



**ST JOHN'S COLLEGE
CAMBRIDGE**

Annual Report and Accounts

**for the year ended
30 June 2008**

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Overview of St John's College

Founded in 1511, St John's College (formally "The College of St John the Evangelist in the University of Cambridge") 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. As at 31 October 2008, the College had 138 Fellows and 877 junior members comprising 552 undergraduates and 325 graduates. As at 30 June 2008, the College itself and its subsidiaries had 283 staff (full-time equivalent). In addition, as at 31 October 2008, St John's College School, the source of choristers for the College's world renowned choir, had 94 staff (full-time equivalent) and 461 pupils.

In constitutional terms, the College is an eleemosynary (i.e. dependent on charity) chartered corporation established by Charter dated 9 April 1511. The aims of the College, as specified by its Statutes, are the promotion of education, religion, learning and research. The College is a charity under English law, being an exempt charity under the terms of Schedule 2 of the Charities Act 1993.

The College fulfils its charitable objectives through a wide variety of activities including: admitting undergraduate students for University courses and accepting graduate students admitted by the University; providing, in conjunction with the University, a world class education particularly through small group teaching and academic supervision; supporting students financially through the provision of scholarships, access bursaries, grants and allowances, as well as supporting students in particular financial hardship; supporting research through an annual competition for election to Research Fellowships, the research activities of its Fellows and a programme of visitors from overseas; providing accommodation for students and Fellows; providing library, ICT, cultural and sporting facilities; and promoting an outstanding choral tradition through the College choir.

As part of 'Collegiate Cambridge', the long-term success of the College as a centre of academic and educational excellence is dependent on the continuance of the University of Cambridge's world-class position.

College Governance

The Statutes of the College lay down the constitution and arrangements for governance of the College. They 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 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.

The Governing Body in turn elects for rotating four year terms twelve Fellows who, together with the Master, act as a College Council for the day-to-day administration of the affairs of the College. 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 admissions, 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.

The Fellowship, more widely, participates actively in the governance of the College through membership of a wide variety of committees that support the Council's work. Among those committees, the Investments Committee and the Finance Committee have had a number of external members for several years. In addition, the Governing Body directly appoints an Audit Committee which acts as a board of scrutiny and reports to the Governing Body.

The Visitor of the College is the Bishop of Ely.

Members of the Governing Body and the College Council, as at 31 October 2008, are set out in 'Membership of the Governing Body' below.

St John's College School has its own Governors, who are appointed by the College Council. As at 31 October 2008, 6 of the 10 Governors of the School were Fellows of the College. The School Governors are responsible to the College Council, and ultimately the Governing Body, for the educational policy, management and finances of the School.

Membership of the Governing Body

The members of the Governing Body of the College as at 31 October 2008 are set out below (with members of the Council marked with an asterisk).

Master: Professor C.M. Dobson*

President: Dr A.M. Nicholls*

Other Fellows (in order of election)

Professor Sir M.V. Wilkes	Dr M. Richards	Professor A.W. Woods*
Dr E.D. James	Professor J.F. Kerrigan	Commodore J.W.R. Harris
Professor R.A. Hinde	Professor G.J. Burton	Dr S.M. Best
Dr R.H. Prince	Professor G.C. Horrocks	Dr P.M. Geraats
Professor Sir J.R. Goody	Professor Sir P.S. Dasgupta	Dr S.E. Sällström Matthews
Mr G.G. Watson	Professor M.E. Welland	Dr P.T. Wood
Dr J.A. Charles	Dr H.R. Matthews	Dr M.S. Olsaretti
Dr D.J.H. Garling	Professor B.J. Heal	Dr E.J. Gowers
Professor R.N. Perham	Dr T.P. Hynes	Dr P. Batsaki
Dr G.A. Reid	Professor I.N. McCave	Mr D.J. Dormor
Professor P. Boyde	Dr A.C. Metaxas	Professor U.C. Goswami
Dr J.A. Leake	Colonel R.H. Robinson	Dr R.J. Samworth
Dr P.A. Linehan	Professor S. Conway Morris	Professor G.W.W. Barker
Dr A.J. Macfarlane	Professor E.D. Laue	Dr K. Johnstone
Professor D.L. McMullen	Dr S.A. Edgley	Dr D.L. Williams
Dr E.K. Matthews	Mr R.A. Evans	Miss S. Tomaselli*
Mr R.G. Jobling	Dr S.M. Colwell*	Mr C.F. Ewbank
Dr A.A. Macintosh	Dr H.E. Watson	Dr E.W. Holberton
Professor J. Staunton	Dr J.P. McDermott*	Dr A. Galy
Dr C.M.P. Johnson	Professor C.O. Lane*	Dr F.E. Salmon
Professor M.A. Clarke	Dr C.J. Robinson	Dr C.G. Warnes
Dr A.G. Smith	Professor Y.M. Suhov	Dr S.M. Humphrey
Professor J.A. Emerton	Dr S.R.S. Szreter*	Dr M.J.V.P. Worthington
Dr R.A. Green	Professor D.J. Howard	Mr J.D. Billett
Professor J. Iliffe	Mr R.C. Nolan	Dr M.E. Pagitz
Dr J.H. Matthewman	Dr M.M.G. Lisboa	Professor F.M. Watt
Professor M. Schofield	Dr U.C. Rublack	Dr C.D. Jiggins
Dr G.A. Lewis	Professor B.D. Simons	Dr R.H.G. Garner
Professor R.F. Griffin	Dr K.C. Plaisted Grant	Dr D. Burdakov
Dr T.P. Bayliss-Smith	Dr M. Ni Mhaonaigh	Mr S.W. Teal
Professor S.F. Gull	Professor D.C. McFarlane*	Mr A.M. Nethsingha
Dr H.P. Hughes	Professor C.D. Gray	Dr A.L. Mallam
Dr P. Goddard	Dr I.M. Winter	Mr J.R. Mair
Professor P.T. Johnstone*	Professor N.S. Manton*	Ms A.G. Kesby*
Professor I.M. Hutchings	Dr N.S. Arnold	Dr T. Larsson
Dr H.R.L. Beadle	Dr S. Castelvechi	Mr D.G. Conlon
Dr J.B. Hutchison	Professor A.-L. Kinmonth	Dr R. D. Mullins
Professor S.F.C. Milsom	Dr J.M. Lees	Professor D.A. Lomas
Dr D.G.D. Wight	Professor A.D.H. Wyllie	Dr T.P.J. Knowles
Dr J.A. Alexander	Professor S.C. Reif	Mr A.J. Counter
Professor Sir R.H. Friend	Dr D.M. Fox	Mr G.A. Mailer
Dr R.E. Glasscock	Dr D.M.A. Stuart	Ms E.J.L. Waring
Professor R.P. Tombs	Dr M. Dörrzapf*	Ms H. McCarthy
Dr R.E. McConnel	Dr V.J.L. Best	Dr J.J.W.A. Robinson
Dr D.R. Midgley	Dr P. Antonello	
Professor P.H. Matthews	Dr P.T. Miracle	

Principal Professional Advisers

The College employs a number of professional advisory firms and agents to assist in the management of its affairs. The principal advisers are set out below.

Auditors

Deloitte & Touche LLP
City House
126 - 130 Hills Road
Cambridge
CB2 1RY

Bankers

Barclays Bank Plc
Corporate Banking Services
Mortlock House
Histon
Cambridge
CB4 9DE

Investment Managers

UBS Wealth Management (UK) Ltd
1 Curzon Street
London
W1J 5UB

Property Agents

Savills (L&P) Limited
Unex House
132-134 Hills Road
Cambridge
CB2 2PA

Cash Managers

Royal London Cash Management
55 Gracechurch Street
London
EC3V 0UF

Cluttons LLP
Portman House
2 Portman Street
London
W1H 6DU

Solicitors

Mills & Reeve
Francis House
112 Hills Road
Cambridge
CB2 1PH

George Webb Finn
43 Park Road
Sittingbourne
Kent
ME10 1DX

Actuary

Barnes & Sherwood Ltd
Barnes & Sherwood House
95 Maybury Road
Woking
Surrey
GU21 5JL

Annual Review

Introduction

St John's College is pleased to present its financial report together with the consolidated financial statements for the year ended 30 June 2008. The consolidated financial statements include St John's College School and the College's wholly-owned trading subsidiaries:

- St John's Innovation Centre Limited, which provides administrative and business support to tenants of St John's Innovation Centre and encourages the commercial application of intellectual property;
- Aquila Investments Limited, which undertakes principally building construction and repair and property development; and
- St John's Enterprises Limited, which undertakes principally conference and tourism activities for the College.

The accounts of dormant companies are also consolidated.

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 for the Year – Overview

The College's consolidated income and expenditure account for the years ended 30 June 2007 and 2008 are summarised below:

	2007/08	2006/07*
	£	£
Income	29,111,000	27,078,000
Expenditure	27,771,000	25,645,000
Operating surplus	1,340,000	1,433,000
University contribution	729,000	611,000
Surplus after University Contribution	611,000	822,000
Transfers to accumulated income within restricted expendable capital	394,000	343,000
Retained surplus for the year	217,000	479,000

* As restated see Note 23

Income rose by £2,033,000 (7.5%) in 2007/08 whilst expenditure rose by £2,126,000 (8.3%). As a result, the College moved from an operating surplus of £1,433,000 in the previous year, to an operating surplus of £1,340,000. After the payment of University Contribution, the College made a surplus of £611,000 compared with a surplus of £822,000 the previous year. After the transfer of certain income to accumulated income within restricted expendable capital, the College made a surplus for the year of £217,000 compared with a surplus of £479,000 in the previous year.

