ST JOHN'S COLLEGE CAMBRIDGE

Annual Report and Financial Statements

for the year ended 30 June 2018

Registered Charity number 1137428

Contents

Trustees' Report

REFERENCE AND ADMINISTRATIVE INFORMATION

Status

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

Address and website

St John's Street
Cambridge
CB2 1TP

www.joh.cam.ac.uk

Charity trustees

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

The Master, Professor Sir Christopher Dobson (Chairman)
Professor Serena Best (to 30 September 2017)
Mr Chris Ewbank
Dr Helen Watson
Miss Sylvana Tomaselli
Dr Frank Salmon
Professor Robert Tombs
Dr Tom Hynes
Professor Graham Burton
Professor Ben Simons
Dr Jason Robinson
Professor Emily Gowers
Mr Stephen Teal
Professor Máire Ní Mhaonaigh (from 1 October 2017)

Senior Officers

Master (or Head of House)	Professor Sir Christopher Dobson
President	Dr Frank Salmon
Senior Tutor	Dr Matthias Dörrzapf (to 30 September 2017)
	Dr Annis May Timpson (from 1 October 2017)
Senior Bursar	Mr Chris Ewbank

Membership of the Governing Body

The members of the Governing Body of the College as at 30 June 2018 are set out below:

Master: Professor Sir C.M. Dobson

President: Dr F.E. Salmon

Other Fellows (in order of election)

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

Principal Advisers

Actuaries	Cartwright Group Ltd, 250 Fowler Avenue, Farnborough Business Park, Farnborough, Hants, GU14 7JP
Auditor	Crowe U.K. LLP, St Brides House, 10 Salisbury Square, London, EC4Y 8EH
Bankers	Barclays Bank PLC, PO Box 885, Mortlock House, Histon, Cambridge, CB24 9DE
Investment Consultant	Willis Towers Watson Ltd, 51 Lime Street, London, EC3M 7DQ
Property Advisers	Savills (L&P) Ltd, Unex House, 132-134 Hills Road, Cambridge, CB2 2PA
	Savills (L&P) Ltd, Wytham Court, 11 West Way, Oxford, OX2 0QL
	Carter Jonas LLP, One Station Square, Cambridge, CB2 1GA
Solicitors	Mills & Reeve LLP, Botanic House, 100 Hills Road, Cambridge, CB2 1PH

GOVERNANCE

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

The members of the College Council, which is responsible for the day-to-day administration of the affairs of the College, are the charity trustees and are responsible for ensuring compliance with charity law. The members of the Council are the Master and twelve Fellows elected by the College's Governing Body for rotating four year terms. The members of the Council during the year ended 30 June 2018 are set out in 'Reference and administrative information' on page 1.

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

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

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

The Master of the College is elected to office by the Fellows until retirement or earlier resignation. He/she 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/her 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 2018, 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; 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, and one Link Area residential event in Cambridge. Additionally the College hosted one Insight, one Realise, four Brilliant Club events, one HE Plus Residential event and one HE Plus event in Preston, and two Sutton Trust Summer Schools, visited 130 schools and hosted some 100 individual school visits to the College. The international outreach programme this year involved numerous school visits in the US, Singapore, Thailand, Hong Kong, Japan and South Africa, the launch of the Hong Kong Scholarship at the British Council in Hong Kong as well as representation of the College at the NCSSS (National Consortium of Specialised STEM Schools) Conference in Chicago, at a Study Fair in Germany and at 8 College Fairs in the US. There was continued contribution to the Cambridge Access Bursary Scheme with some 128 means-tested bursaries being provided in the year, of which 83 were at the maximum bursary level. We awarded 48 St John's College Studentships to students from a low-income background, which in combination with the Cambridge Bursary covered their maintenance expenses in full. There was approximately £200k expenditure on funding students' research projects, summer activities and travel; 14 Pre-Admission prizes to Home students from state schools and 8 different exchange programmes on offer aimed at increasing students' international understanding. We elected three new teaching Fellows starting in October 2018 in Maths, Molecular Biology and Classics. Five outstanding new Research Fellows were elected in Architecture, Biological Chemistry, Classics, Evolutionary Biology and History, and nine new College Research Associates, offering a College affiliation to a significant number of talented post-doctoral researchers in the University.

The principal objectives of the School are to foster the aptitudes and nurture the growth of each child whilst instilling a love of learning through a broad curriculum. The School's focus for the year was to continue helping children take responsibility for their learning through the school's digitally enhanced learning programme, extending them in learning through giving them more choice in the level of work undertaken, developing their critical thinking skills and embedding its Mindset for Learning programme. The School's Emotions for Learning (E4L) Programme and the practice of Mindfulness continue to be central to its provision. In addition, the School began a number of outreach projects including training a local infants' school in the E4L programme, giving drama lessons at a primary school in Suffolk and involving older pupils in a compassionate outreach project.

Highlights of activities and achievements in the year were: 43 leaving pupils gained a total of 17 scholarships and awards to their destination schools; the pass rate for the Common Entrance Examination was 100%. In order to fulfil its objective to provide a broad curriculum, many trips were taken by all year groups throughout the year and a variety of speakers came to talk to children of all ages.

The School's digitally enhanced learning evaluations have continued to show that digital learning, used well, can improve learning through the use of more collaborative teaching methods, creative tasks, research skills, questioning and improving the quality of work through editing. The School has also been mindful of the balance needed between the use of technology and the development of writing skills. In Kindergarten, children have continued to develop independent problem solving and creativity through weekly 'Forest School' lessons in the outdoor area. Pupil Forums in both Byron and Senior House continue to be vehicles through which the views of children can be heard and they can take a leading role in developing the school.

As well as new outreach projects, the School's Sustainability and Social Responsibility development has seen the children continue to raise money to fund the building of a school in Ayensuako, Ghana through the charity Humanitas. It has also begun putting in place plans drawn up by the children for recycling and upcycling and begun looking at plans for environmentally friendly proposals such as the use of solar panels and a transport plan.

The School began a project with a Chinese entity through a subsidiary of St John's College, namely St John's College School (SJCS) International. This will see a nursery built in Nanjing which is due to open in November 2018 and four further nurseries throughout China which will follow the School's ethos and educational philosophy. Financial gain from this project will go towards bursaries and the School's outreach programmes.

Future Plans

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

The school will continue to put the well-being of each child at the centre of its objectives. It believes that giving a broad education enables children to be their best selves and that this is the foundation for academic success. Educational innovation and development will continue, focussing on three main areas. First, flexibility of thinking, which will include the continued development of opportunities for extension of the most able, critical thinking, further embedding of the 'Mindset for Learning' dispositions and a philosophical approach to teaching and learning. The School will join with 'Cambridge Curiosity and Imagination' to train Byron House teachers in a more creative approach and this will be extended to Senior House teachers in due course. Learning through play for the School's youngest children will be further developed and extended from Kindergarten through to Transition 1 (Year 1). Secondly, Sustainability and Social Responsibility, which aims to give children a sense of agency and empowerment in making a difference in the world: for example, children will research and create plans for improving our carbon management and reducing (or balancing) our carbon footprint; recycling and upcyling; and further outreach to other local schools in which we share in joint projects and workshops, led by children; continuing and developing the support of charities. Thirdly, the School aims to continue the development of its site and plans to build a new pavilion on the St John's College playing fields in the next 18 months to replace the current building.

FINANCIAL REVIEW

Scope of the Financial Statements

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

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

The accounts of dormant companies are also consolidated, along with the College's share of the joint venture Barberry Nottingham LLP. The results of SJCS International Limited, which was incorporated on 22 December 2017, have not been consolidated as the activity prior to 30 June 2018 was not material to the group.

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

Results overview

Income before donations and endowments

This represented 83.5% of total income (80.7% in the previous year).

