ST JOHN'S COLLEGE
CAMBRIDGE

Annual Report and Accounts

for the year ended
30 June 2005

Contents

Overview of St John’s College

Founded in 1511, St John’s College (formally “The College of St John the Evangelist in the University of Cambridge”) is one of the largest of the 31 colleges within the University of Cambridge, each of which is an independent, self-governing, body with its own property and income. As at 1 October 2005, the College had 134 Fellows and 826 junior members comprising 528 undergraduates and 298 graduates. As at 30 June 2005 the College itself and its subsidiaries had 301 staff (full-time equivalent). In addition, as at 31 October 2005, St John’s College School, the source of choristers for the College’s world renowned choir, had 91 staff (full-time equivalent) and 456 pupils.

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

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

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

College Governance

The Statutes of the College lay down the constitution and arrangements for governance of the College. They describe, among other things, the membership and responsibilities of the Governing Body and Council; the election and duties of the Master and President; the election, admission, tenure and removal of Fellows; and the appointment and duties of College officers. The Statutes are supplemented by orders for the regulation of the College’s affairs, made by the Council in accordance with the Statutes.

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

The Governing Body in turn elects for rotating four year terms twelve Fellows who, together with the Master, act as a College Council for the day-to-day administration of the affairs of the College. Elected representatives of the junior members of the College attend College Council meetings for the discussion of matters directly affecting the interests of undergraduates and post-graduates.

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

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

The Fellowship more widely participates actively in the governance of the College through membership of a wide variety of committees that support the Council's work. Among those committees, the Investments Committee has had a number of external members for several years, and it is intended to appoint external members of the Finance Committee for the first time in 2005/06. In addition, the Governing Body directly appoints an Audit Committee which reports to the Governing Body on matters of general policy in relation to the accounts.

The Visitor of the College is the Bishop of Ely.

Members of the Governing Body and the College Council, as at 31 October 2005, are set out in 'Membership of the Governing Body' below.

St John's College School has its own Governors, who are appointed by the College Council. As at 31 October 2005, 6 of the 10 Governors of the School were Fellows of the College. The School Governors are responsible to the College Council, and ultimately the Governing Body, for the educational policy, management and finances of the School.

Membership of the Governing Body

The members of the Governing Body of the College as at 1 October 2005 are set out below (with members of the Council marked with an asterisk).

Master: Professor R.N. Perham*

President: Dr J.A. Leake*

Other Fellows (in order of election)

Dr G.C. Evans
Professor Sir M.V. Wilkes
Professor J.A. Crook
Dr E.D. James
Professor R.A. Hinde
Dr R.H. Prince
Professor Sir J.R. Goody
Mr G.G. Watson
Dr J.A. Charles
Dr D.J.H. Garling
Dr G.A. Reid
Professor P. Boyde
Dr P.A. Linehan
Dr A.J. Macfarlane
Professor D.L. McMullen*
Dr E.K. Matthews
Mr R.G. Jobling
Dr A.A. Macintosh
Professor J. Staunton
Dr C.M.P. Johnson
Professor M.A. Clarke
Dr A.G. Smith
Dr W.D. Armstrong
Professor J.A. Emerton
Dr R.A. Green
Professor J. Iliffe
Dr J.H. Matthewman
Professor M. Schofield
Dr G.A. Lewis
Professor R.F. Griffin
Dr T.P. Bayliss-Smith
Professor S.F. Gull
Dr H.P. Hughes
Dr P. Goddard
Professor P.T. Johnstone*
Professor I.M. Hutchings
Dr H.R.L. Beadle
Dr J.B. Hutchison
Professor S.F.C. Milsom
Professor N.M. Bleehen
Dr D.G.D. Wight
Dr J.A. Alexander
Professor Sir R.H. Friend
Dr R.E. Glasscock
Dr R.P. Tombs
Dr R.E. McConnel
Dr D.R. Midgley
Professor P.H. Matthews
Dr M. Richards
Professor J.F. Kerrigan
Professor G.J. Burton
Professor G.C. Horrocks
Professor Sir P.S. Dasgupta*
Professor M.E. Welland
Dr H.R. Matthews
Professor B.J. Heal
Dr T.P. Hynes
Professor I.N. McCave
Dr A.C. Metaxas
Colonel R.H. Robinson
Professor S. Conway Morris*
Professor E.D. Laue
Dr S.A. Edgley
Mr R.A. Evans
Dr S.M. Colwell
Dr H.E. Watson
Dr J.P. McDermott
Dr C.O. Lane
Dr C.J. Robinson
Professor Y.M. Suhov
Dr S.R.S. Szreter
Professor D.J. Howard
Mr R.C. Nolan
Dr M.M.G. Lisboa
Dr U.C. Rublack
Professor B.D. Simons*
Dr K.C. Plaisted*
Dr M. Ní Mhaonaigh
Dr J.B. Spencer
Dr D.C. McFarlane
Dr C.D. Gray
Dr I.M. Winter
Professor N.S. Manton
Dr N.S. Arnold
Dr S. Castelvecchi
Professor A.-L. Kinmonth
Dr J.M. Lees*
Professor A.D.H. Wyllie
Professor S.C. Reif
Dr D.M. Fox
Dr D.M.A. Stuart
Dr A.M. Nicholls*
Dr M Dörrzapf*
Dr V.J.L. Best
Dr P. Antonello
Professor R. Parker
Dr P.T. Miracle
Professor A.W. Woods
Commodore J.W.R. Harris
Dr S.M. Best
Dr P.M. Geraats
Dr S.E. Sällström Matthews
Dr P.T. Wood
Dr C. Teleman
Professor C.M. Dobson
Dr M.S. Olsaretti
Mr B.J. Parker*
Dr E.J. Gowers
Dr R. Rapple
Dr R. Cools
Dr P. Batsaki
Mr D.J. Dormor
Dr R.L. Gowland
Dr M.C. Leng
Dr M.E. Sarotte
Professor U.C. Goswami
Dr D.N. Hill
Mr P. Piirimäe
Dr R.J. Samworth
Dr C.K. Choy
Professor G.W.W. Barker
Dr K. Johnstone
Dr A.B. Reddy
Dr S. Houghton Walker
Dr D.L. Williams
Miss S. Tomaselli*
Dr G.S.X.E. Jefferis
Mr M.P. O'Neill
Mr C.F. Ewbank
Mr E.W. Holberton
Mr I.S. Burns
Miss F.L. Edmonds

Principal Professional Advisers

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

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

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

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

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

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

Property Agents

Carter Jonas LLP
6 - 8 Hills Road
Cambridge
CB2 1NH

Cluttons LLP
Portman House
2 Portman Street
London
W1H 6DU

George Webb Finn
43 Park Road
Sittingbourne
Kent
ME10 1DX

Annual Review

Introduction

St John's College is pleased to present its financial report together with the consolidated financial statements for the year ended 30 June 2005. The consolidated financial statements include St John's College School and the College's wholly-owned trading subsidiaries:

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

The accounts of dormant companies are also consolidated.

These are the first financial statements produced by the College in the new Recommended Cambridge College Account (RCCA) format introduced through the recent revisions to Statute G, III of the University. The comparative figures for the financial year 2003/04 have been audited. The College accounts have previously been prepared in a format introduced in 1926 by the University of Cambridge Commissioners.

Results For The Year – Overview

The College's consolidated income and expenditure account for the years ended 30 June 2004 and 2005 are summarised below:

	2004/05 **£**	**2003/04** **£**
Income	23,491,000	21,471,000
Expenditure	23,266,000	22,201,000
Operating surplus/(deficit)	225,000	(730,000)
University contribution	280,000	315,000
Surplus/(deficit) after University contribution	(55,000)	(1,045,000)
Transfers (to)/from accumulated income within restricted expendable capital	(282,000)	74,000
Retained surplus (deficit) for the year	(337,000)	(971,000)

Income rose by £2,020,000 (9.4%) in 2004/05 whilst expenditure rose by £1,065,000 (4.8%). As a result the College moved from an operating deficit of £(730,000) the previous year, to an operating surplus of £225,000. After the payment of University Contribution, the College incurred a deficit of £(55,000) compared with a deficit of £(1,045,000) the previous year. After the transfer of certain income to accumulated income within restricted expendable capital, the College incurred a deficit for the year of £(337,000) compared with a deficit of £(971,000) in the previous year.

The College incurred capital expenditure on tangible fixed assets during the year amounting to £529,000, which is significantly below the average annual capital expenditure required for the upkeep of the College's building stock.

