac.uk

Charity trustees

The charity trustees of the College, who are the members of the College Council, during the year were:

The Master, Professor C.M. Dobson (Chairman)
Professor A-L. Kinmonth (to 30 September 2016)
Dr H.P. Hughes (to 30 September 2016)
Professor J. Toland (to September 2016)
Dr A.O. Wilshaw (to 30 September 2016)
Mr M.N. Wells (to 30 September 2016)
Mr C.F. Ewbank
Dr H.E. Watson
Miss S. Tomaselli
Dr F.E. Salmon
Professor R.P. Tombs
Dr T.P. Hynes
Professor S.M. Best
Professor G.J. Burton (from 1 October 2016)
Professor B.D. Simons (from 1 October 2016)
Dr J.J.W.A. Robinson (from 1 October 2016)
Professor E. Gowers (from 1 October 2016)
Mr S.W. Teal (from 1 October 2016)

Senior Officers

Master (or Head of House)	Professor C.M. Dobson
President	Dr F.E. Salmon
Senior Tutor	Dr M. Dörrzapf
Senior Bursar	Mr C.F. Ewbank

Membership of the Governing Body

The members of the Governing Body of the College as at 30 June 2017 are set out below:

Master: Professor C.M. Dobson

President: Dr F.E. Salmon

Other Fellows (in order of election)

Dr E.D. James
Dr J.A. Charles
Dr D.J.H. Garling
Dr G.A. Reid
Professor P. Boyde
Dr J.A. Leake
Dr P.A. Linehan
Dr A.J. Macfarlane
Professor D.L. McMullen
Dr E.K. Matthews
Mr R.G. Jobling
Dr A.A. Macintosh
Professor J. Staunton
Dr C.M.P. Johnson
Professor M.A. Clarke
Dr A.G. Smith
Professor J. Iliffe
Professor M. Schofield
Dr G.A. Lewis
Professor R.F. Griffin
Professor T.P. Bayliss-Smith
Professor S.F. Gull
Dr H.P. Hughes
Dr P. Goddard
Professor P.T. Johnstone
Professor I.M. Hutchings
Professor H.R.L. Beadle
Dr J.B. Hutchison
Dr D.G.D. Wight
Professor Sir R.H. Friend
Dr R.E. Glasscock
Professor R.P. Tombs
Dr R.E. McConnel
Professor D.R. Midgley
Professor P.H. Matthews
Dr M. Richards
Professor J.F. Kerrigan
Professor G.J. Burton
Professor G.C. Horrocks
Professor Sir P.S. Dasgupta
Dr H.R. Matthews
Professor B.J. Heal
Dr T.P. Hynes
Professor I.N. McCave
Dr A.C. Metaxas
Colonel R.H. Robinson
Professor S. Conway Morris
Professor E.D. Laue
Dr S.A. Edgley
Professor R.A. Evans
Dr S.M. Colwell
Dr H.E. Watson
Dr J.P. McDermott
Professor C.O. Lane
Dr C.J. Robinson
Professor Y.M. Suhov
Professor S.R.S. Szreter
Professor D.J. Howard
Professor M.M.G. Lisboa
Professor U.C. Rublack
Professor B.D. Simons
Dr K.C. Plaisted Grant
Professor M. Ní Mhaonaigh
Professor D.C. McFarlane
Professor C.D. Gray
Dr I.M. Winter
Professor N.S. Manton
Dr N.S. Arnold
Dr S. Castelvecchi
Professor A-L. Kinmonth
Dr J.M. Lees
Professor A.D.H. Wyllie
Professor S.C. Reif
Dr D.M. Fox
Dr D.M.A. Stuart
Dr A.M. Nicholls
Dr M. Dörrzapf
Dr P. Antonello
Dr P.T. Miracle
Professor A.W. Woods
Commodore J.W.R. Harris
Professor S.M. Best
Dr P.M. Geraats
Dr P.T. Wood
Professor E.J. Gowers
Mr D.J. Dormor
Professor U.C. Goswami
Professor R.J. Samworth
Professor G.W.W. Barker
Dr D.L. Williams
Miss S. Tomaselli
Mr C.F. Ewbank
Dr C.G. Warnes
Professor C.D. Jiggins
Mr S.W. Teal
Mr A.M. Nethsingha
Dr T. Larsson
Dr R.D. Mullins
Professor T.P.J. Knowles
Dr J.J.W.A. Robinson
Dr G.L. Evans
Professor M. Atatüre
Professor Z. Ghahramani
Professor J.S. Rink
Dr T.E.C. Button
Dr E. Reisner
Professor O. Paulsen
Dr I. Palacios
Dr K. Franze
Dr A. Lamacraft
Dr U.A.M. Paszkowski
Dr N. MacDonald
Dr A.O. Wilshaw
Dr J.R. Taylor
Dr A. Bouayad
Dr M.J.V.P. Worthington
Dr A.K. Arsan
Dr M.T.G Humphreys
Dr R.S. Weatherup
Dr S.I.A. Cohen
Dr M.A. Crowley
Dr M.F.L. De Volder
Dr H.J. Joyce
Dr O. Da Rold
Mr M.N. Wells
Dr S.H. Martin
Dr S. McDowell
Dr A. Albors-Llorens
Professor T.J.G. Whitmarsh
Dr E.T. Tipper
Mr T J. Watts
Dr A.Y. Chau
Dr M.G. Elliot
Dr H.S. Knowles
Dr F. Vella
Dr G.R. Ladds
Dr P.J. Lennon
Dr O.E. Griffiths
Dr E. Giusti
Dr A.T. Wong
Dr E.H. Wickerson
Dr B. Peruvemba Narayanan
Dr Q.D.O. Berthet
Dr C.C. Sahner
Professor R.J. Gilbertson
Dr F. Kilburn-Toppin
Professor E. Willerslev
Dr A.H. Chen
Miss J.R. Bell
Dr S.M. Stevens
Dr A.P.S. Wheeler
Dr J.F.J. Bryson
Dr G. Santangelo
Dr H.C. Martin
Dr A. Di Bernardo
Dr L. Torrente Murciano

Principal Advisers

Actuaries	Cartwright Group Ltd, 250 Fowler Avenue, Farnborough Business Park, Farnborough, Hants, GU14 7JP
Auditor	Deloitte LLP, One Station Square, Cambridge, CB1 2GA
Bankers	Barclays Bank PLC, PO Box 885, Mortlock House, Histon, Cambridge, CB24 9DE
Investment Consultant	Willis Towers Watson Ltd, 71 High Holborn, London, WC1V 6TP
Property Advisers	Savills (L&P) Ltd, Unex House, 132-134 Hills Road, Cambridge, CB2 2PA
	Savills (L&P) Ltd, Wytham Court, 11 West Way, Oxford, OX2 0QL
	Carter Jonas LLP, One Station Square, Cambridge, CB2 1GA
Solicitors	Mills & Reeve LLP, Botanic House, 100 Hills Road, Cambridge, CB2 1PH

GOVERNANCE

The Governing documents of the College are its letters patent of 7 August 1509, its deed of foundation of 9 April 1511 and its Statutes of 1926 as variously amended from time to time (the Statutes). The Statutes describe, among other things, the membership and responsibilities of the Governing Body and Council; the election and duties of the Master and President; the election, admission, tenure and removal of Fellows; and the appointment and duties of College officers. The Statutes are supplemented by orders for the regulation of the College's affairs, made by the Council in accordance with the Statutes.

The members of the College Council, which is responsible for the day-to-day administration of the affairs of the College, are the charity trustees and are responsible for ensuring compliance with charity law. The members of the Council are the Master and twelve Fellows elected by the College's Governing Body for rotating four year terms. The members of the Council during the year ended 30 June 2017 are set out in 'Reference and administrative information' on page 1.

The Governing Body of the College consists of the Master and all Fellows, and is the ultimate authority in the government of the College. It meets termly or more frequently as necessary.

All members of the Council are given, on appointment, an induction pack containing key Charity Commission guidance on public benefit and the good governance of charities, and the policy of the College for the management of conflicts of interest. Members of the Council are also required to complete a Register of Interests and declarations of interest are made systematically at meetings.

Elected representatives of the junior members of the College attend College Council meetings for the discussion of matters directly affecting the interests of undergraduates and post-graduates.

The Master of the College is elected to office by the Fellows until retirement or earlier resignation. He is responsible for general oversight of the affairs of the College. The Master chairs the Governing Body and the Council.

The other College officers most involved in the governance of the College are as follows: the President, who is elected by the Fellows for a period of up to four years and, among other duties, acts as the Master's deputy in his absence; the Senior Tutor, who has overall responsibility for the admission, education and welfare of students; the Deans, who are responsible for overseeing the Chapel and the conduct of junior members of the College; the Senior Bursar, who is responsible for managing the College's finances; and the Domestic Bursar, who manages the domestic affairs of the College.

It is the duty of the Council to keep under review the effectiveness of the College's internal systems of financial and other controls. The Council appoints the Audit Committee of the Council whose duty it is to advise the Council on the appointment of external auditors; to consider reports submitted by the auditors; to monitor the implementation of recommendations made by the auditors; and to monitor risk management and control arrangements. The Audit Committee of the Council makes an annual report to the Council. Membership of the Audit Committee of the Council comprises three members of the Council who are not College Officers. The Council also appoints a separate Audit Committee (Board of Scrutiny) which acts as a Board of Scrutiny and reports to the Governing Body.

St John's College School has its own Governors, who are appointed by the College Council. As at 30 June 2017, six of the twelve Governors of the School were Fellows of the College. The School Governors are responsible to the College Council for the educational policy, management and finances of the School.

The Visitor of the College is the Bishop of Ely.

OBJECTS AND AIMS

Objects

The charitable objects of the College are, for the public benefit, to advance education, religion, learning and research, particularly but not exclusively through the provision of a College within the University of Cambridge and through the provision of facilities for, and the conduct of, divine service within the College.

Aims

The College has developed a series of aims that summarise its approach to achieving its charitable objects, which are:

- To admit students on the basis of academic ability and potential alone irrespective of financial circumstances and social, religious or ethnic background, to preserve the College's ability to select the best students and to provide financial support to students;
- To maintain a balanced mix of undergraduate, taught graduate and research graduate students, and to preserve a broad range of academic activity whilst remaining small enough to retain a sense of community and individuality;
- To deliver an outstanding education for undergraduates and graduate students, and to sustain the supervision and tutorial welfare systems that are pivotal to the University's tradition of excellence;
- To encourage and support research of international importance by Fellows and graduate students, and to introduce undergraduates to the nature and excitement of original research;
- To carry forward the tradition, maintained continuously since its foundation, of being a place of reflection on matters of religious faith;
- To provide outstanding social, cultural, musical and sporting opportunities that are a key part of the experience offered by the College and which contribute to the personal development of its members;
- To conserve and enhance the College's historic buildings and grounds, an important part of the world's architectural heritage, whilst at the same time providing first-class facilities and infrastructure for the activities that take place within them;
- To preserve the College's independence and self-determination, which with that of other Colleges is a fundamental ingredient in the diversity and success of the collegiate University;
- To take a lead in sustaining and enhancing the ability of the University to continue as one of the world's very top academic institutions, in the face of increasing international competition;
- To recognise and value all our alumni as life-long members of the College community, appreciated for their continuing involvement in, and support of, the College; and

- To operate on a sustainable basis, deploying our resources in a way that preserves intergenerational equity, and living within our means.

