



**ST JOHN'S COLLEGE
CAMBRIDGE**

**Annual Report
and
Financial Statements**

**for the year ended
30 June 2015**

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Trustees' Report

REFERENCE AND ADMINISTRATIVE INFORMATION

Status

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

Address and website

St John's Street
Cambridge
CB2 1TP

www.joh.cam.ac.uk

Charity trustees

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

The Master, Professor C.M. Dobson (Chairman)

Mr D.J. Dormor

Dr S.M. Colwell (to 30 September 2014)

Dr D.M. Fox (to 30 September 2014)

Dr M. Ni Mhaonaigh (to 30 September 2014)

Dr M. Dörrzapf

Mr C.F. Ewbank

Professor J.S. Rink

Professor R.A. Evans

Professor A-L. Kinmonth

Dr H.P. Hughes

Dr A.M. Nicholls

Professor J. Toland

Dr H.E. Watson (from 1 October 2014)

Miss S. Tomaselli (from 1 October 2014)

Dr A.O. Wilshaw (from 1 October 2014)

Senior Officers

Master (or Head of House)

President

Senior Tutor

Senior Bursar

Professor C.M. Dobson

Mr D.J. Dormor

Dr M. Dörrzapf

Mr C.F. Ewbank

Membership of the Governing Body

The members of the Governing Body of the College as at 30 June 2015 are set out below

Master: Professor C.M. Dobson

President: Mr D.J. Dormor

Other Fellows (in order of election)

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

Principal Advisers

Actuaries	Cartwright Group Ltd, 250 Fowler Avenue, Farnborough Business Park, Farnborough, Hants, GU14 7JP
Auditor	Deloitte LLP, City House, 126-130 Hills Road, Cambridge, CB2 1RY
Bankers	Barclays Bank PLC, PO Box 885, Mortlock House, Histon, Cambridge, CB24 9DE
Custodian	Northern Trust, 50 Bank Street, London E14 5NT
Investment Consultant	Towers Watson Ltd, Watson House, London Road, Reigate, Surrey, RH2 9PQ
Property Advisers	Savills (L&P) Ltd, Unex House, 132-134 Hills Road, Cambridge, CB2 2PA Savills (L&P) Ltd, Wytham Court, 11 West Way, Oxford, OX2 0QL Carter Jonas LLP, 6-8 Hills Road, Cambridge, CB2 1NH
Solicitors	Mills & Reeve, Botanic House, 100 Hills Road, Cambridge, CB2 1PH

GOVERNANCE

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

The members of the College Council, which is responsible for the day-to-day administration of the affairs of the College, are the charity trustees and are responsible for ensuring compliance with charity law. The members of the Council are the Master and twelve Fellows elected by the College's Governing Body for rotating four year terms. The members of the Council during the year ended 30 June 2015 are set out in 'Reference and administrative information' 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 the admission, education and welfare of students; the Deans, who are responsible for overseeing the Chapel and the conduct of junior members of the College; the Senior Bursar, who is responsible for managing the College's finances; and the Domestic Bursar, who manages the domestic affairs of the College.

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

St John's College School has its own Governors, who are appointed by the College Council. As at 30 June 2015, six of the twelve Governors of the School were Fellows of the College. The School Governors are responsible to the College Council for the educational policy, management and finances of the School.

The Visitor of the College is the Bishop of Ely.

OBJECTS AND AIMS

Objects

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

Aims

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

- To admit students on the basis of academic ability and potential alone irrespective of financial circumstances and social, religious or ethnic background, to preserve the College's ability to select the best students and to provide financial support to students;
- To maintain a balanced mix of undergraduate, taught graduate and research graduate students, and to preserve a broad range of academic activity whilst remaining small enough to retain a sense of community and individuality;
- To deliver an outstanding education for undergraduates and graduate students, and to sustain the supervision and tutorial welfare systems that are pivotal to the University's tradition of excellence;
- To encourage and support research of international importance by Fellows and graduate students, and to introduce undergraduates to the nature and excitement of original research;
- To carry forward the tradition, maintained continuously since its foundation, of being a place of reflection on matters of religious faith;
- To provide outstanding social, cultural, musical and sporting opportunities that are a key part of the experience offered by the College and which contribute to the personal development of its members;
- To conserve and enhance the College's historic buildings and grounds, an important part of the world's architectural heritage, whilst at the same time providing first-class facilities and infrastructure for the activities that take place within them;

- To preserve the College's independence and self-determination, which with that of other Colleges is a fundamental ingredient in the diversity and success of the collegiate University;
- To take a lead in sustaining and enhancing the ability of the University to continue as one of the world's very top academic institutions, in the face of increasing international competition;
- To recognise and value all our alumni as life-long members of the College community, appreciated for their continuing involvement in, and support of, the College; and
- To operate on a sustainable basis, deploying our resources in a way that preserves intergenerational equity, and living within our means.

The aims of St John's College School are:

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

ACTIVITIES, PERFORMANCE AND FUTURE PLANS

Activities and Performance

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

The principal objectives of the College for the year were: to continue to strengthen the College's access and outreach programme; to enhance the very substantial financial support provided to its students; to strengthen the teaching capabilities of the College; to continue to improve academic performance in Tripos exams; to continue to contribute to the research capabilities of the University through the College's Research Fellowship scheme; to strengthen the opportunities for University post-doctoral researchers to become associated with the College; to 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, nine subject specific open days, including two brand new subjects, and three Sutton Trust Summer Schools, in addition to visiting some 40 schools and hosting approximately 100 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 105 bursaries being provided in the year, of which 66 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 four teaching Fellows to start in 2015-16 in the following subjects – Pharmacology, Philosophy, Spanish and Statistics; the appointment of five new College Teaching Associates in Anatomy (two appointments), Reproductive Biology, Physical Natural Sciences and Economics; the election of five outstanding new Research Fellows in Classics, Pure Mathematics, History, Modern & Medieval Languages and English; the election of eight 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 was completed during the year as was the redevelopment of the School of Pythagoras as an archive centre; and donors to the College in the year were very generous, with funds received to

support College building activities, Library projects and pre-admission prizes among many other activities.

The principal objectives of the School for the year were: to complete 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 a record 31 scholarships to their destination schools; the pass rate for the Common Entrance Examination was 100%. This year saw the extensive redevelopment of teaching facilities for children in Years 1 to 4 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. The year also saw the implementation of a new My Mind curriculum for older pupils, the introduction of a new Arts Options programme and the creation of a new Computer Coding curriculum.

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 Outdoor Learning and Recreational provision will be undertaken and educational innovation and development will continue, including: review of Homework, development of Pupil Improvement monitoring and strategic planning for each child, extension of My Mind curriculum to year 4, implementation of new Computing curriculum throughout KS1 and KS2, continued development of Digitally Enhanced Learning, Extension of the most able, Child Initiated Learning, Arts Award and an outreach project in conjunction with the Farms for City Children charity.

FINANCIAL REVIEW

Scope of the Financial Statements

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

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

Results overview

The College's Consolidated Income and Expenditure Accounts for the years ended 30 June 2015 and 2014 are summarised below:

	2015	2014	% change
	£'000	£'000	
Income	35,011	32,814	6.7%
Expenditure before depreciation	31,463	29,787	5.6%
Operating surplus before depreciation	3,548	3,027	17.2%
Depreciation	5,350	4,927	8.6%
Operating deficit after depreciation	(1,802)	(1,900)	5.2%
Contribution under Statute G,II	766	765	-
Deficit after Contribution under Statute G,II	(2,568)	(2,665)	3.6%
Net transfers from accumulated income in Endowment funds	9	21	(57.1%)
Retained deficit for the year	(2,559)	(2,644)	3.2%

Total income was higher by £2,197k (6.7%) and total expenditure excluding depreciation increased by £1,676k (5.6%) in the year, generating an operating surplus before depreciation for the Group of £3,548k, an increase of £521k from an operating surplus before depreciation of £3,027k in the prior year.