	2018 £'000	2018 % of total	2017 £'000	2017 % of total	Change £'000	% change
Academic fees and charges	4,104	10.6%	3,796	10.7%	308	8.1%
Residences, catering and conferences	6,508	16.9%	6,183	17.3%	325	5.3%
School income	6,578	17.1%	6,499	18.2%	79	1.2%
Investment income	20,746	53.8%	18,629	52.2%	2,117	11.4%
Other income	620	1.6%	580	1.6%	40	6.9%
Total income before donations and endowments	38,556	100.0%	35,687	100.0%	2,869	8.0%

The rise in academic fees and charges follows increases in the number of both undergraduate and graduate students. There was a small reduction in the number of privately funded undergraduate students, but this was offset by an increase in the College fee charged. The increase in investment income results from an increase of £1.1m in rents from investment properties and an increase of £0.7m in income from securities.

Development and Fundraising

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

Income from donations and new endowments represented 16.5% of total income (19.3% in the previous year).

	2018 £'000	2018 % of total	2017 £'000	2017 % of total	Change £'000	% change
Donations	2,154	28.2%	2,006	23.5%	148	7.4%
New endowments	5,475	71.8%	6,543	76.5%	(1,068)	(16.3%)
Total income from donations and new endowments	7,629	100.0%	8,549	100.0%	(920)	(10.8%)

Donations in 2018 continued at a high level in response to the College's ongoing Free Thinking fundraising campaign. Endowment gifts fluctuate significantly from year to year due to the impact of legacies; the figure in 2017 was unusually high, with new endowments in 2018 also above the long-run average. No capital grants were received during the year or the previous year.

St John's College is committed to best practice in relation to all fundraising activities, which are carried out by an in-house Development team who are subject to the scrutiny of the Development Committee and College Council. The College did not engage any third parties to carry out fundraising activities on its behalf during the year. The College is registered with the Fundraising Regulator and has set up internal protocols and procedures to adhere to the Code of Fundraising Practice as a set of guiding principles to ensure fundraising is legal, open, honest and respectful. This national code of practice includes rules governing consent, data sharing, data protection and privacy relating to all electronic and print communications. Within this framework the College is fully compliant with GDPR and PECR regulations. Face to face meetings with donors and potential donors are conducted only with the prior consent of the individual. No formal complaints have been received in the financial year 1 July 2017 to 30 June 2018. A series of guidelines, in line with the recommendations as set out in the Fundraising Regulator's Code of Fundraising Practice, has been adopted to protect vulnerable people and to guard against intrusion on a person's privacy. Unreasonably persistent behaviour by fundraisers or undue pressure on a person to give money or other property is neither tolerated nor encouraged by operating guidelines.

Expenditure

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

	2018 £'000	2018 % of total	2017 £'000	2017 % of total	Change £'000	% change
Education	13,002	30.4%	12,534	30.5%	468	3.7%
Residences, catering and conferences	13,460	31.4%	13,099	32.0%	361	2.8%
School expenditure	6,261	14.6%	6,529	16.0%	(268)	(4.1%)
Other expenditure	2,045	4.8%	2,071	5.1%	(26)	(1.3%)
Investment costs	7,193	16.8%	5,878	14.4%	1,315	22.4%
Contribution under Statute G,II	848	2.0%	816	2.0%	32	3.9%
Total expenditure	42,809	100.0%	40,927	100.0%	1,882	4.6%

Of the £0.5m increase in education expenditure, £0.3m related to increased student financial support, including the second year of the St John's Studentship pilot scheme, and £0.1m to increased teaching costs. School expenditure has reduced due to a reduction of expenditure from designated and restricted funds, and the transfer to fixed assets of certain items expensed in previous years. The increase in investment costs primarily relates to increases in property repair costs, trading costs of Aquila Investments Limited, and securities portfolio management fees.

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

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

	2018 £'000	2018 % of total	2017 £'000	2017 % of total	Change £'000	% change
Staff costs	17,333	40.5%	16,712	40.8%	621	3.7%
Other operating expenses	17,819	41.6%	17,279	42.2%	540	3.1%
Depreciation	6,041	14.1%	5,329	13.0%	712	13.4%
Interest and other finance costs	1,616	3.8%	1,607	4.0%	9	0.6%
Total expenditure	42,809	100.0%	40,927	100.0%	1,882	4.6%

The movement in staff costs includes an increase of £0.3m in the non-cash current service costs of the College's defined benefit pension schemes. Depreciation has increased following the completion of several major capital projects during the year, including the first stage of the New Court refurbishment project, and an increase in capital expenditure in the School.

Results on the distribution basis

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

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

The College's Consolidated Statement of Comprehensive Income and Expenditure on the distribution basis for the years ended 30 June 2018 and 2017 are summarised below:

	2018 £'000	2017 £'000	Change £'000	% change
Income before donations and endowments on a distribution basis	40,418	37,603	2,815	7.5%
Donations and endowments	7,629	8,549	(920)	(10.8%)
Total income on a distribution basis	48,047	46,152	1,895	4.1%
Expenditure before depreciation	36,768	35,598	1,170	3.3%
Operating surplus before depreciation	11,279	10,554	725	6.9%
Depreciation	6,041	5,329	712	13.4%
Surplus before other gains and losses	5,238	5,225	13	0.3%
Deficit before other gains and losses excluding new endowments and capital grants	*(237)*	*(1,318)*	*1,081*	*(82.1%)*

Capital Expenditure

The Group incurred capital expenditure on tangible fixed assets during the year amounting to £7.8m, compared to a prior year figure of £3.4m. £4.5m of the expenditure in the current year related to the completion of the first phase of the New Court refurbishment project, and the College purchased a new hostel close to the College site for £1m. Other projects in the year included upgrades to plant and machinery, and investment in the College’s IT infrastructure.

Balance sheet

Consolidated net assets stood at £818m at 30 June 2018, up £38m (4.9%) on the prior year. This increase was predominantly a result of increases in the value of Endowment assets, reflecting rises in the market value of investments, and expenditure to develop the College’s investment property portfolio.

The reduction in the pension deficit from £15.4m to £14.1m was largely a result of a reduction in inflation assumptions and an increase in the discount rate compared to the prior year. The College is aware that the deficit of £0.6m recognised in relation to the Universities Superannuation Scheme (USS) may be subject to significant change on completion of the 2017 scheme valuation, as outlined in note 24.

During the year, the College repaid £8.9m on a bank loan reaching the end of its term and took out new facilities comprising a £10m one-year loan and a £30m five-year revolving credit facility, of which £15m was drawn at the year end. The facilities are for general corporate purposes, and have been used to fund operational capital expenditure and to provide working capital to cover timing differences in purchases and sales within the investment property portfolio.

Reserves

At 30 June 2018, the unrestricted income and expenditure reserve stood at £248.8m, up £2.7m (1.1%) on the prior year. There were no movements in the year other than the surplus for the year, and actuarial gain on the College’s defined benefit pension schemes shown within Other Comprehensive Income. The revaluation reserve increased by £1.6m to £6.3m due to the revaluation of certain operational properties to market value, prior to transfer into the College’s investment property portfolio.

Restricted reserves increased by £2.4m (7.1%) compared to the prior year; within restricted reserves the balance of funds held for current use increased from £2.4m to £3.3m, and expendable restricted endowments increased from £31.5m to £33.0m. The endowment reserve increased by £31.2m (6.3%) to £526.7m, of which £90.8m (2017: £85.8m) is held in permanent endowment funds with restricted purposes, and £435.9m (2017: £409.7m) in permanent unrestricted endowment funds.

Total funds as at 30 June 2018 were £818m, up £38m (4.9%) from the prior year.

Endowment and Investment Performance

The College has a pool of capital invested for the long-term to support the charitable activities of the College by providing a reliable source of funding for the College’s operations in perpetuity. This is known as the College’s ‘Endowment’ though it includes assets other than the investments as set out in note 9, and does not include those investments held principally for operational purposes.

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 £599.8m at 30 June 2018, up £34.4m (6.1%) from its value at 30 June 2017. The assets and liabilities of the Endowment fall under a number of headings in the accounts, with the following breakdown:

	2018 £'000	2017 £'000	Change £'000	% change
Investments	560,373	513,135	47,238	9.2%
Tangible fixed assets	99	42	57	135.7%
Stock	61	200	(139)	(69.5%)
Trade and other receivables	13,222	2,381	10,841	455.3%
Cash and cash equivalents	52,654	55,700	(3,046)	(5.5%)
Sub-total assets	**626,409**	**571,458**	**54,951**	9.6%
Creditors falling due within one year	(11,624)	(6,085)	(5,539)	91.0%
Creditors falling due after more than one year	(15,000)	-	(15,000)	-
Total	**599,785**	**565,373**	**34,412**	6.1%

Trade and other receivables at 30 June 2018 includes £7.8m proceeds due on securities sold immediately before the year end. The equivalent amount in 2017 was £nil.