Although the College experienced an improved operating performance in 2004/05, it suffered an increase in the deficit on the Cambridge Colleges Federated Pension Scheme of £681,000.

College Income

The main sources of income for the College are:

- Academic fees and charges
- Income from residences, catering and conferences
- Endowment income
- Other income including donations and bequests

Overall, income increased significantly in 2004/05, with total income being £23,491,000, up £2,020,000 (9.4%) from the previous year. The main reason for the increase was a rise in income from the College's investment portfolio of £988,000 (with increases in income from property, equities and fixed-income investments).

Academic fees and charges

Total academic fees and charges received in the year were £2,083,000, up 3% from £2,023,000 in the previous year.

College fees for undergraduates

The main component of the academic fees and charges is the college fee, which amounted to £1,525,000 in the year, paid to the College by the University (from the grant received from HEFCE) in respect of undergraduates eligible for student support from UK public funds. The college fee is paid towards the cost of admitting and supervising such undergraduates and providing tutorial support and social and recreational activities, but does not cover the full cost of such provision. The per-capita undergraduate fee for publicly-funded undergraduates was £2,813, up 4.1% over the previous year.

The college fees received by the College in respect of publicly-funded undergraduates are significantly lower than they would otherwise have been, as a result of an agreement in 1998 between the Government, the University and the Cambridge Colleges to reduce college fees by 21.8% in real terms over the ten years beginning in 1999/2000 and for the payment of the college fee via the HEFCE grant (previously the college fees had been paid directly by Local Education Authorities to the Colleges)**.** This real decrease in academic fees has had a significant impact on the College's finances.

From 1999-2003, amounts transferred from the University in respect of college fees were based on a per-capita fee. Since then, the College has received a fixed lump-sum transfer based on an assumed 'base undergraduate number'. If the actual number of publicly-funded undergraduates in the College were to exceed this assumed level, the College might not receive college fees in respect of the number of students in excess of the 'base undergraduate number'. In 2004/05, the College received funding for all its publicly-funded undergraduates.

In addition to the college fee for publicly-funded undergraduates, the College receives fees from overseas and island students and those UK/EU students not eligible for tuition fee support. These fees were £3,230 per capita and totalled £125,000 in the year.

College fees for graduates

In addition to college fees for undergraduates, the College receives a college fee in respect of its graduate students which was £1,899 per capita and totalled £386,000 in the year.

Reliance on fee income

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

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

The University has indicated that it intends, in 2006/07, to charge tuition fees of £3,000 p.a. for all courses, as authorised in its Access Agreement with the Office for Fair Access (OFFA), but will also contribute a substantial part of the value of the additional fees received to the new Cambridge Bursary Scheme. It is not yet clear what part, if any, of the additional fees will be paid by the University to the Colleges.

Residences, catering and conferences

Total income from residences, catering and conferences in the year totalled £4,646,000, down 0.4% from the previous year.

Accommodation

The College is able to offer accommodation in the College or nearby hostels and furnished lets for all of its undergraduates and most of its graduates currently in residence. For many years rents for College accommodation have been charged at levels significantly below the cost of provision and also below market rents. One of the considerations the College has taken into account in setting room charges in recent years is to reduce the gap between rentals and the actual cost of provision. In 2004/05, room charges for student accommodation were increased, in agreement with junior members, by 7.5%. Student room rentals in the College reflect the size, facilities and standards of much of the room stock. The College also provides rooms (including a small number of residential rooms) in College for Fellows.

College catering

The College provides catering services to its students, Fellows and staff through a cafeteria, formal dinners in Hall and a Senior Combination Room. In common with most other Cambridge Colleges, undergraduates in the College pay a compulsory 'Kitchen Fixed Charge' (KFC) each term which is intended to cover most fixed costs. The cost of meals therefore reflects approximately the cost price of ingredients. Graduates in their second and subsequent years pay a reduced level of KFC reflecting different usage patterns. The total catering income from College members was £926,000 in the year.

Conferences and functions

The College continues to seek to build its conference and private functions activities to take advantage of out-of-term capacity and to contribute to the overall running costs of the College, whilst ensuring that these activities do not conflict with the College's prime academic activities. Revenue from the commercial conference and catering activities totalled £1,133,000 in the year, down £149,000 (11.6%) from the previous year. Conference income is significantly influenced by external factors such as overall economic conditions, geopolitical events and competing facilities.

Endowment income

Overall endowment income increased to £10,578,000 from £9,484,000, a rise of £1,094,000 (11.5%) representing an increase as a proportion of total income from 44.2% to 45.0%. The College is highly dependent on this endowment income to meet its day-to-day operational expenses.

Income from equities and fixed-interest securities was £3,059,000, an increase of £547,000 (21.8%) on the previous year due to rises in both dividends and interest income. However, the withdrawal of Advance Corporation Tax relief on dividend income, now fully implemented, has led to a significant loss of income in comparison to the dividend income that would have been received had ACT relief remained in place.

There was a significant rise in income from the property portfolio which reached £6,971,000, up £441,000 (6.8%) from the previous year. This was despite the level of net sales of properties in the portfolio, the proceeds of which have not generally been reinvested in property to date, and arose largely from a recovery of rental income at St John's Innovation Park.

In addition, there was a small rise in income from interest on cash balances.

Donations and benefactions of £132,000, received during the year, were recognised as income in line with the College's accounting policy on the treatment of gifts and benefactions.

Other income

School

The income from St John's College School (which though included within the College's income in the Consolidated Income and Expenditure Statement, is treated as being for the benefit of the school only) was £4,250,000 in the school's financial year ended 31 August 2005. St John's College School is viewed as an autonomous activity and its long association with the College is founded on its role as a choir school.

Subsidiary activity

Income from St John's Innovation Centre and other additional subsidiary activity totalled £1,546,000 in the year.

Miscellaneous

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

College Expenditure

Total expenditure was £23,266,000 in 2004/05, up £1,065,000 (4.8%) from the previous year. The categories of expenditure for the College (as determined by the RCCA format) are:

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

Overall cost control remains a high priority for the College and the introduction of new management accounts following the introduction of the RCCA accounts, should facilitate ongoing review of the College's cost base.

Education

Spending on education during the year totalled £6,910,000 which was up 1.8% on the previous year. This expenditure included expenditure on teaching (including through the small-group academic supervision system), tutorial, admissions, research, the cost of scholarships and awards for students, other educational facilities and other expenses.

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

Teaching, Tutorial, Admissions and Research

In common with other Cambridge Colleges, most of the teaching Fellows in the College are University Teaching Officers (UTOs) who are paid their principal stipends by the University, with the College paying for teaching and other duties carried out in College. The College also employs a number of College Teaching Officers (CTOs) who do not hold any substantive University post and are paid their principal stipends by the College. In 2004/05, the College employed 5 CTOs. The College also pays for teaching carried out for its students by non-Fellows (e.g. Fellows of other Colleges, graduate students and post-doctoral research workers in the University).

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

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

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

Scholarships and awards

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

A new Cambridge Bursary Scheme is being introduced from 2006 which will be funded by the University, the Cambridge Colleges (including St John's), the Isaac Newton Trust (which will also administer the scheme) and corporate sponsors. The scheme will pay a bursary of up to £3,000 p.a. in an effort to ensure that no UK student should be deterred from applying to the University of Cambridge because of financial considerations and that no student should have to leave because of financial difficulties. The full cost of these bursaries for the College's students, following the introduction of the new Cambridge Bursary Scheme, will be several times the College's existing expenditure on access bursaries and fundraising to support the College's financing of access bursaries going forward, will be a critical element of the College's future fundraising plans.

Other

Other educational expenditure and other expenses includes other facilities for students and access and outreach projects.

Residences, catering and conferences

Expenditure on residences, catering and conferences totalled £8,125,000 in the year, up £555,000 (7.3%) on the prior year. Of this expenditure, £6,233,000 was in respect of accommodation and £1,892,000 was in respect of catering. Expenditure on accommodation and catering for College members totalled £7,142,000, whilst expenditure attributed to the College's conference and functions activities totalled £983,000 in the year.

A significant element of the expenditure on accommodation related to the upkeep of the College's historic buildings.

Other expenditure

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

Expenditure by St John's College School was £3,797,000, up £194,000 (5.4%) on the previous year. A separate bursar for St John's College School has responsibility for the school's finances.

Agency and management fees principally relating to the College's investment portfolio and estates repairs were together £2,576,000, up £153,000 (6.3%) on the previous year.

Fundraising and alumni-relations costs were £263,000 in the year, down £25,000 (8.7%) on the previous year (partially as a result of the biennial nature of the Johnian Weekend). These costs are shown in aggregate since both activities are carried out by the College's Johnian Office. It is likely that these costs will increase in the future as the College invests further in its alumni relations and fundraising activities.