After depreciation, the operating deficit was £1,802k, an improvement of £98k from the prior year.

The Contribution under Statute G,II for the year 2014-15 increased by £1k (-%) to £766k against the prior year (£765k). 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 £2,568k compared with a deficit of £2,665k in the previous year.

Following the transfer of £9k from accumulated income in Endowment funds, the College made a deficit for the year of £2,559k retained within general reserves, compared with a deficit of £2,644k in the previous year.

The deficit for the year was after taking into account a non-cash adjustment of £992k (2014: £641k) in line with the requirements of FRS 17 – Retirement Benefits.

Income

Income increased overall by £2,197k (6.7%) in 2014-15 as a result of changes across various activities. The main sources of income for the College and a description of key changes are set out below:

- **Academic fees and charges:** these represented 10.5% of income in the year (10.8% in the previous year) and totalled £3,652k, up £121k (3.4%) from £3,531k in the prior year. This was due primarily to increases in fees from privately-funded undergraduates and other educational income.
- **Residences, catering and conferences:** this represented 17.7% of income in the year (17.2% in the previous year) and totalled £6,199k, up £559k (9.9%) from the previous year (£5,640k). The increase results from the return of the Cripps Building to full use and the reversal of the impact of the kitchens shutdown in summer 2013 which caused a reduction in catering and conference income.
- **Endowment and investment income:** this represented 50.3% of income in the year (50.9% in the previous year). Gross endowment and investment income was £17,621k in the year, an increase of £914k (5.5%) on the previous year (£16,707k); the endowment drawdown from

permanent funds accounted for on a total return basis increased during the year, while income from expendable funds and permanent funds accounted for under the standard method continued to reduce in the year.

- **Revenue donations:** this represented 2.9% of income (2.1% in the previous year) and totalled £1,007k, up £308k (44.1%) from the prior year (£699k). Donation income increased across the board with unrestricted, restricted and income released from deferred capital grants all up on the prior year.
- **School:** this represented 18.2% of income in the year (18.8% in the previous year). School income consolidated was £6,386k in the year, up £232k (3.8%) from the prior year (£6,154k) primarily as a result of a year on year increase in fee levels.
- **Other income:** this represented 0.4% of income in the year (0.2% in the previous year).

Expenditure

Total expenditure was £36,813k in 2014-15, an increase of £2,099k (6.0%) on the prior year (£34,714k). The main areas of expenditure for the College and a description of key changes are set out below:

- **Education:** this represented 29.5% of expenditure (28.8% in the prior year) and totalled £10,863k, up £856k (8.6%) on the prior year (£10,007k). Staff costs and other operating expenditure continue to grow as the College maintains its investment in teaching resource and student support.
- **Residences, catering and conferences:** this represented 35.2% of expenditure in the year (35.5% in the prior year) and totalled £12,938k, up £623k (5.1%) on the prior year (£12,315k). Staff costs increased year-on-year in line with income, and depreciation charges relating to the College's buildings refurbishment programme continue to grow.
- **Investment expenditure:** this represented 13.2% of expenditure (13.6% in the prior year) and totalled £4,858k in the year, an increase of £130k (2.7%) on the prior year (£4,728k), with the main movements being an increase in expenditure on investment properties partially offset by a reduction in investment consultant, custodian and cash management fees.
- **School:** this represented 16.6% of expenditure in the year (16.6% in the prior year) and totalled £6,125k in the year, up £377k (6.6%) from the prior year (£5,748k) in the main due to higher depreciation and staff costs.
- **Other:** this represented 5.5% of expenditure (5.5% in the prior year) and totalled £2,029k, up £113k (5.9%) on the prior year (£1,916k) due to an increase in staff costs with other operating expenditure remaining broadly static.

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, and these are described below:

- **Staff costs:** these represented 43.6% of expenditure (42.9% in the prior year) and totalled £16,048k in the year, an increase of £1,163k (7.8%) on the prior year (£14,885k). Staff costs have increased across the board driven predominantly by increased investment in teaching and student support and volume related staff costs in residences, catering and conferences.
- **Other operating expenses:** this represented 38.2% of expenditure (39.0% in the prior year) and totalled £14,070k, an increase of £525k (3.9%) on the prior year (£13,545k). The increase derived from two main areas, higher investment costs relating to the College's investment property portfolio and the increased investment in teaching and student support.

- **Depreciation:** this represented 14.5% of expenditure (14.2% in the prior year) and was £5,350k for the Group for the year (2014: £4,927k) and £5,357k (2014: £4,912k) for the College. This charge is rising as the College completes projects within its building refurbishment programme.
- **Interest and other finance costs:** this represented 3.7% of expenditure (3.9% in the prior year) and totalled £1,345k for the year, a reduction of £12k on the prior year (£1,357k).

Results on the distribution basis

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

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

The College's Consolidated income and expenditure on the distribution basis for the years ended 30 June 2015 and 2014 are summarised below:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>% change</u>
Income on a distribution basis	36,624	34,277	6.8%
Expenditure before depreciation	31,463	29,787	5.6%
Operating surplus before depreciation	5,161	4,490	14.9%
Depreciation	5,350	4,927	8.6%
Operating deficit after depreciation	(189)	(437)	56.7%
Contribution under Statute G,II	766	765	-%
Deficit after Contribution under Statute G,II	(955)	(1,202)	20.5%
Net transfers to accumulated income in Endowment funds	(42)	(69)	39.1%
Retained deficit for the year on a distribution basis	(997)	(1,271)	21.6%

Capital Expenditure

The Group incurred capital expenditure on tangible fixed assets during the year amounting to £6,543k, compared to a prior year figure of £10,801k.

The continued high level of expenditure reflects the final stages of the College's major building refurbishment programme. In 2014-15, the College spent £5 million on enhancing its operational estate with the majority being spent on the final phase of the Cripps Building refurbishment and on new operational properties.

Balance sheet

Consolidated net assets stood at £689,684k at 30 June 2015, up £38,863k (6.0%) on the prior year. This increase was predominantly as a result of increases in the value of Endowment assets, reflecting rises in the market value of investments, as well as new endowments and deferred capital grants received and a small actuarial gain on the CCFPS pension scheme.

The increase in the pension deficit from £10,280k to £10,930k is largely as a result of a lower discount rate assumption and a shortfall in contributions versus the calculated service cost, partially offset by better than expected investment returns and an experience gain.

Creditors falling due after more than one year reduced by £515k from £30,241k to £29,726k due to the commencement of bank loan repayments in 2015-16.

Reserves

Consolidated total funds stood at £689,615k at 30 June 2015, up £38,794k (6.0%) on the prior year. At 30 June 2015, reserves (including the fixed asset revaluation reserve, but excluding the pension reserve and Corporate Capital reserve) stood at £247,461k.

Endowment and Investment Performance

The College has a pool of capital invested for the long-term to support the charitable activities of the College by providing a reliable source of funding for the College's operations in perpetuity. This is known as the College's 'Endowment' though it includes assets other than 'endowment assets' as set out in note 13.

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

The total value of the Endowment was £470,750k at 30 June 2015, up £39,209k from its value at 30 June 2014. The assets and liabilities of the Endowment fall under a number of headings in the accounts, with the following breakdown:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>% change</u>
Fixed Asset Investments	31,435	29,829	5.4%
Endowment Assets	431,176	389,644	10.7%
Stock	116	119	(2.5%)
Debtors	2,178	2,280	(4.5%)
Cash at bank	9,265	13,119	(29.4%)
Sub-total assets	474,170	434,991	9.0%
Creditors falling due within one year	(3,420)	(3,450)	(0.9%)
Total	470,750	431,541	9.1%

As at 30 June 2015, £253,573k or 53.9% (£224,632k or 52.1% in prior year) of the Endowment 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). Net other investments had a value of £217,177k (£206,909k in the prior year), representing 46.1% (47.9% in the prior year) of the overall Endowment.