The College incurred capital expenditure on tangible fixed assets during the year amounting to £11,170,000 (compared to a previous year figure of £3,544,000). The increased expenditure reflects the implementation of the College's major building refurbishment programme.

College Income

The main sources of income for the College are:

- Academic fees and charges
- Income from residences, catering and conferences
- Endowment drawdown
- Revenue donations
- Other income

Overall, income increased significantly in 2007/08, with total income being £29,111,000, up £2,033,000 (7.5%) from the previous year. The main reason for the increase was a rise in endowment drawdown of £972,000. Other income also reflects improved interest rates and higher cash balances being held for operational purposes (e.g. capital expenditure).

Academic fees and charges

Total academic fees and charges received in the year were £2,577,000, up £150,000 (6.2%) from £2,427,000 in the previous year.

College fees for undergraduates

The main component of the academic fees and charges is the college fee, which amounted to £1,783,000 in the year, paid to the College by the University (from the grant received from the Higher Education Funding Council for England (HEFCE)) in respect of undergraduates eligible for student support from UK public funds. The college fee is paid towards the cost of admitting and supervising such undergraduates and providing tutorial support and social and recreational activities, but does not cover the full cost of such provision. The per-capita undergraduate fee for publicly-funded undergraduates was £3,447, up 3.2% over the previous year.

In addition to the college fee for publicly-funded undergraduates, the College receives fees from overseas and island students and those UK/EU students not eligible for tuition fee support. These fees were £4,048 per capita and totalled £235,000 in the year.

College fees for graduates

In addition to college fees for undergraduates, the College receives a college fee in respect of its graduate students which was £2,067 per capita and totalled £464,000 in the year.

Reliance on fee income

The College is vulnerable to swings in student numbers given that, in the short run at least, the College's costs are largely fixed. Variability of student numbers arises principally from the quality of applications in any particular year, satisfaction of conditional offers, acceptance of places from students holding multiple offers and the availability of funding for students, particularly for graduates.

The gap between the cost of providing education to the College's students and the fees received by the College is very substantial and this deficit is funded from other resources.

Residences, catering and conferences

Total income from residences, catering and conferences in the year totalled £5,245,000, up 2.9% from the previous year.

Accommodation

The College is able to offer accommodation in the College or nearby hostels and furnished lets for all of its undergraduates and most of its graduates currently in residence. Student room rentals in the College reflect the size, facilities and standards of much of the room stock. The College also provides rooms (including a small number of residential rooms) in College for Fellows. Total accommodation income from College members was £2,889,000 in the year.

College catering

The College provides catering services to its students, Fellows and staff through a cafeteria, formal dinners in Hall and a Senior Combination Room. The total catering income from College members was £962,000 in the year.

Conferences and functions

The College continues to operate conference and private functions activities to take advantage of out-of-term capacity and to contribute to the overall running costs of the College, whilst ensuring that these activities do not conflict with the College's prime academic activities. Revenue from the commercial conference and catering activities totalled £1,394,000 in the year, down £11,000 (-0.8%) from the previous year. Conference income is significantly influenced by external factors such as overall economic conditions, geopolitical events and competing facilities.

Endowment drawdown

The College has now adopted a total return approach to its investments and makes a drawdown from the Endowment each year. The amount of the drawdown was £13,554,000 in the year. This compared with investment income actually received of £14,912,000. The endowment drawdown represented a rise of £972,000 (7.7%) on the previous year. Endowment drawdown represented 46.6% of total income. The College is highly dependent on this endowment income to meet its day-to-day operational expenses.

The College's endowment drawdown amount will be reviewed by the College's Investments Committee in 2008/09 with a view to adopting a spending rule that will determine the amount of endowment drawdown in each year.

Revenue donations

Donations and benefactions of £93,000, received during the year, were recognised as income in line with the College's accounting policy on the treatment of gifts and benefactions.

Other income

School

The income from St John's College School (which though included within the College's income in the Consolidated Income and Expenditure Statement, is treated as being for the benefit of the school only) was £4,840,000 in the school's financial year ended 31 August 2008, up £215,000 (4.6%) on the previous year. St John's College School is viewed as a largely autonomous activity and its long association with the College is founded on its role as a choir school.

Subsidiary activity

Income from St John's Innovation Centre and other additional subsidiary activity totalled £1,732,000 in the year.

Interest on operational cash balances

Income on operational cash balances increased significantly in the year due to higher cash balances and increased deposit rates.

Miscellaneous

The College also received income from other sources including royalties, filming, tourist and merchandise receipts and income from third party contributions to the running costs of the College's sports facilities and clubs, arising from shared use with other colleges.

College Expenditure

Total expenditure was £27,771,000 in 2007/08, up £2,126,000 (8.3%) from the previous year. The categories of expenditure for the College (as determined by the RCCA format) are:

- Educational expenditure
- Expenditure on residences, catering and conferences
- Other expenditure

Overall cost control remains a high priority for the College.

Education

Spending on education during the year totalled £8,537,000 which was up £673,000 (8.6%) on the previous year. This expenditure included expenditure on teaching (including through the small-group academic supervision system), tutorial, admissions, research, the cost of scholarships and awards for students, other educational facilities and other expenses.

The gap between the cost of providing education and the fees received by the College is very substantial.

Teaching, Tutorial, Admissions and Research

In common with other Cambridge Colleges, most of the teaching Fellows in the College are University Teaching Officers (UTOs) who are paid their principal stipends by the University, with the College paying for teaching and other duties carried out in the College. The College also employs a number of College Teaching Officers (CTOs) who do not hold any substantive University post and are paid their principal stipends by the College. The College also pays for teaching carried out for its students by non-Fellows (e.g. Fellows of other Colleges, graduate students and post-doctoral research workers in the University).

The College also appoints certain Fellows to carry out duties directly related to the provision of education. These include the Senior Tutor, the Admissions Tutor, Tutors and Directors of Studies. These officers are paid stipends by the College.

In addition to teaching, the College has a major focus on the promotion of research. The College has a Research Fellowship programme aimed at providing talented academics with an opportunity to focus on research at an early stage in their academic careers. In addition, the College provides support and infrastructure to enable the Fellowship more widely, to engage in research activities.

As part of its support to the Fellowship to carry out the parallel tasks of teaching and research, the College provides rooms, grants and allowances, dining and other benefits to Fellows of the College.

Scholarships and awards

Both through funds donated to the College and from general resources, the College supports its students with a wide variety of scholarships, studentships, prizes, grants and other awards. The most significant items included within this figure were scholarships to support competitively selected graduate scholars and existing scholars of the College in taking post-graduate degrees and access bursaries for both undergraduate and graduate students.

A new Cambridge Bursary Scheme was introduced in 2006 which is funded by the University, the Cambridge Colleges (including St John's), the Isaac Newton Trust (which also administers the scheme) and corporate sponsors. The scheme pays a substantial bursary in an effort to ensure that no UK student should be deterred from applying to the University of Cambridge because of financial considerations and that no student should have to leave because of financial difficulties.

Other

Other educational facilities and other expenses include certain facilities for students and general access and outreach projects.

Residences, catering and conferences

Expenditure on residences, catering and conferences totalled £9,493,000 in the year, up £550,000 (6.2%) on the prior year. Of this expenditure, £6,947,000 was in respect of accommodation and £2,546,000 was in respect of catering. Expenditure on accommodation and catering for College members totalled £8,186,000, whilst expenditure attributed to the College's conference and private catering activities totalled £1,307,000 in the year. A significant element of the expenditure on accommodation related to the upkeep of the College's historic buildings.

Other expenditure

'Other expenditure' includes expenditure on St John's College School, the management and repair of properties in the property investment portfolio, fundraising & alumni-relations, charitable gifts, and the St John's Innovation Centre and other subsidiaries.

Expenditure by St John's College School was £4,917,000, up £564,000 (13.0%) on the previous year. A separate bursar for St John's College School has responsibility for the school's finances.

Agency and management fees principally relating to the College's investment portfolio and estates repairs were together £2,568,000, down £47,000 (1.8%) on the previous year.

Fundraising and alumni-relations costs were £594,000 in the year, up £213,000 (55.9%) on the previous year. These costs are shown in aggregate since both activities are carried out by the College's Development Office. The increase in these costs reflects the College's decision to invest further in its alumni relations and fundraising activities and to launch a major fundraising Campaign in 2008.

The College has begun to drawdown on its loan facility of £20m to fund partially its building refurbishment programme and, therefore, Interest and Bank charges are expected to rise in the future as the building programme continues.

Expenditure on the St John's Innovation Centre and other subsidiary activity was £1,462,000, up £168,000 (13.0%) on the previous year.

University Contribution

The College pays, through an intercollegiate taxation system, a contribution to the Colleges Fund which makes grants to colleges with inadequate endowments. The University Contribution of the College for the year 2007/08 amounted to £729,000.

Expenditure by Activity

The description of the expenditure of the College set out above is based on categorisations in the Income and Expenditure Account (as laid down in the RCCA format). The additional commentary below highlights the principal components of expenditure by activity.

Staff costs

Emoluments and related national insurance and pensions costs of both academic and non-academic staff rose to £12,639,000, an increase of £646,000 (5.4%) on the previous year. This rise reflects increased cost of living awards, pension contributions, and certain staff changes. This represents some 45.5% of the total expenditure of the College.

Other operating expenses

Other operating expenses of the College were £11,480,000, up £1,278,000 (12.5%) on the previous year.

Depreciation

Included within educational expenditure, residences, catering and conferences expenditure and other expenditure is a total of £3,652,000 of depreciation of which £3,358,000 relates to the operational buildings of the College. This depreciation charge is an accounting measure of the amount of the economic benefit of the assets that has been consumed during the period and is apportioned across the activities of the College.