The aims of St John's College School are:

- To educate and accommodate as boarders the Choristers of St John's College Choir who are admitted on the basis of vocal and musical ability;
- Otherwise, to continue a largely non-selective admissions policy;
- To offer an outstanding education that fosters the aptitudes and nurtures the growth of each pupil at the School;
- To match its commitment to academic excellence with outstanding non-academic tuition and activities to provide a rich and fulfilling curriculum;
- To give the highest priority to pastoral care and to provide excellent boarding provision;
- To foster a genuine sense of community among pupils, parents and staff as well as past pupils and parents; and
- To offer significant financial support through fee remission and bursaries.

ACTIVITIES, PERFORMANCE AND FUTURE PLANS

Activities and Performance

In setting objectives and planning activities, the College Council has given careful consideration to the Charity Commission's general guidance on public benefit and, in particular, to its supplementary public benefit guidance on advancing education, advancing religion and on fee-charging.

The principal objectives of the College for the year were: to continue to strengthen the College's access and outreach programme; to enhance the very substantial financial support provided to its students; to strengthen the teaching capabilities of the College; to continue to improve academic performance in Tripos exams; to continue to contribute to the research capabilities of the University through the College's Research Fellowship scheme; to strengthen the opportunities for University post-doctoral researchers to become associated with the College; to incur minimal capital expenditure on its buildings following completion of the College's major capital buildings programme; and to continue the College's successful fundraising programme.

Highlights of activities and achievements in the year were: hosting four general open days, ten subject specific open days, eight Link Area residential events in Cambridge, four Access Tour initiatives working with 6,349 school pupils in total from 170 schools. Additionally the College hosted one Insight, one Realise, seven Brilliant Club and one Sutton Trust Summer School, visited 130 schools and hosted some 100 individual school visits to the College; The overseas' recruitment this year involved numerous visits to schools in the US, Singapore and South Africa as well as representation of the College at the NCSSS (National Consortium of Specialised STEM Schools) Professions Conference in Boston; continued contribution to the Cambridge Access Bursary scheme which provides means-tested bursary support at levels far in excess of the Office for Fair Access requirements with some 133 bursaries being provided in the year, of which 83 were at the maximum bursary level; there were also 29 SJC Studentships, 59 Summer Bursaries and 11 Pre-Admissions prizes awarded; continued significant investment in graduate scholarship provision, ensuring strong support to graduate students; the continuation of the College Teaching Associate scheme to enhance the teaching resource of the College and provide the flexibility to cover short and medium term teaching needs; the election of four new teaching Fellows, one beginning in Spring 2017 and three to start in 2017/18 in the following subjects – Chemical Engineering, English, Law and Medical Sciences; the appointment of four new College Teaching Associates in Applied Mathematics, English, French and Linguistics; the election of five outstanding new Research Fellows in Asian & Middle Eastern Studies, Chemistry, Philosophy (2) and Physics; the election of seven new College Research Associates offering a College affiliation to a significant number of talented post-doctoral researchers in the University.

The principal objectives of the School for the year were: to help children to take more responsibility for their learning through developing the school's digitally enhanced learning programme, extending them in learning through giving them more choice in the level of work undertaken and to develop their critical thinking skills through the My Mind Programme. In addition, the School aimed to begin our work on Sustainability and Social Responsibility.

Highlights of activities and achievements in the year were: 58 leaving pupils gained a total of 30 scholarships and awards to their destination schools; the pass rate for the Common Entrance Examination was 100%.

The School's digitally enhanced learning evaluations have continued to show that digital learning, used well, can improve learning through the use of more collaborative teaching methods, creative tasks, research skills, questioning and improving the quality of work through editing. The School has expanded our digital hardware so that all Pre-Prep classrooms have sets of iPad's (one between two), Forms 1 and 2 have class sets of Chromebooks and there are sets of Chromebooks in 5 classrooms at Senior House. In addition, the School has developed pupil responsibility for learning through the My Mind programme, for example expanding the critical thinking lessons to Form 3 and extending and embedding thinking skills across the whole of Byron House. In Kindergarten, children are developing independent problem solving and creativity through weekly 'Forest School' lessons in the new outdoor area. A Pupil Forum has been started in both Byron and Senior House through which the views of children can be heard and they can take a leading role in developing the school.

The School's Sustainability and Social Responsibility development has seen the children raise the money to fund the building of a school in Ayensuako, Ghana through the charity Humanitas. The School is beginning to develop ongoing links with this school through shared lessons, letter writing and support. More locally, the School is working with a Cambridgeshire primary school to share our Emotions for Learning programme, which has received very positive feedback. In another school, the School has begun some drama outreach work building up to the ever successful Shakespeare Schools Festival.

Future Plans

The College's Strategic Plan sets out the College's ambitions to: enhance its outreach activities; provide greater financial support for students; further strengthen its teaching capabilities and raise academic performance; increase the number of Research Fellows; improve extracurricular opportunities; modernise its approach to human resources; and build on fundraising success to date. The College is currently working on developing a new strategic plan and many of the ambitions set out in the current Strategic Plan will be recurring themes in the new plan.

The school will continue to put the well-being of each child at the centre of its objectives. It will continue its aim to strike a balance between giving its pupils a broad education which will equip them for the future and allow them to fulfil their potential, as well as preparing them for exams to senior schools. Educational innovation and development will continue, focussing on three main areas. Firstly, flexibility of thinking, which will include the continued development of opportunities for extension of the most able, critical thinking (which will be extended into Form 4), digitally enhanced learning, and the introduction of 'Mindset for Learning' (teaching learning dispositions). Secondly, Sustainability and Social Responsibility, which aims to give children a sense of agency and empowerment in making a difference in the world: for example, children will research and create plans for improving our carbon management and reducing (or balancing) our carbon footprint; recycling and upcyling; outreach to other local schools in which we share in joint projects and workshops, led by children; continuing and developing the support of charities; and the development of new units of work linked to Sustainability, such as an upcycling project in Form 4. Finally, we will develop our Emotions for Learning programme through refresher training across the school and the outreach programme in a local school which we hope will be extended to other schools.

FINANCIAL REVIEW

Scope of the Financial Statements

The consolidated financial statements include the College itself, St John's College School and the College's wholly-owned trading subsidiaries which are:

- St John's Enterprises Limited, which undertakes principally conference and tourism activities;
- Aquila Investments Limited, which undertakes principally property development and farming;

- St John's Innovation Centre Limited, which manages St John's Innovation Centre on behalf of the College, and provides advice and guidance to early-stage knowledge-based businesses in the Cambridge sub-region; and
- Lomas Developments Limited, which undertakes principally property development.

The accounts of dormant companies are also consolidated, along with the College's share of the joint venture Barberry Nottingham LLP.

The financial statements are produced by the College in the Recommended Cambridge College Account (RCCA) format introduced through revisions to Statute G,III of the University which replaced the previous format introduced in 1926 by the University of Cambridge Commissioners.

Results overview

The College's Consolidated Statement of Comprehensive Income and Expenditure for the years ended 30 June 2017 and 2016 are summarised below:

	2017 £'000	2016 £'000	Change £'000	% change
Income before donations and endowments	35,687	35,355	332	0.9%
Donations and endowments	8,549	3,980	4,569	114.8%
Total income	44,236	39,335	4,901	12.5%
Expenditure before depreciation	35,598	34,432	(1,166)	(3.4%)
Operating surplus before depreciation	8,638	4,903	3,735	76.2%
Depreciation	5,329	5,472	143	2.6%
Surplus/(deficit) before other gains and losses	3,309	(569)	3,878	681.5%
Deficit before other gains and losses excluding new endowments and capital grants	*(3,234)*	*(2,676)*	*(558)*	*(20.9)%*

The increase in total income was primarily due to three major legacies totalling £4.2m received in the year. Of the £1.2m increase in expenditure before depreciation, £0.2m was matched by an increase in restricted current use donations. Together with the increase of £0.3m in income before donations and endowments and the £0.1m reduction in depreciation, this resulted in an increase of £0.6m in the deficit before other gains and losses, excluding new endowments and capital grants.

Income before donations and endowments

This represented 80.7% of total income (89.9% in the previous year).

	2017 £'000	2017 % of total	2016 £'000	2016 % of total	Change £'000	% change
Academic fees and charges	3,796	10.6%	3,627	10.3%	169	4.7%
Residences, catering and conferences	6,183	17.3%	6,703	19.0%	(520)	(7.8%)
School income	6,499	18.2%	6,433	18.2%	66	1.0%
Investment income	18,629	52.3%	18,298	51.7%	331	1.8%
Other income	580	1.6%	294	0.8%	286	97.3%
Total income before donations and endowments	35,687	100.0%	35,355	100.0%	332	0.9%

The rise in academic fees and charges follows increases in the per capita College fees for graduate students and unregulated (privately funded) undergraduate students. Residences, catering and conference income reduced by £0.2m with a corresponding increase in investment income, following the transfer of operational properties let to other colleges into the Endowment. Tourism income of £287k was reported within Residences, catering and conferences in 2016; in 2017 the tourism income of £324k is reported within Other income, as the College feels this is a more appropriate classification.

Income from donations and new endowments

This represented 19.3% of total income (10.1% in the previous year).

	2017 £'000	2017 % of total	2016 £'000	2016 % of total	Change £'000	% change
Donations	2,006	23.5%	1,873	47.1%	133	7.1%
New endowments	6,543	76.5%	1,462	36.7%	5,081	347.5%
Other capital grants for assets	-	-	645	16.2%	(645)	(100.0%)
Total income from donations and new endowments	8,549	100.0%	3,980	100.0%	4,569	114.8%

The College received £4.2m in new endowments from three major legacies during the year. The remaining increase in donations and new endowments compared to the prior year reflects the launch of the College's *Free Thinking* fundraising campaign in November 2016. No capital grants were received during the year.

Expenditure

The main areas of expenditure for the College and a description of key changes are set out below:

	2017 £'000	2017 % of total	2016 £'000	2016 % of total	Change £'000	% change
Education	12,534	30.5%	11,634	29.2%	900	7.7%
Residences, catering and conferences	13,099	32.0%	12,964	32.5%	135	1.0%
School expenditure	6,529	16.0%	6,711	16.8%	(182)	(2.7%)
Other expenditure	2,071	5.1%	2,051	5.1%	20	1.0%
Investment costs	5,878	14.4%	5,746	14.4%	132	2.3%
Contribution under Statute G,II	816	2.0%	798	2.0%	18	2.3%
Total expenditure	40,927	100.0%	39,904	100.0%	1,023	2.6%

Of the £0.9m increase in education expenditure, £0.5m related to increased student financial support, including the introduction of the St John's Studentship pilot scheme, and £0.3m to increased teaching costs. School expenditure has reduced due to a reduction of £0.1m in purchases of non-capital assets compared to the prior year, when significant expenditure was incurred on the refurbishment of Byron House, and a reduction of £0.1m in depreciation.

The Contribution under Statute G,II is an intercollegiate taxation charge which is contributed to the Colleges Fund, which makes grants to colleges with inadequate endowments.