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 foreign exchange hedges, which are managed by its custodian.

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

Development and Fundraising

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

In 2014-15, donations and benefactions received by the College totalled £3,797k (£2,374k in the prior year).

PRINCIPAL RISKS AND UNCERTAINTIES

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

The key financial uncertainties and risks are:

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

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.

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 2015 and up to the date of approval of the financial statements.

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

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

Key controls used by the College include:

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

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

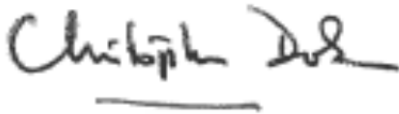
The Council's review of the effectiveness of the system of internal control is informed by the work of the various Committees, the Bursars and College Officers who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors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

OUTLOOK

Whilst the College is fortunate in being a relatively well-endowed college, its commitments and role in the University are commensurately significant and the College has experienced, and will continue to face, a number of significant financial challenges many of which are common to the University and other Cambridge colleges. Chief among these are the need to increase student support, to cope with increased cost of pension provision and to steward the Endowment through difficult financial markets. On the other hand, the completion of the College's building refurbishment programme which stretched from 2006 to 2015, has resulted in a welcome, albeit temporary, diminution in the level of capital expenditure on College buildings.

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

On behalf of the College Council



Professor Christopher Dobson
Master
13 November 2015



Chris Ewbank
Senior Bursar

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 for the year ended 30 June 2015 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 sheets, the consolidated cash flow statement and the related notes 1 to 32. 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) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Governing Body in accordance with the College's Statutes and the Statutes of the University of Cambridge, section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the trustees and auditor

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

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 of the College's affairs as at 30 June 2015 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the College's Statutes and the Statutes of the University of Cambridge.

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 provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G,II, of the University of Cambridge; and
- in all material respects, income during the year ended 30 June 2015 has been applied in accordance with the University's statutes.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Higher Education Funding Council for England Audit Code of Practice or the Charities Act 2011 requires us to report to you if, in our opinion:

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



Deloitte LLP

Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

13 November 2015

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 SORP”).

The income and expenditure account includes an activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to use of public funds. The analysis required by the SORP is set out at note 9.

The College’s activities and financial position, together with the factors likely to affect its future development, performance and position, are set out in the Trustees’ Report which forms part of this Annual Report. The College annually prepares a high-level, ten-year, financial plan and a detailed cashflow forecast covering a period of at least twelve months from the date of the approval and signature of the financial statements, and on that basis has a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt a going concern basis of accounting in preparing the annual Financial Statements.

BASIS OF ACCOUNTING

The Financial Statements have been prepared under the historical cost convention, modified in respect of the treatment of investments 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 32. 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 is included as expenditure.

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.

Residences, catering and conferences income

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

Other Income

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

Endowment and Investment Income

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

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

Permanent Funds

Unrestricted

For all unrestricted permanent funds a total return accounting policy is applied, thus 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 with any excess income remaining in the unapplied total return segment of the endowment fund. 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.

Restricted

For restricted permanent funds where the level of distributable reserves has not yet reached at least 20% of original capital, the standard method accounting policy is applied and the investment income

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

Expendable Funds

Income from expendable restricted funds not spent 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.

Total Return

Under the total return 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 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 COSTS

Investment costs associated with the management of the College's securities investment portfolio are capitalised. As such, they are not included in the Income and Expenditure Account. Other investment costs, associated predominantly with the management of the College's property portfolio and its investment 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 and foreign currency bank accounts 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.

JOINT VENTURE ACCOUNTING

In accordance with FRS 9 "Associates and Joint Ventures", the College accounts for its share in a joint venture as a fixed asset investment shown at cost in the investing entity's individual financial statements and on a gross equity basis in the consolidated financial statements.

TANGIBLE FIXED ASSETS

Land and Buildings

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.

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 investments 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 LLP.

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

STOCKS

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

PROVISIONS

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

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 Colleges Federated Pension Scheme

The College contributes to the Cambridge Colleges Federated Pension Scheme ("CCFPS"), which is a defined-benefit pension scheme. Unlike the other defined-benefit schemes (as noted below), this scheme has assets and liabilities directly attributable to the College.

Amounts charged to operating expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past-service costs are recognised immediately in the 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.

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.

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	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Income			
Academic fees and charges	1	3,652	3,531
Residences, catering and conferences	2	6,199	5,640
Endowment and investment income (in addition, share of joint venture turnover £57k)	3d	17,621	16,707
Revenue donations	4	1,007	699
School		6,386	6,154
Other income	5	146	83
		35,011	32,814
Expenditure			
Education	6	10,863	10,007
Residences, catering and conferences	7	12,938	12,315
Investment costs	3e	4,858	4,728
School		6,125	5,748
Other expenditure	8	2,029	1,916
		36,813	34,714
Deficit on continuing operations before Contribution under Statute G,II		(1,802)	(1,900)
Contribution under Statute G,II		766	765
Deficit on continuing operations after Contribution under Statute G,II		(2,568)	(2,665)
Net transfers from accumulated income in endowment funds	22	9	21
Deficit for the year retained within general reserves (in addition, share of loss in joint venture £22k)		(2,559)	(2,644)

All items dealt with in arriving at the deficit for 2015 and 2014 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:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Total income on a distribution basis (as defined on Page 9 of the Trustees' Report)	36,624	34,277
Deficit for the year retained within general reserves on a distribution basis	(997)	(1,271)

The notes numbered 1 to 32 form part of these Financial Statements

Consolidated Statement of Total Recognised Gains and Losses

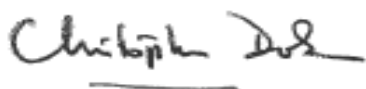
Year to 30 June	Note	<u>2015</u> <u>Restricted</u> <u>Funds</u> <u>£'000</u>	<u>2015</u> <u>Unrestricted</u> <u>Funds</u> <u>£'000</u>	<u>2015</u> <u>Total</u> <u>Funds</u> <u>£'000</u>	<u>2014</u> <u>Total</u> <u>Funds</u> <u>£'000</u>
Deficit on Income and Expenditure account		-	(2,559)	(2,559)	(2,644)
Decrease in cumulative unspent endowment fund income	22	(9)	-	(9)	(21)
Increase in market value of investments:					
Endowment assets	22	6,473	30,757	37,230	24,811
Fixed asset investments	23	-	2,836	2,836	1,799
Share of joint venture	22	-	195	195	-
Foreign exchange (losses)/gains linked to investments		(936)	(1,248)	(2,184)	1,881
New endowments	22	2,268	390	2,658	956
New deferred capital grants	21	487	-	487	783
Release of Grant income	21	(202)	-	(202)	(163)
Transfers		(790)	790	-	-
Actuarial gain/(loss) in respect of pension schemes	20	-	342	342	(1,874)
Total recognised gains relating to the year		7,291	31,503	38,794	25,528
Reconciliation:					
Opening capital and reserves		92,580	558,241	650,821	625,293
Total recognised gains relating to the year		7,291	31,503	38,794	25,528
Closing capital and reserves		99,871	589,744	689,794	650,821

