ST JOHN'S COLLEGE
CAMBRIDGE

Annual Report
and
Financial Statements

for the year ended
30 June 2014

Registered Charity number 1137428

Contents

Reference and Administrative Details

Summary Information

Name of the College	St John's College, Cambridge (formally the College of St John the Evangelist in the University of Cambridge)
Address	St John's Street Cambridge CB2 1TP
Charity registration number	1137428
Charity trustees during the year	The Master, Professor C.M. Dobson (Chairman) Mr D.J. Dormor Professor G.C. Horrocks (to 16 December 2013) Professor I.N. McCave (to 30 September 2013) Dr A.C. Metaxas (to 30 September 2013) Dr S.M. Colwell Dr D.M. Fox Dr M. Dörrzapf Mr C.F. Ewbank Professor J.S. Rink Professor R.A. Evans Professor A-L. Kinmonth Dr H.P. Hughes Dr M. Ní Mhaonaigh (from 17 December 2013) Dr A.M. Nicholls (from 1 October 2013) Professor J. Toland (from 1 October 2013)

Senior Officers

Head of House	Professor C.M. Dobson, Master
Senior Tutor	Dr M. Dörrzapf
Senior Bursar	Mr C.F. Ewbank

Membership of the Governing Body

The members of the Governing Body of the College as at 30 June 2014 are set out below

Master: Professor C.M. Dobson

President: Mr D.J. Dormor

Other Fellows (in order of election)

Dr E.D. James
Professor R.A. Hinde
Dr R.H. Prince
Professor Sir J.R. Goody
Dr J.A. Charles
Dr D.J.H. Garling
Professor R.N. Perham
Dr G.A. Reid
Professor P. Boyde
Dr J.A. Leake
Dr P.A. Linehan
Dr A.J. Macfarlane
Professor D.L. McMullen
Dr E.K. Matthews
Mr R.G. Jobling
Dr A.A. Macintosh
Professor J. Staunton
Dr C.M.P. Johnson
Professor M.A. Clarke
Dr A.G. Smith
Professor J.A. Emerton
Professor J. Iliffe
Professor M. Schofield
Dr G.A. Lewis
Professor R.F. Griffin
Dr T.P. Bayliss-Smith
Professor S.F. Gull
Dr H.P. Hughes
Dr P. Goddard
Professor P.T. Johnstone
Professor I.M. Hutchings
Professor H.R.L. Beadle
Dr J.B. Hutchison
Professor S.F.C. Milsom
Dr D.G.D. Wight
Professor Sir R.H. Friend
Dr R.E. Glasscock
Professor R.P. Tombs
Dr R.E. McConnel
Professor D.R. Midgley
Professor P.H. Matthews
Dr M. Richards
Professor J.F. Kerrigan
Professor G.J. Burton
Professor G.C. Horrocks
Professor Sir P.S. Dasgupta
Professor Sir M.E. Welland
Dr H.R. Matthews
Professor B.J. Heal
Dr T.P. Hynes
Professor I.N. McCave
Dr A.C. Metaxas
Colonel R.H. Robinson
Professor S. Conway Morris
Professor E.D. Laue
Dr S.A. Edgley
Professor R.A. Evans
Dr S.M. Colwell
Dr H.E. Watson
Dr J.P. McDermott
Professor C.O. Lane
Dr C.J. Robinson
Professor Y.M. Suhov
Professor S.R.S. Szreter
Professor D.J. Howard
Professor M.M.G. Lisboa
Professor U.C. Rublack
Professor B.D. Simons
Dr K.C. Plaisted Grant
Dr M. Ní Mhaonaigh
Professor D.C. McFarlane
Professor C.D. Gray
Dr I.M. Winter
Professor N.S. Manton
Dr N.S. Arnold
Dr S. Castelvecchi
Professor A-L. Kinmonth
Dr J.M. Lees
Professor A.D.H. Wyllie
Professor S.C. Reif
Dr D.M. Fox
Dr D.M.A. Stuart
Dr A.M. Nicholls
Dr M. Dörrzapf
Dr P. Antonello
Dr P.T. Miracle
Professor A.W. Woods
Commodore J.W.R. Harris
Professor S.M. Best
Dr P.M. Geraats
Dr P.T. Wood
Dr E.J. Gowers
Professor U.C. Goswami
Professor R.J. Samworth
Professor G.W.W. Barker
Dr D.L. Williams
Miss S. Tomaselli
Mr C.F. Ewbank
Dr F.E. Salmon
Dr C.G. Warnes
Dr C.D. Jiggins
Mr S.W. Teal
Mr A.M. Nethsingha
Dr T. Larsson
Dr R.D. Mullins
Dr T.P.J. Knowles
Dr J.J.W.A. Robinson
Dr G.L. Evans
Dr M. Atatüre
Dr A.B. Reddy
Professor Z. Ghahramani
Professor J.S. Rink
Dr O. Kucherenko
Dr T.E.C. Button
Dr E. Reisner
Professor A.E. Baum
Professor J. Toland
Professor O. Paulsen
Dr N.L. Roberts
Dr I. Palacios
Dr K. Franze
Dr A. Lamacraft
Dr R.H. Abbott
Dr J.P. Slight
Dr K.M. Forrester
Dr U. Paszkowski
Dr N. MacDonald
Dr A.O. Wilshaw
Dr J.R. Taylor
Dr P. Murray
Dr A. Bouayad
Professor Dame J.M. Rawson
Dr M.J.V.P. Worthington
Dr A.K. Arsan
Dr M.T.G Humphreys
Dr R.S. Weatherup
Dr S.I.A. Cohen
Dr M.A. Crowley
Professor S.J. Peacock
Dr M.F.L. De Volder
Dr H.J. Joyce
Dr S. Shao
Dr T.M. Adamo
Dr O. Da Rold
Mr M.N. Wells

Principal Advisers

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Cambridge
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Solicitors
Mills & Reeve
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Introduction

St John's College, Cambridge is pleased to present its Annual Report and audited consolidated Financial Statements for the year ended 30 June 2014.

Founded in 1511, St John's College 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.

Operating and Financial Review

This operating and financial review is intended to give readers of the financial statements an overview of the operations and finances of the College group.

Scope of the Financial Statements

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

- St John's Enterprises Limited, which undertakes principally conference and tourism activities and activities in relation to medical insurance for the College;
- Aquila Investments Limited, which undertakes building construction and repair, property development, energy supply and farming;
- St John's Innovation Centre Limited, which provides administrative and business support to tenants of St John's Innovation Centre and encouragement of commercial application of intellectual property; and
- Lomas Developments Limited, which principally undertakes property development.

The accounts of dormant companies are also consolidated.

The financial statements are produced by the College in the Recommended Cambridge College Account (RCCAs) 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.

Objects, Aims, Activities and Performance, and Future Plans

Objects

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

Aims

The College's aims are:

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

The aims of St John's College School are:

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

Activities and Performance

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

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

Highlights of activities and achievements in the year were: hosting four general open days and six subject specific open days, a Teachers Conference and three Sutton Trust Summer Schools, in addition to visiting some 100 schools and hosting approximately 50 school visits to the College; continued contribution to the Cambridge Access Bursary scheme which provides means-tested bursary support at levels far in excess of the Office for Fair Access requirements with some 91 bursaries being provided in the year, of which 54 were at the maximum bursary level; continued significant investment in graduate scholarship provision, ensuring strong support to graduate students; the continuation of the College Teaching Associate scheme to enhance the teaching resource of the College and provide the flexibility to cover short and medium term teaching needs; the election of one new professorial Fellow in Classics and eight teaching Fellows to start in 2014-15 in the following subjects – English, Land Economy, Music, Asian & Middle Eastern Studies, Law, Classics and Earth Sciences; the appointment of two new College Teaching Associates both in Economics and the renewal of two College Teaching Associates in Mathematics and Spanish; the election of four outstanding new Research Fellows in Music, Physics, Physiology and Zoology; the election of six new College Research Associates offering a College affiliation to a significant number of talented post-doctoral researchers in the University; with regard to facilities, the final phase of the Cripps building refurbishment is progressing well, with completion anticipated in autumn 2014, and the redevelopment of the School of Pythagoras as an archive centre was close to completion at year end; and donors to the College in the year were very generous, with funds received to support College building activities and the endowment of a new College lectureship among many other activities.

The principal objectives of the School for the year were: to plan the necessary redevelopment of its teaching facilities for younger children and to proceed with a range of curricular developments.

Highlights of activities and achievements in the year were: 56 leaving pupils gained 21 scholarships to their destination schools; the pass rate for the Common Entrance Examination was 100%; the Headmaster was awarded the annual national Best Prep School Headmaster award. This year saw the redevelopment of teaching facilities for Reception aged children and a wide range of curricular developments across the School including: Digitally Enhanced Learning, Outdoor Learning, Creative Curriculum and Critical Thinking, Self-Organised Learning Environments, Philosophy and Mindfulness. Departmental reviews for each department have focused on developing Pupil Responsibility for Learning, looking at e.g. pupil self-assessment, teacher questioning and written advice for improvement.

Future Plans

The College has a Strategic Plan covering the period 2011-16. This sets out the College's ambitions to: enhance its outreach activities; provide greater financial support for students; further strengthen its teaching capabilities and raise academic performance; increase the number of Research Fellows; improve extracurricular opportunities; complete the current major building refurbishment programme; modernise its approach to human resources; and build on fundraising success to date by launching new fundraising initiatives aimed at building the College's Endowment.

For the school, the further redevelopment of the School's Junior Department buildings will be undertaken and educational innovation and development will continue, including the implementation of a new My Mind curriculum for older pupils, the introduction of a new Arts Options programme, the creation of a new Computer Coding curriculum and developments relating to the extension of the most able, the increased use of digital learning and the promotion of outdoor learning.