The expenditure for each of the activities described above is made up of staff costs, other operating expenses, depreciation, and interest and other finance costs, as follows:

	2017 £'000	2017 % of total	2016 £'000	2016 % of total	Change £'000	% change
Staff costs	16,712	40.8%	16,593	41.6%	119	0.7%
Other operating expenses	17,279	42.3%	16,106	40.4%	1,173	7.3%
Depreciation	5,329	13.0%	5,472	13.7%	(143)	(2.6%)
Interest and other finance costs	1,607	3.9%	1,733	4.3%	(126)	(7.3%)
Total expenditure	40,927	100.0%	39,904	100.0%	1,023	2.6%

The increase in other operating expenditure of £1.2m includes the £0.5m increase in student financial support noted above, £0.2m increase in educational donations, and a £0.2m increase in residences, catering and conferences costs. Depreciation has reduced due to the lower level of capital expenditure since the completion of the major capital programme in 2015, together with a reduction in the School's depreciation expense in the year. Financing costs in relation to the College's defined benefit pension deficits reduced by £0.1m compared to the prior year.

Results on the distribution basis

The College manages all its long-term investments on a total return basis and determines, through a spending rule, a prudent distribution each year. However, whilst accounting standards permit permanent endowment funds to be accounted for on a total return basis, they do not allow expendable funds to be accounted for on that basis. Since the College invests its funds classified as expendable endowments and reserves, as well as its permanent endowment funds, on a total return basis, the Consolidated Statement of Comprehensive Income and Expenditure of the College does not therefore reflect all of the distribution determined under the College's spending rule, from expendable endowments and general reserves.

The College has therefore adopted the approach of providing additional information following the Consolidated Statement of Comprehensive Income and Expenditure to show what the income and surplus/(deficit) of the Group would have been had income in the Consolidated Statement of Comprehensive Income & Expenditure instead been based on this "distribution basis" i.e. reflecting the full distribution from expendable endowments and general reserves., The summary results set out below are on the distribution basis, as the College considers that this more appropriately reflects its financial performance.

The College's Consolidated Statement of Comprehensive Income and Expenditure on the distribution basis for the years ended 30 June 2017 and 2016 are summarised below:

	2017 £'000	2016 £'000	Change £'000	% change
Income before donations and endowments on a distribution basis	37,603	37,190	413	1.1%
Donations and endowments	8,549	3,980	4,569	114.8%
Total income on a distribution basis	46,152	41,170	4,982	12.1%
Expenditure before depreciation	35,598	34,432	1,166	3.4%
Operating surplus before depreciation	10,554	6,738	3,816	56.6%
Depreciation	5,329	5,472	143	(2.6%)
Surplus before other gains and losses	5,225	1,266	3,959	312.7%
Deficit before other gains and losses excluding new endowments and capital grants	*(1,318)*	*(841)*	*(477)*	*56.7%*

Capital Expenditure

The Group incurred capital expenditure on tangible fixed assets during the year amounting to £3,375k, compared to a prior year figure of £2,169k.

The College has now come to the end of a 3-year moratorium on major capital expenditure, and began work during the year on the refurbishment of New Court, which will take place over the next six years.

Balance sheet

Consolidated net assets stood at £780,081k at 30 June 2017, up £55,630k (7.7%) on the prior year. This increase was predominantly a result of increases in the value of Endowment assets, reflecting rises in the market value of investments, as well as new endowments received.

The increase in the pension deficit from £12,189k to £15,371k was largely a result of a lower discount rate assumption and higher inflation expectations, partially offset by better than expected investment returns.

Creditors falling due after more than one year reduced by £620k from £28,312k to £27,692k due to repayments made against the Barclays £20m loan.

Reserves

At 30 June 2017, unrestricted reserves stood at £250,738k, down £16,661k (6.2%) on the prior year. The main movements were the transfer of £20m from the Corporate Capital reserve to the Endowment, and the £4m increase in the revaluation reserve, following the revaluation of certain operational properties to market value for transfer to the Endowment as investment properties.

Endowment and Investment Performance

The College has a pool of capital invested for the long-term to support the charitable activities of the College by providing a reliable source of funding for the College's operations in perpetuity. This is known as the College's 'Endowment' though it includes assets other than the investments as set out in note 9.

The investment objective of the Endowment is to produce the highest total return consistent with the preservation of long-term capital value in real terms (such that the College itself can fulfil its charitable objectives in perpetuity and be even handed between the interests of present and future beneficiaries), an acceptable degree of risk and the maintenance of appropriate liquidity.

The total value of the Endowment was £565,373 at 30 June 2017, up £60,365 (12.0%) from its value at 30 June 2016. The assets and liabilities of the Endowment fall under a number of headings in the accounts, with the following breakdown:

	2017 £'000	2016 £'000	Change £'000	% change
Investments	549,836	489,128	60,708	12.4%
Tangible fixed assets	42	61	(19)	(31.1%)
Stock	200	84	116	138.1%
Trade and other receivables	2,381	2,674	(293)	(11.0%)
Cash and cash equivalents	18,999	18,527	472	2.5%
Sub-total assets	**571,458**	**510,474**	**60,984**	11.9%
Creditors falling due within one year	(6,085)	(5,466)	(619)	11.3%
Total	**565,373**	**505,008**	**60,365**	12.0%

The allocation of the Endowment between investments was as follows:

	2017 £'000	2017 % of total	2016 £'000	2016 % of total	Change £'000	% change
Direct UK property	285,360	50.5%	264,925	52.5%	25,227	9.5%
Net other investments	280,013	49.5%	240,083	47.5%	35,138	14.6%
Total Endowment	565,373	100.0%	505,008	100.0%	60,365	12.0%

Direct UK property investments are a mix of agricultural, commercial and residential properties (those residential properties which are let or intended to be let to students, Fellows and staff are considered and valued as operational buildings and appear as part of tangible fixed assets rather than investments).

The College is exposed to foreign exchange risk on the investments it holds in foreign currencies. During the year, the Investments Committee changed the policy on entering into forward foreign exchange contracts to partially offset exposure to foreign exchange movements in respect of these investments, such that the College will no longer normally enter into such contracts, and none were outstanding at June 2017.

The College operates an ethical investments policy relating to the Endowment. Under the terms of that policy and having regard to the requirements of charity law to maximise returns, the College seeks to ensure that investments are not made in companies whose practices are in conflict with the charitable purposes of the College or are likely to alienate the members or benefactors of the College.

Development and Fundraising

College fundraising is focused on the support of a number of activities across the College: teaching and research; student support, including bursaries and scholarships and outreach and access; the maintenance and development of the fabric of the estate; extracurricular activities including sport, music and the arts; general purposes, and an annual fund.

In 2016-17, donations and benefactions received by the College totalled £8,549k (£3,980k in the prior year).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks the College must address are the long-term ability to maintain and develop its educational and research activities, to attract the best staff and students, and to maintain and renew its physical facilities.

The key financial uncertainties and risks are:

- The long-term impact of the changed student financing and fee model on College fee income;
- The costs of future student financial support;
- Movements in investment markets reducing the real value of the Endowment;
- Unexpected building maintenance expenditure;
- Those arising from the prospective departure of the UK from the European Union; and
- The long-term cost of defined benefit pension provision.

The College monitors and manages the risks identified through the internal control processes outlined in the Statement of Internal Control below.

RESPONSIBILITIES OF THE COLLEGE COUNCIL

In accordance with the College's Statutes, the Council is responsible for the administration of the Group's and College's affairs.

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

The College's Statutes and the Statutes and Ordinances of the University of Cambridge require the Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the College and of the surplus or deficit of the Group for that period. In preparing these financial statements the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and College will continue in operation.

The Council is responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the Group and the College and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the College's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF INTERNAL CONTROL

The Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the College's Statutes. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2017 and up to the date of approval of the financial statements.

The Council is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

The Council has nineteen regular meetings each year and gives consideration to the major risks to which the College and its subsidiary undertakings are exposed and satisfies itself that systems or procedures are established in order to manage those risks.

Key controls used by the College include:
- Formal agendas for all Committee and Council activity;
- Clear terms of reference for all committees;
- Strategic planning, budgeting, management accounting and cash flow forecasting;
- Established organisational structure and lines of reporting;
- Formal written policies in key areas such as health and safety and child protection; and
- Authorisation and approval levels.

The College is seeking to enhance these controls through a formal risk-management process involving the creation of a risk register. The relevant individuals in the College will be charged with responsibility for evaluating the risks coming within their areas of responsibility and advising the Council on the nature of the risk, the probability of occurrence and severity of impact, as well as steps taken to mitigate the risk. Through the risk register, the College will seek to identify and manage risks. However, the nature of the College's activities is such that the College is faced with a large number of risks, not all of which can be mitigated.

The Council's review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursars and College Officers who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

OUTLOOK

Whilst the College is fortunate in being a relatively well-endowed college, its commitments and role in the University are commensurately significant and the College has experienced, and will continue to face, a number of significant financial challenges many of which are common to the University and other Cambridge colleges. Chief among these are the need to increase student support, to cope with increased cost of pension provision, to manage the cost of maintaining and refurbishing the College buildings, and to steward the Endowment through difficult financial markets. An additional challenge that has arisen is the implications for the College of the prospective departure of the UK from the European Union following the referendum held on 23 June 2016.

The College seeks to respond to these financial challenges by focusing on efficient financial management and endeavouring to manage its resources to best effect. However, if it is to be able to sustain and develop the activities that are critical to its mission and achieve its full potential, it is clear that the College will need to continue to raise additional funds over the coming years.

On behalf of the College Council

Professor Christopher Dobson
Master
2 November 2017

Chris Ewbank
Senior Bursar

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF ST JOHN'S COLLEGE

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the college's affairs as at 30 June 2017 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge.

We have audited the financial statements of St John's College (the 'college ') and its subsidiaries (the 'group') which comprise:

- the consolidated statement of comprehensive income and expenditure;
- the consolidated and college balance sheets;
- the consolidated and college statements of changes in reserves;
- the consolidated cash flow statement;
- the statement of principal accounting policies; and
- the related notes 1 to 26.

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) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the college'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.

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of the governing body

As explained more fully in the governing body's responsibilities statement, the governing body is 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 governing body determines 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 governing body is responsible for assessing the group's and the college'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 governing body either intends to liquidate the group or the college 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 for the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the governing body in accordance with College's Statutes and the Statutes of the University of Cambridge, section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the governing body 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 college and the governing body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matter prescribed by the Statutes of the University of Cambridge

In our opinion, based on the work undertaken in the course of the audit, the contribution due from the college to the University of Cambridge has been correctly computed as advised in provisional assessment by the University of Cambridge and in accordance with Statute G, II of the University of Cambridge.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Deloitte LLP.

Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

21 November 2017

Statement of Principal Accounting Policies

BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards and have been produced in accordance with the Recommended Cambridge College Accounts (RCCA) format introduced through revisions to Statute G,III of the University which replaced the previous format introduced in 1926 by the University of Cambridge Commissioners. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 ("the SORP") and with Financial Reporting Standard 102 (FRS 102). The College is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102.

The Statement of Comprehensive Income and Expenditure includes an activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to use of public funds. The analysis required by the SORP is set out at note 6.