The notes numbered 1 to 32 form part of these Financial Statements

Consolidated Balance Sheet

As at 30 June	Note	<u>2015</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Fixed Assets					
Tangible assets	11		253,147		251,954
Investments	12		31,435		29,829
			<u>284,582</u>		<u>281,783</u>
Endowment Assets					
Endowment Assets before investment in joint venture			430,445		389,721
Investment in Joint Venture: Share of gross assets		1,694		-	
Share of gross liabilities		(884)	810	-	-
	13		<u>431,255</u>		<u>389,721</u>
Current Assets					
Stock	14		688		713
Debtors	15		2,752		2,679
Current asset investments	16		2,631		6,087
Cash at bank and in hand			<u>16,382</u>		<u>18,191</u>
			<u>22,453</u>		<u>27,670</u>
Current Liabilities					
Creditors: amounts falling due within one year	17		<u>(8,019)</u>		<u>(7,832)</u>
Net current assets			<u>14,434</u>		<u>19,838</u>
Total Assets less current liabilities					
			730,271		691,342
Creditors: amounts falling due after more than one year	18		<u>(29,726)</u>		<u>(30,241)</u>
Net assets excluding pension liability			<u>700,545</u>		<u>661,101</u>
Net pension liability	20		<u>(10,930)</u>		<u>(10,280)</u>
Net assets including pension liability			<u><u>689,615</u></u>		<u><u>650,821</u></u>
Represented by:					
		<u>2015</u> <u>Restricted</u> <u>Funds</u> <u>£'000</u>	<u>2015</u> <u>Unrestricted</u> <u>Funds</u> <u>£'000</u>	<u>2015</u> <u>Total</u> <u>Funds</u> <u>£'000</u>	<u>2014</u> <u>Total</u> <u>Funds</u> <u>£'000</u>
Deferred capital grants	21	9,192	-	9,192	8,907
Endowments					
Expendable endowments	22	25,046	-	25,046	23,717
Permanent endowments (including investment in joint venture £810k)	22	65,633	340,576	406,209	366,004
Reserves					
General reserves excluding pension reserve	23	-	241,249	241,249	243,884
Pension reserve	23	-	(10,930)	(10,930)	(10,280)
Corporate capital reserve	23	-	12,637	12,637	16,737
Fixed asset investment revaluation reserve	23	-	6,212	6,212	1,852
Total Funds		<u><u>99,871</u></u>	<u><u>589,744</u></u>	<u><u>689,615</u></u>	<u><u>650,821</u></u>

These Financial Statements were approved by the College Council and authorised for issue on 12 November 2015 and signed on their behalf by:




Professor Christopher Dobson
Master

Chris Ewbank
Senior Bursar

The notes numbered 1 to 32 form part of these Financial Statements

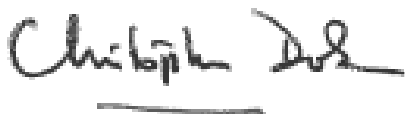
College Balance Sheet

As at 30 June	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Fixed Assets			
Tangible assets	11	253,465	252,312
Investments	12	31,435	29,829
		284,900	282,141
Endowment Assets	13	435,946	395,472
Current Assets			
Stock	14	558	582
Debtors	15	2,717	3,999
Current asset investments	16	2,631	6,087
Cash at bank and in hand		15,886	17,753
		21,792	28,421
Current Liabilities			
Creditors: amounts falling due within one year	17	(12,028)	(13,840)
Net current assets		9,764	14,581
Total Assets less current liabilities		730,610	692,194
Creditors: amounts falling due after more than one year	18	(29,726)	(30,241)
Net assets excluding pension liability		700,884	661,953
Net pension liability	20	(10,930)	(10,280)
Net assets including pension liability		689,954	651,673

Represented by:

	2015 <u>Restricted</u> <u>Funds</u> <u>£'000</u>	2015 <u>Unrestricted</u> <u>Funds</u> <u>£'000</u>	2015 <u>Total</u> <u>Funds</u> <u>£'000</u>	2014 <u>Total</u> <u>Funds</u> <u>£'000</u>
Deferred capital grants	21	9,192	-	9,192
Endowments				
Expendable endowments	22	25,046	-	25,046
Permanent endowments	22	65,633	345,267	410,900
Reserves				
General reserves excluding pension reserve	23	-	241,583	241,583
Pension reserve	23	-	(10,930)	(10,930)
Corporate capital reserve	23	-	7,951	7,951
Fixed asset investment revaluation reserve	23	-	6,212	6,212
Total Funds		99,871	590,083	689,954

These Financial Statements were approved by the College Council and authorised for issue on 12 November 2015 and signed on their behalf by:



Professor Christopher Dobson
Master



Chris Ewbank
Senior Bursar

The notes numbered 1 to 32 form part of these Financial Statements

Consolidated Cash Flow Statement

Year to 30 June	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Net cash outflow from operating activities	25	(7,258)	(6,898)
Returns on investments and servicing of finance	26a	8,325	6,782
Contribution under Statute G,II	26b	(765)	(780)
Net capital expenditure and financial investment	26c	<u>(5,567)</u>	<u>2,408</u>
Cash (outflow)/inflow before management of liquid resources		(5,265)	1,512
Management of liquid resources			
Decrease/(increase) in short term deposits		3,456	(2,881)
Financing			
Bank loan drawn down in year		-	10,000
Bank loan repaid in year		<u>-</u>	<u>(200)</u>
(Decrease)/increase in cash in the year	27	<u>(1,809)</u>	<u>8,431</u>
 RECONCILIATION IN NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS			
(Decrease)/increase in cash in the year	27	(1,809)	8,431
New bank loan		-	(10,000)
Bank loan repaid		-	200
Cash (inflow)/outflow from change in liquid resources		<u>(3,456)</u>	<u>2,881</u>
Change in net debt		(5,265)	1,512
Net debt at beginning of year		<u>(5,722)</u>	<u>(7,234)</u>
Net debt at end of year	27	<u>(10,987)</u>	<u>(5,722)</u>

The notes numbered 1 to 32 form part of these Financial Statements

Notes to the Financial Statements

1. ACADEMIC FEES AND CHARGES

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
College Fees		
Fee income paid on behalf of undergraduates at the regulated undergraduate fee rate (per capita fee £4,185/£4,500) (2014: £4,068/£4,500)	2,173	2,194
Unregulated undergraduate fee income (per capita fee £5,600 (2014: £5,386))	482	390
Fee income received at the Graduate fee rate (per capita fee £2,547 (2014: £2,424))	560	542
	3,215	3,126
Other Educational income	437	405
Total	3,652	3,531

2. RESIDENCES, CATERING AND CONFERENCES INCOME

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Accommodation:		
College Members	3,827	3,595
Conferences	462	362
Catering:		
College Members	1,206	1,208
Conferences	704	475
Total	6,199	5,640

3. ENDOWMENT AND INVESTMENT INCOME

3a Analysis of Income

		<u>2015</u>	<u>2014</u>
	Note	<u>£'000</u>	<u>£'000</u>
Freehold land and buildings		10,450	10,482
Quoted securities – equities		368	788
Fixed interest securities		-	110
Cash		107	93
St John's Innovation Centre Limited		1,212	1,202
Endowment income in Aquila Investments Limited		2,590	151
Lomas Developments Limited		1	1
Total	3b	14,728	12,827

3b Allocation of Income

		<u>2015</u>	<u>2014</u>
	Note	<u>£'000</u>	<u>£'000</u>
Income belonging to:			
Permanent funds accounted for on a Total Return basis	3c	14,608	12,571
Permanent funds accounted for on a Standard Income basis	3d	11	26
Expendable funds	3d	109	230
Total Income	3a	14,728	12,827

3. ENDOWMENT AND INVESTMENT INCOME (continued)**3c Permanent Funds Accounted for on a Total Return Basis**

	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Endowment Income	3b	14,608	12,571
Apportioned gains on Endowment assets		36,250	28,876
Total Return for the year		<u>50,858</u>	<u>41,447</u>
Endowment drawdown included in Income & Expenditure	3d	(17,501)	(16,451)
Unapplied Total Return for the year included within change in market value of Endowment assets in the Consolidated Statement of Total Recognised Gains & Losses	24	<u>33,357</u>	<u>24,996</u>

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 22.