Financial Review

Overview of the Results for the Year

The College's Consolidated Income and Expenditure Accounts for the years ended 30 June 2014 and 2013 are summarised below:

	2014 £'000	2013 £'000
Income	32,814	32,518
Expenditure	34,714	32,340
Operating (deficit)/surplus	(1,900)	178
Contribution under Statute G,II	765	780
Deficit after Contribution under Statute G,II	(2,665)	(602)
Net transfers from/(to) accumulated income in Endowment funds	21	(22)
Retained deficit for the year	(2,644)	(624)

During the financial year 2012-13, the School changed its accounting date from 31 August to 30 June to align it with the remainder of the Group. As such, the School results consolidated in the prior year covered a ten month period only (note 9). This had a one-off impact on the overall results of the College, as the majority of the School's income is generated in the ten month period which was consolidated, while the costs fell more equally across the year. This one-off impact reversed in 2013-14, with £846k of the increased deficit occurring as a consequence of the reversion to full year figures for the School. In addition, the College experienced a year on year increase of £983k in the investment management costs associated with the management of the College's property portfolio and its subsidiaries (note 3e) which significantly increased the deficit in the year.

Income

The main sources of income for the College are academic fees and charges (11% in the year and 11% in the previous year), income from residences, catering and conferences (17% in the year and 19% in the previous year), Endowment and investment income (51% in the year and 50% in the previous year), revenue donations (2% in the year and 2% in the previous year) and income from the School (19% in the year and 18% in the previous year).

Income increased overall by £296k (1.0%) in 2013-14 as a result of changes across various activities.

Academic fees and charges for the year totalled £3,531k, up £86k (2.5%) from £3,445k in the prior year. This was due primarily to increases in publicly-funded undergraduate and graduate fee income, partially offset by a reduction in privately-funded undergraduate fee income and other educational income.

Income from residences, catering and conferences in the year totalled £5,640k, down £422k (7.0%) from the previous year (£6,062k). Much of the reduction relates to conference income as the College closed its kitchens for refurbishment during summer 2013 which is peak conference period.

Gross endowment and investment income was £16,707k in the year, an increase of £530k (3.3%) on the previous year (£16,177k); the endowment drawdown from permanent funds accounted for under total return increased during the year, while income from expendable funds and permanent funds accounted for under the standard method reduced in the year.

Revenue donations in the year were £699k, down £50k (6.7%) from the prior year (£749k). While restricted donations were down slightly year on year, unrestricted donations and deferred capital grants released in the year increased.

School income consolidated was £6,154k in the year, up £207k (3.5%) from the prior year (£5,947k) primarily as a result of increased pupil numbers and an increase in fees in the year.

Expenditure

The main areas of expenditure for the College were education (29%, compared to 30% in the prior year), residences, catering and conferences (35%, compared to 38% in the prior year), costs relating to investment management (14%, compared to 12% in the prior year), School expenditure (17%, compared to 14% in the prior year) and other expenditure (6%, compared to 6% in the prior year).

Total expenditure was £34,714k in 2013-14, an increase of £2,374k (7.3%) on the prior year (£32,340k).

Spending on Education during the year totalled £10,007k, up £265k (2.7%) on the prior year (£9,742k). Staff costs and other operating expenditure have increased slightly as the College continues to invest in its teaching resource.

Expenditure on residences, catering and conferences totalled £12,315k in the year, up £66k (0.5%) on the prior year (£12,249k). Staff costs and other operating expenses reduced year on year in line with the reduction in conference business, however, increased depreciation and interest charges directly related to the College’s buildings refurbishment programme resulted in an overall increase.

Investment management costs were £4,728k in the year, an increase of £983k (26.2%) on the prior year (£3,745k), with the majority of the increase due to a higher level of expenditure on investment properties.

School costs were £5,748k in the year, up £1,053k (22.4%) from the prior year (£4,695k), with the increase in costs due in the main to the reversion to a twelve month accounting period, as noted above.

Other expenditure totalled £1,916k, up £7k (0.4%) on the prior year (£1,909k), with costs remaining stable in these areas.

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

Total staff costs for the year were £14,885k, an increase of £954k (6.8%) on the prior year (£13,931k). Much of this increase relates to higher staff costs for the School as it reverts to a twelve month accounting period, with staff costs at the College and St John's Innovation Centre relatively stable.

Other operating expenses of the College were £13,545k, an increase of £1,040k (8.3%) on the prior year (£12,505k). The increase derives from three main areas, higher investment management costs relating to the College's investment property portfolio and the reversion of the School to a twelve month accounting period, offset partially by lower operating costs as a result of the kitchens shutdown.

Depreciation was £4,912k for the College for the year (2013: £4,671k) and £4,927k (2013: £4,675k) for the Group. This charge is rising as the College completes projects within its building refurbishment programme.

Interest and other finance charges were £1,357k for the year, an increase of £128k on the prior year (£1,229k) due to the College drawing down £10m of new loan financing.

Results

Total income was higher by £296k (0.9%) and total expenditure increased by £2,374k (7.3%) in the year, generating a deficit from operations for the Group of £1,900k, a reduction of £2,078k from an operating surplus of £178k in the prior year.

The Contribution under Statute G,II for the year 2013-14 reduced by £15k (1.9%) to £765k against the prior year (£780k). This contribution is an intercollegiate taxation charge which is contributed to the Colleges Fund which makes grants to colleges with inadequate endowments.

After the payment of the Contribution under Statute G,II, the College incurred a deficit of £2,665k compared with a deficit of £602k in the previous year.

Following the transfer of £21k from accumulated income in Endowment funds, the College made a deficit for the year of £2,644k retained within general reserves, compared with a deficit of £624k in the previous year.

In the financial statements, total Endowment and investment income shows the income from the underlying investments, save for the case of permanent Endowments managed on a total return basis for which only the income spent in the year is recognised in the Income & Expenditure account. The College manages its Endowment and long-term investments on a total return basis and determines, through a spending rule, a prudent distribution each year. Had the income in the Income & Expenditure statement instead been based on this "distribution basis" for Endowment and investment income, the retained deficit would have been £1,271k (2013: £107k) or approximately 3.9% (2013: 0.3%) of total income.

Capital Expenditure

The Group incurred capital expenditure on tangible fixed assets during the year amounting to £10,801k (compared to a prior year figure of £9,434k).

The high level of expenditure reflects the continued implementation of the College's major building refurbishment programme. In 2013-14, the College spent £10 million on improvements to its operational buildings with the majority being expended on the final phase of the refurbishment of the Cripps building, which is due for completion in autumn 2014, and the redevelopment of the School of Pythagoras as an archive centre.

Cash Flows

Net cash outflow from operating activities was £6,898k, £51k lower than the prior year cash outflow of £6,949k.

Net cash inflow from returns on investments and servicing of finance was £6,782k, a reduction of £1,888k on the prior year. This is due mainly due to a reduction in Endowment and investment income (in cash terms) as well as increased interest and financing payments and working capital movements.

The contribution under Statute G,II actually paid in the year was £780k, an increase of £72k on the prior year.

Capital expenditure and financial investment generated a net cash inflow of £2,408k in the year, compared to a net cash outflow of £12,777k in the prior year. The key factor in the change is that in 2013-14 the College was a net seller of long term investments of £11.3m while in 2012-13 it was a net purchaser of circa £6.5m of long-term investments.

The movement in net debt for the year was a positive £1,512k, leaving the College with net debt of £5,722k at 30 June 2014.

During the year the College entered into a new unsecured bank loan for £10 million, the loan has a five year term and repayments commence in 2015, the interest rate is fixed at 2.38% for £8.9 million while the remainder has a floating interest rate.

Reserves

Consolidated total funds stood at £650,821k at 30 June 2014, up £25,528k (4.1%) on the prior year. This was predominantly a result of increases in the value of Endowment assets, reflecting rises in the market value of investments, partially reduced by an increase in the pension deficit. At 30 June 2014, reserves (including the fixed asset revaluation reserve, but excluding the pension reserve and Corporate Capital reserve) stood at £245,734k.

Endowment and Investment Performance

Investment Policy

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

The strategic asset allocation for the portfolio is set by the College Council on the recommendation of the Investments Committee.

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.

Investments

The total value of the College's Endowment and investment portfolio at 30 June 2014 was £419.5 million, up £20.9 million (5.2%) from its value at 30 June 2013.

As at 30 June 2014, £224.6 million or 53.5% (£207.5 million or 52.1% in prior year) of the portfolio was invested in direct UK property, in a mix of agricultural, commercial and residential properties (those residential properties which are let or intended to be let to students, Fellows and staff are considered and valued as operational buildings and appear as part of tangible fixed assets rather than investments). Other investments had a value of £194.9 million (£191.1 million in the prior year), representing 46.5% (47.9% in the prior year) of the overall portfolio.

The College is exposed to foreign exchange risk on the investments it holds in foreign currencies and seeks to mitigate these risks by entering into partial cashflow hedges, which are managed by its advisers.

Development and Fundraising

College fundraising is focused on the support of a number of activities across the College: teaching and research, contributing to student support, including bursaries and scholarships and outreach and access; buildings, contributing to the maintenance and development of the fabric of the estate; College life, funding extracurricular activities including sport, music and the arts; general purposes, for building the endowment and for a new annual fund.

In 2013-14, donations and benefactions received by the College excluding heritage assets totalled £2,374k (£2,931k in the prior year).

Principal Risks and Uncertainties

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

The key financial uncertainties and risks are:

- The long-term impact of the changed student financing and fee model arising from Government funding cuts in the funding of teaching, and higher tuition fees to be charged by the University, on College fee income;
- The costs of future student financial support;
- Movements in investment markets reducing the value of the Endowment and other investment assets;
- The long-term cost of pension provision; and
- An uncertain economic and financial environment potentially putting additional pressure on donations, levels of student support and other income.