Expenditure on the St John's Innovation Centre and other subsidiary activity was £1,397,000, up £177,000 (14.5%) on the previous year.

University Contribution

The College pays, through an intercollegiate taxation system, a contribution to the Colleges Fund which makes grants to colleges with inadequate endowments. In 2004/05, the University Contribution of the College amounted to £280,000.

Expenditure by Activity

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

Staff costs

Emoluments and related national insurance and pensions costs of both academic and non-academic staff rose to £10,574,000, an increase of £424,000 (4.2%) on the previous year, in line with expectation. This represents some 45.4% of the total expenditure of the College.

Other operating expenses

Other operating expenses of the College were £9,432,000, up £615,000 (7.0%) on the previous year. A significant element of this increase was due to increased expenditure on repairing and maintaining the College's operational buildings and on utilities.

Depreciation

Included within educational expenditure, residences, catering and conferences expenditure and other expenditure is a total of £3,260,000 of depreciation of which £3,164,000 relates to the operational buildings of the College. This depreciation charge is an accounting measure of the amount of the economic benefit of the assets that has been consumed during the period and is apportioned across the activities of the College.

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

Capital and Reserves

Capital and reserves stood at £480,229,000 at 30 June 2005, up £23,365,000 (5.1%) on the previous year. This was mainly a result of increases in the market value of investments and benefactions, and donations of a capital nature, significantly outweighing the impact of the retained deficit for the year and increase in pension deficit. At 30 June 2005, unrestricted, undesignated, expendable capital reserves stood at £9,850,000.

Investments

Investment policy

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

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

UBS Wealth Management (UK) Ltd is the investment manager for the College's equities and fixed-income portfolio and operates on a fully discretionary basis subject to the terms of the College's investment policy. The appointment of investment managers is generally reviewed every three years, or more frequently in response to specific circumstances. The performance of the investment manager is currently measured by reference to the WM Unconstrained Funds benchmark, though the benchmark is currently being reviewed. The appointment of the investment managers is due for review in 2006.

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

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

The College is highly dependent on returns from its investment portfolio to fund its charitable purposes. Given decreased funding from public sources and general cost pressures, the College recognises the importance of optimising the returns from its investment portfolio. The College has therefore been carrying out a review of its asset allocation and this review is likely to lead to the introduction of new asset classes into the portfolio and the adjustment to asset weightings with a view to enhancing both the diversification of the portfolio and risk-adjusted returns.

Investments

The total value of the College's investment portfolio at 30 June 2005 was £263,644,000, up £31,684,000 (13.7%) from its value at 30 June 2004.

£156,265,000 (59.3%) of the investment portfolio is currently invested in property. The property portfolio is invested in a mix of agricultural, commercial (office, industrial and retail) and residential properties, the latter mostly in Cambridge. These property investments are managed by Carter Jonas LLP, Cluttons LLP and George Webb Finn. Those residential properties which are let or intended to be let to students, Fellows and staff are considered and valued as operational buildings (and appear as part of tangible fixed assets) rather than investments.

The weighting to property reflects, to some extent, the historic weighting to property in gifts made to the College and is not an unusual percentage in an Oxbridge college context. Nevertheless, it is a heavy weighting to one asset class in the portfolio and is the subject of review. It is likely that over time the proportion of the portfolio invested in property will reduce, including through new fundraising by the College being primarily invested in assets other than property.

As at 30 June 2005, the equities and fixed-income portfolio had a value of £104,066,000, representing 39.5% of the overall portfolio. The portfolio was invested 84.1% in equities (predominantly in the UK, North America and continental Europe) and 15.9% in bonds. The College hedges its currency exposure arising from holdings of certain overseas equities where it considers it appropriate and cost-effective to do so.

The College holds a small number of unquoted securities with a valuation at 30 June 2005 of £738,000. The College is considering increasing its allocation to private equity in the future.

In addition, at 30 June 2005, the College held cash for reinvestment amounting to £2,575,000.

Ethical investment

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

Cashflows

Cash outflow from operating activities (i.e. excluding endowment income) was £(7,203,000) up £1,024,000 (16.6%) on the previous year's cash outflow of £(6,179,000). Working capital increased by £112,000.

Net cash inflow from endowment income was £10,578,000, up £1,094,000 (11.5%) on the previous year.

This gave a positive cashflow for 2004/05 before University Contribution and capital transactions of £3,375,000, up £70,000 (2.1%) from the previous year.

Capital receipts totalled £24,945,000, comprising primarily £24,291,000 from sales of securities and investment properties in the year (reflecting in part the strategic decision to sell certain secondary commercial properties) and £653,000 from donations and legacies of a capital nature.

Total capital expenditure in the year amounted to £35,862,000, of which £35,333,000 was spent on fixed asset investments and £529,000 was purchase of tangible fixed assets reflecting capital expenditure on operational College buildings and other fixed assets.

The total cash outflow from capital transactions was £(10,917,000) leading to a decrease in short term deposits and cash in the year of £(7,857,000).

Capital Expenditure

Overall

The need to renovate and improve the College's operational buildings (which are mostly Grade I or Grade II listed and of historic importance), in addition to normal maintenance, places an enormous burden on the College. In 2004/05 the College spent a total of £335,000 on improvements to its operational buildings. This level of expenditure falls significantly short of the levels recommended by a number of professional and regulatory bodies and it is recognised by the College that expenditure on buildings is at unsustainably low levels and will need to increase markedly in future years. A review of the College's operational buildings has identified a programme of necessary capital expenditure that is likely to exceed £30 million over the next 10 years.

Refurbishment projects

The College has identified the need, over the next few years, to undertake major refurbishments of a number of the College's operational buildings both on and outside its main site, a number of which have not benefited from any significant capital expenditure since they were built. In addition, more regular ongoing refurbishment of the College's buildings will be needed. In particular, the College expects to shortly commence work on the 'Triangle Project' which relates to the alteration and renovation of many of the buildings in the Triangle site (bounded by All Saints Passage, Bridge Street and St John's Street) which faces the main College entrance. This will entail the refurbishment and augmentation of the existing College residential accommodation on the site, to provide a new College court. The timing of refurbishment projects is often subject to planning permission and listed building consent considerations.

Implementation of new regulations

A significant portion of the capital expenditure that the College has been and will be carrying out on its buildings, relates to the implementation of new regulations, most notably recent disability legislation and the Houses in Multiple Occupation (HMO) legislation. The College has instigated a programme of work to provide disabled access and to convert a number of College rooms for disabled use. The HMO work requires a substantial programme of renovation of College accommodation, principally furnished lets and hostels. This work has been made both complex and costly by the historic nature of much of the College's building stock. The expenditure that the new regulations necessitate is significant.

Risk Management

The College continues to develop a formal risk-management process. This will involve the creation of a Risk Management Register. The relevant committees in College will be charged with responsibility for evaluating the risks coming within their areas of responsibility and advising the Council on the nature of the risk, the probability of occurrence and severity of impact, as well as steps taken to mitigate the risk. Through the Risk Management Register, the College will seek to identify and manage risks. However, the nature of the College's activities is such that the College is faced with a large number of risks, not all of which can be mitigated through insurance.

Fundraising

The existence and success of St John's College in its current form is a reflection of the outstanding generosity of both historic and more recent benefactors, many but not all of whom have been members of the College. This generosity has allowed the College to fulfil its charitable objectives through promoting teaching of the highest quality, based on the small-group academic supervision system, and research of international distinction; to offer accommodation, sports, cultural and social facilities among the best in Cambridge to successive generations of students; and to play a significant role in supporting the broader aims of one of the leading universities in the world.

Some 45% of income currently derives from the endowment. The College believes that endowment income will have to grow significantly if it is to sustain, and build on, its success to date. Funds will be needed across the board: to support students (for access bursaries to ensure that successful applicants of the highest ability and potential can attend the College irrespective of their financial circumstances, for graduate scholarships to attract the best graduate students from around the world, for student accommodation and sports facilities etc); to support the Fellowship (maintaining the infrastructure that enables Fellows of the College to carry out their parallel tasks of engaging in research of the highest quality as well as continuing a full involvement in teaching and guiding pupils, a crucial, even unique, feature of the education offered in Cambridge); to develop further international links through the overseas visiting scholars programme and other initiatives etc; and to preserve and improve the College's historic buildings and collections, incorporating new technologies in a timely way etc.