The College is exposed to foreign exchange risk on the investments it holds in foreign currencies. The College's policy is not normally to enter into forward foreign exchange contracts to offset exposure to foreign exchange movements in respect of these investments, and none was outstanding at June 2018 or June 2017.

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

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, and the measures taken to manage them, are:

- The long-term impact of the changed student financing and fee model on College fee income: The College monitors the real value of fees for each type of student, and the diversification of the student body between different types of students reduces the possible impact of a significant adverse change in one area of fees or funding;
- The costs of future student financial support: The College has developed a long-term funding strategy for student financial support, and is actively fundraising to support this, including through the establishment of permanent endowment funds to guarantee the availability of funding in the future;
- Movements in investment markets reducing the real value of the Endowment: The College's Investments Committee, with advice from an Investment Consultant, regularly reviews actual and projected returns and monitors the asset allocation within the Endowment to ensure adequate diversification of investments. The target spending rate is set at a prudent level to preserve the purchasing power of the Endowment in real terms, and the spending rule is designed to protect the College from a sudden fall in income should there be a material fall in the markets by the application of a cap and floor on the annual distribution;
- Unexpected building maintenance expenditure: The condition of the estate is monitored through condition surveys, the incidence of complaints or accidents, and the level of interest in booking facilities, and a maintenance and refurbishment programme is in place with the appropriate resources to maintain the College's estate;
- Those arising from the prospective departure of the UK from the European Union: The breadth and extent of the impact of Brexit on 29 March 2019 and beyond remain unclear, but the College is considering possible implications as part of its overall planning, including in the areas of procurement, human resources, student recruitment and funding, investment management, and financial planning; and
- The long-term cost of defined benefit pension provision: The College participates in several defined benefit pension schemes, and estimates future cost of contributions through review of the scheme actuarial valuations

and Pension Trustee communications. The College has taken steps to reduce exposure to rising employer contributions in the largest scheme, through closing the scheme to new entrants and adjusting contributions to ensure a more equitable split between employer and employee contributions, and is making deficit reduction payments into each of the schemes.

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

RESPONSIBILITIES OF THE COLLEGE COUNCIL

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

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

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

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

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

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

STATEMENT OF INTERNAL CONTROL

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

The system of internal control is designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 30 June 2018 and up to the date of approval of the financial statements.

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

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

Key controls used by the College include:

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

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

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

OUTLOOK

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

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 Sir Christopher Dobson	Chris Ewbank
Master	Senior Bursar
15 November 2018	

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

Opinion

We have audited the financial statements of St John's College for the year ended 30 June 2018 which comprise the Consolidated Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Consolidated and Charity Balance Sheet, Consolidated Cashflow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

London

22 November 2018

Statement of Principal Accounting Policies

BASIS OF PREPARATION

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

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

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

PRIOR YEAR RESTATEMENT

The College has reviewed the classification of assets held as investments on the balance sheet. The conclusion of this was to recognise cash held for reinvestment purposes within cash, rather than as a subheading under investments. The figure showing in investments in the prior year accounts and reclassified within cash in the current year comparatives is £31.6m, the overall effect on net assets for the prior year is nil.

BASIS OF ACCOUNTING

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

BASIS OF CONSOLIDATION

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

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

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Pension Benefits

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

Classification of property

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

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

ESTIMATES AND ASSUMPTIONS

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

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

Revaluation of Investment Properties

The College carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The College engaged independent valuation specialists to determine fair value at 30 June 2018. The valuers determined the open market value using the desktop valuation method. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

Valuation of non-quoted investments

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

Pension liability

The College calculates its liability for USS pension deficit based on the current agreed schedule of deficit contributions. Following the 2017 valuation of the scheme, it is expected that there may be significant changes to the contribution schedule in future. Consultations are ongoing and no formal agreement on future rates has been reached, so the College has concluded that the current schedule of deficit contributions is the correct basis for calculation of the liability as at 30 June 2018.

RECOGNITION OF INCOME

Academic Fees

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

Cambridge Bursary Scheme

In 2017-18, payment of the Cambridge Bursaries to eligible students was made directly by the Student Loans Company (SLC). As a consequence, the College reimbursed the SLC for the full amount and the University paid each College their portion (based on their own eligible students).

Rental Income

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

Donations and Benefactions

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

Legacies are recognised when the College is entitled to the funds, when receipt is probable and when amounts can be measured reliably which is the earlier of probate being granted or final estate accounts being received when it becomes probable that a distribution will be made to the College. Where entitlement is demonstrated, the College only recognises income to the extent that future distributions can be measured reliably. For residual legacies this means that the value of future distributions is estimated based on available evidence in the year. These estimates are regularly reviewed and updated as required.

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

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

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

Endowment and Investment Income

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

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

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

For permanent funds where the level of distributable reserves has reached at least 20% of original capital, a total return accounting policy is applied. A proportion of the related earnings and capital appreciation is shown as a transfer within the Consolidated Statement of Comprehensive Income and Expenditure in accordance with the total return concept, with any excess remaining in the endowment fund. For permanent endowment funds with restricted purposes, the sum transferred in the Statement of Comprehensive Income and Expenditure is limited to the qualifying expenditure incurred in the year. The surplus or deficiency of total return, after deducting the annual Endowment transfer, is carried forward as unapplied total return.

Under the total return method, the Endowment transfer is determined by a spending rule which is designed to provide stable annual spending levels and to preserve the real value of the endowment portfolio over time. The spending rule adopted by the College is a 'Constant Growth with Cap and Floor' rule under which the transfer from the Endowment for a particular year is the previous year's transfer increased by RPI-0.5% (2017: RPI-0.5%), subject to a minimum payout of 2.7% (2017: 2.8%) and a maximum payout of 3.7% (2017: 3.8%) of a trailing 3 year average Endowment value. The target spending rate is 3.0%, which reflects long-run expected real returns given the College's asset allocation and long-run expected College inflation. However, the actual spending rate in any year will depend on the results of the spending rule and will therefore vary from the 3.0% target rate. The spending rule provides for the transfer to be adjusted to reflect additions to the Endowment through donations. The College first adopted the Total Return approach to accounting for permanent funds in the year ended 30 June 2008. The breakdown of endowment funds between original capital and unapplied total return is shown in note 16.

Residences, catering and conferences income

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

Other Income

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

INVESTMENT COSTS

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

FOREIGN CURRENCY TRANSLATION

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

TANGIBLE FIXED ASSETS

Land and Buildings

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

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

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

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

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

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

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

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

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

Maintenance of Premises

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

Equipment

Furniture, fittings and equipment costing less than £20,000 (£5,000 in the case of the College School and St John's Innovation Centre Limited) per individual item or group of related items are written off in the year of acquisition. All other assets are capitalised at cost and depreciated on a straight-line basis over their expected useful life as follows:

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

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

Leased Assets

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

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

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

Heritage Assets

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

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

INVESTMENTS

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

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

INVESTMENT PROPERTY

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

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

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

STOCKS

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

PROVISIONS

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

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

TAXATION

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

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

CONTRIBUTION UNDER STATUTE G,II

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

PENSION COSTS

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

Cambridge Colleges Federated Pension Scheme

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

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

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

Universities Superannuation Scheme

The College participates in Universities Superannuation Scheme. The scheme is a hybrid pension scheme, providing defined benefits (for all members), as well as defined contribution benefits. The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The College is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As required by Section 28 of FRS 102 "Employee benefits", the College therefore accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme. Since the institution has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the institution recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore an expense is recognised.