In Conclusion

The group operations of the College generated a deficit on continuing operations in the year both before and after the contribution under statute G,II, with the deficit after deduction of the contribution and the net transfer from accumulated income in endowment funds increasing materially year on year. A significant proportion of the increase in the deficit was due to two factors, the School reverting to a full twelve month accounting period and the material increase in the College's investment management costs, both as set out above. The College continues to focus on improving its financial position, and is committed to remaining financially robust during what is a challenging period.

On behalf of the College Council

Professor Christopher Dobson	Chris Ewbank
Master	Senior Bursar

14 November 2014

Corporate Governance

The following statement is provided by the Council to enable readers of the financial statements to obtain a better understanding of the arrangements in the College for the management of its resources and for audit.

Charity Status

The College is a registered charity with registration number 1137428 and is subject to regulation by the Charity Commission for England and Wales.

Governing Documents

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

Governance

The members of the College Council, which is responsible for the day-to-day administration of the affairs of the College, are the charity trustees and are responsible for ensuring compliance with charity law. The members of the Council are the Master and twelve Fellows elected by the College's Governing Body for rotating four year terms. The members of the Council during the year ended 30 June 2014 are set out in 'Reference and administrative details' above.

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

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

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

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

The other College officers most involved in the governance of the College are as follows: the President, who is elected by the Fellows for a period of up to four years and, among other duties, acts as the Master's deputy in his absence; the Senior Tutor, who has overall responsibility for 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.

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

St John's College School has its own Governors, who are appointed by the College Council. As at 30 June 2014, six of the twelve Governors of the School were Fellows of the College. The School Governors are responsible to the College Council for the educational policy, management and finances of the School.

The Visitor of the College is the Bishop of Ely.

Statement of Internal Control

The Council is responsible for maintaining a sound system of internal control that supports the achievement of policy, aims and objectives while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the College's Statutes.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it therefore provides reasonable but not absolute assurance of effectiveness.

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2014 and up to the date of approval of the financial statements.

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

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

Key controls used by the College include:

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

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

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

Responsibilities of the College Council

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

The Council is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

Independent Auditor's Report to the Governing Body of St John's College, Cambridge

We have audited the financial statements of St John's College, Cambridge for the year ended 30 June 2014 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and College balance sheet, the consolidated cash flow statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, as a body, in accordance with the College's Statutes, and the Statutes of the University of Cambridge and our engagement letter dated 11 July 2014. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of the responsibilities of the College Council, the College Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's and the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the College's affairs as at 30 June 2014 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes, and the Statutes of the University of Cambridge.

Opinion on other matters prescribed by the Statutes of the University of Cambridge
In our opinion, the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II of the University of Cambridge.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Matthew Hall (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

14 November 2014

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

Statement of Principal Accounting Policies

Basis of Preparation

The Financial Statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom Accounting Standards and have been produced in accordance with the Recommended Cambridge College Accounts (RCCA) format introduced through revisions to Statute G,III of the University which replaced the previous format introduced in 1926 by the University of Cambridge Commissioners. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education.

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to use of public funds. The analysis required by the SORP is set out at note 10.

The College's activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the Operating and Financial Review which forms part of this Annual Report. The Council has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt a going concern basis of accounting in preparing the annual Financial Statements.

Basis of Accounting

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

Basis of Consolidation

The consolidated Financial Statements include the College and its subsidiary undertakings. Details of the subsidiary undertakings included are set out in note 33. Intra-group balances are eliminated on consolidation. The consolidated Financial Statements do not include the activities of student societies as these are separate bodies in which the College has no financial interest and because these are viewed as autonomous activities.

Recognition of Income

Academic Fees

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

Restricted Grant Income

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

Recognition of Income (continued)

Income from Research Grants

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

Rental Income

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

Donations and Benefactions

Charitable donations are recognised on receipt or when there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the Consolidated Income and Expenditure Account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for acquisition or construction of tangible fixed assets, are recognised in the Consolidated Statement of Total Recognised Gains and Losses as new endowments.

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

Gifts, benefactions and legacies are treated as capital if there is a legally binding restriction or it can be inferred that the sum is intended to be retained or if the College does not expect to be able to fully spend the donation within two years. In determining the accounting treatment the Council considers 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 recognised in the Consolidated Statement of Total Recognised Gains and Losses as new endowments received.

Capital Grants and Donations

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the Income and Expenditure account in the year of acquisition.

Other Income

Income is received from a range of activities including residences, catering & conferences, and other services rendered. Income is recognised in the period in which the related goods or services are delivered.

Recognition of Income (continued)

Endowment and Investment Income

All investment income excluding endowment income from permanent endowments managed on a total return basis is credited to the Consolidated Income and Expenditure Account in the period in which it is earned.

Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the Consolidated Income and Expenditure Account to the unspent income segment of the endowment. 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 capital fund to match the expenditure through transfers from unspent income.

In the case of endowment income from permanent endowments managed on a total return basis, only the income spent in the year is recognised in the Consolidated Income and Expenditure Account, with any excess income remaining in the unapplied total return segment of the endowment fund.

Total Return

The College applies both a total return and standard method of accounting for fund investment returns. The standard method is applied until a permanent fund has a level of distributable reserves which are at least 20% of its original capital. For these funds, the investment income allocated to the Consolidated Income and Expenditure Account is the actual income earned in the year limited by the qualifying expenditure incurred in the year.

For other unrestricted permanent funds, a total return policy is applied. For these funds a proportion of the related earnings and capital appreciation is allocated to the Consolidated Income and Expenditure Account as a drawdown in accordance with the total return concept up to the amount spent from such funds in the year. Under this method 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 Consolidated Statement of Total Recognised Gains and Losses and is carried forward as unapplied total return.

For other restricted permanent funds, a total return accounting policy is applied as above, except that the sum allocated to the Income and Expenditure Account is limited to the qualifying expenditure incurred in the year.

The spending rule adopted by the College is a ‘Constant Growth with Cap and Floor’ rule under which the drawdown from the Endowment for a particular year is the previous year’s drawdown increased by RPI+1%, subject to a minimum payout of 3% and a maximum payout of 4% of a trailing 3 year average Endowment value. The target spending rate is 3.5%, which reflects long-run expected real returns given the College’s asset allocation and long-run expected College inflation. However, the actual spending rate in any year will depend on the results of the spending rule and will therefore vary from the 3.5% target rate. The spending rule provides for the drawdown to be adjusted to reflect additions to the Endowment through donations.

Investment Management Costs

Investment management costs associated with the management of the College's investment portfolio are capitalised. As such, they are not included in the Income and Expenditure Account. Other investment management costs, associated predominantly with the management of the College's property portfolio and its subsidiaries, are included in the Income and Expenditure Account in the year to which they relate.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates or, where there are related forward foreign-exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year. Gains or losses on forward foreign-exchange contracts within the investment portfolio are however taken to reserves through the Consolidated Statement of Total Recognised Gains and Losses, as these are in substance part of the change in market value of the portfolio.

Tangible Fixed Assets

Land and Buildings

In accordance with the transitional provisions of Financial Reporting Standard 15 as applied to the College Accounts, land and buildings are stated at valuation on the basis of depreciated replacement cost. The valuation as at 30 June 2004 was carried out by Carter Jonas LLP, Chartered Surveyors. This valuation will not be updated and will be carried forward as the gross value to be depreciated over its expected useful economic life. It is not possible to quantify the difference between depreciation based on historic cost and depreciation based on this valuation because records of the historic cost of land and buildings were not required to be kept under the accounting regime applicable to Colleges within the University of Cambridge prior to 2004.

Freehold land is not shown separately. Freehold buildings are depreciated on a straight-line basis over their expected useful economic lives of 50 years. Freehold land is not depreciated. Where buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated in accordance with the depreciation policy for that asset class. The related benefactions are credited to a deferred capital grant and are released to the Income and Expenditure Account over the expected useful life of the related asset on a basis consistent with the depreciation policy.

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

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

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

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

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

Tangible Fixed Assets (continued)

Maintenance of Premises

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

Equipment

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

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

Where equipment is acquired with the aid of specific bequests or donations, it is capitalised and depreciated as above, which is the same rate at which the associated deferred capital grant is released to the Consolidated Income and Expenditure Account.

Leased Assets

Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

Assets purchased under finance leases are capitalised and depreciated over their useful life.

Heritage Assets

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage Assets) heritage assets acquired before 1 July 2007 have not been capitalised since reliable estimates of cost or value are not available on a cost benefit basis, and the volume of items and valuation issues (e.g. age, origin, veracity) mean that it is neither practical nor beneficial to identify and value them. Acquisitions since 1 July 2007 and valued at over £20k are capitalised and recognised in the Balance Sheet at the cost or, in the case of donated assets, at valuation on receipt where such a cost or valuation is reasonably obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

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

Investments

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

Realised and unrealised capital gains and losses are recognised as increases or decreases of market value of investment assets or endowment assets as appropriate within the Consolidated Statement of Total Recognised Gains and Losses.

The investment property portfolio is valued annually at open market value (using the desktop valuation method) by the College's principal property advisers, Savills (L&P) Limited, with the exception of certain residential long leasehold properties which are valued by Carter Jonas, property consultants, and certain agricultural and residential properties in Kent, which are valued by George Webb-Finn, Chartered Surveyors.

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

Stocks

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

Provisions

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

Taxation

The College is a registered charity (number 1137428) and also a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the 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. Contribution is used to fund grants to Colleges from the Colleges Fund. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.

Pension costs

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

Cambridge College's 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 Consolidated 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 Consolidated 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 liability 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 Consolidated 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) The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Consolidated 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.

Pension costs (continued)

Defined-Contribution Pension Schemes

The College and its subsidiaries also contribute to a number of defined-contribution pension schemes. For defined-contribution schemes the amount charged to the Consolidated 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 Consolidated Balance Sheet.