The accounting policy adopted for depreciation (in combination with the policy for the valuation of buildings) has a significant effect on the operating surplus/deficit of the College. As indicated in the Statement of Principal Accounting Policies, the policy adopted for operational buildings is to depreciate them on a straight-line basis over 50 years. This is consistent with FRS 15. The level of depreciation of operational buildings that arises from this policy is less than the actual capital expenditure that the College anticipates having to expend on its operational buildings on a per annum basis over the next 5-10 years.

Capital and Reserves

Capital and reserves stood at £570,920,000 at 30 June 2008, up £4,349,000 (0.8%) on the previous year. This was mainly a result of increases in benefactions and donations of a capital nature, partially offset by an increased pension deficit. At 30 June 2008, unrestricted, undesignated, expendable capital reserves stood at £16,543,000.

Investments

Investment policy

The College's investment objective is to manage its investment portfolio to produce the highest return consistent with the preservation of long-term capital value in real terms, such that it can fulfil its charitable objectives in perpetuity and that is consistent with an acceptable degree of risk. Through this objective, the College seeks to be even-handed between the interests of present and future beneficiaries.

The asset allocation for the investment portfolio is set on the recommendation of the Investments Committee, which generally includes four external professionally qualified members with experience in the main asset classes in which the College is invested or in which it intends to invest. The College Council is responsible for decisions such as the appointment of investment managers, authorising major changes in investment strategy and property transactions.

UBS Wealth Management (UK) Ltd is the investment manager for the College's equities and fixed-income portfolio and operates on a fully discretionary basis subject to the terms of the College's investment policy. The appointment of investment managers is generally reviewed every three years, or more frequently in response to specific circumstances.

The College has a Consolidated Trust Fund, established in 1956, in which permanent capital, expendable capital, restricted funds (including trusts) and unrestricted funds hold units. It has many similarities with a unit trust structure. Whilst the College has wide powers of investment, its ability to adopt the optimum asset allocation for its investment portfolio was historically limited by the fact that it could spend only accounting investment income. The College therefore took steps to amend the Scheme for its Consolidated Trust Fund to enable it to pursue a total-return policy for its investments. This will facilitate the adoption of the optimum asset allocation for the College's investment portfolio.

All of the College's direct property investment portfolio is held outside the Consolidated Trust Fund. With the exception of one investment in a property fund, all of the College's properties are held directly.

The College is highly dependent on returns from its investment portfolio to fund its charitable purposes and the College recognises the importance of optimising the returns from its investment portfolio. The College has carried out a review of its asset allocation and a strategic review of its property portfolio with a view to enhancing both the diversification of the portfolio and risk-adjusted returns.

Investments

The total value of the College's investment portfolio at 30 June 2008 was £344,502,000, down £2,398,000 (-0.7%) from its value at 30 June 2007.

£189,393,000 (55.0%) of the investment portfolio is currently invested in property. The property portfolio is invested in a mix of agricultural, commercial (office, industrial and retail) and residential properties, the latter mostly in Cambridge. These property investments are managed by Savills (L&P) Limited, Cluttons LLP and George Webb Finn. 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 weighting to property is relatively large and it is intended that over time the proportion of the portfolio invested in property will reduce, both as a result of property sales and through new fundraising by the College being primarily invested in assets other than property.

As at 30 June 2008, the equities and fixed-income portfolio had a value of £96,203,000, representing 27.9% of the overall portfolio. 25.5% of the whole portfolio was invested in equities (predominantly in the UK, North America and continental Europe) and 2.4% in bonds.

The College has increased its allocation to private equity through a commitment to Cambridge University Fund L.P., a pooled private equity vehicle set up by the University and a number of Cambridge Colleges. As at 30 June 2008, the College held unquoted securities with a valuation of £5,427,000 (representing 1.6% of the overall portfolio).

In addition, at 30 June 2008, the College held cash for reinvestment amounting to £53,479,000 (representing 15.5% of the portfolio). This now forms a significant element of the portfolio. During the year the College appointed Royal London Cash Management as a cash manager.

Ethical investment

The College operates an ethical investments policy. 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.

Cash flows

Cash outflow from operating activities (i.e. excluding endowment drawdown) was £9,580,000, £2,411,000 higher than the previous year's cash outflow of £7,169,000. Working capital decreased by £125,000.

Net cash inflow from endowment income was £14,912,000, up £2,330,000 (18.5%) on the previous year.

This gave a positive cash flow for 2007/08 before University Contribution and capital transactions of £6,017,000, up £326,000 (5.7%) from the previous year.

Capital receipts totalled £53,852,000, comprising £48,423,000 from sales of securities and investment properties in the year and £5,429,000 from donations and benefactions of a capital nature.

Total capital expenditure in the year amounted to £30,531,000, of which £19,361,000 was spent on fixed asset investments and £11,170,000 was purchase of tangible fixed assets reflecting capital expenditure on operational College buildings and other fixed assets.

The total cash inflow from capital transactions was £23,321,000. The College also drew down £3,000,000 of its bank facility to fund its building refurbishment programme.

Capital Expenditure

Refurbishment programme

The need to renovate and improve the College's operational buildings (which are mostly Grade I or Grade II listed and of historic importance), in addition to normal maintenance, places an enormous burden on the College. In 2007/08 the College spent a total of £11,222,000 on improvements to its operational buildings. This substantial level of expenditure reflects the implementation of the College's significant building refurbishment programme. It is likely that expenditure in future years will continue at high levels as the collegiate portion of the 'Triangle Project', which relates to the alteration and renovation of many of the buildings in the Triangle site (bounded by All Saints Passage, Bridge Street and St John's Street) and other refurbishment projects are implemented.

Implementation of new regulations

A significant portion of the capital expenditure that the College has been and will be carrying out on its buildings, relates to the implementation of new regulations, most notably recent disability legislation and the Houses in Multiple Occupation (HMO) legislation. The College has instigated a programme of work to provide disabled access and to convert a number of College rooms for

disabled use. The HMO work requires a substantial programme of renovation of College accommodation, principally furnished lets and hostels. This work has been made both complex and costly by the historic nature of much of the College's building stock. The expenditure that the new regulations necessitate is significant.

Risk Management

The College continues to develop a formal risk-management process involving the creation of a Risk Register. The relevant individuals in 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 through insurance.

Fundraising

The existence and success of St John's College in its current form is a reflection of the outstanding generosity of both historic and more recent benefactors, many but not all of whom have been members of the College. The College believes that its endowment will have to grow significantly if it is to sustain, and build on, its success to date and the College is increasingly active in fund-raising. It is closely involved with the University of Cambridge in the Cambridge 800th Anniversary Campaign to raise £1 billion, launched in September 2005. The agreement with the University provides that a gift to the College for its purposes is also deemed to be a gift to the University campaign for Collegiate Cambridge. In 2007/08, donations and benefactions to the College totalled £5,855,000. The College has now launched a Campaign centred around the College's 500th anniversary in 2011.

Financial Outlook and Challenges

Whilst St John's is one of the better-endowed Cambridge Colleges, its commitments and its role in the University are commensurately significant and the College has experienced, and will continue to face, significant financial challenges many of which are common to the University and other Cambridge Colleges.

The College seeks to respond to these challenges by focussing on efficient financial management and endeavouring to manage its existing 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 build its endowment over the coming years.

On behalf of the College Council



Professor Christopher Dobson
Master



Chris Ewbank
Senior Bursar

6 November 2008

Statement of 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.

The Council is responsible for preparing the 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 those financial statements the Council:

- Selects suitable accounting policies and applies them consistently;
- Makes judgements and estimates that are reasonable and prudent;
- States whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Group and College will continue in operation.

The Council is responsible for keeping proper 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 sending the Annual Report and Accounts in the form prescribed by the University Statutes to the University by the prescribed deadline.

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.

Independent Auditors' Report to the Governing Body of St John's College

We have audited the financial statements of St John's College for the year ended 30 June 2008 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 17 August 2008. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and auditors

As described in the statement of the responsibilities of the College Council, the College Council is responsible for the preparation of the financial statements in accordance with applicable United Kingdom Generally Accepted Accounting Practice, the provisions of the Statutes of the College and the University of Cambridge. The College Council is also responsible for sending the Annual Report and Accounts in the form prescribed by the University Statutes to the University as set out in the Responsibilities of the College Council on page 15.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. In addition, we report whether the University Contribution has been correctly calculated in accordance with the provisions of University Statute G, II.

We also report if, in our opinion, the Annual Review is not consistent with the financial statements, if the Group or College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an

assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2008 and of the income and expenditure of the Group for the year then ended and have been properly prepared in accordance with the accounting policies set out therein and the Statutes of the College and the University of Cambridge; and
- (b) the contribution due from the College to the University as set out in note 21 has been correctly calculated in accordance with the provisions of University Statute G, II.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge, United Kingdom

6 November 2008

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.

In addition, the financial statements accord with the Statement of Recommended Practice “Accounting for Further and Higher Education” (the SORP) with the exception of the balance sheet which has been presented in the different format set out in the relevant section of the Statutes and Ordinances of the University of Cambridge (RCCA). The provisions of the SORP require Endowments, Deferred Grants and Revaluation Reserves to be disclosed on the face of the balance sheet whereas RCCA requires that part of this information be disclosed in the notes to the accounts.

Basis of Accounting

The financial statements have been prepared under the historical-cost convention as modified by the revaluation of certain investments and on the basis of continuing to operate as a going concern.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2008. The results of subsidiary undertakings acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. The College Field and Boat Clubs have been consolidated. The activities of student societies have not been consolidated.

Recognition of income

The income from a restricted capital fund is shown as income in the year that it is receivable. Income from a restricted capital fund that is not expended in the year in which it is receivable is, at the year-end, transferred from the Income and Expenditure Account to accumulated income within restricted expendable capital. When there is subsequent expenditure of accumulated income from a restricted capital fund, income is credited back to the Income and Expenditure Account from the restricted expendable capital fund to match the expenditure through transfers to accumulated income..