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

	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Endowment drawdown from permanent funds accounted for on a Total Return basis	3c	17,501	16,451
Endowment income from permanent funds accounted for on a Standard Income basis	3b	11	26
Endowment and investment income from Expendable funds	3b	109	230
Total Endowment and investment income	3f	<u>17,621</u>	<u>16,707</u>

3e Investment Costs

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Investment portfolio	<u>865</u>	<u>815</u>

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	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Investment property portfolio costs		3,478	3,096
Trading costs of St John's Innovation Centre Limited		993	1,096
Trading costs of Aquila Investments Limited		113	140
Trading costs of Lomas Development Limited		10	13
Investment consultant, custodian and cash management fees		162	295
Other securities portfolio operating costs		102	88
Total	3f	<u>4,858</u>	<u>4,728</u>

3f Net Endowment and investment income

	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Income	3d	17,621	16,707
Costs	3e	(4,858)	(4,728)
Net Income		<u>12,763</u>	<u>11,979</u>

(being Endowment and investment income as defined by RCCA)

4. REVENUE DONATIONS

	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Unrestricted donations		251	148
Restricted donations		554	388
Released from deferred capital grants	21	202	163
Total revenue donations		1,007	699

Additional Information: Reconciliation of Donations and Benefactions Received

The College received the following gifts in the year ended 30 June 2015 (including donations of shares)

	<u>At beginning</u> <u>of year</u> <u>£'000</u>	<u>Received</u> <u>£'000</u>	<u>Recognised in</u> <u>Income &</u> <u>Expenditure</u> <u>Account</u> <u>£'000</u>	<u>At end</u> <u>of year</u> <u>2015</u> <u>£'000</u>
Revenue donations of cash and shares	582	652	805	429
Deferred capital grants	8,907	487	202	9,192
Capital benefactions and donations		2,658		
Total funds raised during the year, excluding heritage assets		3,797		
Donations of heritage assets			-	
Total Revenue donations			1,007	

5. OTHER INCOME

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Miscellaneous income	146	83

6. EDUCATION EXPENDITURE

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Teaching	4,128	3,730
Tutorial	1,735	1,714
Admissions	664	596
Research	1,537	1,314
Scholarships and awards	2,435	2,319
Other educational facilities	364	334
Total	10,863	10,007

7. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Accommodation:		
College Members	9,393	9,038
Conferences	336	242
Catering:		
College Members	2,890	2,710
Conferences	319	325
Total	12,938	12,315

8. OTHER EXPENDITURE

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Fundraising and alumni relations	839	821
Chapel & Choir (other than Tutorial related)	1,011	895
Miscellaneous expenditure (including charitable gifts)	179	200
Total	2,029	1,916

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

9a	2015 Expenditure		<u>Staff</u> <u>Costs</u> <u>(note 10)</u> <u>£'000</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u> <u>£'000</u>	<u>Depreciation</u> <u>(note 11)</u> <u>£'000</u>	<u>Interest</u> <u>and other</u> <u>finance</u> <u>costs</u> <u>£'000</u>	<u>2015</u> <u>Total</u> <u>£'000</u>
	Education	6	5,002	4,522	1,095	244	10,863
	Residences, catering and conferences	7	5,344	2,782	3,936	876	12,938
	Investment costs	3e	818	4,038	-	2	4,858
	School		3,980	1,603	319	223	6,125
	Other	8	904	1,125	-	-	2,029
	Total expenditure		16,048	14,070	5,350	1,345	36,813

9b	2014 Expenditure		<u>Staff</u> <u>Costs</u> <u>(note 10)</u> <u>£'000</u>	<u>Other</u> <u>Operating</u> <u>Expenses</u> <u>£'000</u>	<u>Depreciation</u> <u>(note 11)</u> <u>£'000</u>	<u>Interest</u> <u>and other</u> <u>finance</u> <u>costs</u> <u>£'000</u>	<u>2014</u> <u>Total</u> <u>£'000</u>
	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 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

9c	Auditors' remuneration	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
	Other operating expenses include:		
	Audit fees payable to the College's external auditor	75	74
	Taxation compliance fees payable to the College's external auditor	14	15
	Other taxation advisory fees payable to the College's external auditor	10	13
	Total fees payable to the College's external auditor	99	102
	Audit fees payable to other firms	12	6
	Total auditors' remuneration	111	108

9d	Operating leases	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
	Other operating expenses include the following operating lease rentals:		
	For equipment	56	70

10. STAFF COSTS

Staff Costs	<u>College Fellows</u> £'000	<u>Other Academic</u> £'000	<u>Non- Academic</u> £'000	<u>2015 Total</u> £'000	<u>2014 Total</u> £'000
Emoluments	2,209	101	10,344	12,654	12,011
Social security costs	177	4	781	962	920
Other pension costs	308	16	2,108	2,432	1,954
Total	2,694	121	13,233	16,048	14,885

Staff Numbers	<u>College Fellows</u>	<u>Other Academic</u>	<u>Non- Academic</u>	<u>2015 Total</u>	<u>2014 Total</u>
Stipendary Fellows	105	-	-	105	104
Average staff numbers (full-time equivalents)	-	6	361	367	359
Total	105	6	361	472	463

	<u>2015 number</u>	<u>2014 number</u>
The Governing Body of the College, comprising all Fellows, at 30 June was	152	147

Average staff numbers (full-time equivalents) include 101 (2014: 99) School staff and 19 (2014:19) 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:

	<u>2015 number</u>	<u>2014 number</u>
Between £100,000 and £110,000	-	1
Between £110,000 and £120,000	3	2
Between £130,000 and £140,000	1	1

11. TANGIBLE FIXED ASSETS

Group	<u>Freehold land and buildings</u> £'000	<u>Assets under construction</u> £'000	<u>Furniture and equipment</u> £'000	<u>Computer equipment</u> £'000	<u>Heritage assets</u> £'000	<u>2015 Total</u> £'000	<u>2014 Total</u> £'000
Cost/Valuation							
At beginning of year	280,225	9,913	2,832	1,491	530	294,991	284,365
Additions at cost	5,985	-	433	125	-	6,543	10,801
Disposals at cost	-	-	-	(6)	-	(6)	(175)
Transfers	9,913	(9,913)	-	-	-	-	-
At end of year	296,123	-	3,265	1,610	530	301,528	294,991
Depreciation							
At beginning of year	39,943	-	1,996	1,098	-	43,037	38,283
Charge for the year	4,828	-	324	198	-	5,350	4,927
Eliminated on disposals	-	-	-	(6)	-	(6)	(173)
At end of year	44,771	-	2,320	1,290	-	48,381	43,037
Net Book value							
At end of year	251,352	-	945	320	530	253,147	251,954
At beginning of year	240,282	9,913	836	393	530	251,954	246,082

11. TANGIBLE FIXED ASSETS (continued)

College	<u>Freehold land and buildings</u> £'000	<u>Assets under construction</u> £'000	<u>Furniture and equipment</u> £'000	<u>Computer equipment</u> £'000	<u>Heritage assets</u> £'000	<u>2015 Total</u> £'000	<u>2014 Total</u> £'000
Cost/Valuation							
At beginning of year	280,626	9,913	2,829	1,495	530	295,393	284,694
Additions at cost	5,985	-	400	125	-	6,510	10,801
Disposals at cost	-	-	-	(6)	-	(6)	(102)
Transfers	9,913	(9,913)	-	-	-	-	-
At end of year	296,524	-	3,229	1,614	530	301,897	295,393
Depreciation							
At beginning of year	39,985	-	2,001	1,095	-	43,081	38,269
Charge for the year	4,837	-	324	196	-	5,357	4,912
Eliminated on disposals	-	-	-	(6)	-	(6)	(100)
At end of year	44,822	-	2,325	1,285	-	48,432	43,081
Net Book value							
At end of year	251,702	-	904	329	530	253,465	252,312
At beginning of year	240,641	9,913	828	400	530	252,312	246,425

Freehold land and buildings comprise the operational buildings and site of the College and heritage assets are books gifted to the College.