For all these reasons the College is increasingly active in fund-raising. It is closely involved with the University of Cambridge in the Cambridge 800th Anniversary Campaign to raise £1 billion, launched in September 2005. The agreement with the University provides that a gift to the College for its purposes is also deemed to be a gift to the University campaign for Collegiate Cambridge. For some years the College has had an active Johnian Office focused on enhancing alumni relations and related activities. In 2004/05, donations and benefactions totalled £785,000, whilst the costs of fundraising and alumni relations were £263,000. This year the College has formed a new Fundraising Strategy Committee and is now poised to invest substantially more in its development activities, not least in developing its approach to a likely Appeal to mark the College's 500th anniversary in 2011.

Financial Outlook and Challenges

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

These key challenges include:

- The substantial reduction in public funding the College receives through the college fee for publicly-funded undergraduates – such receipts are in the process of being reduced by 21.8% in real terms over 10 years;
- The significant costs associated with maintaining and refurbishing the College's historic buildings, in which students and Fellows alike, both live and work;
- The need to build up and maintain a Collegiate infrastructure that enables the Fellows to carry out their teaching and research activities at the highest international level;
- The need to substantially increase funding of access bursaries to ensure that the best candidates, irrespective of financial background, are able to attend the College;
- The need to raise the remuneration of our academic and academic related Fellows to competitive levels in what is increasingly a global higher education marketplace;
- The high cost of pension contributions and the significant current pension deficit;
- The significant costs of implementing new regulations; and
- The need to replace endowment income lost as a result of the abolition of ACT relief on charities dividend income.

These financial pressures will need to be faced against a back drop of what is likely to be less buoyant capital markets in the years ahead.

The College has responded by significantly enhancing the focus on efficient financial management. Among the measures adopted are: increased attention to budgeting, cost control and value for money; enhanced financial planning; temporary deferral of some expenditure (particularly on buildings) while operational plans are refined; and a review of the investment strategy for the College's endowment.

The College will continue to strive to manage its existing resources to best effect. However, if it is to be able to sustain and develop the activities that are critical to its mission, it is clear that the College will need to build its endowment over the coming years and plans for major fund-raising activities are being laid.

On behalf of the College Council

Richard N. Perham

C.F. Ewbank

Professor Richard Perham
Master

Chris Ewbank
Senior Bursar

17 November 2005

Responsibilities of the College Council

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

It is responsible for ensuring that there is an effective system of internal control and that accounting records are properly kept. It is required to present audited financial statements for each financial year, prepared in accordance with the Statutes of the University.

In causing the financial statements to be prepared, the Council has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent; and
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Council is satisfied that the College has adequate resources to continue in operation for the foreseeable future. The financial statements are accordingly prepared on a going concern basis.

The Council has taken reasonable steps to ensure that there are appropriate financial and management controls in place to safeguard the assets of the College and prevent and detect fraud.

Any system of internal financial control, however, can only provide reasonable, not absolute assurance against material misstatement or loss.

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

We have audited the financial statements of St John's College for the year ended 30 June 2005 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Governing Body, in accordance with our engagement letter dated 11 November 2005. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the College's Council and auditors

As described in the statement of the responsibilities of the College Council, the College Council is responsible for the preparation of the financial statements in accordance with applicable United Kingdom accounting standards and to send an abstract of its accounts in the form prescribed by the University Statutes to the University. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies set out therein, with the Statutes of the University of Cambridge, and with the provisions of the Statutes of the College. We also report if, in our opinion, the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the accounts for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the College and the Group, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the College and the Group as at 30 June 2005 and of the Group's income and expenditure for the year then ended and have been properly prepared in accordance with the accounting policies set out therein and the Statutes of the College.

In our opinion, the contribution due from the College to the University as set out in note 21 has been correctly computed.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

17 November 2005

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 Accounting Standards.

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

Basis of Accounting

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the College and its subsidiary undertakings for the year ended 30 June 2005. The results of subsidiary undertakings acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. The College Field and Boat Clubs have been consolidated. The activities of student societies have not been consolidated.

Recognition of income

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

Gifts, donations and benefactions of an income nature are shown as income in the year in which they are received.

Restricted benefactions and donations that are used to fund capital projects are initially credited to a restricted expendable capital fund, and then released over the same estimated useful life that is used to determine the depreciation charge for the capital project.

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

Donations and benefactions

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

Pension schemes

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

Cambridge Colleges Federated Pension Scheme

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

For defined-benefit schemes, the amounts charged to operating expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past-service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits to interest. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

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

Other defined-benefit pension schemes

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

(i) Universities Superannuation Scheme: The College participates in the Universities Superannuation Scheme, a defined-benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustee on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary, based on the latest actuarial valuation of the scheme, and are accounted for on the basis of charging the cost of providing pensions over the period during which the institution benefits from the employees' services.

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

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

Defined-Contribution Pension Schemes

The College and its subsidiaries also contribute to a number of defined-contribution type pension schemes. For defined-contribution schemes the amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Tangible Fixed Assets

Land and Buildings

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

Freehold land is not shown separately. Freehold buildings are depreciated on a straight-line basis over their expected useful economic lives of 50 years. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Freehold land is not depreciated.

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

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

Land held specifically for development, investment and subsequent sale is included in current assets at the lower of cost and net realisable value.

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

Maintenance of Premises

The cost of major refurbishment and maintenance which restores value is capitalised when the project valuation is above the capitalisation threshold of £20,000. Expenditure capitalised will be depreciated on a straight-line basis over the expected useful economic life.

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

Furniture, Fittings and Equipment

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

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

Rare books, silver, works of art and other artefacts

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

Deferred capital accounts

Where a fixed asset is acquired with the aid of a specific bequest or donation it is capitalised and depreciated in accordance with the depreciation policy for that asset class. The related benefaction is credited to a deferred capital account and is released to the Income and Expenditure Account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Investments

Securities

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

Unrealised capital gains and losses are deemed to be of a temporary nature. When capital gains and losses crystallise, at the point of sale, temporary unrealised changes are reversed so that capital gains and losses are recognised by reference to historic cost.

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

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

Investment income is included as and when dividends and interest become payable. Interest on bank deposits is included as earned.

Investment Properties

Investment properties are included at their market value. Valuations were carried out as at 30 June 2005 by property consultants, Cluttons LLP, Carter Jonas LLP and George Webb Finn.

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

Investments solely for resale are treated as current assets.

Stocks

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

Provisions

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

Foreign currencies

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

Reserves

Permanent Capital

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

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

Restricted funds

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

Designated funds

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

St John’s College School

The School is an autonomous activity of the College. Control of its reserves has been delegated to its Board of Governors. Its reserves, including those representing its tangible fixed assets, are represented by a designated reserve within the College accounts (except for its prize and trust funds which are treated on an individual basis).

Taxation

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

Contribution Under Statute G,II

The College is liable to be assessed for contribution under the provisions of Statute G,II of the University of Cambridge. The contribution is currently used by the University to fund grants to certain Colleges from the Colleges Fund.

Consolidated Income & Expenditure Account

Year to 30 June	Note	2005 £'000	2004 £'000
INCOME			
Academic fees and charges	1	2,083	2,023
Residences, catering and conferences	2	4,646	4,665
Endowment income	3	10,578	9,484
Other income	4	6,184	5,299
Total Income		**23,491**	**21,471**
EXPENDITURE			
Education	5	6,910	6,787
Residences, catering and conferences	6	8,125	7,570
Other expenditure	7	8,231	7,844
Total Expenditure		**23,266**	**22,201**
Operating surplus/(deficit)		**225**	**(730)**
University Contribution under Statute G,II	10	280	315
Deficit after University Contribution		**(55)**	**(1,045)**
Transfers (to)/from accumulated income within restricted expendable capital		(282)	74
Retained deficit for the year		**(337)**	**(971)**

Consolidated Statement of Total Recognised Gains and Losses

Year to 30 June	Restricted funds		Unrestricted funds		2005	2004
	Collegiate purposes £'000	Non-collegiate purposes £'000	Designated funds £'000	Undesignated funds £'000	**Total**	**Total**
Balance b/f 1 July	**21,451**	**8,208**	**240,144**	**187,061**	**456,864**	**436,106**
Transfers to and (from) accumulated income within restricted expendable capital	117	165	-	-	**282**	(74)
Retained surplus/(deficit) for the year	1	(1)	1,349	(1,686)	**(337)**	(971)
Benefactions and donations	547	42	64	-	**653**	1,415
Dilapidations (capital income)	-	-	-	1	**1**	234
Increases in market value of investments	3,350	1,273	3,977	14,847	**23,447**	20,189
Pension	-	-	(681)	-	**(681)**	(35)
Account transfers	12	15	(2,878)	2,851	**-**	-
Total recognized gains for the year	**4,027**	**1,494**	**1,831**	**16,013**	**23,365**	**20,758**
Balance c/f 30 June	**25,478**	**9,702**	**241,975**	**203,074**	**480,229**	**456,864**

The deficit of the College (including the School) for the year was £117k (2004:£1,098k) before transfers to accumulated income within restricted expendable capital.