Gifts, donations and benefactions of an income nature are shown as income in the year in which they are received, provided that this can be fully expended on that purpose within two years of receipt. Otherwise the gift may be deferred in full or in part and held within liabilities pending release.

Restricted benefactions and donations that are used to fund capital projects are initially credited to a restricted expendable capital fund, and then released over the expected useful life of the related asset on a basis consistent with the depreciation policy.

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

College fee income is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors. The costs of any fees waived or written off by the College are included as expenditure.

Endowment return

The College invests its endowment investment portfolio and allocates a proportion of the related earnings and capital appreciation to the income and expenditure account as a drawdown in accordance with the total return concept. The Endowment drawdown 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 surplus or deficiency of total return, after deducting the annual Endowment drawdown, is included in the Statement of Total Recognised Gains and Losses.

Donations and benefactions

Gifts, benefactions and legacies will be treated as capital if there is a legally binding restriction or it can be inferred that the sum is intended to be retained. In the latter case, the Council will consider the donor's correspondence and association with the College together with the size of the sum involved. Gifts, benefactions, and legacies treated in this way are shown in the Consolidated Statement of Total Recognised Gains and Losses. Other gifts, donations and benefactions of an income nature are, as indicated in "Recognition of income" above, shown as income in the year in which they become receivable.

Pension schemes

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), this scheme has assets and liabilities directly attributable to the College.

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 income and expenditure account 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. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

The scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered 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 asset or liability, net of related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Other defined-benefit pension schemes

The College also makes contributions to the defined-benefit schemes set out below. The College is unable to identify its share of the assets and liabilities of these schemes on a consistent and reasonable basis. Therefore, these schemes are accounted for as if they were defined-contribution pension schemes. Contributions are charged to the income and expenditure account 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.

(i) Universities Superannuation Scheme: The College participates in the Universities Superannuation Scheme, a defined-benefit scheme which is externally funded and contracted out of the State Second Pension Scheme (S2P). The assets of the scheme are held in a separate trustee-administered fund. The institution 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 FRS 17 “Retirement benefits”, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

(ii) Church of England Funded Pensions Scheme: The College participates in the Church of England Funded Pensions Scheme. This is a defined-benefit scheme but the College is unable to identify its share of the underlying assets and liabilities.

(iii) Teachers’ Pension Scheme: The College participates in the Teachers’ Pension Scheme which is a statutory, contributory, final-salary scheme. The College is unable to identify its share of the underlying assets and liabilities.

Defined-Contribution Pension Schemes

The College and its subsidiaries also contribute to a number of defined-contribution type pension schemes. For defined-contribution schemes the amount charged to the income and expenditure account 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 balance sheet.

Tangible Fixed Assets

Land and Buildings

In accordance with the transitional provisions of Financial Reporting Standard 15, land and buildings are stated at valuation on the basis of depreciated replacement cost. The valuation was carried out as at 30 June 2004 by Carter Jonas LLP, property consultants. This valuation will not be updated and will be carried forward as the gross value to be depreciated over its expected useful economic life.

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

Where land and buildings are acquired they are capitalised at cost. Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred, and are depreciated when 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.

Land held specifically for development, investment and subsequent sale is included at market value. The cost of additions to operational property shown in the balance sheet includes the cost of land.

Maintenance of Premises

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 will be depreciated on a straight-line basis over the expected useful economic life.

The cost of other maintenance is charged to the Income and Expenditure Account as it is incurred.

Furniture, Fittings and 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:

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

Rare books, silver, works of art and other artefacts

Rare books, silver, works of art and other artefacts are only included where a reliable estimate of value can be made and the benefit to the users of the statements is not outweighed by the cost of obtaining a valuation. These will be carried at the current value of the assets at the date they were received. Depreciation policy will be assessed on an individual case basis. The capitalisation threshold limit will also apply.

Deferred capital accounts

Where a fixed asset is acquired with the aid of a specific bequest or donation it is capitalised and depreciated in accordance with the depreciation policy for that asset class. The related benefaction is credited to a deferred capital fund and is released to the Income and Expenditure

Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Investments

Securities

Securities are shown at their market value. Realised and unrealised capital gains and losses will be recognised as increases/(decreases) of market value of investment assets within the Statement of Total Recognised Gains and Losses.

This treatment recognises the fact that the investments are held for the long-term benefit of the College and that there is no intention of realising the asset without reinvestment of the sale proceeds.

Investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value.

In note 3 investment income is included as and when dividends and interest become payable and . interest on bank deposits is included as earned.

Investment Properties

Investment properties are included at their market value as at 30 June 2008.

Realised and unrealised capital gains and losses are recognised in the same way as for securities as part of increases/(decreases) of market value of investment assets. Due to the length of ownership of many of the investment properties, realised capital gains cannot be recognised with reference to historic cost.

Investments solely for resale are treated as current assets.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Provisions

Provisions are recognised if, 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 benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates 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 income and expenditure for the financial year.

Reserves

Permanent Capital

The RCCA format requires the College to distinguish between “permanent capital” (amounts which the Governing Body has no power to convert to income and apply as such) and other funds and reserves.

In these accounts the College has also disclosed amounts which it is not its policy to spend, under the “permanent” heading. This includes capital amounts previously taken to the Corporate Capital account and that part of the tangible fixed asset reserve representing the land of the College site.

Restricted funds

The College has received donations which may only be used for a particular purpose and these are classified as restricted funds on the College balance sheet.

Designated funds

Designated funds are unrestricted funds which have been designated for a particular purpose. These have been classified by their primary purpose (although they may have alternative charitable uses).

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 represented by a designated reserve within the College accounts (except for its prize and trust funds which are treated on an individual basis).

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The College receives no similar exemption in respect of Value Added Tax.

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. The contribution is currently used to fund grants to certain Colleges from the Colleges Fund.

Consolidated Income & Expenditure Account

Year to 30 June		<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
INCOME	Note		(As restated see Note 23)
Academic fees and charges	1	2,577	2,427
Residences, catering and conferences	2	5,245	5,095
Endowment drawdown	3	13,554	12,582
Revenue donations		93	181
Other income	4	7,642	6,793
Total Income		29,111	27,078
EXPENDITURE			
Education	5	8,537	7,864
Residences, catering and conferences	6	9,493	8,943
Other expenditure	7	9,741	8,838
Total Expenditure		27,771	25,645
Operating surplus		1,340	1,433
University Contribution under Statute G,II	10	729	611
Surplus after University Contribution		611	822
Transfers to accumulated income within restricted expendable capital		(394)	(343)
Retained surplus for the year		217	479

The income and expenditure account is in respect of continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June	Restricted funds		Unrestricted funds		2008	2007
	Collegiate purposes £'000	Non-collegiate purposes £'000	Designated funds £'000	Undesignated funds £'000	Total £'000	Total Restated £'000
Balance brought forward 1 July previously reported	40,153	13,640	252,266	261,331	567,390	521,673
Prior year adjustment (See Note 23)	(142)	167	(4,250)	3,406	(819)	(674)
Balance brought forward 1 July – restated	40,011	13,807	248,016	264,737	566,571	520,999
Transfers to accumulated income within restricted expendable capital	379	15	-	-	394	343
Retained surplus/(deficit) for the year	-	-	1,489	(1,272)	217	479
Benefactions and donations	4,858	10	23	538	5,429	3,305
Dilapidations (capital income)	-	-	-	-	-	1
Unapplied Total Return for the year (note 3)	(2,882)	(1,203)	(3,200)	7,560	275	40,942
Experience gains and (losses) arising on the pension scheme liabilities and other pension movements	-	-	(1,966)	-	(1,966)	502
Account transfers	(110)	40	(1,397)	1,467	-	-
Total recognised gains for the year	2,245	(1,138)	(5,051)	8,293	4,349	45,572
Balance carried forward 30 June	42,256	12,669	242,965	273,030	570,920	566,571

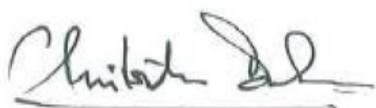
The surplus of the College (including the School) for the year was £1,556k (2007:£1,250k restated) before transfers to accumulated income within restricted expendable capital.