Church of England Funded Pension Scheme

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

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

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

Teachers’ Pension Scheme

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

Defined-Contribution Pension Schemes

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

EMPLOYMENT BENEFITS

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

FUNDS AND RESERVES

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

Endowments

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

> Restricted endowments: where the College can spend the income from the fund on expenditure that meets the fund's objectives.
>
> Unrestricted endowments: where the College can spend the income from the fund on any activity of the College.

Restricted Reserves

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

Unrestricted Reserves

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

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

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

Corporate Capital

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

ST JOHN'S COLLEGE SCHOOL

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

Consolidated Statement of Comprehensive Income and Expenditure

Year ended 30 June	Note	Unrestricted £000	Restricted £000	Endowment £000	2018 Total £000	Unrestricted £000	Restricted £000	Endowment £000	2017 Total £000
Income									
Academic fees and charges	1	4,104	-	-	4,104	3,796	-	-	3,796
Residences, catering and conferences	2	6,508	-	-	6,508	6,183	-	-	6,183
School income		6,578	-	-	6,578	6,499	-	-	6,499
Investment income	3d	205	133	20,408	20,746	95	43	18,491	18,629
Endowment return transferred		11,721	1,822	(13,543)	-	11,195	1,712	(12,907)	-
Other income		620	-	-	620	580	-	-	580
Total income before donations and endowments		29,736	1,955	6,865	38,556	28,348	1,755	5,584	35,687
Donations		295	1,859	-	2,154	269	1,737	-	2,006
New endowments		520	612	4,343	5,475	-	1,461	5,082	6,543
Other capital grants for assets		-	-	-	-	-	-	-	-
Total income from donations and new endowments		815	2,471	4,343	7,629	269	3,198	5,082	8,549
Total income		**30,551**	**4,426**	**11,208**	**46,185**	**28,617**	**4,953**	**10,666**	**44,236**
Expenditure									
Education	4	9,863	3,139	-	13,002	9,670	2,864	-	12,534
Residences, catering and conferences	5	13,363	97	-	13,460	13,020	79	-	13,099
School expenditure		6,149	112	-	6,261	6,365	164	-	6,529
Other expenditure		1,891	154	-	2,045	1,884	187	-	2,071
Investment costs	3c	174	144	6,875	7,193	150	119	5,609	5,878
Contribution under Statute G,II		658	190	-	848	648	168	-	816
Total expenditure	6a/b	**32,098**	**3,836**	**6,875**	**42,809**	**31,737**	**3,581**	**5,609**	**40,927**
(Deficit)/surplus before other gains and losses		**(1,547)**	**590**	**4,333**	**3,376**	**(3,120)**	**1,372**	**5,057**	**3,309**
(Deficit)/surplus before other gains and losses excluding new endowments & capital grants		*(2,067)*	*(22)*	*(10)*	*(2,099)*	*(3,120)*	*(89)*	*(25)*	*(3,234)*
Gain on investments	3e	2,265	1,823	26,865	30,953	5,635	4,308	41,269	51,212
Surplus for the year		**718**	**2,413**	**31,198**	**34,329**	**2,515**	**5,680**	**46,326**	**54,521**
Other comprehensive income									
Unrealised surplus on revaluation of fixed assets		1,641	-	-	1,641	3,944	-	-	3,944
Actuarial gain/(loss) in respect of pension schemes	15	1,999	-	-	1,999	(2,835)	-	-	(2,835)
Total comprehensive income for the year		**4,358**	**2,413**	**31,198**	**37,969**	**3,624**	**5,680**	**46,326**	**55,630**

Summary Consolidated Statement of Comprehensive Income and Expenditure

Year ended 30 June	Note	2018 Total £000	2017 Total £000
Income			
Academic fees and charges	1	4,104	3,796
Residences, catering and conferences	2	6,508	6,183
School Income		6,578	6,499
Investment income	3d	20,746	18,629
Other income		620	580
Total income before donations and endowments		38,556	35,687
Donations		2,154	2,006
New endowments		5,475	6,543
Other capital grants for assets		-	-
Total income from donations and new endowments		7,629	8,549
Total income		**46,185**	**44,236**
Expenditure			
Education	4	13,002	12,534
Residences, catering and conferences	5	13,460	13,099
School expenditure		6,261	6,529
Other expenditure		2,045	2,071
Investment costs	3c	7,193	5,878
Contribution under Statute G,II		848	816
Total expenditure	6a/b	**42,809**	**40,927**
Surplus/(deficit) before other gains and losses		3,376	**3,309**
Deficit before other gains and losses excluding new endowments & capital grants		*(2,099)*	*(3,234)*
Gain on investments	3e	30,953	51,212
Surplus for the year		**34,329**	**54,521**
Other comprehensive income			
Unrealised surplus on revaluation of fixed assets		1,641	3,944
Actuarial (loss)/gain in respect of pension schemes	15	1,999	(2,835)
Total comprehensive income for the year		**37,969**	**55,630**

Additional information:

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

	2018 £000	2017 £000
Total income on a distribution basis (as defined on Page 9 of the Trustees' Report)	48,047	46,152
Deficit before other gains and losses excluding new endowments & capital grants on a distribution basis	(237)	(1,318)

Statement of Changes in Reserves

Consolidated

	Income and expenditure reserve			Revaluation	
	Unrestricted	Restricted	Endowment	reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2017	246,092	33,864	495,479	4,646	780,081
Surplus for the year	718	2,413	31,198	-	34,329
Other comprehensive income	1,999	-	-	1,641	3,640
Transfers between reserves	-	-	-	-	-
Balance at 30 June 2018	**248,809**	**36,277**	**526,677**	**6,287**	**818,050**

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

College

	Income and expenditure reserve			Revaluation	
	Unrestricted	Restricted	Endowment	reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 July 2017	246,030	33,864	494,110	4,646	778,650
Surplus for the year	710	2,413	32,702	-	35,825
Other comprehensive income	1,999	-	-	1,641	3,640
Transfers between reserves	-	-	-	-	-
Balance at 30 June 2018	**248,739**	**36,277**	**526,812**	**6,287**	**818,115**

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

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

Consolidated Balance Sheet

As at 30 June	Note	2018 £'000	2018 £'000	Restated 2017 £'000	Restated 2017 £'000
Non-current Assets					
Tangible fixed assets	8		251,033		248,368
Heritage assets			530		530
Investments before investment in joint venture		564,912		522,744	
Investment in joint venture: Share of gross assets		70		279	
Share of gross liabilities		-		(3)	
Investments including investment in joint venture	9		564,982		523,020
Current Assets					
Stock	10		668		800
Trade and other receivables	11		12,992		2,805
Cash and cash equivalents	12		60,201		57,771
Current Liabilities					
Creditors: amounts falling due within one year	13		(15,126)		(10,150)
Net current (liabilities)/assets			58,735		51,226
Total assets less current liabilities			875,280		823,144
Creditors: amounts falling due after more than one year	14		(43,140)		(27,692)
Net assets excluding pension liability			832,140		795,452
Net pension liability	15		(14,090)		(15,371)
Net assets including pension liability			**818,050**		**780,081**
Restricted reserves					
Income and expenditure reserve – endowment reserve	16		526,677		495,479
Income and expenditure reserve – restricted reserve	17		36,277		33,864
			562,954		529,343
Unrestricted Reserves					
Income and expenditure reserve – unrestricted			248,809		246,092
Revaluation reserve			6,287		4,646
			255,096		250,738
Total Reserves			**818,050**		**780,081**

These Financial Statements were approved by the College Council and authorised for issue on 15 November 2018 and signed on their behalf by:

Professor Sir Christopher Dobson
Master

Chris Ewbank
Senior Bursar

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

College Balance Sheet

As at 30 June	Note	2018 £'000	Restated 2017 £'000
Fixed Assets			
Tangible assets	8	251,260	248,660
Heritage assets		530	530
Investments	9	570,184	526,640
Current Assets			
Stock	10	596	579
Trade and other receivables	11	14,184	4,123
Cash and cash equivalents	12	54,171	51,899
Current Liabilities			
Creditors: amounts falling due within one year	13	(15,580)	(10,718)
Net current assets		53,371	45,883
Total assets less current liabilities		875,345	821,713
Creditors: amounts falling due after more than one year	14	(43,140)	(27,692)
Net assets excluding pension liability		832,205	794,021
Net pension liability	15	(14,090)	(15,371)
Net assets including pension liability		**818,115**	**778,650**
Restricted reserves			
Income and expenditure reserve – endowment reserve	16	526,812	494,110
Income and expenditure reserve – restricted reserve	17	36,277	33,864
		563,089	527,974
Unrestricted Reserves			
Income and expenditure reserve – unrestricted		248,739	246,030
Revaluation reserve		6,287	4,646
		255,026	250,676
Total Reserves		**818,115**	**778,650**

The College recorded a surplus for the financial year of £35,825k (2017: £53,684k) and other comprehensive income of £3,640k (2017: £1,109k).