Consolidated Balance Sheet

As at 30 June	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	11	215,011	217,880
Investments	12	263,644	231,960
		478,655	449,840
CURRENT ASSETS			
Stock		591	582
Debtors			
- due within one year	13	1,305	1,857
- due after one year	13	740	159
Current investments	14	4,000	8,550
Cash		736	1,100
		7,372	12,248
Creditors: amounts falling due within one year	15	(3,011)	(3,052)
Net current assets		4,361	9,196
Total Assets less current liabilities		483,016	459,036
Creditors: amounts falling due after more than one year	16	(80)	(148)
Provisions for liabilities and charges	20	(2,707)	(2,024)
NET ASSETS		**480,229**	**456,864**

Capital and reserves		**Income/ expendable Capital funds**	**Permanent Capital funds**	**Total 2005 £'000**	**Total 2004 £'000**
Restricted funds held for collegiate purposes*	17	8,243	17,235	25,478	21,451
Restricted funds held for non-collegiate purposes*	17	1,688	8,014	9,702	8,208
Unrestricted funds	17	179,603	265,446	445,049	427,205
TOTAL				**480,229**	**456,864**

These accounts were approved by the College Council on 17 November 2005 and signed on their behalf by:

Richard N. Perham

C.F. Ewbank

Professor Richard Perham
Master

Chris Ewbank
Senior Bursar

* as defined by University Statute G,II

College Balance Sheet

As at 30 June	Note			2005 £'000	2004 £'000
FIXED ASSETS					
Tangible assets	11			214,954	217,874
Investments	12			289,155	256,801
				504,109	474,675
CURRENT ASSETS					
Stock				467	463
Debtors					
- due within one year	13			8,604	9,419
- due after one year	13			262	38
Current investments	14			4,000	8,550
Cash				304	727
				13,637	19,197
Creditors: amounts falling due within one year	15			(38,453)	(38,599)
Net current liabilities				(24,816)	(19,402)
Total Assets less current liabilities				479,293	455,273
Creditors: amounts falling due after more than one year	16			(3)	(26)
Provisions for liabilities and charges	20			(2,707)	(2,024)
NET ASSETS				**476,583**	**453,223**
		Income/ expendable Capital funds	**Permanent Capital funds**	**Total 2005 £'000**	**Total 2004 £'000**
Capital and reserves					
Restricted funds held for collegiate purposes*	17	8,243	17,235	25,478	21,451
Restricted funds held for non-collegiate purposes*	17	1,688	8,014	9,702	8,208
Unrestricted funds	17	175,957	265,446	441,403	423,564
TOTAL				**476,583**	**453,223**

These accounts were approved by the College Council on 17 November 2005 and signed on their behalf by:

Richard N. Perham

C.F. Ewbank

Professor Richard Perham
Master

Chris Ewbank
Senior Bursar

* as defined by University Statute G,II

Consolidated Cash Flow Statement

Year to 30 June	Note	2005 £'000	2004 £'000
OPERATING ACTIVITIES			
Operating surplus/(deficit)		225	(730)
Depreciation	9	3,260	3,234
Pension scheme debit/(credit)		2	(33)
Endowment and investment income		(10,578)	(9,484)
Increase in stock		(9)	(4)
(Increase)/decrease in debtors		(29)	264
(Decrease)/increase in creditors		(74)	574
Net cash outflow from operating activities		**(7,203)**	**(6,179)**
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Endowment and investment income received		10,578	9,484
Net cash inflow from returns on investments and servicing of finance		**10,578**	**9,484**
CONTRIBUTION TO COLLEGES FUND		**(315)**	**(324)**
CAPITAL TRANSACTIONS			
Receipts from sale of fixed asset investments		24,291	21,551
Dilapidations income		1	234
Donations and benefactions		653	1,415
Total capital receipts		24,945	23,200
Purchase of tangible fixed assets		(529)	(442)
Purchase of fixed asset investments		(35,333)	(17,438)
Total capital expenditure		(35,862)	(17,880)
Net cash (outflow)/inflow from capital transactions		**(10,917)**	**5,320**
MANAGEMENT OF LIQUID RESOURCES			
Reduction/(increase) in short term deposits		7,493	(6,848)
Net cash inflow/(outflow) from management of liquid resources		**7,493**	**(6,848)**
(DECREASE) /INCREASE IN CASH AND CASH EQUIVALENTS	**22**	**(364)**	**1,453**

Notes to the Accounts

1. ACADEMIC FEES AND CHARGES

	2005 £'000	2004 £'000
COLLEGE FEES		
Fee income paid on behalf of undergraduates eligible for student support (per capita fee £2,813)	1,525	1,471
Other undergraduate fee income (per capita fee £3,230)	125	130
Graduate fee income (per capita fee £1,899)	386	376
	2,036	1,977
Other income	47	46
Total	**2,083**	**2,023**

2. RESIDENCES, CATERING AND CONFERENCES INCOME

		2005 £'000	2004 £'000
Accommodation	College members	2,587	2,472
	Conferences	419	480
Catering	College members	926	911
	Conferences	714	802
Total		**4,646**	**4,665**

3. ENDOWMENT INCOME

	2005 Income from restricted funds for collegiate purposes* £'000	2005 Income from restricted funds for non-collegiate purposes* £'000	2005 Income from unrestricted funds £'000	2005 Total £'000	2004 Total £'000
Income from:					
Freehold land and buildings	53	-	6,918	6,971	6,530
Quoted securities – equities	723	303	1,180	2,206	1,839
Quoted securities – fixed interest	-	-	853	853	673
Royalties	-	-	5	5	7
Cash	13	2	396	411	351
Donations and benefactions	3	115	14	132	84
Total	**792**	**420**	**9,366**	**10,578**	**9,484**

* as defined by University Statute G,II

Liability to Contribution under Statute G,II:	Note	2005 £'000	2004 £'000
Endowment income liable to Contribution	10	9,499	8,367
Endowment income not liable to Contribution	10	1,079	1,117
		10,578	**9,484**

Investment management costs	2005 £'000	2004 £'000
Investment portfolio	202	168

3. ENDOWMENT INCOME (continued)

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

4. OTHER INCOME

	2005 £'000	2004 £'000
School	4,250	3,874
Tourism & merchandise	78	77
Contributions to the running of sports facilities and clubs	30	32
Miscellaneous	280	28
St John's Innovation Centre and other subsidiary activity not included above	1,546	1,288
Total	**6,184**	**5,299**

5. EDUCATION EXPENDITURE

	2005 £'000	2004 £'000
Teaching	2,872	2,703
Tutorial	975	943
Admissions	326	298
Research	1,886	1,892
Scholarships and Awards	259	258
Other educational facilities	498	508
Other expenses	94	185
Total	**6,910**	**6,787**

6. RESIDENCES, CATERING AND CONFERENCES EXPENDITURE

		2005 £'000	2004 £'000
Accommodation	College members	5,934	5,324
	Conferences	299	340
Catering	College members	1,208	1,235
	Conferences	684	671
Total		**8,125**	**7,570**

7. OTHER EXPENDITURE

	2005 £'000	2004 £'000
School	3,797	3,603
Agency & management	2,389	2,203
Estates repairs	187	220
Fundraising and alumni relations	263	288
Miscellaneous expenditure (including charitable gifts)	198	310
St John's Innovation Centre and other subsidiary activity not included above	1,397	1,220
Total	**8,231**	**7,844**

8. STAFF COSTS

	College Fellows 2005 £'000	Other Academics 2005 £'000	Non-Academics 2005 £'000	Total 2005 £'000	Total 2004 £'000
Staff Costs					
Emoluments	1,461	30	7,458	8,949	8,566
Social security costs	112	1	587	700	658
Other pension costs (see note 20)	148	-	777	925	926
Total	**1,721**	**31**	**8,822**	**10,574**	**10,150**

Staff Numbers	College Fellows 2005	Other Academics 2005	Non-Academics 2005	Total 2005	Total 2004
Stipendary fellows	89	-	-	89	100
Average staff numbers (full-time equivalents)	-	15	377	392	383
Total	**89**	**15**	**377**	**481**	**483**

	2005	**2004**
The Governing Body of the College, comprising all Fellows, at 30 June was	138	135

Average staff numbers (full-time equivalents) includes 91 School staff and 18 staff employed by the St John's Innovation Centre.