The insured value of freehold buildings as at 30 June 2015 was £261,715k (2014: £255,989k).

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:

	<u>Cost/ Valuation</u> £'000	<u>Depreciation</u> £'000	<u>Net Book Value</u> £'000
At beginning of year	37	(6)	31
Additions at cost	-	(8)	(8)
At end of year	37	(14)	23

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:

	<u>2015</u> £'000	<u>2014</u> £'000	<u>2013</u> £'000	<u>2012</u> £'000	<u>2011</u> £'000
Value of acquisitions by donation	-	-	60	89	53
Total Acquisitions Capitalised	-	-	60	89	53

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

12. FIXED ASSET INVESTMENTS

Excluding assets belonging to Endowment Funds	Note	Group		College	
		<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Quoted securities – equities		17,799	20,705	17,799	20,705
Fixed interest securities		1,810	911	1,810	911
Other securities		9,106	5,212	9,106	5,212
Cash at investment managers		2,720	3,001	2,720	3,001
Total		31,435	29,829	31,435	29,829

Reconciliation including assets belonging to Endowment Funds

Balance at beginning of year		419,543	398,458	425,294	403,759
Additions		22,680	120,260	22,065	120,260
Disposals		(25,029)	(131,663)	(25,029)	(131,663)
Increase in Market value		43,155	30,484	42,710	30,934
Foreign exchange gains linked to investments		(2,184)	1,881	(2,184)	1,881
Other increases in investment cash balances held		5,518	123	5,518	123
Transfers to College Operations		(1,000)	-	(1,000)	-
Balance at end of year		462,683	419,543	467,374	425,294
Included in Endowment Assets	13	(431,248)	(389,714)	(435,939)	(395,465)
Fixed Asset Investments		31,435	29,829	31,435	29,829

13. ENDOWMENT ASSETS

	Group		College	
	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Long term investments:				
Property	253,573	224,632	249,472	220,781
Quoted securities – equities	98,612	96,271	98,612	96,271
Fixed interest securities	10,025	9,459	10,025	9,459
Investments in subsidiary undertakings	-	-	9,602	9,602
Other securities	51,261	45,190	50,451	45,190
Cash for reinvestment	17,777	14,162	17,777	14,162
Total investments	431,248	389,714	435,939	395,465
Gift aid balances not recovered by year end	7	7	7	7
Total	431,255	389,721	435,946	395,472

At the year end there was one (2014: one) forward exchange contract outstanding. This partially hedges the exchange movement on endowment assets held in foreign currencies. The contract matured on 30 September 2015 (2014: 18 September 2014). At the year end there was a 50.0m USD contract (2014: 42.0m USD) with a fair value of £18k (2014: £179k).

14. STOCKS

	Group		College	
	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Goods for resale	656	677	531	551
Other stocks	32	36	27	31
Total stocks	688	713	558	582

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

15. DEBTORS	Group		College	
	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Amounts due within one year:				
Net sums due from members of the College	269	287	269	287
Amounts due from subsidiary undertakings	-	-	226	1,835
Other trade debtors	1,187	1,329	1,017	871
Other loans	11	12	11	12
Other taxes	29	31	15	20
Prepayments	320	359	274	340
Accrued income	803	518	772	491
	2,619	2,536	2,584	3,856
Amounts due after more than one year:				
Other loans	133	143	133	143
Total Debtors	2,752	2,679	2,717	3,999

16. CURRENT ASSET INVESTMENTS	Group and College	
	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Short term bank deposits	2,631	6,087

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		College	
	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Trade creditors	1,092	1,073	804	1,015
Members of the College	87	134	87	134
Amounts due to subsidiary undertakings	-	-	4,582	6,756
Contribution under Statute G,II	766	765	766	765
Bank loans due within one year	444	-	444	-
Other creditors	1,131	742	1,131	1,036
Other taxation and social security	791	502	758	438
Accruals and deferred income	3,708	4,616	3,456	3,696
Total	8,019	7,832	12,028	13,840

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

	Group and College	
	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Bank loans	29,556	30,000
Other creditors	-	43
Deferred income	170	198
Total	<u>29,726</u>	<u>30,241</u>
Bank loans repayable		
Between two and five years	12,279	12,028
After five years	17,277	17,972
Total borrowings	<u>29,556</u>	<u>30,000</u>

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 (2013: £nil) has been drawn down, this facility has a five year term and a floating interest rate. In addition, in 2013 the College entered into a further unsecured bank loan for £10 million, the loan has a five year term and repayments commence in 2015, the interest rate is fixed at 2.38% for £8.9 million while the remainder has a floating interest rate.

19. PROVISIONS FOR LIABILITIES

No provisions for liabilities or charges were recognised, used, or outstanding in the years ended 30 June 2015 or 30 June 2014.

20. PENSION LIABILITIES (NOTE 30)

	Group and College	
	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Balance at beginning of year	10,280	7,765
Movement in year:		
Current service cost including life assurance	1,582	1,162
Contributions	(632)	(590)
Other finance cost	42	69
Actuarial (gain)/loss recognised in statement of total recognised gains and losses	(342)	1,874
Balance at end of year	<u>10,930</u>	<u>10,280</u>

21. DEFERRED CAPITAL GRANTS

	Group and College			
	<u>Grants</u>	<u>Donations</u>	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Balance at beginning of year	5,765	3,142	8,907	8,287
Grants and donations received	-	484	484	780
Interest received on balances not yet spent	-	3	3	3
Released to income and expenditure account (note 4)	(122)	(80)	(202)	(163)
Balances at end of year	<u>5,643</u>	<u>3,549</u>	<u>9,192</u>	<u>8,907</u>

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

22. ENDOWMENTS

Group	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2015 Total £'000	2014 Total £'000
Balance at beginning of year:						
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
New endowments received	390	2,114	2,504	154	2,658	956
Income receivable from endowment asset investments	11,017	1,637	12,654	48	12,702	11,888
Expenditure funded out of income	(11,017)	(1,631)	(12,648)	(63)	(12,711)	(11,909)
Net transfer from/(to) income and expenditure account	-	6	6	(15)	(9)	(21)
Expenditure funded out of capital	-	-	-	(790)	(790)	(721)
Transfer from/(to) Corporate Capital reserve	4,100	-	4,100	-	4,100	(7,016)
Other transfers	-	-	-	-	-	30
Increase in market value of investments	30,952	4,228	35,180	2,245	37,425	24,811
Foreign exchange (losses)/gains linked to investments	(914)	(671)	(1,585)	(265)	(1,850)	1,917
Balance at end of year	340,576	65,633	406,209	25,046	431,255	389,721
Comprising:						
Capital	147,348	32,379	179,727	24,913	204,640	197,218
Unapplied Total Return	193,228	33,163	226,391	-	226,391	192,270
Unspent income	-	91	91	133	224	233
	340,576	65,633	406,209	25,046	431,255	389,721
Analysed by Primary Purpose:						
Chapel/Choir	-	992	992	2,017	3,009	2,813
Education	-	5,193	5,193	2,379	7,572	6,558
Field Sports	-	3,119	3,119	-	3,119	2,947
Library	-	1,251	1,251	1,058	2,309	1,221
LMBC	-	883	883	-	883	805
Maintenance	-	-	-	740	740	691
Research	-	8,083	8,083	114	8,197	7,664
Scholarship/Awards	-	42,676	42,676	17,413	60,089	56,374
School	-	357	357	1,080	1,437	1,452
Other	-	3,079	3,079	245	3,324	3,148
General Endowments	340,576	-	340,576	-	340,576	306,048
Total	340,576	65,633	406,209	25,046	431,255	389,721

Included in Unrestricted Permanent Endowments is £333,190k (2014: £299,410k) of Corporate Capital, representing 96.3% (2014: 94.7%) of the Group's total Corporate Capital. The balance is in the Corporate Capital reserve (see note 23).