These Financial Statements were approved by the College Council and authorised for issue on 15 November 2018 and signed on their behalf by:

Professor Sir Christopher Dobson
Master

Chris Ewbank
Senior Bursar

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

Consolidated Cash Flow Statement

Year to 30 June	Note	2018 £'000	Restated 2017 £'000
Net cash outflow from operating activities	19	(2,494)	(2,065)
Cash flows from investing activities	20	(9,299)	7,770
Cash flows from financing activities	21	14,223	(1,861)
(Decrease)/increase in cash and cash equivalents in the year		2,430	3,844
Cash and cash equivalents at beginning of the year		57,771	53,927
Cash and cash equivalents at end of the year	12	60,201	57,771

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

Notes to the Financial Statements

1. ACADEMIC FEES AND CHARGES

	2018 £'000	2017 £'000
College Fees		
Fee income paid on behalf of undergraduates at the regulated undergraduate fee rate (per capita fee £4,473/£4,625/£4,500 (2017: £4,392/£4,500))	2,447	2,292
Unregulated undergraduate fee income (per capita fee £7,500 (2017: £6,800))	563	550
Fee income received at the Graduate fee rate (per capita fee £3,481 (2017: £3,283))	797	657
	3,807	3,499
Other Educational income	297	297
Total	**4,104**	**3,796**

2. RESIDENCES, CATERING AND CONFERENCES INCOME

	2018 £'000	2017 £'000
Accommodation:		
College Members	4,589	4,286
Conferences	334	411
Catering:		
College Members	761	731
Conferences	824	755
Total	**6,508**	**6,183**

3. ENDOWMENT RETURN AND INVESTMENT INCOME

3a ANALYSIS OF INCOME

		2018 £'000	2017 £'000
Income from:			
Property		12,176	11,073
Securities		1,054	320
Cash		51	34
St John's Innovation Centre Limited		1,128	1,127
Aquila Investments Limited		223	100
Lomas Developments Limited		2	1
Total		**14,634**	**12,655**
Income allocated to:			
Permanent funds accounted for on a Total Return basis	3d	14,276	12,507
Permanent funds accounted for on a Standard Income basis		20	10
Expendable funds		338	138
Total		**14,634**	**12,655**

3b ANALYSIS OF GAINS ON INVESTMENTS

		2018 £'000	Restated 2017 £'000
Capital gains from:			
Property		21,774	20,962
Securities		15,643	37,811
Foreign exchange movements on foreign exchange contracts		-	(1,505)
	9	37,417	57,235
Gains on cash and cash equivalents		(352)	(49)
		37,065	**57,186**

3. ENDOWMENT RETURN AND INVESTMENT INCOME (continued)

		2018 £'000	2017 £'000
Capital gains allocated to:			
Permanent funds accounted for on a Total Return basis	3f	32,699	46,448
Permanent funds accounted for on a Standard Income basis		278	795
Expendable funds		4,088	9,943
		37,065	**57,186**

3c ANALYSIS OF INVESTMENT COSTS

		2018 £'000	2017 £'000
Investment property portfolio costs		3,946	3,137
Trading costs of St John's Innovation Centre Limited		1,375	1,372
Trading costs of Aquila Investments Limited		328	37
Trading costs of Lomas Development Limited		48	26
Investment consultant, custodian/reporting and cash management fees		146	172
Securities portfolio management fees		1,206	1,006
Other securities portfolio operating costs		144	128
Total		**7,193**	**5,878**
Costs allocated to:			
Permanent funds accounted for on a Total Return basis	3d	6,853	5,583
Permanent funds accounted for on a Standard Income basis		22	26
Expendable funds		318	269
Total		**7,193**	**5,878**

3d RECONCILIATION OF INVESTMENT INCOME INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

		2018 £'000	2017 £'000
Investment costs allocated to permanent funds accounted for on a total return basis	3c	6,853	5,583
Total return on permanent funds accounted for on a total return basis transferred to income and expenditure		13,535	12,898
Less: investment income allocated to permanent funds accounted for on a total return basis	3a	(14,276)	(12,507)
Endowment drawdown from Unapplied Total Return added to Investment Income		6,112	5,974
Plus: Investment Income	3a	14,634	12,655
Total Investment Income included in the Consolidated Statement of Comprehensive Income and Expenditure		**20,746**	**18,629**

3e RECONCILIATION OF GAINS ON INVESTMENTS INCLUDED IN THE STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

		2018 £'000	2017 £'000
Total capital gains on investments	3b	37,065	57,186
Less: Endowment drawdown from Unapplied Total Return added to Investment Income	3d	(6,112)	(5,974)
Gains on investments for year included within Statement of Comprehensive Income and Expenditure		**30,953**	**51,212**

3. ENDOWMENT RETURN AND INVESTMENT INCOME (continued)

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

		2018 £'000	2017 £'000
Allocated investment income	3a	14,276	12,507
Apportioned gains on investments	3b	32,699	46,448
Allocated investment costs	3c	(6,853)	(5,583)
Total return for year		40,122	53,372
Total return transferred to income and expenditure reserve		(13,535)	(12,898)
Unapplied total return for year included within Statement of Comprehensive Income and Expenditure	**18**	**26,587**	**40,474**

4. EDUCATION EXPENDITURE

	2018 £'000	2017 £'000
Teaching	4,756	4,622
Tutorial	2,020	1,812
Admissions	792	836
Research	1,735	1,779
Scholarships and awards	3,235	3,030
Other educational facilities	464	455
Total	**13,002**	**12,534**

5. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

	2018 £'000	2017 £'000
Accommodation:		
College Members	9,725	9,484
Conferences	386	301
Catering:		
College Members	2,929	2,921
Conferences	420	393
Total	**13,460**	**13,099**

6. ANALYSIS OF EXPENDITURE BY ACTIVITY

6a 2018 Expenditure		Staff Costs (note 7) £'000	Other Operating Expenses £'000	Depreciation (note 8) £'000	Interest and other finance costs £'000	2018 Total £'000
Education	4	5,883	5,652	1,162	305	**13,002**
Residences, catering and conferences	5	5,398	2,788	4,177	1,097	**13,460**
School		4,342	1,023	682	214	**6,261**
Other		782	1,263	-	-	**2,045**
Investment costs	3c	928	6,245	20	-	**7,193**
Contribution under Statute G, II		-	848	-	-	**848**
Total expenditure		**17,333**	**17,819**	**6,041**	**1,616**	**42,809**

Expenditure includes fundraising costs of £575k.

6. ANALYSIS OF EXPENDITURE BY ACTIVITY (continued)

6b 2017 Expenditure

	Note	Staff Costs (note 7) £'000	Other Operating Expenses £'000	Depreciation (note 8) £'000	Interest and other finance costs £'000	2018 Total £'000
Education	4	5,706	5,429	1,097	302	**12,534**
Residences, catering and conferences	5	5,109	2,963	3,942	1,085	**13,099**
School		4,215	1,823	271	220	**6,529**
Other		809	1,262	-	-	**2,071**
Investment costs	3c	873	4,986	19	-	**5,878**
Contribution under Statute G, II		-	816	-	-	**816**
Total expenditure		**16,712**	**17,279**	**5,329**	**1,607**	**40,927**

Expenditure includes fundraising costs of £722k.