The College's activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the Trustees' Report which forms part of this Annual Report. The College annually prepares a high-level, ten-year, financial plan and regularly reviews operational and capital expenditure projections against cash balances and expected cash flows, and on that basis has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt a going concern basis of accounting in preparing the annual Financial Statements.

BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain operational properties which are included at valuation.

BASIS OF CONSOLIDATION

The consolidated Financial Statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 26. Intra-group balances are eliminated on consolidation. The consolidated Financial Statements do not include the activities of student societies as these are separate bodies in which the College has no financial interest and because these are viewed as autonomous activities.

Associated companies and joint ventures are accounted for using the equity method.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Pension Benefits

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. The College has reviewed all the pension schemes in which it participates, and is satisfied that only the schemes provided by USS and Church of England meet the definition of a multi-employer scheme.

Classification of property

The College determines whether a property is classified as investment property.

Investment property comprises land and buildings that are not occupied substantially for use by or in the operations of the College, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The College based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the College. Such changes are reflected in the assumptions when they occur.

Revaluation of Investment Properties

The College carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The College engaged independent valuation specialists to determine fair value at 30 June 2017. The valuers used market value, in accordance with the Appraisal of Valuation Manual of the Royal Institution of Chartered Surveyors. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

Valuation of financial instruments

The College carries its outstanding foreign exchange forward contract at fair value, with changes in fair value being recognised in profit or loss. The College engages independent valuations specialists to determine fair value at year end, when applicable.

Valuation of non-quoted investments

The College carries its non-quoted investments at fair value based on the most recent valuations provided by independent fund managers, with changes in fair value being recognised in profit or loss.

RECOGNITION OF INCOME

Academic Fees

Academic fees for the College and the School are recognised in the period to which they relate and include all fees chargeable to students or their sponsors. The cost of any fees waived or written off by the College and the School is included as expenditure.

Cambridge Bursary Scheme

In 2016-17, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, the College reimbursed the SLC for the full amount and the University paid each College their portion (based on their own eligible students).

Rental Income

Rental income is recognised on an accruals basis according to the terms of the lease.

Donations and Benefactions

Charitable donations are recognised on receipt or when the College is entitled to the income and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. In the absence of specific instructions from the donor the Council considers the donor's correspondence and association with the College together with the size of the sum involved when determining the accounting treatment. Donations are recognised as income in the Consolidated Statement of Comprehensive Income and Expenditure. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, are retained within endowments or restricted reserves until such time that they are utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure within the notes to the accounts.

There are four main types of donations and endowments with restrictions:

- Restricted donations – the donor has specified that the donation must be used for a particular objective, and it is not to be invested for the longer term;
- Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the College;
- Restricted expendable endowments – the donor has specified a particular objective and the College can convert the donated sum into income; and
- Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Endowment and Investment Income

All investment income and change in value of investment assets is recorded in the Consolidated Statement of Comprehensive Income and Expenditure in the period in which it arises and as either restricted or unrestricted income according to the terms of the individual endowment fund.

For endowment income from permanent endowments the College applies either a total return or a standard method of accounting for fund investment returns, depending on the nature of the fund, as set out below:

Unrestricted Permanent Endowment Funds

For all unrestricted permanent funds a total return accounting policy is applied, thus a proportion of the related earnings and capital appreciation is shown as a transfer within the Consolidated Statement of Comprehensive Income and Expenditure in accordance with the total return concept with any excess remaining in the endowment fund. The surplus or deficiency of total return, after deducting the annual Endowment transfer is carried forward as unapplied total return.

Restricted Permanent Endowment Funds

For restricted permanent funds where the level of distributable reserves has not yet reached at least 20% of original capital, the standard method accounting policy is applied and the investment income shown in the Consolidated Statement of Comprehensive Income and Expenditure is the actual income earned in the year. Any excess of income over qualifying expenditure is retained within restricted reserves until such time that they are utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

For restricted permanent funds where the level of distributable reserves has reached at least 20% of original capital a total return accounting policy is applied as above, except that the sum transferred in the Statement of Comprehensive Income and Expenditure is limited to the qualifying expenditure incurred in the year.

Restricted Expendable Reserves

Income from expendable restricted funds not spent in accordance with the restrictions is retained within restricted reserves until such time that they are utilised in line with such restrictions, at which point the income is released to general reserves through a reserve transfer.

Total Return

Under the total return method, the Endowment transfer is determined by a spending rule which is designed to provide stable annual spending levels and to preserve the real value of the endowment portfolio over time. The spending rule adopted by the College is a 'Constant Growth with Cap and Floor' rule under which the transfer from the Endowment for a particular year is the previous year's transfer increased by RPI-0.5% (2016: RPI-0.5%), subject to a minimum payout of 2.8% (2016: 2.9%) and a maximum payout of 3.8% (2016: 3.9%) of a trailing 3 year average Endowment value. The target spending rate is 3.0%, which reflects long-run expected real returns given the College's asset allocation and long-run expected College inflation. However, the actual spending rate in any year will depend on the results of the spending rule and will therefore vary from the 3.0% target rate. The spending rule provides for the transfer to be adjusted to reflect additions to the Endowment through donations.

Residences, catering and conferences income

Income received in relation to the supply of accommodation and catering and conferences income is recognised in the period in which the related goods or services are delivered.

Other Income

Income is received from a range of activities including choir engagements and alumni events and other services rendered. Income is recognised in the period in which the related goods or services are delivered.

INVESTMENT COSTS

Investment costs, associated predominantly with the management of the College's property and securities portfolios and its investment subsidiaries, are included in the Consolidated Statement of Comprehensive Income and Expenditure in the year to which they relate.

FOREIGN CURRENCY TRANSLATION

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates or, where there are related forward foreign-exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of comprehensive income and expenditure for the financial year.

JOINT VENTURE ACCOUNTING

The College accounts for its share in a joint venture as a fixed asset investment shown at cost in the investing entity's individual financial statements and on a gross equity basis in the consolidated financial statements.

TANGIBLE FIXED ASSETS

Land and Buildings

Land and buildings are stated at valuation on the basis of depreciated replacement cost. The valuation as at 30 June 2004 was carried out by Carter Jonas LLP, Chartered Surveyors. This valuation will not be updated and will be carried forward as the gross value to be depreciated over its expected useful economic life. It is not possible to quantify the difference between depreciation based on historic cost and depreciation based on this valuation because records of the historic cost of land and buildings were not required to be kept under the accounting regime applicable to Colleges within the University of Cambridge prior to 2004.

Freehold land is not shown separately. Freehold buildings are depreciated on a straight-line basis over their expected useful economic lives of 50 years. Freehold land is not depreciated.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Finance costs which are directly attributable to the construction of buildings are not capitalised as part of the cost of those assets.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuations, are capitalised to the extent that they increase the expected future benefits to the College, and depreciated over the period of such expected future benefits.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Land held specifically for development, investment and subsequent sale is included in investment assets at fair value.

The cost of additions to operational property shown in the balance sheet includes the cost of land, where applicable.

Maintenance of Premises

The College has a five-year rolling maintenance plan which is reviewed on an annual basis. The cost of routine maintenance is charged to expense within the Consolidated Statement of Comprehensive Income and Expenditure as it is incurred. The cost of major refurbishment and maintenance which restores value is capitalised when the project valuation is above the capitalisation threshold of £20,000. Expenditure capitalised is depreciated on a straight-line basis over the expected useful economic life.

Equipment

Furniture, fittings and equipment costing less than £20,000 per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised at cost and depreciated on a straight-line basis over their expected useful life as follows:

Furniture and equipment:	Plant and machinery	(long life)	10 years
	Plant and machinery	(short life)	5 years
	Motor vehicles		5 years
	Furniture and soft furnishings		5 years
Computer equipment:	Computer network and equipment		5 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Leased Assets

Leases in which the College assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less impairment losses.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Heritage Assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. Heritage assets acquired before 1 July 2007 have not been capitalised since reliable estimates of cost or value are not available on a cost benefit basis, and the volume of items and valuation issues (e.g. age, origin, veracity) mean that it is neither practical nor beneficial to identify and value them. Acquisitions since 1 July 2007 and valued at over £20k are capitalised and recognised in the Balance Sheet at the cost or, in the case of donated assets, at valuation on receipt where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Operational assets are those that the College uses in the course of meeting its charitable purposes of education, religion, learning, and research. Once an asset has been classified as an operational asset it is not reclassified as a heritage asset.

INVESTMENTS

Investments are included in the Consolidated Balance Sheet at fair value, except for investments in subsidiary undertakings which are stated in the College's Balance Sheet at cost and eliminated on consolidation. Investments for which no fair value is readily obtainable are carried at historical cost less any provision for impairment in their value.

Realised and unrealised capital gains and losses are recognised as increases or decreases of fair value of investment assets as appropriate within the Consolidated Statement of Income and Expenditure.

INVESTMENT PROPERTY

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

The investment property portfolio is measured initially at cost and subsequently at fair value with movements recognised in the Surplus or Deficit. Investment properties are not depreciated but are revalued or reviewed annually at open market value (using the desktop valuation method) by the College's principal property advisers, Savills (L&P) Limited, with the exception of certain residential long leasehold properties which are valued by Carter Jonas LLP.

Due to the length of ownership of many of the investment properties, realised capital gains cannot be recognised with reference to historic cost.

STOCKS

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

PROVISIONS

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

TAXATION

The College is a registered charity (number 1137428). It is therefore a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010 and accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation. Due to the structure of the group, all taxable profits made by its subsidiaries are covenanted to the College on an annual basis.

CONTRIBUTION UNDER STATUTE G,II

The College is liable to be assessed for Contribution under the provisions of Statute G,II of the University of Cambridge. Contribution is used to fund grants to Colleges from the Colleges Fund. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

PENSION COSTS

The College and its subsidiary undertakings participate in a number of pension schemes of both defined-benefit and defined-contribution types.

Cambridge Colleges Federated Pension Scheme

The College contributes to the Cambridge Colleges Federated Pension Scheme ("CCFPS"), which is a defined-benefit pension scheme. Unlike the other defined-benefit schemes (as noted below), the scheme is a federated scheme, and the College is able to identify its share of the underlying assets and liabilities.

Amounts charged to operating expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past-service costs are recognised immediately in the Consolidated Statement of Comprehensive Income and Expenditure if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits to interest. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts in net interest on the net defined benefit liability) are recognised immediately in the Consolidated Statement of Comprehensive Income and Expenditure.

The scheme is funded, with the assets of the scheme held separately from those of the College, in separate trustee administered unitised funds. The scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined-benefit liability forms part of the net pension liability presented after other net assets on the face of the Balance Sheet.

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (the scheme). Through the current and preceding periods, the scheme was a defined benefit only pension scheme, until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to profit or loss represents the contributions payable to the scheme in respect of the accounting period. The College recognises a liability for the present value of agreed deficit contributions payable.

Church of England Funded Pension Scheme

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pension costs charged to the Consolidated Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions. The College recognises a liability for the present value of agreed deficit contributions payable.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme ("TPS") which is a statutory, contributory, final-salary scheme. The TPS is an unfunded scheme; therefore, the scheme is accounted for as if it were a defined-contribution pension scheme. Contributions are charged to the Consolidated Statement of Comprehensive Income and Expenditure as they are incurred. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Defined-Contribution Pension Schemes

The College and its subsidiaries also contribute to a number of defined-contribution pension schemes. For defined-contribution schemes the amount charged to the Consolidated Statement of Comprehensive Income and Expenditure in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Consolidated Balance Sheet.

EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

FUNDS AND RESERVES

The RCCA format requires the College to distinguish between Endowments, Restricted Reserves and Unrestricted Reserves.

Endowments

Where the College receives donations that are to be held in perpetuity, these are credited to endowment funds. Endowment funds are subdivided into:

Restricted endowments: where the College can spend the income from the fund on expenditure that meets the fund's objectives.

Unrestricted endowments: where the College can spend the income from the fund on any activity of the College.

Restricted Reserves

Restricted reserves include balances in respect of which the donor has designated a specific purpose and therefore the College is restricted in the use of these funds.

Unrestricted Reserves

Funds that are neither Endowments nor Restricted Reserves are classed as unrestricted reserves. The College's unrestricted reserves are identified under the following two headings:

Revaluation Reserve, relating to the unrealised gains on the revaluation of tangible fixed assets and;

Unrestricted Income and Expenditure Reserve, relating to all other reserves not included above.

Corporate Capital

The College’s unrestricted funds include the College’s Corporate Capital, which has certain features of a permanent unrestricted endowment (in that the majority is invested in perpetuity to provide an income to support the College’s charitable activities) and certain features of a permanent reserve (in that it is established practice that Cambridge Colleges can borrow against their Corporate Capital to invest in operational property). Corporate Capital is predominantly invested in the College’s Endowment, but a portion is invested in operational assets. The exact split between these two components varies over time. The portion of the College’s Corporate Capital that is invested in the Endowment is included in permanent unrestricted endowments, while the portion that is invested in operational assets is included in the unrestricted income and expenditure reserve, and the movement during the year is represented by an annual reserves transfer.

ST JOHN'S COLLEGE SCHOOL

The School is viewed as a separate activity of the College. Control of its reserves has been delegated to its Board of Governors. Its reserves, including those representing its tangible fixed assets, are included in general reserves (except for its prize and trust funds which, being restricted rather than designated funds, are treated on an individual basis).

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 30 June	Note	Unrestricted £000	Restricted £000	Endowment £000	2017 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2016 Total £000
Income									
Academic fees and charges	1	3,796	-	-	3,796	3,627	-	-	3,627
Residences, catering and conferences	2	6,183	-	-	6,183	6,703	-	-	6,703
School income		6,499	-	-	6,499	6,433	-	-	6,433
Investment income	3d	95	43	18,491	18,629	51	41	18,206	18,298
Endowment return transferred		11,195	1,712	(12,907)	-	11,071	1,624	(12,695)	-
Other income		580	-	-	580	294	-	-	294
Total income before donations and endowments		28,348	1,755	5,584	35,687	28,179	1,665	5,511	35,355
Donations		269	1,737	-	2,006	305	1,568	-	1,873
New endowments		-	1,461	5,082	6,543	-	127	1,335	1,462
Other capital grants for assets		-	-	-	-	-	645	-	645
Total income from donations and new endowments		269	3,198	5,082	8,549	305	2,340	1,335	3,980
Total income		**28,617**	**4,953**	**10,666**	**44,236**	**28,484**	**4,005**	**6,846**	**39,335**
Expenditure									
Education	4	9,670	2,864	-	12,534	9,090	2,544	-	11,634
Residences, catering and conferences	5	13,020	79	-	13,099	12,858	106	-	12,964
School expenditure		6,365	164	-	6,529	6,530	181	-	6,711
Other expenditure		1,884	187	-	2,071	1,919	132	-	2,051
Investment costs	3c	150	119	5,609	5,878	121	96	5,529	5,746
Contribution under Statute G,II		648	168	-	816	635	163	-	798
Total expenditure	6a/b	**31,737**	**3,581**	**5,609**	**40,927**	**31,153**	**3,222**	**5,529**	**39,904**
(Deficit)/surplus before other gains and losses		**(3,120)**	**1,372**	**5,057**	**3,309**	**(2,669)**	**783**	**1,317**	**(569)**
(Deficit)/surplus before other gains and losses excluding new endowments & capital grants		*(3,120)*	*(89)*	*(25)*	*(3,234)*	*(2,669)*	*11*	*(18)*	*(2,676)*
Gain on investments	3e	5,635	4,308	41,269	51,212	3,285	2,570	29,169	35,024
Surplus for the year		**2,515**	**5,680**	**46,326**	**54,521**	**616**	**3,353**	**30,486**	**34,455**
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		3,944	-	-	3,944	702	-	-	702
Actuarial (loss)/gain in respect of pension schemes	15	(2,835)	-	-	(2,835)	28	-	-	28
Total comprehensive income for the year		**3,624**	**5,680**	**46,326**	**55,630**	**1,346**	**3,353**	**30,486**	**35,185**

Summary Consolidated Statement of Comprehensive Income and Expenditure

Year ended 30 June	Note	2017 Total £000	2016 Total £000
Income			
Academic fees and charges	1	3,796	3,627
Residences, catering and conferences	2	6,183	6,703
School Income		6,499	6,433
Investment income	3d	18,629	18,298
Other income		580	294
Total income before donations and endowments		35,687	35,355
Donations		2,006	1,873
New endowments		6,543	1,462
Other capital grants for assets		-	645
Total income from donations and new endowments		8,549	3,980
Total income		**44,236**	**39,335**
Expenditure			
Education	4	12,534	11,634
Residences, catering and conferences	5	13,099	12,964
School expenditure		6,529	6,711
Other expenditure		2,071	2,051
Investment costs	3c	5,878	5,746
Contribution under Statute G,II		816	798
Total expenditure	6a/b	**40,927**	**39,904**
Surplus/(deficit) before other gains and losses		**3,309**	**(569)**
Deficit before other gains and losses excluding new endowments & capital grants		*(3,234)*	*(2,676)*
Gain on investments	3e	51,212	35,024
Surplus for the year		**54,521**	**34,455**
Other comprehensive income			
Unrealised surplus on revaluation of fixed assets		3,944	702
Actuarial (loss)/gain in respect of pension schemes	15	(2,835)	28
Total comprehensive income for the year		**55,630**	**35,185**

Additional information:

Total income and surplus/(deficit) before other gains and losses excluding new endowments & capital grants as stated above do not include the element of endowment fund distributions funded out of long-term capital growth for funds that are classified as expendable endowments or general reserves. The corresponding figures including this element are:

	2017 £000	2016 £000
Total income on a distribution basis (as defined on Page 9 of the Trustees' Report)	46,152	41,170
Deficit before other gains and losses excluding new endowments & capital grants on a distribution basis	(1,318)	(841)

Statement of Changes in Reserves

Consolidated

	Income and expenditure reserve Unrestricted £000	Restricted £000	Endowment £000	Revaluation reserve £000	Total £000
Balance at 1 July 2016	266,697	28,268	428,784	702	724,451
Surplus for the year	2,515	5,680	46,326	-	54,521
Other comprehensive income	(2,835)	-	-	3,944	1,109
Transfers between reserves	(20,285)	(84)	20,369	-	-
Balance at 30 June 2017	**246,092**	**33,864**	**495,479**	**4,646**	**780,081**

	Income and expenditure reserve Unrestricted £000	Restricted £000	Endowment £000	Revaluation reserve £000	Total £000
Balance at 1 July 2015 as previously reported	249,168	34,238	406,209	-	689,615
Impact of transition to FRS 102	8,396	(8,678)	(67)	-	(349)
Balance at 1 July 2015, under FRS 102	257,564	25,560	406,142	-	689,266
Surplus for the year	616	3,353	30,486	-	34,455
Other comprehensive income	28	-	-	702	730
Release of restricted capital funds spent in the year	645	(645)	-	-	-
Transfers between reserves	7,844	-	(7,844)	-	-
Balance at 30 June 2016	**266,697**	**28,268**	**428,784**	**702**	**724,451**

College

	Income and expenditure reserve Unrestricted £000	Restricted £000	Endowment £000	Revaluation reserve £000	Total £000
Balance at 1 July 2016	262,285	28,268	432,602	702	723,857
Surplus for the year	2,513	5,680	45,491	-	53,684
Other comprehensive income	(2,835)	-	-	3,944	1,109
Transfers between reserves	(15,933)	(84)	16,017	-	-
Balance at 30 June 2017	**246,030**	**33,864**	**494,110**	**4,646**	**778,650**

	Income and expenditure reserve Unrestricted £000	Restricted £000	Endowment £000	Revaluation reserve £000	Total £000
Balance at 1 July 2015 as previously reported	244,816	34,238	410,900	-	689,954
Impact of transition to FRS 102	8,394	(8,678)	(67)	-	(351)
Balance at 1 July 2015 under FRS 102	253,210	25,560	410,833	-	689,603
Surplus for the year	558	3,353	29,613	-	33,524
Other comprehensive income	28	-	-	702	730
Release of restricted capital funds spent in the year	645	(645)	-	-	-
Transfers between reserves	7,844	-	(7,844)	-	-
Balance at 30 June 2016	**262,285**	**28,268**	**432,602**	**702**	**723,857**

The notes numbered 1 to 26 form part of these Financial Statements

Consolidated Balance Sheet

As at 30 June	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Non-current Assets					
Tangible fixed assets	8		248,368		251,338
Heritage assets			530		530
Investments before investment in joint venture		554,351		488,195	
Investment in joint venture: Share of gross assets		279		1,309	
Share of gross liabilities		(3)		(376)	
Investments including investment in joint venture	9		554,627		489,128
Current Assets					
Stock	10		800		632
Trade and other receivables	11		2,805		3,669
Cash and cash equivalents	12		26,164		29,586
Current Liabilities					
Creditors: amounts falling due within one year	13		(10,150)		(9,931)
Net current assets			19,619		23,956
Total assets less current liabilities			823,144		764,952
Creditors: amounts falling due after more than one year	14		(27,692)		(28,312)
Net assets excluding pension liability			795,452		736,640
Net pension liability	15		(15,371)		(12,189)
Net assets including pension liability			**780,081**		**724,451**
Restricted reserves					
Income and expenditure reserve – endowment reserve	16		495,479		428,784
Income and expenditure reserve – restricted reserve	17		33,864		28,268
			529,343		457,052
Unrestricted Reserves					
Income and expenditure reserve – unrestricted			246,092		266,697
Revaluation reserve			4,646		702
			250,738		267,399
Total Reserves			**780,081**		**724,451**

These Financial Statements were approved by the College Council and authorised for issue on 2 November 2017 and signed on their behalf by:

Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

The notes numbered 1 to 26 form part of these Financial Statements

College Balance Sheet

As at 30 June	Note	2017 £'000	2016 £'000
Fixed Assets			
Tangible assets	8	248,660	251,620
Heritage assets		530	530
Investments	9	558,247	493,012
Current Assets			
Stock	10	579	537
Trade and other receivables	11	4,123	4,748
Cash and cash equivalents	12	20,292	24,137
Current Liabilities			
Creditors: amounts falling due within one year	13	(10,718)	(10,226)
Net current assets		14,276	19,196
Total assets less current liabilities		821,713	764,358
Creditors: amounts falling due after more than one year	14	(27,692)	(28,312)
Net assets excluding pension liability		794,021	736,046
Net pension liability	15	(15,371)	(12,189)
Net assets including pension liability		**778,650**	**723,857**
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	494,110	432,602
Income and expenditure reserve – restricted reserve	17	33,864	28,268
		527,974	460,870
Unrestricted Reserves			
Income and expenditure reserve – unrestricted		246,030	262,285
Revaluation reserve		4,646	702
		250,676	262,987
Total Reserves		**778,650**	**723,857**

The College recorded a surplus for the financial year of £53,684k (2016: £33,524k) and other comprehensive income of £1,109k (2016: £730k).