Consolidated Balance Sheet

As at 30 June

	Note	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u> (As restated see Note 23)		
FIXED ASSETS					
Tangible assets	11	223,833	214,423		
Investments	12	344,502	346,900		
		568,335	561,323		
CURRENT ASSETS					
Stock		590	626		
Debtors					
- due within one year	13	1,820	1,848		
- due after one year	13	705	766		
Current investments	14	13,323	9,907		
Cash at bank		93	450		
		16,531	13,597		
Creditors: amounts falling due within one year	15	(6,851)	(6,323)		
Net current assets		9,680	7,274		
Total Assets less current liabilities		578,015	568,597		
Creditors: amounts falling due after more than one year	16	(3,334)	(23)		
Pension liability	20	(3,761)	(2,003)		
NET ASSETS		570,920	566,571		
		<u>Income/</u>	<u>Permanent</u>	<u>Total</u>	<u>Total</u>
		<u>expendable</u>	<u>Capital</u>	<u>2008</u>	<u>2007</u>
		<u>Capital</u>	<u>funds</u>	<u>£'000</u>	<u>£'000</u>
		<u>funds</u>			(As restated see Note 23)
<u>Capital and reserves</u>					
Restricted funds held for collegiate purposes*	17	17,737	24,519	42,256	40,011
Restricted funds held for non-collegiate purposes*	17	1,613	11,056	12,669	13,807
Unrestricted funds	17	183,450	332,545	515,995	512,753
TOTAL				570,920	566,571

These accounts were approved by the College Council on 6 November 2008 and signed on their behalf by:



Professor Christopher Dobson
Master



Chris Ewbank
Senior Bursar

* as defined by University Statute G,II

College Balance Sheet

As at 30 June		<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
	Note		(As restated see Note 23)
FIXED ASSETS			
Tangible assets	11	223,946	214,489
Investments	12	367,524	373,507
		591,470	587,996
CURRENT ASSETS			
Stock		466	472
Debtors			
- due within one year	13	8,207	8,630
- due after one year	13	305	366
Current investments	14	12,553	9,907
		21,531	19,375
Creditors: amounts falling due within one year	15	(42,064)	(42,253)
Net current liabilities		(20,533)	(22,878)
Total Assets less current liabilities		570,937	565,118
Creditors: amounts falling due after more than one year	16	(3,334)	(23)
Pension liability	20	(3,761)	(2,003)
NET ASSETS		563,842	563,092
		<u>Income/</u> <u>expendable</u> <u>Capital</u> <u>funds</u>	<u>Permanent</u> <u>Capital</u> <u>funds</u>
<u>Capital and reserves</u>			<u>Total</u> <u>2008</u> <u>£'000</u>
			<u>Total</u> <u>2007</u> <u>£'000</u>
			(As restated see Note 23)
Restricted funds held for collegiate purposes*	17	17,737	24,519
Restricted funds held for non-collegiate purposes*	17	1,613	11,056
Unrestricted funds	17	176,372	332,545
		508,917	509,274
TOTAL		563,842	563,092

These accounts were approved by the College Council on 6 November 2008 and signed on their behalf by:



Professor Christopher Dobson
Master



Chris Ewbank
Senior Bursar

* as defined by University Statute G,II

Consolidated Cash Flow Statement

Year to 30 June	Note	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u> (As restated see Note 23)
OPERATING ACTIVITIES			
Operating surplus		1,340	1,433
Depreciation	9	3,652	3,450
Pension scheme movements		(208)	(251)
Endowment drawdown		(13,554)	(12,582)
Interest received		(758)	(320)
Interest paid		73	42
Decrease/(increase) in stock		36	(22)
Decrease/(increase) in debtors		89	(299)
(Decrease)/increase in creditors		(250)	1,380
Net cash outflow from operating activities		(9,580)	(7,169)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Endowment and investment income received		14,912	12,582
Interest received		758	320
Interest paid		(73)	(42)
Net cash inflow from returns on investments and servicing of finance		15,597	12,860
CONTRIBUTION TO COLLEGES FUND		(611)	(496)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT			
Receipts from sale of investment assets		48,423	29,894
Dilapidations income		-	1
Donations and benefactions		5,429	3,305
Total capital receipts		53,852	33,200
Purchase of tangible fixed assets		(11,170)	(3,544)
Purchase of fixed asset investments		(19,361)	(21,469)
Total capital expenditure		(30,531)	(25,013)
Net cash inflow from capital transactions		23,321	8,187
MANAGEMENT OF LIQUID RESOURCES			
Increase in short term deposits		(32,478)	(12,680)
Net cash outflow from management of liquid resources		(32,478)	(12,680)
FINANCING			
Long term loans received		3,000	-
Net cash inflow from financing		3,000	-
(DECREASE)/INCREASE IN CASH	22	(751)	702

Notes to the Accounts

1. ACADEMIC FEES AND CHARGES

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
COLLEGE FEES		
Fee income paid on behalf of undergraduates eligible for student support (per capita fee £3,447)	1,783	1,726
Other undergraduate fee income (per capita fee £4,048)	235	213
Graduate fee income (per capita fee £2,067)	464	402
	2,482	2,341
Other Educational income	95	86
Total	<u>2,577</u>	<u>2,427</u>

2. RESIDENCES, CATERING AND CONFERENCES INCOME

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
Accommodation		
College members	2,889	2,754
Conferences	391	390
Catering		
College members	962	936
Conferences	1,003	1,015
Total	<u>5,245</u>	<u>5,095</u>

3. ENDOWMENT DRAWDOWN

	<u>2008</u> <u>Income from</u> <u>restricted funds</u> <u>for collegiate</u> <u>purposes*</u>	<u>2008</u> <u>Income from</u> <u>restricted funds</u> <u>for non-collegiate</u> <u>purposes*</u>	<u>2008</u> <u>Income from</u> <u>unrestricted</u> <u>funds</u>	<u>2008</u> <u>Total</u>	<u>2007</u> <u>Total</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Income from:					
Freehold land and buildings	54	-	8,546	8,600	7,877
Quoted securities – equities	1,014	365	2,007	3,386	2,943
Fixed interest securities	-	-	1,683	1,683	1,191
Cash	76	-	1,167	1,243	571
Total Endowment income	<u>1,144</u>	<u>365</u>	<u>13,403</u>	<u>14,912</u>	<u>12,582</u>
(Losses)/gains on Endowment assets				(1,083)	40,942
Total Return				<u>13,829</u>	<u>53,524</u>
Unapplied Total Return for the year included in the Statement of Recognised Gains & Losses				275	40,942
Endowment drawdown included in Income & Expenditure				<u>13,554</u>	<u>12,582</u>

The Endowment is invested on a Total Return basis. The total actual income and gains/losses in the year are taken to a reserve from which the planned Endowment drawdown is released to the Income and Expenditure Account. The remaining balance of the Total return, after deducting the drawdown, is accumulated within the reserves as set out in Note 17.

* as defined by University Statute G,II

	<u>2008</u>	<u>2007</u>
	<u>£'000</u>	<u>£'000</u>
<u>Investment management costs</u>		
Investment portfolio	<u>244</u>	<u>256</u>

3. ENDOWMENT DRAWDOWN (continued)

Investment management costs associated with the management of the College's Consolidated Trust Fund portfolio are taken directly from investment sales and purchase transactions. These have not, therefore, been included in the income and expenditure statement.

The fees for the management of properties are included within Agency and Management costs. These are considered in setting the Endowment drawdown.

4. OTHER INCOME

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
		(As restated see Note 23)
School	4,840	4,625
Tourism & merchandise	110	105
Contributions to the running of sports facilities and clubs	66	38
Grant income	55	62
Interest on operational cash balances	758	320
Royalties	5	5
Miscellaneous	76	64
Asset sales	-	3
St John's Innovation Centre and other subsidiary activity not included above	1,732	1,571
Total	<u>7,642</u>	<u>6,793</u>

5. EDUCATION EXPENDITURE

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Teaching	3,941	3,540
Tutorial	1,210	1,244
Admissions	309	345
Research	1,225	1,147
Scholarships and Awards	1,298	1,065
Other educational facilities	464	458
Other expenses	90	65
Total	<u>8,537</u>	<u>7,864</u>

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Accommodation	6,610	6,279
College members	337	260
Conferences	1,576	1,438
Catering	970	966
College members		
Conferences		
Total	<u>9,493</u>	<u>8,943</u>

7. OTHER EXPENDITURE

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
		(As restated see Note 23)
School	4,917	4,353
Agency & management	2,495	2,458
Estates repairs	73	157
Fundraising and alumni relations	594	381
Interest and bank charges	73	42
Miscellaneous expenditure (including charitable gifts)	127	153
St John's Innovation Centre and other subsidiary activity not included above	1,462	1,294
Total	<u>9,741</u>	<u>8,838</u>

8. STAFF COSTS

	<u>College Fellows 2008 £'000</u>	<u>Other Academics 2008 £'000</u>	<u>Non-Academics 2008 £'000</u>	<u>Total 2008 £'000</u>	<u>Total 2007 £'000</u>
Staff Costs					
Emoluments	1,608	71	8,936	10,615	10,063
Social security costs	122	4	694	820	790
Other pension costs (see note 20)	155	5	1,044	1,204	1,140
Total	1,885	80	10,674	12,639	11,993

	<u>College Fellows 2008</u>	<u>Other Academics 2008</u>	<u>Non-Academics 2008</u>	<u>Total 2008</u>	<u>Total 2007</u>
Staff Numbers					
Stipendary fellows	86	-	-	86	86
Average staff numbers (full-time equivalents)	-	14	374	388	389
Total	86	14	374	474	475

The Governing Body of the College, comprising all Fellows, at 30 June was	<u>2008</u>	<u>2007</u>
	134	134

Average staff numbers (full-time equivalents) includes 94 School staff and 25 staff employed by the St John's Innovation Centre.

There were no officers or employees of the College, including Head of House and School but excluding its subsidiaries, who received emoluments (excluding employer pension contributions) in excess of £100,000.