Funds and Reserves

The RCCA format requires the College to distinguish between Deferred Capital Grants, Endowments, and Reserves.

Deferred Capital Grants

These are grants and donations used to purchase depreciating tangible fixed assets, which are released to income over the expected useful life of the assets concerned. Interest earned on the grant prior to the purchase of the asset is credited to the capital of the grant.

Endowments

Where the College receives donations that cannot be spent within 2 years of receipt, these are credited to endowment funds. Endowment funds are subdivided into:

Permanent restricted endowments (where the College can spend the income from the fund on expenditure that meets the fund's objectives).

Expendable restricted endowments (where the College can spend both the income and the capital of the fund on expenditure that meets the fund's objectives).

Permanent unrestricted funds (where the College can spend the income from the fund on any activity of the College).

Corporate Capital

The College’s Corporate Capital has certain features of a permanent unrestricted Endowment (in that the majority is invested in perpetuity to provide an income to support the College’s charitable activities) and certain features of a permanent reserve (in that it is established practice that Cambridge Colleges can borrow against their Corporate Capital to invest in operational property.) The portion of the College’s Corporate Capital that is currently acting as an Endowment is included in permanent unrestricted endowments, while the portion that is currently acting as a reserve is included in reserves, but disclosed separately on account of its materiality.

The exact split between these two components varies over time. When Corporate Capital buys and sells investment assets the portion that falls within endowment assets varies, and the change is represented by an annual transfer between the Endowments note and the Reserves note.

Funds and Reserves (continued)

Reserves

Funds that are neither Endowments nor Deferred Capital Grants are classed as reserves. The College's reserves are disclosed under the following four headings:

General reserves excluding pension reserve (containing all reserves not included in another category below);

Pension reserve (containing the surplus or deficit on the College's defined benefit pension schemes where this can be identified. When the schemes are in deficit, this reserve will necessarily be overdrawn as a consequence);

Corporate Capital reserve (containing the portion of the College's Corporate Capital, as described above, that is currently being used as a reserve rather than as an endowment); and

Fixed asset investment revaluation reserve (containing the unrealised investment gains on fixed asset investments held within the College's consolidated trust fund. These are the cumulative gains less cumulative losses since the underlying assets in the fund were acquired by the College, rather than acquired by the particular fund that currently holds them).

St John's College School

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

Consolidated Income and Expenditure Account

Year to 30 June

	Note	2014 £'000	2013 £'000
Income			
Academic fees and charges	1	3,531	3,445
Residences, catering and conferences	2	5,640	6,062
Endowment and investment income	3d	16,707	16,177
Revenue donations	4	699	749
School	9	6,154	5,947
Other income	5	83	138
		32,814	**32,518**
Expenditure			
Education	6	10,007	9,742
Residences, catering and conferences	7	12,315	12,249
Investment management costs	3e	4,728	3,745
School	9	5,748	4,695
Other expenditure	8	1,916	1,909
		34,714	**32,340**
(Deficit)/surplus on continuing operations before Contribution under Statute G,II		**(1,900)**	**178**
Contribution under Statute G,II		765	780
Deficit on continuing operations after Contribution under Statute G,II		**(2,665)**	**(602)**
Net transfers from/(to) accumulated income in endowment funds	23	21	(22)
Deficit for the year retained within general reserves		**(2,644)**	**(624)**

All items dealt with in arriving at the deficit for 2014 and 2013 relate to continuing operations.

Additional information:

Total income and deficit retained within general reserves as stated above do not include the element of endowment fund distributions funded out of long-term capital growth for funds that are classified as expendable endowments or general reserves. The corresponding figures including this element are:

	2014 £'000	2013 £'000
Total income on a distribution basis (as defined on Page 9 of the Operating and Financial Review)	34,277	33,095
Deficit for the year retained within general reserves on a distribution basis	(1,271)	(107)

The notes numbered 1 to 33 form part of these Financial Statements

Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June	Note	**2014 Restricted Funds £'000**	**2014 Unrestricted Funds £'000**	**2014 Total Funds £'000**	**2013 Total Funds £'000**
Deficit on Income and Expenditure account		**-**	**(2,644)**	**(2,644)**	**(624)**
(Decrease)/increase in cumulative unspent endowment fund income	23	(21)	-	(21)	22
Increase in market value of investments:					
Endowment assets	23	3,879	20,932	24,811	20,927
Fixed asset investments	24	-	1,799	1,799	3,580
Foreign exchange (losses)/gains linked to investments		(96)	1,977	1,881	(310)
New endowments	23	539	417	956	1,942
New deferred capital grants	22	783	-	783	343
Release of Grant income	22	(163)	-	(163)	(147)
Transfers		(691)	691	-	-
Actuarial loss in respect of pension schemes	21	-	(1,874)	(1,874)	(2,231)
Total recognised gains relating to the year		**4,230**	**21,298**	**25,528**	**23,502**
Reconciliation:					
Opening capital and reserves		88,350	536,943	625,293	601,791
Total recognised gains relating to the year		4,230	21,298	25,528	23,502
Closing capital and reserves		**92,580**	**558,241**	**650,821**	**625,293**

The notes numbered 1 to 33 form part of these Financial Statements

Consolidated Balance Sheet

As at 30 June	Note	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	12	251,954	246,082
Investments	13	29,829	28,876
		281,783	274,958
Endowment Assets	14	389,721	369,765
Current Assets			
Stock	15	713	700
Debtors	16	2,679	2,549
Current asset investments	17	6,087	3,206
Cash at bank and in hand		18,191	9,760
		27,670	16,215
Current Liabilities			
Creditors: amounts falling due within one year	18	(7,832)	(7,579)
Net current assets		19,838	8,636
Total Assets less current liabilities		691,342	653,359
Creditors: amounts falling due after more than one year	19	(30,241)	(20,301)
Net assets excluding pension liability		661,101	633,058
Net pension liability	21	(10,280)	(7,765)
Net assets including pension liability		**650,821**	**625,293**

Represented by:

	Note	2014 Restricted Funds £'000	2014 Unrestricted Funds £'000	2014 Total Funds £'000	2013 Total Funds £'000
Deferred capital grants	22	8,907	-	8,907	8,287
Endowments					
Expendable endowments	23	23,717	-	23,717	22,597
Permanent endowments	23	59,956	306,048	366,004	347,168
Reserves					
General reserves excluding pension reserve	24	-	243,884	243,884	241,162
Pension reserve	24	-	(10,280)	(10,280)	(7,765)
Corporate capital reserve	24	-	16,737	16,737	9,721
Fixed asset investment revaluation reserve	24	-	1,852	1,852	4,123
Total Funds		**92,580**	**558,241**	**650,821**	**625,293**

These Financial Statements were approved by the College Council and authorised for issue on 14 November 2014 and signed on their behalf by:

Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

The notes numbered 1 to 33 form part of these Financial Statements

College Balance Sheet

As at 30 June

	Note	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	12	252,312	246,425
Investments	13	29,829	28,876
		282,141	275,301
Endowment Assets	14	395,472	375,066
Current Assets			
Stock	15	582	560
Debtors	16	3,999	5,266
Current asset investments	17	6,087	3,206
Cash at bank and in hand		17,753	8,987
		28,421	18,019
Current Liabilities			
Creditors: amounts falling due within one year	18	(13,840)	(14,656)
Net current assets		14,581	3,363
Total Assets less current liabilities		692,194	653,730
Creditors: amounts falling due after more than one year	19	(30,241)	(20,301)
Net assets excluding pension liability		661,953	633,429
Net pension liability	21	(10,280)	(7,765)
Net assets including pension liability		**651,673**	**625,664**

Represented by:

	Note	2014 Restricted Funds £'000	2014 Unrestricted Funds £'000	2014 Total Funds £'000	2013 Total Funds £'000
Deferred capital grants	22	8,907	-	8,907	8,287
Endowments					
Expendable endowments	23	23,717	-	23,717	22,597
Permanent endowments	23	59,956	311,799	371,755	352,469
Reserves					
General reserves excluding pension reserve	24	-	244,286	244,286	241,533
Pension reserve	24	-	(10,280)	(10,280)	(7,765)
Corporate capital reserve	24	-	11,436	11,436	4,420
Fixed asset investment revaluation reserve	24	-	1,852	1,852	4,123
Total Funds		**92,580**	**559,093**	**651,673**	**625,664**

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Professor Christopher Dobson
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Consolidated Cash Flow Statement

Year to 30 June	Note	2014 £'000	2013 £'000
Net cash outflow from operating activities	26	(6,898)	(6,949)
Returns on investments and servicing of finance	27a	6,782	8,670
Contribution under Statute G,II	27b	(780)	(708)
Capital expenditure and financial investment	27c	2,408	(12,777)
Cash inflow/(outflow) before management of liquid resources		**1,512**	**(11,764)**
Management of liquid resources			
(Increase)/decrease in short term deposits		(2,881)	11,466
Financing			
Bank loan drawn down in year		10,000	200
Bank loan repaid in year		(200)	-
Increase/(decrease) in cash in the year	28	**8,431**	**(98)**

RECONCILIATION IN NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

Increase/(decrease) in cash in the year	28	8,431	(98)
New bank loan		(10,000)	(200)
Bank loan repaid		200	-
Cash outflow/(inflow) from change in liquid resources		2,881	(11,466)
Change in net debt		**1,512**	**(11,764)**
Net (debt)/funds at beginning of year		(7,234)	4,530
Net debt at end of year	28	**(5,722)**	**(7,234)**