These Financial Statements were approved by the College Council and authorised for issue on 2 November 2017 and signed on their behalf by:

Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

The notes numbered 1 to 26 form part of these Financial Statements

Consolidated Cash Flow Statement

Year to 30 June	Note	2017 £'000	2016 £'000
Net cash outflow from operating activities	19	(2,065)	(5,800)
Cash flows from investing activities	20	504	18,671
Cash flows from financing activities	21	(1,861)	(2,376)
(Decrease)/increase in cash and cash equivalents in the year		(3,422)	10,495
Cash and cash equivalents at beginning of the year		29,586	19,091
Cash and cash equivalents at end of the year	12	**26,164**	**29,586**

The notes numbered 1 to 26 form part of these Financial Statements

Notes to the Financial Statements

1. ACADEMIC FEES AND CHARGES

	2017 £'000	2016 £'000
College Fees		
Fee income paid on behalf of undergraduates at the regulated undergraduate fee rate (per capita fee £4,392/£4,500 (2016: £4,308/£4,500))	2,292	2,271
Unregulated undergraduate fee income (per capita fee £6,800 (2016: £5,700))	550	492
Fee income received at the Graduate fee rate (per capita fee £3,283 (2016: £2,844))	657	620
	3,499	3,383
Other Educational income	297	244
Total	**3,796**	**3,627**

2. RESIDENCES, CATERING AND CONFERENCES INCOME

	2017 £'000	2016 £'000
Accommodation:		
College Members	4,286	4,053
Conferences	411	707
Catering:		
College Members	731	1,165
Conferences	755	778
Total	**6,183**	**6,703**

3. ENDOWMENT RETURN AND INVESTMENT INCOME

3a ANALYSIS OF INCOME

	Note	2017 £'000	2016 £'000
Income from:			
Property		11,073	11,010
Securities		320	295
Cash		34	104
St John's Innovation Centre Limited		1,127	1,195
Aquila Investments Limited		100	226
Lomas Developments Limited		1	1
Total		**12,655**	**12,831**
Income allocated to:			
Permanent funds accounted for on a Total Return basis	3d	12,507	12,733
Permanent funds accounted for on a Standard Income basis		10	6
Expendable funds		138	92
Total		**12,655**	**12,831**

3b ANALYSIS OF GAINS ON INVESTMENTS

	Note	2017 £'000	2016 £'000
Capital gains from:			
Property		20,962	19,069
Securities		37,811	23,272
Foreign exchange movements on investment cash and foreign exchange contracts		(1,620)	(1,850)
	9	57,153	40,491
Gains on cash equivalents		33	-
		57,186	**40,491**

3.	ENDOWMENT RETURN AND INVESTMENT INCOME (continued)		2017 £'000	2016 £'000
	Capital gains allocated to:			
	Permanent funds accounted for on a Total Return basis	3f	46,448	34,287
	Permanent funds accounted for on a Standard Income basis		795	349
	Expendable funds		9,943	5,855
			57,186	**40,491**

3c	ANALYSIS OF INVESTMENT COSTS		2017 £'000	2016 £'000
	Investment property portfolio costs		3,137	3,037
	Trading costs of St John's Innovation Centre Limited		1,372	1,428
	Trading costs of Aquila Investments Limited		37	200
	Trading costs of Lomas Development Limited		26	7
	Investment consultant, custodian/reporting and cash management fees		172	139
	Securities portfolio management fees		1,006	802
	Other securities portfolio operating costs		128	133
	Total		**5,878**	**5,746**
	Costs allocated to:			
	Permanent funds accounted for on a Total Return basis	3d	5,583	5,512
	Permanent funds accounted for on a Standard Income basis		26	17
	Expendable funds		269	217
	Total		**5,878**	**5,746**

3d	RECONCILIATION OF INVESTMENT INCOME INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE		2017 £'000	2016 £'000
	Investment costs allocated to permanent funds accounted for on a total return basis	3c	5,583	5,512
	Total return on permanent funds accounted for on a total return basis transferred to income and expenditure		12,898	12,688
	Less: investment income allocated to permanent funds accounted for on a total return basis	3a	(12,507)	(12,733)
	Endowment drawdown from Unapplied Total Return added to Investment Income		5,974	5,467
	Plus: Investment Income	3a	12,655	12,831
	Total Investment Income included in the Consolidated Statement of Comprehensive Income and Expenditure		**18,629**	**18,298**

3e	RECONCILIATION OF GAINS ON INVESTMENTS INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE		2017 £'000	2016 £'000
	Total capital gains on investments	3b	57,186	40,491
	Less: Endowment drawdown from Unapplied Total Return added to Investment Income	3d	(5,974)	(5,467)
	Gains on investments for year included within Statement of Comprehensive Income and Expenditure		**51,212**	**35,024**

3. ENDOWMENT RETURN AND INVESTMENT INCOME (continued)

3f SUMMARY OF TOTAL RETURN OF PERMANENT FUNDS ACCOUNTED FOR ON A TOTAL RETURN BASIS

		2017 £'000	2016 £'000
Allocated investment income	3a	12,507	12,733
Apportioned gains on investments	3b	46,448	34,287
Allocated investment costs	3c	(5,583)	(5,512)
Total return for year		53,372	41,508
Total return transferred to income and expenditure reserve		(12,898)	(12,688)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure	**18**	**40,474**	**28,820**

4. EDUCATION EXPENDITURE

	2017 £'000	2016 £'000
Teaching	4,622	4,350
Tutorial	1,812	1,862
Admissions	836	746
Research	1,779	1,724
Scholarships and awards	3,030	2,529
Other educational facilities	455	423
Total	**12,534**	**11,634**

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2017 £'000	2016 £'000
Accommodation:		
College Members	9,484	9,466
Conferences	301	295
Catering:		
College Members	2,921	2,834
Conferences	393	369
Total	**13,099**	**12,964**

6. ANALYSIS OF EXPENDITURE BY ACTIVITY

6a 2017 Expenditure

		Staff Costs (note 7) £'000	Other Operating Expenses £'000	Depreciation (note 8) £'000	Interest and other finance costs £'000	2017 Total £'000
Education	4	5,706	5,429	1,097	302	**12,534**
Residences, catering and conferences	5	5,109	2,963	3,942	1,085	**13,099**
School		4,215	1,823	271	220	**6,529**
Other		809	1,262	-	-	**2,071**
Investment costs	3c	873	4,986	19	-	**5,878**
Contribution under Statute G, II		-	816	-	-	**816**
Total expenditure		**16,712**	**17,279**	**5,329**	**1,607**	**40,927**

Expenditure includes fundraising costs of £722k.

6. ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)

6b 2016 Expenditure

		Staff Costs (note 7) £'000	Other Operating Expenses £'000	Depreciation (note 8) £'000	Interest and other finance costs £'000	2016 Total £'000
Education	4	5,557	4,650	1,099	328	**11,634**
Residences, catering and conferences	5	5,150	2,687	3,948	1,179	**12,964**
School		4,268	1,857	363	223	**6,711**
Other		766	1,285	-	-	**2,051**
Investment costs	3c	852	4,829	62	3	**5,746**
Contribution under Statute G, II		-	798	-	-	**798**
Total expenditure		**16,593**	**16,106**	**5,472**	**1,733**	**39,904**

Expenditure includes fundraising costs of £659k.

6c Auditors' remuneration

	2017 £'000	2016 £'000
Other operating expenses include:		
Audit fees payable to the College's external auditor		
For the audit of the College	55	58
For the audit of subsidiary companies	18	20
Taxation compliance fees payable to the College's external auditor	-	15
Other taxation advisory fees payable to the College's external auditor	-	3
Total fees payable to the College's external auditor	**73**	**96**
Audit fees payable to other firms for the audit of St John's College School	9	10
Total auditors' remuneration	**82**	**106**

Amounts stated above include unrecoverable VAT

7. STAFF COSTS

Staff Costs	College Fellows £'000	Other Academic £'000	Non-Academic £'000	2017 Total £'000	2016 Total £'000
Emoluments	2,316	233	10,768	13,317	13,238
Social security costs	225	10	1,011	1,246	1,019
Other pension costs	305	27	1,817	2,149	2,336
Total	**2,846**	**270**	**13,596**	**16,712**	**16,593**

In addition to the costs shown above, the College paid £144k (2016: £125k) in the year for staff medical cover.

Staff Numbers	College Fellows	Other Academic	Non-Academic	2017 Total	2016 Total
Stipendiary Fellows	97	-	-	97	99
Average staff numbers (full-time equivalents)	-	7	364	371	364
Total	**97**	**7**	**364**	**468**	**463**

	2017 number	2016 number
The Governing Body of the College, comprising all Fellows, at 30 June was	158	158

7. STAFF COSTS (continued)

Average staff numbers (full-time equivalents) include 104 (2016: 100) School staff and 19 (2016: 19) staff employed by the St John's Innovation Centre.

The number of employees of the College and its subsidiary undertakings who received emoluments (excluding employer pension contributions) in excess of £100,000 were as follows:

	2017 number	2016 number
Between £110,000 and £120,000	2	3
Between £130,000 and £140,000	1	1

In addition to the emoluments shown above, one member of staff received a lump sum payment in 2015-16 to rectify underpaid employer pension contributions over a number of previous years.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and comprise the College Council. This includes aggregated emoluments paid to key management personnel.

	2017 Total £'000	2016 Total £'000
Key management personnel	530	557

8. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	2017 Total £'000	2016 Total £'000
Cost/Valuation					
At beginning of year	299,505	3,394	2,096	304,995	300,998
Additions at cost	2,977	70	328	3,375	2,169
Revaluation	3,196	-	-	3,196	506
Disposals at cost	(3)	(119)	(517)	(639)	(8)
Transfers	(4,900)	-	-	(4,900)	1,330
At end of year	300,775	3,345	1,907	306,027	304,995
Depreciation					
At beginning of year	49,548	2,627	1,482	53,657	48,381
Charge for the year	4,867	266	196	5,329	5,472
Revaluation	(748)	-	-	(748)	(196)
Eliminated on disposals	-	(116)	(463)	(579)	-
At end of year	53,667	2,777	1,215	57,659	53,657
Net Book value					
At end of year	**247,108**	**568**	**692**	**248,368**	**251,338**
At beginning of year	249,957	767	614	251,338	252,617

8. TANGIBLE FIXED ASSETS (continued)

College	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	2017 Total £'000	2016 Total £'000
Cost/Valuation					
At beginning of year	299,906	3,301	2,067	305,274	301,367
Additions at cost	2,976	70	328	3,374	2,079
Revaluation	3,196	-	-	3,196	506
Disposals at cost	(3)	(119)	(517)	(639)	(8)
Transfers	(4,900)	-	-	(4,900)	1,330
At end of year	301,175	3,252	1,878	306,305	305,274
Depreciation					
At beginning of year	49,607	2,591	1,456	53,654	48,432
Charge for the year	4,875	248	195	5,318	5,418
Revaluations	(748)	-	-	(748)	(196)
Eliminated on disposals	-	(116)	(463)	(579)	-
At end of year	53,734	2,723	1,188	57,645	53,654
Net Book Value					
At end of year	**247,441**	**529**	**690**	**248,660**	**251,620**
At beginning of year	250,299	710	611	251,620	252,935

Freehold land and buildings comprise the operational buildings and site of the College.