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	<u>Staff costs (Note 8) £'000</u>	<u>Other operating expenses £'000</u>	<u>Depreciation £'000</u>	<u>Total £'000</u>
a. Year ended 30 June 2008				
Education (Note 5)	3,672	3,876	989	8,537
Residences, catering and conferences (Note 6)	4,299	2,600	2,594	9,493
Other (Note 7)	4,668	5,004	69	9,741
Total	12,639	11,480	3,652	27,771

	<u>Staff costs (Note 8) £'000</u>	<u>Other operating expenses £'000</u>	<u>Depreciation £'000</u>	<u>Total £'000</u>
b. Year ended 30 June 2007 (As restated see Note 23)				
Education (Note 5)	3,502	3,425	937	7,864
Residences, catering and conferences (Note 6)	4,068	2,414	2,461	8,943
Other (Note 7)	4,423	4,363	52	8,838
Total	11,993	10,202	3,450	25,645

10. CONTRIBUTION UNDER STATUTE G,II	Note	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Endowment income as per Income and Expenditure Account	3	13,554	12,582
Less: items not assessable to Contribution:			
Effects of consolidation and presentation adjustments		(889)	265
Deductions from external revenue	21a	4,201	3,784
Trust & Other Funds not subject to Contribution	21a	949	943
		(4,261)	(4,992)
Assessable income	21a	9,293	7,590
Less: Deductible items	21b	(2,284)	(2,099)
Net assessable income		7,009	5,491
Assessment:			
		<u>£300k @ 2%</u>	6
		<u>£300k @ 6%</u>	18
		<u>£4,891k @ 12%</u>	587
		<u>£6,409k @ 11%</u>	-
Contribution payable		<u>729</u>	<u>611</u>

11. TANGIBLE FIXED ASSETS

CONSOLIDATED	<u>2008</u> <u>Freehold</u> <u>land and</u> <u>buildings</u> <u>£'000</u>	<u>2008</u> <u>Assets under</u> <u>construction</u> <u>£'000</u>	<u>2008</u> <u>Furniture</u> <u>and</u> <u>equipment</u> <u>£'000</u>	<u>2008</u> <u>Computer</u> <u>equipment</u> <u>£'000</u>	<u>2008</u> <u>Total</u> <u>£'000</u>	<u>2007</u> <u>Total</u> <u>£'000</u>
COST/VALUATION						
At beginning of year	224,972	1,345	1,215	349	227,881	224,351
Additions at cost	5,566	5,656	337	188	11,747	6,317
Disposals at cost	-	-	-	-	-	(14)
Transfers from and (to) investment property	768	530	-	-	1,298	(2,773)
At end of year	<u>231,306</u>	<u>7,531</u>	<u>1,552</u>	<u>537</u>	<u>240,926</u>	<u>227,881</u>
DEPRECIATION						
At beginning of year	12,744	-	502	212	13,458	10,022
Charge for the year	3,358	-	214	80	3,652	3,450
Eliminated on disposals	-	-	-	-	-	(14)
Eliminated on transfer	(17)	-	-	-	(17)	-
At end of year	<u>16,085</u>	<u>-</u>	<u>716</u>	<u>292</u>	<u>17,093</u>	<u>13,458</u>
Net Book value						
At end of year	<u>215,221</u>	<u>7,531</u>	<u>836</u>	<u>245</u>	<u>223,833</u>	<u>214,423</u>
At beginning of year	<u>212,228</u>	<u>1,345</u>	<u>713</u>	<u>137</u>	<u>214,423</u>	<u>214,329</u>

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

Assets under Construction comprise the Triangle Project costs. This is a mixed development to provide improved student accommodation and commercial units.

The insured value of freehold buildings as at 30 June 2008 was £250,140k (2007 - £234,318k).

11. TANGIBLE FIXED ASSETS (continued)

COLLEGE	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>
	<u>Freehold land and buildings</u> £'000	<u>Assets under construction</u> £'000	<u>Furniture and equipment</u> £'000	<u>Computer equipment</u> £'000	<u>Total</u> £'000	<u>Total</u> £'000
COST/VALUATION						
At beginning of year	224,995	1,504	915	349	227,763	224,090
Additions at cost	5,566	5,698	315	188	11,767	6,446
Transfers from and (to) investment property	768	530	-	-	1,298	(2,773)
At end of year	<u>231,329</u>	<u>7,732</u>	<u>1,230</u>	<u>537</u>	<u>240,828</u>	<u>227,763</u>
DEPRECIATION						
At beginning of year	12,746	-	317	211	13,274	9,849
Charge for the year	3,359	-	186	80	3,625	3,425
Eliminated on transfer	(17)	-	-	-	(17)	-
At end of year	<u>16,088</u>	<u>-</u>	<u>503</u>	<u>291</u>	<u>16,882</u>	<u>13,274</u>
Net Book value						
At end of year	<u>215,241</u>	<u>7,732</u>	<u>727</u>	<u>246</u>	<u>223,946</u>	<u>214,489</u>
At beginning of year	<u>212,249</u>	<u>1,504</u>	<u>598</u>	<u>138</u>	<u>214,489</u>	<u>214,241</u>

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

Assets under Construction comprise the Triangle Project costs. This is a mixed development to provide improved student accommodation and commercial units.

The insured value of freehold buildings as at 30 June 2008 was £250,140k (2007 - £234,318k).

12. INVESTMENTS

	<u>Consolidated</u>	<u>College</u>	<u>Consolidated</u>	<u>College</u>
	<u>2008</u> £'000	<u>2008</u> £'000	<u>2007</u> £'000	<u>2007</u> £'000
At beginning of year	346,900	373,507	298,460 (As restated see Note 23)	323,971 (As restated see Note 23)
Additions	19,361	19,361	18,696	18,696
Disposals	(48,423)	(47,464)	(29,894)	(28,533)
Transfer of investment properties (to) and from and fixed assets	(1,315)	(1,315)	2,773	2,773
(Depreciation)/Appreciation on disposal or revaluation	(1,083)	(5,627)	40,942	40,677
Increase in cash balances held at fund managers	29,062	29,062	15,923	15,923
At end of year	<u>344,502</u>	<u>367,524</u>	<u>346,900</u>	<u>373,507</u>
Represented by:				
Freehold land and buildings	189,393	181,253	195,502	190,945
Quoted securities – equities	87,862	87,862	116,438	116,438
Fixed interest securities	8,341	8,341	9,485	9,485
Other securities	5,427	36,589	1,058	32,222
Cash held for reinvestment	53,479	53,479	24,417	24,417
	<u>344,502</u>	<u>367,524</u>	<u>346,900</u>	<u>373,507</u>

13. DEBTORS

	<u>Consolidated</u> <u>2008</u> <u>£'000</u>	<u>College</u> <u>2008</u> <u>£'000</u>	<u>Consolidated</u> <u>2007</u> <u>£'000</u>	<u>College</u> <u>2007</u> <u>£'000</u>
Amounts falling due within one year			(As restated see Note 23)	(As restated see Note 23)
Loans	27	23	32	28
Amounts owed to group undertakings	-	7,080	-	7,343
Net trade debtors	645	469	633	482
Income Tax	138	18	198	134
Other debtors	184	-	161	-
Prepayment	344	344	241	241
Accrued income	482	273	583	402
	<u>1,820</u>	<u>8,207</u>	<u>1,848</u>	<u>8,630</u>
Amounts falling due after one year:				
Loans	615	215	628	228
Accrued income	90	90	138	138
	<u>705</u>	<u>305</u>	<u>766</u>	<u>366</u>

Trade debtors are shown net of student prepayments £972k (2007 - £915k).

14. CURRENT ASSET INVESTMENTS

	<u>Consolidated</u> <u>2008</u> <u>£'000</u>	<u>College</u> <u>2008</u> <u>£'000</u>	<u>Consolidated</u> <u>2007</u> <u>£'000</u>	<u>College</u> <u>2007</u> <u>£'000</u>
Cash on deposit	13,323	12,553	9,907	9,907

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>Consolidated</u> <u>2008</u> <u>£'000</u>	<u>College</u> <u>2008</u> <u>£'000</u>	<u>Consolidated</u> <u>2007</u> <u>£'000</u>	<u>College</u> <u>2007</u> <u>£'000</u>
Bank overdrafts	556	556	162	162
Trade creditors	1,579	1,096	1,110	778
Amounts owed by group undertakings	-	36,031	-	36,671
Accruals	1,434	1,177	1,732	1,431
Deferred income	1,194	1,194	1,052	1,052
Sundry creditors	1,446	1,446	1,672	1,635
Tax & VAT	642	564	595	524
	<u>6,851</u>	<u>42,064</u>	<u>6,323</u>	<u>42,253</u>

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

	<u>Consolidated</u> <u>2008</u> <u>£'000</u>	<u>College</u> <u>2008</u> <u>£'000</u>	<u>Consolidated</u> <u>2007</u> <u>£'000</u>	<u>College</u> <u>2007</u> <u>£'000</u>
Deferred income	301	301	-	-
Loans	3,000	3,000	-	-
Sundry creditors	33	33	23	23
	<u>3,334</u>	<u>3,334</u>	<u>23</u>	<u>23</u>

The loan is repayable after 2015.

17. CAPITAL AND RESERVES

	<u>2008</u> Income/ expendable capital funds £'000	<u>2008</u> Permanent capital funds £'000	<u>2008</u> Consolidated <u>Total</u> <u>£'000</u>	<u>2007</u> Consolidated <u>Total</u> <u>£'000</u>
Consolidated reserves				
				(As restated see Note 23)
Restricted funds:				
<u>Funds for collegiate purposes*</u>				
Trust funds	17,737	24,519	42,256	40,011
<u>Funds for non collegiate purposes*</u>				
Trust funds	1,613	11,056	12,669	13,807
Unrestricted funds:				
<u>Designated reserves</u>				
Donations and benefactions	12,675	12,488	25,163	27,083
Other reserves	154,232	63,570	217,802	220,933
Total designated reserves	166,907	76,058	242,965	248,016
<u>Undesignated reserves</u>				
Donations and benefactions	9,945	924	10,869	11,012
Other reserves	6,598	255,563	262,161	253,725
Total unrestricted capital	183,450	332,545	515,995	512,753
Total capital and reserves	202,800	368,120	570,920	566,571
College reserves				
				(As restated see Note 23)
Restricted funds				
<u>Funds for collegiate purposes*</u>				
Trust funds	17,737	24,519	42,256	40,011
<u>Funds for non collegiate purposes*</u>				
Trust funds	1,613	11,056	12,669	13,807
Unrestricted funds:				
<u>Designated reserves</u>				
Donations and benefactions	12,675	12,488	25,163	27,083
Other reserves	154,232	63,570	217,802	220,933
Total designated reserves	166,907	76,058	242,965	248,016
<u>Undesignated reserves</u>				
Donations and benefactions	9,945	924	10,869	11,012
Other reserves	(480)	255,563	255,083	250,246
Total unrestricted capital	176,372	332,545	508,917	509,274
Total capital and reserves	195,722	368,120	563,842	563,092