The notes numbered 1 to 33 form part of these Financial Statements

Notes to the Financial Statements

1. ACADEMIC FEES AND CHARGES

	2014 £'000	2013 £'000
College Fees		
Fee income paid on behalf of undergraduates at the Publicly-funded undergraduate fee rate (per capita fee £4,068/£4,500) (2013: £3,951/£4,500))	2,194	2,069
Privately-funded undergraduate fee income (per capita fee £5,386 (2013: £5,229))	390	417
Fee income received at the Graduate fee rate (per capita fee £2,424 (2013: £2,349))	542	513
	3,126	2,999
Other Educational income	405	446
Total	**3,531**	**3,445**

2. RESIDENCES, CATERING AND CONFERENCES INCOME

	2014 £'000	2013 £'000
Accommodation:		
College Members	3,595	3,552
Conferences	362	480
Catering:		
College Members	1,208	1,296
Conferences	475	734
Total	**5,640**	**6,062**

3. ENDOWMENT AND INVESTMENT INCOME

3a Analysis of Income

	Note	2014 £'000	2013 £'000
Freehold land and buildings		10,482	9,535
Quoted securities – equities		788	2,257
Fixed interest securities		110	352
Cash		93	89
St John's Innovation Centre Limited and endowment income within other subsidiary undertakings		1,354	1,082
Total	3b	**12,827**	**13,315**

3b Allocation of Income

	Note	2014 £'000	2013 £'000
Income belonging to:			
Permanent funds accounted for on a Total Return basis	3c	12,571	12,130
Permanent funds accounted for on a Standard Income basis	3d	26	149
Expendable funds	3d	230	1,036
Total Income	3a	**12,827**	**13,315**

3. ENDOWMENT AND INVESTMENT INCOME (continued)

3c Permanent Funds Accounted for on a Total Return Basis

	Note	2014 £'000	2013 £'000
Endowment Income	3b	12,571	12,130
Apportioned gains on Endowment assets		28,876	19,759
Total Return for the year		41,447	31,889
Endowment drawdown included in Income & Expenditure	3d	(16,451)	(14,992)
Unapplied Total Return for the year included within change in market value of Endowment assets in the Consolidated Statement of Total Recognised Gains & Losses	25	**24,996**	**16,897**

For the Permanent Endowment Funds 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 endowment fund as set out in Note 23.

3d Reconciliation of Endowment and investment income included in the Income and Expenditure Account

	Note	2014 £'000	2013 £'000
Endowment drawdown from permanent funds accounted for on a Total Return basis	3c	16,451	14,992
Endowment income from permanent funds accounted for on a Standard Income basis	3b	26	149
Endowment and investment income from Expendable funds	3b	230	1,036
Total Endowment and investment income	3f	**16,707**	**16,177**

3e Investment Management Costs

	2014 £'000	2013 £'000
Investment portfolio	**815**	**883**

Investment management costs associated with the management of the College's investment portfolio are capitalised. These have not, therefore, been included in the Income and Expenditure Account.

Other Investment costs were as follows:

	Note	2014 £'000	2013 £'000
Investment property portfolio costs		3,096	2,572
Trading costs of St John's Innovation Centre Limited and other subsidiary undertakings		1,249	1,002
Other financing costs		383	171
Total	3f	**4,728**	**3,745**

3f Net Endowment and investment income

	Note	2014 £'000	2013 £'000
Income	3d	16,707	16,177
Costs	3e	(4,728)	(3,745)
Net Income		**11,979**	**12,432**

(being Endowment and investment income as defined by RCCA)

4. REVENUE DONATIONS

	Note	2014 £'000	2013 £'000
Unrestricted donations		148	135
Restricted donations		388	467
Released from deferred capital grants	22	163	147
Total revenue donations		**699**	**749**

Additional Information: Reconciliation of Donations and Benefactions Received
The College received the following gifts in the year ended 30 June 2014 (including donations of shares)

	At beginning of year £'000	Received £'000	Recognised in Income & Expenditure Account £'000	At end of year 2014 £'000
Revenue donations of cash and shares	513	605	536	582
Deferred capital grants	8,287	783	163	8,907
Capital benefactions and donations		986		
Total funds raised during the year, excluding heritage assets		**2,374**		
Donations of heritage assets			-	
Total Revenue donations			**699**	

5. OTHER INCOME

	2014 £'000	2013 £'000
Miscellaneous income	**83**	**138**

6. EDUCATION EXPENDITURE

	2014 £'000	2013 £'000
Teaching	3,730	3,633
Tutorial	1,714	1,599
Admissions	596	573
Research	1,314	1,269
Scholarships and awards	2,319	2,290
Other educational facilities	334	378
Total	**10,007**	**9,742**

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2014 £'000	2013 £'000
Accommodation:		
College Members	9,038	8,630
Conferences	242	294
Catering:		
College Members	2,710	2,794
Conferences	325	531
Total	**12,315**	**12,249**

8. OTHER EXPENDITURE

	2014 £'000	2013 £'000
Fundraising and alumni relations	821	761
Chapel & Choir (other than Tutorial related)	895	957
Miscellaneous expenditure (including charitable gifts)	200	191
Total	**1,916**	**1,909**

9. ST JOHN'S COLLEGE SCHOOL

The Consolidated Income and Expenditure Account incorporates the results of St John's College School, as follows:

	2014 £'000	2013 £'000
Income	6,154	5,947
Expenditure	(5,748)	(4,695)
Surplus	**406**	**1,252**

During the prior year, the School changed its accounting date from 31 August to 30 June to align it with the remainder of the Group. As such, the School results consolidated last year covered a ten month period only. This had a one-off impact on the overall results of the College, as the majority of its income was generated in the ten month period which was consolidated, while the costs fall more equally across the year.

10. ANALYSIS OF EXPENDITURE BY ACTIVITY

10a 2014 Expenditure

		Staff Costs (note 11) £'000	Other Operating Expenses £'000	Depreciation (note 12) £'000	Interest and other finance costs £'000	2014 Total £'000
Education	6	4,575	4,167	1,019	246	**10,007**
Residences, catering and conferences	7	4,984	2,783	3,662	886	**12,315**
Investment management costs	3e	790	3,912	24	2	**4,728**
School		3,738	1,565	222	223	**5,748**
Other	8	798	1,118	-	-	**1,916**
Total expenditure		**14,885**	**13,545**	**4,927**	**1,357**	**34,714**

10b 2013 Expenditure

		Staff Costs (note 11) £'000	Other Operating Expenses £'000	Depreciation (note 12) £'000	Interest and other finance costs £'000	2013 Total £'000
Education	6	4,468	4,067	989	218	**9,742**
Residences, catering and conferences	7	5,020	2,901	3,546	782	**12,249**
Investment management costs	3e	739	2,992	12	2	**3,745**
School		3,014	1,326	128	227	**4,695**
Other	8	690	1,219	-	-	**1,909**
Total expenditure		**13,931**	**12,505**	**4,675**	**1,229**	**32,340**

10 ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)

10c Auditors' remuneration

Other operating expenses include:

	2014 £'000	2013 £'000
Audit fees payable to the College's external auditor	74	70
Taxation compliance fees payable to the College's external auditor	15	11
Other taxation advisory fees payable to the College's external auditor	13	-
Total fees payable to the College's external auditor	**102**	**81**
Audit fees payable to other firms	6	8
Total auditors' remuneration	**108**	**89**

10d Operating leases

Other operating expenses include the following operating lease rentals:

	2014 £'000	2013 £'000
For equipment	70	65

11. STAFF COSTS

Staff Costs	College Fellows £'000	Other Academic £'000	Non-Academic £'000	2014 Total £'000	2013 Total £'000
Emoluments	2,014	115	9,882	12,011	11,493
Social security costs	152	5	763	920	838
Other pension costs	282	18	1,654	1,954	1,600
Total	**2,448**	**138**	**12,299**	**14,885**	**13,931**

Staff Numbers	College Fellows	Other Academic	Non-Academic	2014 Total	2013 Total
Stipendary Fellows	95	-	-	95	93
Average staff numbers (full-time equivalents)	-	6	353	359	358
Total	**95**	**6**	**353**	**454**	**451**

	2014 number	2013 number
The Governing Body of the College, comprising all Fellows, at 30 June was	147	140

Average staff numbers (full-time equivalents) includes 99 (2013: 98) School staff and 19 (2013:19) staff employed by the St John's Innovation Centre.

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

	2014 number	2013 number
Between £100,000 and £110,000	1	3
Between £110,000 and £120,000	2	-
Between £130,000 and £140,000	1	1

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	Heritage assets £'000	2014 Total £'000	2013 Total £'000
Cost/Valuation							
At beginning of year	275,165	4,944	2,463	1,263	530	284,365	274,975
Additions at cost	1,309	8,720	490	282	-	10,801	9,434
Disposals at cost	-	-	(121)	(54)	-	(175)	(44)
Transfers	3,751	(3,751)	-	-	-	-	-
At end of year	280,225	9,913	2,832	1,491	530	294,991	284,365
Depreciation							
At beginning of year	35,465	-	1,839	979	-	38,283	33,652
Charge for the year	4,478	-	276	173	-	4,927	4,675
Eliminated on disposals	-	-	(119)	(54)	-	(173)	(44)
At end of year	39,943	-	1,996	1,098	-	43,037	38,283
Net Book value							
At end of year	**240,282**	**9,913**	**836**	**393**	**530**	**251,954**	**246,082**
At beginning of year	239,700	4,944	624	284	530	246,082	241,323

College	Freehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	Heritage assets £'000	2014 Total £'000	2013 Total £'000
Cost/Valuation							
At beginning of year	275,566	4,944	2,387	1,267	530	284,694	275,295
Additions at cost	1,309	8,720	490	282	-	10,801	9,434
Disposals at cost	-	-	(48)	(54)	-	(102)	(35)
Transfers	3,751	(3,751)	-	-	-	-	-
At end of year	280,626	9,913	2,829	1,495	530	295,393	284,694
Depreciation							
At beginning of year	35,499	-	1,791	979	-	38,269	33,633
Charge for the year	4,486	-	256	170	-	4,912	4,671
Eliminated on disposals	-	-	(46)	(54)	-	(100)	(35)
At end of year	39,985	-	2,001	1,095	-	43,081	38,269
Net Book value							
At end of year	**240,641**	**9,913**	**828**	**400**	**530**	**252,312**	**246,425**
At beginning of year	240,067	4,944	596	288	530	246,425	241,662

Freehold land and buildings comprise the operational buildings and site of the College. Assets under construction include costs for the later phases of refurbishment of the Cripps Building and the refurbishment of the School of Pythagoras. Heritage assets comprise books gifted to the College.