The insured value of freehold buildings as at 30 June 2017 was £296,037k (2016: £263,907k).

The cost to the College of freehold buildings includes the surplus of £400k on past sales of buildings to the College recorded in the accounts of Aquila Investments Limited, a subsidiary undertaking, which is eliminated from the cost to the group on consolidation.

Heritage Assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 2007 have been capitalised. However, the majority of assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result, the total included in the balance sheet is partial.

The value of heritage assets acquired by donation during the year and the preceding four years was £60k, received in the year ended 30 June 2013. All the above recognised Heritage Assets were donated to the College rather than purchased by the College. Heritage assets are books gifted to the College.

9. INVESTMENTS

	Group		College	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Balance at beginning of year	489,128	462,635	493,012	467,319
Additions	33,086	34,990	33,136	34,990
Disposals	(36,985)	(51,272)	(36,349)	(51,197)
Gain	57,153	40,491	56,199	39,615
Increase in cash balances held at fund managers	7,345	3,585	7,349	3,586
Transfers from/(to) College Operations	4,900	(1,301)	4,900	(1,301)
Balance at end of year	554,627	489,128	558,247	493,012
Represented by:				
Property	290,152	264,925	284,120	259,207
Securities	232,868	201,596	232,868	201,596
Cash in hand and at investment managers	31,607	24,341	31,607	24,341
Foreign exchange forward contract	-	(1,734)	-	(1,734)
Investments in subsidiary undertakings	-	-	9,652	9,602
	554,627	489,128	558,247	493,012

The College has chosen to reflect the liability of the foreign exchange forward contract at 30 June 2016 against the value of endowment investments.

10. STOCKS

	Group		College	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Goods for resale	760	594	549	508
Other stocks	40	38	30	29
Total stocks	**800**	**632**	**579**	**537**

The Council considers that there is no material difference between the book value of stocks and their replacement cost.

11. TRADE AND OTHER RECEIVABLES

	Group		College	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Amounts due within one year:				
Net sums due from members of the College	177	329	177	329
Amounts due from subsidiary undertakings	-	-	1,638	1,527
Other trade debtors	1,148	1,900	966	1,522
Other loans	10	11	10	11
Other taxes	52	21	38	16
Prepayments	624	481	597	459
Accrued income	681	804	584	761
	2,692	3,546	4,010	4,625
Amounts due after more than one year:				
Other loans	113	123	113	123
Total trade and other receivables	**2,805**	**3,669**	**4,123**	**4,748**

12. CASH AND CASH EQUIVALENTS

	Group		College	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Short-term money market deposits	10,659	9,288	10,659	9,288
Bank deposits	2,500	-	2,500	-
Current accounts	13,005	20,298	7,133	14,849
Total	**26,164**	**29,586**	**20,292**	**24,137**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		College	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	1,272	1,329	1,202	1,293
Members of the College	75	92	75	92
Amounts due to subsidiary undertakings	-	-	909	898
Contribution under Statute G,II	816	798	816	798
Bank loans due within one year	620	588	620	588
Other creditors	1,428	1,134	1,428	1,130
Other taxation and social security	505	723	379	659
Accruals and deferred income	5,434	5,267	5,289	4,768
Total	**10,150**	**9,931**	**10,718**	**10,226**

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group and College	
	2017 £'000	2016 £'000
Bank loans	27,692	28,312

	Group and College	
Bank loans repayable	2017 £'000	2016 £'000
Between two and five years	11,721	11,580
After five years	15,971	16,732
Total borrowings	**27,692**	**28,312**

In 2006, the College entered into an unsecured bank loan for £20 million, repayments on this started in the current year and the loan has an interest rate fixed at 5.16% until June 2036. In 2013, the College entered into an unsecured revolving credit facility for up to £5 million, of which £nil (2016: £nil) has been drawn down, this facility has a five year term and a floating interest rate. In addition, in 2013 the College entered into a further unsecured bank loan for £10 million, the loan has a five year term and repayments commenced in 2015, the interest rate is fixed at 2.38% for £8.9 million while the remainder had a floating interest rate, and the floating rate element was fully repaid in the prior year.

15. PENSION LIABILITIES (NOTE 24)

	Group and College 2017 £'000	2016 £'000
Balance at beginning of year	12,189	11,616
Movement in year:		
Current service cost including life assurance	1,586	1,778
Contributions	(1,575)	(1,602)
Other finance cost	336	425
Actuarial loss/(gain) recognised in the Statement of Consolidated Income and Expenditure	2,835	(28)
Balance at end of year	**15,371**	**12,189**
Balance attributable to:		
Cambridge Colleges' Federated Pension Scheme	14,640	11,483
Universities Superannuation Scheme	708	678
Church of England Funded Pensions Scheme	23	28
Balance at end of year	**15,371**	**12,189**

16. ENDOWMENTS

Group	Unrestricted Permanent £'000	Restricted Permanent £'000	2017 Total £'000	2016 Total £'000
Balance at beginning of year:				
Capital	139,684	33,695	173,379	179,733
Unapplied Total Return	217,416	37,989	255,405	226,409
	357,100	71,684	428,784	406,142
New endowments received	924	4,158	5,082	1,335
Investment Income	16,480	2,011	18,491	18,206
Expenditure	(16,486)	(2,030)	(18,516)	(18,224)
Transfer from/(to) Corporate Capital reserve	20,060	-	20,060	(7,844)
Transfer from Unspent Income	-	84	84	-
Reclassification of funds	-	225	225	-
Increase in market value of investments	31,569	9,700	41,269	29,169
Balance at end of year	**409,647**	**85,832**	**495,479**	**428,784**
Comprising:				
Capital	160,992	38,943	199,935	173,379
Unapplied Total Return	248,655	46,889	295,544	255,405
	409,647	**85,832**	**495,479**	**428,784**
Analysed by Primary Purpose:				
Chapel/Choir	-	1,240	1,240	1,084
Education	-	8,318	8,318	6,272
Field Sports	-	3,783	3,783	3,347
Library	-	1,604	1,604	1,368
LMBC	-	1,118	1,118	984
Research	-	13,225	13,225	8,792
Scholarship/Awards	-	48,925	48,925	46,157
School	-	656	656	382
Other	-	6,963	6,963	3,298
General Endowments	409,647	-	409,647	357,100
Total	**409,647**	**85,832**	**495,479**	**428,784**

16. ENDOWMENTS (continued)

College	Unrestricted Permanent £'000	Restricted Permanent £'000	2017 Total £'000	2016 Total £'000
Balance at beginning of year:				
Capital	144,370	33,695	178,065	184,419
Unapplied Total Return	216,548	37,989	254,537	226,414
	360,918	71,684	432,602	410,833
New endowments received	924	4,158	5,082	1,335
Investment Income	15,183	2,011	17,194	18,206
Expenditure	(15,191)	(2,030)	(17,221)	(18,224)
Transfer from/(to) Corporate Capital reserve	15,707	-	15,707	(7,844)
Transfer from Unspent Income	-	84	84	-
Reclassification of funds	-	225	225	-
Increase in market value of investments	30,737	9,700	40,437	28,296
Balance at end of year	**408,278**	**85,832**	**494,110**	**432,602**
Comprising:				
Capital	160,992	38,943	199,935	178,065
Unapplied Total Return	247,286	46,889	294,175	254,537
	408,278	**85,832**	**494,110**	**432,602**
Analysed by Primary Purpose:				
Chapel/Choir	-	1,240	1,240	1,084
Education	-	8,318	8,318	6,272
Field Sports	-	3,783	3,783	3,347
Library	-	1,604	1,604	1,368
LMBC	-	1,118	1,118	984
Research	-	13,225	13,225	8,792
Scholarship/Awards	-	48,925	48,925	46,157
School	-	656	656	382
Other	-	6,963	6,963	3,298
General Endowments	408,278	-	408,278	360,918
Total	**408,278**	**85,832**	**494,110**	**432,602**

17. RESTRICTED RESERVES

Group and College	Other Restricted Funds £'000	2017 Total £'000	2016 Total £'000
Balance at beginning of year	28,268	28,268	25,560
New grants	-	-	645
New donations	1,737	1,737	1,568
New endowments	1,461	1,461	127
Investment income	1,755	1,755	1,665
Capital grants utilised	-	-	(645)
Expenditure funded from restricted funds	(3,581)	(3,581)	(3,222)
Gains on investments	4,308	4,308	2,570
Transfer of Unspent Income to Endowment	(84)	(84)	-
Balance at end of year	**33,864**	**33,864**	**28,268**
Analysed by Primary Purpose:			
Chapel/Choir	2,460	2,460	2,185
Education	2,886	2,886	2,565
Library	1,292	1,292	1,178
Maintenance	901	901	794
Research	177	177	125
Scholarship/Awards	24,708	24,708	20,047
School	1,024	1,024	1,018
Other	416	416	356
Total	**33,864**	**33,864**	**28,268**

18. MEMORANDUM OF UNAPPLIED TOTAL RETURN

Included within endowments, the following amounts represent the Unapplied Total Return of the College's Permanent funds managed on a total return basis:

Group	Note	2017 £'000	2016 £'000
Unapplied Total Return at beginning of year	16	255,405	226,409
Opening Unapplied Total Return of funds adopting total return for the first time in the year		-	176
Transfer to Corporate Capital reserve		(335)	-
Unapplied Total Return for the year	3f	40,474	28,820
Unapplied Total Return at end of year	16	**295,544**	**255,405**

College	Note	2017 £'000	2016 £'000
Unapplied Total Return at beginning of year	16	254,537	226,414
Opening Unapplied Total Return of funds adopting total return for the first time in the year		-	176
Unapplied Total Return for the year		39,638	27,947
Unapplied Total Return at end of year	16	**294,175**	**254,537**

19. RECONCILIATION OF CONSOLIDATED SURPLUS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2017 £'000	2016 £'000
Surplus for the year	54,521	34,455
Adjustment for non-cash items		
Depreciation	5,329	5,472
Endowment drawdown from unapplied total return	(5,974)	(5,467)
Gain on investments	(51,179)	(35,024)
(Increase)/decrease in operational stocks	(52)	24
Decrease/(increase) in operational trade and other receivables	385	(429)
Increase in operational creditors	64	378
Pension costs less contributions payable	11	143
Adjustment for investing or financing activities		
Net investment income	(6,777)	(7,085)
Interest and other finance costs payable	1,607	1,733
Net cash outflow from operating activities	**(2,065)**	**(5,800)**

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2017 £'000	2016 £'000
Proceeds from sales of non-current fixed assets	4,960	8
Net investment income	6,777	7,085
Endowment funds (invested)/disinvested	(8,346)	13,998
Increase in investment working capital	488	1,079
Payments made to acquire non-current assets	(3,375)	(3,499)
Total cash flows from investing activities	**504**	**18,671**

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2017 £'000	2016 £'000
Interest paid	(1,273)	(1,276)
Repayments of amounts borrowed	(588)	(1,100)
Total cash flows from financing activities	**(1,861)**	**(2,376)**

22. CAPITAL COMMITMENTS

Capital commitments at 30 June were as follows:	2017 £'000	2016 £'000
Authorised and contracted	**2,086**	**487**

23. LEASE COMMITMENTS

Operating Lease Commitments

Total future minimum lease payments under non-cancellable operating leases at 30 June were as follows:	Group 2017 £'000	Group 2016 £'000	College 2017 £'000	College 2016 £'000
Expiring within one year	32	26	27	23
Expiring between two and five years	20	59	12	59
	52	**85**	**39**	**82**

Finance Lease Commitments

Total commitments under finance leases as at 30 June were as follows:	Group 2017 £'000	Group 2016 £'000	College 2017 £'000	College 2016 £'000
Expiring within one year	8	7	8	7
Expiring between two and five years	-	8	-	8
	8	**15**	**8**	**15**

24. PENSION SCHEMES

The College and its subsidiary undertakings participate in four defined benefit schemes, as well as a number of defined contribution schemes.