* as defined by University Statute G,II

17. CAPITAL AND RESERVES (continued)
Reconciliation of movements in capital and reserves:

	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2007
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Funds for non-collegiate purposes	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Designated funds	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	2007 Consolidated Total
	<u>Restricted funds</u>										
	<u>Unrestricted funds</u>										
	Funds for collegiate purposes			Funds for non-collegiate purposes			Designated funds			Undesignated funds	
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000
Balance b/f 1 July	15,362	24,649	1,787	171,703	76,313	10,440	250,816	3,481	563,090	563,090	520,999
Increases in the year	3,354	1,511	4	9,090	715	(869)	5,735	3,597	19,568	19,568	49,480
Decreases in the Year	(979)	(1,641)	(178)	(13,886)	(970)	(106)	(64)	-	(18,816)	(18,816)	(3,908)
Balance c/f 30 June	17,737	24,519	1,613	166,907	76,058	9,465	256,487	7,078	563,842	563,842	566,571

Capital is invested in the following categories of assets:

	2008	2008	2008	2008	2008	2008	2008	2008	2008	2008	2007
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Funds for non-collegiate purposes	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Designated funds	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	2007 Consolidated Total
	<u>Restricted funds</u>										
	<u>Unrestricted funds</u>										
	Funds for collegiate purposes			Funds for non-collegiate purposes			Designated funds			Undesignated funds	
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000
Tangible assets	-	-	-	160,376	63,570	-	-	-	(113)	223,833	214,423
Investments	13,477	22,660	1,519	20,800	12,176	33,063	252,953	(23,022)	344,502	344,502	
Net current assets/(liabilities)	4,260	1,859	94	(10,508)	312	(23,598)	3,534	30,213	6,346	5,324	
Pension scheme deficit	-	-	-	(3,761)	-	-	-	(3,761)	-	(3,761)	(2,003)
	17,737	24,519	1,613	166,907	76,058	9,465	256,487	7,078	563,842	563,842	566,571

17. CAPITAL AND RESERVES (continued)

	2008	2008	Total	Total
	Restricted	Unrestricted	2008	2007
	Funds	Funds		
Analysis of restricted and designated funds				(As restated see Note 23)
<u>Primary purposes of restricted and designated funds</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Student Support	39,610	5,002	44,612	47,120
Teaching and Research	3,544	733	4,277	3,544
Chapel & Choir	1,731	399	2,130	2,346
Buildings	3,988	7,568	11,556	8,946
Miscellaneous	5,168	11,459	16,627	18,029
School	582	-	582	591
Other Reserves	302	217,804	218,106	221,258
Total	54,925	242,965	297,890	301,834

Memorandum of Unapplied Total Return

Within reserves the following amounts represent the estimated cumulative surpluses of total return on Endowment assets (after deducting the annual drawdown).

	Total	Total
	2008	2007
	£'000	£'000
Unapplied Total Return at beginning of year	121,105	80,163
Unapplied Total Return for the year (Note 3)	275	40,942
Unapplied Total Return at end of year	121,380	121,105

18. CAPITAL COMMITMENTS

Capital commitments at 30 June 2008 are as follows:
Authorised and contracted

2008	2007
£'000	£'000
4,610	6,665

19. FINANCIAL COMMITMENTS

At 30 June 2008 the annual commitments under non-cancellable operating leases were as follows:

	2008	2007
	Other	Other
	£'000	£'000
Consolidated		
Expiry date		
- within one year	29	1
- between two and five years	22	47
	1	6
- after five years	52	54
College		
Expiry date		
- within one year	29	1
- between two and five years	15	38
	1	6
- after five years	45	45

Barclays Bank Plc has provided the College with a loan facility of £20m for a term of 30 years. At the year end £3m of these funds have been drawn down (2007:nil).

20. PENSION SCHEMES

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

The total pension cost for the year was £1,204k (2007: £1,140k) as set out below:

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Cambridge Colleges Federated Pension Scheme	652	629
Universities Superannuation Scheme	182	162
Teachers' Pension Scheme	268	257
Church of England Funded Pensions Scheme	10	3
Defined Contribution Pension Schemes	92	89
	<hr/> 1,204	<hr/> 1,140 <hr/>

Cambridge Colleges Federated Pension Scheme

The College is a member of a defined benefit scheme, the Cambridge Colleges Federated Pension Scheme, in the United Kingdom. The scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. The Scheme is deemed to be a registered pension scheme under the terms of Schedule 36 of the Finance Act 2004. The College's employees covered by the Scheme are contracted out of the State Second Pension (S2P).

The College has elected to change benefits for new entrants joining on or after 1 April 2004 by:

- paying unreduced pensions from age 65 (previously 60);
- capping service at 40 years (previously uncapped); and
- limiting pension increases in line with increases in the Retail Price Index (RPI) limited to 5% pa compound (previously RPI).

The contribution made by the College in respect of the 12 month period ended 30 June 2008 was £887k, excluding PHI premiums. Employer contributions over the next year are expected to be at the rate of 26.71% of Contribution Pay, although this may be subject to change as a full actuarial valuation is being undertaken as at 31 March 2008 for the Management Committee.

The major assumptions used by the actuary were:

	June 2008	June 2007	June 2006	June 2005	June 2004
Discount rate	6.7%	5.8%	5.25%	5.0%	5.8%
Price inflation assumption	3.9%	3.5%	3.1%	2.75%	3.1%
Rates of increases in salaries	5.4%	4.25%	3.85%	3.5%	3.8%
Rate of increase in pensions in deferment					
- Guaranteed minimum pension (GMP)	5.4%	4.25%	3.85%	3.5%	3.8%
- Excess pension	3.9%	3.5%	3.1%	2.75%	3.1%
Rate of increase in pensions in payment					
- GMP accrued up to 5 April 1988	0.0%	0.0%	0.0%	0.0%	0.0%
- GMP accrued after 5 April 1988	2.9%	2.8%	2.3%	2.0%	2.3%
- Excess Pension over GMPs and pension accrued after 5 April 1997	3.9%	3.5%	3.1%	2.75%	3.1%
- Pension accrued from 1 April 2004					
- for members as at 31 March 2004	3.9%	3.5%	3.1%	2.75%	3.1%
- for members joining on or after 1 April 2004	3.7%	3.2%	2.6%	2.25%	2.6%

In addition, standard actuarial mortality tables were used, namely the PA92 Base tables for males and females with the medium Cohort projections based on year of birth. This is a change from the 2007 calculations and allows for further longevity improvements.

20. PENSION SCHEMES (continued)

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 30 June 2008	Value at 30 June 2008	Long term rate of return expected at 30 June 2008	Value at 30 June 2007
		£'000		£'000
Equities and Hedge Funds	7.5%	5,767	7.5%	5,913
Cash, Bonds & Net Current Assets	5.4%	4,148	5.2%	3,770
Property	6.5%	1,268	6.5%	1,411
Total	6.6%	11,183	6.6%	11,094

The 2008 assets and the split between asset classes are based upon the values provided by the Scheme Administrator.

The following results were measured in accordance with the requirements of FRS 17:

	<u>2008</u>	<u>2007</u>
	£'000	£'000
Total market value of assets	11,183	11,094
Present value of scheme liabilities	(14,944)	(13,097)
Deficit in the scheme	(3,761)	(2,003)
Related deferred tax liability	-	-
Net Pension Liability	(3,761)	(2,003)

The main reasons for the worsening in the financial position are:

- Investment returns were less than expected;
- The effect of the change in assumptions from 2007 to 2008;
- Scheme experience was worse than assumed mainly due to salary increases being higher than assumed.

This was partially offset by:

- Contributions paid were more than required to meet the current 1 year pension cost.

	30 June 2008	30 June 2007
	£'000	£'000
The amounts recognized in the surplus are as follows:		
Current service cost (excluding Member contributions)	652	629
Interest on pension scheme liabilities	770	654
Expected return on pension scheme assets	(743)	(663)
Past service cost	-	-
Total	679	620
Actual Return on Scheme assets	(582)	965

	30 June 2008	30 June 2007
	£'000	£'000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	13,097	12,346
Service Cost (including Member contributions)	862	823
Interest Cost	770	654
Actuarial Losses/(gains)	641	(199)
Benefits Paid	(426)	(527)
Closing defined benefit obligation	14,944	13,097

	30 June 2008	30 June 2007
	£'000	£'000
Changes in the fair value of Scheme assets are as follows:		
Opening fair value of Scheme assets	11,094	9,591
Expected Return	743	663
Actuarial (losses)/gains	(1,325)	302
Contributions by Employer	887	871
Contributions by Members (including AVCs)	210	195
Benefits & Expenses paid	(426)	(528)
Closing fair value of assets	11,183	11,094

20. PENSION SCHEMES (continued)

A designated fund within the consolidated trust fund investments is maintained in relation to the Cambridge Colleges Federated Pension Scheme. This designated fund was created from a previous repayment of surplus in the pension scheme. It was decided that the amount was to be managed separately from the pension scheme. The value of this fund was £2.8m (2007:£3.1m).