The insured value of freehold buildings as at 30 June 2014 was £255,989k (2013: £252,245k). The insured value of freehold buildings as at 30 June 2013 was overstated by £3,744k and has therefore been updated to reflect the correct position. Nothing of a similar nature occurred in the year to 30 June 2014.

The cost to the group of freehold buildings consists of the costs incurred by the College less the surplus recorded in the accounts of Aquila Investments Limited, a subsidiary undertaking, and eliminated on consolidation.

Furniture and equipment for College and Group includes the following in respect of assets purchased under finance leases:

	Cost/ Valuation £'000	Depreciation £'000	Net Book Value £'000
At beginning of year	-	-	-
Additions at cost	37	6	31
Disposals at cost	-	-	-
At end of year	**37**	**6**	**31**

12. TANGIBLE FIXED ASSETS (continued)

Heritage Assets

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

Amounts for the current and previous four years were as follows:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Value of acquisitions by donation	-	60	89	53	60
Total Acquisitions Capitalised	**-**	**60**	**89**	**53**	**60**

All the above recognised Heritage Assets were donated to the College rather than purchased by the College.

13. FIXED ASSET INVESTMENTS

		Group		College	
Excluding assets belonging to Endowment Funds	Note	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Quoted securities – equities		20,705	19,269	20,705	19,269
Fixed interest securities		911	2,095	911	2,095
Other securities		5,212	4,841	5,212	4,841
Cash at investment managers		3,001	2,671	3,001	2,671
Total		**29,829**	**28,876**	**29,829**	**28,876**

Reconciliation including assets belonging to Endowment Funds

	Note	Group 2014	Group 2013	College 2014	College 2013
Balance at beginning of year		398,458	364,830	403,759	370,131
Additions		120,260	57,861	120,260	57,861
Disposals		(131,663)	(52,025)	(131,663)	(52,025)
Increase in Market value		30,484	27,370	30,934	27,370
Foreign exchange gains linked to investments		1,881	(309)	1,881	(309)
Other increases in investment cash balances held		123	731	123	731
Balance at end of year		**419,543**	**398,458**	**425,294**	**403,759**
Included in Endowment Assets	14	(389,714)	(369,582)	(395,465)	(374,883)
Fixed Asset Investments		**29,829**	**28,876**	**29,829**	**28,876**

14. ENDOWMENT ASSETS

	Group		College	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Long term investments:				
Property	224,632	207,484	220,781	203,183
Quoted securities – equities	96,271	85,270	96,271	85,270
Fixed interest securities	9,459	17,312	9,459	17,312
Investments in subsidiary undertakings	-	-	9,602	9,602
Other securities	45,190	47,028	45,190	47,028
Cash at investment managers	14,162	12,488	14,162	12,488
Total investments	**389,714**	**369,582**	**395,465**	**374,883**
Gift aid balances not recovered by year end	7	183	7	183
Total	**389,721**	**369,765**	**395,472**	**375,066**

At the year end there was one (2013: one) forward exchange contract outstanding. This partially hedges the exchange movement on endowment assets held in foreign currencies. The contract matured on 18 September 2014 (2013: 18 September 2013). At the year end there was a 42.0m USD contract (2013: 37.2m USD) with a fair value of £179k (2013: (£777k)).

15. STOCKS

	Group		College	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Goods for resale	677	660	551	525
Other stocks	36	40	31	35
Total stocks	**713**	**700**	**582**	**560**

16. DEBTORS

	Group		College	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts due within one year:				
Net sums due from members of the College	287	389	287	389
Amounts due from subsidiary undertakings	-	-	1,835	3,039
Other trade debtors	1,329	1,139	871	884
Other loans	12	18	12	18
Other taxes	31	90	20	67
Other debtors	-	25	-	25
Prepayments	359	235	340	207
Accrued income	518	423	491	407
	2,536	2,319	3,856	5,036
Amounts due after more than one year:				
Other loans	143	153	143	153
Accrued income	-	77	-	77
	143	230	143	230
Total Debtors	**2,679**	**2,549**	**3,999**	**5,266**

17. CURRENT ASSET INVESTMENTS

	Group and College 2014 £'000	Group and College 2013 £'000
Short term bank deposits	**6,087**	**3,206**

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		College	
	2014 £'000	**2013 £'000**	**2014 £'000**	**2013 £'000**
Trade creditors	1,073	1,204	1,015	1,121
Members of the College	134	225	134	225
Amounts due to subsidiary undertakings	-	-	6,756	7,716
Contribution under Statute G,II	765	780	765	780
Bank loans due within one year	-	200	-	200
Other creditors	742	1,291	1,036	1,291
Other taxation and social security	502	711	438	609
Accruals and deferred income	4,616	3,168	3,696	2,714
Total	**7,832**	**7,579**	**13,840**	**14,656**

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

	Group and College 2014 £'000	Group and College 2013 £'000
Bank loans	30,000	20,000
Other creditors	43	67
Deferred income	198	234
Total	**30,241**	**20,301**
Bank loans repayable		
Between one and two years	-	200
Between two and five years	12,028	1,368
After five years	17,972	18,632
Total borrowings	**30,000**	**20,200**

In 2006, the College entered into an unsecured bank loan for £20 million, this is repayable after 2015 and has an interest rate fixed at 5.16% until June 2036. In 2013, the College entered into an unsecured revolving credit facility for up to £5 million, of which £nil (2012: £200,000) has been drawn down, this facility has a five year term and a floating interest rate. In addition, during the year the College entered into a further unsecured bank loan for £10 million, the loan has a five year term and repayments commence in 2015, the interest rate is fixed at 2.38% for £8.9 million while the remainder has a floating interest rate.

20. PROVISIONS FOR LIABILITIES

No provisions for liabilities or charges were recognised, used, or outstanding in the years ended 30 June 2014 or 30 June 2013.

21. PENSION LIABILITIES (NOTE 31)

	Group and College 2014 £'000	Group and College 2013 £'000
Balance at beginning of year	7,765	5,160
Movement in year:		
Current service cost including life assurance	1,162	909
Contributions	(590)	(629)
Other finance cost	69	94
Actuarial loss recognised in statement of total recognised gains and losses	1,874	2,231
Balance at end of year	**10,280**	**7,765**

22. DEFERRED CAPITAL GRANTS

Group and College

	Grants £'000	Donations £'000	2014 £'000	2013 £'000
Balance at beginning of year	5,866	2,421	8,287	8,091
Grants and donations received	-	780	780	338
Interest received on balances not yet spent	1	2	3	5
Released to income and expenditure account (note 4)	(102)	(61)	(163)	(147)
Balances at end of year	**5,765**	**3,142**	**8,907**	**8,287**

All the above Deferred Capital Grants are for the purpose of acquiring buildings.

23. ENDOWMENTS

Group	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2014 Total £'000	2013 Total £'000
Balance at beginning of year:						
Capital	149,456	30,920	180,376	22,421	202,797	188,976
Unapplied Total Return	140,246	26,468	166,714	-	166,714	149,817
Unspent income	-	78	78	176	254	232
	289,702	57,466	347,168	22,597	369,765	339,025
New endowments received	417	489	906	50	956	1,942
Income receivable from endowment asset investments	10,497	1,306	11,803	85	11,888	11,840
Expenditure funded out of income	(10,497)	(1,299)	(11,796)	(113)	(11,909)	(11,818)
Net transfer from/(to) income and expenditure account	-	7	7	(28)	(21)	22
Expenditure funded out of capital	-	-	-	(721)	(721)	(395)
Transfer (to)/from Corporate Capital reserve	(7,016)	-	(7,016)	-	(7,016)	8,539
Other transfers	-	(396)	(396)	426	30	25
Increase in market value of investments	20,932	2,460	23,392	1,419	24,811	20,927
Foreign exchange gains/(losses) linked to investments	2,013	(70)	1,943	(26)	1,917	(320)
Balance at end of year	**306,048**	**59,956**	**366,004**	**23,717**	**389,721**	**369,765**
Comprising:						
Capital	142,856	30,793	173,649	23,569	197,218	202,797
Unapplied Total Return	163,192	29,078	192,270	-	192,270	166,714
Unspent income	-	85	85	148	233	254
	306,048	**59,956**	**366,004**	**23,717**	**389,721**	**369,765**
Analysed by Primary Purpose:						
Chapel/Choir	-	905	905	1,908	2,813	2,533
Education	-	4,303	4,303	2,255	6,558	5,919
Field Sports	-	2,947	2,947	-	2,947	3,351
Library	-	218	218	1,003	1,221	1,183
LMBC	-	805	805	-	805	747
Maintenance	-	-	-	691	691	668
Research	-	7,559	7,559	105	7,664	7,195
Scholarship/Awards	-	39,960	39,960	16,414	56,374	54,038
School	-	339	339	1,113	1,452	1,484
Other	-	2,920	2,920	228	3,148	2,945
General Endowments	306,048	-	306,048	-	306,048	289,702
Total	**306,048**	**59,956**	**366,004**	**23,717**	**389,721**	**369,765**

Included in Unrestricted Permanent Endowments is £299,410k (2013: £283,697k) of Corporate Capital, representing 94.7% (2013: 96.7%) of the Group's total Corporate Capital. The balance is in the Corporate Capital reserve (see note 24).