6c Auditors' remuneration

Other operating expenses include:

	2018 £'000	2017 £'000
Audit fees payable to the College's external auditor		
For the audit of the College	60	55
For the audit of subsidiary companies	15	18
Other advisory fees payable to the College's external auditor	4	-
Total fees payable to the College's external auditor	**79**	**73**
Audit fees payable to other firms for the audit of St John's College School	-	9
Total auditors' remuneration	**79**	**82**

Amounts stated above include unrecoverable VAT

During the year Crowe U.K. LLP replaced Deloitte LLP as the College auditors, the amount payable to Crowe U.K. LLP in the year was £79k (2017: £nil).

7. STAFF COSTS

Staff Costs	College Fellows £'000	Other Academic £'000	Non-Academic £'000	2018 Total £'000	2017 Total £'000
Emoluments	2,334	266	11,038	13,638	13,317
Social security costs	240	13	995	1,248	1,246
Other pension costs	315	32	2,100	2,447	2,149
Total	**2,889**	**311**	**14,133**	**17,333**	**16,712**

In addition to the costs shown above, the College paid £179k (2017: £144k) in the year for staff medical cover.

Staff Numbers	College Fellows	Other Academic	Non-Academic	2018 Total	2017 Total
Stipendiary Fellows	93	-	-	93	97
Average staff numbers (full-time equivalents)	-	11	382	393	371
Total	**93**	**11**	**382**	**486**	**468**

	2018 number	2017 number
The Governing Body of the College, comprising all Fellows, at 30 June was	150	158

7. STAFF COSTS (continued)

Average staff numbers (full-time equivalents) include 111 (2017: 104) School staff and 23 (2017: 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:

	2018 number	2017 number
Between £110,000 and £120,000	2	2
Between £120,001 and £130,000	1	-
Between £130,001 and £140,000	-	1
Between £150,001 and £160,000	1	-

Key management personnel

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

	2018 Total £'000	2017 Total £'000
Key management personnel	578	530

8. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	2018 Total £'000	2017 Total £'000
Cost/Valuation					
At beginning of year	300,775	3,345	1,907	306,027	304,995
Additions at cost	6,633	588	617	7,838	3,375
Revaluation	1,349	-	-	1,349	3,196
Disposals at cost	(41)	(88)	(101)	(230)	(639)
Transfers	(700)	-	-	(700)	(4,900)
At end of year	308,016	3,845	2,423	314,284	306,027
Depreciation					
At beginning of year	53,667	2,777	1,215	57,659	53,657
Charge for the year	5,056	608	377	6,041	5,329
Revaluation	(292)	-	-	(292)	(748)
Eliminated on disposals	-	(88)	(69)	(157)	(579)
At end of year	58,431	3,297	1,523	63,251	57,659
Net Book value At end of year	**249,585**	**548**	**900**	**251,033**	**248,368**
At beginning of year	247,108	568	692	248,368	251,338

8. TANGIBLE FIXED ASSETS (continued)

College	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	2018 Total £'000	2017 Total £'000
Cost/Valuation					
At beginning of year	301,175	3,252	1,878	306,305	305,274
Additions at cost	6,633	510	617	7,760	3,374
Revaluation	1,349	-	-	1,349	3,196
Disposals at cost	(41)	(88)	(101)	(230)	(639)
Transfers	(700)	-	-	(700)	(4,900)
At end of year	308,416	3,674	2,394	314,484	306,305
Depreciation					
At beginning of year	53,734	2,723	1,188	57,645	53,654
Charge for the year	5,064	592	372	6,028	5,318
Revaluations	(292)	-	-	(292)	(748)
Eliminated on disposals	-	(88)	(69)	(157)	(579)
At end of year	58,506	3,227	1,491	63,224	57,645
Net Book Value At end of year	**249,910**	**447**	**903**	**251,260**	**248,660**
At beginning of year	247,441	529	690	248,660	251,620

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

The insured value of freehold buildings as at 30 June 2018 was £300,868k (2017: £296,037k).

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

Heritage Assets

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

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

9. INVESTMENTS

	Group 2018 £'000	Group Restated 2017 £'000	College 2018 £'000	College Restated 2017 £'000
Balance at beginning of year	523,020	464,787	526,640	468,671
Additions	72,565	33,083	72,565	33,136
Disposals	(68,720)	(36,985)	(66,451)	(36,349)
Gain	37,417	57,235	36,730	56,282
Transfers from/(to) College Operations	700	4,900	700	4,900
Balance at end of year	564,982	523,020	570,184	526,640
Represented by:				
Property	340,039	290,152	335,588	284,120
Securities	224,943	232,868	224,943	232,868
Investments in subsidiary undertakings	-	-	9,652	9,652
	564,982	523,020	570,184	526,640

10. STOCKS

	Group 2018 £'000	Group 2017 £'000	College 2018 £'000	College 2017 £'000
Goods for resale	628	760	565	549
Other stocks	40	40	31	30
Total stocks	**668**	**800**	**596**	**579**

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

11. TRADE AND OTHER RECEIVABLES

	Group 2018 £'000	Group 2017 £'000	College 2018 £'000	College 2017 £'000
Amounts due within one year:				
Net sums due from members of the College	182	177	182	177
Amounts due from subsidiary undertakings	-	-	1,565	1,638
Other trade debtors	9,186	1,148	8,947	966
Other loans	-	10	-	10
Other taxes	487	52	480	38
Prepayments	362	624	304	597
Accrued income	2,775	681	2,706	584
	12,992	2,692	14,184	4,010
Amounts due after more than one year:				
Other loans	-	113	-	113
	12,992	**2,805**	**14,184**	**4,123**

12. CASH AND CASH EQUIVALENTS

	Group		College	
		Restated		Restated
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Short-term money market deposits	15,128	10,659	15,128	10,659
Bank deposits	-	2,500	-	2,500
Current accounts	45,073	44,612	39,043	38,740
Total	**60,201**	**57,771**	**54,171**	**51,899**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		College	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	1,422	1,272	1,406	1,202
Members of the College	122	75	122	75
Amounts due to subsidiary undertakings	-	-	904	909
Contribution under Statute G,II	848	816	848	816
Bank loans due within one year	652	620	652	620
Other creditors	1,961	1,428	1,961	1,428
Other taxation and social security	611	505	472	379
Accruals and deferred income	9,510	5,434	9,215	5,289
Total	**15,126**	**10,150**	**15,580**	**10,718**

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

	Group and College	
	2018	2017
	£'000	£'000
Bank loans	43,140	27,692

	Group and College	
	2018	2017
Bank loans repayable	£'000	£'000
Between two and five years	27,969	11,721
After five years	15,171	15,971
Total borrowings	**43,140**	**27,692**

In 2006, the College entered into an unsecured bank loan for £20 million, repayments on this started in the 2016-17 year and the loan has an interest rate fixed at 5.16% until June 2036. In 2013 the College entered into a further unsecured bank loan for £8.9 million, the interest rate is fixed at 2.38% for £8.9 million, the loan was fully repaid in the year. In the current year, the College entered into an unsecured revolving credit facility for up to £30 million, of which £15m has been drawn down, this facility has a five year term and a floating interest rate. In addition, the College entered into a further unsecured bank loan for £10 million, for a one year term with a variable interest rate.