No officers or employees of the College, including Head of House, received emoluments of over £70,000 for the year.

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

a. Year ended 30 June 2005

	Staff costs (Note 8) £'000	Other operating expenses £'000	Depreciation £'000	**Total £'000**
Education (Note 5)	3,057	2,962	891	**6,910**
Residences, catering and conferences (Note 6)	3,617	2,170	2,338	**8,125**
Other (Note 7)	3,900	4,300	31	**8,231**
Total	10,574	9,432	3,260	**23,266**

b. Year ended 30 June 2004

	Staff costs (Note 8) £'000	Other operating expenses £'000	Depreciation £'000	**Total £'000**
Education (Note 5)	2,971	2,932	884	**6,787**
Residences, catering and conferences (Note 6)	3,646	1,604	2,320	**7,570**
Other (Note 7)	3,533	4,281	30	**7,844**
Total	10,150	8,817	3,234	**22,201**

10. CONTRIBUTION UNDER STATUTE G,II

	Note		2005 £'000	2004 £'000
Endowment income as per Income and Expenditure Account	3		10,578	9,484
Less: items not assessable to Contribution:				
Donations and bequests		132		84
Effects of consolidation and presentation adjustments		416		(5)
Deductions from external revenue	21a	4,612		3,730
Trust & Other Funds not subject to Contribution		947		985
			6,107	4,794
Assessable income	21a		4,471	4,690
Less: Deductible items	21b		(2,156)	(2,276)
Net assessable income			2,315	2,414
Assessment:				
£250,000 @ 3% (2004: 3%)			8	8
£250,000 @ 7% (2004: 8%)			18	20
£1,914,000 at 15%			-	287
£1,815,000 at 14%			254	
Contribution payable			**280**	**315**

11. TANGIBLE FIXED ASSETS

CONSOLIDATED	2005 Freehold land and buildings £'000	2005 Furniture and equipment £'000	2005 Computer equipment £'000	2005 Total £'000	2004 Total £'000
COST/VALUATION					
At 1 July 2004	220,821	414	115	221,350	220,258
Additions at cost	335	123	71	529	442
Disposals at cost	-	(19)	-	(19)	-
Transfers (from)/ to investment property	(140)	-	-	(140)	650
Cost/valuation as at 30 June 2005	221,016	518	186	221,720	221,350
DEPRECIATION					
At 1 July 2004	3,160	259	51	3,470	236
Charge for the year	3,164	59	37	3,260	3,234
Eliminated on disposal	-	(19)	-	(19)	-
Eliminated on transfer to investment property	(2)	-	-	(2)	-
Depreciation at 30 June 2005	6,322	299	88	6,709	3,470
Net Book value					
At 30 June 2005	214,694	219	98	215,011	217,880
At 30 June 2004	217,661	155	64	217,880	220,022

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

The insured value of freehold buildings as at 30 June 2005 was £191,539k (2004 - £185,906k).

11. TANGIBLE FIXED ASSETS (continued)

COLLEGE	2005 Freehold land and buildings £'000	2005 Furniture and equipment £'000	2005 Computer equipment £'000	2005 Total £'000	2004 Total £'000
COST/VALUATION					
At 1 July 2004	220,844	222	115	221,181	220,071
Additions at cost	335	56	71	462	460
Transfers (from)/ to investment property	(140)	-	-	(140)	650
Cost/valuation as at 30 June 2005	221,039	278	186	221,503	221,181
DEPRECIATION					
At 1 July 2004	3,160	97	50	3,307	90
Charge for the year	3,165	42	37	3,244	3,217
Eliminated on transfer to investment property	(2)	-	-	(2)	-
Depreciation at 30 June 2005	6,323	139	87	6,549	3,307
Net Book value					
At 30 June 2005	214,716	139	99	214,954	217,874
At 30 June 2004	217,684	125	65	217,874	219,981

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

The insured value of freehold buildings as at 30 June 2005 was £191,539k (2004 - £185,906k).

12. INVESTMENTS

	Consolidated 2005 £'000	College 2005 £'000	Consolidated 2004 £'000	College 2004 £'000
Balance at 1 July 2004	231,960	256,801	211,148	235,923
Additions	35,333	35,332	17,438	17,438
Disposals	(24,291)	(23,689)	(21,551)	(19,456)
Transfer of investment properties from and (to) fixed assets	138	138	(650)	(650)
Appreciation/(depreciation) on disposal or revaluation	23,447	23,516	20,189	18,160
(Decrease) / increase in cash balances held at fund managers	(2,943)	(2,943)	5,386	5,386
Balance as at 30 June 2005	**263,644**	**289,155**	**231,960**	**256,801**
Represented by:				
Freehold land and buildings	156,265	150,614	147,864	143,964
Quoted securities – equities	87,545	87,545	67,151	67,151
Quoted securities – fixed interest	16,521	16,521	10,763	10,763
Unquoted securities	738	31,900	664	29,405
Cash held for reinvestment	2,575	2,575	5,518	5,518
	263,644	**289,155**	**231,960**	**256,801**

13. DEBTORS

	Consolidated 2005 £'000	College 2005 £'000	Consolidated 2004 £'000	College 2004 £'000
Amounts falling due within one year				
Loans	38	31	43	34
Amounts owed to group undertakings	-	7,698	-	8,105
Net trade debtors	858	712	1,116	975
Income Tax	11	11	23	23
Other debtors	242	-	387	-
Prepayment	144	144	264	264
Accrued income	12	8	24	18
	1,305	8,604	1,857	9,419
Amounts falling due after one year:				
Loans	662	262	38	38
Other debtors	78	-	121	-
	740	262	159	38

Trade debtors are shown net of student prepayments £814k (2004 - £744k).

14. CURRENT INVESTMENTS

	Consolidated 2005 £'000	College 2005 £'000	Consolidated 2004 £'000	College 2004 £'000
Current Investments				
Cash on deposit	4,000	4,000	8,550	8,550

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated 2005 £'000	College 2005 £'000	Consolidated 2004 £'000	College 2004 £'000
Trade creditors	530	422	587	430
Amounts owed by group undertakings	-	35,823	-	36,352
Accruals	704	524	1,017	805
Deferred income	30	30	-	-
Loans	151	151	162	162
Sundry creditors	1,096	1,085	779	761
Tax & VAT	500	418	507	89
	3,011	**38,453**	**3,052**	**38,599**

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

	Consolidated 2005 £'000	College 2005 £'000	Consolidated 2004 £'000	College 2004 £'000
Sundry creditors	80	3	148	26
	80	**3**	**148**	**26**

17. CAPITAL AND RESERVES

Consolidated reserves

	2005 Income/ expendable capital funds £'000	2005 Permanent capital funds £'000	2005 **Consolidated Total £'000**	2004 **Consolidated Total £'000**
Restricted funds:				
Funds for collegiate purposes*				
Trust funds	8,243	17,235	**25,478**	21,451
Funds for non collegiate purposes*				
Trust funds	1,688	8,014	**9,702**	8,208
Unrestricted funds:				
Designated reserves				
Donations and benefactions	18,169	9,408	**27,577**	22,496
Fixed assets	152,089	62,814	**214,903**	217,828
Pension deficit	(2,707)	-	**(2,707)**	(2,024)
Servants pension fund	2,202	-	**2,202**	1,844
Total designated reserves	**169,753**	**72,222**	**241,975**	**240,144**
Undesignated reserves				
Donations and benefactions	4,382	-	**4,382**	3,745
Corporate capital	-	193,083	**193,083**	178,967
Other reserves	5,468	141	**5,609**	4,349
Total unrestricted capital	**179,603**	**265,446**	**445,049**	**427,205**
Total capital and reserves	**189,534**	**290,695**	**480,229**	**456,864**

College reserves

	2005 Income/ expendable capital funds £'000	2005 Permanent capital funds £'000	2005 **College Total £'000**	2004 **College Total £'000**
Restricted funds				
Funds for collegiate purposes*				
Trust funds	8,243	17,235	**25,478**	21,451
Funds for non collegiate purposes*				
Trust funds	1,688	8,014	**9,702**	8,208
Unrestricted funds:				
Designated reserves				
Donations and benefactions	18,169	9,408	**27,577**	22,496
Fixed assets	152,089	62,814	**214,903**	217,828
Pension deficit	(2,707)	-	**(2,707)**	(2,024)
Servants pension fund	2,202	-	**2,202**	1,844
Total designated reserves	**169,753**	**72,222**	**241,975**	**240,144**
Undesignated reserves				
Donations and benefactions	4,382	-	**4,382**	3,745
Corporate capital	-	193,083	**193,083**	178,967
Other reserves	1,822	141	**1,963**	708
Total unrestricted capital	**175,957**	**265,446**	**441,403**	**423,564**
Total capital and reserves	**185,888**	**290,695**	**476,583**	**453,223**