23. ENDOWMENTS (continued)

College	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2014 Total £'000	2013 Total £'000
Balance at beginning of year:						
Capital	154,758	30,920	185,678	22,421	208,099	194,277
Unapplied Total Return	140,245	26,468	166,713	-	166,713	149,817
Unspent income	-	78	78	176	254	232
	295,003	57,466	352,469	22,597	375,066	344,326
New endowments received	417	489	906	50	956	1,942
Income receivable from endowment asset investments	10,497	1,306	11,803	85	11,888	11,840
Expenditure funded out of income	(10,497)	(1,299)	(11,796)	(113)	(11,909)	(11,818)
Net result	-	7	7	(28)	(21)	22
Expenditure funded out of capital	-	-	-	(721)	(721)	(395)
Transfer (to)/from Corporate Capital reserve	(7,016)	-	(7,016)	-	(7,016)	8,539
Other transfers	-	(396)	(396)	426	30	25
Increase in market value of investments	21,382	2,460	23,842	1,419	25,261	20,927
Foreign exchange gains/(losses) linked to investments	2,013	(70)	1,943	(26)	1,917	(320)
Balance at end of year	**311,799**	**59,956**	**371,755**	**23,717**	**395,472**	**375,066**
Comprising:						
Capital	148,157	30,793	173,649	23,569	197,218	208,099
Unapplied Total Return	163,642	28,078	192,720	-	192,720	166,713
Unspent income	-	85	85	148	233	254
	311,799	**59,956**	**371,755**	**23,717**	**395,472**	**375,066**
Analysed by Primary Purpose:						
Chapel/Choir	-	905	905	1,908	2,813	2,533
Education	-	4,303	4,303	2,255	6,558	5,919
Field Sports	-	2,947	2,947	-	2,947	3,351
Library	-	218	218	1,003	1,221	1,183
LMBC	-	805	805	-	805	747
Maintenance	-	-	-	691	691	668
Research	-	7,559	7,559	105	7,664	7,195
Scholarship/Awards	-	39,960	39,960	16,414	56,374	54,038
School	-	339	339	1,113	1,452	1,484
Other	-	2,920	2,920	228	3,148	2,945
General Endowments	311,799	-	311,799	-	311,799	295,003
Total	**311,799**	**59,956**	**371,755**	**23,717**	**395,472**	**375,066**

Included in Unrestricted Permanent Endowments is £294,558k (2013: £278,395k) of Corporate Capital, representing 94.6% (2013: 96.6%) of the College's total Corporate Capital. The balance is in the Corporate Capital reserve (see note 24).

24. RESERVES

Group	General reserves £'000	Fixed asset investment revaluation reserve £'000	Corporate Capital reserve £'000	2014 Total £'000	2013 Total £'000
Balance at beginning of year	233,397	4,123	9,721	247,241	254,675
Deficit retained for the year	(2,644)	-	-	(2,644)	(624)
Actuarial loss	(1,874)	-	-	(1,874)	(2,231)
Transfer in respect of disposals or reallocations of fixed asset investments	4,034	(4,034)	-	-	-
Increase in market value of fixed asset investments	-	1,799	-	1,799	3,580
Foreign exchange (losses)/gains linked to fixed asset investments	-	(36)	-	(36)	10
Net Transfers from/(to) Corporate Capital Endowment	-	-	7,016	7,016	(8,539)
Net transfers to other Endowments	(30)	-	-	(30)	(25)
Transfers on spending Expendable Endowments	721	-	-	721	395
Balance at end of year	**233,604**	**1,852**	**16,737**	**252,193**	**247,241**

College	General reserves £'000	Fixed asset investment revaluation reserve £'000	Corporate Capital reserve £'000	2014 Total £'000	2013 Total £'000
Balance at beginning of year	233,768	4,123	4,420	242,311	249,734
Deficit retained for the year	(2,613)	-	-	(2,613)	(613)
Actuarial loss	(1,874)	-	-	(1,874)	(2,231)
Transfer in respect of disposals or reallocations of fixed asset investments	4,034	(4,034)	-	-	-
Increase in market value of fixed asset investments	-	1,799	-	1,799	3,580
Foreign exchange (losses)/gains linked to fixed asset investments	-	(36)	-	(35)	10
Net Transfers from/(to) Corporate Capital Endowment	-	-	7,016	7,016	(8,539)
Net transfers to other Endowments	(30)	-	-	(30)	(25)
Transfers on spending Expendable Endowments	721	-	-	721	395
Balance at end of year	**234,006**	**1,852**	**11,436**	**247,294**	**242,311**

25. MEMORANDUM OF UNAPPLIED TOTAL RETURN

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

Group	Note	**2014 £'000**	**2013 £'000**
Unapplied Total Return at beginning of year	23	166,714	149,817
Opening Unapplied Total Return of funds adopting total return for the first time in the year		560	-
Unapplied Total Return for the year	3c	24,996	16,897
Unapplied Total Return at end of year	23	**192,270**	**166,714**

College	Note	**2014 £'000**	**2013 £'000**
Unapplied Total Return at beginning of year	23	166,714	149,817
Opening Unapplied Total Return of funds adopting total return for the first time in the year		560	-
Unapplied Total Return for the year		25,446	16,897
Unapplied Total Return at end of year	23	**192,720**	**166,714**

26. RECONCILIATION OF CONSOLIDATED OPERATING (DEFICIT)/SURPLUS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014 £'000	**2013 £'000**
(Deficit)/surplus on continuing operations before Contribution under Statute G,II	(1,900)	178
Depreciation of tangible fixed assets	4,927	4,675
Donations of heritage assets	-	(60)
Deferred capital grants released to income	(163)	(147)
Endowment and investment income less costs	(11,979)	(12,432)
Interest payable	1,357	1,229
Pension costs less contributions payable	641	374
Increase in operational stocks	(8)	(20)
Decrease/(increase) in operational debtors	36	(12)
Increase/(decrease) in operational creditors	191	(734)
Net cash outflow from operating activities	**(6,898)**	**(6,949)**

27. CASH FLOWS

27a Returns on investments and servicing of finance

	2014 £'000	2013 £'000
Endowment and investment income received less costs paid	8,063	9,487
Interest paid	(1,357)	(1,229)
Increase in investment stocks	(5)	(25)
Increase in investment debtors	(136)	(333)
Increase in investment creditors	182	779
Increase/(decrease) in accrued interest payable	35	(9)
Net cash inflow from returns on investments and servicing of finance	**6,782**	**8,670**

27b Contribution under Statute G,ll

	2014 £'000	2013 £'000
Contribution payable for the year	(765)	(780)
(Decrease)/increase in creditors	(15)	72
Net cash outflow from contribution under Statute G,ll	**(780)**	**(708)**

27c Capital expenditure and financial investment

	2014 £'000	2013 £'000
Purchase of tangible fixed assets	(10,801)	(9,374)
Donations for buildings and other deferred capital grants received	783	343
Net sale/(purchase) of long-term investments	11,286	(6,470)
Net movement in fixed-term bonds	-	1,000
New endowments received	1,140	1,724
Net cash inflow/(outflow) from capital expenditure and financial investment	**2,408**	**(12,777)**

28. ANALYSIS OF CASH AND BANK BALANCES

	Note	At beginning of year £'000	Cash flows £'000	At end of year £'000
Cash at bank and in hand		9,760	8,431	18,191
Total cash		9,760	8,431	18,191
Short term deposits	17	3,206	2,881	6,087
Debt due after 1 year	19	(20,000)	(10,000)	(30,000)
Debt due within 1 year	18	(200)	200	-
Net debt		**(7,234)**	**1,512**	**(5,722)**

29. CAPITAL COMMITMENTS

Capital commitments at 30 June were as follows:	2014 £'000	2013 £'000
Authorised and contracted	**4,756**	**3,508**

30. LEASE COMMITMENTS

Operating Lease Commitments

Annual commitments under non-cancellable operating leases at 30 June were as follows:	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Expiring within one year	8	27	8	27
Expiring between two and five years	54	30	49	30
	62	**57**	**57**	**57**

Finance Lease Commitments

Total commitments under finance leases as at 30 June were as follows:	Group 2014 £'000	Group 2013 £'000	College 2014 £'000	College 2013 £'000
Expiring within one year	7	-	7	-
Expiring between two and five years	22	-	22	-
	29	**-**	**29**	**-**

31. 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 as follows:

	2014 £'000	2013 £'000
Cambridge Colleges' Federated Pension Scheme	1,162	909
Universities Superannuation Scheme	296	304
Teachers' Pension Scheme	286	254
Church of England Funded Pensions Scheme	8	8
Defined Contribution Pension Schemes	130	89
	1,882	**1,564**

Cambridge Colleges' Federated Pension Scheme

The College is a member of a multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation is being undertaken as at 31 March 2014 and updated to 30 June 2014 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

		2014 % p.a.	2013 % p.a.
Discount rate		4.2	4.6
Expected long-term rate of return on Scheme assets		6.2	6.2
Salary inflation:	For next year	1.5	1.5
	Over long term	2.8	2.8
Inflation:	RPI	3.3	3.3
	CPI	2.3	2.3
Pension increases (RPI linked)		3.3	3.3

The underlying mortality assumption is based upon the standard table known as Self-administered Pension Schemes (SAPS) mortality tables for average normal pensioners projected in line with the CMI 2013 projection and a target long-term improvement rate of 1.0% p.a. The allowance for improvements has been updated from 2013 when the CMI 2012 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has life expectancy of 22.3 years (previously 22.0).
- Female age 65 now has a life expectancy of 24.3 years (previously 24.2).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 22.9).
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.8 years (previously 25.3).