15. PENSION LIABILITIES (NOTE 24)

	Group and College 2018 £'000	Group and College 2017 £'000
Balance at beginning of year	15,371	12,189
Movement in year:		
Current service cost including life assurance	1,822	1,586
Contributions	(1,498)	(1,575)
Other finance cost	394	336
Actuarial loss/(gain) recognised in the Statement of Consolidated Income and Expenditure	(1,999)	2,835
Balance at end of year	**14,090**	**15,371**
Balance attributable to:		
Cambridge Colleges' Federated Pension Scheme	13,422	14,640
Universities Superannuation Scheme	644	708
Church of England Funded Pensions Scheme	24	23
Balance at end of year	**14,090**	**15,371**

16. ENDOWMENTS

Group	Unrestricted Permanent £'000	Restricted Permanent £'000	2018 Total £'000	2017 Total £'000
Balance at beginning of year:				
Capital	160,992	38,943	**199,935**	173,379
Unapplied Total Return	248,655	46,889	**295,544**	255,405
	409,647	85,832	**495,479**	428,784
New endowments received	2,491	1,852	**4,343**	5,082
Investment Income	20,072	336	**20,408**	18,491
Expenditure	(18,201)	(2,217)	**(20,418)**	(18,516)
Transfer from/(to) Corporate Capital reserve	-	-	**-**	20,060
Transfer from Unspent Income	-	-	**-**	84
Reclassification of funds	-	-	**-**	225
Increase in market value of investments	21,906	4,959	**26,865**	41,269
Balance at end of year	**435,915**	**90,762**	**526,677**	**495,479**
Comprising:				
Capital	163,544	39,765	**203,309**	199,935
Unapplied Total Return	272,371	50,997	**323,368**	295,544
	435,915	**90,762**	**526,677**	**495,479**
Analysed by Primary Purpose:				
Chapel/Choir	-	1,347	**1,347**	1,240
Education	-	8,755	**8,755**	8,318
Field Sports	-	3,901	**3,901**	3,783
Library	-	1,653	**1,653**	1,604
LMBC	-	1,173	**1,173**	1,118
Research	-	14,325	**14,325**	13,225
Scholarship/Awards	-	51,703	**51,703**	48,925
School	-	680	**680**	656
Other	-	7,225	**7,225**	6,963
General Endowments	435,915	-	**435,915**	409,647
Total	**435,915**	**90,762**	**526,677**	**495,479**

16. ENDOWMENTS (continued)

College	**Unrestricted Permanent £'000**	**Restricted Permanent £'000**	**2018 Total £'000**	**2017 Total £'000**
Balance at beginning of year:				
Capital	160,992	38,943	199,935	178,065
Unapplied Total Return	247,286	46,889	294,175	254,537
	408,278	85,832	494,110	432,602
New endowments received	2,491	1,852	4,343	5,082
Investment Income	12,614	336	12,950	17,194
Expenditure	(14,708)	(2,217)	(16,925)	(17,221)
Transfer from/(to) Corporate Capital reserve	-	-	-	15,707
Transfer from Unspent Income	-	-	-	84
Reclassification of funds	-	-	-	225
Increase in market value of investments	27,375	4,959	32,334	40,437
Balance at end of year	**436,050**	**90,762**	**526,812**	**494,110**
Comprising:				
Capital	163,544	39,765	203,309	199,935
Unapplied Total Return	272,506	50,997	323,503	294,175
	436,050	**90,762**	**526,816**	**494,110**
Analysed by Primary Purpose:				
Chapel/Choir	-	1,347	**1,347**	1,240
Education	-	8,755	**8,755**	8,318
Field Sports	-	3,901	**3,901**	3,783
Library	-	1,653	**1,653**	1,604
LMBC	-	1,173	**1,173**	1,118
Research	-	14,325	**14,325**	13,225
Scholarship/Awards	-	51,703	**51,703**	48,925
School	-	680	**680**	656
Other	-	7,225	**7,225**	6,963
General Endowments	436,050	-	**436,050**	408,278
Total	**436,050**	**90,762**	**526,812**	**494,110**

17. RESTRICTED RESERVES

Group and College	Other Restricted Funds £'000	2018 Total £'000	2017 Total £'000
Balance at beginning of year	33,864	33,864	28,268
New grants	-	-	-
New donations	1,859	1,859	1,737
New endowments	612	612	1,461
Investment income	1,955	1,955	1,755
Capital grants utilised	-	-	-
Expenditure funded from restricted funds	(3,836)	(3,836)	(3,581)
Gains on investments	1,823	1,823	4,308
Transfer of Unspent Income to Endowment	-	-	(84)
Balance at end of year	**36,277**	**36,277**	**33,864**
Analysed by Primary Purpose:			
Chapel/Choir	2,541	2,541	2,460
Education	2,975	2,975	2,886
Library	1,330	1,330	1,292
Maintenance	941	941	901
Research	186	186	177
Scholarship/Awards	26,781	26,781	24,708
School	981	981	1,024
Other	542	542	416
Total	36,277	36,277	**33,864**

18. MEMORANDUM OF UNAPPLIED TOTAL RETURN

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

Group	Note	2018 £'000	2017 £'000
Unapplied Total Return at beginning of year	16	295,544	255,405
Opening Unapplied Total Return of funds adopting total return for the first time in the year		1,237	-
Transfer to Corporate Capital reserve		-	(355)
Unapplied Total Return for the year	3f	26,587	40,474
Unapplied Total Return at end of year	16	**323,368**	**295,544**

College	Note	2018 £'000	2017 £'000
Unapplied Total Return at beginning of year	16	294,175	254,537
Opening Unapplied Total Return of funds adopting total return for the first time in the year		1,237	-
Unapplied Total Return for the year		28,091	39,638
Unapplied Total Return at end of year	16	**323,503**	**294,175**

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

	2018 £'000	2017 £'000
Surplus for the year	34,329	54,521
Adjustment for non-cash items		
Depreciation	6,041	5,329
Endowment drawdown from unapplied total return	(6,112)	(5,974)
Gain on investments	(30,953)	(51,179)
Decrease/(increase) in operational stocks	15	(52)
(Increase)/decrease in operational trade and other receivables	(309)	385
(Decrease)/increase in operational creditors	(6)	64
Pension costs less contributions payable	326	11
Adjustment for investing or financing activities		
Net investment income	(7,441)	(6,777)
Interest and other finance costs payable	1,616	1,607
Net cash outflow from operating activities	**(2,494)**	**(2,065)**

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2018 £'000	Restated 2017 £'000
Proceeds from sales of non-current fixed assets	772	4,960
Net investment income	7,441	6,777
Endowment funds (invested)/disinvested	(4,545)	(998)
(Decrease)/increase in investment working capital	(4,777)	488
(Losses) on cash and cash equivalents	(352)	(82)
Payments made to acquire non-current assets	(7,838)	(3,375)
Total cash flows from investing activities	**(9,299)**	**7,770**

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2018 £'000	2017 £'000
Interest paid	(1,257)	(1,273)
Repayments of amounts borrowed	(9,520)	(588)
Cash inflow from new financing	25,000	-
Total cash flows from financing activities	**14,223**	**(1,861)**

22. CAPITAL COMMITMENTS

Capital commitments at 30 June were as follows:	2018 £'000	2017 £'000
Authorised and contracted	**828**	**2,086**

23. LEASE COMMITMENTS

Operating Lease Commitments

Total future minimum lease payments under non-cancellable operating leases at 30 June were as follows:	Group 2018 £'000	Group 2017 £'000	College 2018 £'000	College 2017 £'000
Expiring within one year	2	32	2	27
Expiring between two and five years	95	20	87	12
	97	**52**	**89**	**39**

Finance Lease Commitments

Total commitments under finance leases as at 30 June were as follows:	Group 2018 £'000	Group 2017 £'000	College 2018 £'000	College 2017 £'000
Expiring within one year	-	8	-	8
Expiring between two and five years	-	-	-	-
	-	**8**	**-**	**8**

24. PENSION SCHEMES

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

Cambridge Colleges' Federated Pension Scheme

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

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

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

	2018 % p.a.	2017 % p.a.
Discount rate	2.70	2.60
Increase in salaries	2.75	2.85
RPI assumption	3.25	3.35
CPI assumption	2.25	2.35
Pension increases in payment (RPI Max 5% p.a.)	3.15	3.25
Pension increases in payment (CPI Max 2.5% p.a.)	1.80	1.85

The underlying mortality assumption is based upon the standard table known as S2PA on a year of birth usage with CMI_2017 future improvement factors and a long-term rate of future improvement of 1.25% p.a. (2017: S2PA with CMI_2016 future improvement factors and a long-term future improvement rate of 1.25% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 21.9 years (previously 21.1 years).
- Female age 65 now has a life expectancy of 23.8 years (previously 23.9 years).
- Male age 45 now and retiring in 20 years has a life expectancy of 23.3 years (previously 23.5 years).
- Female age 45 now and retiring in 20 years has a life expectancy of 25.4 years (previously 25.4 years).