22. ENDOWMENTS (continued)

College	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2015 Total £'000	2014 Total £'000
Balance at beginning of year:						
Capital	148,157	30,793	178,950	23,569	202,519	208,099
Unapplied Total Return	163,642	29,078	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
New endowments received	390	2,114	2,504	154	2,658	956
Income receivable from endowment asset investments	11,017	1,637	12,654	48	12,702	11,888
Expenditure funded out of income	(11,017)	(1,631)	(12,648)	(63)	(12,711)	(11,909)
Net transfer from/(to) income and expenditure account	-	6	6	(15)	(9)	(21)
Expenditure funded out of capital	-	-	-	(790)	(790)	(721)
Transfer from/(to) Corporate Capital reserve	3,485	-	3,485	-	3,485	(7,016)
Other transfers	-	-	-	-	-	30
Increase in market value of investments	30,507	4,228	34,735	2,245	36,980	25,261
Foreign exchange (losses)/gains linked to investments	(914)	(671)	(1,585)	(265)	(1,850)	1,917
Balance at end of year	345,267	65,633	410,900	25,046	435,946	395,472
Comprising:						
Capital	152,034	32,379	184,413	24,913	209,326	202,519
Unapplied Total Return	193,233	33,163	226,396	-	226,396	192,720
Unspent income	-	91	91	133	224	233
	345,267	65,633	410,900	25,046	435,946	395,472
Analysed by Primary Purpose:						
Chapel/Choir	-	992	992	2,017	3,009	2,813
Education	-	5,193	5,193	2,379	7,572	6,558
Field Sports	-	3,119	3,119	-	3,119	2,947
Library	-	1,251	1,251	1,058	2,309	1,221
LMBC	-	883	883	-	883	805
Maintenance	-	-	-	740	740	691
Research	-	8,083	8,083	114	8,197	7,664
Scholarship/Awards	-	42,676	42,676	17,413	60,089	56,374
School	-	357	357	1,080	1,437	1,452
Other	-	3,079	3,079	245	3,324	3,148
General Endowments	345,267	-	345,267	-	345,267	311,799
Total	345,267	65,633	410,900	25,046	435,946	395,472

Included in Unrestricted Permanent Endowments is £337,881k (2014: £294,558k) of Corporate Capital, representing 97.7% (2014: 94.6%) of the College's total Corporate Capital. The balance is in the Corporate Capital reserve (see note 23).

23. RESERVES

Group	<u>General reserves</u> <u>£'000</u>	<u>Fixed asset investment revaluation reserve</u> <u>£'000</u>	<u>Corporate Capital reserve</u> <u>£'000</u>	<u>2015 Total</u> <u>£'000</u>	<u>2014 Total</u> <u>£'000</u>
Balance at beginning of year	233,604	1,852	16,737	252,193	247,241
Deficit retained for the year	(2,559)	-	-	(2,559)	(2,644)
Actuarial gain/(loss)	342	-	-	342	(1,874)
Transfer in respect of disposals or reallocations of fixed asset investments	(1,858)	1,858	-	-	-
Increase in market value of fixed asset investments	-	2,836	-	2,836	1,799
Foreign exchange losses linked to fixed asset investments	-	(334)	-	(334)	(36)
Net transfers (to)/from Corporate Capital Endowment	-	-	(4,100)	(4,100)	7,016
Net transfers to other Endowments	-	-	-	-	(30)
Transfers on spending Expendable Endowments	790	-	-	790	721
Balance at end of year	230,319	6,212	12,637	249,168	252,193

College	<u>General reserves</u> <u>£'000</u>	<u>Fixed asset investment revaluation reserve</u> <u>£'000</u>	<u>Corporate Capital reserve</u> <u>£'000</u>	<u>2015 Total</u> <u>£'000</u>	<u>2014 Total</u> <u>£'000</u>
Balance at beginning of year	234,006	1,852	11,436	247,294	242,311
Deficit retained for the year	(2,627)	-	-	(2,627)	(2,613)
Actuarial loss	342	-	-	342	(1,874)
Transfer in respect of disposals or reallocations of fixed asset investments	(1,858)	1,858	-	-	-
Increase in market value of fixed asset investments	-	2,836	-	2,836	1,799
Foreign exchange losses linked to fixed asset investments	-	(334)	-	(334)	(36)
Net transfers (to)/from Corporate Capital Endowment	-	-	(3,485)	(3,485)	7,016
Net transfers to other Endowments	-	-	-	-	(30)
Transfers on spending Expendable Endowments	790	-	-	790	721
Balance at end of year	230,653	6,212	7,951	244,816	247,294

24. 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	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Unapplied Total Return at beginning of year	22	192,270	166,714
Opening Unapplied Total Return of funds adopting total return for the first time in the year		764	560
Unapplied Total Return for the year	3c	33,357	24,996
Unapplied Total Return at end of year	22	<u>226,391</u>	<u>192,270</u>
College	Note	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Unapplied Total Return at beginning of year	22	192,720	166,714
Opening Unapplied Total Return of funds adopting total return for the first time in the year		764	560
Unapplied Total Return for the year		32,912	25,446
Unapplied Total Return at end of year	22	<u>226,396</u>	<u>192,720</u>

25. RECONCILIATION OF CONSOLIDATED OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Deficit on continuing operations before Contribution under Statute G,II	(1,802)	(1,900)
Depreciation of tangible fixed assets	5,350	4,927
Deferred capital grants released to income	(202)	(163)
Endowment and investment income less costs	(12,763)	(11,979)
Interest payable	1,345	1,357
Pension costs less contributions payable	992	641
Decrease/(increase) in operational stocks	23	(8)
Decrease in operational debtors	63	36
(Decrease)/increase in operational creditors	(264)	191
Net cash outflow from operating activities	<u>(7,258)</u>	<u>(6,898)</u>

26. CASH FLOWS

26a	Returns on investments and servicing of finance	<u>2015</u>	<u>2014</u>
		<u>£'000</u>	<u>£'000</u>
	Endowment and investment income received less costs paid	9,870	8,063
	Interest paid	(1,345)	(1,357)
	Decrease/(increase) in investment stocks	2	(5)
	Increase in investment debtors	(136)	(136)
	(Decrease)/increase in investment creditors	(66)	182
	Increase in accrued interest payable	-	35
	Net cash inflow from returns on investments and servicing of finance	<u>8,325</u>	<u>6,782</u>
26b	Contribution under Statute G,II	<u>2015</u>	<u>2014</u>
		<u>£'000</u>	<u>£'000</u>
	Contribution payable for the year	(766)	(765)
	Increase/(decrease) in creditors	1	(15)
	Net cash outflow from contribution under Statute G,II	<u>(765)</u>	<u>(780)</u>
26c	Capital expenditure and financial investment	<u>2015</u>	<u>2014</u>
		<u>£'000</u>	<u>£'000</u>
	Purchase of tangible fixed assets	(6,543)	(10,801)
	Donations for buildings and other deferred capital grants received	487	783
	Net (purchase)/sale of long-term investments	(2,169)	11,286
	New endowments received	2,658	1,140
	Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(5,567)</u>	<u>2,408</u>

27. ANALYSIS OF CASH AND BANK BALANCES

	Note	<u>At beginning</u>	<u>Cash</u>	<u>At end</u>
		<u>of year</u>	<u>flows</u>	<u>of year</u>
		<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand		18,191	(1,809)	16,382
Total cash		18,191	(1,809)	16,382
Short term deposits	16	6,087	(3,456)	2,631
Debt due after 1 year	18	(30,000)	444	(29,556)
Debt due within 1 year	17	-	(444)	(444)
Net debt		<u>(5,722)</u>	<u>(5,265)</u>	<u>(10,987)</u>