31. PENSION SCHEMES (continued)

Employee Benefit Obligations

The amounts recognised in the Balance Sheet as at 30 June 2014 (with comparative figures as at 30 June 2013) are as follows:

	2014 £'000	**2013 £'000**
Present value of Scheme liabilities	(29,473)	(25,811)
Market value of Scheme assets	19,193	18,046
Deficit in the Scheme	**(10,280)**	**(7,765)**

The amounts to be recognised in Income and Expenditure for the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) are as follows:

	2014 £'000	**2013 £'000**
Current service cost	1,162	909
Interest on Scheme liabilities	1,202	1,000
Expected return on Scheme assets	(1,132)	(906)
Total	**1,232**	**1,003**
Actual return on Scheme assets	**1,122**	**1,924**

Changes in the present value of the Scheme liabilities for the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) are as follows:

	2014 £'000	**2013 £'000**
Present value of Scheme liabilities at beginning of period	25,811	20,999
Service cost including Employee contributions	1,434	1,183
Interest cost	1,201	1,000
Actuarial losses	1,864	3,249
Benefits paid	(837)	(620)
Present value of Scheme liabilities at end of period	**29,473**	**25,811**

Changes in the fair value of the Scheme assets for the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) are as follows:

	2014 £'000	**2013 £'000**
Market value of Scheme assets at beginning of period	18,046	15,839
Expected return	1,132	906
Actuarial (losses)/gains	(9)	1,018
Contributions paid by the College	590	629
Employee contributions	271	274
Benefits paid	(837)	(620)
Market value of Scheme assets at end of period	**19,193**	**18,046**

The agreed contributions to be paid by the College for the forthcoming year are 13.08% of Contribution Pay plus £38,996 p.a. to cover expenses, subject to review at future actuarial valuations. This rate excludes PHI.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) are as follows:

	2014	**2013**
Equities & Hedge Funds	70%	68%
Bonds & Cash	23%	24%
Property	7%	8%
Total	**100%**	**100%**

31. PENSION SCHEMES (continued)

The expected long term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and hedge funds of 7.0 % (2013: 7.0%), an expected rate of return on properties of 6.0 % (2013: 6.0%) and an expected rate of return on bonds and cash of 3.8% (2013: 4.0%).

The analysis of the amount recognisable in the Consolidated Statement of Total Recognised Gains and Losses (STRGL) for the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) is as follows:

	2014 £'000	2013 £'000
Actual return less expected return on Scheme assets	(9)	1,018
Experience gains and losses arising on Scheme liabilities	230	12
Changes in assumptions underlying the present value of Scheme liabilities	(2,095)	(3,261)
Actuarial loss recognised in STRGL	**(1,874)**	**(2,231)**

The cumulative amount of actuarial gains and losses recognised in the STRGL for the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) is as follows:

	2014 £'000	2013 £'000
Cumulative actuarial loss at beginning of period	(6,285)	(4,054)
Recognised during the period	(1,874)	(2,231)
Cumulative actuarial loss at end of period	**(8,159)**	**(6,285)**

Movements in the deficit during the year ended 30 June 2014 (with comparative figures for the year ended 30 June 2013) are as follows:

	2014 £'000	2013 £'000
Deficit in Scheme at beginning of year	(7,765)	(5,160)
Service Cost (Employer Only)	(1,162)	(909)
Contributions paid by the College	590	629
Finance Cost	(69)	(94)
Actuarial losses	(1,874)	(2,231)
Deficit in Scheme at the end of the year	**(10,280)**	**(7,765)**

Amounts for the current and previous four accounting periods are as follows:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of Scheme liabilities	(29,473)	(25,811)	(20,999)	(18,945)	(19,474)
Market value of Scheme assets	19,193	18,046	15,839	16,790	13,676
Deficit in the Scheme	**(10,280)**	**(7,765)**	**(5,160)**	**(2,155)**	**(5,798)**
Actual return less expected return on Scheme assets	(9)	1,018	(2,932)	1,113	815
Experience gain/(loss) arising on Scheme liabilities	230	12	(105)	80	495
Change in assumptions underlying present value of Scheme liabilities	(2,095)	(3,261)	(278)	2,443	(2,638)

31. PENSION SCHEMES (continued)

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is 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 trustee 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; and a minimum of three and a maximum of five are independent 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.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2014 are also included in this note.

The triennial 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), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA ["light"] YoB tables – No age rating
Female members' mortality	S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates, the CMI 2009 projections with a 1.25% pa long term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% 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. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% 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, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustee has determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. In 2011 the actuary estimated that if experience remained in line with the assumptions made, the shortfall at 31 March 2014 would be £2.2 billion, equivalent to a funding level of 95%.

31. PENSION SCHEMES (continued)

However, changes in market conditions between March 2011 and March 2014 have had an impact on scheme funding. The next formal triennial actuarial valuation will take place as at 31 March 2014, and work is currently underway to update the actuarial assumptions and allow for any adjustments to the overall funding approach adopted by the trustee board in consultation with stakeholders.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the Scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2011 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.
These include:

New Entrants
Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age
The Normal pension age was increased for future service and new entrants, to age 65.

Flexible Retirement
Flexible retirement options were introduced.

Member contributions increased
Contributions were uplifted to 7.5% p.a. and 6.5% p.a. for FS Section members and CRB Section members respectively.

Cost sharing
If the total contribution level exceeds 23.5% of Salaries per annum, the employers will pay 65% of the excess over 23.5% and members would pay the remaining 35% to the fund as additional contributions.

Pension increase cap
For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

As work on the 2014 valuation is not yet complete the trustee cannot provide the final figure however, an estimate has been provided using the assumptions used to deliver the 2011 actuarial valuation. On that basis, the actuary has estimated that the funding level under the scheme specific funding regime will have fallen from 92% at 31 March 2011 to 85% at 31 March 2014. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions.

The funding level has decreased mainly due to a decrease in real gilt yields, reducing the implied net discount rate and therefore placing a higher value on the scheme's liabilities. This increase has been partially offset by a higher than expected investment return.

On the FRS17 basis, using an AA bond discount rate of 4.5% per annum based on spot yields, the actuary estimates that the funding level at 31 March 2014 was 75%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 61%.

31. PENSION SCHEMES (continued)

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial valuation are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1.0 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 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's role is to set risk and return parameters which reflect the strength of the sponsoring employers and the nature of the scheme's liabilities. These parameters, taken together with the anticipated returns form the basis of the trustee's funding strategy. These parameters are informed by advice from its internal investment team, its investment consultant and the scheme actuary, as well as an independent assessment of the support available from the sponsoring employers. The trustee remains confident that it can continue to take a long-term view of scheme funding, backed as it is by a robust Higher Education (HE) sector.

The fund is invested in a wide range of asset classes, both publicly traded (including equities and fixed income) and private (including private equity, infrastructure, property and timberland). A diversified portfolio helps to spread investment risk across different asset classes and to boost the level of confidence in maintaining sufficient investment returns from the fund as a whole. This investment approach is innovative and responsible, and targeted at achieving returns required to meet the scheme's liabilities. Recently, the trustee has invested directly in infrastructure assets. These investments are typically illiquid, but can achieve attractive inflation-linked returns in ways often not available in the publicly traded markets and which can match the scheme's liabilities to a high degree.

At 31 March 2014, USS had over 162,000 active members and the College had 83 (2013:75) active members participating in the scheme.

The total pension cost for the College was £296,000 (2013: £304,000). This includes £nil (2013:£nil) prepaid/outstanding contributions at the balance sheet date. The contribution rate payable by the College was 16% of pensionable salaries.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme. This is a statutory, contributory, final salary scheme and it is not possible to identify the College's share of the underlying assets and liabilities of the scheme. The College contributes 14.1% of teachers' gross salary for those in the scheme while since January 2007 members have contributed 6.4%. From April 2012, this changed to a tiered pensions scheme, with employees paying between 6.4% and 8.8%, and from April 2013, these tiers became 6.4% to 11.2%.

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 period. The total pension cost for the College was £286,000 (2013: £254,000).

31. PENSION SCHEMES (Continued)

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme (2013: 1) out of a total membership of approximately 8,500 active members.

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. A valuation of the Scheme was carried out as at 31 December 2012. This revealed a shortfall of £293m, with assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
  - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

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 2012 valuation, the College's contribution rate is due to increase from 38.2% to 39.9% of pensionable stipends from 1 January 2015 (of which 14.1% will be in respect of the £293m shortfall in the Scheme and 25.8% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contribution rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2015.

Defined Contribution Pension Schemes

The College and its subsidiaries operate a number of defined contribution schemes for which the pension cost charged for the period amounted to £130,000 (2013: £89,000).

32. RELATED PARTY TRANSACTIONS

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

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

During the year no fees or expenses were paid to Fellows in respect of their duties as trustees, except that one Fellow was paid £1k (2013: £1k) in their role as Secretary of the College Council.

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

32. RELATED PARTY TRANSACTIONS (Continued)

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

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

33. SUBSIDIARY UNDERTAKINGS

The College's principal trading and dormant subsidiary undertakings at 30 June 2014 and 30 June 2013 were:

Undertaking	Activity	Holding	%
St John's Enterprises Limited	The provision of conference facilities and tourism administration at St John's College, Cambridge. The Company also undertakes activities in relation to medical insurance for the College.	2 ordinary shares of £1 each	100%
Aquila Investments Limited	Building construction and repair, property development, energy supply and farming.	74,805,020 ordinary shares of 1p each	100%
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.	113,429 ordinary shares of £1 each	100%
Lomas Developments Limited	Property development.	5,000,004 ordinary shares of 10p each	100%
St John's College Development Limited	Dormant	820,004 ordinary shares of 50p each	100%
Aquivar Management Services Limited	Dormant	100 ordinary shares at £1 each	100%