Members are assumed to retire at their normal retirement age (65) apart from in the following indicated cases:

	Male	Female
Active Members – Option 1 Benefits	65	63
Deferred Members – Option 1 Benefits	62	60

24. PENSION SCHEMES (continued)

Employee Benefit Obligations

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

	2018 £'000	2017 £'000
Present value of plan liabilities	(45,394)	(45,137)
Market value of plan assets	31,972	30,497
Net defined benefit liability	**(13,422)**	**(14,640)**

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

	2018 £'000	2017 £'000
Current service cost	1,407	1,183
Administrative cost	44	44
Interest on net defined liability	382	323
Total	**1,833**	**1,550**

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

	2018 £'000	2017 £'000
Present value of plan liabilities at beginning of period	45,137	37,709
Current service cost (including Employee contributions)	1,406	1,183
Employee contributions	382	335
Benefits paid	(1,070)	(719)
Interest on plan liabilities	1,182	1,067
Actuarial losses	(1,643)	5,562
Present value of plan liabilities at end of period	**45,394**	**45,137**

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

	2018 £'000	2017 £'000
Market value of plan assets at beginning of period	30,497	26,226
Contributions paid by the College	1,076	1,165
Employee contributions	382	335
Benefits paid	(1,070)	(719)
Administrative expenses paid	(86)	(80)
Interest on plan assets	799	744
Return on assets, less interest included in the statement of comprehensive income	374	2,826
Market value of plan assets at end of period	**31,972**	**30,497**
Actual return on plan assets	**1,174**	**3,569**

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

	2018	2017
Equities	64%	67%
Bonds and cash	30%	27%
Property	6%	6%
Total	**100%**	**100%**

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

24. PENSIONS SCHEMES (continued)

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

	2018	2017
	£'000	£'000
Return on assets, less interest included in Profit and Loss	374	2,826
Expected less actual plan expenses	(41)	(36)
Experience gains and losses arising on plan liabilities	(525)	75
Changes in assumptions underlying the present value of plan liabilities	2,168	(5,637)
Remeasurement of net defined benefit liability recognised in Other Comprehensive Income	**1,976**	**(2,772)**

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

	2017	2017
	£'000	£'000
Deficit in plan at beginning of period	(14,640)	(11,483)
Recognised in Statement of Comprehensive Income	(1,833)	(1,550)
Contributions paid by the College	1,076	1,165
Actuarial (loss)/gain recognised in other comprehensive income	1,975	(2,772)
Deficit in plan at the end of period	**(13,422)**	**(14,640)**

Funding Policy

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

The last such valuation was as at 31 March 2017. This showed that the plan's assets were insufficient to cover the liabilities on the funding basis. A Recovery Plan has been agreed with the College, which commits the College to paying contributions to fund the shortfall.

These deficit reduction contributions are incorporated into the plan's Schedule of Contributions dated 28 June 2018 and are as follows:

- Annual contributions of not less than £401,899 p.a. payable for the period from 1 July 2018 to 31 March 2030.

These payments are subject to review following the next funding valuation, due as at 31 March 2020.

Universities Superannuation Scheme

The total cost charged to the profit and loss account is £355k (2017: £435k)

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

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

In accordance with the requirements of the SORP, the College currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of this provision, which has been discounted at a rate of 2.16% as at 30 June 2018, are included in note 15 to the financial statements.

24. **PENSIONS SCHEMES (continued)**

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formerly completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

In the judgement of the College, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risk that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The College expects to have greater clarity in this respect during the next financial year.

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

	2018 % p.a.	2017 % p.a.
Discount rate	2.64	2.57
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.02	2.41

The main demographic assumption used relates to the mortality assumptions. These assumptions have been updated for the 31 March 2018 accounting position, based on updated analysis of the Scheme's experience carried out as part of the 2017 actuarial valuation. The mortality assumptions used in these figures are as follows:

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

	2018	2017
Mortality base table	Pre-retirement: 71% of AMC00 (duration 0) for males and 112% of AFC00 (duration 0) for females.	98% of SAPS S1NA "light" YOB unadjusted for males.
	Post retirement: 96.5% of SAPS S1NMA "light" for males and 101.3% of RFV00 for females.	99% of SAPS S1NA "light" YOB with a -1 year adjustment for females
Future improvements to mortality	CMI_2016 with a smoothing parameter of 8.5 and a long term improvement rate of 1.8% p.a. for males and 1.6% p,a, for females.	CMI_2014 with a long term rate of 1.5% p.a.

The current life expectancies on retirement at age 65 are:

	2018 **years**	**2017** **years**
Males currently aged 65	24.5	24.4
Females currently aged 65	26.0	26.6
Males currently aged 45	26.5	26.5
Females currently aged 45	27.8	29.0

	2018 **£bn**	**2017** **£bn**
Scheme assets	63.6	60.0
Total scheme liabilities	(72.0)	(77.5)
FRS 102 total scheme deficit	(8.4)	(17.5)
FRS 102 total funding level	88%	77%

24. PENSION SCHEMES (continued)

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

	2018 £'000	2017 £'000
Balance sheet liability at 1 July	708	678
Deficit contributions paid	(49)	(49)
Interest cost	12	12
Remaining change to the balance sheet liability*	(27)	67
Balance sheet liability at 30 June	**644**	**708**

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

Church of England Funded Pensions Scheme (CEFPS)

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

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

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific Responsible Bodies, and this means that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the Statement of Comprehensive Income and Expenditure in the year are contributions payable towards benefits and expenses accrued in that year (2017: £6k, 2016 £3k), plus the figures highlighted in the table below as being recognised in the Statement of Comprehensive Income and Expenditure, giving a total charge of £7k for 2017 (2016: £2k (gain)).

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

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

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

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

As at December 2015, the deficit repair contributions payable under the recovery plan in force at that time were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

24. PENSION SCHEMES (continued)

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

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

	2018 £'000	2017 £'000
Balance sheet liability at 1 July	23	28
Deficit contribution paid	(3)	(2)
Interest cost	-	1
Remaining change to the balance sheet liability*	4	(4)
Balance sheet liability at 30 June	**24**	**23**

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

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

	December 2017 %p.a.	December 2016 % p.a.	December 2015 % p.a.
Discount rate	1.4	1.5	2.5
Price inflation	3.0	3.1	2.4
Increase to total pensionable payroll	1.5	1.6	0.9

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

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £362k (2017: £369k) and at the year-end £nil (2017 - £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by the Teachers' Pension Scheme Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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

This employer rate will be payable until the outcome of the next actuarial valuation, which is being prepared as at 31 March 2016. Her Majesty's Treasury published draft Directions for the TPS in September 2018 to allow the Department for Education to finalise this pension scheme actuarial valuation. Early indications are that the amount employers pay towards the scheme will need to increase from April 2019 because of proposed changes to the discount rate used in the valuation.

There are also early indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

25. RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

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

26. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

Subsidiaries
The College's principal trading and dormant subsidiary undertakings at 30 June 2018 and 30 June 2017 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.	2 ordinary shares of £1 each	100%
Aquila Investments Limited	Property development and farming.	74,805,020 ordinary shares of 1p each	100%
St John's Innovation Centre Limited	The management of St John's Innovation Centre on behalf of the College, and the provision of advice and guidance to early-stage knowledge-based businesses in the Cambridge sub-region.	113,429 ordinary shares of £1 each (2017: 163,429)	100%
Lomas Developments Limited	Property development.	5,000,004 ordinary shares of 10p each	100%
St John's College Development Limited	Dormant	820,004 ordinary shares of 50p each	100%
Aquivar Management Services Limited	Dormant	100 ordinary shares of £1 each	100%
St John's College School International Limited (Incorporated 22 December 2017)	Leasing of intellectual property	1 ordinary share of £1 each	100%

26. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

Joint Ventures

The College's principal trading and dormant joint venture undertakings at 30 June 2018 and 30 June 2017 are set out below.

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

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

The College was a member of two other joint ventures, Barberry Willenhall LLP and Friars 720 LLP, which were both registered in the United Kingdom. Neither joint venture had any principal business activity. The College did not provide any capital to either of the joint ventures. Barberry Willenhall LLP was dissolved on 3 October 2017, and Friars 720 LLP was dissolved on 12 December 2017.