If the non-scheme designated fund was recognised as part of the Cambridge Colleges Federated Pension Scheme, it would give the following adjusted surplus or deficit:

	2008 £'000	2007 £'000
Deficit in the scheme at the end of the year	(3,761)	(2,003)
Included in the consolidated trust fund		
- Non scheme designated fund	2,817	3,128
Adjusted (deficit)/surplus in the scheme at the end of the year	(944)	1,125

Amounts for the current and previous four periods	Year ended 30	Year ended 30	Year ended 30	Year ended 30	Year ended 30
	June 2008	June 2007	June 2006	June 2005	June 2004
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(14,944)	(13,097)	(12,346)	(11,020)	(9,162)
Plan assets	11,183	11,094	9,591	8,314	7,138
Deficit	(3,761)	(2,003)	(2,755)	(2,706)	(2,024)
Experience adjustments on Scheme liabilities	(352)	(182)	(38)	(58)	30
Experience adjustments on Scheme assets	(1,325)	302	271	377	320

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; one is appointed by the Higher Education Funding Councils; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

Because of the mutual nature of the scheme, the College 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 FRS 17 "Retirement benefits", the College accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), and the rates of increase in salary and pensions and the assumed rates of mortality. In relation to the past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion and a further amount of £800m of liabilities to reflect recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum.

Standard mortality tables were used as follows:

Pre-retirement mortality	PA92 rated down 3 years
Post-retirement mortality	PA92 (c-2020) for all retired and non-retired members

20. PENSION SCHEMES (continued)

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further small improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males	19.8 years
Females	22.8 years

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date; under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

Since 31 March 2005 the funding level of the scheme has undergone considerable volatility. The actuary has estimated that the funding level had increased to 91% at 31 March 2007 but that at 31 March 2008 it had fallen back to 77%. This fluctuation in the scheme's funding level is due to a combination of the volatility of the investment returns on the scheme's assets in the period since 31 March 2005 compared to the returns allowed for in the funding assumptions and also the changing gilt yields, which are used to place a value on the scheme's liabilities. These estimated funding levels are based on the funding levels at 31 March 2005, adjusted to reflect the fund's actual investment performance and changes in gilt yields (ie the valuation rate of interest). On the FRS17 basis, using a AA bond discount rate of 6% based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%. An estimate of the funding level measured on a buy-out basis was approximately 78%.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the institution contribution rate of 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.7 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.5 billion
Rate of mortality	More prudent assumption (Mortality used at last actuarial valuation, rated down by a further year)	Increase by £0.8 billion

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognizes that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-

20. PENSION SCHEMES (continued)

term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the College was £182k (2007: £162k). The contribution rate payable by the College was 14% of the pensionable salaries.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme. This is a statutory, contributory, final salary scheme. The College is unable to identify its share of the underlying assets and liabilities and each employer in the scheme pays a common contribution rate. Following the report of March 2003 the employer's contribution was set at 13.5% of salary. On 1 January 2007 the rate rose to 14.1%.

For schemes such as the Teachers' Pension Scheme, paragraph 9(b) of FRS17 requires the College to account for pension costs on the basis of contributions actually payable to the scheme in the year. The total pension cost for the College was £268k (2007: £257k).

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme out of a total membership of approximately 10,000 active members. The total pension cost for the College was £10k (2007:3k)

The Church of England Funded Pensions Scheme is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities - each employer in that scheme pays a common contribution rate. The latest valuation of the Scheme was carried out as at 31 December 2003. This revealed a shortfall of £141m, with assets of £468m and a funding target of £609m.

For schemes such as the Church of England Funded Pensions Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the Scheme in the year. Following the results of the valuation, the College contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

Following a subsequent informal review of the Scheme's funding position, the College's contribution rate increased again to 39.8% of pensionable stipends with effect from 1 January 2007 as an interim measure, pending the results of the next formal valuation of the Scheme as at 31 December 2006.

Defined Contribution Pension Schemes

The College and its subsidiaries operate a number of defined contribution schemes for which the pension cost charge for the year amounted to £92k (2007: £89k).

21. CONTRIBUTION ASSESSMENT

	<u>2008</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
21a. ASSESSABLE INCOME				
i. External Revenue:				
College Estates let at Rack Rent	7,568		6,892	
College Estates let on Building Leases	330		332	
Net income from Furnished Lettings	(127)		213	
Other income from Real property	3		62	
Dividends and Interest Gross	2,717	10,491	1,708	9,207
Less:				
Rates	(8)		(11)	
Insurance of College Buildings	125		79	
Agency, Management charges	1,876		1,580	
Transfer to Estates Repairs & Improvements Fund	1,939		1,849	
Interest payments	54		51	
Sinking Fund payments under Statute G,II,4(iv)	9		9	
Other deductions from External Revenue	206	(4,201)	227	(3,784)
ii. Trust & Other Funds Subject to Contribution				
Education Reserve Fund	21		20	
Scholarship & Exhibition Account	20		19	
Summary of Trust and Other Funds	1,847		1,531	
General Reserve Fund	28		65	
Pension Fund	56		53	
Composition Fund	37		35	
Consolidated Reserve Fund	994	3,003	444	2,167
ASSESSABLE INCOME		<u>9,293</u>		<u>7,590</u>
iii. Trust & Other Funds Not Subject to Contribution				
Insurance Fund	195		180	
Building Fund Under Statute G,II,4(vii)	117		101	
Summary of Trust and Other Funds	637	949	662	943
		<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>	
21b. DEDUCTIBLE ITEMS				
Half sums paid to Scholars, Exhibitioners & Research Students		335	345	
Prizes		89	15	
Half maintenance of Chapel expenditure		283	287	
Net expenditure on College Library		484	460	
College Teaching Officers		323	312	
College Research Fellows		285	213	
College Building Fund under Statute G,II,4(vii)		287	276	
Donations for University Purposes:				
University Counselling Service		14	14	
Payment to University in support of:				
Research Fellows and holders of studentships		14	9	
Other Fellows		2	2	
Mathematics Faculty		60	60	
Classics		15	15	
English Faculty		20	20	
Philosophy and Modern & Mediaeval Languages		30	30	
Other sums approved under Statute G,II,4(xxiii)				
Archives		43	41	
		<u>2,284</u>	<u>2,099</u>	

21. CONTRIBUTION ASSESSMENT (continued)

21c. BUILDING FUND UNDER STATUTE G,II,4(vii)	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Opening balance	377	316
Transfer for year approved under G,II,4(vii)	287	276
Income from Consolidated Trust Fund	117	101
Less:		
Transfers for investment	(377)	(316)
Closing balance	<u>404</u>	<u>377</u>

21d. ESTATES REPAIRS AND IMPROVEMENTS FUND	<u>2008</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Opening Balance		597		1,678
Transfer approved under G,II,4(v)				
25% of: College Estate let at Rack Rent	7,568		6,892	
Assumed rent of unoccupied property	<u>187</u>		<u>503</u>	
	<u>7,755</u>	@ 25%	<u>1,939</u>	<u>7,395</u>
Less:				
Repairs and improvements on estates		(1,667)		(2,930)
Closing balance		<u>869</u>		<u>597</u>

21e. INSURANCE FUND	<u>2008</u> <u>£'000</u>	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
Opening balance		158		149
Income from Consolidated Trust Fund		195		180
Less:				
Dry rot costs	-		23	
Transfers for investment	157	(157)	148	(171)
Closing Balance		<u>196</u>		<u>158</u>

22. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	<u>1 July</u> <u>2007</u> <u>£'000</u>	<u>Cashflow</u> <u>£'000</u>	<u>30 June</u> <u>2008</u> <u>£'000</u>
Cash at bank	450	(357)	93
Bank overdraft	(162)	(394)	(556)
Cash on deposit	9,907	3,416	13,323
Cash held for reinvestment	24,417	29,062	53,479
Debt due after 1 year	-	(3,000)	(3,000)
Net funds	<u>34,612</u>	<u>28,727</u>	<u>63,339</u>

	<u>2008</u> <u>£'000</u>	<u>2007</u> <u>£'000</u>
(Decrease)/increase in cash in the year	(751)	702
Cash outflow from increase in liquid resources	32,478	12,680
Cash inflow from increase in debt financing	(3,000)	-
Change in net funds resulting from cash flows	<u>28,727</u>	<u>13,382</u>
Movement in net funds in year		
Net funds at 1 July	34,612	21,230
Net funds at 30 June	<u>63,339</u>	<u>34,612</u>

23. PRIOR YEAR ADJUSTMENTS

The comparatives have been restated to reflect the following changes to certain accounting policies: rental income is now recognized on an accruals basis rather than on invoice date; and the College has adopted a new policy of recognizing an Endowment drawdown each year, which is the amount taken out of the endowment as spendable income. The former change seeks to adopt best practice and has been enabled by the increased computerization of rental records that now allows this to be measured reliably and accurately. The Total Return policy has been adopted to align the College's accounts with its investment policy and strategy.

The principal effects of these changes are: that the opening reserves for 2006 and 2007 have been cumulatively reduced by £674k and £819k respectively. In 2007 this reflects the deferral of £1,052k of property income (shown within Deferred Income within Creditors less than One Year) and an accrual of £233k of property income (shown within Accrued Income within Debtors). Current Investments have been restated within 2007 as £11.5m has been transferred to Fixed Investment Assets. This better matches Endowment drawdown against the relevant assets.

24. RELATED PARTY TRANSACTIONS

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

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.

25. SUBSIDIARY UNDERTAKINGS

The College's principal trading and dormant subsidiary undertakings at 30 June 2007 were:

Undertaking	Activity
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 medical insurance for the College.
Aquila Investments Limited	Building construction and repair, property development, fuel supply and farming.
St John's Innovation Centre Limited	The provision of administrative and business support to tenants of St John's Innovation Centre and the encouragement of commercial application of intellectual property.
L M Tenancies 1 Limited	Dormant
L M Tenancies 2 Limited	Dormant
L M Tenancies 4 Limited	Dormant
L M Tenancies 5 Limited	Dormant
L M Tenancies 7 Limited	Dormant
L M Tenancies 8 Limited	Dormant
Aquivar Limited	Dormant