Cambridge Colleges' Federated Pension Scheme

The College operates a defined benefit pension plan for the College's employees who are members of the Cambridge Colleges' Federated Pension Scheme.

The liabilities of the plan have been calculated for the purposes of FRS 102 using a valuation system designed for the Management Committee, acting as Trustee of the Cambridge Colleges' Federated Pension Scheme, at 31 March 2014 but allowing for the different assumptions required under FRS 102 and taking fully into consideration changes in the plan benefit structure and membership since that date.

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2017 % p.a.	2016 % p.a.
Discount rate	2.6	2.8
Increase in salaries	2.85	2.4
RPI assumption	3.35	2.9
CPI assumption	2.35	1.9
Pension increases in payment (RPI Max 5% p.a.)	3.25	2.7
Pension increases in payment (CPI Max 2.5% p.a.)	1.85	1.7

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2016 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2016: same base table with CMI_2015 future improvement factors and a long-term future improvement rate of 1.0% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.1 years (previously 21.9 years).
- Female age 65 now has a life expectancy of 23.9 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.5 years (previously 23.2 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

24. PENSION SCHEMES (continued)

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June are as follows:

	2017 £'000	2016 £'000
Present value of plan liabilities	(45,137)	(37,709)
Market value of plan assets	30,497	26,226
Net defined benefit liability	**(14,640)**	**(11,483)**

The amounts to be recognised in Profit and Loss for the year ended 30 June are as follows:

	2017 £'000	2016 £'000
Current service cost	1,183	1,375
Administrative cost	44	44
Interest on net defined liability	323	407
Total	**1,550**	**1,826**

Changes in the present value of the plan liabilities for the year ended 30 June are as follows:

	2017 £'000	2016 £'000
Present value of plan liabilities at beginning of period	37,709	32,805
Current service cost (including Employee contributions)	1,183	1,375
Employee contributions	335	281
Benefits paid	(719)	(805)
Interest on plan liabilities	1,067	1,229
Actuarial losses	5,562	2,824
Present value of plan liabilities at end of period	**45,137**	**37,709**

Changes in fair value of the plan assets for the year ended 30 June are as follows:

	2017 £'000	2016 £'000
Market value of plan assets at beginning of period	26,226	21,875
Contributions paid by the College	1,165	1,220
Employee contributions	335	281
Benefits paid	(719)	(805)
Administrative expenses paid	(80)	(71)
Interest on plan assets	744	822
Return on assets, less interest included in the statement of comprehensive income	2,826	2,904
Market value of plan assets at end of period	**30,497**	**26,226**
Actual return on plan assets	**3,569**	**3,726**

The major categories of plan assets as at 30 June are as follows:

	2017	2016
Equities	67%	59%
Bonds and cash	27%	35%
Property	6%	6%
Total	**100%**	**100%**

The plan has no investments in property occupied by, assets used by or financial instruments issued by the College.

24. PENSION SCHEMES (continued)

Analysis of the re-measurement of the net defined benefit liability recognised in Other Comprehensive Income (OCI) for the year ended 30 June are as follows:

	2017 £'000	2016 £'000
Return on assets, less interested included in Profit and Loss	2,826	2,904
Expected less actual plan expenses	(36)	(26)
Experience gains and losses arising on plan liabilities	75	911
Changes in assumptions underlying the present value of plan liabilities	(5,637)	(3,736)
Remeasurement of net defined benefit liability recognised in OCI	**(2,772)**	**53**

Movement in deficit during the year ended 30 June are as follows:

	2017 £'000	2016 £'000
Deficit in plan at beginning of period	(11,483)	(10,930)
Recognised in Statement of Comprehensive Income	(1,550)	(1,826)
Contributions paid by the College	1,165	1,220
Actuarial (loss)/gain recognised in other comprehensive income	(2,772)	53
Deficit in plan at the end of period	**(14,640)**	**(11,483)**

Funding Policy

Funding valuations are carried out every three years on behalf of the Management Committee, acting as the Trustee of the Scheme, by a qualified independent actuary. The actuarial assumptions underlying the funding valuation are different to those adopted under FRS 102.

The last such valuation was as at 31 March 2014. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 3 June 2015 and are as follows:

- Annual contributions of not less than £401,899 p.a. payable for the period from 1 July 2015 to 31 March 2024.

These payments are subject to review following the next funding valuation, due as at 31 March 2017.

Universities Superannuation Scheme

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method. The valuation as at 31 March 2017 is underway. Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017 % p.a.	2016 % p.a.
Discount rate	2.57	3.6
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.41	2.2

24. PENSION SCHEMES (continued)

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality: 98% of S1NA ["light"] YoB tables – No age rating

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% p.a. long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017 years	2016 years
Males currently aged 65	24.4	24.3
Females currently aged 65	26.6	26.5
Males currently aged 45	26.5	26.4
Females currently aged 45	29.0	28.8

	2017 £bn	2016 £bn
Scheme Assets	60.0	49.8
Total scheme liabilities	(77.5)	(58.3)
FRS 102 total scheme deficit	(17.5)	(8.5)
FRS 102 total funding level	77%	85%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2017 £'000	2016 £'000
Balance sheet liability at 1 July	678	655
Deficit contributions paid	(49)	(21)
Interest cost	12	18
Remaining change to the balance sheet liability*	67	26
Balance sheet liability at 30 June	**708**	**678**

* Comprises change in agreed deficit recovery plan and change in discount rate between year ends.

Church of England Funded Pensions Scheme (CEFPS)

The College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

24. PENSION SCHEMES (continued)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,301m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
  - For investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
  - A 100% allocation to return-seeking assets for investments backing liabilities prior to retirement.
- Investment returns of 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets.
- RPI inflation of 3.2% p.a. (and pension increases consistent with this).
- Increase in pensionable stipends of 3.2% p.a.
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections, with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) are set out in the table below. Contributions since 2015 are shown for reference:

% of pensionable stipends	**January 2015 to December 2017**	**January 2018 to December 2025**
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

	2017	**2016**
	£'000	**£'000**
Balance sheet liability at 1 July	28	31
Deficit contribution paid	(2)	(3)
Interest cost	1	1
Remaining change to the balance sheet liability*	(4)	(1)
Balance sheet liability at 30 June	**23**	**28**

* Comprises change in agreed deficit recovery plan and change in discount rate between year ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	2017	**2016**
	% p.a.	**% p.a.**
Discount rate	1.5	2.5
Price inflation	3.1	2.4
Increase to total pensionable payroll	1.6	0.9

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

24. PENSION SCHEMES (continued)

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £369k (2016: £354k) and at the year-end £nil (2016 - £nil) was accrued in respect of contributions to this scheme.

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

The employer contribution rate is set following scheme valuations undertaken by the Government Actuary's Department. The latest actuarial valuation of the TPS was prepared as at 31 March 2012 and the valuation report, which was published in June 2014, confirmed an employer contribution rate for the TPS of 16.4% from 1 September 2015. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 16.48%.

This employer rate will be payable until the outcome of the next actuarial valuation, which is due to be prepared as at 31 March 2016 and completed in 2018, with any resulting changes to the employer rate expected to take effect from 1 April 2019. This valuation will also determine the opening balance of the cost cap fund and provide an analysis of the cost cap as required by the Public Service Pensions Act 2013.

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of its College Council, it is inevitable that transactions will take place with organisations in which a College Council member may have an interest. All transactions involving organisations in which a member of the College Council may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

The College maintains a register of interests for all College Council members, and where any member of the College Council has a material interest in a matter of business before the Council they are obliged under the standing orders of the College to declare that fact.

During the year no fees or expenses were paid to Fellows in respect of their duties as trustees.

Fellows are remunerated for teaching, research and other duties within the College, Fellows are billed for any private catering. The College also offers Fellows and staff assistance with housing costs on a shared equity basis and has a housing allowance scheme to assist Fellows in the first four years after joining the Fellowship.

The School provides a discount on school fees to its staff as part of its terms of appointment; where children of Fellows and other staff attend the School, they pay fees on the normal terms.

The College has a number of trading and dormant subsidiary undertakings which are consolidated into these accounts. All subsidiary undertakings are 100% owned by the College and are registered and operating in England and Wales.

The College is taking advantage of the exemption within Section 33 of FRS 102 not to disclose transactions with wholly owned group companies that are related parties.

26. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

Subsidiaries

The College's principal trading and dormant subsidiary undertakings at 30 June 2017 and 30 June 2016 are set out below.

Subsidiary	Activity	Holding	%
St John's Enterprises Limited	The provision of conference facilities and tourism administration at St John's College, Cambridge. The Company also undertakes activities in relation to healthcare for the College.	2 ordinary shares of £1 each	100%
Aquila Investments Limited	Property development and farming.	74,805,020 ordinary shares of 1p each	100%
St John's Innovation Centre Limited	The management of St John's Innovation Centre on behalf of the College, and the provision of advice and guidance to early-stage knowledge-based businesses in the Cambridge sub-region.	163,429 ordinary shares of £1 each (2016: 113,429)	100%
Lomas Developments Limited	Property development.	5,000,004 ordinary shares of 10p each	100%
St John's College Development Limited	Dormant	820,004 ordinary shares of 50p each	100%
Aquivar Management Services Limited	Dormant	100 ordinary shares of £1 each	100%

Joint Ventures

The College's principal trading and dormant joint venture undertakings at 30 June 2017 and 30 June 2016 are set out below.

Joint venture	Activity	Country of Incorporation	% Holding
Barberry Nottingham LLP	Property development.	United Kingdom	75%

Distribution of reserves by Barberry Nottingham LLP requires the unanimous agreement of LLP members and is subject to the terms of a loan agreement taken out by the LLP.

The College was a member of two other joint ventures, Barberry Willenhall LLP and Friars 720 LLP, which were both registered in the United Kingdom. Neither joint venture had any principal business activity. The College did not provide any capital to either of the joint ventures. Barberry Willenhall LLP was dissolved on 3 October 2017, and Friars 720 LLP is in the process of being voluntarily dissolved.