* as defined by University Statute G,II

17. CAPITAL AND RESERVES (continued)

Reconciliation of movements in capital and reserves:

	2005	2005	2005	2005	2005	2005	2005	2005	2005 College Total	2005 Group Funds	2005 Consolidated Total	2004 Consolidated Total
	Restricted funds				Unrestricted funds					Unrestricted funds		
	Funds for collegiate purposes		Funds for non-collegiate purposes		Designated funds		Undesignated funds			Undesignated funds		
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	£'000	Income/ expendable Capital funds £'000	£'000	£'000
Balance b/f 1 July 2004	6,981	14,470	1,430	6,778	169,252	70,892	4,331	179,089	453,223	3,641	456,864	436,106
Increases in the year	1,291	2,765	281	1,236	5,174	1,365	1,873	14,135	28,120	13	28,133	28,069
Decreases in the year	(29)	-	(23)	-	(4,673)	(35)	-	-	(4,760)	(8)	(4,768)	(7,311)
Balance c/f 30 June 2005	8,243	17,235	1,688	8,014	169,753	72,222	6,204	193,224	476,583	3,646	480,229	456,864

Capital is invested in the following categories of assets:

	2005	2005	2005	2005	2005	2005	2005	2005	2005 College Total	2005 Group Funds	2005 Consolidated Total	2004 Consolidated Total
	Restricted funds				Unrestricted funds					Unrestricted funds		
	Funds for collegiate purposes		Funds for non-collegiate purposes		Designated funds		Undesignated funds			Undesignated funds		
	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	Income/ expendable Capital funds £'000	Permanent Capital funds £'000	£'000	Income/ expendable Capital funds £'000	£'000	£'000
Tangible assets	-	-	-	-	152,140	62,814	-	-	214,954	57	215,011	217,880
Investments	8,269	17,235	1,683	8,014	21,228	9,408	37,485	185,833	289,155	(25,511)	263,644	231,960
Net current assets/(liabilities)	(26)	-	5	-	(908)	-	(31,281)	7,391	(24,819)	29,100	4,281	9,048
Pension scheme deficit	-	-	-	-	(2,707)	-	-	-	(2,707)	-	(2,707)	(2,024)
	8,243	17,235	1,688	8,014	169,753	72,222	6,204	193,224	476,583	3,646	480,229	456,864

17. CAPITAL AND RESERVES (continued)

Analysis of restricted and designated funds

Primary purposes of restricted and designated funds	2005 Restricted Funds £'000	2005 Unrestricted Funds £'000	Total 2005 £'000	Total 2004 £'000
Access bursaries	697	55	752	516
Chapel and choir	1,234	166	1,400	1,199
Community	142	8,515	8,657	7,395
Estates	-	2,722	2,722	1,551
Fellowship and research	387	112	499	457
Hardship	64	183	247	211
Junior members scholarships and awards	26,258	3,879	30,137	25,379
Practice of law	2,098	-	2,098	1,800
Lectures	33	130	163	138
Library and archives	718	1,000	1,718	1,477
Pension	-	1,046	1,046	1,156
Prizes	1,687	59	1,746	1,521
Repair and grounds	414	(122)	292	610
School	332	1,805	2,137	1,438
Sport	238	(21)	217	181
Travel	604	27	631	544
Adams Astronomer	136	-	136	118
Welfare	58	2,117	2,175	1,874
Fixed assets	-	214,903	214,903	217,828
Reserves (including Insurance and Conference Equalisation)	80	5,399	5,479	4,410
Total	**35,180**	**241,975**	**277,155**	**269,803**

18. CAPITAL COMMITMENTS

At 30 June 2005 there was no authorised future capital expenditure committed (2004 -nil).

19. FINANCIAL COMMITMENTS

At 30 June 2005 the annual commitments under non-cancellable operating leases were as follows:

	2005 Other £'000	2004 Other £'000
Consolidated		
Expiry date		
- within one year	5	1
- between two and five years	36	36
	41	37
College		
Expiry date		
- within one year	5	1
- between two and five years	28	28
	33	29

20. PENSION SCHEMES

The College and its subsidiary undertakings participate in a number of defined benefit and defined contribution schemes.
The total pension cost for the period was £925k (2004: £926k) as set out below:

	2005 £'000	2004 £'000
Cambridge Colleges Federated Pension Scheme	481	484
Universities Superannuation Scheme	172	188
Teachers' Pension Scheme	207	199
Church of England Funded Pension Scheme	5	5
Defined Contribution Pension Schemes	60	50
	925	926

Cambridge Colleges Federated Pension Scheme

The College is a member of a defined benefit scheme, the Cambridge Colleges Federated Pension Scheme, in the United Kingdom. The scheme is a defined benefit final salary pension scheme that was originally set up, under an interim Trust Deed, on 19 July 1977 as a defined benefit scheme. It has been approved by the HM Revenue and Customs (previously the Inland Revenue Savings, Pension and Share Scheme) under Chapter 1 of Part XIV of the Income & Corporation Taxes Act 1988. The College's employees covered by the Scheme are contracted out of the State Second Pension (S2P).

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

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

The date of the most recent full actuarial valuation, on which the amounts in the financial statements are based, was at 31 March 2005. The FRS 17 valuation results use the same valuation data updated by an Actuary who is not an employee or officer of the College or its subsidiaries.

The total pension contributions made by the College to the scheme in respect of the year ended 30 June 2005 were £481k excluding PHI contributions (2004: £484k). The contribution rate payable by the College was 20.11% of pensionable salaries including PHI.

The major assumptions used by the actuary were:

	30 June 2005	30 June 2004	30 June 2003
Rates of increases in salaries	3.50%	3.80%	3.50%
Rate of increase in pensions in deferment	3.50%	3.80%	3.50%
- Guaranteed minimum pension (GMP)			
- Excess pension over GMP and pension accrued after 5 April 1997	2.75%	3.10%	2.30%
Rate of increase in pensions in payment			
- GMP accrued up to 5 April 1988	0.00%	0.00%	0.00%
- GMP accrued between 6 April 1988 and 5 April 1997	2.00%	2.30%	2.00%
- Excess pension over GMP and pension accrued after 5 April 1997 and before 1 April 2004	2.75%	3.10%	2.30%
- Excess pension over GMP and pension accrued after 1 April 2004	2.25%	2.60%	N/a
Discount rate	5.00%	5.80%	5.50%
Inflation assumption	2.75%	3.10%	2.30%

20. PENSION SCHEMES (continued)

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

	Long term rate of return expected 2005	Value at 30 June 2005 £'000	Long term rate of return expected 2004	Value at 30 June 2004 £'000	Long term rate of return expected 2003	Value at 30 June 2003 £'000
Equities	8.0%	5,766	8.0%	4,246	8.00%	3,540
Bonds (including cash)	5.1%	2,303	5.1%	2,400	4.50%	2,094
Property	7.0%	244	7.0%	492	7.00%	410
Total market value of assets		8,313		7,138		6,044
Present value of scheme liabilities		(11,020)		(9,162)		(8,066)
Net pension liability		(2,707)		(2,024)		(2,022)

The following amounts have been included within the accounts:

Analysis of amounts charged to operating surplus or (deficit).	**2005 £'000**	**2004 £'000**
Current service cost	398	393
Life assurance premium	63	34
Total operating charge	461	427

Analysis of amount debited to expenditure (being finance costs)	**2005 £'000**	**2004 £'000**
Expected return on pension scheme assets	503	414
Interest on pension scheme liabilities	(525)	(437)
Net return	(22)	(23)

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	**2005 £'000**	**2004 £'000**
Actual return less expected return on pension scheme assets	376	320
Experience gains and losses arising on scheme liabilities	(58)	30
Changes in assumptions underlying the present value of the scheme liabilities	(999)	(385)
Actuarial loss recognised in STRGL	(681)	(35)

Movement in deficit during the year	**2005 £'000**	**2004 £'000**
Deficit in the scheme at beginning of the year	(2,024)	(2,022)
Movement in the year:		
Current service costs including life assurance	(461)	(427)
Contributions	481	484
Other finance income	(22)	(24)
Actuarial loss	(681)	(35)
Deficit in the scheme at the end of the year	(2,707)	(2,024)

The FRS 17 actuarial valuation at 30 June 2005 showed a deficit of £2,707k (2004: £2,024k).