28. CAPITAL COMMITMENTS

Capital commitments at 30 June were as follows:	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Authorised and contracted	<u>439</u>	<u>4,756</u>

29. LEASE COMMITMENTS**Operating Lease Commitments**

	Group		College	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Annual commitments under non-cancellable operating leases at 30 June were as follows:	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Expiring within one year	-	8	-	8
Expiring between two and five years	56	54	51	49
	56	62	51	57

Finance Lease Commitments

	Group		College	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Total commitments under finance leases as at 30 June were as follows:	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Expiring within one year	7	7	7	7
Expiring between two and five years	15	22	15	22
	22	29	22	29

30. 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:

	<u>2015</u>	<u>2014</u>
	<u>£'000</u>	<u>£'000</u>
Cambridge Colleges' Federated Pension Scheme	1,582	1,162
Universities Superannuation Scheme	323	296
Teachers' Pension Scheme	300	286
Church of England Funded Pensions Scheme	9	8
Defined Contribution Pension Schemes	175	130
	2,389	1,882

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 was undertaken as at 31 March 2014 and has been updated to 30 June 2015 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	<u>2015</u>	<u>2014</u>
	<u>% p.a.</u>	<u>% p.a.</u>
Discount rate	3.7	4.2
Expected long-term rate of return on Scheme assets	3.7	6.2
Salary inflation: For next year	1.5	1.5
Over long term	2.75	2.8
Inflation: RPI	3.25	3.3
CPI	2.25	2.3
Pension increases (RPI linked)	3.25	3.3

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI 2014 projection and a target long-term improvement rate of 1.0% p.a. The allowance for improvements has been updated from 2014 when the CMI 2013 projection table was adopted. This results in the following life expectancies:

- Male age 65 now has life expectancy of 22.3 years (previously 22.3).
- Female age 65 now has a life expectancy of 24.4 years (previously 24.3).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 23.6).
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.9 years (previously 25.8).

30. PENSION SCHEMES (continued)**Employee Benefit Obligations**

The amounts recognised in the Balance Sheet as at 30 June 2015 (with comparative figures as at 30 June 2014) are as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Present value of Scheme liabilities	(32,805)	(29,473)
Market value of Scheme assets	21,875	19,193
Deficit in the Scheme	(10,930)	(10,280)

The amounts to be recognised in Income and Expenditure for the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Current service cost	1,582	1,162
Interest on Scheme liabilities	1,260	1,202
Expected return on Scheme assets	(1,217)	(1,132)
Total	1,625	1,232
Actual return on Scheme assets	2,648	1,122

Changes in the present value of the Scheme liabilities for the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Present value of Scheme liabilities at beginning of period	29,473	25,811
Service cost including Employee contributions	1,859	1,434
Interest cost	1,260	1,201
Actuarial losses	1,088	1,864
Benefits paid	(875)	(837)
Present value of Scheme liabilities at end of period	32,805	29,473

Changes in the fair value of the Scheme assets for the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Market value of Scheme assets at beginning of period	19,193	18,046
Expected return	1,217	1,132
Actuarial gains/(losses)	1,431	(9)
Contributions paid by the College	632	590
Employee contributions	277	271
Benefits paid	(875)	(837)
Market value of Scheme assets at end of period	21,875	19,193

The expected contributions to be paid by the College for the forthcoming year are:

- From 1 July 2015 to 31 March 2016 18.12% of Contribution Pay for non salary sacrifice members (24.12% of Contribution Pay for salary sacrifice members);
- From 1 April 2016 to 30 June 2016 15.91% of Contribution Pay for non salary sacrifice members (21.91% of Contribution Pay for salary sacrifice members),

Plus Recovery Plan payments of £401,899 and £44,256 to cover expenses.

The above rates exclude PHI and are subject to review at future actuarial valuations.

30. PENSION SCHEMES (continued)

The major categories of Scheme assets as a percentage of total Scheme assets for the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	<u>2015</u>	<u>2014</u>
Equities & Hedge Funds	69%	70%
Bonds & Cash	25%	23%
Property	6%	7%
Total	100%	100%

The expected long term rate of return on the Scheme assets has been set in line with the discount rate, i.e. 3.7%.

The analysis of the amount recognisable in the Consolidated Statement of Total Recognised Gains and Losses (STRGL) for the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) is as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Actual return less expected return on Scheme assets	1,430	(9)
Experience gains and losses arising on Scheme liabilities	421	230
Changes in assumptions underlying the present value of Scheme liabilities	(1,509)	(2,095)
Actuarial gain/(loss) recognised in STRGL	342	(1,874)

The cumulative amount of actuarial gains and losses recognised in the STRGL for the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) is as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Cumulative actuarial loss at beginning of period	(8,159)	(6,285)
Recognised during the period	342	(1,874)
Cumulative actuarial loss at end of period	(7,817)	(8,159)

Movements in the deficit during the year ended 30 June 2015 (with comparative figures for the year ended 30 June 2014) are as follows:

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>
Deficit in Scheme at beginning of year	(10,280)	(7,765)
Service Cost (Employer Only)	(1,582)	(1,162)
Contributions paid by the College	632	590
Finance Cost	(42)	(69)
Actuarial losses	342	(1,874)
Deficit in Scheme at the end of the year	(10,930)	(10,280)

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

	<u>2015</u> <u>£'000</u>	<u>2014</u> <u>£'000</u>	<u>2013</u> <u>£'000</u>	<u>2012</u> <u>£'000</u>	<u>2011</u> <u>£'000</u>
Present value of Scheme liabilities	(32,805)	(29,473)	(25,811)	(20,999)	(18,945)
Market value of Scheme assets	21,875	19,193	18,046	15,839	16,790
Deficit in the Scheme	(10,930)	(10,280)	(7,765)	(5,160)	(2,155)
Actual return less expected return on Scheme assets	1,431	(9)	1,018	(2,932)	1,113
Experience gain/(loss) arising on Scheme liabilities	421	230	12	(105)	80
Change in assumptions underlying present value of Scheme liabilities	(1,509)	(2,095)	(3,261)	(278)	2,443

30. PENSION SCHEMES (continued)**Universities Superannuation Scheme**

A contingent liability exists in relation to the pension valuation recovery plan, since the College is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the College's expenditure is similarly not recognised.

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 College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £323,000 (2014: £296,000). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

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

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount Rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

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

Male members' mortality	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. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

30. PENSION SCHEMES (continued)

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

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 £300,000 (2014: £286,000).

Church of England Funded Pensions Scheme

The College participates in the Church of England Funded Pensions Scheme and employs 1 member of the Scheme (2014: 1) out of a total membership of approximately 8,400 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 £175,000 (2014: £130,000).

31. 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 (2014: £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.

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

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

The College is taking advantage of the exemption within FRS 8 "Related Party Disclosures" not to disclose transactions with wholly owned group companies that are related parties.

32. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

Subsidiaries

The College's principal trading and dormant subsidiary undertakings at 30 June 2015 and 30 June 2014 are set out below.

Subsidiary	Activity	Holding	%
St John's Enterprises Limited	The provision of conference facilities and tourism administration at St John's College, Cambridge. The Company also undertakes activities in relation to healthcare for the College.	2 ordinary shares of £1 each	100%
Aquila Investments Limited	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 management of St John's Innovation Centre on behalf of the College, and the provision of advice and guidance to early-stage knowledge-based businesses in the Cambridge sub-region.	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%

32. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)**Joint Ventures**

The College's joint ventures at 30 June 2015 are set out below; it had no joint ventures at 30 June 2014.

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

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

The College is a member of another joint venture, Barberry Willenhall LLP, which is registered in the United Kingdom. The joint venture has no principal business activity. The College has not provided any capital to the joint venture nor has the College committed to do so as of the date of these accounts.