20. PENSION SCHEMES (continued)

A designated fund within the consolidated trust fund investments is maintained in relation to the Cambridge Colleges Federated Pension Scheme. This designated fund was created from a previous repayment of surplus in the pension scheme. It was decided that the amount was to be managed separately from the pension scheme. The value of this fund was £2.2m (2004: £1.8m).

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

	2005 £'000	**2004** £'000
Deficit in the scheme at the end of the year	(2,707)	(2,024)
Included in consolidated trust fund - Non-scheme designated fund	2,202	1,844
Adjusted deficit in the scheme at the end of the year	(505)	(180)

History of experience gains and losses	**2005**	**2004**
Difference between the expected and actual return on scheme assets: Amount (£'000)	376	320
Percentage of scheme assets	5%	4%
Experience(loss)/ profit on scheme liabilities Amount (£'000)	(58)	30
Percentage of the present value of the scheme liabilities	-1%	0%
Total amount recognised in Statement of Total Recognised Gains and Losses: Amount (£'000)	(681)	(35)
Percentage of the present value of the scheme liabilities	-6%	0%

20. PENSION SCHEMES (continued)

Universities Superannuation Scheme

The College participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee administered fund.

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus/deficit for the year in the Income and Expenditure Account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions and other data that have the most significant effect on the determination of contribution levels are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to past service liabilities, the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities, it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets were therefore sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate would be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed. The results of the 2005 valuation were not available to the College at the Balance Sheet date.

The total pension cost for the College was £172k (2004: £188k). The contribution rate payable by the College was 14% of the pensionable salaries.

Teachers' Pension Scheme

The College participates in the Teachers' Pension Scheme. This is a statutory, contributory, final salary scheme. The College is unable to identify its share of the underlying assets and liabilities and each employer in the scheme pays a common contribution rate. The Government Actuary conducts an actuarial review, using normal actuarial principles, not less than every five years. The last valuation was for the period 1 April 1996 to 31 March 2001. Following the report of March 2003 the employer's contribution was set at 13.5% of salary.

At the valuation date the total liabilities of the scheme amounted to £142,880 million and the value of the assets amounted to £142,880 million. Therefore, there was no surplus or deficit within the scheme.

For schemes such as the Teachers' Pension Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the scheme in the year. The total pension cost for the College was £207k (2004: £199k).

Church of England Funded Pension Scheme

The College participates in the Church of England Funded Pension Scheme. This is a defined benefit scheme but the College is unable to identify its share of the underlying assets and liabilities. Each employer in the scheme pays a common contribution rate. The latest valuation of the scheme was carried out as at 31 December 2003, and the College's contribution rate increased from 29.5% to 33.8% of pensionable stipends with effect from 1 April 2005.

20. PENSION SCHEMES (continued)

For schemes such as the Church of England Funded Pension Scheme, paragraph 9(b) of FRS 17 requires the College to account for pension costs on the basis of contributions actually payable to the scheme in the year. The total pension cost for the College was £5k (2004: £5k).

Defined Contribution Pension Schemes

The College and its subsidiaries operate a number of defined contribution schemes for which the pension cost charge for the year amounted to £60k (2004: £50k).

21. CONTRIBUTION ASSESSMENT

	2005 £'000	2005 £'000	2004 £'000	2004 £'000
21a. ASSESSABLE INCOME				
i. External Revenue:				
College Estates let at Rack Rent	1,206		1,272	
College Estates let on Building Leases	4,697		4,245	
Net income from Furnished Lettings	116		320	
Other income from Real property	418		394	
Dividends and Interest Gross	1,147	7,584	1,011	7,242
Less:				
Rates	84		22	
Insurance of College Buildings	114		0	
Agency, Management charges	1,387		1,056	
Transfer to Estates Repairs & Improvements Fund	1,671		1,637	
Interest payments	429		53	
Sinking Fund payments under Statute G,II4(iv)	783		741	
Other deductions from External Revenue	144	(4,612)	221	(3,730)
ii. Trust & Other Funds Subject to Contribution				
Education Reserve Fund	19		18	
Scholarship & Exhibition Account	18		17	
Summary of Trust and Other Funds	1,261		1,161	
General Reserve Fund	41		65	
Pension Fund	49		48	
Composition Fund	33		32	
Consolidated Reserve Fund	78	1,499	(163)	1,178
ASSESSABLE INCOME		4,471		4,690
iii. Trust & Other Funds Not Subject to Contribution				
Insurance Fund	152		147	
Building Fund Under Statute G,II,4(vii)	76		62	
Summary of Trust and Other Funds	617	845	594	803

21. CONTRIBUTION ASSESSMENT (continued)

	2005 £'000	2005 £'000	2004 £'000	2004 £'000
21b. DEDUCTIBLE ITEMS				
Half sums paid to Scholars, Exhibitioners & Research Students	365		328	
Prizes	18		16	
Half maintenance of Chapel expenditure	221		205	
Net expenditure on College Library	360		406	
College Teaching Officers	264		306	
College Research Fellows	393		456	
College Building Fund under Statute G,II,4(vii)	242		249	
Donations for University Purposes:				
University Counselling Service	14		13	
Payment to University in support of:				
Research Fellows and holders of studentships	14		10	
Other Fellows	3		2	
Mathematics Faculty	60		60	
Humanities	100		100	
Classics	15		15	
English Faculty	20		20	
Sports Facilities	-		20	
Philosophy and Modern & Mediaeval Languages	30		30	
Kettle's Yard Fellow	-		5	
Other sums approved under Statute G,II,4(xxiii)				
Archives	37	2,156	35	2,276

21c. BUILDING FUND UNDER STATUTE G,II4(vii)	2005 £'000	2004 £'000
Opening balance	312	292
Transfer for 2004/05 approved under G,II,4(vii)	233	249
Income from Consolidated Trust Fund	76	62
Less:		
Transfers for investment	(312)	(291)
Closing balance	309	312

21d. ESTATES REPAIRS AND IMPROVEMENTS FUND	2005 £'000		2005 £'000	2004 £'000	2004 £'000
Opening Balance			635		(385)
Transfer approved under G,II,4(v)					
25% of: College Estate let at Rack Rent	5,903			5,517	
Assumed rent of unoccupied property	781			1,032	
	6,684	@ 25%	1,671	6,549	1,637
Less:					
Repairs and improvements on estates			(778)		(617)
Closing balance			1,528		635

21e. INSURANCE FUND	2005 £'000	2005 £'000	2004 £'000	2004 £'000
Opening balance		23		27
Income from Consolidated Trust fund	152		147	
Dry rot claim	245	397	-	147
Less:				
Insurance costs	(114)		(124)	
Transfers for investment	(22)	(136)	(27)	(151)
Closing Balance		284		23

22. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	1 July 2004 £'000	Cashflow £'000	30 June 2005 £'000
Cash at bank	1,100	(364)	736
Cash on deposit	8,550	(4,550)	4,000
Cash held for reinvestment	5,518	(2,943)	2,575
Net funds	15,168	(7,857)	7,311

	2005 £'000	2004 £'000
(Decrease)/increase in cash in the year	(364)	1,453
Cash (inflow)/outflow from (decrease)/increase in liquid resources	(7,493)	6,848
Change in net funds resulting from cash flows	(7,857)	8,301
Movement in net funds in year		
Net funds at 1 July	15,168	6,867
Net funds at 30 June	7,311	15,168

23. RELATED PARTY TRANSACTIONS

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

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

24. SUBSIDIARY UNDERTAKINGS

The College's trading and dormant subsidiary undertakings at 30 June 2005 were:

Undertaking	Activity
St John's Enterprises Limited	The provision of conference facilities and tourism administration at St John's College, Cambridge. The Company also undertakes activities in relation to medical insurance for the College.
Aquila Investments Limited	Building construction and repair, property development, fuel supply and farming.
St John's Innovation Centre Limited	The provision of administrative and business support to tenants of St John's Innovation Park and the encouragement of commercial application of intellectual property.
L M Tenancies 1 Limited	Dormant
L M Tenancies 2 Limited	Dormant
L M Tenancies 4 Limited	Dormant
L M Tenancies 5 Limited	Dormant
L M Tenancies 7 Limited	Dormant
L M Tenancies 8 Limited	Dormant
Aquivar Limited	Dormant